

REPORTS

OF THE

PHILIPPINE COMMISSION

THE

CIVIL GOVERNOR

AND THE

HEADS OF THE EXECUTIVE DEPARTMENTS OF
THE CIVIL GOVERNMENT OF THE
PHILIPPINE ISLANDS

(1900-1903)

BUREAU OF INSULAR AFFAIRS
WAR DEPARTMENT

WASHINGTON
GOVERNMENT PRINTING OFFICE
1904

U.S. Philippine commission, 1900-1916

NOTE.

This compilation contains the reports rendered to date by the Philippine Commission, the Civil Governor of the Philippine Islands, the secretaries of the executive departments of the insular government, the more important acts of Congress relating to the administration of civil affairs in the Philippine Islands, and the inaugural addresses of Governors Taft and Wright.

The various exhibits which appeared with these reports as originally published, and to which reference is made in the text, have been omitted for the sake of brevity, as they relate to the details of administration rather than to the general development of civil government.

MARCH 14, 1904.

CONTENTS.

| | Page. |
|---|-------|
| Proclamation of President McKinley appointing members of Philippine Commission | xv |
| Instructions of the President to the Philippine Commission | 1 |
| An act for the establishment and maintenance of an efficient and honest civil service in the Philippine Islands | 13 |
| Report of the United States Philippine Commission | 23 |
| Letter from President McKinley to Congress transmitting above | 23 |
| Letter from Secretary of War to President McKinley transmitting above .. | 23 |
| Report of the United States Philippine Commission dated November 30, 1900.. | 31 |
| The civil service | 36 |
| The friars | 39 |
| Public lands | 49 |
| Civil government | 50 |
| Revenues, expenditures, and surplus | 52 |
| Municipal government | 53 |
| A civil provincial government for Benguet | 60 |
| The Manila liquor traffic | 62 |
| Mineral wealth and the mining industry | 64 |
| Copper | 65 |
| Coal | 65 |
| Gold | 67 |
| Iron | 67 |
| Necessity for mining laws and for settlement of existing claims | 67 |
| First-class claims (Spanish grants recorded) | 68 |
| Second-class claims (incomplete Spanish grants) | 68 |
| Third-class claims | 69 |
| Forestry | 70 |
| Market for American products | 73 |
| Public health | 78 |
| Benguet as a health resort | 81 |
| Highways, railroads | 87 |
| Harbor improvement | 91 |
| Native troops and police | 93 |
| Legal procedure | 97 |
| Civil Code | 98 |
| Reorganization of courts | 99 |
| Land titles and registration | 100 |
| Currency | 101 |
| Banks | 109 |
| Customs | 110 |
| The present system of internal taxes | 117 |
| The urbana taxes | 118 |
| Exemptions | 118 |
| Stamp taxes | 119 |
| Certificates of registration (cedulas personales) | 119 |
| Land tax | 119 |
| Important receipts of the Spanish Government now suspended | 120 |
| Education under Spanish rule | 121 |
| Education in the Philippine Islands under American military government .. | 122 |
| Present educational outlook | 123 |
| School organization | 124 |
| Language basis of instruction | 125 |
| Compulsory education | 126 |
| Night schools | 126 |

| | Page. |
|--|-------|
| Report of the United States Philippine Commission dated November 30, 1900—Continued. | |
| Support of schools | 127 |
| Normal schools | 127 |
| Nautical school | 127 |
| Military school | 128 |
| Agricultural school | 128 |
| Trade schools | 128 |
| Destitute and criminal children | 129 |
| Report of the United States Philippine Commission, 1901 | 131 |
| The work of the Commission | 133 |
| The organization of provincial governments | 133 |
| The army and the people | 137 |
| The central government | 140 |
| The insular purchasing agent | 142 |
| Committees of Commission | 143 |
| General theory in formation of the government | 143 |
| The civil service | 147 |
| Fidelity bonds | 148 |
| Friars' lands | 148 |
| San José College case | 149 |
| Taxation | 150 |
| The labor problem | 151 |
| The commissary | 151 |
| Tariff relations with the United States | 152 |
| The city of Manila | 152 |
| Public lands | 153 |
| Municipal governments | 154 |
| The Benguet government | 157 |
| Non-Christian tribes | 159 |
| Forestry | 162 |
| Mines | 172 |
| Agriculture | 173 |
| Fisheries | 174 |
| Weather bureau | 174 |
| Public health | 175 |
| Civil hospital | 178 |
| Government laboratories | 179 |
| Philippines Constabulary | 181 |
| Railroads | 184 |
| Bureau of coast guard and transportation | 190 |
| Postal service | 193 |
| Harbor improvement | 194 |
| Coast and geodetic survey | 195 |
| Highways | 196 |
| Administration of justice | 197 |
| Reorganization of courts | 200 |
| Comments upon the judicial system | 206 |
| The new Code of Civil Procedure | 210 |
| Criminal Code | 214 |
| Code of Criminal Procedure | 215 |
| Civil Code | 215 |
| Registration of land titles | 215 |
| Insular cold-storage and ice plant | 216 |
| Currency now in use | 219 |
| Proposed new coinage | 223 |
| Banks and banking | 226 |
| Need for a mortgage bank | 233 |
| General condition of the treasury | 235 |
| Seized funds and special deposits in the treasury | 236 |
| Insular budget | 238 |
| Budget for the city of Manila | 242 |
| Customs tariff | 245 |
| Customs administrative bill | 246 |
| The customs service | 246 |
| Internal revenue | 248 |
| The public records | 254 |

| | Page. |
|--|-------|
| Report of the United States Philippine Commission, 1901—Continued. | |
| Public printing..... | 256 |
| Bureau of architecture and construction..... | 256 |
| Organization of public instruction..... | 257 |
| Transportation, reception, and assignment of teachers..... | 258 |
| Manila primary schools..... | 261 |
| The Manila trade school..... | 264 |
| Instruction in telegraphy..... | 265 |
| Manila Normal School..... | 267 |
| School of agriculture..... | 269 |
| Statistics of pupils..... | 269 |
| Demand for more teachers..... | 270 |
| Nautical school..... | 271 |
| Sending students to America..... | 271 |
| Summary of recommendations..... | 272 |
| Chapter 803.—An act making appropriation for the support of the army for the fiscal year ending June 30, 1902..... | 275 |
| An act providing for the organization of the departments of the interior, of commerce and police, of finance and justice, and of public instruction..... | 275 |
| Inaugural address of the civil governor..... | 277 |
| Letter from the President to Congress transmitting report of 1902..... | 283 |
| Letter from the Secretary of War to the President transmitting report for 1902..... | 283 |
| Report of the United States Philippine Commission, 1902..... | 285 |
| Report of the civil governor, 1902..... | 293 |
| General conditions..... | 293 |
| General conditions of the Filipino provinces..... | 295 |
| The labor question..... | 301 |
| The friars' lands..... | 304 |
| Office of the executive secretary..... | 305 |
| Provincial governments..... | 305 |
| Civil service board..... | 308 |
| Insular purchasing agent..... | 309 |
| The city of Manila..... | 310 |
| Benguet..... | 311 |
| Department of commerce and police..... | 312 |
| Constabulary..... | 312 |
| Bureau of posts..... | 315 |
| Coast guard and transportation..... | 316 |
| Coast and geodetic survey..... | 317 |
| Franchises and corporations..... | 317 |
| Coastwise trade..... | 318 |
| Improvement of the port..... | 318 |
| Consulting engineer..... | 318 |
| Report of the secretary of the interior, 1902..... | 321 |
| The board of health for the Philippine Islands and the city of Manila..... | 321 |
| Legislation recommended by the board..... | 322 |
| Organization of provincial and municipal boards of health..... | 322 |
| Serum and vaccine institutes..... | 324 |
| Contagious-disease hospital..... | 324 |
| Special work of the board in Manila..... | 324 |
| Epidemics..... | 325 |
| Bubonic plague..... | 325 |
| The cholera epidemic..... | 327 |
| Cholera work in Manila..... | 328 |
| Cholera hospitals and detention camps..... | 329 |
| Opposition to cholera work in Manila..... | 330 |
| Results of cholera work in Manila..... | 331 |
| The epidemic in the provinces..... | 333 |
| Death of Doctor Meacham..... | 334 |
| Death of Dr. J. L. Mudge..... | 334 |
| Special mention of the services of other health officers..... | 334 |
| The quarantine service..... | 336 |
| Civil hospital..... | 337 |
| Civil sanitarium at Baguio, Benguet..... | 338 |
| The proposed leper colony..... | 340 |
| The forestry bureau..... | 341 |
| Increase in working force..... | 342 |

| | Page. |
|--|-------|
| Report of the secretary of the interior, 1902—Continued. | |
| The forestry bureau—Continued. | |
| Botanical collections | 342 |
| Forestry regulations | 343 |
| Philippine sawmills | 343 |
| Extent of forest lands | 344 |
| Rubber and gutta-percha | 344 |
| Quantities of forest products taken from public lands during the fiscal year ending June 30, 1902 | 346 |
| Mining bureau | 346 |
| Mineralogical and geological surveys | 347 |
| Legislation recommended | 348 |
| Bureau of patents, copyrights and trade-marks | 348 |
| Bureau of government laboratories | 349 |
| The serum institute | 351 |
| Work of the chemical laboratory | 352 |
| Work of the biological laboratory | 353 |
| Locust fungus | 354 |
| Public lands | 354 |
| Legislation recommended | 355 |
| Present state of agriculture | 357 |
| The bureau of agriculture | 358 |
| Soil investigation | 360 |
| Fiber investigations | 360 |
| Work in Batangas Province | 361 |
| Farmers' bulletins | 361 |
| Experimental work at Baguio, Benguet | 361 |
| Agricultural opportunities in the Philippines | 362 |
| Future work of the bureau of agriculture | 364 |
| Weather bureau | 365 |
| New apparatus | 366 |
| Crop service | 366 |
| Reports | 366 |
| Astronomical and magnetic work | 366 |
| Bureau of non-Christian tribes | 366 |
| Report of the secretary of finance and justice | 369 |
| Administration of justice | 369 |
| New legislation relating to courts | 370 |
| Attorney-general's office | 374 |
| Criminal code | 375 |
| Code of criminal procedure | 375 |
| Registration of land titles | 375 |
| Insular cold-storage and ice plant | 376 |
| Currency | 377 |
| Banks and banking | 385 |
| General condition of the treasury | 386 |
| Seized funds and special deposits | 387 |
| Insular budget | 388 |
| Budget of the city of Manila | 389 |
| Customs tariff | 390 |
| Internal revenue | 393 |
| Financial conditions of the provinces and municipalities | 395 |
| Report of the secretary of public instruction | 399 |
| Organization of public instruction | 399 |
| The American teachers | 401 |
| The Filipino teachers | 403 |
| Manila normal school | 405 |
| Teacher's college | 406 |
| Provincial schools of secondary instruction | 407 |
| Normal institutes | 409 |
| Municipal support of normal school students | 411 |
| Sending Filipino students to America | 412 |
| Language of the schools | 412 |
| Industrial education | 413 |
| Education of the Igorrotes | 415 |

| | Page. |
|---|-------|
| Report of the secretary of public instruction—Continued. | |
| Organization of public instruction—Continued. | |
| The Negritos | 415 |
| Education of the Moros | 416 |
| Local self-help in educational affairs | 416 |
| Instruction in agriculture | 418 |
| Compulsory school attendance | 418 |
| Night schools | 419 |
| Nautical school | 420 |
| School of telegraphy | 421 |
| Municipal, provincial, and insular support of schools | 421 |
| Construction and repair of public buildings | 422 |
| Training of workmen | 425 |
| Public printing | 426 |
| Archives | 427 |
| The American circulating library | 428 |
| The museum | 429 |
| Statistics | 432 |
| The census | 433 |
| The official gazette | 433 |
| An act temporarily to provide revenue for the Philippine Islands, and for other purposes | 435 |
| An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes | 438 |
| Mineral lands | 444 |
| Authority of the Philippine Islands government to purchase lands of religious orders and others and issue bonds for purchase price | 454 |
| Municipal bonds for public improvements | 455 |
| Franchises | 457 |
| Coinage | 458 |
| Bureau of insular affairs | 460 |
| An act to establish a standard of value and to provide for a coinage system in Philippine Islands | 461 |
| Annual report of the Philippine Commission, 1903 | 465 |
| Report of the civil governor, 1903 | 475 |
| Conditions as to tranquillity | 483 |
| The use of scouts with the constabulary | 491 |
| Reconcentration | 492 |
| Bandolerismo statute | 492 |
| Dissolute Americans and vagrancy acts | 495 |
| Friars' lands and religious questions | 496 |
| Business conditions | 505 |
| Proposed official inspection and classification of hemp | 508 |
| Sugar | 509 |
| Tobacco | 512 |
| The labor question | 512 |
| The effect of labor on the investments of capital | 514 |
| Railroad and other construction | 515 |
| Health | 515 |
| Schools | 517 |
| The Philippine exhibit at the Louisiana Purchase Exposition at St. Louis | 518 |
| The census | 520 |
| Opium | 521 |
| Civil service | 521 |
| The coastwise laws | 529 |
| The insular revenues | 531 |
| Office of the insular purchasing agent | 533 |
| Provincial and municipal governments | 534 |
| The government of the Moro Province | 534 |
| The Christian Filipino provinces | 540 |
| Municipalities | 541 |
| Justices of the peace | 544 |
| The city of Manila | 544 |
| The port works | 548 |
| Executive bureau | 549 |

| | Page. |
|---|-------|
| Report of the secretary of the interior | 551 |
| Organization of the department | 551 |
| The board of health for the Philippine Islands and the city of Manila. | 551 |
| Rinderpest | 552 |
| Health work in Manila | 552 |
| Death rate of Manila | 553 |
| Infant mortality | 553 |
| Death rate in different districts of the city | 554 |
| Lack of medical attendance | 554 |
| Birth rate | 554 |
| Need of public bath houses and laundries | 554 |
| A new water supply an imperative necessity | 555 |
| Foul wells in Manila | 556 |
| Sewer system | 556 |
| Plan for improving the esteros | 557 |
| Sunken lands in Manila | 557 |
| Disposal of garbage | 558 |
| Disposition of night soil | 558 |
| Congestion in populous districts | 558 |
| The floating population of Manila | 559 |
| Sanitary markets and unsanitary food shops | 559 |
| Need of a general hospital | 560 |
| Contagious disease hospitals | 561 |
| Need of insane asylum | 561 |
| Leper colony | 561 |
| Free dispensary | 561 |
| New morgue | 561 |
| Loss of property in Trozo fire | 562 |
| Unhealthful condition of Bilibid prison | 562 |
| Board of health supported by Manila courts | 562 |
| Sanitary laws not satisfactory | 562 |
| Legislation drafted by the board | 563 |
| The cholera epidemic | 563 |
| Bubonic plague | 565 |
| Smallpox | 565 |
| Small number of deaths from malaria | 566 |
| Deaths from dysentery | 566 |
| Number of lepers in the Philippines | 566 |
| Beriberi in Manila | 566 |
| Inspection of animals | 566 |
| Prevention of rinderpest | 566 |
| Quarantining of imported animals necessary | 567 |
| Locust pest | 567 |
| Sanitary conditions in the provinces | 568 |
| The quarantine service | 568 |
| The civil hospital | 570 |
| The civil sanitarium at Baguio, Benguet | 571 |
| Change in rates at sanitarium | 572 |
| Government cottages on sanitarium grounds | 572 |
| Reorganization of sanitarium employees | 572 |
| New sanitarium buildings needed | 573 |
| Improvement of sanitarium grounds | 573 |
| Work of the sanitarium | 573 |
| The forestry bureau | 573 |
| Modifications in forestry laws | 574 |
| New employees of the forestry bureau | 574 |
| Visit of the chief of the United States Bureau of Forestry | 574 |
| Division of inspection | 575 |
| Division of forest management | 575 |
| Need of a steamer to facilitate inspection | 576 |
| Licenses | 576 |
| Fear of extensive exploitation of Philippine forests by lumber companies groundless | 576 |
| Special privileges granted to the Army | 577 |
| Work of the timber-testing laboratory | 577 |
| Workshop of the forestry bureau | 578 |

| | Page. |
|---|-------|
| Report of the secretary of the interior—Continued. | |
| The forestry bureau—Continued. | |
| Identification of woods by microscopic sections..... | 578 |
| Botanical work..... | 578 |
| Investigation of dyewoods..... | 579 |
| Work of the forest reservation in Bataan..... | 579 |
| Private woodlands..... | 579 |
| Amount of forest products from public lands in 1902 and 1903..... | 579 |
| Imports and exports of forest products..... | 580 |
| Expenses of forestry bureau..... | 580 |
| The mining bureau..... | 580 |
| Reorganization of the mining bureau to facilitate field work recommended..... | 581 |
| Active mining operations begun..... | 581 |
| Mineralogical map of the Philippines..... | 581 |
| Recommendations of chief of mining bureau..... | 581 |
| Field trips..... | 582 |
| Additions to collections..... | 582 |
| Plan for exhibit at the Louisiana Purchase Exposition..... | 582 |
| Bureau of government laboratories..... | 582 |
| Opening of laboratories to the public..... | 583 |
| Buildings..... | 584 |
| The serum laboratory..... | 584 |
| Library..... | 586 |
| New apparatus and supplies..... | 586 |
| Assay work..... | 586 |
| Gas supply..... | 586 |
| Character of chemical work done..... | 586 |
| The biological laboratory..... | 587 |
| Diagnostic work..... | 587 |
| Original investigation..... | 587 |
| Acting director appointed..... | 588 |
| Entomological work begun..... | 588 |
| Botanical work..... | 588 |
| Sectioning woods..... | 588 |
| Marine biological laboratory recommended..... | 589 |
| The government photographer..... | 589 |
| Working force..... | 590 |
| Reorganization of the bureau needed..... | 590 |
| The bureau of public lands..... | 591 |
| Legislation drafted by the chief of the bureau..... | 591 |
| Plan for government surveys..... | 592 |
| Spanish land titles..... | 592 |
| Draft of instructions to deputy mineral surveyors..... | 592 |
| Administration of San Lazaro estate..... | 592 |
| Congressional legislation needed..... | 594 |
| The bureau of agriculture..... | 595 |
| Changes in working force..... | 596 |
| Work of the clerical force..... | 597 |
| Publications of the bureau..... | 597 |
| Seed and plant distribution..... | 597 |
| Proposed improvement of native fruits..... | 598 |
| Experiments in growing coffee..... | 598 |
| Fiber investigations..... | 598 |
| Experiment station at Manila..... | 598 |
| Government farm at San Ramon..... | 599 |
| Experiment station in Batangas..... | 599 |
| Experiments at Baguio, Benguet..... | 600 |
| Agricultural college..... | 601 |
| Animal industry..... | 601 |
| Care of carabaos imported by the government..... | 602 |
| Government rice farm..... | 602 |
| The weather bureau..... | 603 |
| Weather stations..... | 604 |
| New instruments..... | 604 |
| Crop service..... | 604 |
| Establishment of storm signals..... | 604 |

| | Page. |
|--|-------|
| Report of the secretary of the interior—Continued. | |
| The weather bureau—Continued. | |
| Publications of the bureau | 605 |
| Exhibit at the Louisiana Purchase Exposition | 605 |
| Repairs of instruments | 605 |
| Astronomical work | 606 |
| Magnetic observatory | 606 |
| Promotion without competitive examination authorized | 606 |
| The ethnological survey for the Philippine Islands | 606 |
| Necessity for survey | 607 |
| Transfer of the chief of the bureau | 607 |
| Work of the survey | 607 |
| Report of the secretary of commerce and police | 611 |
| Telegraph division | 619 |
| Civil supply store | 620 |
| Bureau of coast guard and transportation | 620 |
| Light-house division | 623 |
| Bureau of posts | 623 |
| Bureau of engineering | 623 |
| Pamsipit River improvement | 625 |
| Tarlac and Pampanga rivers | 625 |
| Benguet improvement work | 625 |
| Electric power for Manila | 628 |
| Highways | 629 |
| Bureau of coast and geodetic survey | 629 |
| Second annual report of the secretary of finance and justice | 631 |
| Administration of justice | 631 |
| New legislation relating to the supreme court and courts of first instance | 632 |
| The court of customs appeals and new legislation relating thereto | 634 |
| The court of land registration | 636 |
| Attorney-general's office | 640 |
| Criminal Code | 641 |
| Code of Criminal Procedure | 641 |
| Changes in the personnel of the courts | 642 |
| Insular cold storage and ice plant | 643 |
| Currency | 645 |
| Banks and banking | 654 |
| The treasury | 655 |
| Seized funds and special deposits | 661 |
| Insular budget | 661 |
| Budget of the city of Manila | 665 |
| The customs service and the tariff | 666 |
| Coastwise laws | 673 |
| Internal revenue | 676 |
| Financial condition of the provinces and municipalities | 678 |
| Summary showing financial condition of provinces | 678 |
| Second annual report of the secretary of public instruction | 685 |
| Public instruction under Spanish rule | 685 |
| Public instruction since American occupation | 689 |
| Organization | 691 |
| The teaching force | 691 |
| Attendance | 693 |
| Relations of American teachers to the people | 695 |
| Schoolhouses | 696 |
| Moro province | 696 |
| The work accomplished and that which remains to be done | 697 |
| Changes of supervisory personnel | 698 |
| Appropriations, expenditures, and unexpended balances | 698 |
| Bureau of architecture and construction of public buildings | 699 |
| Office personnel and other employees | 699 |
| Work of the bureau during the year | 699 |
| Bureau of public printing | 701 |
| Bureau of archives, including the bureau of patents, copyrights, and trade-marks | 704 |
| American Circulating Library | 705 |
| Museum of ethnology, natural history, and commerce | 706 |

| | Page. |
|---|-------|
| Second annual report of the secretary of public instruction—Continued | |
| Bureau of statistics | 707 |
| Census bureau | 707 |
| The official gazette | 709 |
| Exhibit A.—Report of the general superintendent of education..... | 710 |
| Aims of primary education in the Philippines..... | 710 |
| Inaugural address by Hon. Luke E. Wright, civil governor of the Philippine Islands, Manila, P. I., February 4, 1904..... | 723 |
| The civil commission, policy of attraction, results..... | 723 |
| Future work, railroad building, agriculture..... | 725 |
| The friar lands..... | 727 |
| Currency | 727 |
| Future policy | 728 |
| Conclusion..... | 729 |

WILLIAM MCKINLEY

PRESIDENT OF THE UNITED STATES.

To all who shall see these Presents, Greeting:

Know Ye, That reposing special trust and confidence in the integrity and ability of William H. Taft, of Ohio, I do appoint him a Commissioner to the Philippine Islands, and do authorize and empower him to execute and fulfill the duties of this commission, with all the powers, privileges and emoluments thereunto of right appertaining, during the pleasure of the President of the United States for the time being.

In testimony whereof, I have caused these letters to be made patent, and the seal of the United States to be hereunto affixed.

Given under my hand at the City of Washington, the 16th day of March in the year of our Lord one thousand nine hundred, and of the Independence of the United States
[SEAL] of America the one hundred and twenty-fourth.

WILLIAM MCKINLEY.

By the President:

JOHN HAY,
Secretary of State.

Same mutatis mutandis to—

Dean C. Worcester, of Michigan.

Luke E. Wright, of Tennessee.

Henry C. Ide, of Vermont.

Bernard Moses, of California.

INSTRUCTIONS OF THE PRESIDENT TO THE PHILIPPINE COMMISSION

APRIL 7, 1900

Commissioners

HON. WILLIAM H. TAFT, of Ohio
PROF. DEAN C. WORCESTER, of Michigan
HON. LUKE E. WRIGHT, of Tennessee
HON. HENRY C. IDE, of Vermont
PROF. BERNARD MOSES, of California

WAR DEPARTMENT,

Washington, April 7, 1900.

SIR: I transmit to you herewith the instructions of the President for the guidance of yourself and your associates as Commissioners to the Philippine Islands.

Very respectfully,

ELIHU ROOT,

Secretary of War.

Hon. WILLIAM H. TAFT,

*President Board of Commissioners
to the Philippine Islands.*

EXECUTIVE MANSION, *April 7, 1900.*

The SECRETARY OF WAR,
Washington.

SIR: In the message transmitted to the Congress on the 5th of December, 1899, I said, speaking of the Philippine Islands: "As long as the insurrection continues the military arm must necessarily be supreme. But there is no reason why steps should not be taken from time to time to inaugurate governments essentially popular in their form as fast as territory is held and controlled by our troops. To this end I am considering the advisability of the return of the commission, or such of the members thereof as can be secured, to aid the existing authorities and facilitate this work throughout the islands."

To give effect to the intention thus expressed I have appointed 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, commissioners to the Philippine Islands 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 commissioners named will meet and act as a board, and the Hon. William H. Taft is designated as president of the board. It is probable that the transfer of authority from military commanders to civil officers will be gradual and will occupy a considerable period. Its successful accomplishment and the maintenance of peace and order in the meantime will require the most perfect cooperation between the civil and military authorities in the island, and both should be directed during the transition period by the same Executive Department. The commission will therefore report to the Secretary of War, and all their action will be subject to your approval and control.

You will instruct the commission to proceed to the city of Manila, where they will make their principal office, and to communicate with the military governor of the Philippine Islands, whom you will at the same time direct to render to them every assistance within his power in the performance of their duties. 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 in the rural communities, shall be afforded the oppor-

tunity 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.

The next subject in order of importance should be the organization of government in the larger administrative divisions corresponding to counties, departments, or provinces, in which the common interests of many or several municipalities falling within the same tribal lines, or the same natural geographical limits, may best be subserved by a common administration. Whenever the commission is of the opinion that the condition of affairs in the islands is such that the central administration may safely be transferred from military to civil control, they will report that conclusion to you, with their recommendations as to the form of central government to be established for the purpose of taking over the control.

Beginning with the 1st day of September, 1900, the authority to exercise, subject to my approval, through the Secretary of War, that part of the power of government in the Philippine Islands which is of a legislative nature is to be transferred from the military governor of the islands to this commission, to be thereafter exercised by them in the place and stead of the military governor, under such rules and regulations as you shall prescribe, until the establishment of the civil central government for the islands contemplated in the last foregoing paragraph, or until Congress shall otherwise provide. 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 will also have power during the same period to appoint to office such officers under the judicial, educational, and civil-service systems and in the municipal and departmental governments as shall be provided for. Until the complete transfer of control the military governor will remain the chief executive head of the government of the islands, and will exercise the executive authority now possessed by him and not herein expressly assigned to the commission, subject, however, to the rules and orders enacted by the commission in the exercise of the legislative powers conferred upon them. In the meantime the municipal and departmental governments will continue to report to the military governor and be subject to his administrative

supervision and control, under your direction, but that supervision and control will be confined within the narrowest limits consistent with the requirement that the powers of government in the municipalities and departments shall be honestly and effectively exercised and that law and order and individual freedom shall be maintained.

All legislative rules and orders, establishments of government, and appointments to office by the commission will take effect immediately, or at such times as they shall designate, subject to your approval and action upon the coming in of the commission's reports, which are to be made from time to time as their action is taken. Wherever civil governments are constituted under the direction of the commission, such military posts, garrisons, and forces will be continued for the suppression of insurrection and brigandage, and the maintenance of law and order, as the military commander shall deem requisite, and the military forces shall be at all times subject under his orders to the call of the civil authorities for the maintenance of law and order and the enforcement of their authority.

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 board 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 constitution of departmental or provincial governments, they will give especial attention to the existing government of the island of Negros, constituted, with the approval of the people of that island, under the order of the military governor of July 22, 1899, and after verifying, so far as may be practicable, the reports of the successful working of that government, they will be guided by the experience thus acquired, so far as it may be applicable to the condition existing in other portions of the Philippines. They will avail themselves, to the fullest degree practicable, of the conclusions reached by the previous commission to the Philippines.

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 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.

The many different degrees of civilization and varieties of custom and capacity among the people of the different islands preclude very definite instruction as to the part which the people shall take in the selection of their own officers; but these general rules are to be observed: That in all cases the municipal officers, who administer the local affairs of the people, are to be selected by the people, and that wherever officers of more extended jurisdiction are to be selected in any way, natives of the islands are to be preferred, and if they can be found competent and willing to perform the duties, they are to receive the offices in preference to any others.

It will be necessary to fill some offices for the present with Americans which after a time may well be filled by natives of the islands. As soon as practicable a system for ascertaining the merit and fitness of candidates for civil office should be put in force. An indispensable qualification for all offices and positions of trust and authority in the islands must be absolute and unconditional loyalty to the United States, and absolute and unhampered authority and power to remove and punish any officer deviating from that standard must at all times be retained in the hands of the central authority of the islands.

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, and the measures adopted should be made to conform to their customs, their habits, and even their prejudices, to the fullest extent consistent with the accomplishment of the indispensable requisites of just and effective government.

At the same time the commission should bear in mind, and the people of the islands should be made plainly to understand, that there are certain great principles of government which have been made the basis of our governmental system which we deem essential to the rule of law and the maintenance of individual freedom, and of which they have, unfortunately, been denied the experience possessed by us; that there are also certain practical rules of government which we have found to be essential to the preservation of these great principles of liberty and law, and that these principles and these rules of government must be established and maintained in their islands for the sake of their liberty and happiness, however much they may conflict with the customs or laws of procedure with which they are familiar.

It is evident that the most enlightened thought of the Philippine Islands fully appreciates the importance of these principles and rules, and they will inevitably within a short time command universal assent. Upon every division and branch of the government of the Philippines, therefore, must be imposed these inviolable rules:

That no person shall be deprived of life, liberty, or property without due process of law; that private property shall not be taken for public use without just compensation; that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial, to be informed of the nature and cause of the accusation, to be confronted with the witnesses against him, to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense; that excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted; that no person shall be put twice in jeopardy for the same offense, or be compelled in any criminal case to be a witness against himself; that the right to be secure against unreasonable searches and seizures shall not be violated; that neither slavery nor involuntary servitude shall exist except as a punishment for crime; that no bill of attainder, or ex-post-facto law shall be passed; that no law shall be passed abridging the freedom of speech or of the press, or the rights of the people to peaceably assemble and petition the Government for a redress of grievances; that no law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof, and that the free exercise and enjoyment of religious profession and worship without discrimination or preference shall forever be allowed.

It will be the duty of the commission to make a thorough investigation into the titles to the large tracts of land held or claimed by individuals or by religious orders; into the justice of the claims and complaints made against such landholders by the people of the island or any part of the people, and to seek by wise and peaceable measures a just settlement of the controversies and redress of wrongs which have caused strife and bloodshed in the past. In the performance of this duty the commission is enjoined to see that no injustice is done; to have regard for substantial rights and equity, disregarding technicalities so far as substantial right permits, and to observe the following rules:

That the provision of the Treaty of Paris, pledging the United States to the protection of all rights of property in the islands, and as well the principle of our own Government which prohibits the taking of private property without due process of law, shall not be violated; that the welfare of the people of the islands, which should be a paramount consideration, shall be attained consistently with this rule of property right; that if it becomes necessary for the public interest of the people of the islands to dispose of claims to property which the

commission finds to be not lawfully acquired and held disposition shall be made thereof by due legal procedure, in which there shall be full opportunity for fair and impartial hearing and judgment; that if the same public interests require the extinguishment of property rights lawfully acquired and held due compensation shall be made out of the public treasury therefor; that no form of religion and no minister of religion shall be forced upon any community or upon any citizen of the islands; that upon the other hand no minister of religion shall be interfered with or molested in following his calling, and that the separation between state and church shall be real, entire, and absolute.

It will be the duty of the commission to promote and extend, and, as they find occasion, to improve, the system of education already inaugurated by the military authorities. In doing this they should regard as of first importance the extension of a system of primary education which shall be free to all, and which shall tend to fit the people for the duties of citizenship and for the ordinary avocations of a civilized community. This instruction should be given in the first instance in every part of the islands in the language of the people. In view of the great number of languages spoken by the different tribes, it is especially important to the prosperity of the islands that a common medium of communication may be established, and it is obviously desirable that this medium should be the English language. Especial attention should be at once given to affording full opportunity to all the people of the islands to acquire the use of the English language.

It may be well that the main changes which should be made in the system of taxation and in the body of the laws under which the people are governed, except such changes as have already been made by the military government, should be relegated to the civil government which is to be established under the auspices of the commission. It will, however, be the duty of the commission to inquire diligently as to whether there are any further changes which ought not be delayed; and if so, they are authorized to make such changes, subject to your approval. In doing so they are to bear in mind that taxes which tend to penalize or repress industry and enterprise are to be avoided; that provisions for taxation should be simple, so that they may be understood by the people; that they should affect the fewest practicable subjects of taxation which will serve for the general distribution of the burden.

The main body of the laws which regulate the rights and obligations of the people should be maintained with as little interference as possible. Changes made should be mainly in procedure, and in the criminal laws to secure speedy and impartial trials, and at the same time effective administration and respect for individual rights.

In dealing with the uncivilized tribes of the islands the commission should adopt the same course followed by Congress in permitting the tribes of our North American Indians to maintain their tribal organization and government, and under which many of those tribes are now living in peace and contentment, surrounded by a civilization to which they are unable or unwilling to conform. Such tribal governments should, however, be subjected to wise and firm regulation; and, without undue or petty interference, constant and active effort should be exercised to prevent barbarous practices and introduce civilized customs.

Upon all officers and employees of the United States, both civil and military, should be impressed a sense of the duty to observe not merely the material but the personal and social rights of the people of the islands, and to treat them with the same courtesy and respect for their personal dignity which the people of the United States are accustomed to require from each other.

The articles of capitulation of the city of Manila on the 13th of August, 1898, concluded with these words:

“This city, its inhabitants, its churches and religious worship, its educational establishments, and its private property of all descriptions, are placed under the special safeguard of the faith and honor of the American army.”

I believe that this pledge has been faithfully kept. As high and sacred an obligation rests upon the Government of the United States to give protection for property and life, civil and religious freedom, and wise, firm, and unselfish guidance in the paths of peace and prosperity to all the people of the Philippine Islands. I charge this commission to labor for the full performance of this obligation, which concerns the honor and conscience of their country, in the firm hope that through their labors all the inhabitants of the Philippine Islands may come to look back with gratitude to the day when God gave victory to American arms at Manila and set their land under the sovereignty and the protection of the people of the United States.

WILLIAM MCKINLEY.

AN ACT FOR THE ESTABLISHMENT AND MAINTENANCE OF AN EFFICIENT AND HONEST CIVIL SERVICE IN THE PHILIPPINE ISLANDS.

By authority of the President of the United States, be it enacted by the United States Philippine Commission that—

SECTION 1. The commission shall appoint three persons to be members of a board to be called the Philippine civil service board. The commission shall designate one of such persons as chairman and another as secretary, and may in its discretion designate from among the members of the board a chief examiner.

SEC. 2. No person shall be eligible for appointment as a member of the board unless he shall be a native of the Philippine Islands owing and acknowledging allegiance to the United States, or a citizen of the United States.

SEC. 3. Each member of the board shall during his incumbency reside in Manila, and shall receive an annual salary of three thousand dollars and his necessary traveling expenses while in the discharge of his official duties. In case the commission shall designate a member of the board to act as chief examiner, he shall receive in addition to his salary as a member of the board a further annual compensation of five hundred dollars.

SEC. 4. The board shall prepare rules adapted to carry out the purpose of this act, which is hereby declared to be the establishment and maintenance of an efficient and honest civil service in all the executive branches of the government of the Philippine Islands, central, departmental, and provincial, and of the city of Manila, by appointments and promotions according to merit and by competitive examinations where the same are practicable, and it shall be the duty of all officers in the Philippine civil service, in the departments and offices to which any such rules may relate, to aid, in all proper ways, in carrying said rules, and any modifications thereof, into effect.

SEC. 5. This act shall apply, except as hereinafter expressly provided, to all appointments of civilians to execute positions under—

- (a) The military governor.
- (b) The United States Philippine Commission.
- (c) The treasurer of the islands.
- (d) The auditor for the islands.
- (e) The collector of customs for the islands.

- (*f*) The collector of inland revenue for the islands.
- (*g*) The director of posts for the islands.
- (*h*) The civil service board.
- (*i*) The bureau of forestry.
- (*j*) The bureau of mines.
- (*k*) The general superintendent of public instruction.
- (*l*) Wardens of penitentiaries and prisons.
- (*m*) The provost-marshal-general of Manila.
- (*n*) The captain of the port at Manila.

SEC. 6. The rules to be adopted by the board shall provide:

(*a*) For the classification of all offices and employments specified in section 5.

(*b*) For the appointment to those offices requiring technical, professional, or scientific knowledge by competitive or noncompetitive examinations or otherwise, as the board shall determine.

(*c*) For the selection of members of the police force and of the fire department in the city of Manila and of guards at prisons and penitentiaries by competitive or noncompetitive examination, or otherwise, as the board, after consultation with the military governor and his approval, shall determine.

(*d*) For the selection of laborers, skilled and unskilled, according to the priority of their applications, by such noncompetitive examinations as may be practicable, and which need not, if the board shall so limit them, relate to more than the capacity of the applicants to labor, their habits of industry and sobriety, and their honesty.

(*e*) For the promotion of members of one rank of the classified service to the next higher rank by competitive examination. In the competition the board may provide, in its discretion, for the allowance of credit to the previous experience and efficiency of the applicant in the civil service of the islands, to be estimated by the officer or officers under whose direction the service has been rendered, under such limitations as the board, by general rule, may prescribe: Provided, That such credit shall not be allowed to any applicant who shall not attain a minimum average per centum to be fixed by the board.

(*f*) For a period of probation before the appointment or employment is made permanent.

(*g*) For the preparation and holding at Manila, Iloilo, and Cebu of open competitive examinations of a practical character for testing the fitness of applicants for appointment to the classified service, and the fitness of officers and employees for promotion therein; and for the preparation and holding of the same examinations in the United States under the auspices of the United States Civil Service Commission for original appointment.

(*h*) For selection, according to average percentage, from among those certified by the board as rated highest in such competition.

(i) For transfers under limitations to be fixed by the rules from one branch of the classified service to another, or from the Federal classified civil service of the United States to the classified service of the Philippine Islands.

(j) For reinstatements in the service under limitations to be fixed by the rules.

(k) For the examination in the Spanish language of all applicants who are citizens of the United States and in the English language of all applicants who are natives of the Philippine Islands, whenever, in the opinion of the board, knowledge of both languages is essential to an efficient discharge of the duties of the position sought.

(l) For the holding of noncompetitive examinations when applicants fail to compete after due notice has been given of an open competitive examination to fill an existing vacancy.

(m) For a thorough physical examination by a competent physician of every applicant for examination in the United States and for rejection of every such applicant found to be physically disqualified for efficient service in the Philippine Islands.

(n) For a limitation upon the age of those entering the lowest rank of the classified service, the maximum age under which shall not be greater than forty years and the minimum age not less than eighteen.

(o) For eliciting from all applicants for examination full information as to their citizenship, nativity, age, education, physical qualifications, and such other information as may reasonably be required affecting their fitness for the service which they seek to enter.

(p) For the employment of clerks and other employees for temporary service where it is impracticable to make appointments as provided in this act, for terms not exceeding ninety days, but no person shall be employed under this exception for more than ninety days in a year.

(q) The enumeration herein of the subjects to be covered by the rules of the board shall not be regarded as exclusive, but the board shall have power to adopt any rule, not in violation of the limitations of the act which will more efficiently secure the enforcement of the act.

SEC. 7. The board shall keep minutes of its own proceedings, and on or before the first day of January of each year shall make an annual report to the military governor and to the commission showing its proceedings, the rules which it has adopted, the practical effect thereof, and suggestions for carrying out more effectually the purpose of this act.

SEC. 8. The board shall supervise the preparation and rating and have control of all examinations in the Philippine Islands under this act. The board may designate a suitable number of persons in the Philippine civil service to conduct its examinations and to serve as members of examining committees, and when examiners with special, technical, or professional qualifications are required for the prepara-

tion or rating of examination papers it may designate competent persons in the service for such special duty, after consultation with the proper officer or officers under whom they are serving. The duties required of such persons as members of examining committees, or as special examiners, shall be considered as part of their official duties and shall be performed without extra compensation. When persons can not be found in the Philippine service with the necessary qualifications for special examining work that may be required, the board is authorized to employ at a reasonable compensation persons not in public employment for such work, which compensation shall be paid out of the general funds appropriated for the purposes of the board on its order.

SEC. 9. The board may make investigations and report upon all matters relating to the enforcement of this act and the rules adopted hereunder, and in making such investigations the board and its duly authorized examiners are empowered to administer oaths, to summon witnesses, and to require the production of official books and records which may be relevant to such investigation.

SEC. 10. The board shall have a permanent office in the city of Manila. When examinations are to be held by the board, either in Manila, Iloilo, or Cebu, officers having the custody of public buildings shall allow their reasonable use for the purpose of holding such examinations.

SEC. 11. The head of each office to which this act applies shall notify the board in writing without delay of all appointments, permanent, temporary, or probationals made in the classified service in his office, of all rejections after the period of probation, and of all transfers, promotions, reductions, resignations, or vacancies from any cause in said service, and of the date thereof; and a record of the same shall be kept by the board.

SEC. 12. When the board shall find that any person is holding a position in the civil service in violation of the provisions of this act or the rules of the board, it shall certify information of the fact to the disbursing and auditing officers through whom the payment of the salary or wages of such position is by law required to be made, and if thereafter the disbursing or auditing officer shall pay, or permit to be paid, to the person such salary or wages, the payment shall be illegal, the disbursing officer shall not receive credit for the same, and the auditing officer who authorizes the payment shall be liable on his official bond for the loss resulting to the proper government.

SEC. 13. Any person in the Philippine civil service who shall wilfully or corruptly, by himself or in cooperation with one or more persons, defeat, deceive, or obstruct any person in the matter of his right of examination by said board, or who shall wilfully, corruptly, and falsely rate, grade, estimate, or report upon the examination or standing of

any person examined hereunder, or who shall wilfully and corruptly make any false representations relative thereto, or who shall wilfully and corruptly furnish any special or secret information for the purpose of improving or injuring the prospects or chances of any person so examined, or to be examined, employed, appointed, or promoted shall, for each offense, be punished by a fine not exceeding \$1,000, or by imprisonment for a period not exceeding one year, or by both such fine and imprisonment.

SEC. 14. Any person who shall willfully and corruptly become the beneficiary of an act in violation of the last preceding section shall be punished as provided in that section.

SEC. 15. No inquiry shall be made, and no consideration whatever shall be given to any information, relative to the political or religious opinions or affiliations of persons examined, or to be examined, for entrance into the service, or of officers or employees in the matter of promotion: Provided, however, that disloyalty to the United States of America as the supreme authority in these islands shall be a complete disqualification for holding office in the Philippine civil service.

SEC. 16. Every applicant for admission to the Philippine civil service shall, before being admitted to examination in the islands, take and subscribe the following oath before a justice of the peace in and for the province in which he is, or before a member of the civil-service board, the members of which are authorized to administer the same:

OATH OF APPLICANT.

I, _____, having applied for admission to the civil service of the Philippine Islands, do solemnly swear (or affirm) that I recognize and accept the supreme authority of the United States of America in these islands, and will maintain true faith and allegiance thereto; that I will obey the laws, legal orders, and decrees promulgated by its duly constituted authorities; that I impose upon myself this obligation voluntarily, without mental reservation or purpose of evasion. So help me God. (The last four words to be stricken out in case of affirmation.)

(Signature) _____.

Subscribed and sworn to (or affirmed) before me this _____ day of _____, 19—.

The oath of the applicant shall be filed with the secretary of the board.

SEC. 17. No officer or employee in the Philippine civil service shall, directly or indirectly, give or hand over to any other officer or employee in said service any money or other valuable thing to be applied to the promotion of any political object whatever, and a violation of this section by the giving or receiving officer or employee shall

subject the violator to a penalty of not exceeding \$500, or to imprisonment not exceeding six months, or both, and upon conviction he shall be removed from office.

SEC. 18. No person in the Philippine civil service shall be under obligation to contribute to a political fund or to render a political service, or be removed or otherwise prejudiced for refusing to do so. Any person soliciting political contributions from public officers or employees shall be subject to the same penalties as those provided in the preceding section.

SEC. 19. In the appointment of officers and employees under the provisions of this act, the appointing officer, in his selection from the list of eligibles to be furnished him by the board, shall, where other qualifications are equal, prefer—

First. Natives of the Philippine Islands.

Second. All honorably discharged soldiers, sailors, and marines of the United States.

SEC. 20. The requirements of this act for entrance into the civil service, or for promotion by competitive examination, shall not apply to the selection of the treasurer for the islands; the auditor for the islands; the collector of customs for the islands; the deputy collector of customs for the islands; the collector of inland revenue for the islands; the director of posts for the islands; the head of the bureau of forestry; the head of the bureau of mines; the superintendent of public instruction; the members of the civil-service board, or of one private secretary for the military governor and for each member of the United States Philippine Commission. But, after eighteen months from the date when the board shall certify that it has a sufficient list of eligibles to supply vacancies, vacancies occurring in all the foregoing offices, except in the private secretaryships above described, shall be filled without examination from a class to be composed of the first, second, and third assistants in all the foregoing offices, the intention of this provision being that the appointing power may, by virtue hereof, transfer from one office to another a person deemed competent to fill the vacancy.

SEC. 21. The requirements of this act for entrance or promotion by competitive examination shall not apply to the office of cashier of the collector of customs for the islands, to the captain of the port at Manila, to the collector of customs at Iloilo, and to the collector of customs at Cebu, until one year after the date when the board shall make the certificate prescribed in the preceding section, after which vacancies in such offices shall be filled by promotion by competitive examination as in other cases.

SEC. 22. The persons now employed in the civil service of the Philippine Islands whose positions may be classified by the operation of this act and the rules herein provided for shall, unless dismissed by proper authority, continue in the service and discharge the duties

assigned them: Provided, That the board may, in its discretion, require by rule that all such employees shall pass examinations practically adapted to show their fitness to fill the positions now held by them, and that in case of failure to pass such examinations to the satisfaction of the board they shall be dismissed from the service.

SEC. 23. This act shall not apply to the selection of school-teachers of the department of public instruction, for which special legislation will be provided.

SEC. 24. The rules to be prepared and certified by the board shall be promulgated by executive order of the military governor.

SEC. 25. After the passage of this act no civilian shall be employed in the offices specified in section 5 of this act, except in accordance with its terms: Provided, that between the time of its passage and the date when the board herein created shall officially inform the military governor and the commission that it is ready to certify a list of persons eligible to appointment under the provisions of this act for any vacancy occurring, appointments for temporary service may be made to fill vacancies or newly created offices to continue until such certification is made and such vacancies can be regularly filled, under the requirements of this act and the rules of the board adopted in accordance herewith. Persons so temporarily appointed may compete in the examinations held for regular entrance to the classified service.

SEC. 26. In this act whenever a sum of money is mentioned it shall be understood to refer to the money of the United States.

SEC. 27. Upon the passage of this act and the appointment and organization of the board it shall be the duty of the head of each office to which this act applies upon application by the board to certify to the board a complete list of all the officers and employees engaged therein, together with a full statement of the duties performed by them and the compensation received by them.

SEC. 28. No person shall be admitted to the competitive examinations to be held under this act who are not either—

- (a) Citizens of the United States, or
- (b) Natives of the Philippine Islands, or
- (c) Persons who have, under and by virtue of the treaty of Paris, acquired the political rights of natives of the islands.

SEC. 29. This act shall take effect on its passage and shall be referred to as the "Civil-service act."

Enacted September 19, 1900.

WM. H. TAFT, *President.*

REPORTS
OF THE
TAFT PHILIPPINE COMMISSION

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES, TRANSMITTING A REPORT OF THE SECRETARY OF WAR, CONTAINING THE REPORTS OF THE TAFT COMMISSION, AND OTHER IMPORTANT INFORMATION RELATING TO THE CONDITIONS AND IMMEDIATE WANTS OF THE PHILIPPINE ISLANDS

To the Senate and House of Representatives:

For the information of the Congress, and with a view to such action on its part as it may deem wise and appropriate, I transmit a report of the Secretary of War made to me under date of January 24, 1901, containing the reports of the Taft Commission, its several acts of legislation, and other important information relating to the conditions and immediate wants of the Philippine Islands.

I earnestly recommend legislation under which the government of the islands may have authority to assist in their peaceful industrial development in the directions indicated by the Secretary of War.

WILLIAM MCKINLEY.

EXECUTIVE MANSION,
January 25, 1901.

REPORT.

JANUARY 24, 1901.

To the PRESIDENT:

I beg leave to supplement my annual report of November 30, 1900, by transmitting a report made by the Philippine Commission on that date, but only recently received at the War Department. At the same time I wish to call attention to some conditions existing in the Philippine Islands which indicate that the development of that country along the lines of peaceful industrial progress now requires the exercise of powers of civil government not vested in this Department, or in you as military commander, but requiring a grant of authority from the Congress.

1. The Commission gives a gratifying account of the progress made in the pacification of the country and the gradual subsidence of guerilla warfare. Information received subsequent to the date of the report confirms the favorable anticipations of the Commission. A personal letter received by me from Judge Taft, dated December 14, 1900, says:

Since writing you, about 3,000 insurgents in Ilocos Norte have surrendered, and 10,000 persons who were not well affected toward us in Panay have taken the oath of allegiance. I have received two papers from native priests, 18 in number, and I am told that there will be a great many other papers signed by a great many more native priests, tendering their allegiance to the United States, and promising fidelity without mental reserve. The native priests are those who have held out longest in favor of the insurgents and against the Americans, and I deem this action as of great importance. The army is hitting small but hard knocks against the insurgents everywhere. Since the election there has been a great falling off in the activity of the insurgents in aggressiveness and their sole activity has been displayed in avoiding the fights which small detachments of our troops have brought about.

On the 2d of January the Commission as a body reenforced the views contained in their report by the following dispatch from Manila:

Roor, *Secretary of War, Washington:*

If you approve, ask transmission to proper Senators and Representatives of following: Passage of Spooner bill at present session greatly needed to secure best result from improving conditions. Until its passage no purely central civil government can be established, no public franchises of any kind granted, and no substantial investment of private capital in internal improvements possible. All are needed as most important step in complete pacification. Strong peace party organized with defined purpose of securing civil government under United States and reasonably expect civil government and relief for inevitable but annoying restraints of military

rule long before subject can be taken up by new Congress. Time near at hand in our opinion when disturbances existing can better be suppressed by native police of a civil government with army as auxiliary force than by continuance of complete military control. Power to make change should be put in hands of President to act promptly when time arrives to give Filipino people an object lesson in advantages of peace. Quasi civil government under way—power most restricted and unsatisfying. Commission embarrassed in securing good material for judicial and other service by necessarily provisional character of military government and uncertainty of tenure.

Sale of public lands and allowance of mining claims impossible until Spooner bill. Hundreds of American miners on ground awaiting law to perfect claims. More coming. Good element in pacification. Urgently recommend amendment Spooner bill so that its operation be not postponed until complete suppression of all insurrection, but only until in President's judgment civil government may be safely established. Conditions rapidly improving to point where civil government with aid of army will be more efficient to secure peace than military control.

COMMISSION.

A dispatch from Judge Taft, dated January 9, 1901, says:

Conditions rapidly improving. Rifles, officers, privates are being captured or surrendered daily in considerable numbers in north and south Luzon. Same conditions in Panay, where more than 35,000 have taken oath of allegiance. Insurgent forces completely scattered and leader, Delgado, negotiating for surrender. Work in Samar slower, because of Lucban's long uncontested occupation of interior and swollen streams early in campaign. Campaign in Samar has driven bands into Leyte, producing disturbance, but information is that condition there favorable. Federal party for peace; direct result of election. Well organized and rapidly increasing in Manila, preparing to extend organization to many provinces on pressing and numerous invitations from leading citizens.

The report shows that the islands are estimated to contain about 73,000,000 acres of land, of which less than 5,000,000 are held in private ownership, leaving in public lands over 68,000,000 acres; that this land is for the most part exceedingly fertile, well watered, adapted to the raising of a great variety of useful crops, much of it covered by the most valuable timber, with extensive deposits of gold, of copper, of high-grade iron, and of excellent coal; that more than a thousand mining prospectors, chiefly American, are already scattered throughout the islands waiting for the enactment of some law under which they may acquire rights to mining claims covering their discoveries of mineral; that the public lands have never been surveyed, and no facilities have been afforded for the Filipinos to acquire title, and that from two to four hundred thousand of the natives are now living as squatters on these lands waiting for some homestead or settlers' law under which they may become owners of the land they till, or still other lands; that capital is waiting ready to inaugurate the enterprises which shall develop this vast natural wealth, but there is no authority under which railroads or other means of communication can be constructed to get the products of the land to the market; that the building of 55 miles of railroad already surveyed would throw open to the inhabitants of the islands as an unsurpassed health resort the

high table-land of Benguet in northern Luzon, free from tropical vegetation, with forests of pine, and with the cool and invigorating climate of the northern temperate zone; but there is no law under which the railroad can be built; that under all its disadvantages business has increased and the customs receipts are more than double the amount collected by the Spanish Government from the same source, but that business is hampered and endangered by the scarcity of currency, and there is no law under which currency can be supplied from either public or private source. The army has brought the Philippines to the point where they offer a ready and attractive field for investment and enterprise, but to make this possible there must be mining laws, homestead and land laws, general transportation laws, and banking and currency laws.

Such laws the military government can not supply. Broad and peremptory as are its powers for the time, it is temporary in its character, and can not project its authority into the future. It can not give title to the settler or the miner, or corporate rights to the bank or the railroad.

The great agency to bring industrial activity and awakened enterprise and prosperity and contentment to the country of the Philippines must be, not a military government, but the same kind of individual enterprise which has built up our own country. With increased activity of individual enterprise and business will come the greater revenues necessary for the performance of the proper duties of civil government, for harbor improvements and paved and sewered streets and passable highways and adequate schools and effective police. It is to the exhibition of such manifest results of good government that we must look as the chief means of convincing the people of the Philippine Islands that our professions of interest in their welfare are sincere.

2. The section of the report on the liquor traffic in Manila indicates that the powers of the Commission are ample to deal with that subject; that they have devoted great attention to it, and that the difficulties which they experience are the same as those which confront Congress in governing the city of Washington and our State legislatures in dealing with the same subject, while the success which they have attained will compare favorably with the results here. Many false and misleading statements have been made regarding the use of intoxicating liquors in Manila. The fact is that this traffic is more rigidly and effectively regulated and kept within bounds in the city of Manila than in any city of similar or greater size in the United States. A strict high-license law is enforced, under which the native saloons or wine shops have been reduced from 4,000 at the time of American occupation to 400 at the present time, and the saloons selling American liquors, including hotels and restaurants, have been reduced from 224 in February, 1900, to 105 at the date of this report and to 88 at the

present time. Of these, but 48 are permitted to sell spirituous liquors. All of these saloons are closed at half past 8 in the evening, and are prevented from making sales until the following day, and all are closed and prevented from selling on Sundays.

Manila has a population of over 400,000, and as against her 400 native and 88 foreign saloons for that population we have in this country the cities of—

| | Popula- tion. | Saloon |
|--------------------|------------------|---------|
| Washington..... | 278, 718 | 513 |
| Cleveland..... | 381, 768 | 1, 888 |
| Cincinnati..... | 325, 902 | 1, 727 |
| New Orleans..... | 287, 104 | 1, 370 |
| Milwaukee..... | 285, 315 | 1, 747 |
| San Francisco..... | 342, 782 | 3, 007 |
| St. Louis..... | 575, 238 | 2, 060 |
| Baltimore..... | 508, 957 | 1, 988 |
| Boston..... | 560, 892 | 799 |
| Philadelphia..... | 1, 293, 697 | 1, 709 |
| Chicago..... | 1, 698, 575 | 6, 460 |
| New York..... | 3, 437, 202 | 10, 832 |

Since the date of the Commission's report further regulations have been adopted by them, limiting the portions of the city in which the traffic is permitted, and I am satisfied that they are dealing with the subject with wisdom, firmness, and a full knowledge of the conditions. In order to bring our information down to the present time, I have recently cabled inquiries to the president of the commission and the military governor, which, together with their answers, are appended hereto.

3. Acting upon that clause of your instructions which vests in the Philippine Commission authority to exercise, subject to your approval through the War Department, that part of your military authority which is legislative in its character, the Commission has adopted regular methods of legislative procedure, and regulations of a general civil character instead of being in the form of military orders now receive a form corresponding to their true character, of legislative enactments. The Commission transmit with their report the regulations, 47 in number, which they had adopted prior to the 12th of November, and to those I add from the files of the War Department 8 additional enactments, numbered 48 to 55, inclusive, received by the mail following the report. I venture to express the hope that an examination of these acts, as well as the reading of the report, will carry to your mind, as it has to mine, the conviction that the commission are proceeding in accordance with the high spirit of your instructions, and with zeal and discretion are pressing forward with all practicable speed the establishment of civil government in conformity to American institutions, and in fulfillment of our duty to the people of the Philippine Islands.

Very respectfully,

ELIHU ROOT,
Secretary of War.

[War Department cablegram.]

JANUARY 15, 1901.

TAFT, *Manila*:

Cable answer following questions: What is present condition Manila as to use of intoxicating liquors, drunkenness, and disorder? How does it compare with principal American cities? Do natives frequent American saloons, or drink American liquors? How much drunkenness among American soldiers? Are houses of prostitution licensed, protected, or in any way encouraged by authorities?

ROOT, *Secretary War*.

[Cablegram received in cipher.]

MANILA, *January 17, 1901*.ROOT, *Secretary of War, Washington, D. C.*:

With reference to your telegram of the 15th: First. Very good. Second. Better than any American city of same size. Third. Practically not at all. Fourth. Considerable. Much more conspicuous than at home, because several barracks near heart of city and frequented saloons on narrow thoroughfares. New license law passed to obstruction to travel by banishing saloons to places less accessible and annoying to general public. Informed by Army authorities that actual drunkenness not much, if any, greater than at home. Absence of home influence and lack of usual amusements would naturally increase it. Marked improvement in this regard since improved political condition in city has permitted more attention to the subject.

Fifth. No; but true that in November, 1898, spread of venereal diseases among soldiers led military authorities, in order to maintain effectiveness of army, to subject known prostitutes to certified examination and confinement of diseased in special hospital, expense of which paid from fund in custody of army officer derived solely from fees charged for examination, of 50 cents to \$2, according to place of examination. System has greatly reduced percentage of disability from this cause. Purely army police measure, outside our jurisdiction; military necessity. Result better than futile attempt at total suppression in Oriental city of 300,000, producing greater evil. Prostitutes known not permitted to land. Number deported. General moral condition of city greatly maligned. Crimes of violence now comparatively few. Gambling greatly decreased. Native vino shops in Manila in August, 1898, 4,000; now reduced to 400. American saloons, including hotels and restaurants, reduced from 224 in February, 1900, to 88, now; of these only 48 licensed to sell spirituous liquors.

COMMISSION.

[Cablegram.]

ADJUTANT-GENERAL'S OFFICE,
*Washington, January 16, 1901.*MACARTHUR, *Manila*:

Telegraph the condition of army, Manila and elsewhere Philippine Islands, with reference to drunkenness and use intoxicating liquors. Are houses prostitution licensed, protected, or in any way encouraged by military authorities?

CORBIN.

MANILA. (Received January 17, 1901—12.15 a. m.)

ADJUTANT-GENERAL, *Washington*:

With reference to your telegram of 16th, drunkenness this army no more noticeable here than in garrisons United States. Considering whole force as unit, probably very much less. In Manila drunken men very noticeable; effect one drunkard in public place creates impression among citizens of extensive disorders throughout whole force, which is not case. Army in splendid discipline, high state efficiency, doing hardest kind service, most faithful inspiring manner. Houses prostitution not licensed, protected, encouraged.

MACARTHUR.

REPORT OF THE UNITED STATES PHILIPPINE COMMISSION.

MANILA, *November 30, 1900.*

The SECRETARY OF WAR,
Washington, D. C.

SIR: The United States Philippine Commission begs to submit its report, as follows:

The Commission arrived in Manila on June 3 last, was courteously received by Maj. Gen. Arthur MacArthur, the military governor, and after about a month was furnished with comfortable offices in the Ayuntamiento. Upon its arrival an informal statement of the purposes of the Commission was issued, a copy of which is appended and marked "Exhibit A." Under the instructions of the President, the commission was not to perform any official function in the military government until the 1st of September following, but was to occupy itself solely with the duty of investigating conditions. Subjects were assigned to the commissioners, as follows:

Taft: The civil service, the friars, and public lands.

Worcester: Municipal corporations, forestry, agriculture, mining, and public health.

Wright: Internal improvements, franchises, militia, and police and criminal code.

Ide: Code of civil procedure, courts, banks and currency, and registration laws.

Moses: Schools and taxation.

Taft, Wright, and Ide: Civil code.

The Commission: Central, department, and provincial governments.

Each commissioner was expected to conduct investigations and examinations on the subjects assigned to him. Much formal evidence was taken and transcribed, but more was gathered from informal conversations when no stenographer was present.

Many witnesses were examined as to the form of government best adapted to these islands and satisfactory to the people. All the evidence taken, no matter what the bias of the witness, showed that the masses of the people are ignorant, credulous, and childlike, and that under any government the electoral franchise must be much limited, because the large majority will not, for a long time, be capable of intelligently exercising it.

In July the military governor was requested, by petition of the rector of the University of St. Thomas, to allow the College of San José to be opened to receive medical students as a part of the university. The college had been closed by General Otis, when military governor, on the ground that it was the property of the Government of the United States, acquired by the treaty of Paris from Spain, and held for the benefit of the people of the Philippine Islands for educational purposes. The petition for reopening the college was vigorously resisted by a delegation of prominent citizens of Manila. At a conference between the military governor and the Commission it was agreed that his action should await the result of a hearing to be had before the commission to enable it to determine whether the claim made on behalf of the Philippine people was of sufficient substance to justify the Commission, when it should assume legislative power, in enacting a law providing for the appointment of trustees to administer the trust, and authorizing and directing them by proper suit in the name of the United States to test the right of the present administrators to continue to manage the school and its property.

The hearings of the issue were begun in July and continued from time to time until late in October. Very great public interest was shown in the elaborate arguments which were made on behalf of the Philippine people by Señor Don Felipe Calderón, and on behalf of the Catholic Church, which claimed control of the property, by Archbishop Chapelle, the Apostolic Delegate, and by Archbishop Nozaleda, of Manila. The Commission has not yet announced its conclusion as to its duty in the premises, but expects to do so within a month. The issue is a very important one. The property of San José College is worth half a million dollars gold, and much the same question affects the control of at least one other institution of charity in Manila—the large hospital of San Juan de Dios. Shortly stated, the issue is whether the Spanish Government, in its admitted right to control the management of the particular trust property, was acting in its secular and civil capacity, or as a mere agent of the Catholic Church under the concordat between the Pope and the Spanish Crown.

On the 21st of August, in reply to your cable direction of the 17th of August, the Commission expressed its view of the general condition of the islands. With the exception of one or two minor details, we wish to confirm by this the statements of that report. The assertion that in Negros more sugar is in cultivation than ever before is probably erroneous. It was derived from the evidence of Father McKinnon, who had recently made a visit of observation to all parts of Negros, and who made the statement to the Commission as telegraphed.

The report of General Smith, as Governor of Negros, to the Military Governor, which the Commission has just seen, does not agree with this as to amount of sugar in cultivation this year, though, and

this probably explains Father McKinnon's conclusion. General Smith states to the Commission that in the character of the cane raised and the amount per acre this is the best year for many years, but that the acreage is considerably less than formerly, due chiefly to the scarcity of capital and the excessive rates of interest charged by the banks and money lenders in that island. At the time the dispatch was sent the province of Ilocos Sur was undisturbed and was supposed to be free from insurgents, but the activity of the insurgent leader Tinio and the missionary work of certain Tagalogs in the towns between August and November, with the impetus furnished by the report of the American electoral campaign, gathered a considerable force of insurgents in the mountain range east of the coast and by the usual methods produced unsettled conditions in that province. In September reports of contemplated formidable movements on the part of the insurgents in pacified provinces induced what may properly be called a flurry of fear and excitement among the natives. There was one or two insurgent incursions, for spectacular purposes, along the line of the railroad, which, as stated in the dispatch, had not been molested for more than five months previous.

The amount of damage done to the railroad was embraced in cutting some telegraph wires, in tearing up the track for a short distance, and in ditching one train. We are informed by the manager of the railroad that his confidential agent has discovered that all the work was done by the people of a barrio near the railroad. That it was done by them reluctantly under the threat of Tecson, an insurgent leader, hiding in that neighborhood; that unless they did this he would burn the village. The impression of great disturbance in the country in September and October, caused in the way described, considerably affected the business between Manila and the country. Two unfortunate reverses of the United States troops, one near Siniloan and the other in Marinduque, served to render the insurgent leaders more defiant and boastful, and possibly to postpone the collapse of the insurrection, predicted in our dispatch as likely to occur within sixty days after the election, for a somewhat longer period.

From all the information we can get it seems clear that a great majority of the people long for peace and are entirely willing to accept the establishment of a government under the supremacy of the United States. They are, however, restrained by fear from taking any action to assist the suppression of the insurrection which has for its indispensable support a conspiracy of murder. Without this, armed resistance to the United States authority would have long ago ceased. Anyone suspected of giving information to the Americans concerning the insurgents is immediately marked for assassination. The ramifications of the conspiracy are so wide that it has effected the terrorism of an entire people. It is a Mafia on a very large scale.

The difficulty the people have in communicating with the Americans, because of a want of knowledge of their language, character, and customs, would have a tendency to make them silent in any event, and when this is accompanied by the very present prospect of being abducted, boloed, or tortured if any disclosure is made, it is not remarkable that the insurgents are able to assume the rôle of amigos when pressed and hide themselves in barrios of the towns if driven out of the mountains where they have their headquarters. Not infrequently the municipal officers assume a double duty, one to the Americans and one to the insurgents, though this is not generally true except in those provinces near to which an active insurgent headquarters is situated. Nor does his double part indicate that the sympathy of the municipal officer is with the insurgent, but only that punishment for failure to render service to the insurgents will be much more bloody and severe than for infidelity to the Americans and the violation of the oath of allegiance. We have already made provision out of the public civil fund for the widows and children of two municipal officers assassinated by order of the insurgents for loyal civil service to the United States, and there are others with similar claims likely to seek the same relief. We do not intend to establish a system of pensions, but we think that in such cases, when clear, it is a wise public policy to give all who are risking their lives for the United States and the best interests of their country to know that in the unfortunate case of their murder their families will be taken care of by a grateful Government.

In southern Luzon the conditions have improved in the provinces of Cavite, Batangas, and Laguna during the last month. The province of Tayabas is peaceful. The towns are full of people, a sure indication of freedom from disturbance, and houses are difficult to secure. In the Camarines and Albay the conditions are not so satisfactory, but they are growing better. In the Visayans and Mindanao the conditions are much the same as reported in our dispatch of August 21, except that in Leyte much improvement has been made.

Any statement of the conditions prevailing in these islands during the last six months which ignores the effect of the American election as a controlling element in the situation is necessarily inadequate. Since the result was announced there has been a great decrease in insurgent activity. The most intense interest was felt by the insurgents before the election in the issue, and the most intense disappointment since, which will certainly effect the collapse of the insurrection in the near future. Capital and all business interests hung upon the predictions of success of the one party or the other. No one breathed more freely and took more enjoyment in the result as announced than the conservative Filipino people who had anything to lose from the anarchy

which it was sure would follow in the abandonment of these islands under the policy of the defeated party in the late election, as that policy was understood here by the insurrectos and other Filipinos. From now on conditions in these islands will grow steadily better, and however formidable the difficulties really are, the possibilities that present themselves of improving the condition of the people in education, wealth, comfort, and in the knowledge of how to govern themselves can not but awaken the deepest enthusiasm on the part of every friend of civilization familiar with the actual conditions.

On the 1st of September the Commission began its legislative and executive duties under the instructions of the President. It adopted the policy of passing no laws, except in cases of emergency, without publishing them in the daily press, after they had passed a second reading, and giving to the public an opportunity to come before the Commission and suggest objections or amendments to the bills. The Commission has likewise adopted as part of its regular procedure the submission of all proposed bills to the Military Governor for his consideration and comment before enactment. We think that the holding of public sessions furnishes instructive lessons to the people, as it certainly secures to the Commission a means of avoiding mistakes. The announcement of the Commission on this subject is appended, marked "Exhibit B." The Commission has now passed forty-seven laws of more or less importance. These laws have been forwarded to you as passed. A complete file also accompanies this, marked "Exhibit L." A municipal code has been prepared and forwarded to you for the consideration of one or two critical matters and has not yet been adopted, pending your consideration of it. A tariff bill, hereafter to be referred to more in detail, has been prepared modifying the Spanish tariff and arranging the schedule so as to secure an adequate revenue with the least burden upon those least able to stand it. It has not been disposed of in the Commission, and will not be adopted until all the interests in Manila and the islands shall have had an opportunity to be heard on its various provisions and until it shall have been forwarded for consideration in America and approval by you.

A judicial and civil procedure bill is nearly completed. The same thing is true of a bill for provincial-government organization. A new internal-tax law must then be considered. The wealth of this country has largely been in agricultural lands and they have been entirely exempt. This enabled the large landowners to escape any other taxation than the urbana, a tax which was imposed upon the rental value of city buildings only, and the cedula tax, which did not in any case exceed \$37.50, Mexican, a person. We think that a land tax is to be preferred, but of this there will be found more detailed discussion below.

THE CIVIL SERVICE.

The fifth law adopted by the Commission was an act providing for the organization of a civil service on the basis of merit.

It was the purpose of the Commission in passing the civil service bill to provide a system which, after it should begin to work, would secure the selection and promotion of civil servants solely on the ground of merit, and would permit anyone by a successful competitive examination to enter the service at the lowest rank and, by the efficient discharge of his duties and further examinations for promotion, to reach the head of any important department of the government.

The difficulties in securing a good civil service in the islands are formidable. There are two classes of applicants, one the Americans and the other the Filipinos. The Filipinos have had no training except from being in the Spanish service or observing its workings. That service was notoriously corrupt. The salaries paid were palpably inadequate for the support of life and were a plain intimation to the civil servant, in their inadequacy, that, if he could, he was expected to add to his official income in illegal ways and by peculation. This is not only characteristic of Spanish civil service, but also of that of all oriental governments, and in the outset it is not too severe to say that the percentage of Filipinos who can be trusted to handle money in public office or to exercise any direct official control over their fellow-residents without peculation or the imposition of illegal charges is comparatively small. They must be taught by better salaries and by the example of the Americans a different standard of integrity. On the other hand, the Americans who come to these islands come eight or ten thousand miles, come with a venturesome spirit, come with the idea of amassing a competence by their stay in the islands. They are exposed in any important official position where there is opportunity for defeating the rights of the Government to constant temptations offered them by interested persons seeking to escape lawful burdens or to obtain fraudulent advantage, and who have no other conception of a public officer than of one who is to be reached by bribery if the sum offered be large enough.

Men may leave the United States honest, but with the weakening of moral restraints of home associations and with the anxious desire to make so long a trip result successfully in a pecuniary way, demoralization and dishonesty are much more likely to follow than at home. To avoid the dangers presented by these conditions, it is necessary, first, to banish all favoritism and political considerations from the selection of civil servants and rigidly to enforce the requirements of a competitive examination and a satisfactory showing by the applicant of his good moral character; second, to pay adequate salaries and to allow liberal leaves of absence, adapted to preservation of health in

the tropics, thus securing that contentment with the service without which good work is not possible; and, third, to awaken an enthusiasm in the service by offering as a reward for faithful and highly efficient work a reasonable prospect of promotion to the highest positions in the Government. It is essential that the system be administered with the utmost rigidity and impartiality, because in no part of the world does rumor of injustice, of fraud, and of underhand methods in the administration of public office receive so much credit as in the Orient; and if dissatisfaction, produced by a sense of injustice, finds place in the civil service of the islands, it will greatly diminish its efficiency. The commission has passed a law which it believes goes further than any civil-service law of any State or of the United States in carrying out the theory of the merit system, and it takes this opportunity to testify to the earnest assistance and cooperation in maintaining pure the civil service of these islands received from the President and yourself.

We are directed in our instructions to prefer the Filipino for office when other qualifications are equal, and we have by the act imposed this as a mandate upon the appointing power. We have also preferred in the same manner discharged soldiers and sailors of the United States. We could not for obvious reasons introduce provisions discriminating against the Filipinos because of the tendency of their previous training, already referred to. To secure appointments from the two races according to their capacity and qualifications, we must rely, not only upon the examinations, but also upon the discretion of the appointing power in its selection from the list of eligibles presented by the civil-service board, and upon the power of removal which remains fully vested in the appointing power, unhampered by any provisions of the statute. The difficulties in selection presented by the education and tendency of the Filipino will gradually grow less and less as the service grows older and as the Filipino learns a different official standard of integrity and sees upon what promotion in the civil service depends.

A present question in the civil service is the high cost of living in Manila. There are not enough houses in Manila to make comfortable places of residence for the civil servants who come here from the United States. The high prices of lumber and the rise in the cost of labor and materials have all retarded building. Shortly after the timber regulations were issued by the military government there was a reduction in the price of lumber, and it was hoped that the reduction would continue, but the demand for it was so great that the supplies of cut lumber on the coast awaiting shipment to Manila were rapidly exhausted, and the means for cutting it in the mountains, due to disturbed conditions, are so limited that it may be some considerable time before the price is reduced to a normal figure. It has been proposed, and it seems a practical suggestion, that the American civil servants

perfect an organization and work out, with the assistance of the governmental authorities, a plan for a cooperative civil-service hotel or boarding house, and possibly a cooperative store. If one is well housed in Manila, it is a very pleasant city to live in. If he is not thus fortunately placed he can but have an unpleasant impression of life here and impart it to others. It is the duty of the Insular Government to look after its employees and to see that they are comfortable; for only under such conditions can the best work be obtained from them.

The question of what kind of examination or what kind of a system of selection shall be used for school teachers has not yet been decided, and the Commission awaits the recommendation in this regard of Mr. Atkinson, the General Superintendent of Public Instruction.

The Commission has appointed as members of the Civil Service Board, Mr. Frank M. Kiggins, for years a skilled examiner of the United States Civil Service Commission, Mr. W. L. Pepperman, also for a long time an efficient member of the examining staff of the United States Civil Service Commission, and Chief Justice Arellano, who has had considerable knowledge of the workings of the Spanish civil service. The Chief Justice declined to accept any compensation, and would take the office only temporarily in order to set the system going and to assist in the first and most important function of the board, the adoption of rules for the execution of the act. The rules have not as yet been completed and issued, and it will probably be from thirty to sixty days before the regular system of examinations can be begun.

The law contemplates the holding of examinations both in the United States and in the Philippine Islands, and requires that the examinations shall cover the Spanish and the English languages where the applicant seeks a position in which a knowledge of the two languages is essential.

It was impossible, in applying the merit system to a civil service already formed and carrying on an extensive government, to end the terms of those at present employed and to require them to seek their places anew by competitive examinations. This would have demoralized the service and created paralyzing confusion. We deemed it wiser to empower the civil service board in its discretion to require employees in the service at the time of the passage of the act to take examinations, but subject to this restriction—to treat them as if they had come into the service regularly and as entitled to stand for promotion. Upon the recommendation of the Civil Service Board and the Military Governor, we have also provided that soldiers detailed to perform duties in the civil service shall stand upon the same footing when discharged from the army as if they had regularly entered the service when detailed. The Civil Service Board, which has been investigating the personnel of the service, reports that the soldiers who have been detailed to clerical positions have been carefully selected from the large number available and are on the whole the best clerks now employed.

One of the problems confronting the Commission is the substitution of civilians for army officers and enlisted men now detailed for the discharge of civil duties. In "Exhibit C" there is shown a memorandum of the number of officers, enlisted men, American civilians, natives, Spaniards, and Chinese, engaged in the civil service, also a comparative percentage statement of the Americans and natives engaged in the service. Under the amendment to the civil service act already referred to, permitting officers and enlisted men detailed for civil service to retain their positions on receiving their discharge from the Army, it is thought that many of the volunteer officers and men will be glad to continue in the service as civilians. The other places the Commission will probably be able to fill from the list of eligibles to be furnished by the Civil Service Board, which will be probably by February next.

THE FRIARS.

Ordinarily, the Government of the United States and its servants have little or no concern with religious societies or corporations and their members. With us the Church is so completely separated from the State that it is difficult to imagine cases in which the policy of a church in the selection of its ministers and the assignment of them to duty can be regarded as of political moment, or as a proper subject of comment in the report of a public officer.

In the pacification of the Philippines by our Government, however, it is impossible to ignore the very great part which such a question plays. Excepting the Moros, who are Moslems, and the wild tribes, who are pagans, the Philippine people belong to the Roman Catholic Church. Total number of Catholic souls shown by the church registry in 1898 was 6,559,998. To care for these in that year there were in the Archipelago 746 regular parishes, 105 mission parishes, and 116 missions, or 967 in all. Of the regular parishes all but 150 were administered by Spanish monks of the Dominican, Augustinian, or Franciscan orders. Natives were not admitted to these orders. There were two kinds of Augustinians in these islands, the shod and the unshod. The latter are called Recolletos and are merely an offshoot from the original order of St. Augustine. By the revolutions of 1896 and 1898 against Spain, all the Dominicans, Augustinians, Recolletos, and Franciscans acting as parish priests were driven from their parishes to take refuge in Manila. Forty were killed and 403 were imprisoned and were not all released until by the advance of the American troops it became impossible for the insurgents to retain them. Of the 1,124 who were in the islands in 1896, but 472 remain. The remainder were either killed or died, returned to Spain, or went to China or South America.

There were also in the islands engaged in missions and missionary

parishes 42 Jesuits, 16 Capuchins, and 6 Benedictines, and while many of these left their missions because of disturbed conditions, they do not seem to have been assaulted or imprisoned for any length of time. In addition to the members of the monastic orders, there were 150 native secular clergymen in charge of small parishes who were not disturbed. There were also many native priests in the larger parishes who assisted the friar curates, and they have remained, and they have been and are acting as parish priests. The burning political question, discussion of which strongly agitates the people of the Philippines, is whether the members of the four great orders of St. Dominic, St. Augustine, and St. Francis, and the Recoletos shall return to the parishes from which they were driven by the revolution. Colloquially the term "friars" includes only the members of these four orders. The Jesuits, Capuchins, Benedictines, and the Paulists, of whom there are a few teachers here, have done only mission work or teaching, and have not aroused the hostility existing against the four large orders to which we are now about to refer.

Archbishop Chapelle, of New Orleans, Apostolic Delegate, called on the Commission soon after its arrival and requested that in any investigation into the matter of the friars which the Commission might deem it wise to institute, the provincials of the orders, and the five bishops, including the archbishop of Manila, who were all of them friars, should be given a hearing. Accordingly the commissioner to whom the subject was assigned was enabled by the courtesy and assistance of Archbishop Chapelle to take the statements of the provincials of all the monastic orders resident in Manila, and of the archbishop of Manila, the bishop of Vigan, and the bishop of Jaro. The bishop of Cebú had returned to his diocese. So too had the episcopal administrator of the diocese of Nueva Cáceres. These two gentlemen were not therefore examined. The questions asked covered all the charges which had been made against the friars, the feeling of the people toward them, the extent of their property, the part they took in the politics and government of the islands under Spain, and the possibility of their return to their parishes. Other witnesses, Philippine laymen, American Catholic priests, army officers, Catholic and Protestant, and newspaper correspondents, were examined in great number, though all their statements could not be taken in writing. We have attempted without bias to reach a conclusion as to the truth, and shall now state it.

The friar as a parish priest was usually the only man of intelligence and education who knew both the native dialect and the Spanish language well in his parish. His position as the spiritual guide of the people necessarily led to his acting as intermediary between them and the rest of the world in secular matters. In only a few of the parishes was there any other Spanish representative of the Government of

Spain than the friar priest. At first actually, and afterwards by law, he came to discharge many civil functions and to supervise, correct, or veto everything which was done or sought to be done in the pueblo which was his parish. The provincial of the Franciscan order describes his civil functions as follows:

The following may be mentioned as among the principal duties or powers exercised by the parish priest: He was inspector of primary schools; president of the health board and board of charities; president of the board of urban taxation (this was published lately); inspector of taxation; previously he was the actual president, but lately the honorary president of the board of public works.

He certified to the correctness of the cedula, seeing that they conformed to the entries in the parish books. They did not have civil registration here, and so they had to depend upon the books of the parish priest. These books were sent in for the purpose of this cedula taxation, but were not received by the authorities unless viséd by the priest.

He was president of the board of statistics because he was the only person who had any education. He was asked to do this work so that better results could be obtained. It was against the will of the parish priest to do this, but he could only do as he was told. If they refused they were told that they were unpatriotic and not Spaniards. If they had declined they would have been removed from their charge.

He was president of the census taking of the town. Under the Spanish law every man had to be furnished with a certificate of character. If a man was imprisoned and he was from another town they would send to that other town for his antecedents, and the court would examine whether they were good or bad. They would not be received, however, unless the parish priest had his visé on them. The priest also certified as to the civil status of persons.

Every year they drew lots for those who were to serve in the army, every fifth man drawn being taken. The parish priest would certify as to that man's condition. * * * Every year they would go to what they call the sacramental books and get the names of all those who were 20 years of age. This list being certified to by the parish priest the names were placed in an urn and then drawn out. Every fifth man was taken. * * * They disliked the service. Many of them would take to the woods and the civil guard would have to go after them and bring them back. They would be put in jail and guarded until they could be taken to the capital city. There were many cases of desertion. * * *

By law the priest had to be present when there were elections for municipal offices. Very often the parish priest did not want to go, but the people would come to him and say, "Come, for there will be disturbances and you will settle many difficulties."

He was the censor of the municipal budgets before they were sent to the provincial governor.

He was the president of the prison board and inspector (in turn) of the food provided for the prisoners.

He was a member of the provincial board. Besides the parish priest, there were two curates who served on this board. Before the provincial board came all matters relating to public works and other cognate matters. All estimates for public buildings in the municipalities were submitted to this board.

He was also a member of the board for partitioning Crown lands. After the land was surveyed and divided and a person wanted to sell his land he would present his certificate, and the board would pass on the question whether or not he was the owner. * * *

In some cases the parish priests in the capitals of the provinces would act as auditors. In some of these places there would be only the administrator, and then the curate would come in and act as auditor.

A great many of the duties I am now enumerating were given to the priests by the municipal law of Maura.

He was also counselor for the municipal council when that body met. They would notify him that they were going to hold a meeting and invite him to be present.

The priest was the supervisor of the election of the police force. This also had to be submitted to the provincial governor.

He was the examiner of the scholars attending the first and second grades in the public schools.

He was the censor of the plays, comedies, and dramas in the language of the country, deciding whether they were against the public peace or the public morals. These plays were presented at the various fiestas of the people.

Besides the above, there were other small things which devolved upon the priests.

It is easy to see from this that the priest was not only the spiritual guide, but that he was in every sense the municipal ruler.

It further appeared from evidence of other friars that whenever a resident of any pueblo was suspected of being a disturber of the peace or a plotter against the Government, or a dangerous character in other respects, no action was taken until the parish priest was consulted by the head of the insular government.

During the years immediately preceding 1898, there were many deportations of residents of the various pueblos to the far distant southern islands of the group, and whether unjustly or not the parish priests were charged by the people with being instrumental in bringing these about, and it is said by antifriar witnesses, though denied by the friars, that in most of these cases the deportations were initiated by the friars, who for this reason came to be looked on by the people as having the power of life and death over their parishioners.

The archbishop and bishops formed part of what was known in Manila as the board of authorities. The duties of this board were principally to investigate matters of urgent moment and in times of crises to advise the governor-general. The archbishop and bishops constituted the section of the board on "government and fomento" (analogous to our Department of the Interior). The archbishop and bishops and provincials of the religious orders also formed a part of the council of administration, a body analogous to the council of State of Spain or France, charged with advising the governor-general. Each order had a leading officer resident in Madrid, through whom the court of Spain could be quickly and directly reached by the order in the Philippines without the intervention of the civil or military authorities of the islands. The participation of the friars in the affairs of the parish, provincial, and insular governments was much more effective to secure entire control of the political situation than if the priests had been merely secular and not bound together with the close association of the monastic orders.

The truth is that the whole Government of Spain in these islands rested on the friars. To use the expression of the provincial of the Augustinians, the friars were "the pedestal or foundation of the sov

ereignty of Spain in these islands," which being removed, "the whole structure would topple over." The number of Spanish troops in these islands did not exceed 5,000 until the revolution. The tenure of office of the friar curate was permanent. There was but little rotation of priests among the parishes. Once settled in a parish, a priest usually continued there until superannuation. He was, therefore, a constant political factor for a generation. The same was true of the archbishop and the bishops. The civil and military officers of Spain in the islands were here for not longer than four years, and more often for a less period. The friars, priests, and bishops, therefore, constituted a solid, powerful, permanent, well-organized political force in the islands which dominated policies. The stay of those officers who attempted to pursue a course at variance with that deemed wise by the orders was invariably shortened by monastic influence.

Of the four great orders, one, the Franciscans, is not permitted to own property except convents and schools. This is not true of the other three. They own some valuable business property in Manila and have large amounts of money to lend. But the chief property of these orders is in agricultural land. The total amount owned by the three orders in the Philippine is approximately 403,000 acres. Of this 121,000 acres is in the province of Cavite alone. The whole is distributed as follows:

Luzon:

| Province of— | Acres. |
|--------------------------|---------|
| Cavite | 121,747 |
| Laguna | 62,172 |
| Manila | 50,145 |
| Bulacán | 39,441 |
| Morong | 4,940 |
| Bataan | 1,000 |
| Cagayan | 49,400 |
| Cebú, island of | 16,413 |
| Mindoro, island of | 58,455 |
| Total..... | 403,713 |

The Augustinians were granted by the Spanish Government a large estate in the sparsely settled province of Cagayan in northern Luzon in 1880 with the hope that they might invest capital there and improve the country. The Recolletos acquired in the same manner and for the same purpose even a larger estate in the wild and unsettled island of Mindoro in 1894. With these exceptions the lands held by the friars have been theirs for more than a generation, and they have owned most of the valuable estates for one or two centuries. In few instances, it is believed, can their ownership be successfully attacked in law, for prescription has supplied any defect which might have been in their original titles. This is the concession of Don Felipe Calderón, one of the brightest of the Filipino lawyers and most prominent in his oppo-

sition to the friars, though he suggests that the friars had such power to defeat claims against them under the Spanish régime as to furnish a just reason for suspending the operation of prescription.

The suggestion is, however, not believed to be a tenable one. Moreover, no adverse claimants to agricultural lands held by the friars have appeared before the Commission or the Courts, except certain tenants of an estate lying near Calamba in the province of Laguna, and the issue made by them can be readily settled in the ordinary tribunals. In the older provinces of Cavite, Laguna, Manila, and Bulacan, the haciendas of the friars were very well cultivated before the war and were quite valuable. On some of the estates large amounts of money were invested by the orders in furnishing proper irrigation and other improvements. Of the total number of acres of all the land held, the Dominicans have 161,953; the Augustinians, 151,742; and the Recolletos, 93,035. The annual income of the Dominicans from their lands before the war was \$211,356 (Mexican), and that of the Augustinians was \$150,000 (Mexican). The income of the Recolletos must have been considerably less, so that it is unlikely that the annual income from all their agricultural land ever exceeded \$450,000 (Mexican). The land was rented on shares in small holdings. Leases were given for three years, and no assignment was permitted without the consent of the order. Tenancy usually continued in the same family and the tenant right seems, sometimes, to have been considered valuable. It is understood that for the last two years the friars have not attempted to collect rents from persons occupying their lands. On the other hand, agents of the insurgents, claiming title to the land by virtue of confiscation acts of the so-called Malolos government, have, from time to time, made collections from the tenants.

The friars were exempt from trials for offenses, except the most heinous, in the ordinary civil courts of the islands under the Spanish rule, and were entitled to a hearing before an ecclesiastical court, and even in the excepted cases trials must first be had in the latter tribunal.

It has been frequently charged that there was much immorality among the friars, and that to this is due the popular hostility against them. The friar witnesses denied the charges of general immorality, admitting only isolated cases, which they said were promptly disciplined. The evidence on this point to the contrary, however, is so strong that it seems clearly to establish that there were enough instances in each province to give considerable ground for the general report. It is not strange that it should have been so. There were, of course, many educated gentlemen of high moral standards among the friars. The bishops and provincials who testified were all of this class. But there were others, brought from the peasant class in Andalusia, whose training and education did not enable them to

resist temptations which, under the peculiar conditions, were exceptionally powerful. As the bishop of Jaro said:

You must bear in mind it would be very strange if some priests should not fall. To send a young man out to what might be termed a desert, the only white man in the neighborhood, surrounded by elements of licentiousness, with nobody but the Almighty to look to, with the climatic conditions urging him to follow the same practices as surround him, it is a miracle if he does not fall. For instance, you take a young man here in the seminary, who is reading his breviary all the time in the cloister, under discipline all the time, seeing nobody, and suddenly transplant him to a place where he is monarch of all he surveys—he sees the women half clothed, and as he is consulted on all questions, even of morality and immorality, his eyes are opened, and if he is not strong he will fall.

But while the charges have considerable truth in them, another fact clearly appeared which makes such immorality as there was largely irrelevant to the issue we are considering. This was that the immorality was not the chief ground for hostility to the friars. The common people are not generally licentious or unchaste, but the living together of a man and woman without the marriage ceremony is not infrequent and is not condemned. It did not shock the common people or arouse their indignation to see their curate establish illicit relations with a woman and have children by her. The woman generally did not lose caste on that account, but often prided herself on the relation to the chief authority in the village and on the paternity of her children, who were apt to be better looking, brighter, and more successful than the pure Filipino children. Of course there may have been instances in which a friar used his autocratic power to establish a relation of this kind against the will of the woman and her relatives, and these cases have lent themselves to deepen the colors of the lurid and somewhat overdrawn pictures painted by antifriar writers, speakers, and witnesses concerning the abuses of the friars. But it is conceded by the most intelligent and observant of the witnesses against the friars that their immorality, as such, would not have made them hateful to the people. On the contrary, the Filipino priests who have taken their places are shown to be fully as immoral as the friars, but the people do not feel any ill will against them on this account.

We must look elsewhere, therefore, for the chief ground of the deep feeling cherished against the friars by the Filipino people. It is to be found in the fact that to the Filipino the government in these islands under Spain was the government of the friars. Every abuse of the many which finally led to the two revolutions of 1896 and 1898 was charged by the people to the friars. Whether they were in fact to blame is perhaps aside from our purpose, but it can not admit of contradiction that the autocratic power which each friar curate exercised over the people and civil officials of his parish gave them a most plausible ground for belief that nothing of injustice of cruelty, of oppression,

of narrowing restraint of liberty was imposed on them for which the friar was not entirely responsible. His sacerdotal functions were not in their eyes the important ones, except as they enabled him to clinch and make more complete his civil and political control. The revolutions against Spain's sovereignty began as movements against the friars. Such was the tenor of Rizal's chief work, "Noli me tangere." The treaty of Biacnabato, which ended the first revolution, is said to have contained the condition that the friars should be expelled. In the second revolution, as already said, at least 40 friars were killed, and over 400 were imprisoned. Having in view these circumstances, the statement of the bishops and friars that the mass of the people in these islands, except only a few of the leading men of each town and the native clergy, are friendly to them, can not be accepted as accurate. All the evidence derived from every source, but the friars themselves, shows clearly that the feeling of hatred for the friars is well-nigh universal and permeates all classes.

In the provinces of Cavite, Laguna, and Bulacán, as well as in the country districts of Manila, the political feeling against the friars has in it also an element of agrarianism. For generations the friars have been lords of these immense manors, upon which since 1880 they have paid no taxes, while every "hombre" living on them paid his cedula, worked out a road tax, and if he were in business of any kind paid his industrial impost. It is significant that it was in Cavite that the two revolutions broke out, and that each in its beginning was merely a protest against the aggressions of the friars.

In the light of these considerations it is not wonderful that the people should regard the return of the friars to their parishes as a return to the condition before the revolution. The common people are utterly unable to appreciate that under the sovereignty of the United States the position of the friar as curate would be different from that under Spain. This is not a religious question, though it concerns the selection of religious ministers for religious communities. The Philippine people love the Catholic Church. The solemnity and grandeur of its ceremonies appeal most strongly to their religious motives, and it may be doubted whether there is any country in the world in which the people have a more profound attachment for their church than this one.

The depth of their feeling against the friars may be measured by the fact that it exists against those who, until two years ago, administered the sacraments of the church upon which they feel so great dependence and for which they have so profound a respect. The feeling against the friars is solely political. The people would gladly receive as ministers of the Roman Catholic religion any but those who are to them the embodiment of all in the Spanish rule that was hateful. If the friars return to their parishes, though only under the same police protection which the American Government is bound to extend to any

other Spanish subjects commorant in these islands, the people will regard it as the act of that Government. They have so long been used to have every phase of their conduct regulated by governmental order that the coming again of the friars will be accepted as an executive order to them to receive the friars as curates, with their old, all-absorbing functions. It is likely to have the same effect on them that the return of General Weyler under an American commission as governor of Cuba would have had on the people of that island.

Those who are charged with the duty of pacifying these islands may, therefore, properly have the liveliest concern in a matter which, though on its surface only ecclesiastical, is, in the most important phase of it, political and fraught with the most critical consequences to the peace and good order of the country in which it is their duty to set up civil government. We are convinced that a return of the friars to their parishes will lead to lawless violence and murder, and that the people will charge the course taken to the American Government, thus turning against it the resentment felt toward the friars. It is to be remembered that the Filipinos who are in sympathy with the American cause in these islands are as bitterly opposed to the friars as the most irreconcilable insurgents, and they look with the greatest anxiety to the course to be taken in the matter. It is suggested that the friars, if they returned, would uphold American sovereignty and be efficient instruments in securing peace and good order, whereas the native priests who now fill the parishes are many of them active insurgent agents, or in strong sympathy with the cause. It is probably true that a considerable number of the Filipino priests are hostile to American sovereignty largely because they fear that the Catholic Church will deem it necessary on the restoration of complete peace to bring back the friars or to elevate the moral tone of the priesthood by introducing priests from America or elsewhere. But it is certain that the enmity among the people against the American Government caused by the return of the friars would far outweigh the advantage of efforts to secure and preserve the allegiance of the people to American sovereignty which might be made by priests who are still subjects of a monarchy with which the American Government has been lately at war, and who have not the slightest sympathy with the political principles of civil liberty which the American Government represents.

We have set forth the facts upon this important issue, because we do not think they ought to be, or can be, ignored. We earnestly hope that those who control the policy of the Catholic Church in these islands with the same sagacity and provision which characterizes all its important policies, will see that it would be most unfortunate for the Philippine Islands, for the Catholic Church, and for the American Government to attempt to send back the friars, and that some other

solution of the difficulties should be found. The question for the prelate and statesman is not whether the bitter feeling toward the friars is justified or not, but whether it exists. It does not seem to us, therefore, to aid in reaching a conclusion to point out that all the civilization found in the Philippines is due to the friars. Be it so. Ought they on this account to return to their parishes in the face of a deep, popular feeling against them? A popular bias or prejudice, deep seated in an ignorant people, is not to be disregarded because it can not stand the test of reason or evidence. It must be reckoned with. It would, of course, be of much assistance to the American cause if the Catholic Church were to send among the people American priests with the love of their country that they have always shown, and with their clear understanding of civil liberty and conservative popular government; but it is said that such priests are not available for the work. This is a question of purely church policy with which we have nothing to do. It is enough to say that the political question will be eliminated if the friars are not sent back.

The friars have large property interests in these islands which the United States Government is bound by treaty obligations and by the law of its being to protect. It is natural and proper that the friars should feel a desire to remain where so much of their treasure is. Nearly all the immense agricultural holdings have been transferred by the three orders—by the Dominicans to a gentleman named Andrews, by the Recolletos to an English corporation, and by the Augustinians to another corporation; but these transfers do not seem to have been out-and-out sales, but only a means for managing the estates without direct intervention of the friars, or for selling the same when a proper price can be secured. The friars seem to remain the real owners. It would avoid some very troublesome agrarian disturbances between the friars and their quondam tenants if the insular government could buy these large *haciendas* of the friars and sell them out in small holdings to the present tenants, who, forgiven for the rent due during the two years of war, would recognize the title of the government without demur, and gladly accept an opportunity, by payment of the price in small installments, to become absolute owners of that which they and their ancestors have so long cultivated. With the many other calls upon the insular treasury, a large financial operation like this could probably not be conducted to a successful issue without the aid of the United States Government, either by a direct loan or by a guaranty of bonds to be issued for the purpose. The bonds or loan could be met gradually from the revenues of the islands, while the proceeds of the land, which would sell readily, could be used to constitute a school fund. This object, if declared, would make the plan most popular, because the desire for education by the Filipinos of all tribes is very strong and gives encouraging promise of the future mental development of a now uneducated and ignorant people.

The provincials of the orders were understood in their evidence to intimate a willingness on the part of the orders to sell their agricultural holdings if a satisfactory price should be paid. What such a price would be we are unable, without further investigation, to state. If an agreement could not be reached, it is probable, though upon this we wish to express no definite opinion, that there would be ground in the circumstances for a resort to condemnation proceedings.

As the Catholic Church is and ought to continue a prominent factor in the life, peace, contentment, and progress of the Philippine people, it would seem the wisest course, wherever it is possible to do so without infringing upon the principle that church and State must be kept separate, to frame civil laws which shall accord with views conscientiously entertained by Catholics—priests and laymen—and which shall not deal unfairly with a people of a different faith. It would seem clear that any government organized under the sovereignty of the United States can not devote public money to the teaching of any particular religion. It has been suggested, however, that in any system of public education organized in these islands it would be proper to afford to every religious denomination the right to send religious instructors to the public schools to instruct the children of parents who desire it in religion several times a week, at times when such instruction shall not interfere with the regular curriculum. This is what is understood to be the Faribault plan. It is not certain that this would meet completely the views of the Catholic hierarchy, but it is likely that it would avoid that active hostility to a public-school system which might be a formidable obstacle in spreading education among these Catholic people. The Commission has reached no definite conclusion upon the matter, but only states the question as one calling for solution in the not far distant future.

PUBLIC LANDS.

The total amount of land in the Philippine Islands is approximately 29,694,500 hectares, or 73,345,415 acres. Of this amount it is estimated that about 2,000,000 hectares, or about 4,940,000 acres, are owned by individuals, leaving in public lands 27,694,500 hectares, or 68,405,415 acres. The land has not been surveyed, and these are merely estimates. Of the public lands, there are about twice or three times as much forest land as there is waste land. The land is most fertile and for the greater part naturally irrigated. There was a very great demand for this land, but owing to the irregularities, frauds, and delays in the Spanish system, the natives generally abandoned efforts to secure a good title and contented themselves with remaining on the land as simple squatters, subject to eviction by the State. In 1894 the Minister for the Colonies reported to the Queen of Spain that there were about 200,000 squatters on the public lands, but it is

thought by employees in the forestry bureau, who have been in a position to know, that there are fully double that number. In the various islands of the Archipelago the proportion of private land to public land is about as stated above, except in Mindanao, Mindoro, and Palawan, where the proportion of public land is far greater.

The insufficient character of the public-land system under the Spanish Government in these islands makes it unnecessary to refer in detail to what that system was. It is sufficient to say that there were no surveys of any importance whatever, and that the first thing to be done in establishing a public-land system is to have the public lands accurately surveyed. This is a work of years, but it is thought that a system of the laws of public lands can be inaugurated without waiting until the survey is completed. The Commission has received a sufficient number of applications for the purchase of public land to know that large amounts of American capital are only awaiting the opportunity to invest in the rich agricultural field which may here be developed. In view of the decision that the military government has no power to part with the public land belonging to the United States, and that that power rests alone in Congress, it becomes very essential, to assist the development of these islands and their prosperity, that Congressional authority be vested in the government of the islands to adopt a proper public-land system, and to sell the land upon proper terms. There should, of course, be restrictions preventing the acquisition of too large quantities by any individual or corporation, but those restrictions should only be imposed after giving due weight to the circumstances that capital can not be secured for the development of the islands unless the investment may be sufficiently great to justify the expenditure of large amounts for expensive machinery and equipment. Especially is this true in the cultivation of sugar land. The Commission, of course, is not restricted from instituting a survey, and has had some communication with the head of the Coast and Geodetic Survey in regard to the matter. It proposes in the near future to inaugurate such a system.

CIVIL GOVERNMENT.

The restricted powers of a military government referred to in discussing the public lands are also painfully apparent in respect to mining claims and the organization of railroad, banking, and other corporations, and the granting of franchises generally. It is necessary that there be some body or officer vested with legislative authority to pass laws which shall afford opportunity to capital to make investment here. This is the true and most lasting method of pacification. Now the only corporations here are of Spanish or English origin, with but limited concessions, and American capital finds itself completely

obstructed. Such difficulties would all be removed by the passage of the Spooner bill, now pending in both Houses.

The far-reaching effect upon the feeling of the people of changing the military government to one purely civil, with the army as merely auxiliary to the administration of civil law, can not be too strongly emphasized. Military methods in administering quasi-civil government, however successful in securing efficiency and substantial justice, are necessarily abrupt and in appearance arbitrary, even when they are those of the Army of a Republic; and until a civil government is established here, it will be impossible for the people of the Philippine Islands to realize the full measure of the difference between a government under American sovereignty and one under that of Spain.

The relation between the post-office department in the Philippines and the insular government has not been as clearly defined as it might be. At present the director of posts considers that by virtue of the orders of the War Department and the Post-Office Department he has the right to appoint employees in the department and to fix their salaries, and that the Commission has no function except to make the appropriations out of the Treasury to meet the obligations which he thus incurs. During the incumbency of the present director of posts, it must be said that his efficient administration and his anxious desire to cooperate in every way with the government has relieved the doubtful questions of much embarrassment; but, in the opinion of the Commission, it would be much wiser either to give to the insular government complete control over the post-office department or to transfer it to the United States Government for its sole management and support, as has been done in Porto Rico.

Assuming that it had legislative and executive control of appointments in the post-office department, the Commission brought it within the operation of the civil-service act, and it now recommends that the selection of post-office employees be made subject to that act, the importance of which has already been discussed.

The Commission was requested to appropriate money for the construction of a post-office in the city of Manila and to devote certain public land to that purpose. It was entirely willing to make the appropriation both of the land and the money, but declined to do so until it should be definitely settled whether it was to assume control of the post-office department and pay the expenses thereof or whether the control and cost were to be assumed by the United States Government.

A similar question has arisen in regard to the Marine-Hospital Service. This, it seems to us, ought to be under the insular government, and the officers in charge should be subject to orders by the insular government. Now, the anomalous condition is that the insular government has been obliged to appropriate \$300,000 to make improve-

ments for the hospital service without exercising the slightest control over the expenditure. The hospital service is efficient doubtless, but occasion might arise when it would be exceedingly embarrassing to have a branch of the government here entirely independent of the control by the chief executive and the legislature. Certainly there is nothing about the quarantine service that requires that it should be administered from the Treasury Department, 10,000 miles distant, rather than by the insular government, for even in the States of the United States the quarantine service, by inaction of Congress, is usually permitted to be a part of the local police government of the States instead of being solely a Federal function.

REVENUES, EXPENDITURES, AND SURPLUS.

The revenues of the islands have increased so remarkably under the military government that with the result of the election and the assurance which it gives of the continuance of the present policy it may be reasonably prophesied that the income for each month will exceed \$2,000,000, Mexican. For the month of October it exceeded this amount by \$200,000, Mexican. During the present month and the two following months it will probably fall below the two million mark by two or three hundred thousand dollars, but in the months thereafter there is the strongest probability of an increase. The present ordinary expenditures of the government aggregate more than \$1,100,000, Mexican. This amount will increase in the future, as the civil service is enlarged and as the military officers and soldiers who are now detailed for the discharge of civil duties shall be supplanted by civilians whose salaries must be paid out of the public funds. The Commission has made one large appropriation of \$1,000,000, gold, by your direction, for the building of roads under the supervision of the military governor, and another appropriation of \$1,000,000, gold, for carrying on the improvements of the Manila Harbor works. The improvement of the harbor can probably not be completed without the expenditure of at least a million and a half more, gold. The appropriation which the general superintendent of public instruction has recommended for school purposes for the coming year from the insular treasury will amount to more than \$1,500,000 in gold.

There is now on hand in the Treasury, not covered by appropriations, \$2,500,000 in gold, and this sum will increase for the present at the rate of not less than \$300,000 a month, if only the ordinary appropriations are made.

One very serious question which we desire to present to you, and upon which we have already had some correspondence, is whether the policy should not now be adopted of spending nothing from the public civil funds for purely military or naval purposes. The amount spent for purely military and naval purposes in these islands from the

1st of July to the 15th of September is approximately \$800,000 Mexican, or about \$160,000 gold, a month. In view of the very great burden which will be placed upon the public civil funds the moment a satisfactory school system is inaugurated and the needs for internal improvements are supplied, the revenue, unless materially increased, will be insufficient. We think it a much better policy that everything that comes from the islands to the public civil funds should be expended for purely civil purposes. In this view we are glad to be able to say that Maj. Gen. Arthur MacArthur, the military governor, fully concurs.

MUNICIPAL GOVERNMENT.

In obedience to the instructions of the President, the Commission took up the matter of the establishment of municipal governments very shortly after its arrival at Manila. It was learned that General Order, No. 40, which provided a much more elaborate form of municipal government than that prescribed in General Order, No. 43, had not at that time been put into operation, although a number of towns had applied for organization under it. Their requests had been granted by the military governor, and the necessary preliminary steps toward organization were being taken.

The order had been translated into Spanish, Tagalog, Visayan, and other native dialects, had been widely circulated among the inhabitants of the Archipelago, and the leading men in many of the more important towns had been requested to familiarize themselves with it. It was deemed that criticisms of the provisions of this order from those who would be called upon to carry them into effect, or to live subject to them, would be helpful, and a number of conferences were accordingly held with Filipinos from different parts of the Archipelago, at which they were invited to criticise it freely and to suggest any changes which they deemed desirable. In this way a considerable amount of valuable information was gained, and it soon became evident that while many of the provisions of General Order No. 40 could be advantageously incorporated into the new code, important changes, as well as extensive additions, would be necessary.

At this time conditions were such as to lead to the belief that a large number of towns would be ready for organization when the Commission began the exercise of its functions on the 1st of September, and in view of the difficulty and confusion likely to result from the putting into effect of one form of municipal government and the replacing of it a little later by another, it was thought best to suggest on July 26, for the consideration of the military governor, the question whether it might not be well to suspend the carrying into effect of General Order No. 40. He replied that all new applications for organization under this order would be refused, but that, where permission to organize had already been granted, he believed that the difficulties

arising from a withdrawal of that permission would be greater than those involved in the change from one form of municipal organization to the other.

After hearing all who expressed a desire to be heard on the subject, and summoning numerous witnesses, the Commission drafted a new municipal law, based on General Order No. 40. For the reason herebefore stated, this law has not yet been enacted. Meanwhile the Commission is getting the benefit of the result of practical experience through the actual workings of General Order No. 40, under which, according to reports furnished the Commission by the military governor, fifty-five towns have been organized. It is proposed to undertake the active work of organizing municipalities under the new law at an early date.

While it is unnecessary to discuss in detail the new measure, the text of which has been forwarded to you, explanation of certain of its provisions may be useful.

The "pueblos" of these islands sometimes include a hundred or more square miles. They are divided into so-called barrios, or wards, which are often very numerous and widely separated. In order that the interests of the inhabitants of each ward may be represented in the council, on the one hand, and that that body may not become so numerous as to be unwieldy, on the other, it is provided that the councilors shall be few in number (18 to 8, according to the number of inhabitants) and shall be elected at large; that where the wards are more numerous than are the councilors, the wards shall be grouped into districts, and that one councilor shall be in charge of each ward or district, with power to appoint a representative from among the inhabitants of every ward thus assigned to him, so that he may the more readily keep in touch with conditions in that portion of the township which it is his duty to supervise and represent.

General Order No. 40 gave the suffrage to all persons 23 or more years of age who had held municipal office under Spanish sovereignty, or who annually paid 30 pesos or more of the established taxes, or who could speak, read, and write English or Spanish. The new law further extends it to all owners of real property to the value of 500 pesos, so that only those are excluded who can not read, write, and speak English or Spanish, or who do not pay 30 pesos of taxes, or who do not own 500 pesos' worth of real property, or who have never held municipal office. The Commission has every reason to believe that this liberal provision will prove entirely satisfactory to the people.

General Order No. 40 further restricted the suffrage by providing for the disqualification of defendants in criminal cases pending trial; of those who had been gubernatively corrected three or more times for misconduct or who have been subjected to corporal punishment or

disqualification; of those who were subject to civil interdiction or the vigilance of the authorities through the sentence of a court of justice; of debtors to any treasury or municipal fund; of those who had contracts with the municipal council to be finished within the municipal term; and of those who had a suit with the municipality to which they belonged, as well as of insane or feeble-minded persons. Most of these restrictions were deemed unwise, and under the new law only those will be disqualified who are delinquent in the payment of public taxes assessed since August 13, 1898, or who have been deprived of the right to vote by the sentence of a court of competent jurisdiction since August 13, 1898, and insane or feeble-minded persons.

The subject of taxation has been made the object of especially careful attention. The effect of the old Spanish system was to throw practically the whole burden on those who could least afford to bear it. The poor paid the taxes, and the rich, in many instances, went free, or nearly so, unless they were unfortunate enough to hold office, and thus incur responsibility for the taxes of others which they failed to collect. There was a considerable number of special taxes, many of which were irritating and offensive to the people, and yielded, at the best, a pitifully small revenue.

The continuation of some of these objectionable taxes was provided for by General Order No. 40, while, in case the revenue resulting should not prove sufficient for the necessities of the municipality, the council was authorized to make "a general division among the residents and property owners, in proportion to the means and resources of each, to cover the expenses of the service of the municipality, or of such part thereof as is unprovided for by receipts from the preceding sources." This last provision was deemed by the commission highly dangerous and has been abolished.

In dealing with the question of taxation it has been our purpose, first, to do away with all taxes which, through irritating those from whom they were collected or through the small amount of resulting revenue, were manifestly objectionable; second, to remove the so-called industrial taxes, except where levied on industries requiring police supervision; third, to abolish special taxes, such as the tax for lighting and cleaning the municipality and the tax for the repair of roads and streets; fourth, to provide abundant funds for the legitimate needs of the township by a system which should adjust the burden of contribution with some reference to the resources of those called upon to bear it. To this end provision has been made for a moderate tax on land and improvements thereon.

It is reasonably certain that at the outset there will be more or less opposition to this tax. This opposition will come from the rich, who have thus far escaped their fair share of the burden of taxation and who will naturally be more or less unwilling to assume it. It is

believed, however, that this opposition will be transient and will disappear as the people come to realize that the payment of taxes results in direct benefit to the communities in which they live and to themselves individually.

The exact rate of taxation on land and improvements is left to the several municipal councils within certain limits. They may reduce it to one-fourth of 1 per cent of the assessed valuation or raise it to one-half of 1 per cent; but in any event they must spend the amount accruing from a tax of at least one-fourth of 1 per cent on free public schools. Education is the crying need of the inhabitants in this country, and it is hoped and believed that the funds resulting from the land tax will be sufficient to enable us to establish an adequate primary school system. Careful and, it is believed, just provisions have been made for the determination of values and for the protection of the rights of property owners.

In the matter of collection of revenues a complete innovation has been introduced, which, it is believed, will be productive of satisfactory results. It is intended to create for the islands a centralized system for the collection and disbursement of revenues, the head officer of which shall be the insular treasurer of Manila. It is proposed to establish subordinate offices in the several departments, and others subordinate in turn to the several departmental offices in the various provinces. All revenues within any given province, whether for the municipal, provincial, departmental, or insular treasuries, will be collected by deputies of the provincial treasurer, who will immediately turn over to the several municipalities all funds collected for them. It is believed that by this means a much higher degree of honesty and efficiency can be secured than would be the case were the collectors appointed by the municipalities or chosen by suffrage, while it will be a great convenience to the taxpayer to be able to meet his obligations to all departments of the government at one time, and thus escape annoyance at the hands of a multiplicity of officials, each of whom is collecting revenue for a different end. Furthermore, the provincial treasurer will know the exact amount paid in to each municipal treasury, and will thus have a valuable check on the finances of every town in his province.

Corruption in the management of public funds has been and still is one of the crying evils in this country, and it is believed that if an honest and efficient man is put at the head of the financial system of a province and is given large control over the deputies who serve under him a much-needed lesson can be taught to the municipal officials.

In order to meet the situation presented by the fact that a number of the pueblos have not as yet been organized since the American occupation, while some 250 others are organized under the comparatively simple form of government provided by General Order Nos. 43

and 55, under the much more complicated form provided by General Order No. 40, on which the new law is based, the course of procedure which must be followed in order to bring these various towns under the provisions of the new law has been prescribed in detail and every effort has been made to provide against unnecessary friction in carrying out the change.

In view of the disturbed conditions which still prevail in some parts of the Archipelago, it has been provided that the military governor should be given control of the appointment and arming of the municipal police, and that in all provinces where a civil provincial government has not been established by the Commission the duties of the provincial governor, provincial treasurer, and provincial "fiscal" (prosecuting attorney) shall be performed by military officers assigned by the military governor for these purposes. It has been further provided that in these provinces the military governor shall have power, through such subordinates as he may designate for the purpose, to inspect and investigate at any time all the official books and records of the several municipalities, and to summarily suspend any municipal officer for inefficiency, misconduct, or disloyalty to the United States. If, upon investigation, it shall prove that the suspended officer is guilty, the military governor has power to remove him and to appoint his successor should he deem such a course necessary in the interest of public safety.

It is thought that where the necessity still exists for active intervention on the part of the military governor it will ordinarily be desirable to allow the towns to retain their existing organization until such time as conditions shall improve; but should it prove necessary or desirable in individual instances to put the new law into operation in such provinces, it is felt that the above provisions will give to the military governor ample power to deal with any situation which can arise, and he has expressed his satisfaction with them.

There are at the present time a considerable number of provinces which, in the judgment of the Commission, are ready for a provincial civil government. It is believed that in the majority of cases it will be possible to organize all the municipalities of a province, creating at the same time a civil provincial government. So soon as civil government is established in any province, power to remove officials for inefficiency, misconduct, or disloyalty, and, should public safety demand it, to fill the offices thus made vacant, is vested in the civil authorities.

The law does not apply to the city of Manila or to the settlements of non-Christian tribes, because it is believed that in both cases special conditions require special legislation.

The question as to the best methods of dealing with the non-Christian tribes is one of no little complexity. The number of these tribes is greatly in excess of the number of civilized tribes, although the total

number of Mohammedans and pagans is much less than the number of christianized natives. Still, the non-Christian tribes are very far from forming an insignificant element of the population. They differ from each other widely, both in their present social, moral, and intellectual state and in the readiness with which they adapt themselves to the demands of modern civilization.

The necessity of meeting this problem has been brought home to the Commission by conditions in the province of Benguet. The Igorotes who inhabit this province are a pacific, industrious, and relatively honest and truthful people, who have never taken any part in the insurrection, and who have rendered our forces valuable service by furnishing them with information, serving as carriers, and aiding them in other ways. They certainly deserve well of us. They are, however, illiterate pagans, and it is stated on good authority that there are not three Igorotes in the province who can read or write. They are uncomplaining, and when wronged fly to the mountain fastnesses in the center of the island instead of seeking redress.

The wonderful climate of their province, as well as its great mineral wealth, make it well-nigh certain that there will be in the near future a large influx of Americans and Europeans. The situation is further complicated by the fact that there are living among the Igorotes a considerable number of civilized Ilocanos, who display a tendency to take undue advantage of their less civilized neighbors when opportunity offers. It is necessary, on the one hand, that the present inhabitants should be granted the protection which they have well earned, and on the other, that they should be gradually accustomed to the ways of civilized people, which it is believed they will readily adopt. They should also be given an opportunity for elementary instruction, which they earnestly desire if they can have it without being forced to change their religious beliefs.

The conditions in Benguet may be taken as fairly typical of those which prevail in many other provinces, populated in whole or in part by harmless and amiable, but ignorant and superstitious, wild tribes. The Commission has already passed an act for the establishment of township governments in this province, and it is believed that this measure will serve as a model for other acts necessitated by similar conditions in other provinces. The division of the province into townships and wards is provided for. The government of each township is nominally vested in a president and council, the latter composed of one representative from each ward of the township. The president and vice-president are chosen at large by a *viva voce* vote of the male residents of the township 18 or more years of age, and the councilors are similarly chosen by the residents of the several barrios.

The difficulties arising from the complete illiteracy of the people are met by providing for the appointment of a secretary for each town,

who shall speak and write Ilocano, which the Igorrotes understand, and English or Spanish. He is made the means of communication between the people and the provincial governor, makes and keeps all town records, and does all clerical work.

The president is the chief executive of the township and its treasurer as well. He is also the presiding officer of a court consisting of himself and two councilors chosen by the council to act with him. This court has power to hear and adjudge violations of local ordinances. It also has jurisdiction in civil cases involving not more than \$200, provided the parties to the suit make written application for a trial of their case and agree in writing to abide by the finding.

The president has power to direct the making of arrests in criminal cases for misdemeanors not within the jurisdiction of the court, to carry out a preliminary investigation into the facts, and if the guilt of the prisoner appears probable, to send him, together with the findings in the case, to the governor of the province. One police officer (constable) is allowed to each township, but it is provided that the question of any additional police force shall be left to the military governor, as well as the question of what arms shall be allowed to the police and to other township officers or residents. Rules are laid down for the organization and work of the council, which is given considerable power, but its acts are made subject to the approval of the provincial governor, and it is further provided that, should any given council prove unfit to exercise the power given it, or fail to do so, the provincial governor may adopt suitable measures for the carrying out of the provisions of the law.

It is believed that, by encouraging the municipal councils to attempt to make ordinances and then giving them the benefit of the criticism and suggestion of the provincial governor with reference to such attempts, they may be gradually taught much needed lessons in self-government, while sufficient power is given to the governor to enable him to nullify harmful measures and to take the initiative when a council fails to act.

The Igorrotes are tillers of the soil, and a few of the inhabitants of each township have acquired very considerable wealth. It is provided that they shall be allowed to declare the value of their property before the presidents of the several townships and that their declaration shall be accepted as true, unless called into question by the provincial inspector or by some resident of the province, in which case the matter shall be determined by a board consisting of the provincial governor, the provincial secretary, and the president of the township. Those who own property to the value of 200 pesos or more are taxed annually one-half of 1 per cent of its estimated value. Males 18 or more years of age whose total property is worth less than 200 pesos are excused from the payment of a property tax, and in lieu thereof pay a flat

annual tax of 1 peso each. All the funds thus raised go into the township treasury, and are expended by the president for the benefit of the township, on order of the council, subject to the approval of the provincial governor.

As a check upon the necessarily wide powers given to the provincial governor, it is provided that a popular representative shall be annually elected, whose privilege and duty it shall be to communicate directly with the chief executive of the insular government, should the provincial governor abuse his powers.

It is hoped and believed that under this system the governor of the province of Benguet will be able rapidly to improve the condition of its inhabitants. In the past they were in many instances practically enslaved by the Spaniards as "polistas" and were forced to render involuntary services, for which they received no compensation. It has been learned that, even at the present time, the municipal authorities in some of the Ilocano towns, in the plains below, lay hold of every Igorrote who passes through and compel him either to carry a heavy burden into the mountains or to pay twenty cents (a day's wages) for immunity; while formerly not only were the Igorrotes compelled to work on the roads without pay, but they were even forced to serve in the houses of Spaniards and civilized Filipinos without compensation. In some cases they were not even given food.

In view of the foregoing facts, the compelling the inhabitants of the province to render involuntary service, either as "polistas" or in any other capacity, has been absolutely prohibited, except for the satisfaction of unpaid taxes, license fees, or fines. A violation of this provision has been made a misdemeanor, punishable by a fine of not more than five hundred dollars Mexican, or imprisonment for not more than one year, or both, in the discretion of the court.

A CIVIL PROVINCIAL GOVERNMENT FOR BENGUET.

It is proposed to create a civil provincial government before organizing the townships of Benguet under the act just described, and the Commission has passed a law providing that this government shall consist of a provincial governor, a provincial secretary, and a provincial inspector. The governor is the chief executive of the province, and will act as its treasurer until such time as the appointment of a provincial treasurer shall become necessary. Until a departmental government shall be established which includes the province of Benguet, he will report directly to the military governor of the islands.

It is his duty to make known to the people of his province all general laws or governmental orders which concern them, and to pass upon the ordinances and acts of the several township councils. Should the council of any township fail to enact measures necessary to carry

out the provisions of the law for the organization of such townships, the governor is authorized to issue suitable orders to this end. He has power to suspend any township official charged with misconduct or with disloyalty to the United States, and after proper notice and hearing to remove or reinstate him; but such suspension, removal, or reinstatement must be reported to the Commission, who may approve or revoke the same.

The governor is made *ex officio* a justice of the peace, and has power to issue warrants for the arrest of persons charged with the commission of offenses, to make preliminary examinations, and to commit the accused for trial by court of first instance for the provinces of Union and Benquet, if the facts warrant such action. He is also empowered to take bail from accused persons if the cases are bailable. He is the presiding officer of a board of assessors for determining, for purposes of taxation, the value of real estate in regard to which dispute arises, and he has general control of all constabulary and police forces in the province, subject to the supervision of the chief executive of the insular government.

The provincial secretary is the custodian of all official records and the interpreter and translator for the provincial governor, as well as the recording officer in all judicial and official proceedings over which the provincial governor presides.

It is the duty of the provincial inspector to visit and inspect the several townships of the province at stated intervals and on special occasions, as the provincial governor may direct, and to report to the latter the result of his investigations. As the province of Benguet is extensive and it takes some two weeks to make the round of the townships, the office of inspector is important, for the governor must keep in touch with conditions in the several townships without absenting himself too frequently and for too long periods from the capital.

The capital of the province is changed from Trinidad to Baguio. The site of the latter town is in every way suitable, while Trinidad is situated at the bottom of what was once a volcanic crater and clouds are constantly caught and held in the valley where it lies, causing a great deal of fog. On this account the Spaniards had under consideration the changing of the capital to some other and more suitable point. Furthermore, it is anticipated that Baguio would be the terminal of a branch railway connecting Dagupan or Sual with Benguet, an additional reason for the transfer.

It should be clearly understood that the provincial and municipal governments provided for Benguet are special measures designed to meet the needs of a primitive and illiterate people. They are in no sense indicative of what it is intended to give the civilized tribes.

It is proposed to establish a school for English and rudimentary manual training at Baguio in the near future, and to provide for the vaccination of the entire population of the province.

THE MANILA LIQUOR TRAFFIC.

The only legislation thus far undertaken by the Commission which bears directly on the conduct of municipal affairs in the city of Manila is a law regulating the sale of spirituous, malt, vinous, or fermented liquors.

It has proved difficult to obtain accurate information as to the number and character of places at which liquor was sold in this city prior to American occupation. According to the best information available, there were 14 "cantinas," corresponding more or less directly to our saloons or bars. It has been definitely ascertained that there were 2,206 shops where the so-called native wines were sold at retail, and it is believed that there were not less than 4,000 such shops. Practically all drug stores and groceries sold wines and liquors. No municipal license was required, the payment of an industrial tax conferring the right to sell intoxicating beverages.

Until January 4, 1900, there was, strictly speaking, no liquor-license law in Manila. All licenses to sell liquor, of whatsoever class, were general business licenses, the fee for which was only \$3 plus a \$1 license stamp. On June 30, 1899, such business licenses had been issued to 214 saloons. Fourteen of them had been canceled, leaving 200 outstanding.

Up to February 1, 1900, there were issued 28 more business licenses to saloons, of which 4 were canceled, leaving outstanding a total of 224.

On January 4, 1900, a general order was issued by the military governor providing regulations for the issue of saloon licenses, properly so called, to take effect February 1, 1900, and all outstanding saloon licenses were canceled on January 31. Under the provisions of the above-mentioned order there were issued between February 1 and June 30, 80 licenses for wine, liquor, and beer saloons and 87 licenses for wine and beer saloons, making a total of 167 licenses issued. Of these, 12 were revoked or surrendered, leaving 155 outstanding on June 30. This number includes hotel and restaurant liquor licenses. On November 23, 1900, the following licenses were in force:

| | |
|--|----|
| First-class bar licenses (wine, liquor, and beer)..... | 43 |
| Second-class bar licenses (wine and beer)..... | 41 |
| First-class bar licenses, with hotel privilege..... | 17 |
| Second-class bar licenses, with hotel privilege | 7 |

making a total of 108, as against 155 on June 30 and 224 on February 1.

Meanwhile the number of shops at which the so-called "native wines" were sold at retail had been reduced from approximately 4,000 at the time of the American occupation to 408 on November 23, 1900. It will be seen, therefore, that since February 1, 1900, there has been

a steady and material reduction in the number of institutions which could be properly classed as saloons, while the number of retail shops for the native "wines" has been reduced since American occupation by approximately 3,600. This last fact is especially important, as the so-called wines (vinos) are concocted by mixing strong and often impure alcohol with various oils and flavoring extracts, and are, in most instances, harmful in the extreme if imbibed in any considerable quantity. In fairness to the native it should be stated that he ordinarily uses his "vino" very temperately, and consequently suffers comparatively little harm.

In the law above referred to the Commission has imposed many new restrictions on the sale of intoxicants, and has forbidden saloons, after April 1, 1901, on certain of the principal streets and plazas, namely, the Escolta, Calle Rosario, Plaza Moraga, Plaza Cervantes, Calle San Fernando, and a part of Calle Nueva.

The following licenses and fees are provided for:

| Name of license. | Liquors allowed sold. | Cost per year. |
|-------------------------------------|---|----------------|
| | | <i>Pesos.</i> |
| First-class bar | Fermented, vinous, malt, or spirituous..... | 1,200 |
| Second-class bar..... | Fermented, vinous, or malt..... | 700 |
| Theater | Fermented, vinous, malt, or spirituous..... | 1,600 |
| First-class hotel |do..... | 1,000 |
| Second-class hotel..... | Fermented, vinous, or malt..... | 600 |
| Druggists' liquor..... | Fermented, vinous, malt, or spirituous..... | 100 |
| Grocery liquor..... |do..... | 100 |
| Brewers' | Brewery products..... | 1,200 |
| Distillers' | Distillery products..... | 600 |
| First-class wholesale liquor | Fermented, vinous, malt, or spirituous..... | 1,200 |
| Second-class wholesale liquor | Fermented, vinous, or malt..... | 600 |
| Third-class wholesale liquor | Fermented, vinous..... | 52 |
| Native-wine license | Native "wines" | 3 |

All laws and regulations heretofore governing the issue of licenses for the sale of liquor are repealed. Violations of the minor provisions of the law are punishable upon conviction by a fine not exceeding 200 pesos, or imprisonment for six months, or both, in the discretion of the trial court, for each offense. A violation of any provision of the act may subject the offender to having his license revoked, in the discretion of the provost-marshal-general, while, if he is convicted of selling, giving away, or otherwise disposing of any liquor not allowed by his license, or during the hours wherein the sale of such liquor is prohibited, or of selling, giving away, or otherwise disposing of any intoxicating liquor to any intoxicated person, the license becomes null and void as a consequence of conviction.

It is provided that none of the so-called native "wines" shall be sold except by holders of native-wine licenses and that such holders shall not be allowed to sell intoxicants of any other sort whatever. The license fee for dealers in native wines has been placed at what might seem a ridiculously low figure, because the capital invested in the business amounts to but a few dollars and because experience has shown

that direct control of the provost-marshal-general is the most efficient means for holding this traffic in check. The selling of native "wines" to soldiers of the United States, under any circumstances, is strictly prohibited, because the soldiers are inclined to indulge in these injurious beverages to excess, with disastrous results. As already stated, the Filipino ordinarily uses them moderately, if at all.

Fortunately he does not to any considerable extent frequent the American saloon. With a view to preventing his being attracted there, the playing of musical instruments or the conduction or operation of any gambling device, phonograph, slot machine, billiard or pool table, or other form of amusement in saloons, bars, or drinking places is prohibited.

License fees are now imposed for the first time on apothecary shops, drug stores, and groceries which sell liquor.

The granting of licenses for the sale of any intoxicating liquor in the public markets, "kioskos," booths, or stands situated in the public streets or plazas, or by street venders or peddlers, is prohibited.

It is further provided that no application for a license or for a renewal thereof to conduct a first or second class bar shall be received until the applicant shall have published, at his own expense, a notice in six consecutive editions of one Spanish and one English newspaper, to be designated by the provost-marshal-general.

The object of this provision is to give property owners and residents in the vicinity where it is desired to establish such bar or saloon an opportunity to protest to the provost-marshal against the granting of the license. The provost-marshal will not grant licenses in the face of protest on the part of such property owners or residents.

It is confidently anticipated that the increased charges imposed on the liquor traffic, the restriction as to streets on which a liquor business may be conducted, and the wide discretionary powers given to the provost-marshal-general will materially reduce the number of places in the city at which intoxicants are sold.

MINERAL WEALTH AND THE MINING INDUSTRY.

It is difficult at the present time to make any accurate general statement as regards the mineral resources of the Philippine Islands. There has never been any mining, properly so-called, in this archipelago up to the present time. The mining fields have never been thoroughly prospected, and even where very valuable deposits were known to exist they were worked, if at all, in a haphazard and intermittent fashion.

Present indications are that the near future will bring a great change in the mining industry. According to the chief of the mining bureau there are now some twelve hundred prospectors and practical miners scattered through the different islands of the archipelago. Of these,

probably 90 per cent are Americans. They are for the most part men of good character. They are pushing their way into the more inaccessible regions, furnishing their own protection and doing prospecting of a sort and to an extent never before paralleled in the history of the Philippine Islands. The result is that our knowledge of the mineral resources of the group is rapidly increasing. When all due allowance is made for prospectors' exaggerations, it is not too much to say that the work thus far done has demonstrated the existence of many valuable mineral fields. The provinces of Benguet, Lepanto, and Bontoc in particular form a district of very great richness.

COPPER.

In the province of Lepanto, at Mancayan and Suyoc, there are immense deposits of gray copper and copper sulphide, and running through this ore are veins of gold-bearing quartz, which is more or less disintegrated and in places is extremely rich. This copper ore has been assayed, and the claim is made that it runs on the average 8 per cent copper, while gold is often present in considerable quantities. The deposits are so extensive as to seem almost inexhaustible.

The Commission has been unable to verify the statements as to the extent and richness of these copper deposits through its own agents, but the authority for them is such that they are believed to be substantially correct.

As early as 1856-57 two concessions were granted to the Cantabro Philippine Mining Company, and an attempt was made to exploit them and market their product. Rude methods of mining, ruder methods of extracting the metal, and still more rude and primitive methods of transportation, combined with lack of sufficient capital and suitable labor, led to the abandonment of this attempt, and for more than twenty years the property, which in itself is a small claim upon the immense ledge above referred to, has been occupied only to the limited extent required by the Spanish mining laws to prevent the cancellation of the concession. The officer at present in charge of the mining bureau characterizes this deposit as an "undoubted bonanza." The main thing necessary for its exploitation is the opening up of a short line of communication with the coast.

COAL.

Lignites are known to exist in Luzon, Bataan (the island, not the province), Mindoro, Masbate, Negros, Cebú, Mindanao, and other islands. Some of the deposits are very extensive. As yet, they have been worked only at or near the surface. It is therefore remarkable that the samples thus far obtained should prove to be as good as is shown by actual analysis. A comparative table follows, giving analyses of Cardiff, Australian, and Wyoming coals, as well as some of the Philippine

coals, in order that the latter may be compared with the former. In this table will be found the famous Rock Springs commercial and locomotive coals; the Union Pacific; the Fremont, Elkhorn and Missouri Valley (C. and N. W. R. R.); the Burlington and Missouri in Nebraska (C., B. and Q. R. R.), and the Cambria Coal Mining Company's coking coal, all of them lignites and all of them successful steam coals.

Analysis of Philippine coals, compared with Cardiff, Australian, and Wyoming coals.

| Name of mine. | Location. | Fixed car-bon. | Volatile matter. | Water. | Ash. | Caloric volatile matter. | Caloric fixed car-bon. | Remarks. |
|----------------------------|-------------------------|------------------|------------------|------------------|------------------|--------------------------|------------------------|---|
| | | <i>Per cent.</i> | <i>Per cent.</i> | <i>Per cent.</i> | <i>Per cent.</i> | | | |
| Cardiff | England | 83.00 | 8.60 | 4.50 | 3.90 | 842 | 7,530 | 91.60 fuel. |
| Newcastle and Sidney | Australia | 71.45 | 16.25 | 2.90 | 9.40 | 432 | 6,205 | 87.70 fuel. Mixed. |
| Santa Rosa | Cebu | 57.94 | 31.75 | 9.23 | 1.08 | 674 | 5,353 | 89.69 fuel. |
| Van Dyke | Rock Springs, Wyo. | 56.60 | 34.50 | 6.25 | 2.75 | | | 91.00 fuel. Commercial Rock Springs. |
| Sweetwater Coal Co. | do | 55.70 | 36.95 | 5.55 | 1.80 | | | 92.65 fuel. Commercial Rock Springs. |
| Union Pacific No. 1 | do | 55.60 | 36.42 | 5.38 | 2.60 | | | 92.02 fuel. Union Pacific R. R. Rock Springs. |
| Caridad | Cebu | 54.56 | 34.53 | 9.60 | 1.31 | 1,369 | 5,643 | 89.09 fuel. |
| Dillon | Rawlins | 54.00 | 32.85 | 6.55 | 6.60 | | | 86.85 fuel. Commercial steam. |
| Esperanza | Cebu | 51.96 | 37.56 | 7.80 | 2.68 | 1,632 | 5,829 | 89.52 fuel. |
| Magallanes | do | 49.50 | 35.03 | 11.18 | 3.62 | 1,491 | 5,490 | 84.53 fuel, 0.67 foreign matter. |
| Union Pacific No. 7 ... | Almy, Wyo | 48.75 | 34.88 | 7.37 | 9.00 | | | 83.63 fuel. Central Pacific and Union Pacific R. R. locomotive. |
| Union Pacific No. 2 ... | Carbon, Wyo ... | 48.30 | 35.43 | 7.42 | 8.85 | | | 83.73 fuel. Union Pacific R. R. locomotive. |
| Deer Creek Coal Co ... | Glenrock, Wyo ... | 47.75 | 33.03 | 13.82 | 5.40 | | | 80.73 fuel. Fremont, Elkhorn and Missouri Valley R. R. locomotive. |
| Grinnell | Sheridan, Wyo.. | 44.75 | 33.18 | 14.42 | 7.65 | | | 77.93 fuel. Burlington and Missouri River R. R. in Nebraska locomotive. |
| Burgess | do | 44.70 | 37.55 | 13.05 | 4.70 | | | 82.25 fuel. Commercial steam. |
| Antelope | Cambria, Wyo ... | 44.25 | 39.38 | 6.72 | 9.65 | | | 84.63 fuel. Black Hills coke. |
| M. and M | Buffalo, Wyo.... | 44.20 | 34.30 | 14.70 | 6.80 | | | 78.50 fuel. Commercial steam. |
| Jumbo | Cambria, Wyo ... | 43.65 | 40.13 | 5.72 | 10.50 | | | 83.73 fuel. Black Hills coke. |
| Inez Coal Co | Inez, Wyo | 42.50 | 36.05 | 14.65 | 6.80 | | | 78.55 fuel. Fremont, Elkhorn and Missouri Valley locomotive. |
| Cataingan | Masbate | 41.40 | 43.31 | 10.50 | 4.38 | | | 84.71 fuel. 0.41 sulphur. |
| Bulalacao | Mindoro | 41.06 | 42.40 | 12.50 | 4.30 | | | 83.20 fuel. |
| Becker | Sheridan, Wyo. | 38.75 | 44.37 | 8.72 | 8.21 | | | 83.12 fuel. Commercial steam. |
| Union Pacific No. 1 ... | Hanna | 38.70 | 35.25 | 14.10 | 11.90 | | | 73.95 fuel. Union Pacific R. R. locomotive. |

Testimony is unanimous to the fact that the Philippine coals do not clinker, nor do they soil the boiler tubes to any such extent as do Japanese and Australian coals. Some of them have been given practical tests in steamers engaged in the coasting trade of the archipelago, with very satisfactory results as regards their steam-making properties.

The extensive fields near Bulacacao, in southern Mindoro, are within 4 to 6 miles of a harbor which gives safe anchorage throughout the year and which has water deep enough for the largest ocean-going vessels. Some of the Cebú deposits are also conveniently situated with reference to harbor facilities. It is to be confidently expected that the coals will play a very important part in the future development of the archipelago.

GOLD.

The outlook as to gold mines grows more favorable as the operations of prospectors are extended. Modern gold-mining machinery has never been used in the Philippines. Igorrote miners in the Benguet-Lepanto-Bontoc district discard all rock in which there is not visible a considerable quantity of free gold. Prospectors in this region claim to have located very extensive deposits of low-grade, free-milling ore, which will yield large and certain returns as soon as concessions can be secured and machinery put in place. Unless the statements of those who have been working in this region are utterly false, it is true that very valuable deposits have been located and that extensive operations will be undertaken as soon as claims can be granted and machinery placed. At all events, it is certain that the men who have located these deposits have sufficient faith in them to camp on them and wait month after month for the time to come when they can establish their claims.

IRON.

Extensive deposits of high-grade iron ore are known to exist, but it would seem that their development must be preceded by the development of the coal fields.

NECESSITY FOR MINING LAWS AND FOR SETTLEMENT OF EXISTING CLAIMS.

There can be no question that it is to the interest of the inhabitants of this archipelago to have its mineral resources developed. It is equally certain that the men who have faced manifold dangers in locating valuable mineral properties, and who are ready and anxious to develop them, should be given an opportunity to do so at the earliest practicable time.

Although, as has been stated, the character of the prospectors and miners in the archipelago is above the average, the presence of a considerable body of such men who have found mineral deposits, but are forced to endure a long period of inactivity, pending the time when they can establish their claims and begin active operations, is not a desirable factor in the present situation. The reports which are being sent out are of such a character as to make it highly probable that the

number of prospectors and miners will be greatly augmented in the near future. It seems, therefore, most important that immediate steps should be taken to make it possible for the government established in these islands to grant mining claims.

There is, furthermore, necessity for some tribunal empowered to decide questions arising in regard to Spanish mining grants and so-called "titles," although the word "title" is in this case a misnomer, for under Spanish law only concessions were granted, the title being continued in the Crown. The ownership of the concessionary was limited to a license of indeterminate length, allowing him to extract certain minerals and to dispose of the same and to convey to others his rights by deed. This "title" was at all times subject to eleven general conditions, and failure to comply with any one of them made it possible for the Crown to cancel the concession.

Endless questions are arising as to the status of concessions granted by the Spanish Government to which the titles had been perfected or were in process of perfection. For purposes of convenience, claims are here referred to as "first-class claims" where title has been perfected, and as "second-class claims" where title was in process of perfection.

FIRST-CLASS CLAIMS (SPANISH GRANTS RECORDED).

Of such concessions there were recorded and uncanceled upon the records at the time the Philippine Islands were ceded by Spain to the United States no less than 481. These claims were embraced in 152 "expedientes" (or petitions); in other words, there were 152 different mines. They were distributed among the various minerals as follows:

| | Claims. | Area. |
|----------------|---------|-----------------------|
| | | <i>Square meters.</i> |
| Gold | 338 | 19,974,512.25 |
| Coal | 116 | 17,400,000 |
| Copper..... | 2 | 166,849.24 |
| Iron..... | 9 | 1,137,571.09 |
| Sulphur..... | 3 | 180,000 |
| Marble..... | 4 | 80,000 |
| Petroleum..... | 4 | 600,000 |
| Kaolin..... | 4 | 80,000 |
| Guano..... | 1 | 20,000 |
| Total..... | 491 | 39,638,932.58 |

Some of these grants are doubtless invalid because of long abandonment, but the formal entry of cancellation has not been made upon the records.

SECOND-CLASS CLAIMS (INCOMPLETE SPANISH GRANTS).

When the Philippine Islands were ceded to the United States there were proceedings pending in the department of mines for the survey and official demarcation of 113 claims, embracing 10,941,614.71 square

meters, and contained in 37 petitions, and divided among the minerals as follows:

| | Claims. | Area. |
|---------------|---------|-----------------------|
| | | <i>Square meters.</i> |
| Gold | 61 | 3,581,614.71 |
| Coal..... | 49 | 7,350,000 |
| Marble..... | 1 | 20,000 |
| Trachyte..... | 2 | 40,000 |
| Total..... | 113 | 10,941,614.71 |

These claims had not yet reached a stage where they could be closed by a concession, since, by the terms of the Spanish law, the act of demarcation, based on a definite official survey by a public surveyor, was a condition precedent to the granting of a title, and was the only means by which the lands could be segregated from the public domain.

THIRD-CLASS CLAIMS.

There remains a third class of claims, viz, those which it was attempted to establish through the mining bureau at Manila by the filing of petitions there between May 4, 1898, and March 30, 1899. It would appear that there was no warrant of law for the filing of such petitions, and that they have no legal value. Nevertheless, they number 1,618 and embrace 149,288,134.37 square meters. They are divided among the minerals as follows:

| | Claims. | Area. |
|----------------|---------|-----------------------|
| | | <i>Square meters.</i> |
| Gold | 1,006 | 60,348,134.37 |
| Coal..... | 467 | 70,050,000 |
| Copper..... | 108 | 15,160,000 |
| Iron..... | 16 | 2,400,000 |
| Sulphur..... | 3 | 450,000 |
| Marble..... | 10 | 200,000 |
| Granite..... | 4 | 80,000 |
| Petroleum..... | 4 | 600,000 |
| Total..... | 1,618 | 149,288,134.37 |

As already stated, it is of great importance that some tribunal should be established at the earliest possible date by which the legal status of these claims may be determined. In many if not all instances the disturbed conditions which have prevailed in the archipelago since 1896 have prevented the owners of claims of the first class from fulfilling all the conditions precedent to keeping their titles clear. They desire to pay the taxes due on this property, if it be held that they are the rightful owners on the one hand, and on the other they can hardly be compelled to pay them unless their ownership is recognized. They also, and very naturally, desire to prevent others from squatting on their claims. Similarly, those who had begun to perfect titles to

mining concessions prior to the change of sovereignty are anxious to learn what their rights are.

The island government is interested in the clearing up of titles to these mining properties on account of the revenue which would result. The owners, or would-be owners, are interested on account of the possible profit to themselves. The people at large are interested on account of the increased opportunities for the employment of labor which would accompany the active development of mineral deposits. There is every reason, therefore, why a mining code should be enacted for these islands at the earliest practicable time and suitable provision made for determining the rights of all claimants to mining properties. It is believed that this whole matter should be dealt with here by the legislative body at present existing in the islands, but the Commission has held that it can not determine questions arising as to existing claims nor consider applications for new concessions until duly authorized by Congress. In view of the importance of the interests involved, such authorization is urgently requested.

FORESTRY.

The timber of the Philippine Archipelago forms one of its most important natural sources of wealth. The timber-producing trees have been classified in order of their commercial value as follows: Superior group, 12 species; first group, 17 species; second group, 49 species; third group, 74 species; fourth group, 200 species; fifth group, 33 species; total species, 385. It is certain that there still remain more than 50 species not yet classified. Included in this list are very hard woods, capable of taking a beautiful polish; woods that resist climatic influences and are proof against the attacks of white ants; woods especially suited to use for sea piling, on account of their imperviousness to the attacks of *Teredo navalis*, or for railroad ties, because they last extremely well when placed in the ground; in short, there are woods for every imaginable use.

There is a great variety of trees yielding valuable gums, and rubber and gutta-percha are abundant in Mindanao and Tawi-Tawi. At least 17 dyewoods are produced within the limits of the archipelago, while other trees yield valuable essential oils or drugs. It has been estimated by the present head of the Forestry Bureau, from such data as he has been able to secure, that there are not less than 40,000,000 acres of forest lands in the archipelago.

Under the Spanish administration a force of 66 expert foresters and 64 rangers, with 40 other subordinates, such as clerks, draftsmen, etc., formed the personnel of the forestry department. The service was organized in 1863, and throughout its history the higher officials were selected from the Spanish corps of engineers. No Filipino was per-

mitted to hold any of the more important positions. In addition to the care of the forests, the department had in charge the survey of all public lands. The annual income during the last years of the Spanish régime was approximately \$150,000, Mexican.

The present forestry bureau was organized on the 14th of April, 1900, under General Order No. 50, which placed Capt. George P. Ahern, Ninth United States Infantry, in charge, making no specifications whatever as to his duties. He received authority to employ 4 foresters, 2 rangers, a stenographer, and a translator. This force was gradually increased until, on the 18th of September, it consisted of a translator, a stenographer, a chief assistant, 7 assistant foresters, 1 head ranger, and 13 rangers.

On July 1 regulations prepared by the forestry bureau and governing the utilization of the forest products of state lands were published as General Order No. 92. These regulations were based on those in force under Spanish sovereignty, but the latter were somewhat condensed and a few changes were introduced. The old blank forms were kept and additional ones provided for. Under the new rules the prices per cubic foot charged by the Government for timber cut on public lands are as follows: Superior group, 7 cents; first group, 5 cents; second group, 4 cents; third group, 1½ cents; fourth group, 1 cent; fifth group, ½ cent (United States currency). There are given lists of the trees of the several groups, with their common names and their scientific names, so far as the latter have been ascertained, together with rules governing the cutting and measuring of timber and the payment of the charges thereon, as well as provisions as to how the various gums shall be gathered.

It seemed extremely important that an order allowing the cutting of timber should be put into force at the earliest possible time, as there was practically a lumber famine at Manila and other important points in the archipelago, while the destruction of buildings incident to the war, and the increased demand for good dwelling houses, resulting from the large influx of Americans, made it imperative that provisions should be made so that the felling of trees and marketing of lumber might lawfully begin. The regulations were, therefore, necessarily somewhat hastily compiled by those having the work in charge.

The Commission is now able to profit by the practical results obtained through putting them into force, and is of the opinion that the clerical work connected with the cutting and marketing of timber can be simplified considerably with profit to all concerned. It seems probable that the rates charged, which are greatly in excess of those charged under the Spanish tariff, should be somewhat reduced. The whole matter will be made the subject of careful investigation and legislative action in the near future.

Early in September the Commission investigated the affairs of the forestry bureau and learned that no attempt had been made to enforce the forestry regulations outside the island of Luzon, even in such great commercial centers as Iloilo and Cebú. With a view to the immediate increase of its efficiency, the forestry bureau was reorganized, so as to consist of an officer in charge, an inspector, a botanist, a chief clerk and stenographer, a translator, a law clerk, a record clerk, 10 assistant foresters, and 30 rangers, the existing force of foresters and rangers to be augmented gradually, as occasion might require, until the number above indicated was reached.

Active steps are now being taken toward the location of foresters and rangers at important points throughout the archipelago as fast as circumstances will permit.

The present monthly collections of revenue from forest products are about \$8,000 (Mexican). This sum should be largely increased in the near future. If the statements of the chief of the forestry bureau are correct, the forests of the Philippine Islands are more extensive and more valuable than those of India. It is of the utmost importance that the wanton destruction of valuable timber which has been allowed to go on here in the past should be checked at the earliest practicable time, while, with the exercise of proper supervision over the cutting of timber and the construction of better roads, the annual revenue from the sale of forest products should soon become a very important source of income. The chief difficulty which confronts us at present is the lack of honest and active subordinate officials.

It is absolutely necessary that the men who occupy these posts should be familiar with the more important of the different kinds of woods, so that they may be able to survey consignments of timber and make proper collections thereon. The men at present used for this work were, almost without exception, formerly employed for it under the Spanish régime, and in the view of the chief of the bureau many of them are corrupt. They are exposed to severe temptation, for it is a simple matter to transfer a wood from the class in which it belongs to a lower class, thereby saving a considerable sum to the owner, who is often only too willing to give a part of what he can make in this way to the forester or ranger with whom he is dealing in order to escape the payment of the full amount due.

It is believed that competent men should be trained on the ground for these positions as speedily as possible, and that meanwhile a close inspection should be maintained over the work of the present incumbents in office, who have been informed that if they are detected in dishonesty they will not only be dropped from the service of the forestry bureau, but will be ineligible for appointment to any office which falls under the civil-service law.

Great difficulty has been experienced in securing the services of a competent man for inspector, but it is hoped that such a man may soon be found.

The Commission has cabled to Washington for four experienced foresters with a knowledge of Spanish and of tropical botany. These men, upon their arrival, will enable us to put the service in a much more satisfactory condition. It is very important that responsible and fully qualified white men should be stationed at the more important centers of the lumbering industry in these islands if the forests are to be exploited intelligently and the Government is to receive proper compensation for the timber cut on public lands.

It is believed that nine-tenths of the timber standing in many of the forests of these islands might be removed with great profit to the Government and actual improvement to the forests, inasmuch as this would give opportunity for rapid growth to the trees left standing.

MARKET FOR AMERICAN PRODUCTS.

It is a remarkable fact that, in spite of the disturbed condition of the country and the consequent interference with business, there has been a steady and rapid increase in the customs receipts, culminating with the month just past, during which they reached a total of \$1,888,837.12 Mexican. This, too, in spite of numerous drawbacks apart from those occasioned directly by the war. The tariff has been such as to inflict a practically prohibitory duty on some important imports. The number of cascos and lighters has been inadequate for the prompt discharge of vessels arriving in port, and the custom-house facilities for the storing of goods has proved insufficient, so that much delay and heavy expense have been caused to importers. The custom-house facilities are being increased as rapidly as possible, and it is believed that they will soon become adequate, while the building of cascos and lighters is progressing more and more rapidly as time goes by.

The completion of the breakwaters inclosing the new port of Manila and the dredging of the basin thus formed will be a very great advantage to importers in this market. At present vessels are sometimes compelled to lie idle for weeks during the typhoon season, owing to the roughness of the bay. This difficulty will be obviated when the breakwaters are completed and the basin is dredged.

Anything that favors reduction in freights and a consequent lowering of the prices at which American goods can be placed on the market here will greatly increase their use among the common people. It is highly desirable that goods should be shipped directly to Manila. When they are transshipped at Hongkong it is reported that there is considerable loss from careless handling, and freight rates from Hongkong to Manila are exorbitant. Yet many importers are obliged to

order their goods sent by this route at present, as the long delays at Manila in unloading make shipowners unwilling to send their vessels here, or lead them to charge very high freight rates in order to compensate themselves for the time lost in port. The Commission has already provided for the completion of the work outlined on the new port at the earliest possible time.

The coasting trade of the islands is at present in the hands of a few large companies; in fact, the bulk of it is in the hands of a single concern. Lack of competition enables the owners of vessels engaged in this trade to fix freight rates, which are so high as to interfere considerably with the marketing of imported goods at moderate prices. The coasting trade is extensive, and is certain to increase rapidly as order is restored and means of inland communication are improved. There is at present a strong demand here for light-draft vessels, suitable for entering the smaller ports of the archipelago, and for large steam launches and tugs, and this demand seems likely to continue for some time. The bringing of such vessels here would result in the increased use of imported goods through the consequent cheaper rates at which they could be placed on the market, and at the same time would yield a handsome profit to their owners.

American exporting houses can not be too strongly urged to study carefully the Philippine market and to familiarize themselves with the tastes and prejudices of the people rather than to ship their goods here haphazard and take chances on their proving acceptable.

It is believed that this country will eventually afford a good market for American agricultural implements and machinery. Agriculture is in its infancy here, and the tools and machinery in use are, for the most part, crude in the extreme. While there are some steam sugar mills in Luzon and Negros, yet the machinery employed is out of date when compared with that in use in the Hawaiian Islands. In very many instances cane is still crushed between stone or wooden rollers turned by draft animals. If sugar can be advantageously grown and marketed with such machinery and methods as are at present employed, it is certain that profits would be enormously increased were thoroughly modern machinery and methods to be introduced.

For the successful cultivation of large sugar estates, steam plows must be employed in considerable numbers. The sugar land is admirably adapted for their use, being for the most part level and free from stones. The water buffalo, which is at present used for plowing, is a very unsatisfactory sort of draft animal at the best, while the mortality among buffaloes from rinderpest has recently reached 60 to 80 per cent of the total number in many provinces. Other epidemics of rinderpest in the past have produced similar or worse results. In many provinces the people have been unable to plant their crops during the present season through lack of draft animals for plowing, and were

steam plows available now their owners might make handsome profits by breaking up land at a fixed price per acre.

The plows now in common use are wretched affairs, and the harrows are little better. Such things as our disk harrows, horse cultivators, etc., are entirely unknown. There are no good hoes to be had in the islands, the implements in common use being more like adzes.

Native planters are already more or less alive to the necessity of portable tramways for bringing cane to their crushes, and some of the more important sugar plantations have them, but there will be need of many more.

The Filipinos are to a considerable extent an imitative people. Were modern implements and sugar machinery of the sort mentioned to be simply placed upon the market and offered for sale here, they would probably not purchase; but were a few modern sugar estates established here, native planters would be quick to appreciate the advantages of improved machinery and implements.

Similarly, the methods employed in planting, cultivating, and harvesting rice are of the crudest. The rice is planted and harvested by hand. Most of it is threshed under the feet of men or animals. The hull is removed by pounding in wooden mortars, and winnowing is usually accomplished by tossing up grain and chaff in flat wooden baskets and allowing the wind to carry the chaff away. Improvement in the method of harvesting and in the implements used for the purpose is most important, as quantities of rice often spoil in the fields at harvesting time for lack of sufficient labor; while portable threshing, pearling, and winnowing machinery would speedily find its way into general use. A large steam pearling mill recently established on the line of the Manila and Dagupan Railway proved a very profitable investment.

The amount of drugs and chemicals imported is considerable and will increase. American exporters will have to compete with the German trade, but they ought to be able to do so successfully. It would seem that there was an especially good opportunity for the importation of manufactured drugs in the form of pills, pellets, etc., which hardly exist in the market to-day.

American horses have done quite well here when fed on imported hay and grain, but mules have done better. There can be no doubt that the mule is the most satisfactory draft animal which has ever been introduced into this country, and is destined to supplant the comparatively weak and slow-moving water buffalo on large estates.

It is believed that the market for wheat flour will greatly increase with the return of prosperity to these islands and the proposed reduction in the duty on it. The natives like bread when they once become accustomed to it, and the probable shortage of rice during the coming year will lead to the more extended use of flour.

It is considered certain that there will be a heavy increase in importations of American preserved meats and canned fruits and vegetables, although some very good canned fruits are at present imported from Spain. There will be a market for these commodities in provincial towns where they have been introduced by the troops, and it is confidently anticipated that changes in the tariff law, which will enable the marketing of them at a materially reduced price, will greatly increase their sale.

The people of these islands are very fond of jewelry, which should be somewhat gaudy to suit their taste. The watches at present marketed here have, as a rule, showy cases and dials and wretchedly poor works. It is not uncommon to find a native with a collection of a dozen watches, none of which will go. Good American watches, with suitable dials and cases, ought to supplant the cheap affairs which at present monopolize the market here.

These islands produced cotton in some quantity before the days of the Spanish Government tobacco monopoly, when the cultivation of cotton necessarily fell into neglect. It is now raised in a very small way in some of the northern provinces of Luzon, but tobacco is still the important crop in this region, and the people are slow to abandon an industry which is yielding them steady returns and embark in a new one with which they are not familiar, so that it is hardly likely that there will be much increase in the local cotton crop in the near future. It can be profitably woven into fabrics here, however, on account of the abundance of suitable and cheap labor, and the Commission is informed that there are several projects on foot for the establishment of extensive cotton mills in the islands, those interested intending to import American raw cotton.

Cotton cloth is one of the most important imports, and it would seem that there is no good reason why there should not be a good market for American goods. The German cloth at present brought into the islands looks well in the piece, but is very heavily clayed, poorly colored, and of inferior quality. The English cotton fabrics are of better quality, but are also clayed. The new customs tariff will be so adjusted as to place honest goods at a considerable advantage, and American manufactures will thus be favored.

It is particularly important that the tastes of the natives should be studied and met. When cotton goods of a certain kind have once proved acceptable and have come into general use, the call for them is steady, and the natives are apt to insist on having the particular quality and pattern with which they are familiar rather than something else which may be quite as good or even better, so that the difficulty comes in the initial introduction of the goods.

The iron and steel used in the Philippines must be imported for some time to come, for, although there are very extensive deposits of fine

iron ore in some of the islands, their development must be preceded by the development of the coal fields.

A number of electric or steam railway lines are projected, and several of them will doubtless be built as soon as concessions can be secured. This will create a market for railway iron and rolling stock.

There should be a good market here for tanned hides and for the manufacture of leather. The leather obtained by tanning the hides of water buffaloes is porous and soon rots in this moist climate; in fact, leather of any sort lasts a comparatively short time. It is chiefly used at present for harnesses, carriages, and boots and shoes. American boots and shoes are as yet hardly to be had here, but should find a ready sale. The natives are very fond of patent-leather and other showy shoes for state occasions, and although they may not use them enough to wear them out rapidly, the climate makes comparatively short work of them. The tastes of the people should be consulted by our exporters and suitable lasts made, as shoes shaped on American lasts would hardly be suited to the feet of these people. Many of the shoes at present used are made here by Chinese cobblers. Those that are imported come chiefly from Spain and Germany.

There will be a steadily increasing call for American electric machinery. At present Manila is the only city in the islands which has electric lights, the small plant at Iloilo having been burned. There are no electric railways in the islands, and it seems certain there will be a great future for them here.

Hand sewing machines are in steady demand. The bulk of the machines imported during the past year have come from Germany. The German machines are cheap, but not good. Cheap and well-made American machines ought to drive them out of the market.

The Filipinos are born musicians, and, under normal conditions, buy a good many pianos. Instruments intended for use in these islands should be so constructed so as to resist dampness. Other musical instruments are sold in some numbers. At present the bulk of them come from Germany.

There are considerable importations of paints and colors, but those in use here are, for the most part, very poor. The largest shipments received are from Hongkong, so that it is not possible, from the customs returns, to ascertain the countries from which they originally come. Germany and England seem to be the largest direct exporters to this country.

American edged tools are proving very acceptable to the people here, and the market for them is steadily growing.

Petroleum is one of the most important imports. It has been subject to an extremely high tariff, which will be materially reduced in the near future. The Manila representative of the Standard Oil Company states that he will reduce the price of oil by whatever

amount may be removed from the existing duties. He expresses the conviction that a reduction of 20 cents per case in the present market price would triple its use here. The steady increase in the price of cocoanut oil makes it cheaper in the end for the natives to sell their cocoanut oil and buy petroleum to light their dwellings and towns. A heavy increase in the importations of petroleum is confidently to be anticipated.

There is a steady demand for butter, cheese, and refrigerated meats, and it is likely to continue.

It is believed that a market might be developed here for California wines. At present the largest importations of wines come from Spain.

Bicycles are being imported in constantly increasing numbers, and the market for them is sure to grow steadily better. European bicycles were introduced about 1890, but were purchased only by wealthy residents, and the total number reached, it is said, was only about 200. Last year American bicycles were introduced, and there are now some 2,000 of them in this city alone. Projected improvements in the roads ought to exert a strong influence on the sale of bicycles. The demand for tires will be disproportionately large, as rubber does not last well in this climate.

At present prices it would seem that American coal might be imported at a fair profit, if it were shipped direct. The increase in the coasting trade and in the import and export trade which is confidently to be anticipated, the establishment of factories and sugar mills, the construction of new railways, the establishment of electric-light plants, refrigerating plants, etc., will create a constantly increasing demand for coal. While the coal fields of these islands are extensive, they are as yet undeveloped, and their development will take both time and capital.

PUBLIC HEALTH.

It is believed by this Commission that no tropical islands in the world enjoy a better climate than do the Philippines. While this is true, two classes of diseases have to be reckoned with here. These are, first, diseases common to temperate and tropical countries, and, second, diseases especially characteristic of the latter regions. Under the former head would fall smallpox, cholera, bubonic plague, and leprosy. Smallpox is endemic in these islands. The natives have very little fear of it, and are apt to neglect the necessary precautions to prevent its spread, unless compelled to adopt them. Experience has shown, however, that it can be stamped out by thorough vaccination. A particularly effective virus is obtained from the water buffalo in a laboratory established at Manila for this purpose by Dr. Frank S. Bourns. Similar laboratories will be established at convenient points

throughout the archipelago and a vigorous attempt made to vaccinate the whole population.

There have been more or less destructive epidemics of Asiatic cholera in the Philippines in the past, but they have occurred at long intervals. The last was in 1888-89. Cholera has not appeared in the islands since that time, but we are near China, which is a breeding ground for disease, and danger from epidemics imported from that country can be avoided only by the maintenance of a strict quarantine service.

Bubonic plague appeared in Manila in December, 1899, but has never made any considerable headway. The largest number of cases in any one week was 17, and the largest number of deaths 14. The disease was almost entirely confined to Chinese and natives. At the present time rare sporadic cases occur at long intervals. The success which has been met with in holding it in check bears eloquent testimony to the efficiency of our quarantine service and of the Manila board of health, and is in striking contrast with what has taken place in the neighboring port of Hongkong.

No systematic effort has ever been made to stamp out leprosy in these islands. There is a leper hospital at Manila and another at Cebú, but there has never been any comprehensive plan for segregating those afflicted with this disease. This state of affairs should be remedied. The military authorities have already undertaken the inspection of the smaller islands of the archipelago with a view to the selection of one suited to the needs of a leper colony and the ultimate isolation there of all lepers. This is a matter of considerable importance, and as soon as a suitable site shall have been decided upon the necessary legislation will be enacted.

We now come to a class of diseases which, while not confined to the tropics, are apt to occur in their severest and most dangerous form in hot countries, such as diarrhea, dysentery, malarial troubles, and beriberi. While many of the islands of this group are extremely healthful, they vary widely in this particular, as do different localities on the same islands. Mindoro and Balabac, for instance, have a deservedly bad reputation, while Sibuyan, Guimaras, Siquijor, and Cebú are considered especially healthful.

That health conditions are, on the whole, surprisingly good in the Philippines is conclusively demonstrated by comparing the sick reports of our troops while in camp in the United States with the reports for the time during which they have been engaged in active service in the Philippines.

While it may be confidently anticipated that the establishment of a well-organized department of public health in these islands will lead to a general improvement in sanitary conditions, it will doubtless remain true that troops which are forced to campaign in the damp

lowlands, or to garrison towns which have sprung up in situations where towns should never have been built, will suffer more or less severely from diarrhea, dysentery, and malaria. Beri-beri is common among the natives of certain localities, but very seldom attacks our soldiers.

In the treatment of these last-mentioned ailments it is well known that a suitable change of climate is often far more effective than are any drugs which can be administered.

Recuperation from severe wounds or wasting diseases takes place slowly in this tropical region. Thus far it has proved necessary to send a considerable number of sick soldiers either to Japan or to the United States for recuperation. This involves very heavy expense and frequently loss of life as well, for, even with the most perfect transports and hospital ships, it is impossible during a rough sea voyage to give sick men the care which they can have on land.

Experience has shown that an occasional change to a cooler climate is very desirable, even for those who live in the more healthful parts of the archipelago. Especially is this true of white children, who usually do very well here up to the age of 8 or 10 years, and then often seem to require a change.

In view of the facts above set forth, it becomes a matter of great practical importance to ascertain whether or not there exists within the limits of the archipelago any accessible region presenting suitable climatic and other conditions for the speedy recuperation of sufferers from wounds, tropical diseases, wasting illnesses of any sort, or from the injurious effects of long-continued residence in a hot climate.

Such a region should have cool, pure, bracing air and a plentiful supply of good water. It should be sufficiently extensive to allow of the erection of hospitals for the sick and of summer homes for a considerable population. It should, if possible, be suited to the pasturing of cattle and the growing of fruits, vegetables, and grains.

It is a well-established fact that no such region exists in the central or southern islands of this archipelago, with the possible exception of Mindanao.

Mindoro has very unhealthful lowlands, and although several mountain chains extend outward from Mount Halcon, which is one of the highest peaks in the archipelago, there is no elevated plateau or tableland. With the exception of Mount Halcon, the rocky summit of which rises above the tree line, the mountains are covered with dense vegetation to their very tops.

The islands of Romblon, Sibuyan, Panay, Guimaras, Negros, Masbate, Burias, Ticao, Siquijor, Bohol, Cebú, Samar, Leyte, Marinduque, Catanduanes, Basilan, and Palawan all have hills or mountains, which are in some instances low, in others of very considerable height. For the most part, they end like the mountains of Mindoro in sharp peaks

or narrow forest-covered ridges, and in no one of these islands is there an extensive, open, and sufficiently elevated table-land or plateau.

The great island of Mindanao is still, to a considerable extent, a terra incognita, but Jesuit priests have carried on quite extensive explorations in its interior. The result has been the discovery of long chains of high mountains, but, so far as the Commission is able to ascertain, no elevated table-land has as yet been found, nor does it seem probable that any exists. An expedition which climbed nearly to the top of Mount Apo, believed to be the loftiest peak in the Philippines, found it covered with the densest vegetation, and, apart from its inaccessibility, wholly unsuited for a health resort.

Luzon remains. While the mountains in the provinces south of Manila and in Laguna, Infanta, Bulacan, Bataan, Zambales, and Tarlac are of the character already described for the central and southern islands and are therefore unsuited to the purpose in question, it has long been known that in northern Luzon there are extensive highland regions with a strictly temperate climate, which have the great advantage of being within comparatively easy reach of Manila, the largest city of the islands and the center of all important lines of communication for the archipelago.

BENGUET AS A HEALTH RESORT.

The southernmost of these regions, and therefore the most accessible from Manila, is comprised in the province of Benguet. For a somewhat detailed description of the topographical characteristics of this province reference is made to exhibit "The Igorrotes of Benguet." Baguio, the present capital of the province, is about 132 miles from Manila in a straight line. By the Manila and Dagupan Railway to the town of Dagupan, and by the shortest practicable route for a railroad from this point to Baguio, the distance is about 177 miles.

The Spaniards were familiar with the remarkable climatic conditions found in Benguet, and before the departure of the Commission from the United States the essential facts, which were matter of common report in Manila, were brought to your attention. In obedience to your verbal instructions the Commission, soon after its arrival here, undertook to obtain full and accurate information as to the suitability of Benguet as a health resort.

As a preliminary step to this end a thorough search of the old Spanish archives was made, with a view to gathering together all available data. It was soon learned that a very full and extensive report had been published by a Spanish commission consisting of Don Henrique Hore, colonel of artillery; Don Rafael de Arilar y Castañeda, major of engineers, and Don Elias Con y Tres, first surgeon of the military department, sent by General Blanco to report on the climatic and health conditions of this province.

A careful search of the archives made it evident that all the original copies of this report, of which there were three, had been removed; but we eventually ascertained that it had been published in full in a Spanish medical journal and, through the courtesy of the Jesuit fathers and of Dr. Joaquin Gonzales, the Commission secured possession of nearly the full text. This report is a very extensive document, discussing at length the desirability of a military sanitarium to be erected at some place with suitable climatic conditions, and then going on to demonstrate that the township of Baguio, in the province of Benguet, is such a place.

It enters into an elaborate discussion of the geographical situation of this township, its topography and the means of communication with it, the character of its soil, seismic phenomena, products; fauna, and climatic conditions, including atmospheric pressure; temperature, prevailing winds, humidity, rainfall, frequency of clouds, electric phenomena, and number and length of storms. The sources of water supply are discussed and shown to be adequate. Thermal mineral springs are also described. There is some description of the native Igorrotes, with measurements, and an attempt at determining the death rate among them and the causes of death.

There follow general conclusions from the data obtained, with a discussion of the probable physiological effects of the conditions found. The translation of this report is forwarded herewith as Exhibit H.

While the original document is diffuse and somewhat bombastic in style, it nevertheless contains a great deal of valuable information. The data as to temperature and humidity, secured during the sixty days' sojourn of the Spanish commission at Baguio, were of so surprising a character as to suggest reasonable doubt concerning their accuracy.

In view of the importance of the question at issue it was decided that nothing short of personal investigation could satisfactorily settle the matter. Commissioners Wright and Worcester were appointed a committee to gather all available information on the subject, and were directed by the Commission to proceed to the province of Benguet and investigate the conditions existing there.

Their report, which is given in full as Exhibit D, demonstrates conclusively that in the vicinity of the town of Baguio there exists an extensive region admirably suited to serve as a health resort for these islands and for the neighboring China coast.

They found an extensive highland region, peopled by a friendly, harmless tribe;¹ with pure, cool, invigorating air and abundant water; free from tropical vegetation; affording pasturage in plenty, and suited to the production of many of the fruits, vegetables, and grains characteristic of the temperate zone.²

¹ See Exhibit F, "The Igorrotes of Benguet."

² See Exhibit G, "Agricultural notes on Benguet."

They took with them a trained meteorological observer, who will be kept at Baguio until the latter part of next May, when his records, together with those of the Spanish commission, previously referred to, will cover every month of the year.

Detailed meteorological data for the months of August, September, and October have already been received, and will be found set forth in tabular form in the report of this committee above referred to.

The remarkable character of the climate of Benguet will be better appreciated if a brief comparison is made between it and the climate of Manila.

Comparison between the temperature, relative humidity of the atmosphere, and rainfall at Baguio and Manila during the months of August, September, and October, 1900.

| | August. | | | September. | | | October. | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Manila. | Baguio. | Difference. | Manila. | Baguio. | Difference. | Manila. | Baguio. | Difference. |
| <i>Temperature.</i> | ° | ° | ° | ° | ° | ° | ° | ° | ° |
| Maximum | 95.3 | 76.8 | 18.5 | 91.1 | 76.6 | 14.5 | 91.8 | 75.9 | 15.9 |
| Minimum | 72.4 | 59.0 | 13.4 | 72.7 | 61.2 | 11.5 | 71.3 | 56.8 | 14.5 |
| Mean | 81.4 | 65.9 | 15.5 | 81.5 | 66.9 | 14.6 | 81.0 | 67.4 | 13.6 |
| Mean daily maximum | 87.0 | 69.3 | 17.7 | 87.0 | 71.5 | 15.5 | 88.0 | 72.4 | 15.6 |
| Mean daily minimum | 75.8 | 63.5 | 12.3 | 75.6 | 63.2 | 12.4 | 73.0 | 62.1 | 10.9 |
| Greatest daily variation | 17.2 | 12.6 | 4.6 | 15.6 | 13.7 | 1.9 | 20.1 | 16.2 | 3.9 |
| Least daily variation | 4.9 | 0.9 | 4.0 | 3.9 | 0.9 | 3.0 | 4.7 | 6.2 | 1.5 |
| Mean daily variation | 11.3 | 5.46 | 5.84 | 11.5 | 7.88 | 3.62 | 15.3 | 10.28 | 5.02 |
| <i>Humidity.</i> | | | | | | | | | |
| Maximum | 95.0 | 97.4 | 2.4 | 93.3 | 95.6 | 2.3 | 96.4 | 92.0 | 4.4 |
| Minimum | 81.0 | 83.6 | 2.6 | 78.3 | 81.8 | 3.5 | 72.6 | 70.2 | 2.4 |
| Mean | 86.9 | 91.6 | 4.7 | 86.3 | 89.4 | 3.1 | 83.2 | 83.1 | 0.1 |
| Rainfall | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> | <i>Inches.</i> |
| | 28.5 | 37.04 | 8.54 | 11.32 | 12.16 | 0.84 | 6.9 | 4.96 | 1.94 |

These facts speak for themselves. It is hard to conceive of a region affording a more delightful temperature than Baguio, where it is always cool and yet never cold. The highest temperature recorded during August, September, and October is 76.8°. The observations of the Spanish commission began on the 24th day of May and lasted until the 22d day of July, the maximum temperature recorded during this period being 75.2°. These data, taken together with those secured by us, cover the hottest part of the year, and the absolute maximum temperature is probably very close to 77°. From the best available data it would seem that the absolute minimum was about 45°. The lowest temperatures occur during that period of the year when the skies are clear and the air is dry.

The mean temperature for the entire period covered by our observations was 66.86°, that at Manila was 81.3°, giving a difference of 14.44° in favor of Baguio.

The minimum temperature recorded by the Spanish commission for the sixty days of their observations was 52.7°, and the mean temperature was 65.66°.

A striking feature of the temperature at Baguio is its uniformity, the greatest daily variation recorded for the three months being 13.7°

and the least daily variation being nine-tenths of a degree. At Manila the greatest daily variation during the same period was 20.1° and the least was 3.9° . The mean daily variation for the three months at Manila was 12.6° and at Baguio was 7.87° , or 4.73° less than at Manila.

The bracing character of the atmosphere is attested by everyone who has visited the province of Benguet, and its purity is shown by the fact that fresh meat keeps without ice for from three to six days, according to the season. This last fact is of especial significance in connection with surgical operations and the treatment of wounds.

Our record shows that the relative humidity was slightly greater at Baguio during the months of August and September than at Manila, but during the month of October was 0.1 degree less. The rainfall was greater at Baguio during August and September, but was less during October.

In considering rainfall and humidity it should be remembered that an unusually large number of typhoons were felt in Northern Luzon during the period in question, and that one crossed the island just to the southward of Benguet. These storms are almost invariably accompanied by heavy and long-continued rain and by extreme moisture. The dry season has now begun at Baguio, and rainfall and humidity will probably be less there during the present month than at Manila.

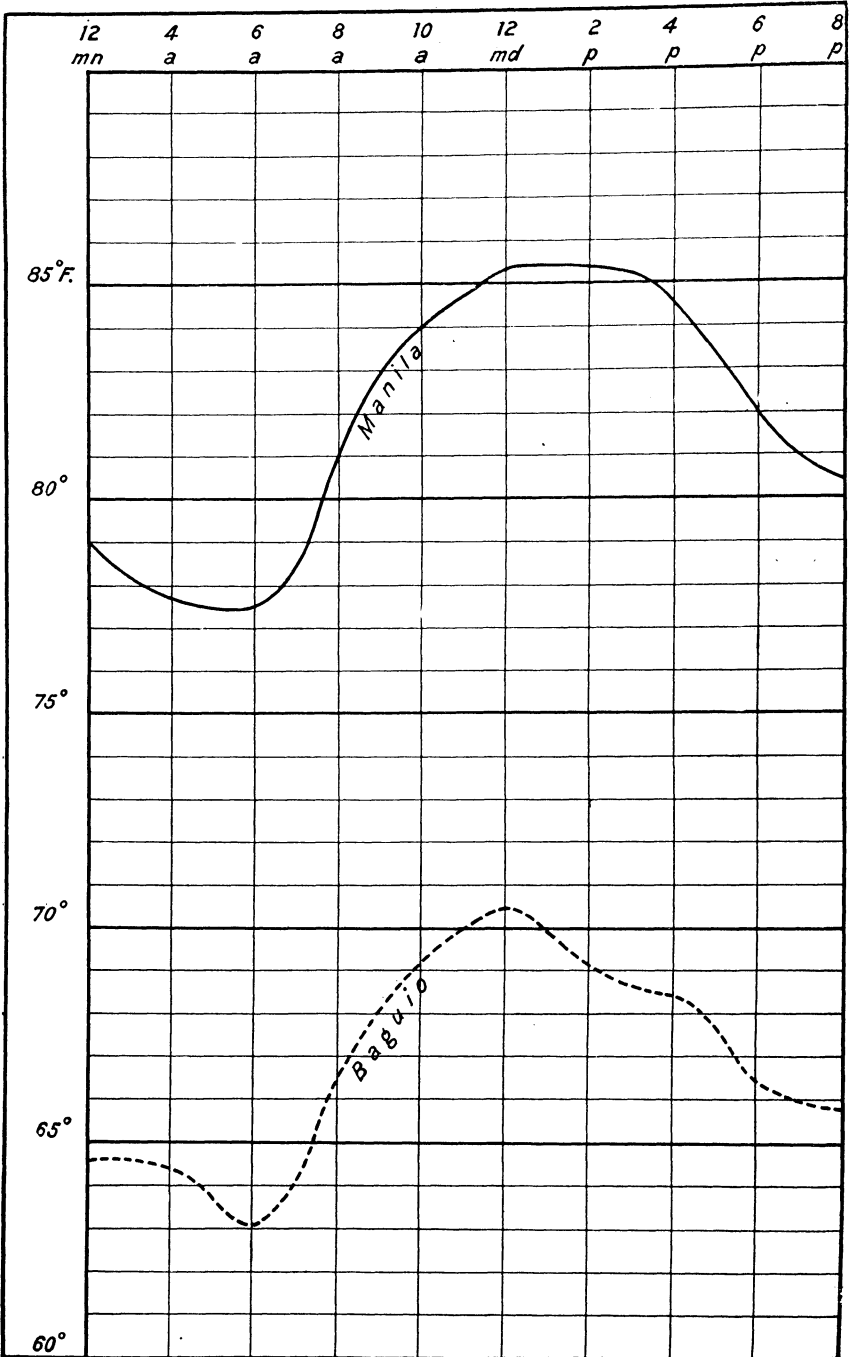
In this connection it may be worth while to insert a brief table, borrowed from the report of the Spanish commission, in which a comparison is made between the temperature, relative humidity, and rainfall for the year at Baguio and Manila:

| Yearly. | Manila. | Baguio. |
|--|-----------|----------|
| Maximum temperature..... $^{\circ}$ F. | 96.8 | 75.2 |
| Minimum temperature.....do. | 60.8 | 46.4 |
| Mean temperature.....do. | 77.0 | 62.6 |
| Mean barometric pressure.....inches | 29.7 | 25.2 |
| Relative humidity—mean degree.....do. | 64 | 60 |
| Days of rain—mean number.....do. | 160 | 160 |
| Quantity of rainfall.....do. | 78 to 118 | 59 to 78 |

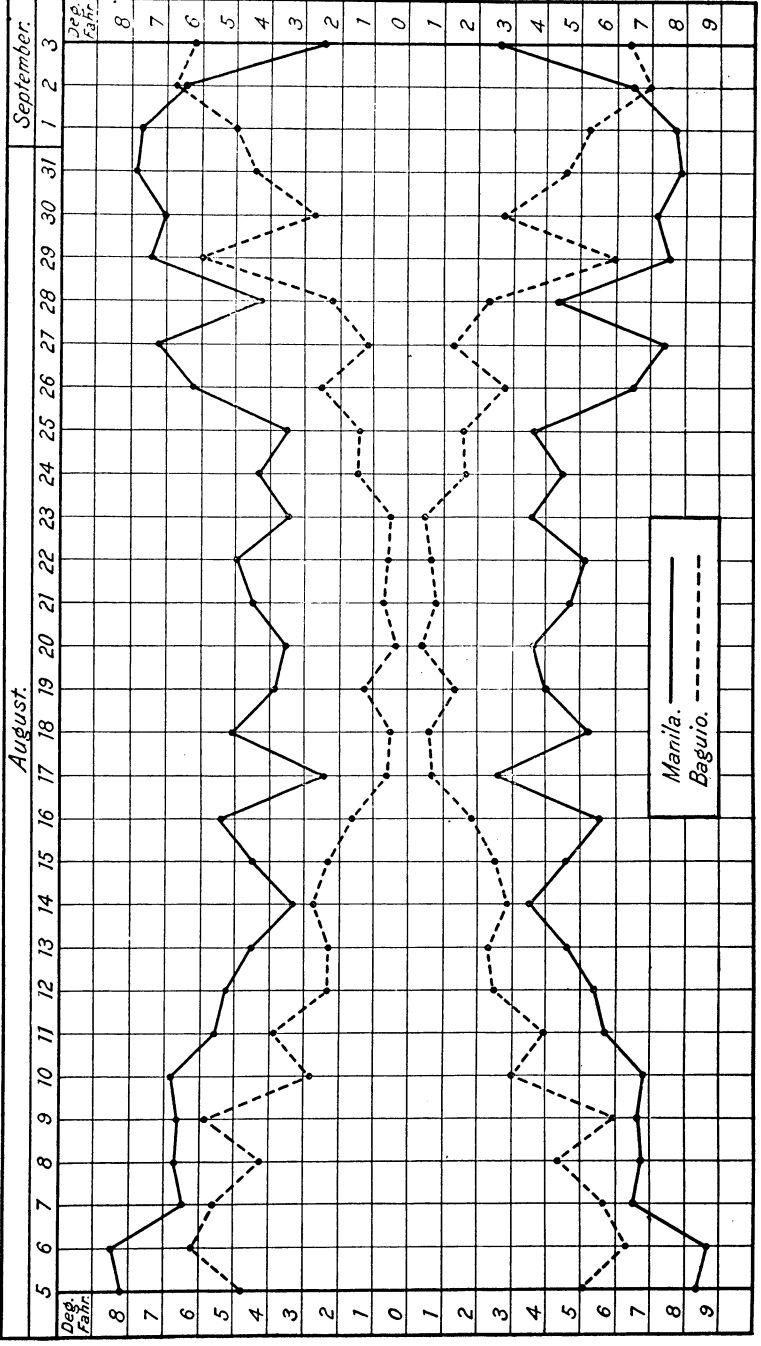
There is nothing in the report of this Commission to show that their observations extended over a longer period than the sixty days of which we have the detailed record, but the Commission has been informed by Col. Cristobal de Arilar, a brother of Col. Rafael de Arilar, who was a member of this Spanish commission, that the latter gentleman remained at Baguio for nine months, taking full observations throughout this entire period. It is inferred that his results form the basis of the comparison made in this table.

It would seem that not only is the temperature much lower and more uniform at Baguio than at Manila, but the rainfall and relative humidity are materially less as well. Baguio is especially well situated to escape fogs, which are infrequent, considering the altitude, as

MEAN DAILY TEMPERATURE AT MANILA AND BAGUIÓ, BASED ON THE OBSERVATIONS MADE DURING AUGUST, SEPTEMBER, AND OCTOBER, 1900.



Daily variations of Temperature at Baguio and Manila for the thirty days beginning August 5th, 1900.



The space between the dotted lines shows the variation at Baguio. The space between the heavy lines shows the variation at Manila.

will appear from the meteorological tables in Exhibits D and H. The Spanish commission found that during the period over which their observations extended rain lasting throughout the day was very exceptional; and our own observations, which cover the very worst part of the year, fully confirm this view. In the large majority of cases, even when the rains are heaviest, the mornings are bright and clear. There would therefore seem to be every theoretical reason to believe the climate of this part of Benguet to be most healthful and invigorating. This view of the case is fully justified by the practical results actually obtained under the Spanish régime from sending persons suffering with chronic diarrhea, dysentery, or severe malarial troubles to Trinidad or Baguio for recuperation. The Commission has been repeatedly assured by those who knew whereof they spoke that the results in such cases were uniformly most satisfactory.

It may be worth while to note that an average sick list of but three was reported for the two companies of colored troops garrisoning Trinidad at the time of the visit of Commissioners Wright and Worcester, while the American miners whom they met were all in splendid physical condition and agreed that a more delightful and healthful climate could not be desired.

In this connection, reference is made to the professional opinion of Frank S. Bourns, M. D., late major and chief surgeon, U. S. V., late chief health officer of Manila, and late professor of pathology and histology at the Southern Medical College, Atlanta, Ga., as to the suitability of Benguet for a health resort; also to the report on this subject by Maj. Louis M. Maus, chief medical inspector for the Eighth Army Corps. Major Maus's report is not on file at Manila, but has been forwarded to the Surgeon-General at Washington. It is the more interesting from the fact that he was by no means enthusiastic concerning the possibilities of Benguet before making a personal investigation into the facts.

The distinguished physician, Don Elias Con y Tres, first surgeon of the military health department for the islands under the Spanish régime, after a thorough discussion of the physiological effects of the climate of Benguet (see Exhibit H, p. 162), concludes that individuals debilitated by illness or the effects of the hot climate of the lowlands, or with scrofulitic tendencies, or those suffering from anæmia, malaria, inflammation of the kidneys, diseases of the digestive canal, asthma, neurasthenia, neuralgia arising from malarial troubles, chronic catarrhs of the bladder and urinary channels, nostalgia, and hypochondria would be greatly benefited and in many instances cured.

While the high relative humidity during the worst part of the rainy season would be a drawback in the treatment of rheumatism, he concludes that a stay at Baguio during the dry season would be very useful to those afflicted with this disease, especially since they would have

the advantage of natural hot baths. He expresses the belief that the altitude, the tonic property of the air, and the moderate and uniform temperature would be beneficial to consumptives.

He concludes by stating that many other pathological states and morbid process of the sort peculiar to women and children would find a cure, or at least noteworthy relief, from a more or less lengthy stay under the influence of this climate.

From what has already been said it would seem that there could be but one opinion as to the desirability of making this wonderful region accessible by a railroad, provided it can be accomplished by a reasonable expenditure. In order to acquire accurate information on this subject it was determined that a careful survey should be made. The Commission was fortunately able to secure the services of Capt. Charles W. Meade, Thirty-sixth U. S. Volunteers, for the purpose. He has the reputation of being a competent engineer, and has had a considerable practical experience in the location and construction of railways in the mountainous regions of California and other Western States, and at the time of his detail for this duty by the military governor was city engineer of Manila. He began the survey with a competent corps of assistants about two months since, commencing at Baguio and working down the mountains, following the valley of the Bued River, with Dagupan as his objective point. He has recently made an informal report to the Commission from which it appears that he has finished all that portion of the survey in the mountains, and the only part thereof presenting any engineering difficulties.

The line in from the foothills to Dagupan runs through a rolling country and a plain. It crosses no large streams and involves no extraordinary expenditure. Captain Meade reports that the line from Dagupan to Baguio will be about 55 miles in length, with a maximum grade of 3 per cent, and that the portion of the road traversing the mountains will require a considerable amount of heavy and expensive work. He estimates that the total cost of the 55 miles and equipment, including rolling stock, will be about \$2,500,000 gold. He further reports that it will take from eighteen months to two years to complete it. His formal report will be forwarded to you as soon as it is made.

As a matter of investment solely, its construction would hardly be warranted, for it is not probable that in the near future it would more than earn operating expenses, if so much. The Commission, however, urges that it be built, purely on the ground of the value of the Benguet region as a sanatorium and as an advisable site for the military and political capital of these islands. If utilized for this purpose, there would result benefits which would annually more than reimburse the Government for its original outlay, besides saving valuable lives. The possibility of the road's ultimately being self-sustaining and paying interest on its cost is also not to be overlooked, although of sec-

ondary consideration. There are unquestionably in the neighborhood of Baguio, and scattered through the Benguet mountains, large and rich deposits of copper, coal, and gold, if the reports which come to the mining bureau and to the Commission are even in part true. These would be made accessible and valuable by this road, and in turn would give it a large business. It could probably be operated without loss, even at the present time, in connection with the Manila and Dagupan Railway to the northern end of the island. This line has been much discussed, is not expensive to build, and would run through a fertile and densely populated part of Luzon, and, it is believed, would pay from the beginning.

These are mere future possibilities, however, proper to be pointed out, but not intended in any way to affect the recommendation of the Commission that the government should build a line from Dagupan to Baguio as soon as possible. There are now, and will be for some years to come, many pressing demands on the income of the insular government from other quarters, the more important of which are referred to in this report, so that it is not believed it can afford, without embarrassment, at this time to appropriate the sum necessary to build it. Aid in some form from the General Government will therefore be necessary and, in the opinion of the Commission, should be extended.

HIGHWAYS, RAILROADS.

As an instrumentality for the development of the great and varied resources of these islands, the building of highways and of steam and electric railroads is of the first importance. Their value from a military standpoint can hardly be overestimated, and indirectly they would only be second to primary schools as an educator of the people.

It may be asserted as a truism that a people without roads are necessarily savage, because society is impossible; and just to the extent that roads are lacking or defective, real progress is retarded and prosperity hindered. The absolute necessity for some reasonably efficient means of intercommunication between the various communities of these islands is therefore self-evident and requires no discussion.

As may have been expected, centers of population and comparative wealth are to be found at the seaports and territories contiguous thereto which are more or less accessible to markets by means of water communication, but these favored localities are limited in area and their facilities for doing business are, with few exceptions, inadequate and unsatisfactory. Although there are numerous harbors dotting the coast line, there are but few that admit vessels of heavy draft, and as a rule they are not landlocked and are more or less exposed to the prevailing typhoons, so that there are frequently days and even weeks during which ships can neither load nor unload.

There are numerous water courses in the great islands of Luzon and Mindanao which have their sources in the mountains of the interior and flow to the sea in rapid and broken currents. As a general rule they are inconsiderable in volume and are either not navigable at all, or, if navigable, only for a few miles from their mouths, so that they may be eliminated in considering the question of transportation.

The so-called highways are generally merely rude trails, which in the rainy season, lasting half the year, are simply impassable, and during the dry season are rough and only available for travel to a very limited extent. Whatever may have been the motive, the policy of the Spanish administration during all the years of its occupancy seems to have been one of isolation. Their trade laws were so framed as to prevent intercourse with the rest of the world and insure them a monopoly. They lacked the forethought or energy to construct extensive lines of communication with the interior and Manila and the other important towns on the seacoast. As a result there are few natives of the interior who have ever been beyond the boundaries of towns in which they live. Besides, the numerous tribes of Luzon speak different dialects, and it was only here and there in each community that one could be found who spoke Spanish. Such communication as they had with the central government was through the medium of the parish priest, who was generally a Spaniard familiar with the native dialects and who taught them in their native languages the very little they knew. It is not remarkable that the masses of the people are densely ignorant and credulous to a degree that can hardly be understood by Americans, nor that they are easily imposed upon and carried away by the most absurd falsehoods as to our sinister purpose in reference to them.

Such is the natural richness of the soil that the limited areas accessible to markets exported quite considerably on vessels plying from the small ports to Manila and Iloilo, but the scale of their operations has been and is relatively insignificant as compared with what it ought to be and would be were all parts of the island accessible.

The most serious hindrance to rapid and effective movements by our troops has been the inaccessibility of the country in which the insurgents have hidden themselves. The difficulty has not been to overcome, but to get at them. The cost of military operations under such conditions is enormously increased, as is the number of troops required.

As already stated, the Commission, acting under your instructions, has appropriated \$1,000,000 gold for road building. Whilst the primary purpose of the appropriation is to enable the military governor to build such highways as are most needed for strategic purposes, when constructed they will serve as well for the general uses of the people. It is the desire of the Commission, as rapidly as may be, to

push the construction of substantial and permanent highways throughout Luzon and the other large islands of the archipelago on some general and comprehensive plan, a large part of the cost of which will be borne by the communities more immediately benefited.

What has been said as to ordinary highways applies with additional force to railroads. The Manila and Dagupan Railroad, already referred to, is at this time the only line in the entire island. It was constructed by English capitalists and has been in operation since the year 1892. It has a gauge of 3 feet and 6 inches and traverses a rather low-lying fertile region densely populated. It was perhaps improperly located in the beginning, and crossing as it does quite a number of streams near their mouths, which necessitated much trestle and bridge work, was expensive to construct. This expense it seems was increased by unnecessary requirements of the Spanish Government. As a result it appears to have cost the company about \$60,000 gold per mile. It is an expensive line to maintain, by reason of the fact that several of the streams, in seasons of flood, overflow their banks and inflict much damage upon the roadbed. Because of these drawbacks the road has not proved a profitable investment, but would have paid well on a reasonable and proper outlay. But whilst it has not earned a fair interest on the extravagant sum which it cost, it has been wonderfully beneficial in increasing the population and wealth of the provinces through which it runs, and affords a striking illustration of the enormous benefits which would accrue were railroads built in other sections of these islands which are now wholly or partially inaccessible.

There are extensive areas of territory in the interior of Luzon and Mindanao having a very considerable population and capable of producing tobacco, copra, sugar, rice, and other tropical products on a large scale, which are wholly without means of communication of any kind with the outside world. As a result, having no incentive to produce more than enough for their personal needs, do not do so.

There are still other portions of the interior of these islands, which are now inhabited sparsely, and in the main by savage tribes, which are naturally rich in soil and minerals. A large portion of this territory is mountainous, and was only to a very limited extent ever under the control of the Spanish authorities. The mountainous region in Luzon alone covers several thousand square miles. It spreads out into a wide and broken region interspersed with valleys, well watered, with good grazing for cattle, which are frequently seen in small herds, looking sleek and fat. It is believed that nearly all the fruits and vegetables of the temperate zone can be grown there. The climate is in all respects the same as that of the province of Benguet, already referred to, and would furnish a habitat for Americans and Europeans, invigorating and healthful. There is unquestionably to be found throughout this region,

in more or less abundance, a variety of minerals, notably copper, gold, coal, and iron. These mountains seem to have been largely terra incognita to the Spaniards, yet, from the very limited investigations made by them, and from reports made by our own people, who, with characteristic energy, have been prospecting therein for the past two years, we are persuaded that certainly there are large deposits of copper, coal, and iron, and probably gold, which will richly repay development.

The great island of Mindanao seems never to have been explored by the Spaniards, who contented themselves with a comparatively few settlements along the coast. The Jesuit missionaries penetrated the interior, and from their reports are obtained the principal information extant. Since American occupation it has been impossible to make anything like extended exploration because of the disturbed conditions prevailing, but enough has been done in this direction by American prospectors to satisfy us that this island is very rich in soil, hard-wood timber, and minerals, and is perhaps the richest in the archipelago.

Without further elaboration it will be seen from what has already been said that there is immediate and pressing need of railroads in both Luzon and Mindanao. It is believed that they offer a most attractive field for investment of capital as well as for men of small means. The Spaniards seem to have always limited their plans for railroad building to the island of Luzon. Several lines were projected by them with Manila as the point of beginning, one being the extension of the Manila and Dagupan Railroad along the western coast to the northern end of the island, a distance of about 200 miles; another branches off from the Manila and Dagupan Railroad at or near Calumpit, and, extending up the valley of the Rio Grande de Pampanga, crosses the divide between the head waters of that river and the head waters of the Rio Grande de Cagyan, and follows the latter stream to its mouth at Aparri, at the northeastern end of the island. This line would be something over 300 miles in length. It traverses a section of Luzon rich agriculturally and generally well populated.

The great Cagyan Valley is said to be the largest and richest in Luzon, from which comes the greater part of the tobacco raised in the island. This would not be a very expensive road to build, and it is believed it would pay handsomely from the beginning. Mr. Horace Higgind, the general manager of the Manila and Dagupan Railroad, informs us that his company would be glad to build this road at once, and is prepared to do so upon the grant of a charter for that purpose.

There is another line of road, much talked of and projected under the Spanish régime, beginning at Manila and running at first in a southwesterly direction near the coast line and then southeastward through the provinces of Cavite, Laguna, Tayabas, Camarines, and Albay to Sorsogon, at the southern end of the island. This line would

be about 200 miles in length. It would run through a rich and densely populated country, would not be difficult or expensive to build, and it is believed would be immediately profitable.

A line has also been projected from Manila eastward and southeastwardly, running along the shores of Laguna de Bay across the island to a port on Lamon Bay. This port is said to be the best in the islands, landlocked, affording shelter in any weather, and with a depth sufficient to enable vessels of heavy draft to approach close to shore. With this line built, the distance from Manila to the United States would be shortened by about 700 miles. The line would pass through a number of large towns and a rich and fertile country, and it is believed would be immediately profitable.

As has already been indicated there have been no surveys for railroads in the island of Mindanao. It is a virgin field well worthy of thorough and immediate investigation. We append hereto as "Exhibit —" maps showing all these lines as surveyed or projected.

The islands of Panay, Negros, and Cebú would also be much benefited by short lines of railroads. They are densely populated, produce copra, sugar, etc., and offer an attractive field for investors.

It is believed that were the Commission in a position to grant charters and concessions that all these lines in Luzon could and would be built by foreign capital. Commercially speaking, these islands have for generations been largely in the hands of English and German merchants, with Spanish connections, and they know and appreciate their desirability for investment. For obvious reasons, however, had the Commission the power to make such grants, it would hesitate to do so until full opportunity for investigation had first been offered Americans.

The Commission early reached the conclusion that it had no authority to grant franchises for the construction of railroads, or for any other purpose, and hence have done nothing in this direction. Numerous applications have been made for concessions to build steam and electric railroads, and also electric-light, gas, telephone, and other similar plants, both in Manila and other portions of the archipelago, but for the reason stated the Commission has uniformly declined to consider them.

The Commission is of the opinion that, so soon as it has the power to act on applications of this character, a sound policy dictates the granting of franchises for works of internal improvements, and the results of such a policy will be most fortunate.

HARBOR IMPROVEMENT.

As already stated, there are but few deep-water harbors in these islands. Those of the large cities need to be deepened and improved. We have confined our attention for the present, however, to the harbor

of Manila, for the reason that this city is the chief port and metropolis of the islands, and to make necessary improvements will require all the funds which are at present available for work of this character.

Large vessels, having a draft of more than 16 feet, are now compelled to lie 2 miles or more offshore. Those of less draft than this find entrance into the Pasig River. The bay is so large that it feels the full effects of the winds. The only method by which large vessels anchoring therein can take on or discharge cargo is by lightering. At best, and when the bay is calm, this is a tedious and very expensive process, and during rough weather becomes impossible. Moreover, during the prevalence of typhoons, which are not infrequent, the safety of vessels thus situated is much endangered.

As may be readily understood from the foregoing, the cost of doing business in this port is very great and constitutes a very heavy burden upon commerce. Freight rates from Manila to Hongkong, a distance of about 700 miles only, are as much and sometimes more than from San Francisco to Hongkong, a distance of about 8,000 miles. In spite of these drawbacks, and whilst the policy of the United States with reference to these islands was uncertain, the volume of trade was steadily growing; and now that the late Presidential election seems to have put at rest all doubts on this score, we believe it will continue to do so in an increased ratio with pacification, the influx of capital, and the application of American ideas and methods. The paramount need, therefore, for a thoroughly protected harbor, with sufficient depth of water to accommodate the largest ships, wherein they can lie not only in safety, but can load and discharge cargo in all weathers, is apparent.

The Spanish Government, more than twenty years ago, formulated an elaborate scheme for the construction of such a harbor, and levied a special tax on imports and exports for the purpose of raising the necessary funds to carry it into effect. Operations were begun pursuant thereto shortly thereafter and continued in a slow and intermittent way up to the time of the native outbreak of 1896, with the result that about 30 per cent of the work contemplated was completed.

The plans and specifications of the Spanish engineers having the matter in charge came into possession of the Americans upon occupation in 1898, and have been carefully examined by Capt. John Biddle, chief of engineers, Division of the Philippines, and his assistants. They are pronounced by them to be well adapted, with some minor modifications, to the purpose intended. We have had repeated conferences and discussions with Captain Biddle, and, so far as we are capable of forming an intelligent judgment, concur in his opinion. It will probably cost \$2,500,000 gold to carry out the project in its entirety. We have enacted a law providing that the Spanish plan as modified by the chief engineer shall be carried out, making a present

appropriation of \$1,000,000 gold for that purpose and directing that the work shall be let, after advertising here and in the United States, to the lowest responsible bidder. The act further provides that the first work to be done shall be the extending and finishing of the two long jetties or breakwaters already partially constructed, and which will when finished inclose the new harbor, and that the space between them shall be dredged so as to give perfect protection to the largest vessels. Further appropriations will be made when needed.

(For further details see act No. 22 accompanying this report.)

NATIVE TROOPS AND POLICE.

The question as to whether native troops and a native constabulary is at present practicable has received much thought and a careful investigation by the Commission. We have felt that its consideration and determination was especially important at this time in view of the fact that the volunteer regiments now in service here will soon be returned to the United States to be mustered out. We have sought and obtained the opinions of a large number of regular and volunteer officers of all rank, having their fields of operation in all parts of the islands, and there appears to be a general consensus of opinion among them that the time is ripe for these organizations, and this is also our conclusion.

Assuming that Congress at its next session will provide for an increase of the Regular Army, it by no means follows that a large part thereof will or should be stationed here permanently. Considerations of public policy and economy alike forbid such a programme; nor in our judgment is it necessary.

Whilst the American soldier is unsurpassed in war, as it is understood among civilized people, he does not make the best policeman, especially among a people whose language and customs are new and strange to him, and in our opinion should not be put to that use when, as we believe, a better substitute is at hand. We therefore earnestly urge the organization of ten regiments of native troops of infantry and cavalry, the proportion between the two arms of the service to be fixed by competent military judges.

These troops should in the main be officered by Americans. Certainly this should be the case as to their field officers and company commanders. Lieutenants might be Filipinos, judiciously selected, and provision might be made for their promotion in the event of faithful or distinguished service.

The opportunity is offered for the selection of such officers largely from the officers and men constituting the volunteer regiments now here, who are at present available and by reason of past experience and service are peculiarly fitted for such duty. It is suggested that a provision should be made permitting officers of the Regular Army to

be appointed to command in these native regiments without losing their position in the regular establishment.

We have made investigations as to the probable cost of one of these native regiments, the officers of which are to be paid as in the regular service of the United States, and have reached the conclusion that it will not exceed \$350,000 gold per annum, and perhaps will be something less. This estimate is based upon the assumption that the privates will be paid \$10 Mexican per month, noncommissioned officers somewhat more, and that a special and cheaper ration suited to native tastes and habits will be issued in lieu of the regular army ration. Col. Charles A. Woodruff, chief commissary, Division of the Philippines, a distinguished authority upon this subject, informs us that such a ration can be supplied at a cost of a fraction less than 13 cents gold per day, and that it would be ample and satisfactory. The cost of their clothing is estimated as being the same as that of the United States regular.

We feel assured that upon this basis there will be no difficulty in enlisting first-class men who would be only too glad to serve upon these terms. Indeed, a number of intelligent officers, entirely conversant with the subject, who have favored us with their views, express the opinion that a considerably lower rate of pay would accomplish equally good results. In explanation of this it may be stated that the earning capacity of the average native, even of the better class, is exceedingly small, and the scale of wages for labor almost incredibly low. His expenditures are correspondingly small and his style of living meager and simple. It is, however, all that he has been accustomed to, and never having known anything better he is contented and happy with what he has. Besides, he is inordinately fond of the show and glitter of military life and wears his uniform with a conscious sense of pride and increased importance, difficult of appreciation by those who are unfamiliar with his characteristics and modes of thought. Not only does he entertain these sentiments himself, but it is cheerfully conceded by his associates and by the people at large; it adds to his social position and that of his family as well. The pay, clothing, and ration, therefore, which would seem insufficient to an American, are regarded with a very different eye by the native.

Whether these regiments should be enrolled as part of the Regular Army of the United States or should constitute a separate insular establishment, but under the control of the United States military authorities, is an interesting question, which is worthy of the careful consideration which no doubt it will receive. Arguments pro and con readily suggest themselves; but as the question is one not in any way affected by anything peculiar to this people or by exceptional local conditions, we make no recommendation. In this connection it should be stated that in any event it will be necessary for Congress to make provision for the maintenance of these troops for the next two years.

After that time it is believed that with the restoration of order and an improved revenue system, honestly and efficiently administered, the income of the insular government will have so increased that it can without difficulty permanently assume and carry this burden.

We further recommend that a comprehensive scheme of police organization be put in force as rapidly as possible; that it be separate and distinct from the army, having for its head an officer of rank and pay commensurate with the importance of the position, with a sufficient number of assistants and subordinates to exercise thorough direction and control. This organization should embrace every township in the islands, and should be so constituted that the police of several contiguous townships could be quickly mobilized. The chief officers of this organization should be Americans; but some of the subordinate officers should be natives, with proper provision for their advancement as a reward for loyal and efficient services.

The main duty of the police would, of course, be to preserve peace and maintain order in their respective townships, but occasion would no doubt frequently arise when it would be necessary to utilize the forces of several townships against large bands of ladrones. The police of each township should be subject to the call of the local authorities, but prompt reports of their operations to the central head, and especially of any unusual occurrence, should be required. There should also be some responsible subordinate in charge of the police of each township, not only to secure discipline and efficiency in the force itself, but also as a check against their improper use by the presidentes and other officials of the municipalities. This is the more important because it is difficult to make the average Filipino official understand that power is not placed in his hands for his own personal benefit. Under the Spanish régime presidentes and other officials of the municipalities were required to serve without pay from the Government and were expected to recoup themselves from the people. There is as yet no public sentiment hostile to such courses which would operate as a deterrent, and it is feared they might readily fall again into their old habits if unchecked.

There have been four years of disorder, more or less accentuated, in these islands, and the return to peaceful habits of all those who at one time or another have been in arms, especially when the character of the people is considered, can not in the nature of things be immediate. It is believed that a well-directed native police on the lines indicated in the foregoing will be of incalculable service in hastening the return of peace and order.

Through them would be protected the masses of the people, who are anxious for peace and quiet, and who would willingly acknowledge the sovereignty of the United States, but who, as matters stand, are not only terrorized and despoiled, but are often forced into an appear-

ance of hostility to our rule which they do not feel. Furthermore, it would give them courage to assist in their own defense. It would inspire in them the feeling they could best do so by actively aiding the civil and military authorities. As these local constables would have a personal acquaintance of practically all of the people in their respective communities, together with means of information as to their movements and manners of life, it would soon become impossible for insurrectos and bandits to live in the towns as peaceable citizens so long as it suited their interest or pleasure, then to assume the rôle of hostiles, and when pursued by our soldiers again return to their homes without molestation.

A native police of this sort, when supported by American and native troops, would be especially serviceable in putting an end to the only real opposition to our authority which to-day exists, with which our soldiers find it difficult to cope. Were the insurrectos in fact soldiers, waging civilized warfare, as this term is ordinarily understood, it would have been ended long ago; but this is not the situation we have to confront. The real difficulty lies in desultory attacks, as a rule feeble and insignificant, made by men who are one day inoffensive noncombatants and the next guerrillas. A double rôle of this sort is possible with our soldiers, who find it difficult to distinguish one Filipino from another, and who have no means of acquiring an intimate knowledge of their movements. But as already said, the native police would experience no such difficulty.

The Commission doubtless has power by virtue of its instructions to establish a police system such as is here suggested, but it recognizes that at this time such a force would be operating mainly in the same territory as the army, and that without thorough cooperation confusion might ensue. Besides, the subject is a large one, involving considerations semimilitary in their nature, and therefore the Commission has deemed it inexpedient to act without direct authority from you.

The only objection we have heard urged to the employment of natives as soldiers and constables is that their loyalty may be questioned, and that it might prove a source of danger to put arms in their hands at present. We have of course considered this view, but have arrived at the conclusion that this objection is not insuperable. It is expected that there would from time to time be isolated cases of defection, but we believe that judicious selection and discipline would create a native force both reliable and effective. The history of the Filipino soldier when serving under the Spanish flag supports this view. For many years prior to the outbreak of 1896 the Spaniards had less than 5,000 Peninsular troops in these islands. All the rest were natives. The latter, as a rule, remained loyal to Spain until it was manifest that her sovereignty was ended. This was the case

although the masses from which these native soldiers were drawn were cruelly oppressed by the Spaniards, and they themselves were poorly fed and paid inadequately and rarely. Besides, the Spanish officers, as a rule, would compare very unfavorably with the American in personnel and equipment, and presumably were unable to impress themselves upon the native so as to secure his respect and affection, as would our officers.

The experience of England in dealing with conditions practically the same as those which we are called on to meet, as she has frequently done, and her success, furnishes a precedent for our guidance which should not be overlooked. Though she has had here and there unfortunate experiences, as a general rule she has been served faithfully by her native soldiers, even against their own brethern.

The fact is every soldier has a natural feeling of loyalty for the flag under which he serves. Respect for his officers and obedience to their orders become to him a habit of life. When decently treated, he becomes sincerely attached to them and cheerfully obeys their orders. It is our deliberate judgment that not only is the organization of native regiments here not premature, but might safely have been begun at least a year ago.

LEGAL PROCEDURE.

Careful investigation has been made as to the causes of the universal complaints that are made in regard to the administration of justice in the Philippine Islands. One of the principal causes is the great delay necessarily incident to the progress of litigation under the code of civil procedure now in force. Before a suit can be instituted in a court of first instance, which is the ordinary trial court for all matters of importance, the plaintiff must execute a power of attorney authorizing a solicitor to act for him. The power of attorney must be acknowledged before a notary public, and must then be declared sufficient by an attorney who will act in the cause. The intervention of these three paid officials—attorney, solicitor, and notary public—is necessary for the institution of an action. Any defect in the certificate of the notary public, or in the power of attorney itself, or in the declaration of sufficiency, is ground for a dismissal of the action, and an appeal from the ruling of the court in either of these matters is allowed, whereby the cause will pass to the supreme court at its initial stage. All the proceedings must be upon stamped paper. Any irregularity in that respect may lead to a ruling by the court and another appeal. Then the competency of the judge may be challenged, and an appeal may be taken from the ruling upon that subject. Then the jurisdiction of the court may be assailed, by inhibitory or declinatory pleas, and an appeal may be taken from the ruling upon that subject. All these surroundings and appeals are preliminary to any investigation of the merits of the controversy.

At every step of the subsequent proceedings interlocutory appeals are possible and usual. An action is often dismissed upon the merest technical grounds, and in such case the attorney's and solicitor's fees of the successful party are taxed against the defeated one, and the practice is, and long has been, to make the fees very much larger in such case than would have been charged against the client. Such instances of gross extortion, under the form of legal procedure, are frequent and have been called to the attention of the Commission. The practical working of the existing code is to secure injustice instead of justice. Business men refuse to go into the courts with their controversies, because it is better to submit to the loss of their claims than to be robbed under the forms of law. The procedure seems skillfully adapted to the promotion of delay, expense, and denial of justice. Its reform is considered impracticable, and an entirely new code of procedure, civil and criminal, simple, easily understood, adapted to secure speedy trial, free from technical and antiquated distinctions of forms of actions, substantially analogous to the newer codes of procedure in the United States, is thought to be indispensable. A code designed to secure those ends is in course of preparation, and will probably be completed January next. The Filipino lawyers and judges have been largely consulted in its preparation, and they have taken great interest in it, and have made valuable suggestions. They, as well as the American lawyers in the islands, are substantially all agreed that an essentially new code is indispensable in the interests of justice. It is not believed that such a code will meet with opposition in any influential quarter; on the contrary, it is apparent that the need for such a reform is unversally recognized, and its advent will be welcomed by all classes.

The foregoing remarks apply only to the procedure.

CIVIL CODE.

The Civil Code, in distinction from the Code of Procedure, is based upon the civil law, and in most particulars is adequate for the solution of commercial controversies and the regulation of all civil conduct. So far as it refers to particular Spanish institutions and relations to the Government of Spain, it will need reformation, so as to bring it into harmony with the laws and Constitution of the United States. Such a reformation will be made by the Commission in due time. But as a system of jurisprudence, it, in its essentials, undoubtedly meets the needs of the people of the Philippine Islands and furnishes a just measure of their rights and duties. It is thought that only such changes should be made in the body of the law itself as are rendered necessary by reason of the changed conditions in passing from the sovereignty of Spain to that of the United States.

REORGANIZATION OF COURTS.

Under military orders issued by Major-General Otis, the civil courts, as composed and constituted by the laws of Spain, which were held and administered prior to August 13, 1898, were permitted to resume the exercise of civil jurisdiction conferred by Spanish laws, within the islands, subject to such supervision of the military government of the United States as might be deemed requisite. In accordance with those orders, a supreme court for the islands was organized, and courts of first instance have likewise been established by virtue of military orders or acts passed by the Commission for the provinces of Manila, Pangasinan, Cagayan, Isabella, Cavite, Iloilo, Pampanga, Nueva Ecija, Ilocos Norte, Bataan, Cebú, Bohol, La Union, and Benguet.

Courts of justice of the peace have likewise been largely organized in the same provinces. The judges of all these courts, except the supreme court, have been, and are, Filipinos. In the supreme court, the minority have been, and are, Americans. These courts are all performing their regular functions at the present time, but the arrangement under which they have been constituted has been understood to be provisional and temporary. The salaries paid to judicial officers under the Spanish régime was very small, the highest being that paid to the chief justice of the supreme court, which was, for salary and allowance, \$6,500 Mexican, equivalent now to \$3,250 American money. The judges of the courts of first instance received no allowance, and their salaries ranged from \$1,875 Mexican (\$937.50 American money) to \$2,750 Mexican (\$1,375 American money), each. With these meager salaries, it is not strange that charges of corruption and acceptance of bribes should have been freely made against the judges. The evidence is very strong that the charges were well founded. The judges appointed under the American administration received 20 per cent larger salaries, but the salaries are entirely inadequate to secure competent men. Charges of corruption and incompetence against the present Filipino judges are common.

The appointment of Spaniards to judicial positions appears impracticable. One such appointment made by the military authorities proved unfortunate. The animosities between the Spaniards and Filipinos are such that it was found to be practically impossible for a Spaniard to preside as a judge, without exciting a very high degree of ill-feeling. Such appointments are not considered advisable, at least for the present. The number of Filipinos who are fitted by nature, education, and moral stability to fill such positions is very small. Very few can be found among them in whose integrity and ability business men have confidence. The feeling is widespread that for a time, and until the traditions of bribery and incompetence have in part been forgotten, these positions must be filled mainly by Americans.

It is likewise almost indispensable to have Americans, for a time, for the proper administration of a new code of procedure. It is thought that the courts of justices of the peace may all, or nearly all, be presided over by Filipinos, the rights of the parties being secured by an easy and inexpensive appeal to the courts of first instance. In the courts of first instance, where the new procedure will receive its most important application, American judges in most cases seem indispensable. In the court of last resort it will, doubtless, be important to have some judges who are familiar with local institutions and customs, and for that court, doubtless, Filipinos of high character and excellent attainments can be selected to fill some of the positions. It is hoped that by a consolidation of provinces into judicial districts, with authority on the part of the judge assigned to any district to hold sessions of his court at stated periods in each province of the district, the number of judges may be materially reduced, so that adequate salaries can be paid without too much enlargement of the salary account.

The Spanish language is the only one common to all educated Filipinos, the great mass of the people speaking only the native dialect peculiar to their respective localities. A knowledge of the Spanish language is exceedingly important for the successful performance of judicial duties in these islands, and the Commission are making strenuous efforts to secure men for such positions who, in addition to the other requisite attainments, have likewise a sufficient knowledge of the Spanish language. It is hoped that the judiciary may be reorganized early in the year 1901, substantially upon the same lines herein indicated. It is not thought that Congressional action, aside from the Spooner bill, or other analogous legislation, is necessary to enable the Commission to carry out its purposes in regard to codes of procedure or reorganization of the courts in general.

The establishment of one or more Federal courts for the islands is not within the competence of the Commission. For that reason no discussion is made at this time in relation to that subject.

The Commission have been favored with "A historical résumé of the administration of justice in the Philippine Islands," prepared by Hon. Cayetano S. Arellano, present chief justice of the supreme court. The document is exceedingly instructive and valuable, and is here annexed, marked Exhibit J.

LAND TITLES AND REGISTRATION.

A very large percentage of the lands are occupied and claimed by individuals without any record title whatever. Many never had a record title, and those who had them have largely lost them, through the vicissitudes of war, the burning of records, and the ravages of insects. It is difficult for would-be purchasers to obtain any certain

evidence as to the validity of titles that are offered to them, and loans upon real estate security are very difficult to obtain, because of the uncertainty of titles and boundaries. Before there can be any large additional industrial development, which depends upon certainty of tenure, a new system of accurate surveys, investigation, and registration of titles is indispensable. A system providing for these needs is in course of preparation.

CURRENCY.

It is unnecessary to repeat the historical data concerning the currency of the islands which were embraced in the report of the first Philippine Commission and in the testimony taken by that Commission. For present purposes it is sufficient to say that upon the arrival of the Americans in the islands the principal money in use here was the Mexican silver dollar or peso, supplemented by the Spanish-Filipino pesos, silver and paper, and fractional silver and copper coins. After the advent of American troops it was represented to the military authorities by the local banks that the further introduction of Mexican currency was essential. For some years prior to that time the introduction of Mexican currency had been unlawful under Spanish authority, although it had been constantly introduced for years with the connivance of the customs officials. On the 19th of August, 1898, the three banks doing business in the islands, namely, the Chartered Bank of India, Australia, and China, the Hongkong and Shanghai Banking Corporation, and the Banco Español Filipino, by their agents or managers, wrote as follows:

To Brigadier-General GREENE,

U. S. Volunteers, Finance Department.

DEAR SIR: Owing to the large amount of American gold being offered us for exchange into Mexican currency, and, further, the big sterling letters of credit advised us in favor of the paymasters and others which we understand will be required in Mexican dollars, as this is the only acceptable coin in use amongst the natives, and for general trading purposes, while we are anxious to give the soldiers and your Government every assistance by being in a position to quote an exchange of not worse than \$2 Mexican for \$1 gold, we shall be quite unable to preserve this basis of exchange should there be any scarcity. In view of this, and in order to give every facility for the exchange of United States gold currency, we may require to import clean Mexican dollars, duty free, and shall be obliged if you can see your way to grant us the necessary authority.

And we agree to maintain a rate of exchange of not less than two Mexican dollars for one gold dollar to the extent of our imports of Mexican dollars.

We remain, dear sir, your obedient servants,

R. W. BROWN,

Agent, Manila, for the Chartered Bank of India, Australia, and China.

WM. JONES,

Agent for the Hongkong and Shanghai Banking Corporation.

VENACIO BALBAS,

Banco Español Filipino, El Director de Turno.

This proposition having been approved by Major-General Merritt, then commanding in these islands, the following reply was sent on the same day:

HDQRS. SECOND BRIGADE, SECOND DIVISION, EIGHTH ARMY CORPS,
Manila, P. I., August 19, 1898.

MESSRS. WILLIAM JONES, *Agent, The Hongkong and Shanghai Banking Corporation;*
R. W. BROWN, *Agent, Chartered Bank of India, Australia, and China;* V. BALBAS,
Director, Banco Español Filipino.

DEAR SIR: Replying to your favor of this date, I have to say that your proposition is approved by General Merritt, and you are authorized, until further notice, to import Mexican dollars free of duty on the conditions therein stated.

I remain your obedient servant,

F. V. GREENE,
Brigadier-General, Intendente General.

In pursuance of the authority thus granted, the banks proceeded to import Mexican dollars, and American money was exchanged by the banks for insular or Mexican currency, and the reverse, with a profit to the banks for each exchange either way, at a ratio securing at least two Mexican dollars for one United States dollar, down to July, 1900.

The rates paid in Mexican money by the banks for United States money, from August 19, 1898, down to August, 1900, were as follows:

| [For \$1 in American.] | | | |
|------------------------|----------|-------------------|----------|
| 1898. | | 1899. | |
| | Mexican. | | Mexican. |
| August 19..... | \$2.07 | September 22..... | \$2.04 |
| September 2..... | 2.05 | September 25..... | 2.05 |
| September 21..... | 2.04 | October 5..... | 2.06 |
| September 22..... | 2.02 | November 10..... | 2.04 |
| October 5..... | 2.04 | November 15..... | 2.05 |
| October 15..... | 2.05 | November 23..... | 2.04 |
| November 2..... | 2.03 | December 6..... | 2.03 |
| 1899. | | 1900. | |
| March 4..... | 2.04 | January 31..... | 2.02 |
| April 28..... | 2.02 | February 1..... | 2.01 |
| April 29..... | 2.00 | April 5..... | 2.02 |
| July 26..... | 2.01 | June 25..... | 2.01 |
| September 9..... | 2.02 | June 28..... | 2.00 |
| September 15..... | 2.03 | July 31..... | 1.98 |

It thus appears that down to late in July, 1900, the buying price of American money at the banks had always been such as to give at least \$2 in Mexican for \$1 American money, and varying from that price up to \$2.07. But during all this time the market price of Mexican coin had been such that the banks had not been to any expense to maintain their guaranty of August 19, 1898, but had always made a profit on the transactions. Owing in part to a rise in the price of silver in the markets of the world, and particularly to a demand for Mexican dollars for the payment of troops and purchase of supplies incident to the military operations in northern China, it became no

longer profitable for the banks to give \$2 Mexican for \$1 American money, and hence the rate of \$1.98 Mexican for \$1 of American money was quoted the latter part of July. Its effect was immediately to create a discrimination against American money. Small traders took advantage of the situation and would accept money only at the rate of \$1.50, \$1.60, \$1.70, or \$1.75 for a dollar, resulting in very great loss to all who had to make payments of any kind in American money. The people reasoned that if American money could go down to \$1.98 it could go very much lower, and that there was no reason why it should not be upon a par with the Mexican dollar. There was much disturbance in business circles, and the conditions were highly unsatisfactory.

The banks suggested as a remedy the purchase and introduction of a British dollar, coined at Bombay, largely for use in the Straits Settlement and China. The so-called British dollar at that time could have been imported into Manila on the basis of about \$2.01 or \$2.02 for \$1 American gold, but its bullion value as compared with the Mexican is very difficult to ascertain with clearness, and the apparent effect of its introduction would have been to enable the local banks to have placed it in their vaults in lieu of the Mexican currency which the Government had there deposited to the amount of upwards of \$4,000,000, and to export to China the Mexican currency belonging to the Government, and thereby secure a very large profit to themselves by the substitution. Meanwhile, an additional element of uncertainty would have been introduced into the money of the islands, and the certainty of continued stability of ratio between the different currencies under such circumstances would have been far from clear. As subsequent events have shown, the attempt to introduce the so-called British dollar would not have contributed in any degree to the desired relief, because that dollar has been made use of in the military operations in China to a considerable degree, so that only \$1.95 or \$1.96 of that currency could now be laid down in Manila for \$1 of United States gold. Apparently the difficulty would have been aggravated instead of being relieved by the adoption of the course which the banks recommended to the military governor and to the Commission.

As temporary measures, the military governor, on August 3, 1900, directed the collector of customs and collector of internal revenue to receive United States currency, tendered in payment of taxes and customs dues, at the rate of two to one, and the treasurer to receipt for all United States currency turned into the treasury by collectors on the same basis; and on the 11th of August, made an arrangement with the Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China, in which the Government deposits of insular funds were kept, whereby the banks were to purchase from the public United States gold, silver, and notes handed over the counter at two to one, giving a return to the treasurer every Monday of

the amount of the previous week's operation, an equivalent amount then being transferred from the insular currency dollars to the balance held by the United States Treasurer in his gold-deposit account, at the same rate of two to one. This arrangement enabled the public at any time to obtain at the banks two Mexican dollars for a dollar of American money, so that the public were furnished with a stable currency, and American money was freely accepted in business transactions at the ratio stated, because it could at any time be transferred into Mexican money. But it was the large deposit of Mexican money which the Government then had in the bank that enabled it to furnish this facility to the public, and whenever the balance of Mexican money belonging to the Government and deposited in the banks should have been exhausted, it would no longer be possible to maintain the ratio indicated, except by the purchase and importation of additional Mexican money, which would have to be done at a considerable loss. The practical working of this regulation has been to materially reduce the Government's deposit of silver, and to increase its deposit of American money, in some weeks with startling rapidity. The receipts from internal-revenue and customs dues have been largely in the form of local checks upon the banks, which were payable in insular currency, so that the supply of Mexican money was in that way to some extent constantly replenished, but the depletion has continued at quite a rapid rate, as will be seen from the following statement of the amounts of the Government deposits in Mexican money and in United States money, stated by weeks, from the 18th day of August, 1900, to the 17th day of November, 1900, inclusive:

| Date. | Hongkong Bank. | | Chartered bank. | |
|--------------------|-------------------------|----------------|-------------------------|----------------|
| | United States currency. | Mexican. | United States currency. | Mexican. |
| August 18 | \$117,949.95 | \$2,440,910.10 | ..... | \$3,339,742.29 |
| August 22 | 107,293.86 | 2,471,051.62 | ..... | 3,216,413.53 |
| August 25 | 218,081.48 | 2,463,083.57 | ..... | 3,282,724.29 |
| August 29 | 301,535.07 | 2,250,993.35 | \$189,924.75 | 3,038,807.94 |
| September 1 | 300,160.04 | 2,370,293.72 | 189,924.75 | 3,172,705.29 |
| September 5 | 306,584.60 | 2,211,536.99 | 189,924.75 | 3,073,498.23 |
| September 8 | 312,031.56 | 2,280,806.30 | 189,924.75 | 3,178,470.94 |
| September 12 | 537,385.63 | 1,882,724.78 | 268,272.50 | 3,099,900.18 |
| September 15 | 543,335.11 | 1,995,655.55 | 268,272.50 | 3,169,438.80 |
| September 19 | 758,073.04 | 1,658,119.47 | 318,162.00 | 3,130,332.51 |
| September 22 | 762,900.12 | 1,173,065.04 | 318,162.00 | 3,299,152.07 |
| September 26 | 776,033.55 | 1,952,121.67 | 318,162.00 | 3,356,161.86 |
| September 29 | 901,619.50 | 1,764,393.84 | 409,449.50 | 3,269,391.52 |
| October 3 | 915,214.61 | 1,865,876.71 | 473,238.00 | 3,255,048.13 |
| October 6 | 1,116,469.40 | 1,588,559.12 | 473,238.00 | 3,311,520.60 |
| October 10 | 1,287,874.63 | 1,375,699.32 | 532,912.00 | 3,261,634.20 |
| October 13 | 1,301,065.81 | 1,461,595.07 | 532,912.00 | 3,064,738.21 |
| October 17 | 1,318,039.46 | 1,585,667.81 | 532,912.00 | 3,137,876.58 |
| October 20 | 1,311,369.11 | 1,670,092.58 | 532,912.00 | 3,238,066.50 |
| October 24 | 1,532,409.90 | 894,983.06 | 579,000.44 | 2,836,015.27 |
| October 27 | 1,570,688.08 | 1,011,833.65 | 581,586.47 | 2,871,071.07 |
| October 31 | 1,696,820.70 | 917,439.09 | 660,379.30 | 2,751,593.33 |
| November 3 | 1,705,924.35 | 981,359.14 | 676,512.44 | 2,815,788.83 |
| November 7 | 1,724,325.29 | 1,057,137.77 | 679,296.49 | 2,872,867.70 |
| November 10 | 1,900,124.73 | 721,255.49 | 737,620.18 | 2,821,614.39 |
| November 14 | 2,226,849.31 | 195,548.65 | 785,486.03 | 2,536,946.65 |
| November 17 | 2,234,302.76 | 290,420.35 | 787,566.94 | 2,586,553.87 |

As partial remedial or palliative measures the Commission has enacted laws providing for the payment of all salaries under the civil service in the islands in United States money, and has made its appropriations in that money so far as practicable. Both these measures have a tendency to diminish the demand upon the banks for Mexican dollars and to increase the circulation of United States money. It has also, by enactment, imposed a customs tax of 10 per cent on all Mexican silver exported. The Commission are aware that it is ordinarily unwise to attempt to control the free interchange of commodities or currencies according to the varying demands of trade by legislative enactment, but the conditions here in respect to currency are so anomalous that it was considered necessary to pass the law above referred to, not as a general or permanent enactment or announcement of principle of legislation, but as a temporary provision in aid of the maintenance of the ratio of two to one between the American money and Mexican money until the currency can be placed upon a fixed and uniform basis. The local banks were engaged in the rapid exchange with their customers of the Government deposit of silver into gold, the silver being by these transactions transferred from the Government account to the account of private depositors, and then, standing in the general deposit of the banks, it was by them being rapidly exported. By this process the Government deposit of silver was being rapidly exhausted, while the banks were making a considerable profit out of the export. It was considered by the Commission that the banks were under strong moral obligation to aid in the maintenance of the ratio of two to one in view of the fact that they are the beneficiaries of the Government to the extent of having the use, without interest, of several million dollars of its deposits.

It is thought that this enactment will have a tendency to retain the Government's deposit of Mexican money and to make possible the maintenance of the ratio stated for a longer period. The necessity for this legislation might perhaps be better illustrated by the statistics of exportation of currency. Between the 27th day of August and the 1st day of November, 1900, the two banks aforesaid exported \$2,087,500, and the deposit of Mexican money belonging to the Government in those two banks was, during that same period, depleted nearly the same amount. The Hongkong and Shanghai Banking Corporation was by far the more active in this business of exporting Mexican money. During the period last stated it exported \$1,935,000, and the Chartered Bank of India, Australia, and China exported \$152,500. Between the 17th and 31st of October \$1,312,650 of Mexican currency was exported by the two banks referred to and by private speculators. In the three days that elapsed between the publication of the proposed legislation placing a tax upon the export of Mexican dollars and its enactment on the 12th day of November, \$1,133,500 Mexican currency was exported,

\$500,000 of that sum being exported by the Hongkong and Shanghai Banking Corporation, \$150,000 by the Chartered Bank of India, Australia, and China, and the remainder by private speculators.

One very serious obstacle to the more extended use of American money has been the requirement by the local banks that all deposits, with very few and special exceptions, should be made, and all checks drawn upon them, in Mexican currency, so that whenever a large check was drawn by any Government official upon the Government gold deposit, the person receiving the check could not deposit it as a gold deposit, but must exchange it for Mexican money, which he could then deposit. This exchange could be made by purchasing Mexican dollars at the market value, or by exchanging the gold realized upon the check for Mexican money out of the Government deposit of Mexican money, in accordance with the order of the military governor made on the 11th day of August, as before stated. But of course the holder of the check would not buy Mexican dollars at the market rate, but would obtain his silver from the Government's deposit, and then deposit it in the banks to his individual credit. As a matter of fact, the Mexican money did not leave the banks, but was transferred from the Government's deposit into those of individuals. Meanwhile the banks have never done anything, so far as we are able to discover, to fulfill their guaranty to maintain the ratio of at least two to one as between American and Mexican money, made on August 19, 1898. But in pursuance of the arrangement and guaranty of that date, between that time and August 21, 1900, they imported in round numbers \$12,188,169 Mexican, upon all of which they have been able to obtain a profit.

It is the opinion of the Commission that the banks have not cooperated to the extent that they legally and morally ought to have done in maintaining a ratio of at least 2 to 1 in pursuance of the guaranty of August 19, 1898, and that their refusal to receive deposits in United States money subject to check is a direct discrimination against United States money, and has been one of the effective causes of the difficulties of the situation.

At the present price of Mexican dollars their export from the islands is profitable, but should their market value depreciate slightly the difficulty would correct itself and the ratio of 2 to 1 could be maintained without loss to anyone. The Commission has passed a law requiring the banks to receive deposits of United States money subject to check upon the same terms as those accorded to deposits of Mexican money, without discrimination, and otherwise regulating the business of the banks so as to secure fair treatment to United States currency.

The maintenance of the ratio of 2 to 1 by the use of Government deposits for that purpose, as above detailed, has in a sense been

attended with a substantial financial loss to the insular treasury; that is, its deposits of Mexican money, which have been exchanged for gold at the ratio of 2 to 1, were worth more than the sum received for them in United States money, and could have been sold here or in Hongkong for more money, but if so sold the established ratio would have been destroyed and United States money have been depreciated. The advantages of a stable currency have more than compensated for this apparent loss; but, in another sense, the loss is only apparent, not real. The treasury has received for its Mexican money as much as it cost, and for most of it more, since it was mainly taken into the treasury when the prevailing ratio was such that \$1 of United States money was the equivalent of more than \$2 of Mexican.

It is apparent that as long as the principal currency of the islands is Mexican money, the ratio of exchange between it and United States money will be subject to constant fluctuations, not only as the market value of silver changes, but more especially as the artificial demand for Mexican dollars may increase or decrease in the great contiguous Chinese markets. Every such fluctuation operates to the injury of all business interests except that of the local banks and speculators in currency. The natives of the islands have been so long accustomed to the silver peso as the standard of exchange that it will be difficult to induce them speedily to make general use of the American dollar. The value of their labor and commodities is fixed in pesos, and if the American dollar should be substituted as the only legal tender, the natives are quite liable to demand the same number of dollars as they have heretofore received pesos for the same labor or commodity, and thus prices would be advanced very largely, and progress would, for a time, be greatly retarded. It seems to be desirable that some substitute for the Mexican dollar, as well as for the Spanish-Filipino dollar, should be provided which would be uniform in its relation to the United States dollar, and would commend itself to general public use as being substantially what they have long been accustomed to. We have interviewed a large number of leading business men of the islands, and they substantially all concur in the opinion that it would be injurious to business to place the islands immediately upon an absolute gold standard.

As a solution of the problem it has been suggested, and the suggestion has met the approval of the business men here generally, that the United States dollar, or a theoretical United States-Filipino gold peso, of the value of half a dollar, like the theoretical gold yen which is the unit of currency in Japan, should be made the standard of value, but that a silver United States-Filipino peso, containing a small percentage less silver than the Mexican dollar, should be coined, which would be receivable in business transactions as the equivalent of 50 cents in United States money, together with convenient subsidiary

coins of the same character. The amount of silver in the peso should be such a percentage less than that in the Mexican dollar that its intrinsic value would not at any time warrant its export from the islands, but its convertibility into American money at uniform fixed rates, guaranteed by the United States, would make it a convenient and useful currency for ordinary business transactions in the islands. Foreign trade would be conducted upon a gold basis, and domestic transactions upon the same basis, but with the token silver currency above indicated as an available method of conducting smaller transactions within the islands. The Mexican and Filipino silver coins in the islands could be recoined into the new United States-Filipino coins as fast as they came into the treasury, which would within a comparatively short time perform the functions now performed by the Mexican and Filipino silver coins. At a suitable later date the Mexican and Filipino coins could all be brought in for recoinage by a law providing that they should not be legal tender after a date fixed in the law. The local mint can be put in order for such recoinage within one month's time, according to the report of Maj. L. A. Lovering, acting inspector-general.

In order that the present condition of the mint may be fully understood, we annex the report of Major Lovering, made under date of October 15, 1900, and it is marked "Exhibit I;" and the profit from the recoinage would much more than pay the expense of such repair. The system here indicated was outlined in a cablegram to the Secretary of War, dated the 2d of September last. It is impossible to state, with any degree of accuracy, the amount of Mexican and Filipino silver now in the islands. A great portion of the Mexican silver that was here prior to the period of American occupancy was smuggled in, and there are no statistics to show its amount. The estimated amount of Mexican and Filipino currency in the islands is 35,000,000 or 40,000,000 pesos. The amount of United States money in the islands is constantly increasing by reason of the funds that are sent here for the payment of military expenses. If the Spooner bill, or other like legislation, should be enacted by Congress, it is thought by the Commission that further Congressional action would be unnecessary for the execution of the plan here outlined. Without such a coinage, or some other scheme that shall accomplish substantially the same result, it will be difficult or impossible to maintain the existing ratio of 2 to 1, if the price of silver and of Mexican dollars continues to appreciate in the markets of the world. Of course, the Government can purchase Mexican dollars and import them, and so undertake by main force to maintain the existing ratio; but so long as it should continue to be profitable to export Mexican dollars, and there should be no restrictions upon such export, it is apparent that the Mexican dollars purchased by the Government for the maintenance of the ratio between

the two would at once come into the hands of speculators, in exchange for American currency, and be exported at a profit, so that the process would be a continued one of heavy expenditures on the part of the Government, largely for the benefit and profit of the banks or private speculators. The law imposing an export duty upon Mexican money was passed in part for the purpose of meeting this contingency.

It is not considered necessary to embrace in this report further statistics as to the currency situation, because the treasurer of the islands in September last made to the Secretary of War, through the military governor, a report containing all available statistics down to that time, and conditions have not changed materially since the date of that report, except that the amount of Mexican currency to the credit of the insular government in the banks is now materially less than at that time, while the gold deposit has largely increased, as shown.

BANKS.

The report of the treasurer above referred to contains statements as to the financial condition of the banking institutions doing business in the islands, and the reports of each of such institutions, and that information need not here be repeated. As to the two principal banks, the Hongkong and Shanghai Banking Corporation, and Chartered Bank of India, Australia and China, a statement of their local condition throws little light upon the security of the Government deposits with them. It must depend upon the solvency of the two corporations as a whole, and not upon the local cash balances or available assets. Both banks are powerful institutions, having a large capital and great reserve, all of which stand as security for the Government deposits, aside from the \$1,000,000 of bonds which they have deposited for that purpose. There is nothing known to the Commission that would indicate any doubt as to the entire safety of the insular deposits in those banks, but in accordance with the recommendations of the Secretary of War legislation has been enacted providing for reports by all the banking institutions in the islands to the treasurer, at such times as he shall call for them, and requiring him to call for them with sufficient frequency to enable him to be thoroughly informed as to their condition from time to time, and also providing for an examination of the institutions by the treasurer. The business of the banks here has been highly profitable since American occupancy.

It is very desirable that banks should be established in these islands organized under laws of the United States. Apparently, Congressional action will be necessary to extend the system of national banks to the Philippine Islands and to enable such institutions to be organized here under the safeguards thrown around them by our laws. To be able to compete with the banks now doing business in the Philippine Islands, a national bank should have ample capital. The trans-

actions in exchange, growing out of the large imports and exports, involve great sums in the aggregate and in individual transactions, and an American bank ought to be able to meet the requirements of the largest business interests in this respect. The deposits of the funds of the insular government would, doubtless, to a considerable extent, be made in United States banks, and their deposits from individual commercial establishments would be large; the business of exchange would be highly profitable, and, as the industry and commerce of the islands continue to be developed, money would be in demand, so as to keep all available capital safely employed all the time. Such banks, also, would relieve the currency situation to a degree, by furnishing paper money for ordinary business uses, which has a great advantage over the bulky silver now generally in use.

The existing law relating to the Filipino-Spanish bank is fully stated in the documents contained in the Treasurer's report above referred to. The bank was in a somewhat straitened condition soon after the American occupancy, owing to the large advances which were made to the Government of Spain, but its claim against the Government of Spain has been adjusted, and there is nothing now to indicate that the bank is not in a safe condition. It is paying 8 per cent dividends and its stock sells at a considerable premium. The amount of bank notes or bills issued by it under its charter, and outstanding, on August 31, 1900, was \$2,700,750 Mexican. The amount outstanding at a corresponding date in 1898 was \$2,608,400, and in 1899, \$2,077,895. It is supposed that a considerable portion of this paper money has been lost or destroyed.

CUSTOMS.

The custom-house at Manila was opened for business by the United States military government August 20, 1898. The Spanish tariff and customs regulations found in force were continued.

In anticipation of the occupation of Manila a translation of the Spanish tariff, with some modifications, had been prepared in Washington prior to the arrival of the troops, and by order of the President, dated July 13, 1898, directions were given to proclaim and enforce this tariff in the islands as soon as the United States forces obtained possession. This tariff and the accompanying orders were received at Manila in September, after the custom-house had been in operation for some weeks. It was at once published, to take effect October 1, 1898. The proclamation of this new tariff and the short notice given of the change brought forth many protests, petitions, and requests from merchants and other persons doing business in Manila, and it was decided by the military governor that if put into effect at once the new customs duties would derange trade and prejudice American interests. He therefore postponed its enforcement until November 10, 1898. Meanwhile a board of officers was appointed

to consider the modification of the consumption or excise taxes on cigars and cigarettes which had been proposed by the authorities in Washington in connection with the tariff. Upon recommendation of this board these excise taxes were suspended. In October, 1898, an expert on revenue matters sent out by the War Department to aid in the preparation of the tariff arrived at Manila, and he was instructed to make such revision as seemed needful. The tariff and regulations prepared by him were practically a translation of the Spanish tariff and regulations, and were put into force November 10, 1898, in place of the tariff above referred to, which had been prepared in Washington. The tariff and regulations thus established, with some slight modifications which appeared necessary from time to time, are still in effect.

The Spanish tariff and customs regulations were framed to meet conditions essentially different from those which have prevailed under American rule, and in consequence there is an urgent need for revision. Objections have been made both to the tariff itself and to the regulations under which it is enforced. The objections to the regulations are, however, of much greater frequency than those to the tariff. It is complained that the present regulations involve unnecessary delay and expense in clearing goods, and constitute a serious restraint on trade. The rates of duty have been criticised in numerous instances, and there are serious faults in the classification, but there has been comparatively little complaint with the tariff as a whole.

A thorough revision of the tariff and of the regulations was begun in June, 1900, by a board of officers appointed by the military governor under instructions from the War Department. By order of the Secretary of War this board reported to the United States Philippine Commission on August 25, 1900, and turned over with its report all the information, correspondence, papers, etc., which it had collected as bearing on the revision. The United States Philippine Commission has taken up the task of revising the tariff, and has a new tariff law nearly completed. When completed and approved the new tariff law will be published, and a sufficient interval allowed before it goes into effect to enable importers to adjust their business thereto. In the interval the regulations will be revised in the form of an administrative act to go into effect on the same date as the tariff.

The Spanish tariff now in force consists of: (A) specific duties on all imports, (B) surtaxes for harbor improvements, (C) so-called *ad valorem* taxes on imports, (D) consumption taxes on certain imports, (E) miscellaneous charges, and (F) export duties. In its present form it originated in the royal decree of January 7, 1891. This decree established specific duties on all goods imported to these islands, and upon certain goods exported. Other taxes were established subsequently, as will be explained below.

A.—The specific duties.—The decree of 1891 established specific duties upon all imports into the islands, and upon certain exports from the islands. There were in the tariff no ad valorem duties properly so called. The specific duties established by this decree were based in large measure upon the rates prevailing prior to 1891. Those rates were originally, that is, prior to 1828, 10 per cent ad valorem. (For an account of the tariff board created in 1828, see report of the first Philippine Commission, vol. 1, p. 78.) But the practice of fixing the values at which goods imported might be declared and of levying 10 per cent of these fixed values developed a tariff of fixed charges, and, with certain exceptions, the royal decree above referred to simply transformed these fixed charges into regular specific duties. The departures from the original principle of making the duty equal 10 per cent of the value of the imports were made in some cases to protect island industries, but they were mainly intended to favor the market for Spanish goods.

In accordance with the general principle governing the Spanish colonial policy goods or merchandise coming from Spain and entering the ports of the islands under the Spanish flag were exempt from the payment of these duties. The United States Government continued this exemption on all goods leaving a Spanish port prior to April 25, 1898, the date of the formal declaration of war by the United States, and arriving in these islands prior to November 10, 1898. On the latter date this privilege ceased, and since then Spanish goods have paid the same duties as those from other nations.

B.—Harbor improvement tax.—As early as 1880 a board for harbor improvements (Junta de Obras de Puerto de Manila) had been established at Manila under royal decree, looking to the construction of requisite harbor facilities. To furnish a fund for this purpose the board was allowed to collect a tax amounting to 20 per cent of the regular duties on all merchandise, and in addition thereto. Goods originating in Spain paid this tax, although exempt from the regular duties. It was collected by the board itself and not by the customs authorities.

In 1891 this surtax was reduced from 20 to 10 per cent, and instead of being confined to Manila was extended to the other ports of the islands. The collection of the tax from that time on was made by the customs authorities and the funds were turned into the treasury. But the moneys so obtained were, according to the tenor of the royal decree, to be reserved for the improvement of the harbor in the ports at which it was collected. This surtax of 10 per cent being in force at the time of the American occupation was continued, and is now an integral part of the customs tariff.

C.—The so-called Ad Valorem Taxes.—For a number of years, beginning with 1890, the Spanish Government had experimented with taxes

for "loading" and "unloading" (*carga* and *descarga*) as a possible substitute for export taxes. The result of these experiments was the establishment in 1896 of an "unloading" tax (*descarga*) of 2 per cent ad valorem on all goods coming into the islands, including those from Spain. This tax was based upon a table of fixed official values prepared in Spain under the provisions of the royal decree of August 16, 1895. This table of values was given official recognition in the Philippines by order of General Blanco, August 28, 1896, and the 2 per cent "descarga" was in force at the time of the American occupation. Although this tax was established just after the discovery of the insurrection (August 19, 1896), it does not appear that it was conceived as a means of raising additional revenues for the prosecution of the war. It was simply a substitute for the older taxes at varying rates for "loading" and "unloading."

One year later, by royal decree, dated August 14, 1897, and put into force by order of General Rivera, August 20, 1897, the Spanish Government established an extraordinary tax of 6 per cent ad valorem based on the aforementioned table of official values. This tax covered Spanish goods as well as those of other countries. It appears to have been purely a war tax. It was still in force when the American forces took possession of Manila.

As both the 2 per cent "descarga" and the 6 per cent extraordinary tax were levied on the table of values, the United States custom-house simply added the two together and levied 8 per cent ad valorem, so called, upon all imports, in addition to the specific duties according to the table of official values.

D.—Consumption taxes.—By royal decree, dated August 24, 1896, and put into force in the islands August 27, 1896, certain so called consumption taxes, to be collected by the customs authorities, were established. These took the form of additions to the import taxes on spirituous liquors, beer and cider, vegetables, flour, salt, and on petroleum and other mineral oils. The tariff prepared in Washington proposed the removal of these taxes so far as vegetables, flour, salt, petroleum, and mineral oils were concerned, and the substitution of an internal-revenue tax on cigars and cigarettes. But a special board of officers, appointed by the military governor on the 24th of September, 1898, to consider the effect of this change, reported that the proposed tax was inequitable as between cigars and cigarettes, and recommended that this section of the law be suspended. (See report of Lieutenant-Colonel Spurgin, Sixth U. S. Infantry, collector of customs, dated Manila, P. I., September 27, 1899, published in the Appendix to the Annual Report of Major-General Otis, military governor of the Philippine Islands, Manila, 1899, Appendix S.) The result was that the old Spanish consumption taxes were restored in toto, and that they are still in force.

E.—Miscellaneous charges.—In addition to the foregoing taxes, which constitute the tariff proper, all goods exported pay wharf charges and harbor dues of 1½ pesos per ton of 1,000 kilos, and all goods imported and destined for transshipment to other ports in the islands pay wharfage of one-half peso per ton of 1,000 kilos. The vessels carrying the goods also pay on entry at any port a tonnage tax or light-house dues of 0.10 peso per net ton and stamp taxes on the ship's papers; the latter amount in all to 4 pesos.

F.—Export duties.—The principal exports of the islands, namely, hemp (abacá), indigo, rice, sugar, cocoanuts (copra), and tobacco, were each subject to a specific duty. These export duties have been in operation for many years, and have yielded a revenue as high as 700,000 pesos in one year. For the two years 1891 and 1892 they were suspended, and the effort was made to obtain an equal revenue in the form of the taxes for loading and unloading, referred to above. The export duties were, however, restored in 1893, and are still in force. The rates are extremely low, amounting to about 2½ per cent, and there is no evidence to show that they affect the market for the products taxed. As the industries thus taxed do not contribute in any other way to the support of the government, there seems to be no objection to the retention of these revenue taxes.

The items included under the first four of the above heads constitute a fixed charge for each item imported, as will be more readily seen from the following calculation of the total duty on 100 kilos of salt:

| | Pesos. |
|---|--------|
| Duty (according to the tariff of specific duties)..... | .650 |
| Surtax (10 per cent of the above duty)..... | .065 |
| Ad valorem tax (8 per cent of the official value, 0.40 peso)..... | .032 |
| Consumption tax..... | 1.000 |
| Total duty..... | 1.747 |

The amount of the total duty on any one article per unit of weight never varied, although, under the Spanish administration and for the first two years of the American administration, each item was calculated as in the above illustration. For the convenience of the public and of the customs authorities themselves, a pamphlet was published September last showing the consolidated duties on each article. Had this been done in the beginning, much misunderstanding of the charges and many errors in the calculation of the duties would have been avoided.

It is somewhat difficult to arrive at an estimate of the exact burden which the tariff lays on the commerce of the islands, owing to the fact that the invoice values are not used as a basis for calculating the duties and do not necessarily correspond to the true market values. At the same time there is no temptation to understate the values, as would be the case if the declared values were used as the basis for the tax. The statistics published by the Spanish Government end with the year 1894, and the records for later years are missing. As most of the rates were

altered between that date and the American occupation, these older records are not particularly useful for comparisons. Moreover, we can not now ascertain the principles on which the Spanish statistics were compiled, and can not, therefore, correct the many apparent errors and contradictions with which these reports are filled. But taking the figures as we have them, it appears that the Spanish tariff imposed, in 1894, a burden of about 16 per cent on the commerce of the islands, goods from Spain being excluded from the calculation. Taking the declared values as a basis, the total duties collected by the United States custom-houses in the islands on all dutiable imports amounted to 23.7 per cent ad valorem, which corresponds quite closely to the result obtained above from the Spanish statistics, if allowance be made for the 8 per cent ad valorem taxes which were added to the Spanish tariff between 1894 and 1898. On all the imports, free and dutiable together, the burden is about 21 per cent. It is safe to say, therefore, that the import duties consume about one-fifth of the value of the goods.

It is, however, much more important to consider the effect of the duties on particular articles. A duty on some one article so high as to be well nigh prohibitory would not affect the general average, as such articles contribute very little to the total duties paid.

Of the twenty-one commodities the total importation of which exceeded \$100,000 gold during the calendar year 1899, one, namely, glass, paid 9.1 per cent, and one, petroleum, 127.2 per cent of the invoice values. The following table shows that the burden of the duties is very unequally distributed among these twenty-one commodities:

Values of importations and duties collected on commodities the total importation of which exceeded \$100,000 (gold) for the year 1899.

[Values are stated in terms of United States gold coin.]

| Commodity. | Value. | Duty. | Rate. |
|---------------------------------|------------|-----------|------------------|
| Cotton: | | | <i>Per cent.</i> |
| Raw (391,291 pounds)..... | \$28,525 | \$1,713 | 6.0 |
| Yarn (1,033,919 pounds)..... | 542,382 | 85,744 | 15.6 |
| Manufactured..... | 3,831,298 | 994,105 | 25.6 |
| Rice (148,527,169 pounds)..... | 2,349,666 | 449,882 | 18.2 |
| Glass..... | 574,456 | 52,810 | 9.1 |
| Paper and manufactures..... | 510,343 | 98,881 | 19.3 |
| Wines..... | 420,196 | 101,266 | 24.2 |
| Flour..... | 362,798 | 73,504 | 20.2 |
| Books (paper covered free)..... | 312,895 | 20,357 | 6.5 |
| Iron: | | | |
| Raw..... | 206,771 | 40,030 | 19.3 |
| Cutlery..... | 38,646 | 6,441 | 16.6 |
| Machinery, etc..... | 116,312 | 18,454 | 15.8 |
| Opium..... | 276,676 | 92,679 | 33.4 |
| Spirits..... | 276,213 | 121,541 | 44 |
| Malt liquors, etc..... | 275,769 | 99,060 | 36.2 |
| Eggs..... | 187,325 | ..... | Free. |
| Matches..... | 163,954 | 32,275 | 19.6 |
| Silk manufactures..... | 163,374 | 34,156 | 20.8 |
| Cocoa..... | 160,579 | 19,516 | 12 |
| Prepared foods..... | 155,727 | 14,779 | 9.4 |
| Earthenware..... | 150,342 | 22,723 | 15 |
| Petroleum..... | 144,877 | 184,888 | 127.2 |
| Paints and colors..... | 139,771 | 11,362 | 8.1 |
| Shoes and sandals..... | 123,211 | 23,236 | 18.8 |
| Meat..... | 101,708 | 30,067 | 29.5 |
| Total dutiable..... | 16,820,393 | 3,364,090 | 20 |
| Total imported..... | 18,707,483 | 3,364,090 | 18 |

One striking characteristic of the Spanish tariff is that it discriminates in a marked way against the poor and in favor of the rich. Thus, in the above table it will be seen that cotton cloth and rice, the poor native's dress and food, pay 25.6 per cent and 18.2 per cent, respectively, while silk and prepared foods pay only 20.8 per cent and 9.4 per cent, respectively. Beer is not a beverage of large consumption among the natives and, moreover, the Spanish duty on beer protected an industry for which a monopoly was claimed. But, nevertheless, it seems remarkable that the duty on beer should be 0.9277 peso per liter when the duty on champagne is only 0.355 peso per liter. The application of specific duties to classes containing both high and low priced goods caused a similar discrimination in favor of the rich. Thus boots and shoes of all kinds pay the same rate, lamp chimneys and cut-glass decanters are in the same class, and a fireproof safe pays at the same rate per 100 kilos as a bicycle or a typewriter. The taxation of articles according to their component materials operates in many cases in the same direction. Thus, for example, clockworks, unfinished, pay duty as "common wrought iron or steel in pieces of less than 25 kilos each," or at the same rate that is applied to horseshoes. Other illustrations of each of these characteristics can be found in almost every number of the tariff.

A number of infelicities arise from the system of levying duties upon complex manufactures according to the materials. Thus, electrical appliances pay duty as iron, brass, porcelain, rubber, lead, etc., in proportions which it is always difficult to adjust to the mutual satisfaction of the importer and of the custom-house officials.

While there is no distinct discrimination against American products, some of them stand under peculiar disadvantages. Thus, in cotton goods the duty per yard increases with the number of threads per square inch, and with the weight in such a way that the American cottons have to pay a higher duty in proportion to value than the heavily clayed German and English goods with which they most directly compete. The duties on smoked or salted meats and on canned goods are so high that these important American products are practically excluded. In the revision of the tariff care has been taken to see that American goods have as good an opportunity to enter this market as those of any other nation.

The increase in the commerce of the islands since the American occupation and the consequent increase in the revenues has been phenomenal. This can not be regarded otherwise than as gratifying evidence of the general confidence which our administration has assured.

The largest importations for any one year given in the Spanish reports available were in 1894, when the total was 28,529,777 pesos (about \$14,264,888) and the duties on these imports amounted to 3,695,446 pesos. (Spanish goods valued at 10,509,937 pesos were

admitted at reduced rates.) The imports for the calendar year 1899, with only three ports open and two of these for only a part of the year, were 42,176,362 pesos (about \$21,088,181) and the duties collected amounted to 7,855,521 pesos (about \$3,927,760). In the nine months from January 1 to September 30, 1900, the imports have been 33,655,518 pesos, and the indications are that they will exceed 50,000,000 pesos before the close of the year. These figures do not include any goods imported by the commissary or quartermaster for the use of the Army. Briefly stated, the imports were 47 per cent greater the first year, and 75 per cent greater the second year, than under the most favorable circumstances under Spanish rule. That this increase should occur in the face of actual warfare, and of the disturbed conditions of commerce and industry resulting from the war, makes it all the more significant. The imports from all countries except Spain have increased; those from Spain have fallen off about one-half, i. e., from 10,509,937 pesos in 1894, to 5,249,758 in 1899.

The tables marked Exhibit K, show the business of the custom-houses at the different ports since they were opened for business under American authority.

THE PRESENT SYSTEM OF INTERNAL TAXES.

The sources of internal revenue are of five classes:

1. The so-called industrial taxes.
2. The urbana taxes.
3. The stamp taxes.
4. The sale of certificates of registration (cédulas personales).¹
5. The public domain.

The industrial taxes and the urbana taxes together constitute practically an income tax of, roughly, 5 per cent on the net income of persons engaged in industrial and commercial pursuits and on the owners of improved city property. The so-called industrial taxes may be divided into two classes: First, those levied upon persons whose salaries, emoluments, or profits are easily ascertainable. In this class the rate is 5 per cent upon the annual salaries or profits. Second, those levied upon persons whose profits could be readily concealed. In this class the assessment is made upon the basis of certain easily ascertainable characteristics of the business in which the taxpayer is engaged, and the rates are in the form of a tariff, the amount charged in each case being, roughly, the equivalent of 5 per cent of the average annual profits. In both classes the rate is lower than 5 per cent for persons whose incomes are comparatively small. Under the first class, for example, the director or manager of a corporation will pay 5 per cent on his salary or other compensation, the shareholders of the corporation will be taxed 5 per cent on the dividends they receive, the tax

being paid by the corporation before the dividend is distributed, and the employees of the corporation will pay $2\frac{1}{2}$ per cent on their salaries, provided the salaries exceed 600 pesos.

Under the second class a person engaged in the sale of general dry goods in a shop or store will pay either 400 pesos per annum, if his business is large enough to warrant the direct importation of the goods, or 200 pesos if he is not an importer, or 300 pesos if in addition to dry goods he sells jewelry with pearls or precious stones. An examination of business actually conducted under each of these three conditions reveals the fact that the rates charged are, roughly, 5 per cent of the net profits commonly obtained. Again, under the second class, the owner of a small hardware shop located in a detached house or gateway, with but one door and without a storehouse, pays 100 pesos; if he has a godown or storehouse, 120 pesos; if he has two doors but no godown, the same; if he has two doors and a godown, 150 pesos. In the same way all the industries and shops of the islands are classed into groups according to the simplest available characteristics which indicate in any way the size of the business done and the possible profits. The characteristics chosen to determine the rates conform to the traditional and customary forms for the organization of each of the different kinds of business, and are marked with sufficient clearness to make the administration easy.

This tax has been in use in the islands since July, 1879, without material change, and constitutes one of the conditions to which business is adjusted. Under the Spanish administration the industrial taxes yielded in 1896-97, 1,400,700 pesos, an amount which, under our administration, might possibly be doubled.

The urbana taxes.—The urbana taxes supplement the industrial taxes. As explained above, the latter fall on salaries and on profits accruing from manufacturing and commercial enterprises, while the former fall on income from rents. The rate is again 5 per cent, and is assessed on what is assumed to be the net income from houses, namely, the annual rental value less 25 per cent for repairs and maintenance. It should be observed that this tax covers the income from the site as well as that from the building, as it is assessed on the rent. Houses that are unoccupied, or that are occupied by the owners, are taxed according to what they would rent for, which is determined by reference to other houses in the same locality. The owner is required to state the rent, and his statement is verified by an examination of the receipts in possession of the tenant.

Exemptions.—1. Buildings renting for less than 26.66 $\frac{2}{3}$ pesos per annum are exempt. The tax on such buildings would only amount to 1 peso per annum, an amount which is scarcely sufficient to warrant the cost of collection. There is little objection to this exemption, as

the owners or occupiers of such houses are obviously poor, and are, moreover, taxed in other ways.

2. All public property, including buildings used as hospitals, asylums, and charitable or educational institutions belonging to private persons, provided they are loaned to the Government rent free.

3. Buildings owned and occupied by religious communities, and buildings which serve as residences by parish priests.

The urbana taxes yielded 140,280 pesos in 1896-97. That they would increase rapidly if maintained under our administration is shown by the fact that the receipts from this source in the city of Manila alone amounted to 125,047 pesos in 1899-1900.

Stamp taxes.—These are taxes collected by the sale of stamped paper and adhesive stamps, which the law requires shall be used for— (1) Legal documents of all descriptions; (2) for drafts and bills of exchange and receipts; and (3) for the payment of fines to the State. The receipts in 1896-97 amounted to 870,000 pesos, but these included 220,000 pesos for telegraphic and 100,000 pesos for postal communications, and 24,000 pesos for fines remitted, leaving a net balance of 546,000 pesos.

Certificates of registration (cédulas personales).—The *cédulas personales*, as used by the Spaniards, constituted a poll tax graduated according to the amount of direct taxes paid by the citizen, or according to his income. The rates ranged from nothing for certain privileged classes up to 25 pesos (later 37.50 pesos). Special schedules (*cédulas*) were provided for the Chinese, the rates for which ran considerably higher. These taxes were decidedly unpopular. The rates were undoubtedly too high, and the administration and collection was conducted in a most oppressive manner. The collection was enforced in ways that were particularly obnoxious, and was connected with other legislation that was oppressive and unpopular. A tax of this general character, however, seems necessary, whatever the system of taxation adopted, as there is no other way of reaching the great mass of the people who are not reached by the other taxes. But there seems to be no necessity for a graduated scale.

On the American occupation these taxes were abolished. But it was found that the possession of such a document for the purpose of identification was required by the procedure of Spanish law, and subsequently the sale of certificates was resumed at a nominal and uniform rate of 0.20 peso each, an amount which was supposed to be just sufficient to cover the cost of issuance.

The *cédulas* constituted the largest item in the list of revenues, amounting to 7,000,000 pesos.

Land tax.—The land of the Philippine Islands has hitherto remained essentially free from taxation. The fact that the owners of the land have been especially powerful in determining the policy of the Govern-

ment may have had much to do in establishing this condition of affairs. The result has been to relieve the bulk of the property of many persons from taxation, and by so much to increase the burdens of those whose property was not in land. Inasmuch as a large amount of the property of the rich has consisted in land, the exemption of this form of property from taxation has directly favored the rich at the expense of the poor. A well-ordered land tax, which it is proposed to levy, will not only abolish this injustice but will become an important source of revenue.

IMPORTANT RECEIPTS OF THE SPANISH GOVERNMENT NOW SUSPENDED.

In addition to the items of revenue discussed above, the Spanish Government collected the following amounts:

1. From the contract for the sale of opium, yielding in 1896-97, 576,000 pesos.
2. Lotteries, yielding in 1896-97, 1,000,000 pesos.
3. From coining money, yielding in 1896-97, 200,000 pesos.

It seems to be impracticable to resume the second of these receipts. Opium, however, is a very legitimate and lucrative subject of taxation. Any repressive effect which a heavy tax on opium may have on its consumption is a clear gain to the well-being of the community, which will more than offset the loss of revenue. Prohibition of its use can hardly be enforced, and, in view of the fact that a high duty would lead to extensive smuggling, some other form of a tax must be devised to make opium return its proper contribution to the revenue.

The Spanish administration found an advantage in the internal taxes here outlined in that they were easily and cheaply collected. These taxes passed as an inheritance to the Americans and, with certain modifications, they have been collected down to the present. The most important modification effected was the abolition of the certificates of registration (*cédulas personales*), closing a source of revenue that had produced about 7,000,000 pesos annually. This left a revenue of less than 2,000,000 pesos, but much of the injustice and annoyance of the old system remained. The taxes bore heavily on the poor, because land was exempt from taxation, thus throwing the burden of furnishing the required revenue on industrial and commercial pursuits, and because the lowest rate on shops was exorbitant when required of the large number of very small traders. It is believed the so-called industrial taxes, the urbana taxes, and the stamp taxes require either a thorough readjustment or complete abolition, and that new sources of revenue may advantageously be found in a reasonable ad valorem land tax, a proper corporate franchise tax, and a tax on such pursuits as require special police supervision, which will produce less annoyance than the existing system and return an adequate revenue.

EDUCATION UNDER SPANISH RULE.

Under Spanish rule there was established in these islands a system of primary schools. The Spanish regulations provided that there should be one male and one female primary school-teacher for each 5,000 inhabitants. It is clearly shown in the report of the first Philippine Commission that even this inadequate provision was never carried out. They say: "Taking the entire population at 8,000,000, we find that there is but one teacher to each 4,179 inhabitants." There were no schoolhouses, no modern furniture, and, until the Americans came, there were no good text-books. The schools were and are now held in the residences of the teachers, or in buildings hired by the municipalities and used by the principals as dwellings. In some of the schools there were wooden benches and tables, but it was not at all unusual to find a school without any seats for the pupils. In these primary schools reading, writing, sacred history, and the catechism were taught. Except in a very few towns, the four elementary arithmetical processes were attempted, and in a few towns a book on geography was used as a reading book. Girls were taught embroidery and needlework. From the beginning the schools were entirely under the supervision of the religious orders, who were disposed to emphasize secondary and higher education for a few pupils rather than to further and promote the primary education of the masses. The result of this policy is that a few persons have stood out prominently as educated Filipinos, while the great mass of the people have either not been educated at all or furnished only the rudiments of knowledge, acquiring merely the mechanical processes of reading and writing. The little school instruction the average Filipino has had has not tended to broaden his intelligence or to give him power of independent thought. One observes in the schools a tendency on the part of the pupils to give back, like phonographs, what they have heard or read or memorized, without seeming to have thought for themselves. As a rule, they possess mechanical skill, and they excel in writing and drawing. The Spaniards made very little use of this peculiar capacity.

It is stated on good authority that when the Spaniards came here several of the tribes of the Philippine Islands could read and write their own language. At the present time, after three hundred years of Spanish domination, the bulk of the people can not do this. The Spanish minister for the colonies, in a report made December 5, 1870, points out that, by the process of absorption, matters of education had become concentrated in the hands of the religious orders. He says: "While every acknowledgment should be made of their services in earlier times, their narrow, exclusively religious system of education, and their imperviousness to modern or external ideas and influences, which every day become more and more evident, rendered secularization of instruction necessary."

Many of the characteristics of the Filipino schools, as established by the Spaniards, are still unchanged. It may be said that in the typical provincial school at first a kind of religious primer was read in the native language, and that later a book on Christian doctrine was taught. The text-books found in the schools were crude, and provided a large amount of religious instruction. The pupils have been obliged to learn by heart the exact words of the text-book. The teacher, with book in hand, hears one pupil at a time; the others at the same time are studying aloud, apparently doing their best to drown the voices of both the teacher and of the pupil reciting. The teacher only asks the questions that are written down in the book. To the visitor the instruction as carried on by the native teachers seems tediously mechanical, noisy, and hardly effective or economical. The teachers do not have fixed daily programmes, and so the time of the school is not well distributed.

Generally those who attend school are from 7 to 10 years of age. The teachers are classified according to the importance of the towns where they serve. Compensation has been so inadequate that the teachers' calling has been greatly underestimated. No provision has been made for courses of instruction for those engaged in teaching. There is apparently no professional enthusiasm. Appointments have been governed largely by the term of service of the teacher, regardless of the quality of the service. It has been stated that in 1897 there were in these islands 2,167 public schools. The ineffectiveness of these schools will be seen when it is remembered that a school under the Spanish régime was a strictly sectarian, ungraded school, with no prescribed course of study and no definite standards for each year, and that they were in charge of duly certificated but hardly professionally trained or progressive teachers, housed in unsuitable and unsanitary buildings.

EDUCATION IN THE PHILIPPINE ISLANDS UNDER AMERICAN MILITARY GOVERNMENT.

General Otis wished military officers to open as many schools as possible. He selected and ordered the text-books now in use. Several of the district commanders appointed officers to act as superintendents of schools. Among these there were several army chaplains. In a few instances these attempts at supervision of schools have been successful. In northern Luzon about 120 schools have been opened and fairly well equipped with stationery and supplies. The main difficulty in this region has been to get teachers. For instruction in English soldiers have sometimes been detailed, but in spite of the efforts of the military officers it may be said in general that education throughout the islands is in a chaotic condition. The schools that have been established are poor. There is no attempt at gradation of pupils, and the work, lacking supervision, is aimless. According to

reports received from district commanders, there are at present about 1,000 schools open. Prior to September 1, 1900, approximately \$41,000 was expended for stationery and text-books ordered by the military governor. A portion of this material has been used in Manila. Most of the text-books ordered were in Spanish.

Outside of Manila very little has been done in instruction in English. The soldiers detailed to teach have not always been successful, and the commanding officers are unanimous in urging English instruction and in asking for trained English teachers. The natives are reported as eager to learn English, and the use of Spanish or the native dialects is generally deprecated. Buildings of some sort are reported to be available, but except in a few cases are said to be unsuitable. Throughout the islands the practice still prevails of allowing the principal and his family to live in the school building. This is condemned by those who have reported concerning the practice. The salaries are low, but higher than those stated in the report of the first Philippine Commission. Probably \$12 Mexican per month for women and \$20 Mexican per month for men would be a fair average. In many cases it is reported from provinces that the natives can do nothing for themselves except to provide schoolhouses, which they are quite willing to do. Books and stationery and English teachers must be furnished by the Government. Until a land tax shall have been levied, financial aid will have to be furnished to certain pueblos too poor to pay even the small salaries of the native teachers. In one of the reports received, Captain Echols says:

To teach English to the natives a knowledge of Spanish or Tagalog is not necessary. I at one time had charge of 4,000 American Indians, with 6 American boarding schools. Not a child could speak a word of English on entering the schools, and in three months from entry these children could speak it fairly well, and this was accomplished by teachers utterly unfamiliar with any one of the numerous native dialects.

PRESENT EDUCATIONAL OUTLOOK.

By consultation and correspondence with military officers, presidents, and others, an effort has been made to ascertain the exact educational situation and the general opinion as to the educational policy to be pursued. A great diversity of opinion, due largely to the diverse social conditions existing in the archipelago, has been discovered.

On September 1, 1900, Dr. Fred W. Atkinson assumed the duties of general superintendent of education, and he has been acting—until recently relieved by Dr. David P. Barrows—at the same time as superintendent of the schools in Manila.

Undoubtedly a well-directed system of education will prove one of the most forceful agencies for elevating the Filipinos, materially, socially, and morally, and preparing them for a large participation in the affairs of government. Effort is being made to provide a

system of public instruction adapted to the conditions existing in the different islands. According to the American standard, the ideal school is a nonsectarian, graded school, with a prescribed course of study and definite standards for each year, under charge of trained teachers and housed in suitable buildings. Some modification of this ideal must be allowed, however, to bring the means of instruction within the reach of the entire child population of these islands. In some of the smaller towns schools will have to be organized under conditions which will preclude an immediate compliance with the standard to be set for the larger towns, and in the sparsely settled portions of the country it may be necessary for teachers to go from barrio to barrio, as is now done in some parts of Norway and Sweden. Common schools must be established everywhere, and as a minimum standard every child must be taught arithmetic and to read and write the English language.

In addressing the Commission on November 21, 1900, concerning the bill providing for local civil government in the province of Benguet, Mr. Otto Scherer, who has lived for many years among the Igorrotes, spoke as follows of their attitude toward education:

I beg to call the attention of the Commission to the great urgency felt even by the Igorrotes of Benguet that schools be established, and not only town schools in the old fashion, but an English school in the future capital of the province, which will be Baguio. For these schools I ask you especially for the financial assistance of the insular government, because without such aid schools would be organized which it would be better not to organize at all. I have sounded the opinion of several Igorrotes in Benguet as to schools, and I am glad to be able to say that I find them convinced of the great necessity of rising from their present state of illiteracy, as it is recognized by them as the origin of many of their troubles. They are quite prepared to immediately build schools, but the erection of the buildings would be all they could do by themselves, and this only on condition that the insular government would allow them to cut timber in the public woods free of charge, and that security be given to them that the buildings they erect for schools be not given any other destination after completion.

SCHOOL ORGANIZATION.

The peculiar conditions existing here demand a centralized control of the public-school system. There should be careful State supervision of all public schools. Insular or provincial superintendents will be needed to assist the general superintendent. Town and city superintendents will hardly be possible for some time. District superintendents, corresponding to our county system, will be established at first. •In the centralized system of school organization, which is best fitted for this archipelago, the general superintendent will find the district superintendency a most efficient channel in reaching the people of these islands, and in furnishing an opportunity for learning the needs of the various parts of the archipelago. The duties of the district superintendents will be to see that schools are established and

proper buildings constructed, to regulate courses of study, to inspect schools regularly, to pass upon the qualifications of teachers, and to collect and transmit school statistics to the central school authorities. It is essential to the proper success of the educational system here established that these superintendents should be men of integrity, business ability, and professional skill. An effort will be made to insure the success of the schools throughout the archipelago by interesting local authorities in their development and maintenance. It will be found advisable to have a visiting and advisory committee or board in every town, this board to be charged with the duty of the general supervision of the schools and the obligation of reporting monthly to the department superintendent their condition and the attendance of the pupils. It will also advise the central authority as to the location of schools. At first local control may be impossible in some places, but the affairs of the school management will be so ordered as to stimulate local effort.

LANGUAGE BASIS OF INSTRUCTION.

It is not practicable to make the native languages the basis of instruction, for this would necessitate the translation, not merely of school primers but of many texts of every sort, into the principal native dialects. Most of the commanding officers in the provinces who have reported state that "no instruction in native dialects is desirable," and also that there is no need of perpetuating the Spanish language, for it is understood by only a small part of the native population. English is desired by the natives, and undoubtedly it should be the language basis of public-school work, but it should be introduced gradually. Teachers sent out into the provinces will be encouraged to learn the dialects of the people with whom they are associated. The text-books which are now in stock, purchased by the military authorities, have been selected largely with the idea that what is suitable for Manila is suitable for other portions of the archipelago. Spanish editions of Wentworth's Arithmetic, Barnes's History of the United States, and Frye's Geography have been ordered in large quantities. These text-books in Spanish, which were ordered by the military department of education and are now being distributed in the schools, are unsuitable, as they tend to perpetuate the Spanish language and to delay the introduction of English as a basis of instruction.

The majority of the inhabitants of these islands do not understand Spanish, and it would be a waste of opportunity to teach them this language with a view to making it the basis of their future instruction. The supply of Spanish text-books is rapidly being exhausted, and very soon English arithmetics, histories, and geographies will be

ordered and used. It may be that in some cases Spanish will have to be employed at first, but there seems no good reason why it should continue to be the basis of instruction. While the Spanish were the dominant element in the population they made a special effort in many places to prevent the common people from learning their language, and the eagerness which is now everywhere manifest to learn English shows a popular appreciation of the efforts now being put forth to enable them to become familiar with what is to be the predominant language of the government.

COMPULSORY EDUCATION.

Primary instruction must ultimately be compulsory for all children between the ages of 6 and 12 years. Efforts will be made to secure a compliance with this plan, but it will be difficult to carry it out at first, particularly in smaller towns and districts with a sparse population.

NIGHT SCHOOLS.

On September 3, 1900, upon the initiative of the Commission, a night school for teaching English to adults was opened in Sampaloc school for three nights in the week from 7.30 to 9. This school has proven so successful that it has led to the establishment of two others, one in the building of the Girls' Municipal School (within the walled city), and, more recently, one in Binondo. The total enrollment of these three schools is now over 1,900, and 25 teachers are employed in giving instruction. So far nothing has been attempted but the teaching of English, but the time seems to be approaching when other subjects can be introduced, such as arithmetic, commercial accounts, business forms and methods, geography, and even typewriting and stenography; and an effort made to fit students in a practical way for the examinations for clerkships under the civil-service board, and for actual business positions. A supplementary reading book on American history has been ordered for immediate use in the night schools. A series of lectures, illustrated with stereopticon, on countries and cities of the world is also projected. The effort is being made to perfect a system of registration, to compel regular attendance, and by careful grading and personal attention meet the actual needs of each pupil and make this exceedingly promising work permanent in its organization and its hold upon the attendants.

There are classes for women at the Sampaloc and Binondo night schools, taught by women, but meeting the same evenings of the week as the classes for men. At the Victoria night school, as it has been named, it has been found advisable to conduct the classes for women on alternate nights of the week as a separate institution. This has been done with a woman principal and two assistants in charge of the

instruction. Some personal statistics relating to the enrollment of pupils at the Sampaloc night school may be suggestive of the degree to which these schools are capable of reaching various classes of Filipinos representing a generation not reached by ordinary educational efforts. The enrollment of pupils has been found to include clerks, merchants, newspaper reporters, bookbinders, salesmen, teachers, police officers, firemen, secretaries, mechanics, cigar makers, janitors, physicians, laborers, barbers, and a variety of other professions and occupations. The age of the attendants varies from 12 to 60 years, but the average is not far from 23.

SUPPORT OF SCHOOLS.

The main support of primary schools will, when the government is thoroughly organized, fall upon the municipalities. In the beginning it will not be possible for certain pueblos to furnish this support, and appropriations will have to be made from the insular treasury. For some time text-books, stationery, and teachers of English will have to be furnished to all municipalities. In case of financial aid, it will be rendered in proportion to the number of pupils and their average attendance. The ultimate aim, however, will be to order the system so that each pueblo will support its own school.

NORMAL SCHOOLS.

In Manila, at the beginning of the next school year, a normal school, founded on the American plan, will be opened. Connected with this institution there will be a primary school serving as a practice school for the more advanced normal students. In its material equipment and in its methods it will furnish a model. It will be possible for students to enter this normal school from the provinces as well as from Manila. It may be necessary to arrange for a preparatory department where instruction in English may be given. Later, other normal schools in three or four other centers of population will be needed.

NAUTICAL SCHOOL.

There exists at present in Manila a flourishing nautical school. This school was opened on December 15, 1899. The course of instruction extends over three years. For the first year it includes arithmetic, algebra, English, geography, and drawing; for the second year it includes geometry, plane trigonometry, geography, mechanics, English, and drawing. During the third year the pupils are instructed in spherical trigonometry, nautical astronomy, navigation, theoretical seamanship, and hydrographical drawing. Lieut. Commander V. L. Cottman, U. S. N., was appointed first superintendent. He was assisted by 3 instructors. Lieut. George F. Cooper relieved Lieutenant-

Commander Cottman on December 25, 1899. Twenty-two pupils were present at the opening of the school. Some of them had been pupils in the Spanish nautical school. In the examination held to determine their classification 3 of them were qualified to enter upon the work of the second year; the other 19 were assigned to the work of the first year. During the vacation, covering the months of April and May, 5 of the pupils were taken into the service of the *Compañía Marítima*, and thus acquired valuable experience in their proposed profession. At the beginning of the new term, in June, the number of pupils had increased to such an extent as to require the service of 7 instructors instead of the 3 previously employed. The methods of instruction, the system of marks and records, and the discipline of the school are based upon those of the United States Naval Academy. It was difficult in the beginning to maintain a very high standard of work by pupils of whom hitherto little discipline or effort had been required. At first instruction was given in Spanish, but owing to the inferior quality of Spanish text-books it has become desirable to substitute as early as possible the English for the Spanish language. The increasing need of skillful seamen to conduct the growing interisland trade makes it important that this school should not only be maintained, but enlarged.

MILITARY SCHOOL.

In view of the fact that it will be necessary in the future to employ a considerable number of Filipinos in the military service in these islands, it is desirable that there should be established here a military school.

AGRICULTURAL SCHOOL.

That the Filipinos may be in a position to develop the vast agricultural resources of these islands, it is desirable to establish here schools of agriculture. It will be necessary to send to the agricultural colleges of America for instructors. These must be men who will study the agricultural conditions here existing, and teach practically the best means of cultivating and improving the products peculiar to this archipelago.

TRADE SCHOOLS.

Besides the schools of agriculture, there will be needed trade schools in which blacksmithing, tinsmithing, carpentering, cabinetmaking, painting, and other trades will be taught. In these establishments it will be desirable to have practical work done, and at the same time furnish opportunity to students to support themselves by their work. Small contracts may be taken from the outside and done under competent supervision. Americans will be needed as heads of these schools.

DESTITUTE AND CRIMINAL CHILDREN.

Eventually orphanages, reform schools, schools for the deaf and dumb and blind, supported by public funds, will have to be established.

The following points in recapitulation may be emphasized:

1. The system of instruction in the Philippine Islands must be, at least in the beginning, largely centralized. There will be a general superintendent of education, as many assistant superintendents as there are departments.

2. There will be needed a system of local advisory boards.

3. The text-books, charts, maps, globes, stationery, and English teachers will have to be furnished to municipalities by the insular government.

4. As far as possible school buildings will have to be constructed and native teachers supported by local taxation.

5. All schools supported by public funds must be free and non-sectarian.

6. Emphasis must be placed upon the elementary education of the masses.

7. The education furnished must be of a practical, utilitarian character. What is attempted in the way of instruction must be done thoroughly, and the aim must be in particular to see that children acquire in school skill in using their hands and their heads in a way to earn a livelihood.

8. Normal, agricultural, commercial, and trade schools will early receive attention.

9. Native teachers must be paid more than under Spanish rule, and in every way possible teaching be made a desirable calling. Native teachers in office will be taught a broader and more thorough conception of education. To this end courses of instruction for teachers will be provided. Teachers will be examined, certified, and classified.

10. The present educational system will be modernized and secularized and adapted to the needs of a people who have hitherto been deprived of the opportunities of a rational education.

WM. H. TAFT.

DEAN C. WORCESTER.

LUKE E. WRIGHT.

HENRY C. IDE.

BERNARD MOSES.

REPORT OF THE UNITED STATES PHILIPPINE COMMISSION.

The SECRETARY OF WAR,
Washington, D. C.

SIR: We hereby submit our second report on affairs in the Philippine Islands. Our last report was dated November 30, 1900.

During December, 1900, and January and February, 1901, there was great military activity in all parts of the islands. In December General MacArthur issued a proclamation warning all who were aiding and abetting the insurrection by furnishing funds and other assistance that they would be severely dealt with. Many persons suspected of complicity in offenses of this description were imprisoned, and it ceased to be regarded as an innocent amusement to enjoy life within American garrisons and assist the guerrillas in the woods and mountains. In November the Federal party had been organized. An account of the feeling of the Filipino people, which made the Federal party possible, will be found in an appended report of Dr. Pardo de Tavera, some time its president, and Señores Benito Legarda and Jose Luzuriaga, members of the party, all of whom are now members of the commission (Appendix A). It was organized to secure peace for this country under the sovereignty of the United States. The party spread like wildfire through the archipelago, and there are now few towns in any of the provinces which have not their Federal committees. Its members were most active and effective in inducing insurgent leaders to surrender. In January the commission adopted the municipal code and the provincial law, and in February began the task of organizing those provinces which were deemed prepared for civil government. This work continued through February, March, April, and May, and indeed was not completed in the north until August.

The collapse of the insurrection came in May, after many important surrenders and captures, including that of Aguinaldo. Cailles, in Laguna, surrendered in June, and Belarmino, in Albay, on July 4.

There are four important provinces in which the insurrection still continues, Batangas, Samar, Cebu, and Bohol. Parts of Laguna and

Tayabas adjoining Batangas in the mountain region are affected by the disturbances in Batangas. In Mindoro also, a thinly settled and almost unexplored island, there are insurrectos. Our troops did not occupy it until August of this year, but they now have driven in to the unhealthy and trackless forests of the interior the 200 insurrectos who had made the island a refuge, and have captured their leader, a white man named Howard. Malvar, in Batangas, though chased from one hiding place to another, has thus far eluded capture. In Samar, General Hughes has conducted a most difficult campaign against Lukban. The island is mountainous and rough, without roads, and General Hughes has been obliged to build trails to establish necessary communications. He has driven the insurgent leader out of his fastnesses and scattered his forces. The result has been seen in a return of the people to all the towns along the coast, now that the towns are garrisoned and the enemy of the interior has been made less powerful for harm. A great disaster, however, has recently occurred in the last days of September in one of the far southern towns of the island called Balangiga. Company C, of the Ninth Infantry, 66 men and 3 officers, were surprised at breakfast and cut off from their guns by several hundred bolomen who had come into town as unarmed natives under pretense of attending a church fiesta. Forty-five men and officers were killed after a desperate resistance. Twenty-four only were able to escape.

Outside of the five provinces named there is peace in the remainder of the archipelago. This remainder includes 30 organized provinces and all the districts of Mindanao, the Jolo Archipelago, Paragua, Lepanto, Bontoc and Nueva Vizcaya, Principe and Infanta. All insurrectos have surrendered, and in most of the provinces, except among the Lake Moros, it is entirely safe during the day for travelers unattended to go from one town to another. In other provinces recent war conditions and suffering and hardship from cattle pest and locusts have developed ladronism. The people are friendly to the civil government and manifest no desire whatever for a continuance of the war, but only a desire for peace and protection. The recent terrible massacre in Samar has been made the occasion for uneasiness on the part of some, as indicating a treacherous hostility on the part of all the Filipino people against Americans and the army. The truth is that nothing could be more unfair than to attribute to the Filipino people at large the motives of those who carried out the well-laid plot at Balangiga. That was in a remote and always turbulent island, still devastated by war, and was devised by persons with all the war passions who have experienced none of the benefits of either peace or civil government. Surely a sense of proportion is wanting in those who would allow an incident of this kind, deplorable as it is, to overcome the evidence which accumulates on every hand of the desire of the people at large for peace and protection by the civil government. Had the peo-

ple of the provinces in which civil government has been organized desired to gratify a feeling of treacherous hostility toward the American troops by such attacks, many posts all over the islands would have afforded opportunities long before this. It will be a sad injustice if the Samar disaster shall induce on one side a rigor in the treatment of all Filipinos and on their part a consequent revulsion in those feelings of friendship toward the Americans which have been growing stronger each day with the spread and development of civil government.

THE WORK OF THE COMMISSION.

The work of the commission since it began to legislate in September, 1900, has been constant. The body has not been able to accomplish one-half of what ought to be done at once, and it has been possible only to make a selection and postpone those matters in which delay would cause least embarrassment. The commission has had in addition to its legislative work much executive labor which could not be put off, the chief of which has been the making of important appointments, including the members of the judiciary. Copies of the laws of the commission for one year accompany this report. (Appendix B.) Specific reference to the more important laws will be made later. Attention need now be called only to the fact that we have passed since our last report, in addition to numerous appropriation bills, a municipal code, a provincial law, a school law, a law prescribing an accounting system, acts organizing the various bureaus of the central government, acts organizing the courts, an act to incorporate the city of Manila, a code of civil procedure for the islands, and a new tariff act. Printing facilities have been so poor as greatly to delay the work of legislation. Four months of our time have been taken up in the establishment of provincial governments throughout the archipelago.

THE ORGANIZATION OF PROVINCIAL GOVERNMENTS.

The general provincial law provides for a provincial government of five officers—the governor, the treasurer, the supervisor, the secretary, and the fiscal, or prosecuting attorney. The governing board is called the provincial board, and includes as members the governor, the treasurer, and the supervisor. The prosecuting attorney is the legal adviser of the board and the secretary of the province is its secretary. The first function of the provincial government is to collect, through the provincial treasurer, all the taxes, with few exceptions, belonging to the towns or the province. Its second and most important function is the construction of highways and bridges and public buildings. Its third function is the supervision, through the governor and the provincial treasurer, of the municipal officers in the discharge of their duties. Within certain limitations, the provincial board fixes the rate of levy for provincial taxation.

The governor has the power to suspend any municipal officer found

failing in his duty, and is obliged to visit the towns of the province twice in a year and hear complaints against the municipal officers. The provincial treasurer collects all the taxes, turns over those due to the town to the municipal treasurer, and examines the accounts of that officer. The supervisor must be a civil engineer, and carries on the work required to be done by the provincial board. The fiscal, or prosecuting attorney, is the legal adviser of the provincial board and of every municipality in the province. He also conducts all criminal prosecutions in courts of first instance for the province. Under the act the offices are all to be filled at first by appointment of the commission. The governor holds his office until February, 1902, when his successor is to be elected in a mass convention of the municipal councilors of the towns of the province. The secretary, treasurer, and supervisor after February next are brought under the civil-service act, and all vacancies thereafter arising are to be filled in accordance with the terms of that act. The fiscal is appointed for an indeterminate period, and is not subject to the civil-service law. The general provincial act did not, by its terms, apply to any particular province, but left the application to particular provinces to be made by special acts.

The commission reached the conclusion that it would aid in the pacification of the country; would make the members of that body very much better acquainted with the country, with the people, and with the local conditions, and would help to educate the people in American methods, if the commission went to the capital of each province and there passed the special act necessary to create the provincial government and made the appointments at that time. Accordingly, the commission visited thirty-three provinces. The first province was Pampanga, which it visited on the 13th of February, 1901, and then followed the visits to the other provinces in accordance with the following list:

| Province. | Date of visit. | Province. | Date of visit. |
|------------------------|------------------------------|----------------------|----------------|
| Pangasinan..... | February 15-16. | Bohol..... | April 19-20. |
| Tarlac..... | February 18. | Leyte..... | April 21-22. |
| Bulacan..... | February 26-27. | Albay..... | April 25-26. |
| Bataan..... | March 1-2. | Ambos Camarines..... | April 27-28. |
| Tayabas..... | March 12-13. | Sorsogon..... | April 30. |
| Marinduque..... | March 15, May 1. | Batangas..... | May 2. |
| Romblon..... | March 16. | Rizal..... | June 5. |
| Masbate..... | March 18. | Cavite..... | June 6. |
| Iloilo..... | March 20-24. April 10-11. | Nueva Ecija..... | June 8. |
| Occidental Negros..... | March 21-22. | La Union..... | August 15. |
| Surigao..... | April 6. | Ilocos Sur..... | August 16. |
| Misamis..... | April 7. | Abra..... | August 19. |
| Oriental Negros..... | April 9. | Ilocos Norte..... | August 20. |
| Antique..... | April 13. | Cagayan..... | August 22. |
| Capiz..... | April 14-15. | Isabela..... | August 23-24. |
| Cebu..... | April 17-18. | Zambales..... | August 28. |

The special acts for Occidental and Oriental Negros, Surigao, Misamis, Cavite, Rizal, and Nueva Ecija were not passed at the times of the visits of the commission, but were for different reasons postponed for some days after leaving the provinces.

The southern trip of the commission also included visits to Jolo on March 27 and 28; Isabela de Basilan, March 29; Zamboanga, March 30 and 31; Cotabato, April 2; Davao, April 3 and 4; Dapitan, April 8, and Samar, April 23. The procedure of the commission when it reached the capital of the province was, first, to receive the commanding officer and confer with him concerning the conditions, the character of the prominent persons suggested as candidates for office, and other circumstances which might enable the commission to carry on the discussion with the people intelligently; and, second, to meet in convention the presidentes, the municipal councilors, and the principales, or principal men of each town, all of whom had been summoned to meet the commission. In most cases the attendance was very satisfactory, and all the important towns were represented. The president of the commission stated the purpose of the visit, explaining the provisions of the provincial law, and then inviting a discussion upon the points to be fixed in the special act, to wit, the salaries of officials, the per diem for traveling expenses, the boundaries of the province, the capital of the province, and other local matters. A discussion followed, which generally consisted of a colloquy between the speaker and the members of the commission in a search for facts. A great deal of valuable information was elicited, and the commission became possessed of a local knowledge of these islands difficult to obtain in any other way. The minutes of these meetings and other interviews held by the commission in Mindanao accompany this report as Appendix C.

The success of the meetings was very largely made possible by the wonderful genius for interpretation from English into Spanish and from Spanish into English possessed by Mr. Arthur W. Fergusson, then the secretary of the commission and now the executive secretary of the islands. He has the dramatic instinct and that peculiar knowledge of the two languages which enables him, without the slightest hesitation, to make a smooth, graphic, and effective translation of each speech made by native or American. His work, which was incessant night and day, was a remarkable exhibition of mental and physical vigor. The meeting usually occupied three half-day sessions.

At the last session the act framed in accordance with the discussion was passed and the appointees were announced, and, if they were present, were immediately sworn in. There were in the party on the southern trip the wives of the commissioners and the wives of some of the secretaries, as well as a number of prominent Filipinos from Manila, members of the Federal party, who assisted the labors of the commission in every way. The presence of the ladies seemed to be especially gratifying to the people whom we met, as evidence of our

confidence in the sincerity of their friendly reception. Speeches were usually made at the close of the meeting by some of the Filipino gentlemen who were in the party.

The reception which was accorded the commission by the educated people and the common people alike was most gratifying. It is easy to discredit the sincerity of such manifestations, and it must be admitted that an oriental people like this are much more demonstrative, and love to show their feelings in fiestas, music, flowers, and arches more than an occidental people, but the evidences of the sincerest interest in our work and of a really cordial welcome were too many to be doubted. The interest which was taken in the discussions varied, of course, in different provinces, but in all the attention given to the proceedings was intense, and the gratitude of the people for the establishment of civil government was certain and clear. Under the directions of the commanding general every attention was shown to the commission by the military officers in command of the posts and every assistance given to it.

On the recommendation of General MacArthur four provinces were organized with the knowledge that insurrection was still rife in them, but with the hope that the organization of civil government might bring about the surrenders which were said to be then in contemplation—to wit, Cebu, Bohol, Batangas, and Albay. In Albay the organization of civil government and in Marinduque the promise of it were later followed by a surrender of the insurgents; but such a result did not show itself in the other three provinces, and the commission thought best, therefore, in July to turn these provinces, though organized as civil governments, over to the military governor to be completely under his control, in order that he might not be hampered in his campaign. With the organization of Laguna, which it is believed can take place soon, the only province of importance unorganized under civil government will be that of Samar.

The other territory of the archipelago is either so sparsely settled, or is so fully settled with Moros and non-Christian tribes, that only a very different form of government from that provided for the civilized tribes of the Filipinos can be adopted. The provinces of Bontoc, Lepanto, Nueva Vizcaya, and the districts of Mindanao, except the two provinces already organized, together with the Jolo group, must all have a different form of control. Possibly another province can be organized in the Calamianes group, with Cuyo as the capital, though this would be a very small one. Mindoro, too, may possibly be so organized; but it will be seen from this statement that substantially all the so-called civilized part of the archipelago, with the exception of Samar and Laguna, have now had made applicable to them the provincial law. The provinces of Infanta and Principe, on the Pacific coast of Luzon, are narrow provinces some 200 miles in coast extent, with a population probably not exceeding 15,000 civilized Filipinos in

the two. These will probably have to be united with the Pacific coast part of Tayabas and made a Pacific province, though the commission has not found time yet to devote to the investigation and solution of this problem.

The policy of the commission in its provincial appointments has been, where possible, to appoint Filipinos as governors and Americans as treasurers and supervisors. The provincial secretary and the provincial fiscal appointed have uniformly been Filipinos. It will be observed that this makes a majority of the provincial board American. The commission has, in several instances, appointed to provincial offices former insurgent generals who have been of especial aid in bringing about peace, and in so doing it has generally acted on the earnest recommendation of the commanding officer of the district or province. We believe the appointments made have had a good effect and the appointees have been anxious to do their duty.

THE ARMY AND THE PEOPLE.

In order to put the provincial governments on a strictly civil basis, General Chaffee, commanding general of the division, issued the following general order:

GENERAL ORDERS } HEADQUARTERS DIVISION OF THE PHILIPPINES,
No. 179. } *Manila, P. I., July 20, 1901.*

I. The following-named provinces, Benguet, Pangasinan, Bataan, Tayabas, Romblon, Oriental Negros, Antique, Leyte, Ambos Camarines, Marinduque, Cavite, Surigao, Pampanga, Tarlac, Bulacan, Masbate, Occidental Negros, Iloilo, Capiz, Albay, Sorsogon, Rizal, Nueva Ecija, Misamis, having been designated by the United States Philippine Commission as fully organized by legislative acts and as being in such a satisfactory state of pacification and sufficiently well advanced in all details of civil administration as to warrant passing under the civil executive jurisdiction of the civil governor, it is ordered:

That wherever municipal police are organized and, except as prescribed in paragraph 2 of this order, all United States troops at the several camps located within the territorial limits of the provinces named abstain from any and all attempts at coercion, control, influence, or interference with the administration of civil affairs.

The troops will at once be put under an efficient state of discipline and instruction to the end that no disorder may be charged to their account or annoyance caused the civil administration by reason of their presence. The conduct of the troops should facilitate rather than retard the maintenance of order, and all military persons will by their example show proper respect for civil administration and for all civil officers.

At all camps where the municipal police has not been organized the troops will continue to preserve order as heretofore, until such time as the organization of a municipal police is effected, upon the accomplishment of which the foregoing general instructions to troops will obtain.

II. As a rule, interference by the military in civil affairs will correspond to the well known procedure in the United States.

When, under an emergency, the civil governor of the Philippine Islands shall make a request upon the commanding general of the

Division of the Philippines for the assistance of troops, the latter will be governed by such instructions as they may receive from these headquarters.

When disturbances beyond the control of the local municipal police arise in remote provinces, not within telegraphic communication, namely, in the provinces of Surigao, Masbate, Marinduque, and Romblon, the senior military officer on duty in the province is authorized to render needful assistance to the civil authority upon written or telegraphic request of the provincial civil governor.

In this connection the attention of all officers is invited to the general regulations governing such duty as outlined in Article LII, paragraphs 486-491, inclusive, Army Regulations.

In cases where the assistance of the military arm has been asked for full report of the fact with attending circumstances, action taken, and result thereof, will be promptly submitted through regular military channels.

III. In the provinces of Batangas, Cebu, and Bohol all civil courts now in operation will be permitted to discharge their functions in all cases of citizen versus citizen or civil official versus citizen or vice versa; the military taking over jurisdiction in all cases where it is charged by a military officer that a party is giving information or rendering assistance to person or persons engaged directly or indirectly in insurrection; for assassination or attempt at assassination of person or persons engaged or employed in the military service; for murder or attempt at murder of citizens because of service rendered or supposed to have been rendered to troops in any manner whatsoever, either voluntarily or under compulsion. Military jurisdiction will also attach directly in cases of all disorders in places not actually the residence of a civil judge and trial by provost courts will obtain in such places. At place of residence of the civil court, disorderly persons, if arrested by the military, will be placed under control of the civil court.

The writ of habeas corpus having been suspended by an act of the Philippine Commission within the provinces and sections above mentioned in this paragraph, prisoners in custody by military authority are lawfully detained and the reasons therefor may not be demanded by any civil judge.

IV. Officers responsible for revolvers, shotguns, ammunition and equipments therefor, the property of the United States, now in use by municipal police, shall obtain from the presidente of each municipality receipts therefor in quadruplicate, one to be retained by the officer and three forwarded to these headquarters for disposition as follows: (1) To the civil governor, (2) to the chief ordnance officer in the division.

Upon obtaining these receipts from the various presidentes the officer responsible for the property will invoice it to the chief ordnance officer of the division, who is directed to receipt therefor. The chief ordnance officer will then present to the civil governor of the islands, through these headquarters, a bill for the cost price of the foregoing arms and equipments which, when paid for, will become the property of the insular government as a means of arming their municipal police.

V. In Jolo, Tawi Tawi, Zamboanga, Cotabato, Davao, Dapitan, Paragua, and Mindoro, where provincial civil government has not been established but where civil courts have been instituted, commanding officers, *upon written request of the court*, may detail an intelligent noncommissioned officer or private to serve and execute written processes issuing therefrom.

VI. In unorganized territory, also in organized provinces, or parts thereof under military jurisdiction, collectors of customs, inspectors of customs, and collectors of internal revenue will discharge their duties as insular officers, reporting direct and making direct return to the civil government, and it should be understood by all commanding officers that the foregoing civil officials perform their functions under the direction of the civil executive jurisdiction of the civil governor.

VII. Commanding officers of all military stations will report at once, through proper military channels, when the municipal organization of the towns in which they are located (within their commands) is complete, giving the number of police, their rank, etc., and how they are armed.

VIII. Under the orders of the President as contained in the Executive order of June 21, 1901, all territory in the Philippine Islands not fully organized for civil government and formally transferred to the civil government will remain under military control, and its civil affairs will be administered as heretofore through the executive authority vested in the military governor.

IX. The restoration of organized provinces to civil control and the extension of civil government to territory still remaining under military control will, for the information of all concerned, be announced from time to time in general orders from these headquarters.

X. In connection with the foregoing, the following act of the United States Philippine Commission is published:

[Act No. 173.]

AN ACT restoring the provinces of Batangas, Cebu, and Bohol to the executive control of the military governor.

By authority of the President of the United States, be it enacted by the United States Philippine Commission, That:

Whereas in the provinces of Batangas, Cebu, and Bohol, which have been organized as provinces under the provincial government act, armed insurrection continues, and in the opinion of the commission it will facilitate the pacification of these provinces to remove them from the executive control of the civil governor and to put them under the executive control of the military governor.

SECTION 1. The provincial and municipal officers of the provinces of Batangas, Cebu, and Bohol shall report to the military governor, and the military governor shall have the power to remove them and appoint others in their places, anything in the provincial act, the special acts organizing said provinces, or the municipal code to the contrary notwithstanding.

SEC. 2. In case of military necessity, the military governor shall have the power to suspend the operation of any part of the laws of the commission applicable to the government of the provinces above named, and to substitute therefor, temporarily, general orders having the effect of law.

SEC. 3. The writ of habeas corpus in the civil courts of the three provinces named shall not issue therefrom for the release of prisoners detained by order of the military governor or his duly authorized military subordinates.

SEC. 4. The courts established by the commission in the three provinces above named shall continue to discharge their ordinary functions, civil and criminal, provided that the military governor is empowered to provide for the trial of ordinary crimes and misdemeanors by military commissions and provost courts, and to designate what of the ordinary crimes and misdemeanors shall be tried before such commissions or provost courts, and what crimes, if any, shall be tried in the civil courts.

SEC. 5. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section 2 of "An act prescribing the order of procedure by the commission in the enactment of laws," passed September 26, 1900.

SEC. 6. This act shall take effect on its passage.
Enacted, July 17, 1901.

By command of Major-General Chaffee:

W. P. HALL,
Assistant Adjutant-General.

One of the great desires of the people of the provinces is protection against the robbers and ladrones of their own race. They have wished for the presence of American troops to afford them this protection. Troops spend money in the towns where they are stationed and this also makes their presence desirable. But these benefits are becoming more and more offset by disadvantages that cause a good deal of irritation, and the people would now much prefer immediate protection by means of civil police. The army occupies the priest's house or convento, municipal and provincial buildings, the schoolhouses, and often many of the best private houses for officers' quarters, while their owners are required to live in nipa shacks. Rents are arbitrarily fixed and in many instances are either paid at long intervals or not at all. It does not promote the best feeling to throw soldiers and natives so closely together as this quartering of soldiers involves, especially if discipline is lax, as it sometimes is, and the longer these conditions continue the more irritating they will become. Nothing would delight the people of the provinces more than to see the American soldiers withdrawn to posts outside the towns. It would be vastly better for the people and the soldiers. The change is urgently recommended.

THE CENTRAL GOVERNMENT.

The central government of the islands established in September, 1900, under the instructions of the President, with a military governor as chief executive and the commission as the legislative body with certain executive functions in addition, continued until the 4th of July, 1901. At that time Maj. Gen. Adna R. Chaffee relieved Major-General MacArthur as commanding general of this division and military governor. By the order of June 21, previous, in all organized provinces the civil executive authority theretofore reposed in the military governor and in the commission was transferred on July 4 to a civil governor. The president of the commission was designated as civil governor. He was inaugurated with appropriate ceremonies on July 4. His inaugural address is appended to the report as Appendix D.

By an order taking effect September 1, the purport of which was announced the 4th day of July, there were added to the commission, as a legislative body, three Filipinos, Dr. T. H. Pardo de Tavera, Señor Benito Legarda, and Señor José Luzuriaga. These gentlemen, the first two of them residents of Manila and the last a resident of the island of Negros, had been most earnest and efficient in bringing about peace in the islands. Dr. Tavera was the first president of the Federal party, had accompanied the commission in its trips to the southern provinces, and was most useful in the effective speeches which he delivered in favor of peace and good order at every provincial meeting. Señor Legarda had been valuable in the extreme to

General Otis and to all the American authorities by the wisdom of his suggestions, and the courage and earnestness with which he upheld the American cause as the cause most beneficial to his country. Señor José Luzuriaga was a member of the first government of the island of Negros, organized while there was insurrection rife throughout the islands, as an independent government under the supervision of a military governor, and was most active in preventing the insurrection from gaining any foothold in that important island.

The commission has organized from time to time various bureaus and offices for carrying on the business of the central government. Your order appointing Mr. Lawshe auditor, and the laws which were passed at your and his suggestion by the commission, have placed the accounting departments of the government on a most satisfactory basis. His experience in Cuba and in the departments of the United States Government has been invaluable to the commission. It has been an herculean task for him to readjust the system which was hastily constructed under the pressure of war, and to restate all the accounts when there was necessarily considerable looseness in the expenditure of the public civil funds by officers charged at the same time with duties both military and civil. A man engaged in fighting in the field all day is not likely to be as accurate and as careful in the keeping of his accounts as a civil official who has nothing else to do. That irregularities crept in was to be expected, but it is gratifying to know that the auditor has discovered no corruption. His chief criticism is against the manner of keeping the accounts, which he has thoroughly reformed and put upon the same basis as that which obtains in the United States.

We have also been fortunate in securing the services of Mr. Frank A. Branagan as treasurer of the archipelago. He accompanied the commission as disbursing officer and official accountant. He had long been disbursing officer of the State Department, and for years prior had filled the same position in the Department of Justice. He was entirely familiar with the methods of governmental deposits and the custody and disbursement of money. He was able, therefore, to assist Mr. Lawshe in reforming methods of accounting, and has been especially useful in supervising and restricting the expenditures of provincial offices, a duty enjoined on him by the provincial law.

The other bureaus and offices need not here be referred to, but attention will be called to them at a later part of this report. It will be sufficient to say here that by an order of President McKinley which went into effect September 1 the four members of the original commission were made the heads of four executive departments, which embraced within their supervisory control all the bureaus and offices of the government, except those which were retained for the personal

direction of the civil governor. The central government as at present constituted is thus organized:

A civil governor, having general supervision over the four executive departments and having direct supervision over the following:

The civil governor; an executive secretary; the civil service board; the insular purchasing agent; the municipal and provincial governments.

The department of the interior.—The bureau of health; the quarantine service of the marine hospital corps; the bureau of forestry; the bureau of mining; the bureau of agriculture; a bureau of fisheries; the weather bureau; the bureau of non-Christian tribes; the bureau of public lands; the bureau of government laboratories, and the bureau of patents and copyrights.

The department of commerce and police.—A bureau of island and inter-island transportation; the bureau of post-offices; the bureau of telegraphs; the bureau of coast and geodetic survey; a bureau of engineering and construction of public works other than public buildings; a bureau of insular constabulary; a bureau of prisons; a bureau of light-houses; a bureau of commercial and street railroad corporations, and all corporations except banking.

The department of finance and justice.—The bureau of the insular treasury; the bureau of the insular auditor; the bureau of customs and immigration; the bureau of internal revenue; the insular cold storage and ice plant; a bureau of banks, banking, coinage and currency, and the bureau of justice.

The department of public instruction.—The bureau of public instruction; a bureau of public charities, public libraries, and museums; the bureau of statistics; a bureau of public records; a bureau of public printing, and a bureau of architecture and construction of public buildings.

THE INSULAR PURCHASING AGENT.

An important bureau which the commission has found it necessary to create is that of the insular purchasing agent. The supplies needed in the provincial governments and in the various offices of the central government are so many and various and it is often so difficult to procure what is needed without sending to the United States for it, that it has been found necessary to require by law that all purchases of supplies for the provincial and central governments should be made through one person. He is furnished with a large sum of money with which to buy a stock of the supplies likely to be needed and is empowered to sell them to each province and bureau which needs them and to charge them the cost price with 10 per cent added. To him also is intrusted the duty of making contracts for official transportation over the steamship lines of the islands and also of furnishing the official cab transportation in the city of Manila. The office is a most impor-

tant one. The information which the incumbent has as to the proper method of purchasing at reasonable rates is a source of much economy to the general government.

COMMITTEES OF COMMISSION.

The commission, with its new members, has reorganized its committees, which are as follows:

Agriculture and Fisheries.—Commissioner Luzuriaga, chairman; Commissioners Worcester and Tavera.

Appropriations.—Commissioner Ide, chairman; Commissioners Luzuriaga and Tavera.

Banking and Currency.—Commissioner Luzuriaga, chairman; Commissioners Ide and Legarda.

City of Manila.—Commissioner Legarda, chairman; the president and Commissioner Ide.

Commerce.—Commissioner Wright, chairman; Commissioners Luzuriaga and Ide.

Franchises and Corporations.—Commissioner Wright, chairman; the president and Commissioner Legarda.

Health.—Commissioner Tavera, chairman; Commissioners Worcester and Moses.

Judiciary.—Commissioner Ide, chairman; Commissioner Wright and the president.

Municipal and Provincial Governments.—Commissioner Tavera, chairman; the president and Commissioner Worcester.

Non-Christian Tribes.—Commissioner Worcester, chairman; Commissioners Tavera and Wright.

Police and Prisons.—Commissioner Wright, chairman; Commissioners Legarda and Moses.

Printing.—Commissioner Moses, chairman; Commissioner Tavera and the president.

Public Instruction.—Commissioner Moses, chairman; Commissioners Tavera and Worcester.

Public Lands, Mining, and Forestry.—Commissioner Worcester, chairman; the president and Commissioner Luzuriaga.

Taxation and Revenue.—Commissioner Legarda, chairman; Commissioners Ide and Moses.

GENERAL THEORY IN FORMATION OF THE GOVERNMENT.

The theory upon which the commission is proceeding is that the only possible method of instructing the Filipino people in methods of free institutions and self-government is to make a government partly of Americans and partly of Filipinos, giving the Americans the ultimate control for some time to come. In our last report we pointed out that the great body of the people were ignorant, superstitious,

and at present incapable of understanding any government but that of absolutism. The intelligence and education of the people may be largely measured by knowledge of the Spanish language. Less than 10 per cent of the people speak Spanish. With Spaniards in control of these islands for four hundred years and with Spanish spoken in all official avenues, nothing could be more significant of the lack of real intelligence among the people than this statement. The common people are not a warlike people, but are submissive and easily—indeed much too easily—controlled by the educated among them, and the power of an educated Filipino politically ambitious, willing to plot and use all the arts of a demagogue in rousing the people, is quite dangerous. 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 exercise of 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.

In this condition of affairs we have thought that we ought first to reduce the electorate to those who could be considered intelligent, and so the qualifications for voting fixed in the municipal code are that the voter shall either speak, read, and write English or Spanish, or that he shall have been formerly a municipal officer, or that he should pay a tax equal to \$15 a year or own property of the value of \$250. It has been proposed, and the commission will probably adopt an amendment in accordance with the proposal, that the payment of a tax of more than \$15 as a license for a saloon shall not constitute a qualification. In fixing these qualifications we followed the recommendations of all the Filipinos whom we consulted, except that there were many of them who advocated a higher qualification. Many of the common people will be brought within these qualifications in one generation by the widespread system of education which is being inaugurated, and thus gradually the electorate will be enlarged. Meantime, it is necessary by practical lessons and actual experience to eliminate from the minds of the more intelligent part of the community who form the electorate those ideas of absolutism in government and to impress the conception of a limitation upon power which it is now so difficult for them to understand.

In addition to the defect spoken of there is another. This is an absolute lack of any sense of responsibility on the part of a public officer to the public at large. Office has always been regarded as a source of

private profit and as a means of gratifying private desires, either hate or friendship. We have thought that by establishing a form of municipal government practically autonomous, with a limited electorate, and by subjecting its operations to the scrutiny and criticism of a provincial government in which the controlling element is American, we could gradually teach them the method of carrying on government according to American ideas. In the provincial government Filipinos are associated intimately with Americans, and in the central government the same thing is true. As the government proceeds this association in actual government will certainly form a nucleus of Filipinos, earnest, intelligent, patriotic, who will become familiar with practical free government and civil liberty. This saving remnant will grow as the years go on and in it will be the hope of this people.

How long, it is asked, must this education be continued before real results will be accomplished? Of course it is impossible to tell. Certainly a generation—perhaps two generations—will be needed, though a thorough system of public education, the introduction of railways and the intercommunication of all sorts, and the rapid material development of the country, which is quite possible, would greatly assist in this instruction. The Filipino people are not a stupid people. They are bright and imitative. They are quick and anxious to learn and are ambitious. They lack in persistence and power of application, but we are by no means discouraged at the prospect of successfully fitting them for self-government. As it is now, however, the one fact which is clear above every other is that these people are not—either the small minority of educated people or the very large majority of ignorant people—prepared to establish a government which would hold together for any length of time, and which would not in a very short time present all the oppression and all the evils which were known in Spanish times.

It is perhaps right that we should express our views as to the wisest course for Congress to take at the coming session. We think that if Congress were to give the present government the benefit of Congressional authority to continue under the limitations which it now has by virtue of the President's instructions until January, 1904, this would probably give time enough to form a complete government as a going concern, and at the end of that time provisions might well be made for a change in the form of the government, so that it should consist of a civil governor, of a legislative council, and of a popular assembly chosen by a limited electorate. There should be these limitations upon the power of the popular assembly, to wit, first, that it should sit annually for three months, from the 1st day of January to the 1st day of April, and then that its power of legislation should cease in each year unless summoned for a definite period in special session by the governor; secondly, if during the three months of its

regular session it failed to vote the supplies necessary for the carrying on of the government as provided by law, the right to vote these supplies should be vested in the legislative council. The governor should have the modified veto power. The legislative council, to consist of Americans and Filipinos, should be created by appointment of the President. The popular assembly should not exceed 30 in number, to be elected from districts to be determined after a census of the islands.

We are aware that the power finally to withhold supplies is a most important legislative function, and that to modify it in the way suggested is not usual. But we think the modification very essential. A popular assembly elected from people never in the habit of exercising any political power at all, in a country which has been exposed to the passions of war for so many years, is certain to have in it many members lacking altogether in that sense of responsibility for the operation of the government which must be present in each legislative branch in order to make certain that the government may live, and we ought not deliberately to form a government containing in it one branch which might, because of its passion and inexperience, be led into choking the government itself.

It will be observed that in respect to all other legislation except the voting of supplies this popular assembly would exercise the same power as any popular assembly in a similar government, and its vote would be indispensable to the passage of all laws but the budget. We believe that this system would satisfy the Filipino people, because it would give them an opportunity to take part in the government through an electorate, and it would form a place in which public discussion could be effectively had. Of course an absolute veto power, as in the case of the Territories, should be reserved to the President or Congress. What the Filipino people desire is a definite knowledge of the intention of Congress with respect to this country, and the passage of a law such as the one here indicated would place before them within a definite period the opportunity for that which they wish—a popular assembly. With definite knowledge of the time of its creation, they will be satisfied during the two years of the interval in which the government, but partly now established, may be rounded out and completed.

We respectfully urge that Congress be requested to confirm the legislation of the commission already enacted and vest by Congressional act in the civil governor and commission and their successors by appointment of the President the powers and authority heretofore exercised by them under the instructions of the President and subsequent modifications thereof, with the limitations therein contained, and that provision be made in such legislation for the popular assembly already described, to begin its life January, 1904.

We further recommend that by the act establishing the government

above recommended provision be made for the selection after January, 1904, by a joint vote of the popular assembly and the executive council of two delegates to represent the interests of these islands and the Filipino people before Congress and the Executive at Washington. Their expenses and salaries should be paid from the insular treasury. This is something which the Filipino people have very much at heart. We believe that such representation would be useful both to these islands and to the United States.

THE CIVIL SERVICE.

The civil-service law has been in operation since our last report, and we see no reason to change our conclusion as to the absolute necessity for its existence and strict enforcement. Without this law American government in these islands is, in our opinion, foredoomed to humiliating failure. Even if all its provisions are enforced, it is likely to be very difficult to secure and keep in the service honest, competent Americans who will enter into the spirit of the missionary task involved in the successful government of these islands.

Complaints have arisen on the part of Filipinos that they have not been given the same opportunity that Americans have had to secure places with equal salaries, and the complaint is true to this extent: The executive officers of the central government are almost all of them English-speaking officers, and a clerk to do efficient work should read, write, and speak English. Up to this time very few adult Filipinos have so thoroughly learned English as to be fluent enough to pass examinations for such positions; but the heads of bureaus, under instructions from the commission, are gradually working Filipinos into place, and the Filipinos are gradually picking up English. The Filipinos are, as a rule, beautiful penmen, but they lack accuracy and close attention. It is the opinion of competent judges, however, that each year will see a larger proportion of Filipinos in the higher positions and that this complaint against the operation of the law will be seen to have its basis in temporary conditions only.

There are no Filipino stenographers, and we find great difficulty in securing a sufficient number of stenographers among the Americans. We have been obliged to send to the United States a number of times for clerks of this class, and still all the departments of this rapidly expanding government are complaining of the dearth of those most important aids to the rapid transaction of business.

The civil-service board, whose report is hereto appended as Appendix E, is now at our suggestion taking steps to classify the school-teachers already appointed with a view to amending the law so as to bring that large class within the restrictions of the civil-service law and to require that future appointments shall only be made after examinations. The

report of the board shows the extent of its activities and the very many useful purposes it serves in the preparation of legislation upon the question of employees and salaries as well as in its usual fields of examinations, classification, certifications, and rules.

FIDELITY BONDS.

The commission has found difficulty in the matter of securing proper and sufficient bonds for those of its civil servants who are intrusted with the collection, custody, and disbursement of money. Under the military régime it was deemed sufficient security that an officer was subject to military discipline for any malversation of funds, and no bond was required. This made it necessary that every position of money responsibility should be filled by an army officer. After the 1st of July, 1901, when the volunteer officers were mustered out, some other provision had to be made. It was impossible, of course, for Americans to secure personal indemnity in the islands. In the fall of 1900 letters were written to all the fidelity companies in the United States inviting them to send agents to the Philippine Islands for the purpose of bonding government employees. Answers were received from nearly all of them declining to extend their business to these islands. Finally, through the assistance of your Department, one company, the Union Surety and Guaranty Company, was induced to send an agent to Manila, who reached here in May of this year, and an arrangement was made between the company and the government by which at quite high rates—1 per cent for all bonds of \$6,000 or over, 1½ per cent for all bonds of \$3,000 to \$6,000, and 2 per cent for all bonds under \$3,000—all the employees of the government required by law to give bonds, secured them. In order to reduce the cost of the insurance to the employees, the government pays three-fourths of the expense. It is hoped that the result of the year's business will show that the checks are sufficient not to make the risk so great as the company anticipated and that competition will be introduced, so that a lower rate may be obtained. Indeed, the American Surety Company has now sent an agent to the islands. It was absolutely necessary, however, that some arrangement of this kind should be made on July 1 last, even at the high rates mentioned.

FRIARS' LANDS.

The commission renews its recommendations of last year that it be given authority to issue bonds with which to buy up the agricultural holdings and other property of the religious orders. Now that peace is being restored and civil courts are exercising ordinary jurisdiction, the necessity for removing this firebrand from the important provinces of Cavite, Laguna, Rizal, Bulacan, and Bataan can not be overstated. Under the military régime it was entirely possible by military order

for military reasons to forbid the owners of these lands from attempting either to collect their rents or to oust their tenants; but now no such arbitrary remedy is available, and the only course which is feasible is the one suggested. The commission believes itself in a position to say that there is a willingness on the part of those who have control of this matter for the religious orders to negotiate and part with all the land to the Government at reasonable prices. As it has already stated in its former report, the commission believes that the transfer of the property and its sale in small holdings to the present tenants, on long payments, might be effected without loss, and that this solution would be very satisfactory to all the people. The commission should be authorized, in case its view of the matter is approved, to issue bonds in an amount sufficient to buy the lands, and should be required to hold the proceeds of the sales of such lands as a sinking fund to meet the obligations of the bonds. We earnestly recommend this course. The matter is a pressing one, for the action of the courts in enforcing legal decrees in favor of the real owners of the land against the tenants will be a constant source of irritation, riot, and lawlessness in the provinces where the land is, and this will lead to distrust and uneasiness everywhere.

The acreage, as stated in our last report, of the land owned by friars in the provinces where the population is dense and the question is a heated one, is: Cavite, 121,747 acres; Laguna, 62,172 acres; Manila Province (now Rizal), 50,145 acres; Bulacan, 39,441 acres; Cebu, 16,413 acres; Morong (now Rizal), 4,940 acres; Bataan, 1,000 acres—upward of 300,000 acres. In addition to this there are something more than 100,000 acres, one-half in Isabela and one-half in Mindoro, in regions sparsely settled, the ownership of which by the friars does not involve so much popular resentment because of their remoteness.

SAN JOSE COLLEGE CASE.

Since our last report the commission announced its conclusion in the San Jose College controversy. It decided that there was between the Catholic Church on the one hand and the petitioners representing the Filipino public on the other a controversy concerning the legal control of the trust involving sufficiently serious questions of law to submit the case to a competent tribunal. The commission was careful not to express any view on the merits. To put the case in way of settlement, the commission passed a law appointing a board to represent the interests of the Filipino people, in the name of the United States, and to bring suit in the supreme court of the islands against the archbishop of Manila and the friar in immediate control of the estate of the college. The act fixed the procedure and postponed the time within which the judgment in the supreme court of the islands should be final to the end of the term of the present Congress, in order that

provision might be made, if deemed wise, for an appeal to the Supreme Court of the United States. It seems to us that such an appeal ought to be provided for. The importance of the cause may be understood from the opinion of the commission in disposing of it, reported in the second quarter's volume of the commission laws. The suit has been brought and is now pending before the supreme court, and will be heard within the next three months.

As stated in our former report, there are other controversies likely to be brought into the courts of the islands between the Catholic Church and the insular government in respect to the title to and the administration of trust or other property. The intimate association between the Spanish Government and the Catholic Church and the difficulty of separating what is civil and what is church property is so great and presents questions of such delicacy from a political standpoint that we recommend that in all such cases an appeal be granted from the supreme court of the islands to the Supreme Court of the United States.

TAXATION.

In the plan of the commission the central government must depend mainly on import and export duties for its support. The internal taxes of whatever character are principally to be devoted to the support of the provincial and municipal governments. In pursuance of this purpose, whenever a provincial government is organized, one-half of the internal-revenue receipts, i. e., the industrial, urbana, and stamp taxes, since January, 1901, is turned over to the provincial treasury, and the remaining one-half is turned over to the municipalities of the province. A cedula or poll tax of \$1 Mexican is levied upon each male person between the ages of 18 and 55, and one-half the proceeds is paid into the treasury of the town in which he lives and one-half into the provincial treasury. In addition, the municipal council has power to license saloons and other businesses requiring police supervision and mentioned in the municipal code. During the spring of 1902 will be collected for the first time an ad valorem land tax for the benefit of the provincial and municipal governments. The provincial board is required to levy one-eighth of 1 per cent on the assessable land of the province for roads and bridges and may levy two-eighths more for general purposes. The municipal council is required to levy one-fourth of 1 per cent for schools and may levy one-fourth of 1 per cent more for general purposes. We have not sufficient data at hand to say how much revenue these sources are likely to afford, but so far as we have been able to judge we think the provinces and towns will be self-supporting. If a deficiency should arise, it can be met by an increase of the land tax, which as at present provided is very small.

We have made an advance to each province of \$2,500 gold, to be repaid January 1, 1903. As the governments all began without any money whatever, this seemed necessary to give them a start, though several provinces have declined the loan. No complaint has been made to the commission from any province that it is running behind. In Ambos Camarines, Capiz, and Iloilo danger of suffering from starvation was reported to be imminent because of the death of the carabaos. Accordingly, we have authorized each of those provinces to borrow from the insular treasury \$25,000 gold to build needed roads in the vicinity of towns where suffering was greatest, so as to furnish money to the people, the money to be paid back in five annual installments, beginning in two years.

The provincial board of Iloilo has since advised the commission that it will not borrow the money, for the reason that its revenues are large enough to do the work without it. The other two provinces have drawn the money.

THE LABOR PROBLEM.

The commission is not prepared to make recommendations in regard to the admission of Chinese as laborers. It is very difficult to secure good labor in the islands, especially skilled labor. Labor such as is secured is irregular, poor, and much more expensive for work done than in the United States. There is not the slightest danger of pauper competition in these islands with the laborers of the United States. How much of the difficulty is due to unsettled conditions and how much is inherent in the race we can not say; but we think the tranquilizing of the provinces will certainly make labor better and easier to get, though it will long be unsatisfactory when measured by American standards. Throughout the archipelago wages have doubled and in many cases trebled since 1898. In too many instances the immediate result of doubling the wage is to induce the laborer to work just half as many days.

THE COMMISSARY.

Upon September 1, 1901, the privilege of buying supplies from the army commissary was withdrawn from civilians. While this greatly increased the cost of living of American civilians in Manila, it was a wise step, for civilian use of the commissary had interfered with legitimate trade and delayed the opening of grocery, meat, and other supply shops. In the country, however, the case is different for American employees of the civil government. There necessary supplies for the living of an American can not be obtained at all, and we could not hope to keep American provincial officers, school teachers, post-office employees, customs men, constabulary inspectors, and others in the provinces, many with their families, unless they could

obtain the necessaries of life. We have therefore established, through the Philippine constabulary, a civil commissary for the provinces, through which we expect to furnish certain staple supplies which will enable our employees in the provinces to eat American food, supplemented by the fruit and fish of the country.

TARIFF RELATIONS WITH THE UNITED STATES.

The new tariff, to which more detailed reference will be made hereafter, will go into effect on the 15th of November, and it is hoped that it will cause a great reduction in the cost of living in the islands. The tax on necessities for living and for improving and developing the resources of the islands has been reduced below 25 per centum ad valorem. Many American products heretofore excluded by a prohibitory tariff will now come in, and the food of the people will be reduced in cost and gradually increased in variety. If Congress will reduce by 50 per cent the United States duty on tobacco, hemp, and sugar and other merchandise coming from these islands, it is certain that the trade between them and the United States under the new tariff will increase by leaps and bounds. Such generosity would much strengthen the bonds between the Filipino and American people, and it is earnestly recommended.

THE CITY OF MANILA.

On the 7th of August the charter of Manila went into effect and the provost-marshal-general turned over the city government to the municipal board of three members appointed under the charter by the civil governor with the consent of the commission. The charter follows closely in its general lines the plan of the legislation by which the city of Washington is governed. In its preparation we were greatly assisted by a draft of a charter made by Brig. Gen. George W. Davis, the last provost-marshal-general of Manila. The new charter was adopted only after a full public discussion. Instead of requiring the insular government to pay one-half of the expenses of the city—the proportion paid for Washington by the Federal Government—the proportion is reduced to three-tenths.

It was not thought wise to leave the control of the city government to popular selection. The population of Manila is of a most miscellaneous character. There are 60,000 Chinese, perhaps 7,500 Americans, as many more Spaniards and other Europeans, and of Filipinos of all tribes and languages 175,000. The criminal and turbulent classes are well represented in Manila. The municipal problems presented in the necessity for doubling the water supply, for constructing a sewerage system, for dealing with the noisome moat surrounding the walled city, for filling up part of the small creeks or esteros that now intersect the city and are but open sewers, and for dredging out

and walling the banks of others useful for navigation are so full of difficulty that they need the best men that can be found to solve them, and popular election would not have resulted in furnishing good material. The charter has not been long enough in operation to justify an opinion as to its sufficiency. The city of Manila has no debt, but it has many expensive requirements, and until a debt is created these requirements can not be met. We think that it may be necessary to issue bonds to an amount not exceeding \$4,000,000 with which to double the water supply and to institute a sewer system. General Davis, the able provost-marshal-general, made so complete and elaborate a report on the city of Manila, which is included in General MacArthur's report, that it is unnecessary for us to attempt an addition to it after only two months' experience in civil government of the city. A reference to the income and expenditures of the city will hereafter be made.

There is no city in the world which is so much in need of electric railways as the city of Manila. The cab system is most defective, and it is necessary for the government to maintain a large number of government cabs for the use of the public offices during business hours. A stringent law has been passed forbidding the use of such conveyances after hours or for the purpose of conveying employees from their homes to their offices. If we had an adequate system of street railways there would be no need of maintaining such an establishment as the government must now maintain. Of far greater importance, however, is the inconvenience to the public arising from a lack of proper street transportation. There is one street railway company, whose right to use electricity or anything but horsepower is in doubt, and whose line is divided into seven different divisions, over each of which it is permitted to charge a regular fare. The line is very poorly conducted and affords little if any accommodation. The reasons for conferring upon some authority the power to grant franchises in this country are manifold, but there is no better illustration of the overwhelming necessity for such a power than is shown in the case of street-railway facilities in Manila.

It is earnestly recommended that Congress confer upon the commission, with such restrictions as may seem wise, including the necessity for confirmation by the Secretary of War or the President, the right to grant franchises of this kind in the towns and cities of the archipelago.

PUBLIC LANDS.

In the development of these islands it is essential that opportunity shall be afforded for the sale and settlement of the enormous tracts of public lands. The system of public-land surveys provided by the statutes of the United States might well be carried out here, though,

of course, it would be years before they could be completed. Meantime, provision should be made for homestead disposition and public auction sale of the lands, with a provision for a preliminary survey at the expense of the applicant, the land obtained to be held subject to a reconfirmation on the completion of the official survey. Homestead entries, of course, should be for limited amounts; but in order to encourage investments of capital and the introduction of modern methods of agriculture, we think public auction sales of comparatively large tracts should be authorized upon proper conditions and at not less than fixed minimum prices. The islands of Mindanao, Paragua, and Mindoro are almost wholly undeveloped, and will remain so until capitalists are offered an inducement to go there and make large investments.

Persons in possession of land and actually cultivating the same for a number of years ought to be given an opportunity to perfect their titles. The difficulties likely to attend the disposition of the public domain in these islands are set forth in a paper prepared by our commissioner of public lands, Mr. William M. Tipton. He has been in the Philippines only about two months, but he has had eighteen years' experience in the office of the surveyor-general of public lands in New Mexico, and some eight or nine years' experience as an assistant in the office of the United States attorney in the Court of Private Land Claims. He shows clearly the necessity for the establishment of a court of private land claims here, for conditions are not very different from those obtaining in New Mexico. In another paper he states, in a summary way, the provisions by law for the alienation and acquisition of public lands under the Spanish dominion in the Philippines. The two papers are attached hereto as Appendices F and G.

We recommend that the commission be authorized to enact a public-land law, with such limitations as to quantities, prices, and conditions of purchase as to Congress may seem wise. In the last years of Spanish rule provision was made by law for turning over to each pueblo a common from the public lands. It is understood that no such commons have been surveyed or taken possession of; but at several places in our provincial journeys questions were asked as to whether the American Government intended to fulfill the Spanish promise in this regard. In any general authority conferred upon the commission in regard to disposition of public lands, it is suggested that power be given to grant commons to each town from the public domain.

MUNICIPAL GOVERNMENTS.

The municipal code was enacted on January 21, 1901. It had been the plan of the commission to organize the municipalities of the several provinces and then proceed in each case to the establishment of a provincial government; but conditions were improving so rapidly at

the time the code was enacted and the demand for civil provincial governments was so strong that it proved necessary to abandon this plan. The policy adopted in most instances was to establish a provincial government and appoint one of the provincial officers, usually the governor, chairman of organization committees for the several municipalities, so that the work might proceed as rapidly as possible. In some few instances persons other than provincial officers were selected on account of their special fitness for the work.

The municipal code had been widely scattered through the islands before the commission started on its southern trip. It had been carefully studied by the leading men of many of the municipalities, and its provisions were freely discussed with them in the meetings held at provincial capitals. In this way a number of useful, practical suggestions were obtained, which were subsequently embodied in act No. 132, amending the code.

Practical experience has developed some other minor defects, which will be corrected by further amendments in the near future. Six hundred and sixteen towns have thus far been reported as organized under this law, with the provinces of Bataan, Bohol, Capiz, Cebu, Isabela, and Surigao yet to be heard from. In actual practice the law has worked to the satisfaction of the people and of the commission.

There have been individual instances of misconduct on the part of municipal officers, which have been promptly punished by suspension or removal from office. Violation of the oath of allegiance has not yet been proved against a single president. The shortcomings of municipal officers are chiefly survivals of the old system, known as "caciquismo," and manifest themselves in a tendency on the part of the municipal officers, and especially of presidents, to exercise arbitrary powers which have not been conferred upon them by law. The ignorance of the common people is, in many instances, so great as to make such abuse of power easy. Little by little, however, they are coming to understand their rights under the law and to demand them. In order to expedite this much-to-be-desired change, a very large number of copies of the code have been printed in Spanish and distributed throughout the archipelago, and the Tagalog provinces have also been supplied with copies in the Tagalog language, while Visayan, Bicol, and Ilocano translations are in preparation.

Few complaints have been received from towns thus far organized of inability to maintain themselves, while in some cases considerable balances are on hand in municipal treasuries. This, too, before the land tax has gone into effect and at a time when the ravages of war, of rinderpest, and of locusts have produced unusual poverty in many provinces.

These encouraging results lead us to believe that when the system of taxation provided by the code has been put into full effect and

conditions have again become normal the municipalities will be able not only to meet their necessary current expenses, but to make important and much-needed municipal improvements.

An attempt has been made to ascertain the proportion of qualified electors to inhabitants in the towns thus far organized. Difficulties of communication have rendered this effort only partially successful. Returns have been received from 390 municipalities, showing a total population of 2,695,801 and a total of 49,523 qualified electors, or 18.37 electors per 1,000 inhabitants. Any person who is able to read and write the English or Spanish language is eligible to vote, as already stated; and when it is remembered that this total of electors includes not only such persons, but also those who own property to the value of \$250 in American currency or who pay annually taxes to the amount of \$15, and also all those persons who held municipal office under the Spanish régime, some light is gained as to the educational attainments of the common people.

It was to be expected that the intrusting to municipal councils of powers which were entirely new to them would lead in some instances to their exceeding their authority. This has been the case. For instance, municipal councils have attempted to fix by ordinance the fees which native and other priests should be allowed to charge for baptism, marriage, and burial ceremonies. At the quarterly gatherings of municipal presidents in some of the provinces attempts have even been made to legislate as to public lands and the exploitation of the forest products grown thereon, but no serious harm has resulted from these minor failures of municipal presidents and councils to realize the limitations imposed upon their authority by law.

On the whole, it may safely be said that the people have received the municipal code in a most friendly spirit, have taken a commendable interest in its provisions, and in the majority of cases have attempted in good faith to carry them out.

Numerous petitions have been received for authorization to create new municipalities. A pueblo under the Spanish régime corresponded rather to a township or a county than to a "town," in the ordinary acceptance of that term. It often embraced an area of many square miles, through which were scattered small villages, known as "barrios." Two factors have apparently been potent in bringing about these applications for the formation of new towns. One has been the inconvenience of keeping up communication between remote barrios and their centers of municipal government; the other has been the desire on the part of leading men of the barrios concerned to hold municipal office. While there are doubtless cases in which new municipalities might advantageously be formed by the segregation of certain barrios, the commission has thought it best to delay action in nearly all such cases for the period of one year, in order that time might be afforded for

familiarizing ourselves thoroughly with the facts and that returning prosperity might make the people concerned better able to bear the increased expenses which would result from such reorganization.

A different class of cases has been presented by the proximity of certain municipalities to others, which not infrequently makes the union of two or more municipalities highly to be desired from an economical standpoint. In one instance it was found practicable to unite five municipalities in this way, and in several cases municipalities which were too small to maintain a separate existence have been incorporated with larger ones as barrios. Such changes, when proposed, have, however, usually proved unpopular. It has been found that civic pride often runs high in the smallest and most poverty-stricken places. The fact that a given municipality has had an uninterrupted existence as a "pueblo" for a century or two is, to its people, a sufficient reason why it should continue to exist independently. We regard this local pride as, in itself, most commendable and wherever practicable have avoided wounding it. With a single exception, union of municipalities has been effected only when the people concerned favored the change, or when it was evident to everyone that it was absolutely necessary for economic reasons.

The one exception to this rule was in the case of San Nicolas, which was separated from the city of Cebu only by a small stream. This municipality had been a hotbed of insurrection and crime, and it was therefore felt that the preference of the people ought not to stand in the way of a change demanded in the interest of economy and efficient administration.

THE BENGUET GOVERNMENT.

The special provincial and municipal government acts adopted for Benguet, which is peopled almost exclusively by non-Christian Igorotes, were fully described in the last report of the commission. No further legislation has as yet been enacted for non-Christian tribes, it having been deemed wise to await the results of the Benguet experiment before going further. With a view to ascertaining from personal observation how the Benguet laws were actually working, and to determine the practicability of applying them, or something like them, to Lepanto, Commissioners Worcester and Moses visited these provinces in June, going first to Baguio, the capital of Benguet, and then riding northward through the settlements known as Trinidad, Ambukláo, Daklán, Adaoay, Kabáyan, Bugias, and Lóo, entering Lepanto at Mancayan and leaving by the Tilad Pass.

In each of the several Benguet settlements visited after leaving Trinidad the headmen were called together and a frank discussion was had with them as to the practical workings of the municipal act under which they are organized. The conclusion was reached that the meas-

ure is well adapted to their needs and is producing a slow, but none the less sure, improvement in their condition. While the ordinary Igorrote contents himself with a clout when at work and adds a cotton blanket during his leisure moments, only to keep himself warm, the municipal officials in the settlements visited had been led, apparently by the dignity of their positions, to secure and wear the garb of civilization. Some of the presidents had developed a considerable amount of efficiency as administrators. There had been a tendency on the part of many of the people to make untrue declarations in regard to their property in order to escape taxation, a tendency which was being gradually overcome as they came to learn by actual experience that all the money collected in any settlement was, under the law, spent for the good of its residents.

It is needless to say that some very remarkable local ordinances have been passed by municipal councils in Igorrote settlements; but the provision that all such ordinances should be submitted to the provincial governor for approval before going into effect, and in case they were deemed defective should be returned by him to the council enacting them, with his suggestions as to desirable changes, has prevented any harm and has helped to educate the people as to the form which such measures should take. In some cases the provincial governor has purposely allowed defective ordinances to become operative in order that those who enacted them might learn wisdom by experience.

A less encouraging account must be given of the practical working of the Benguet provincial government. It was the first provincial government to be established and its officials met with numerous and serious obstacles, not the least of which was their isolation, which rendered communication difficult, and sometimes resulted in their being left without necessary funds. Such seemingly simple matters as the organization of an office force and the securing of office supplies involved weeks of delay. In spite of obstacles and discouragements Governor Whitmarsh has begun the construction of provincial buildings, and has organized and carried out a successful expedition against the Busol head-hunters of northern Benguet and southern Lepanto.

The chief obstacle in the way of further progress has been the personal differences which arose between the provincial governor and the provincial secretary, which were intensified by isolation from the outside world, and culminated in the resignation of both officials. The resignation of the provincial secretary has been accepted, and that of the provincial governor is being held until a suitable person can be found to take his place. While the lack of greater progress in Benguet has been due to the want of harmony between provincial officials rather than to the character of the act under which the province is organized, it is believed that this act may now profitably be amended

in such a way that its provisions will harmonize more fully than at present with those of the general provincial act, which has been put in force in the pacified provinces inhabited by civilized natives.

It was ascertained that conditions in Lepanto were so similar to those prevailing in Benguet that little modification in the Benguet laws was needed. Commissioners Worcester and Moses found representatives from every Lepanto settlement gathered at the capital, Cervantes, to meet them. The assembly was so large that no building in the place would hold it, and a public session was accordingly called in a shaded street. Half a day was spent in a detailed explanation of the form of local civil government which had been given to the Benguet Igorrotes, and the Lepanto Igorrotes said that they were well satisfied with the laws described, and desired to have the benefit of similar laws at the earliest practicable time.

It was then hoped that civil government might soon be established in Lepanto, but the more important work of organizing provinces inhabited by civilized natives necessarily took precedence. This work having been practically completed, it will now soon be possible to proceed to the organization of the few remaining provinces of Luzon, which are peopled entirely or largely by non-Christian tribes.

NON-CHRISTIAN TRIBES.

There is at present a lamentable lack of accurate information as to the non-Christian tribes of the Philippine Islands. Although the Commission has thus far been able to give but slight attention to the interests of this part of the population, enough work has been done to show that a number of tribes included in the most reliable lists thus far published have no existence in fact, on the one hand, and that tribes exist which have never been included in any list, on the other. Similarly, it has been proved that wild tribes are absent in several provinces where they have been stated to exist, and that they exist in some provinces—as, for instance, Samar—which have been popularly supposed to be inhabited only by Christianized natives.

It can be stated with certainty that non-Christian tribes exist in the provinces of Cagayan, North Ilocos, South Ilocos, Union, Pangasinan, Tarlac, Nueva Ecija, Zambales, Bataan, Pampanga, Bulacan, Tayabas, Ambos Camarines, Romblon, Capiz, Antique, Iloilo, Western Negros, Eastern Negros, Samar, Surigao, and Misamis, although there is a heavy predominance of Christianized natives in each of these provinces. In Isabela and Abra, on the other hand, the non-Christian tribes are numerous and important, while in Bontoc, Lepanto, Nueva Vizcaya, Benguet, Principe, Infanta, Mindoro, the Calamianes Islands, Palawan, Balabac, the Sulu Archipelago, and the districts of Zamboanga, Cotabato, and Davao, in Mindanao, they constitute the bulk of the population. The total non-Christian population may be roughly estimated

at 2,000,000, although it should be clearly understood that any attempt to make a statement as to its numbers is at present to a very large extent guesswork. Many of the tribes are numerically insignificant. Not a few are quite numerous and powerful. Some of them, like the Negritos, are physical and mental weaklings, while others, like the Igorrotes of Bontoc, display a superb physical development and show mental and moral qualities such as to lend weight to the opinion of the Filipino patriot, José Rizal, who said: "The future of the Philippine Islands is in the people of their mountains."

The Moro tribes of southern Mindanao, the Sulu Archipelago, Balabac, and southern Palawan are the only ones among these non-Christian peoples which could afford any serious menace to public order or to the peace of any important portion of the archipelago. Thanks to the good judgment of the military officers in those regions, the friendliest relations have thus far been maintained with the Moros of the Sulu Archipelago and of the districts of Zamboanga, Cotabato, and Davao. The Moros of the Lake Lanao region have long been reputed the fiercest and most uncompromising members of their tribe. The Spanish Government spent several years in an unavailing attempt to subdue them. They were at first very suspicious of Americans; but markets have been established for them at Iligan, on the north coast, and at Tukuran, on the south coast, and they are now coming down to the sea on market days in constantly increasing numbers, which indicates greater confidence in and better feeling toward the Americans. While injudicious conduct might readily precipitate a fierce conflict with these people, it is hoped that no such untoward event may occur anywhere in the Moro country.

With the exception of Misamis, there are no Moros in any province where civil government has been established. An act has been passed forbidding prospectors to visit that portion of Misamis which they inhabit without the written permission of the military commander of the Department of Mindanao and Jolo. The same act prohibits the sale of intoxicating beverages in the one town which they frequent.

The problems presented by these non-Christian peoples are neither few nor insignificant. Some of them, like the Tinguianes in Abra, are possessed of a very considerable degree of civilization, while others, like the Negritos of Bataan, have been definitely proved incapable of any considerable advancement. The Moros have a fairly well organized governmental system, but no other one of the numerous non-Christian peoples has a tribal government, while in not a few cases the family is the only recognized social unit, and even the family tie is loose.

Certain of the non-Christian tribes have highly objectionable customs. The question of how best to deal with slavery among the Moros has attracted wide attention in the United States. On its southern trip the commission met and had long interviews with the Sultan of

Sulu and the principal datos of the Sulu Archipelago, as well as with Dato Mandij, who rules the Moros in the Zamboanga district, and Dato Piang, Dato Utto, and other leading datos of the districts of Cotabato and Davao. In the course of these interviews the slavery question was discussed very frankly. The insular government has never recognized slavery in any way, and the Moros were informed that it never would do so. They showed little hesitation in giving us the details of the system as it exists, and their statements were confirmed by military officers in command of garrisons at the several points visited.

We learned that slavery is widespread among the Moros, but at the present time exists in an extremely mild form. The old slave-hunting expeditions have nearly ceased. The Moro datos claim that they no longer occur at all, but it is known that this statement is not strictly true, as the Moros of Mindanao still occasionally capture members of wild tribes in the interior of that island. The Filipinos formerly held as slaves have practically all been liberated by our troops, although it is possible that a few may still remain in bondage in the Lake Lanao region. Slaves who desire their freedom and who seek protection at any military garrison receive it.

The large majority of slaves held to-day have sold themselves for debt or are the children of those who have so sold themselves, the obligations of parents being inherited by their offspring. A slave may secure his liberty by paying to his owner an amount equal to the price paid for him, but should he sell himself for a certain sum and should his master afterwards be able to sell him for a larger sum he must repay this latter amount. In the majority of cases slaves are treated kindly, and they are frequently allowed time and opportunity to earn money, so that it is possible for them to redeem themselves if they desire to do so. The casual observer finds it impossible to distinguish them from members of the family to which they belong. Military officers everywhere expressed the opinion that Moro slaves were, on the whole, so well satisfied with their lot that if they were all set free the majority of them would promptly return to their old masters and voluntarily take up their old life again. This statement is not advanced as a defense of the system of slavery which prevails among the Moros, but rather as an illustration of the difficulties to be encountered in abolishing it.

An attempt at the present time to use force in securing the liberty of Moro slaves would inevitably provoke a fierce conflict with a brave and warlike people, and, so far as the slaves themselves are concerned, would meet with little appreciation. If, on the other hand, the refusal on the part of the Government to recognize slavery is persisted in, and the taking or acquiring of new slaves is prevented, the question will settle itself in a generation without bloodshed or the bitterness necessarily engendered by an armed strife.

It should be understood that slavery in the Philippines is by no means confined to the Moros. It is common among the wild Indone- sian tribes in the interior of Mindanao and among the wild Malayan tribes of northern Luzon. If the evidence of credible witnesses may be believed, some of the wild tribes of Mindanao sacrifice their slaves to propitiate their heathen divinities. Repulsive as these facts are, it is idle to enact laws or issue orders until they can be made effective. The commission believes that the slavery question can be settled with- out resort to violent measures. A practical result of the intercourse between Moros and Americans has already been seen in the proclama- tion of Dato Mandij abolishing slavery among his people in the dis- trict of Zamboango. It is hoped that other datos may be induced to follow Mandij's example, and that eventually the wild mountain tribes may be reached by the same methods which have been so happily employed in his case.

It is evident that, if we are not to fail in our duty toward the savage or half-civilized Philippine peoples, active measures must be taken for the gathering of reliable information concerning them as a basis for legislation, and an act has therefore been passed by the commission creating a bureau of non-Christian tribes. This bureau is charged with the duty of conducting systematic investigations, in order to ascertain the name of each tribe, the limits of the territory which it occupies, the approximate number of individuals which compose it, their social organization and their languages, beliefs, manners, and customs, with especial view to learning the most practical way of bringing about their advancement in civilization and material pros- perity. This bureau has the further duty of investigating and report- ing upon the practical operation of all legislation with reference to non-Christian peoples.

FORESTRY.

The forest resources of the Philippine Islands have been repeatedly and fully described. Prior to the passage of the army appropriation bill the exploitation of the forests was carried on under general order of the military governor, No. 92, series of 1900, which divided the timber of the islands into six classes. Licenses to cut timber were issued for the nominal sum of \$1, and a charge per cubic foot, vary- ing with the class of the timber, was paid to the Government on all timber cut. This was practically a continuation of the former Spanish system, with the difference that a material increase was made in the rates at which Government timber was sold. Under the Spanish law a large class of people had grown up which was wholly dependent for a livelihood upon the cutting of timber belonging to the State. Tim- ber could be had so advantageously from the Government, that it was hardly worth while for private individuals to seek to acquire forest lands.

In view of the provisions of the Army appropriation bill with reference to the sale and disposition of timber on public lands and of the hardship which would have resulted from their strict and literal enforcement, the following cablegram was sent to you on March 7, 1901:

SECRETARY OF WAR, *Washington*:

High price of lumber one of people's greatest burdens in present situation. Very little timber on private lands. People almost entirely dependent on purchase of timber from public lands to repair damages from war. *If new legislation* abrogates military governor's General Order 92 last year, fixing *reasonable rates* and proper limitations under which any resident can cut public timber, will produce greatest hardship. If so, ask authority to put imported timber on free list. Is cutting of timber for public works forbidden? Request opinion.

TAFT.

The following message was received in reply:

WASHINGTON, *March 30, 1901.*

TAFT, *Manila*:

With reference to your telegram of 7th, it is considered provisions act Congress of March 2 do not interfere with existing system forestry regulations provided by Spanish law, as modified by military governor in General Order 92, June 27, 1900. Full discussion of subject forwarded by mail. Advise MacArthur.

ROOT.

The military order was accordingly allowed to remain in force until the following dispatch was received:

WASHINGTON, D. C., *July 24, 1901—8.40 p. m.*

TAFT, *Manila*:

Secretary of War directs send by first available transport full and complete copies existing licenses granted by forestry bureau. Do not grant more licenses till you receive instructions. Report to date, and monthly, thereafter, amount forest products taken from public or private lands, also amount imported and exported after May 1. Send two sample sets forms used in forestry bureau.

EDWARDS.

These instructions were complied with. The issuance of all licenses for the cutting of timber on Government lands, except those issued to the poor for permission to cut, free of charge, the little timber and firewood absolutely needed by them, was immediately stopped, and licenses already issued were not renewed when they expired. This necessary action on our part worked hardship on a number of people who had, in good faith, invested money in small sawmills or in the construction of roads for dragging timber out of the forests. It tended to increase the difficulty of getting the lumber absolutely necessary for public works, which was previously very great, and to further raise its price, which was before so high as to be almost prohibitive, while the few owners of private timber lands were in a fair way to profit by a temporary monopoly.

In view of these facts, the following cablegrams were addressed to you:

MANILA, *September 4, 1901.*

SECRETARY OF WAR, *Washington:*

Would assist us to know when, if at all, timber licenses may again issue. Present effect is to give undue advantage to those with licenses unexpired.

TAFT.

MANILA, *September 18, 1901.*

SECRETARY OF WAR, *Washington:*

The suspension of forestry licenses granting causing much hardship in Romblon, Masbate, and other places where people dependent timber cutting for livelihood. Is order intended to suspend gratuitous licenses to needy?

TAFT.

To these answer was received as follows:

WASHINGTON, *September 21, 1901.*

TAFT, *Manila:*

With reference to your telegram of 17th September, Secretary of War authorizes further issue firewood and gratuitous licenses, especial care being taken in each case not to issue more than actual necessity demands. With reference to your telegram of 4th September, Secretary of War desires to know if practicable to insert in timber licenses limitation on amount to be cut thereunder. What do you advise as maximum?

EDWARDS.

Our reply was:

MANILA, *September 25, 1901.*

SECRETARY OF WAR, *Washington:*

Greatest amount timber cut one year by one person or company 100,000 cubic feet. Commission thinks this small. Manila demand for lumber great. If limitation imposed, should not think 500,000 cubic feet for a year excessive.

TAFT.

We are now anxiously awaiting your decision and the subsequent action of Congress on this subject. Briefly stated, the situation is as follows: There are vast Government timber lands in these islands, variously estimated at from twenty to forty millions of acres. The lumber industry, as conducted up to the present time, has never made the slightest impression on them. More timber grows every year than it is at all possible to cut for lumber under existing conditions. That no destruction of the forests by lumbermen is occurring is shown by the fact that but 1,955,561 cubic feet of firewood and 2,469,930 cubic feet of timber (equal to 29,639,160 feet board measure) were cut during the fiscal year ending June 30, 1901. The forests produce valuable woods for every conceivable purpose, but with the general lack of skilled woodsmen to fell the trees, of draft animals to drag them to the sawmills, and even of the mills themselves, the price of timber has

been and is remarkably high when one considers its abundance and proximity to the market. In Masbate, in the island of Sibuyan, and in many other provinces or islands there are large numbers of woodsmen who would be threatened with starvation should their one means of livelihood be taken away from them. War has destroyed hundreds of public buildings and thousands of private homes. Within the past five years many bridges have been swept away by floods or have been burned, and few of them have as yet been rebuilt. The necessity for timber has never been so great here as it is to-day, and it is of the utmost importance that all unreasonable restrictions upon its cutting and marketing should be removed. We are constantly in receipt of communications from municipalities asking for entire exemption for a period of years from the payment of charges on timber from Government lands. We do not consider such sweeping exemptions advisable, because a law can be devised which will exempt the man who can not afford to pay for the timber and firewood he must have and will reach the man who can afford to pay. We do feel strongly, however, that the reasonable and legitimate development of the forests of the State, on terms advantageous to the Government, should be authorized.

The real cause of the disappearance of our forests is to be found in the widespread practice of burning the tall grass known as "cogon" during the dry season, which destroys vast numbers of young trees; and in that of making so-called "caingins" or clearings by felling the forests, burning the trees where they lie and cultivating the soil until weeds invade the clearings, then abandoning them and repeating the same operation elsewhere. While General Order No. 92 contains provisions against these practices, their enforcement has not been sufficiently strict, nor have the penalties imposed for their violation been heavy enough. A more stringent regulation will be adopted in the near future, and its enforcement made obligatory on the presidents of all municipalities as well as on the insular constabulary.

The only legislation enacted by the commission with reference to the forests in these islands has been for the purpose of increasing from time to time the force of the forestry bureau, which has in hand their protection and the collection of the amounts due for timber cut on public lands. Every increase in this force has been followed by a corresponding and gratifying increase in the revenue collected. The monthly salary list at present aggregates \$3,404.66. The collections in the month of August last aggregated \$14,654.10 and for September \$15,564.29, the sums named being in United States currency. Forestry officials are now on duty in the provinces of Cagayan, Pampanga, Iloilo, Union, Albay, Zambales, Tayabas, Bataan, Tarlac, North Ilocos, Ambos Camarines, Pangasinan, Bulacan, Leyte, Rizal, Batangas, Eastern Negros, Western Negros, Capiz, Antique, Masbate, Romblon,

South Ilocos, Cavite, in the districts of Zamboanga and Cotabato in the island of Mindanao, and at Jolo.

Much work remains to be done in the way of the collection and identification of our forest trees. The wealth of our material is shown by the fact that a forestry official, sent to Zamboanga to make a collection of the leaf, fruit, and flower of each of the different varieties of forest trees found in that vicinity, returned in three months with wood and leaves from 423 species, and by the further fact that the forestry bureau has already raised the number of known tree species in the Philippine Islands from 300 to 665.

It becoming known to the commission that gutta-percha, the most valuable of forest products, was being exported in considerable quantities from Cotabato and Zamboanga to Singapore by way of Jolo, without paying any charges, act No. 165, prohibiting the clearing of vessels carrying forestry products which had not paid charges, was passed. In view of the great commercial importance of gutta, two men were sent to Cotabato to collect the gums from all gutta-producing trees in that region, together with leaf, fruit, and flower, where practicable. The severe and long-continued illness of one of the members of this expedition seriously interfered with its success, but a considerable number of gum and leaf samples were obtained. The former have already been submitted to the War Department for investigation as to their properties, and the latter will be identified as soon as possible.

At the same time an agent of the forestry bureau was dispatched to the Straits Settlements, Java, and Sumatra, under the following instructions:

FORESTRY BUREAU,
Manila, P. I., May 23, 1901

Dr. P. L. SHERMAN,

Special Agent of the Forestry Bureau, Manila, P. I.:

SIR: The following resolution was adopted by the United States Philippine Commission, May 18, 1901:

On motion of Commissioner Worcester,

Resolved, That Dr. P. L. Sherman be appointed special agent of the forestry bureau, at a salary of \$150 gold per month, to go to the Straits Settlements, Java, and, if necessary, to Sumatra, and to investigate methods of obtaining gutta-percha, paying especial attention to the new process of extracting it from leaves, bark, and twigs.

Resolved, further, That Dr. Sherman be allowed his necessary and actual traveling expenses while engaged in this investigation.

In compliance with the above resolution, you will proceed to Singapore at your earliest convenience, and on arrival at that place will investigate the production of gutta-percha and rubber in the Straits Settlements, paying especial attention to the new method of extracting gutta from twigs and leaves, as well as from the bark of trees which have been felled for some time.

Your investigations on the subject of production should cover all the different trees of that region furnishing gutta or rubber, and, so far as

practicable, you will secure and properly preserve for the forestry bureau leaves, flowers, and fruit of each species, together with full information as to the quality, amount, and commercial value of the gum derived from each, and as to the season or seasons when it may best be obtained.

You will make a very complete examination as to the methods of extracting the latex or gum and of preparing the same for the market, studying not only the primitive methods employed by the natives, but also and especially the new process above referred to.

You will secure photographs of fresh leaves and, if possible, of the fruit and flowers of the several gutta or rubber producing species, also photographs showing in detail the various methods of extraction and subsequent treatment above referred to. You will ascertain as accurately as possible the percentage of gutta obtained by the several methods which you may find in use, the relative purity of the products thus secured, and the cost per hundredweight of extraction and preparation. You will ascertain the market price of the different grades at Singapore, will secure samples of each of these grades, and will learn, so far as practicable, the ports from which gutta is shipped to the Singapore market and the relative amounts coming from each port, paying especial attention to shipments from the Philippines.

You are authorized to visit such important centers of gutta production in the Straits Settlements as may be best suited to the successful prosecution of this work.

Having completed your investigations there, you will proceed by the most direct route to the botanical garden at Buitenzorg, in Java, where you will secure as complete a series as possible of the leaves, fruits, and flowers of gutta and rubber producing trees and plants, with all available information as to their distribution, the quantities and value of the gums which they furnish, and the practicability of cultivating them on a commercial scale, and you will continue your observations as to the methods of extraction and purification of gutta and rubber.

You will visit Sumatra only in the event of its proving impossible to obtain full information on the subjects above outlined in the Straits Settlements and Java.

While pursuing these investigations, you will make inquiries, particularly at Buitenzorg, with a view to ascertaining on what terms the services of a thoroughly competent tropical botanist can be had by the forestry bureau of the Philippine Islands.

You will complete this work in the shortest practicable time, and will then immediately return to Manila. You will prepare a full report, setting forth all the results of your investigations, before arrival at Manila or, should this be impossible, immediately thereafter, and will submit it to the acting chief of the forestry bureau, with a view to its publication for the information of the general public.

Very respectfully,

ALBERT E. McCABE,

Captain, Thirtieth Infantry, U. S. V., in charge of Bureau.

Dr. Sherman returned on September 21, bringing a valuable collection of herbarium specimens, gutta-percha and rubber samples, and of photographs showing leaves, fruit, and flowers of various gutta and rubber producing trees, or illustrating methods of extraction. His report, which appears as Appendix J, gives a full account of rubber

and gutta-percha, and states where the important varieties have thus far been found.

It appears that while many trees produce gutta mixed with resinous or other substances, the main source of the gutta which is available for commercial purposes is afforded by trees belonging to two genera, *Dichopsis* and *Paysona*, the species known as *Dichopsis gutta*, Bent, producing the best gutta known. The destructive method of extracting the gutta always employed by the natives, who cut down the trees and ring them, is shown to be not only unnecessary but wasteful, it being possible to obtain much more satisfactory results by careful tapping, without any injury whatever to the tree.

In 1843 gutta-percha trees were abundant on Singapore Island and throughout the Malay peninsula. They have now been so thoroughly cleared out that it has not been possible for the authorities of the botanical gardens at Singapore to obtain flowers or fruit for years, although a standing reward for them has been offered to the Sultan of Johore and others. The destruction of trees in Sumatra and Borneo has also been widespread. The demand for gutta steadily increases, while the supply as steadily diminishes. The trade of the world is practically in the hands of the Chinese of Singapore, who mix the cheaper grades with the finer and color and adulterate in every conceivable way. It was found that there was possibly a ton of really first-class gutta in Singapore, while there was an immediate demand for 600 tons.

There were some twenty-five kinds of gutta for sale, but even in the case of the half dozen more important kinds it was impossible to trace the relation of any specific kind to any definite tree, the Chinese refusing to tell whatever they may have known on the subject. That they themselves really knew little would seem to be indicated by the fact that when shown three pure samples of gutta from different tree species they failed to recognize the source of any one of them, while the prices put upon these samples by different merchants varied greatly. The fact is that the gutta marketed at Singapore comes almost exclusively from places where only wild natives penetrate. It seems certain that the supply is rapidly diminishing, and, although the quality is falling off, prices steadily increase. It is estimated that 300,000,000 pounds of gutta-percha have been exported from Singapore during the last fifty years, involving the destruction of at least 150,000,000 trees and the waste by imperfect extraction of some 3,000,000,000 pounds.

The Philippines were found to be credited with 232½ piculs of gutta-percha (of 133 pounds each) and 5 piculs of inferior gutta during the last six months of the year 1900. This is far from representing the total amount exported from the Philippines, as most of our gutta, which is at present all exported from Jolo, goes to Sandakan and Labuan and is there transhipped to Singapore and credited to British North Borneo.

Active steps are now being taken by the governments which have tropical possessions where gutta-percha trees will grow for their propagation. Propagation by seed has thus far proved the most satisfactory method. Self-sown seedlings from the jungles may also be used, but are difficult to transport for long distances, and grow comparatively slowly. The vertical shoots which spring from young trees when bent over and fastened in that position are being experimented with, as is the method of causing roots to spring out on bark by fastening moist earth against it and then planting bark and roots. The time required for a tree to reach maturity is not at present known, and blossoming and fruiting are very irregular, as much as fifteen years sometimes elapsing between successive seasons.

Important and interesting experiments as to improved methods of extraction have now been carried on for some time. As has been stated, very satisfactory results may be obtained by tapping the trees, which can be done in such a way as to produce a considerable yield of gutta without inflicting any damage.

It having long since been ascertained that bark remaining on gutta trees which had been felled still contained 5 per cent of gutta, while the dead leaves contained from 7 to 10 per cent, numerous expedients have been tried for the extraction of gutta from bark and leaves. The processes which have been developed are patented and kept secret, but all fall under one of three groups. Those of the first group may be called mechanical and involve grinding of leaves and bark to powder between rollers, washing the product in hot water, and straining the water until a coherent plastic mass is produced, which is free from impurities. The more successful of these methods recovers from 5 to 7 per cent of gutta from dried leaves. The objection to it is that a certain amount of chlorophyl (leaf green) is also extracted and remains in the gutta, leading to doubts as to its durability. Gutta obtained in this way sells at from \$130 to \$180 per picul and would bring double the price were it possible to remove the chlorophyl.

The second group of processes may be termed chemical, the leaves and bark being ground to powder and the gutta removed by a solvent. The solution is then treated chemically and the solvent driven off or the gutta precipitated by some other chemical. These processes have been patented, and factories were erected in England and France but failed on account of the limited supply of bark and leaves, the freight on such bulky products more than equaling the profit on the gutta extracted. Furthermore, the gutta thus extracted retained chemical impurities, which caused decomposition. A more recent investigator, profiting by the mistakes of his predecessors, has improved on their methods, and has established a factory in North Borneo, within a comparatively short distance of gutta trees, where he is manufacturing a very high-grade article, and is recovering 7 out of the 10 per cent of the gutta in dried leaves.

The third group of methods may be termed chemical-mechanical, the gutta being extracted by hot water from powdered leaves and bark, and then treated with chemicals for the removal of impurities, no harmful after effect from the chemical treatment being apparent. High-grade gutta is produced in this way.

Dr. Sherman was naturally unable to obtain admission to any of the factories where these secret processes were used, but there would seem to be no special difficulty in the way of our elaborating a satisfactory method of extraction from leaves and bark here in the Government chemical laboratory, as the general principles involved are known; and it is further known that there is no first-class chemist connected with the factories which now exist, so that the problem can hardly be very difficult.

It had been hoped that the introduction of one of these new extraction methods in Mindanao and the erection of factories would prevent destruction of the trees, by showing the natives an easier and more remunerative manner of obtaining the gutta; but it appears that experience has shown, in the countries where improved methods have been practiced, that, unless watched, the natives are very likely to fell the trees in order the more readily to get at the leaves.

It is estimated that, by 1907, there will be 900,000 to 1,000,000 trees planted and growing on Government plantations in Java, and two private companies have also embarked in this enterprise there. The method of extraction from leaves is the one which it is intended ultimately to utilize both on Government and private plantations.

Great Britain and Holland are the countries owning all known gutta-percha lands outside the Philippines, and they are taking very active steps not only to preserve the trees which remain, but also to establish new plantations. Germany has long had an agent in gutta and rubber producing countries, with a view to the introduction of trees into her African and New Guinea possessions. Some years since, France sent gutta seedlings to all her tropical possessions, and a representative of that Government visited Borneo. Another representative is now at the botanical gardens in Buitenzorg Java, to continue the work.

Although the best gutta-producing tree (*Dichopsis gutta*, Bent) has not as yet been found in the Philippines, very closely allied species are already known and the gutta-percha obtained from them brings \$40 to \$150 per picul at Singapore. The trees are known to be present in large numbers in southern Mindanao and in Tawi Tawi.

Holland at present monopolizes all gutta-percha seeds, which are so valuable that it is found more profitable to keep trees for seed than to extract gutta from them. There can be no reasonable doubt that, if it does not already exist there, the best species of gutta tree would grow in Tawi Tawi, which is in the same latitude with its habitat in

north Borneo. Seedlings could readily be transplanted from Borneo and Sumatra to the Sulu Archipelago and to southern Mindanao.

Active measures will immediately be taken for the identification of the gutta-producing trees of these islands, as well as for their protection, which unfortunately presents a difficult problem, as they are believed to be confined to regions inhabited by Moros or by the wild Indonesian tribes of Mindanao. It is hoped, however, that Moros may be made to see the importance to themselves of protecting the trees, and that, when shown the good results that may be obtained by tapping, they will themselves take active measures to prevent their people from destroying what might be such a source of profit to them.

Dr. Sherman's report also contains a summary of the methods of extracting and preserving rubber and an account of the rubber trees thus far successfully cultivated. One of the best of these, *Ficus elastica*, is known to grow luxuriantly wherever planted in this archipelago, and a Ceara rubber tree grown from seed in Manila has reached a height of 21 feet in a year.

The starting of rubber and gutta-percha plantations in these islands is a project which can in no sense be considered in the light of an experiment, in view of what is already known, and which might well attract the attention of American capitalists. The cost of planting cleared ground with rubber seeds has proved to be but \$2 an acre. The first good harvest should be had in about six years, but it is said to be practicable to plant double the number of trees needed per acre, and at the end of three years to cut out half of them, the rubber secured from the trees cut being sufficient to pay all expenses up to date. Planters estimate a return of \$150 to \$200 per acre from the rubber crop, after the trees have reached maturity, at the prices which at present prevail. Giant rubber vines are known to exist in the forests of the Philippines. Rubber trees have also been reported, but the species is as yet unknown.

In the month of May Capt. George P. Ahern, chief of the forestry bureau, was granted leave of absence to visit the United States, in order to secure men for various positions in the forestry bureau, and took with him samples of many of the more valuable woods for exhibition there, these samples to be eventually turned over to the Forestry Division of the Department of Agriculture at Washington.

No satisfactory experiments as to the properties of Philippine woods have ever been carried out. The chief of the forestry bureau has therefore been authorized to expend \$3,000 for equipping a laboratory for testing the properties of our various woods.

For a full account of the operations of the forestry bureau during the past fifteen months, including number of officials and their salaries, number of licenses, amount of forest products cut or otherwise obtained under them, an account of private woodlands, and the recom-

mendations of the acting chief of the forestry bureau, reference is made to his report to the civil governor for the fiscal year ending June 30, 1901, which appears as Appendix H, and to his supplementary report to the Secretary of the Interior, which appears as Appendix I.

MINES.

The limitations upon mining operations have been even more strict than those upon the work of the lumbermen. It has been considered by the commission that the Spanish mining laws ceased to be of effect with the downfall of the Spanish sovereignty. The direct necessity for the development of the mineral wealth of the archipelago has been less urgent than that for the exploitation of the forests, and no military order has ever been issued, nor has any act been passed by the commission, authorizing such development. As will be seen from the report of the chief of the bureau of mines (which is appended hereto as Appendix K), the operations of American prospectors have fully demonstrated the existence of valuable deposits of copper, gold, coal, and iron. Capital is only awaiting the opportunity to invest in these properties. Our prospectors have been an exceptionally good class of men. They have never caused any serious disturbance of public order, but on the other hand have often pushed into the mountains in advance of the Army, and have established friendly relations with many of the wild tribes. Some of them, after locating properties which they believed to be valuable and staying by them until their last dollar was gone, have been forced to abandon the attempt to secure recognition of their claims. Others are still holding on. In the interest of these American citizens, who have shown qualities deserving of all respect, and in the interest of the commercial development of this archipelago, Congressional action which will render possible the development of the mineral resources of the Philippine Islands is most strongly urged. A mining code believed to be suited to the needs of these islands has been prepared by the chief of the mining bureau. Before making final recommendations in regard to this important matter, the commission desires to give miners and prospectors an opportunity to be heard. A public hearing has been set for October 19, and the final draft, embodying any amendments that may seem desirable, will be forwarded, as a supplementary exhibit, by the next transport.

The work of the mining bureau during the past year has necessarily been limited to investigation and report upon mines and claims; to the translation of old laws, decrees, and documents; to the gathering of information as to the results of prospecting; to the preparation of maps showing the whereabouts of mines and mineral deposits; to the preparation of reports on the more important minerals found in the

archipelago, and to laboratory work and assays on such material as could be obtained. The work performed has been large in amount, and it has been well done.

AGRICULTURE.

The Philippine Islands are fundamentally an agricultural country. So much has already been said, and said truly, as to the great productivity of the soil and the diversity of climate within the archipelago that this subject may here be passed over. The methods of cultivation at present employed are of the crudest. Modern agricultural implements are practically unknown. Artificial fertilization of the soil is almost unheard of, and, as a rule, land is not deemed worth cultivation unless it will continue to produce crops indefinitely without enrichment.

On the recent trip of the commission up the Cagayan Valley in Luzon inquiry was made as to what percentage of the tobacco lands of that region were under cultivation, and we were informed that practically all the good lands were cultivated. We inquired what constituted good tobacco lands, and were told that those lands overflowed annually by the river were considered good, because they were thus annually fertilized and never became exhausted. Upon asking as to the lands not annually overflowed, we were informed that they were not considered valuable, as they would only produce tobacco for about twelve years without enrichment. There can be no reasonable doubt that judicious use of fertilizers on ground which grows sugar cane and other valuable products would be far more than repaid by increased crops.

There is a wide field for the introduction of new fruits, fodder grasses, grains, rubber and gutta producing trees. Grapes, strawberries, raspberries, blackberries, figs, and walnuts have already been planted in Benguet, and are growing well. Tea has also been introduced with encouraging results.

The loss of a large percentage of the draft animals by rinderpest in many of the provinces, the ravages of vast flocks of locusts, which have multiplied unchecked since 1896, and the disturbed condition of the country within the same period, which has in many instances prevented the tilling of the soil and allowed a rank growth of tropical vegetation to overrun extensive areas of land formerly cultivated, have combined to throw a heavy burden on the agriculturists of these islands. In many provinces they are struggling under it manfully, and all possible help should be given to them.

Much of the agricultural land of the Philippines is admirably adapted to cultivation by steam plows and harrows. The water buffalo, which has suffered most heavily from rinderpest, has always been at best a slow and unsatisfactory draft animal. The American mule, on the other hand, thrives here. It is believed by the Filipinos that mules

would be unable to work in soggy or flooded lands at the beginning of the rainy season, which is the time when plowing is at present usually done, and they are equally confident that the sun-baked earth is too hard, before the oncoming of the rains, to be plowed even by mules. In any event, active steps must be taken looking either to restocking of the islands with water buffaloes or to their substitution by some more satisfactory draft animal.

Burros might be bred here at a handsome profit for use as pack animals in the mountains. There are thousands of square miles of the finest grazing lands in the archipelago, and beef cattle better than the Indian humped cattle now found in the islands might profitably be introduced.

A bureau of agriculture to conduct investigations and disseminate useful information with reference to the agricultural resources of the islands, the methods of cultivation at present in vogue and the possibility of their improvement, the practicability of introducing new and valuable agricultural products, the best methods of combating the diseases of domesticated animals and of plants useful to man, the introduction of new domesticated animals and the improvement of the breeds now found in the islands, and, in general, to promote the development of the agricultural resources of the archipelago is an urgent necessity, and the creation of such a bureau has been provided for in act No. 261.

FISHERIES.

Marine and fresh-water fisheries afford a very important source of food supply for these islands. The only legislation thus far enacted with reference to fisheries is contained in the municipal code, and authorizes municipalities to levy taxes upon the privilege of fisheries within their respective jurisdictions.

WEATHER BUREAU.

The maintenance of an adequate weather service and the issuing of daily storm warnings is of unique importance in the Philippine Islands because of their position with reference to what may be called the "breeding ground" of typhoons. The large majority of these destructive storms have their point of origin to the east or southeast of this archipelago, and the signs which unfaillingly forecast their approach are to be noted here much sooner than at any other point, so that warnings can be sent to threatened portions of the Philippines, or of the Chinese, Formosan, or Japanese coasts, in time to allow the taking of suitable precautions. The Manila Observatory, with a few outlying stations, rendered the Spanish Government efficient service up to the time of the capture of Manila by the American forces. The official support previously furnished it by the Spanish Government was continued by the United States military government.

It has long been evident that a considerable extension of the service by the establishment of new stations was needed, if thoroughly reliable and timely storm warnings were to be furnished. A plan for an adequate system of stations and for the equipment required by each was prepared by the director of the observatory and submitted to the Chief of the United States Weather Bureau for approval. It has been adopted as approved by the commission, and act No. 131, providing for the establishment of a weather bureau for the Philippine Islands and making the necessary appropriations for the purchase of meteorological instruments and apparatus and their installation, has been passed in order to put this plan into effect. This act makes it obligatory upon the chief of the bureau to send daily weather forecasts and storm warnings to the captains of all ports in the archipelago which are in telegraphic communication with Manila, and to the officers of the insular government and the heads of all civil departments and bureaus in Manila, and to send special telegraphic storm warnings to any seriously threatened districts in the archipelago whenever practicable; also to send warnings of dangerous storms to China, Formosa, and Japan. The central station of the bureau is the Manila Observatory, and the instruments, instrument rooms and tower, library, printing room, lithographing room, printing presses, and type of this institution are rented by the insular government at \$375 per month.

The act further provides for the establishment of 9 first-class stations, 25 second-class stations, 17 third-class stations, and 20 rain stations, which are so distributed as to cover the entire archipelago. First-class stations have already been established at Aparri, in Cagayan; San Fernando, Union; Baguio, Benguet; Dagupan, Pangasinan; Ormoc, Leyte; Iloilo, province of Iloilo; Cebu, province of Cebu, and Zamboanga, district of Zamboanga. Second-class stations have been established at San Isidro, Nueva Ecija; Capiz, province of Capiz; Tacloban, Leyte; Maasin, Leyte; Tagbilaran, Bohol, and Butuan, in the province of Surigao, Mindanao. One third-class station has been established at Surigao, the capital of the province of the same name. For a further account of the recent work of the bureau reference is made to the report of the director to the Secretary of the Interior, which appears as Appendix L.

PUBLIC HEALTH.

If any further demonstration of the fact that the climate of the Philippine Islands is unusually healthful for a tropical country was needed, it has been afforded by the remarkably low sick rate during the past year among troops scattered in hundreds of municipalities throughout the archipelago.

It has been stated that large numbers of soldiers have become insane here, and in some quarters this fact has been attributed to the climate.

The truth is that the large majority of cases of insanity among the soldiers have been produced by drinking so-called "vino," which has been shown by chemical analysis to contain in some instances as high as 17 per cent of fusil oil, and is therefore a deadly poison.

Although the climate must, on the whole, be considered good, the presence of bubonic plague in the city of Manila and its appearance in several adjacent towns; the fact that smallpox still prevails in many of the provinces, and will continue to do so until a general system of public vaccination has been inaugurated; the occurrence of scattered groups of lepers, many of whom are now living without medical assistance and without control; the necessity of combating malarial and other fevers and the several varieties of dysentery which occur here, together with rinderpest among the cattle, and last but not least the absolute ignorance of or disregard for the most axiomatic hygienic laws which prevails in most of the municipalities, combine to cause abundant need of an insular board to have general charge of the health interests of the archipelago.

Such a board was created by act No. 157. It consists of a commissioner of public health, a sanitary engineer (who is also the city engineer of Manila), a chief health inspector, a secretary of the board, and, *ex officio*, the superintendent of government laboratories. The chief surgeon of the United States Army in the Philippine Islands, the chief officer of the United States Marine-Hospital Service in the Philippine Islands, and the president and vice-president of the Association of Physicians and Pharmacists of the Philippine Islands are honorary members of this board. It has been given wide powers, which are believed to be adequate for the proper safe-guarding of the public health, and has been directed to prepare and submit to the commission necessary sanitary legislation and legislation providing for the extension of the public-health service into the several provinces and municipalities.

The sanitary condition of Manila is such as to make an efficient local health board most necessary. The city stands on very low and rather flat ground; it has never had a sewer system, and as a result the soil has become infiltrated with impurities. The tidal streams or "esteros," which branch out through the city from the Pasig River, are practically open sewers and form a constant menace to the public health. Many of the buildings are improperly constructed and badly overcrowded. In order to insure efficiency and render impossible any clash of authority, which might result harmfully for the public interest, the board of health for the Philippines has been made also the local board for the city of Manila and has been doing efficient work.

It was not found practicable to fill the office of chief health inspector until the 1st of August. Since then the board has been actively engaged in improving the health conditions of the city of Manila and

in drafting sanitary laws for submission to the commission. A vigorous campaign against bubonic plague has been inaugurated, and as a result this disease has almost completely disappeared. A system of inspection has been put in force which is so complete as to render it well-nigh impossible for a case of plague to occur without the knowledge of the board of health. A war of extermination is being waged against rats, which are known to play an important part in propagating plague.

No case of smallpox has originated in the city of Manila since January 1, 1901.

The greatest source of mortality is pulmonary tuberculosis, which has caused 168 deaths during the past two months. It is most prevalent among the very poor, who live crowded together under very unsanitary conditions. Measures are now being taken to ascertain the exact whereabouts of all persons in Manila suffering from pulmonary tuberculosis, with a view to the possible establishment of a consumptive colony outside the city limits for those cases where danger of infecting others is greatest.

The commissioner of public health has taken charge of the leper hospitals of the archipelago, which are located at Cebu, Iloilo, and Palastina (Ambos Camarines), respectively. They contain, all told, some 500 lepers. A leper census of the islands is being taken, with a view to the eventual segregation of all persons suffering from this disease on the isolated but fertile and healthful island of Cagayan de Jolo, where they can be given better care, allowed greater liberty, and made more contented than when confined in hospitals. It is believed that with the income derived from property already set aside for the support of lepers, and with the agricultural work which those in the early stages of the disease would be glad to perform, if given opportunity, a leper colony might be established at comparatively little expense to the insular government. The number of lepers in the archipelago has been estimated to be as high as 30,000, but the commissioner of public health, who has had wide opportunity for observation, expresses the belief that there are less than 10,000 of them.

Rinderpest and plagues of locusts have been widespread during the past year. Rinderpest is now rapidly disappearing, probably as a result of the diminution of cattle, due to its ravages. At the request of the governors of several provinces, experts have been sent by the board of health to instruct the Filipinos in the method of making post-mortems and of inoculations of gall from diseased animals for the immunization of healthful animals.

A partially successful attempt has been made to introduce African fungus disease among locusts. The material used by the board of health was obtained from Negros, where it had produced excellent results. A fresh stock of pure fungus culture will be obtained at the earliest prac-

licable time and the disease will be propagated among locust swarms wherever found.

Medical assistance is furnished to indigent natives in the city of Manila by employees of the board of health, and it is hoped that, with the extension of the service of the board to provinces and municipalities outside of Manila, it will become practicable to relieve the worst cases of suffering throughout the islands. For a further description of the work of the board of health since August 1, 1901, reference is made to the report of the commissioner of public health, which is appended hereto as Appendix M.

CIVIL HOSPITAL.

A thoroughly equipped modern public civil hospital has long been one of the crying needs of the city of Manila, and the necessity has become steadily more urgent with the increase in the number of American civilians resident in the Philippines. On June 27, 1901, you were requested by cable to authorize the purchase of the buildings formerly used by the military as the "second reserve hospital" and the large lot on which this building stands, at a cost of \$235,000, including equipment and repairs. Your authorization for this transaction was received, but unfortunately the owners refused to sell the property at a fair price.

The Women's Hospital of Manila, founded by Mrs. Whitelaw Reid, with beds for 15 patients, has afforded relief to a number of the most serious cases among civilians and has saved not a few lives; but the accommodations which it affords have been utterly inadequate to meet our needs, and the high charge necessarily made for the excellent food and nursing furnished there have been prohibitive for many of the civil employees.

As a temporary expedient, an attending physician and surgeon and an assistant attending physician and surgeon were employed to treat civil officers and employees and members of their families, either at an office established in the ayuntamiento, or at the homes of the patients, or at the Women's Hospital, as seemed best, and medical and surgical treatment and medical supplies were furnished free of charge.

After months of delay, a fairly good building, large enough to accommodate 100 beds, has been secured, equipped, and opened to receive patients. Emergency cases among all classes of residents will be received there at all times, and should the accommodations which it affords prove more than adequate for treating the sick among civil officers, employees, and their families, all beds unoccupied will be made available for other civilians. This hospital is supported by the insular government. A charge of \$1 per day is imposed on patients in wards, while those who desire private rooms pay from \$10 to \$20 per week for them, in addition to the \$1 per day. Patients may be exempted from

any payment, should their circumstances render this course desirable. While this is a distinct step in advance, it must of necessity be but a temporary expedient. A large, well-equipped, modern hospital must be provided in the near future. .

GOVERNMENT LABORATORIES.

The day has passed when any government can afford to attempt to get on without laboratories for scientific investigation, and the need of such laboratories has long been urgent in the Philippine Islands. In connection with the work of the insular board of health there must be a suitable biological laboratory for the certain diagnosis of typhoid and malarial fevers, tuberculosis, bubonic plague, different kinds of dysentery, and other diseases in which the microscope affords the only satisfactory means of early and final diagnosis. There must also be adequate facilities for the production of the vaccine virus, serums, and prophylactics necessary to combat the diseases of this country, while the careful study of those of our more dangerous diseases for which satisfactory remedies or means of prevention have not yet been found is a work of the utmost importance. The board of health must also have facilities for carrying on chemical work in urinary analysis in cases of supposed poisoning, in the analysis of drinking waters, and especially in the detection of harmful adulterations in foods and drinks, which are extremely common in this country.

The bureau of agriculture also has need of laboratories in which it may investigate the diseases and may study the enemies of plants and animals useful to man, and may seek remedies for such diseases and means of combating such enemies. It must also have opportunity to investigate the composition of soils and fertilizers, the amount and quality of sugar in cane grown under varying conditions, and the numerous other conditions demanding determination which constantly present themselves in the practical work of such a bureau.

With the wealth of medicinal drugs and herbs, resins, gums, and rubber and gutta-percha producing vines and trees which these islands afford, chemical work as to the value of these products and the best methods of obtaining them is of great value to our commerce and to the forestry bureau, as is the investigation of the more valuable essential oils obtained from plants or flowers grown here. The oil of the "champaca," a flower which grows here very readily, is worth approximately \$1,000 an ounce, but no satisfactory method of distilling it has as yet been obtained. Chemical investigation would doubtless solve this problem.

The development of the mineral resources of the Philippine Islands is in its earliest stages, and the mining bureau can not do proper work unless suitable facilities are provided for analysis and assaying. There are very numerous minero-medicinal springs in the archipelago, many

of which have reputed therapeutic value, and the determination of the properties of these minero-medicinal waters is another matter of importance.

Questions frequently arise in the custom-house which can be settled only by an expert chemist.

It is needless to discuss the necessity or the value of the work above outlined, but one or two practical illustrations of it may be given. These islands have just suffered from an epidemic of rinderpest, which in some provinces has destroyed more than 90 per cent of the cattle, reducing former cattle owners to poverty and preventing agriculturists from tilling the soil. In several provinces actual starvation has resulted, and the insular government has been compelled to inaugurate public works or to directly contribute food in order to succor the hungry. Meanwhile, the board of health has, in its inadequately equipped laboratory, worked out a method of using the bile of animals which have died from rinderpest to immunize those not yet attacked which has proved highly successful. Had it been elaborated and put into effect a little sooner the people of the country might have been saved the loss of millions of dollars' worth of property and the Government would have been spared the necessity of protecting itself and the more fortunate of its people against men driven to robbery and brigandage by sheer desperation.

Some time since the Manila board of health had under consideration a question involving the destruction of \$50,000 worth of alcoholic drinks, alleged to contain very harmful impurities. A mistaken analysis might have resulted in the necessity of the board's paying very heavy damages.

It was not strange that laboratories began to spring up in the several bureaus and departments of the insular government, and as an inevitable consequence of their number they were in a fair way to be undermanned, improperly equipped with apparatus and chemicals, and without adequate library facilities.

With a view to providing against the perpetuation of the small and poorly equipped laboratories, which would have resulted in a needless expense, loss of space for laboratory installation, and duplication of instruments, apparatus, books, and even of investigations carried on and of experts to make such investigations, act No. 156 was passed by the commission. It provides for the establishment at Manila of a biological and chemical laboratory, to be suitably equipped for doing all the biological and chemical work necessary for the proper carrying on of the work of the several departments and bureaus, and to have adequate library facilities, so that the work of all the departments may be done to the best possible advantage. A temporary building has been rented until a suitable permanent structure can be erected, and important investigations are in progress.

When these laboratories are thoroughly equipped and suitably housed, it is purposed to afford opportunity each year for a few experts from the United States to come here and carry on investigations. The commission has definitely ascertained that several such men, of national reputation, would be glad to avail themselves of an opportunity for investigation here for a year or more if allowed their bare expenses. By securing their services in this way the insular government would be greatly benefited and at a minimum expense.

PHILIPPINES CONSTABULARY.

In its last report to the Secretary of War, the commission presented its views at some length upon the question whether native troops and native police should be used in establishing and maintaining order in the islands and whether they could with safety be largely substituted for American soldiers.

Among the reasons given for reaching an affirmative conclusion, the undesirability of maintaining a large army of Americans in the islands, both on the score of public policy and economy, was pointed out. Attention was called to the fact that such resistance to American authority, as then existed, was in no sense an organized war, but merely the resistance of guerrilla and ladrone bands, generally hiding in obscure mountain fastnesses and making desultory attacks on small bodies of our men, usually without effect, dispersing when hard pressed and assuming the rôle of inoffensive noncombatants.

It was further shown that a double rôle of this sort was possible with American soldiers, who found it difficult to distinguish one Filipino from another, were unacquainted with their language and habits, and had no means of acquiring an accurate knowledge of their movements, but that native troops and police would experience no such difficulty and could be readily enabled to put an end to such methods.

The commission further directed attention to the fact that the masses of the people were anxious for peace and quiet and ready to accept American sovereignty, but as matters then stood they were terrorized and often forced into an attitude of hostility which they did not feel, and that organizing troops and police from their own people would inspire them with confidence and courage and convince them that they could best protect themselves by actively aiding the civil and military authorities. The objection made as to the loyalty and effectiveness of native troops and police was discussed and the conclusion reached that it was without foundation.

The commission has now had nearly a year within which to make further observations as to the characteristics, habits, and customs of the natives and as to the most effective methods to be pursued in reestablishing and maintaining order, and begs to say that subsequent investigation and reflection have confirmed the views originally

expressed. The military authorities have from time to time organized numerous companies of native scouts commanded by American officers, aggregating about 3,500 men. These organizations have uniformly performed faithful and effective service, and we are informed that there has not been a single instance of treachery or desertion. A fact so significant would seem to put at rest the only practical question which ever arose as to their availability.

The commanding general, Division of the Philippines, has announced it to be his purpose gradually to withdraw the numerous small detachments of regular troops stationed in nearly all the towns in the pacified provinces in the archipelago and concentrate them in larger garrisons, and to use them only when called on to suppress general insurrection or brigandage too formidable to be dealt with by the civil authorities, a course which we think eminently wise. The duty of preserving peace and order in all provinces in which civil government has been or may hereafter be established, as against ladrones and ordinary law-breakers, has thus been remitted to the civil government.

Although there is no armed opposition to American supremacy in any of the pacified provinces, there has naturally followed from five years of revolution and unrest much of brigandage and general lawlessness, which bears heavily on the masses of the people who are peaceably inclined and only desire to till their fields and pursue their usual vocations.

The obvious and indeed the only adequate remedy is to be found in the establishment of an effective police force. Under the provisions of the municipal code enacted by the commission, the local authorities were empowered to organize and maintain a local police force for the respective municipalities. The presidentes and councilors of the towns, however, are all Filipinos, many of them ex-insurrectos, and it was not believed that a purely native force, controlled by them, could or would be uniformly efficient. In addition to this many of the municipalities, as a result of the ravages of war and from other causes, were too poor to support the burden thus incurred.

Furthermore, the municipalities in these islands are not, as a rule, composed of small areas of territory densely populated, as in the United States, but are of considerable extent, in many instances almost as large as an ordinary county in the United States, and, finally, there is quite a considerable territory, generally remote and in the mountains, which is not included in any municipality and in which lawless men readily find refuge and a base of operation.

In order to meet these conditions and to establish an effective and mobile force under competent and reliable direction, adequate at all times to meet any emergency that might arise, the commission has enacted a law establishing the Philippine constabulary. The general

scheme of this act is to create an insular force of not exceeding one hundred and fifty men for each province, selected from the natives thereof, who may be mounted in whole or in part, and who are placed under the immediate command of one or more, not exceeding four, provincial inspectors. The whole body is placed under the control of a chief and four assistant chiefs of constabulary. The islands are divided into four departments, and each assistant chief is in immediate charge of a department. Full powers are given to properly arm, equip, maintain, and discipline the force, which is enlisted for two years, unless sooner discharged. They are declared to be peace officers, and it is made their especial duty to prevent and suppress brigandage, insurrection, unlawful assemblies, and breaches of the peace. For this purpose they are given authority to make arrests, but are required at the earliest possible moment to bring the prisoner before a magistrate for examination.

The chief of constabulary is empowered temporarily, in case of exigency, to combine the forces of two or more provinces. The act also provides for thorough and frequent inspections of the municipal police by the provincial inspectors, under rules and regulations to be established by the chief and approved by the civil governor, and for reports as to their equipment, efficiency, and generally as to the conditions as regards peace, law, and order which prevail in the several municipalities. The provincial inspectors are also given authority to suspend and, after hearing, to remove a municipal policeman for inefficiency, dishonesty, or disloyalty.

The commission has asked for and obtained the detail of Capt. Henry T. Allen, Sixth Cavalry, U. S. A., as chief, and of Capt. D. J. Baker, Twelfth Infantry, U. S. A., as first assistant chief. These gentlemen are skilled and experienced officers, with records of service in the field which demonstrate their fitness. The other assistant chiefs and the provincial inspectors, as a rule, have been selected from ex-officers and soldiers of the Regular and Volunteer armies serving in the Philippine Islands, though a number of Filipinos of known ability and fitness have been appointed inspectors. The personnel of the provincial inspectors already selected is unusually good and efficient. They have been for several weeks past engaged in three provinces in recruiting members of the force. The work is being conducted with discrimination and judgment, and it is believed will result in procuring an unusually fine body of native constabulary. About 900 men have already been enlisted.

Although the organization of the constabulary is only partially completed, they have already done some very effective service in breaking up bands of ladrones and arresting notorious criminals. In the meantime the organization is being perfected rapidly and it is believed will

be adequate to meet the requirements of the situation in furnishing full protection and security to the lawabiding and arrest and punishment for criminals.

The report of the chief of the Philippines constabulary is herewith filed, marked "Appendix N."

RAILROADS.

The commission has been directed by you to make recommendations as to what, in its judgment, would be a satisfactory railroad law for the Philippine Islands. The consideration of this matter presents some features of embarrassment and difficulty. It would be easy to prepare a general law authorizing and prescribing a formula for the creation of railroad corporations, giving them the usual rights to locate their routes, condemn private property, and thereafter to operate their roads when constructed; but the initial and fundamental question which presents itself is whether it is desirable, in view of all the conditions existing here, to enact such a law, or whether franchises should be granted to specific corporations; and, if the latter policy is to be pursued, whether any or what aid should be extended to them, either in donations of public land, guaranty of interest on their investment, or other assistance. The great importance, and, in truth, the vital necessity, of railroads as a means to the rapid growth and development of the islands in all directions, and, indeed, to the civilization of the people, is so obvious that it needs only to be stated and does not require elaboration. The practical question is, What is the speediest and most economical method of bringing about their construction?

At an early stage in the era of railroad building in the United States, when our population was comparatively small and widely separated, when capital was less plentiful, when the cost of construction and operations of railroads was much greater, and the return upon the investment was more problematic than in more recent times, it was the usual and almost invariable course for the State or National governments to grant special charters to railroad corporations, containing exemptions from taxation and other valuable concessions, and, in addition, to assist them by subscriptions to their capital stock, donations of public land, and loans of bonds, varying in extent with the different circumstances and situations. Undoubtedly in many instances the franchises and subsidies thus given were improvident and unwise and resulted in heavy losses to all concerned. It may be fairly concluded, however, that, as a whole, the policy was wise at the time, and has been a potent factor in the unexampled growth and progress of the American people. It is a fact, however, that for many years there has been in the United States a strong and increasing opposition to the granting of public aid in any form to corporate enterprises of this or any other

kind. Whether this opposition is due to an exaggeration of the losses incurred, a failure to recollect the benefits which have accrued, dissatisfaction at seeing great fortunes accumulated by private individuals thereby, or the feeling that these enterprises are no longer experimental, and that, therefore, Government aid is unnecessary, or all in combination, need not be considered. Whatever the cause, the general policy has been of late years to withhold the granting of special privileges or State aid to railroads or other corporate enterprises. In nearly all of the States of the Union, it is believed, there are constitutional prohibitions against such action. So enormous has been the increase and accumulation of every form of wealth and of individual capital seeking investment in the United States that any really meritorious scheme finds backing.

Were the situation in the Philippine Islands even approximately the same as in the United States, we would not hesitate to recommend the enactment of a general law permitting railroad corporations to be formed for the purpose of building lines wherever the projectors might determine, the State imposing no burden, conferring no gratuities, and leaving them to work out their destiny in their own way. But, unfortunately, the conditions here seem to us radically different from those which now obtain in the United States and more nearly resemble those which existed half a century ago. The remoteness of these islands from the centers of civilization, and the consequent lack of knowledge as to their resources which generally prevails, and their unsettled and disturbed condition conspire to make capitalists slow to make investments here. Moreover, among those well informed there is a feeling that the element of risk of ultimate loss is somewhat greater here than elsewhere, having in view future possible contingencies.

It is believed by the commission, as well as by other persons who have investigated the subject and are cognizant of the situation, that there are at least two projected lines of railroad in northern Luzon which, if constructed, would pay well from the beginning and ultimately prove very profitable. Others probably would not pay well for a number of years to come; but even as to the former only the test of experience can determine.

We have frequently set forth or referred to the wonderful natural resources and richness of these islands. Nature has done everything, but man has done very little; the field is inviting, but it is in a virgin state. The country is just emerging from revolution; most of the people are poor and, both by reason of climatic causes and lack of proper stimulus, are not very industrious in their habits. The bulk of the population at this time is found comparatively close to the seashore and is to a limited extent now enabled to carry on commerce through the medium of vessels engaged in the coastwise trade.

The railroads most imperatively needed are those which will pene-

trate and open up the interior of the great islands of Luzon and Mindanao, and thereby make possible the development of their great natural mineral, timber, and agricultural wealth. Considering the topography of these two islands, railroads should be located not only with reference to present returns but also with regard to future needs.

Taking into consideration the foregoing, we are doubtful whether capital for investment in railroads will speedily find its way here unless the Government offers some special inducement. So far as relates to the island of Luzon, about 1,000 miles of railroad would meet all reasonable demands for many years to come, and could be built at a probable cost of, say, \$35,000,000. This would include a trunk line of about 600 miles in length, extending from one end of the island to the other; an extension of the present Manila and Dagupan Railroad northward, say, about 200 miles; an east and west line, beginning at Manila, from 75 to 100 miles in length; a line from Dagupan to Benguet, about 55 miles in length, and perhaps two or three other short feeders to the main central line.

As stated in our last report, the island of Mindanao, with an area of something more than 36,000 square miles, except along its littoral, is practically terra incognita. Observations made of the country along its coast, short excursions inland, and the reports from Jesuit missionaries and a few Americans who have penetrated into the remote sections of the island lead to the conclusion that it is in soil, hard wood, and minerals perhaps the richest island in the group; but it is almost wholly undeveloped and principally inhabited by Moros and other non-Christian tribes. It is difficult to state with any degree of accuracy the number of miles of railroad immediately needed for opening up this island. It is much more compact in shape than the island of Luzon and probably 500 miles would meet every requirement of the immediate future.

It is not to be expected, from what has already been said, that railroads in this island could at once be made profitable, and that capital, without some special inducement or guaranty, could be made available for their construction.

It seems to us, therefore, after a careful survey of the entire subject, that the commission, or whatever insular government is established here by the Congress, should have vested in it the discretionary power to grant special charters of incorporation for the construction of railroads, subject to the final approval of the President. Authority should also be given to guarantee interest on the investments, or to make donations of public lands for that purpose, or both. It is fully understood that the exercise of such powers involves the possibility of abuse, consequent loss to the public, and injury to American prestige. If the commission is to be continued and is to be vested with these powers, it appreciates the fact that much responsibility, great labor,

and perhaps adverse criticism, will result, from which it would willingly be relieved. It is felt, however, that a matter of such vital importance should be discussed from an entirely impersonal standpoint, and, if its honest judgment is asked for it should be frankly given.

Assuming that the authority to make such concessions is given as recommended, it is thought well to give the views of the commission as to whether it is preferable to adopt a general policy of guaranteeing interest on the amount invested, or of making a grant of lands from the public domain. Plausible arguments may be advanced both for and against each as compared with the other. In favor of land grants it may be said that the cession of even a considerable portion of the public lands involves no real loss to the Government or people; that as matters stand the lands, because of their inaccessibility, have little or no present market value and can not be utilized for any purpose. The construction of railroads would open them up to settlement and development, and thereby give them value. Whilst this would reimburse the corporation for its outlay, it would at the same time add to the general wealth and taxables of the country, and would also make accessible other portions of the public domain not donated, thereby bringing them into market and making them available for settlers and other purposes. It may be further stated that such grants would be most attractive to capitalists, because, assuming that the lands granted approximated the amounts given the Pacific railroads by the Government of the United States, their proceeds, when sold, would more than pay the cost of building the road.

As opposed to this consideration, it may be stated that there is always much popular prejudice against making gifts to private individuals or corporations of public property, however considerable may be the benefit accruing to the Government. There is always the feeling that such gifts are usually the result of favoritism or other improper influence, and that Government lands ought to be held for the benefit of home seekers. Without entering into a discussion of the soundness of this prejudice, the fact that it exists should not be overlooked and should be reckoned with.

Again, it is said that a policy which secures the construction of needed railroads without parting with Government lands gives to the latter the benefit of their increased value instead of to a few individuals. Another objectionable feature to be considered is the chaotic condition of all land titles in these islands and the consequent difficulty of obtaining information as to what land belongs to the Government and what to private individuals. As already stated, there has never been any Government survey of the lands of the islands. Private holdings are frequently based on Spanish grants and judicial proceedings, but far more often on long-continued possession or claim of title. But,

whether derived from the one source or the other, there is much vagueness as to boundary lines. It would be difficult, without such a survey, for the insular authorities to locate the lands so to be granted. To give railroads a roving commission to locate a given number of acres on any of the public lands, would not only be objectionable because it would give them the benefit of picking and choosing the most valuable land, but it would bring them into collision with private claimants, which might produce a bad impression on the Filipino mind as to the rectitude of our intentions.

Experience, moreover, in the United States has shown, when this policy has been pursued, even when surrounded with most elaborate and stringent conditions, and there has been a failure to comply with the obligation to build their roads for one reason or another, that years have elapsed and prolonged litigation ensued before the lands were declared forfeited and reclaimed.

The advantage of adopting the policy of the Government guaranteeing a low rate of interest lies in the fact that it presents to men of large means, seeking a permanent and safe investment, an attractive opportunity for obtaining it; because they are not only sure of a certain, even if not large, interest on their money, but, in addition, of the prospect of a larger return in the increased earnings of the road arising from the growth and prosperity of the country tributary to it. Secondly, the Government would by this course retain title to its lands and be enabled to distribute them among actual settlers at prices which would be reasonable to them and yet remunerative to it. Thirdly, the fact that the investment and the return thereon were absolutely certain would produce competition between capitalists and enable the Government to make more advantageous terms as to rates for the carriage of freight and passengers, length of franchise, right of purchase by the Government, division of profits, limitations as to salaries and expenses, provisions for Government supervision, etc., etc. Fourthly, it would enable the Government to determine the location of the various lines after taking into consideration both strategic conditions and the ultimate advantages to the general public, rather than the immediate income to be earned by the company.

The only objection which can be advanced against this policy is that the government would burden its revenues with a fixed charge. We believe that \$55,000,000, and possibly less, would be amply sufficient to complete all the trunk lines presently needed in the islands of Luzon and Mindanao. We are further of the opinion that, with the guaranty of the insular government to pay 3 per cent interest, the necessary capital for their construction could readily be secured. The insular government would thus become responsible annually for \$1,650,000, which would be a charge upon its revenues and which it would have to

pay, provided all the lines were able only to earn their operating expenses. Even were this true, it is believed the increased taxable values thereby created, to say nothing of the saving in the cost of transportation of troops, civil officials, mails and government freights would probably more than meet the outlay. It is not, however, within the range of probability that properly located railroads would only pay operating expenses. On the contrary, it is believed that under wise management, as already stated, several of the lines, perhaps half of them, would pay from the beginning as much as the government guaranty, and would probably do better than that, and that ultimately all would earn as much as, or more than, the government guaranty.

It may be well, as an interesting contribution to this discussion, to call attention to the circumstance that all of the trunk lines of the East Indian Railroad district were constructed upon this basis. Under the administration and direction of Lord Dalhousie, the Indian government thus brought to its aid English capital and within a very few years there were built a number of great trunk lines, carefully and intelligently located with reference to military and commercial necessities, which, besides advancing marvelously the commerce and wealth of India, settled for all time the supremacy of the English in that great empire. The rate of interest was in that day much higher than now and, accordingly, the government guaranteed a minimum rate of 5 per cent, with the proviso that, after earning that sum, the excess should be equally divided between the company and the government. The right of purchase was reserved to the government after the lapse of a term of years and the right of governmental representation and supervision was provided for. The predictions made by Lord Dalhousie that this policy would cost the government nothing and that it would give an extraordinary impetus to domestic and foreign trade, and especially to the exchanges between England and India, were more than verified and did more for the advancement of India in a decade than had been accomplished in the preceding one hundred years.

It will be seen from what has been said that the commission, if it had authority to act, would, wherever necessary to secure the desired railroads—certainly as to the island of Luzon and probably as to Mindanao—prefer to secure the capital required for construction by guaranteeing thereon a low rate of interest. It may turn out, however, as to the latter island and also as to the islands of Paragua and Mindoro, which are much in the condition of Mindanao, that this course would not be best or even feasible, and that a subsidy in the form of a donation of lands, or both a guaranty of interest and a donation of lands, might be in the public interest. In these last named islands the amount of land held by the Christian natives, as compared with the

lands of the entire islands, is almost nominal. The datos or chiefs of the Moro and other non-Christian tribes claim, as we are informed, a sort of general ownership of the lands within their respective jurisdiction, their subjects having no separate interests therein. What shall be done as to the lands thus held is a matter requiring careful thought and delicate handling. It is believed that the chiefs can be dealt with on a satisfactory basis, if it is deemed advisable to open negotiations with them. Such a step would be undoubtedly necessary before any disposition of lands was made, as all room for friction or doubt as to the validity of the government's title should first be removed.

In recommending that it be given power to grant franchises, make donations of land or guarantee interest, as above set forth, it should not be understood that the commission would in every case and without exception exercise all of the powers thus vested in it. The aim of the commission would be to secure needed lines of railroad upon the best possible terms. It might come to pass that one-half the lines in Luzon might be built without government aid of any sort, and further investigation might develop that it is not best at once to begin railroads in Mindanao and the other southern islands referred to. It is also within the bounds of possibility that competition between capitalists might result in offers more favorable than are now anticipated.

BUREAU OF COAST GUARD AND TRANSPORTATION.

The difficulties of communication between the various points in the islands, already referred to, is a serious obstacle to the efficient administration of all branches of the Government. When it is considered that in some cases a month or more, in others weeks, and in nearly every case days, must elapse in going from Manila to the various provincial capitals, and vice versa, the extent of this difficulty can, in a measure, be understood.

It is almost impossible, under such conditions, for the various departments of the insular government to keep in touch with their subordinates and intelligently direct their operations, while their remoteness and inaccessibility tend to generate in them a lack of that sense of immediate responsibility so essential to systematic work and discipline. Aside from this, and not an inconsiderable item, the expenses of all the departments are largely increased by this circumstance. Especially are the offices of the auditor, treasurer, chief of constabulary, collector of customs, the light-house service, the post-office, the insular purchasing agent and the various provincial boards seriously handicapped in their operations for lack of transportation.

From a political standpoint also it is most desirable that the people in all the islands should feel themselves always in close relations with the capital and the central government, and understand that the latter has a lively interest in their affairs, is fully informed as to what is

going on, can speedily reach them in any emergency and is, in a sense, always present.

It seemed to the commission, therefore, absolutely indispensable that some efficient transportation system should be devised. The matter was referred to Commissioners Worcester and Wright, as a committee, with directions to report a plan for furnishing water transportation for postal, revenue, police and general provincial purposes. They were directed to report upon the number of vessels needed, to mark out their routes, to indicate the probable cost and the cheapest and most expeditious means of procuring them and, finally, as to the desirability of establishing a bureau of navigation, with such other details as might suggest themselves.

After consultation with naval officers and the managers of insular transportation lines and others having familiarity with the subject, and after careful investigation, the committee, on the 20th day of September last, filed their report, in which they, in substance, recommended that, for the purpose of maintaining a satisfactory communication between the various provincial capitals and coast towns and to prevent smuggling and the landing of contraband goods, a fleet of 21 small steam vessels should be purchased as soon as possible. They recommended that the insular coast line should be divided into 21 circuits, marked out with peculiar reference to establishing communication between each provincial capital and the coast towns of the several provinces, these circuits being connected and a vessel provided for each circuit, so that there would be a continuous line of communication around all the islands. The average length of the circuits was to be 651 miles. The type of vessel recommended was one having a length of about 140 feet, a maximum speed of 10 knots and an economical speed of 8 knots per hour. They were to be able to keep the sea in any weather and at the same time of sufficiently light draft to enter nearly all the ports of the islands. Each was to be provided with a searchlight and a small armament.

It was further recommended that 2 small stern-wheel steamers, of not more than $2\frac{1}{2}$ feet draft, be provided, one to run on the Cayagan River, North Luzon, from Aparri to Ilagan, and the other on the Rio Grande del Mindanao and the lake system connected with that river.

It was stated that conferences with naval experts and representatives of shipbuilders in China and Japan developed the fact that these vessels could all be built and delivered within from eight to eighteen months, at a cost of about \$40,000 each.

It was finally recommended that a bureau of navigation be established for the purpose of directing the operations of these vessels.

The commission, after carefully considering this report, was impressed with the soundness of its conclusions, but inasmuch as the programme was rather an ambitious one and involved the outlay of a

large sum of money, thought it best to submit their views to you before enacting any laws on the subject.

Having received your approval, it was thought best to establish the bureau not only for the purpose of transportation and communication as above outlined, but also to place under its control the light-house service and the coast-guard service. Accordingly, a bill has been drafted creating the bureau of coast guard and transportation. It is therein provided that the bureau shall be organized into three divisions, the first relating to the maintenance and operation of the vessels under the charge of the bureau, the second to the construction of light-houses and the third having charge of the illumination, inspection and superintendence of light-houses, beacons, buoys, and so forth. It is made the duty of the chief of bureau to cooperate with the collector of customs in giving the proper service in his department and to provide for the proper accommodation of revenue agents upon all vessels. The chief of bureau is also required to provide for the transportation, on official business, of all insular officials and their subordinates and of all goods and freights of all insular departments and their respective bureaus and also to transport municipal officials, when traveling on public business. The chief of bureau is also required to cooperate with the director-general of posts in carrying the mails between the various points in the islands, under such regulations and schedules as will make the postal service most effective, and to see that all agents of the postal department have accommodations on vessels, as directed by the director-general of posts. The chief of bureau is also directed to cooperate with the chief of constabulary in the transportation of provincial inspectors and constabulary and of quartermaster and commissary stores as the public service, in the opinion of the chief of constabulary, requires.

It will be observed that the commission has thus consolidated into one bureau transportation, revenue service and light-house service. It is aware that there is no necessary relationship between these several departments and that they are not thus grouped in the United States. Its first impression was to follow closely the system as adopted by the United States Government, but after giving the matter careful thought, it was believed that equal results could be reached at a much less cost by the method adopted.

It is the purpose of the commission to ask from the admiral commanding the United States naval station in these waters the detail of Commander A. Marix, U. S. N., as chief of bureau, and also to request the detail of two other competent naval officers as heads of the divisions of transportation and maintenance of light-house service and from the general commanding the army in the Philippines a competent engineer officer to take charge of the department of light-house construction.

The bureau has been placed under the general control of the secretary of commerce and police.

POSTAL SERVICE.

The department of posts during the past year has steadily extended its operations, so as to meet every reasonable demand made upon it. The service has been, all things considered, very satisfactory and creditable.

Outside of the commercial ports, the Army and Navy and American civilians, there is as yet very little demand for a frequent mail service. Doubtless with the general restoration of peace and the return of normal times, the Filipinos, when the opportunity is offered, will learn to better appreciate and understand the value of a regular and frequent mail service.

Under the Spanish régime the postal department was conducted in the most primitive way. All coastwise vessels were required to carry the mails without compensation, and presidentes of towns were required to act as postmasters and to distribute and forward the mails without cost to the Government. It can be readily understood, without further elaboration, how effective such a service would be.

The introduction of a cheap and regular mail service, along modern lines, will undoubtedly prove to be here, as it has everywhere else, of immense benefit to the people, and will gradually become self-supporting.

The department, with the concentration of troops into larger garrisons, will no longer be able to utilize the Quartermaster's Department of the Army to carry its mails nor army officers to act as local postmasters, but will be compelled to establish routes and to appoint postmasters of its own. The lack of good roads and transportation facilities will no doubt prove in the future, as it has done in the past, a serious drawback to anything like a really up-to-date service. This is not only true as to interior points, but applies, to a modified extent, to towns upon the coast, owing to the irregularity with which vessels run. It is believed, however, that with the establishment of the governmental transportation system hereinbefore referred to and the utilization, to a considerable extent, of the services of provincial inspectors of constabulary, school-teachers and other American officials as postmasters a fairly efficient service can be provided. Until railroads are built and highways improved, it is of course impossible to hope for an ideal service.

For the past fiscal year, the expenditures exceeded the receipts by the sum of \$36,470.06. It was inevitable that there should have been a deficit, but, all things considered, it is remarkably small. Undoubtedly it will be necessary for several years to come to increase the appropriation for this department to meet its needs and it is equally

certain that the yearly deficits for a considerable period in the future will steadily increase in proportion as the system is extended and perfected. As the masses of the people become better educated, however, and with the general growth and development of all forms of social, industrial, and commercial activities, which must come with the establishment of American methods in government and business, the service will be more extensively patronized, and the department ought to become gradually self-sustaining.

The report of the director-general of posts for the past year is herewith filed, marked "Appendix O."

HARBOR IMPROVEMENT.

The last report of the commission set forth the importance of improving the harbor of Manila. It further mentioned the fact that the Spanish Government had prepared elaborate plans and specifications for this work and had partially carried them into execution. It was further stated that the chief engineer, division of the Philippines, had these plans in his possession and had carefully examined them and pronounced them to be well adapted, with some minor modifications, to the end in view, and that, in his judgment, it would cost about \$2,500,000, gold, to carry out the project in its entirety. It was further stated that the commission had enacted a law appropriating \$1,000,000, gold, for the purpose and that the work would be let, after advertisement both here and in the United States, to the lowest responsible bidder.

The chief of engineers, after consultation with other experts, has made considerable modification of the original Spanish plans, retaining, however, their most salient features. The commission has further legislated so as to, in effect, pledge that appropriations would be made to an amount not exceeding \$2,000,000 additional whenever the same should be necessary, and has authorized the chief of engineers to make contracts, within that limit, for the entire work. In pursuance of this act he has gone forward and after duly advertising, both here and in the United States, as he was required to do by the terms of the act, he has let the main work to the Atlantic, Gulf and Pacific Company of New York for about \$2,150,000. The contractor is now engaged in collecting here the necessary outfit for the vigorous prosecution of the work and will begin active operations within the next thirty days.

It is estimated that it will require about two years to complete the contract. When completed Manila will have a commodious and thoroughly protected harbor, with a depth of 30 feet. This will enable vessels of the largest size to anchor within the harbor and at all times to safely and rapidly discharge and take on cargo. The value of this improvement to the commerce of the islands can hardly be overestimated.

In connection with the improvement of the harbor, provision is also made for dredging and deepening the channel of the Pasig River, so that vessels of 16 feet draft can safely enter.

The scheme of harbor improvement involves the reclamation of about 150 acres of land, which will be properly subdivided into lots and it is believed can be sold or leased for a sum which will largely reimburse the Government for its whole outlay.

COAST AND GEODETIC SURVEY.

A suboffice of the United States Coast and Geodetic Survey was established at Manila on the 19th day of September, 1900. Up to this time it has been wholly supported by remittances from the chief office at Washington, with the exception that the commission has purchased and fitted up a steam vessel suitable for use in these waters and turned it over to the suboffice here.

The importance of a full and accurate survey of the harbors and waters of these islands need not be enlarged upon. We are informed that this work was never thoroughly done by the Spaniards, there being much of the coast and many of the harbors about which little is known, and such work as has been bequeathed to us by them is unreliable, their charts oftentimes proving misleading and therefore dangerous.

Surveys have been made under the direction of the officer in charge of the office here of quite a number of the larger and more important ports of the islands, but much remains to be done in this line. Tidal observations have been made at various points where the surveys have been executed and tidal gauges have been erected. Astronomical observations for latitude and longitude have been made at a number of important points in pursuance of the plan to determine base positions at suitable intervals along the coast. Information has also been collected as to the variation of the magnetic needle at all astronomical stations established by the office, and where practicable true meridian lines have been laid out and marked upon the ground.

The office work has been considerable, involving the outfitting and supplying of the parties in the field who were engaged in carrying on the work before referred to, and in the making of advance editions of charts and publishing information collected, in order to properly inform masters of vessels plying in these waters.

A few weeks since there was submitted to the commission a proposition from the Superintendent of the United States Coast and Geodetic Survey for a division of the expense of carrying on the work in these islands upon a more extensive scale. It was proposed, in substance, that the main office would contribute a vessel and equipment and an instrumental outfit, aggregating in value about \$125,000, and would annually pay certain salaries, running expenses, repairs and equipment

of vessels, and revision and publication of charts, and so forth, estimated to amount annually to \$80,000, upon condition that the insular government would furnish three small steamers and would pay the running expenses and repairs of these vessels and other office and field expenses, which it was estimated would amount to \$130,000 per annum.

On the 27th day of September last the commission adopted the following resolution:

Resolved, That it is the sense of the commission that it should pay one-half of the current expenses of such surveys, provided such one-half shall not exceed \$80,000, per annum; and that the insular government shall furnish and equip, in addition to the vessel already furnished, two others, not to exceed in cost \$66,000.

It is believed that this will result in a satisfactory arrangement being made between the insular government and the United States Coast and Geodetic Survey Office, by which the work of the latter in the islands will be greatly improved and enlarged.

The report of Mr. G. R. Putnam, of the office at Manila, is herewith filed, marked "Appendix P."

HIGHWAYS.

The first law enacted by the commission, pursuant to your direction, was one appropriating \$1,000,000, gold, to be expended for the construction of roads, primarily for strategic purposes. This appropriation has been expended under the direction of the chief engineer, Division of the Philippines, and, we have no doubt, to the best advantage. So far as we have been able to observe, the selection of the roads for construction has been judicious and the work has been done in a thorough and substantial manner.

It will be seen by an inspection of act No. 83, which provides the machinery for the organization of provinces, and which has already been explained, that it is contemplated that the general work of road construction shall be left to the direction of the supervisor of each province, who by the law is required to be and is a civil engineer, and that the expenses thereof shall be borne either by the provinces or the various municipalities.

The only road which has been put in course of construction under the immediate direction of the commission is that extending from the town of Pozorubio to the town of Baguio, in the province of Benguet. The reasons why the commission has thought it best to assume direct control and responsibility for the cost of this work were that its cost would be more than any province could afford, and that it was intended to give convenient access to the highlands of Benguet, in which it is hoped and believed ultimately the sanitarium of the Philippines will be located.

In its last report the commission gave an extended account of this

romantic and healthful region and discussed the importance of speedily connecting it with Manila by a railway, which could be accomplished by a line 55 miles in length, from Dagupan to Baguio, the former being the northern terminus of the Manila and Dagupan Railway, now in operation. The preliminary survey, at that time being made, has been completed by Capt. Charles W. Mead, a competent civil engineer, and now city engineer of Manila. He advised us that it would be necessary to build a highway along the proposed route of the railway, in order to enable a final instrumental survey to be made, and that this highway would also be useful, if not indispensable, when the railway was put in course of construction. Accordingly the requisite appropriation for building the highway was made and the work put in charge of Captain Mead. He has been much delayed by the difficulty of procuring the labor requisite for its early completion and several months will yet elapse before it is finished. It is being constructed in the most substantial manner and will be useful both whilst the railway is being built and thereafter.

ADMINISTRATION OF JUSTICE.

At the date of the last preceding report of the commission, a certain number of courts of justices of the peace had been established in the capitals of some of the provinces, the courts of first instance had been established in the provinces of Manila, Pangasinan, Cagayan, Isabela, Cavite, Iloilo, Pampanga, Nueva Ecija, Ilocos Norte, Bataan, Cebu, Bohol, La Union and Benguet, and a supreme court for the islands had been organized. Most of these courts had been organized by military orders prior to September 1, 1900, on which date the commission first had legislative authority. The judges and justices of all these courts, except the supreme court, were Filipinos. In the supreme court the minority were Americans. These courts had not been established as a regular system for the administration of justice, but as provisional and temporary expedients to meet the exigencies arising in provinces where civil courts could be of utility. They were unsatisfactory and a reorganization of the whole system was regarded as indispensable as soon as such action could properly be taken. These courts had not all been instituted at one time, but had gradually been brought into being as rapidly as conditions warranted. Meanwhile, pending the reorganization of the courts and the enactment of improved methods of procedure, several laws were enacted by the commission, to meet pressing needs.

On the 21st day of December, 1900, act No. 63 was passed, providing that in the construction of acts enacted by the commission, the English text should govern; but that in obvious cases of ambiguity, omission or mistake the Spanish text might be consulted to explain the English text.

On the 10th day of August, 1900, the Hon. Antonio Majorreis del Rosario, judge of the court of first instance of the district of Binondo, in the city of Manila, was suspended from the further performance of the duties of his office by order of the military governor, Maj. Gen. Arthur MacArthur, for alleged malfeasance in office. In October, 1900, Judge Majorreis made a written application to the commission, wherein he prayed that the cause of his suspension might be inquired into by it and that he might be reinstated in office or be permanently removed, as justice might require. In response to that application, the commission set apart the 17th day of December for the purpose of hearing the charges against Judge Majorreis and his defense, and upon that day and subsequent days the facts which led to his suspension from office were fully heard on due notice to all parties. On the 5th day of January, 1901, the commission announced its decision, that the suspension ordered by the military governor on the 10th day of August, 1900, ought to be made permanent and that the judge should be removed from his office and so ordered. It was found as a fact that in the executive action of *Regidor v. Hartman*, Judge Majorreis had rendered a final judgment for \$30,000 in favor of the plaintiff and had issued execution against the Hongkong and Shanghai Bank when that bank was not a party to the action, had never been cited to appear and protect its rights and the judge was authentically informed that the bank denied having in its possession any funds or property belonging to Hartman subject to execution, and when its efforts to be heard in vindication of its rights were entirely disregarded and defeated by the judge.

The fundamental principle, not only of the universal sense of justice and right, but also of every civilized system of jurisprudence, that no one should be condemned unheard, and that judgment should not be rendered and execution should not issue in any case against anyone until he had had his day in court, had been completely violated by Judge Majorreis, and that violation had occurred in an action where great pecuniary interest was at stake and where redress was impossible if the execution ordered by him had been enforced. So complete a violation of fundamental principles as to shock the moral sense indicated such a shortage of moral discrimination and such a disregard of the plain difference between justice and injustice that it was considered that his continuance in office would be highly detrimental to the good name of the courts and to the due administration of justice. The decision in this case is found in the "Public laws and resolutions passed by the United States Philippine Commission" during the quarter ending February 28, 1901, on page 1 of the public resolutions therein printed.

On the same date, the decision of the commission in the San Jose College case was rendered. The history of that case is stated in

another portion of this report, and the decision is embraced in the volume last above referred to.

On the 22d day of January, 1901, act No. 75 was passed, providing an easy remedy against judgments obtained by fraud, accident or mistake, which enables the supreme court on petition, upon just terms, to grant relief against judgments that have been obtained by fraud, accident or mistake, and to grant appeal where the right to appeal had been lost by reason of either of the grounds above stated. This act is in accordance with the procedure that obtains in many of the States of the United States and was rendered necessary as emergency legislation to afford redress against iniquitous judgments obtained by fraud which were about to be enforced and against which the existing Spanish law furnished no adequate relief.

On January 24, 1901, act No. 76, conferring admiralty jurisdiction upon provost courts, was enacted. There were no courts existing in the islands at that time which clearly had jurisdiction over maritime contracts, torts, injuries or offenses, and the existing civil courts were so dilatory in their dispatch of business that it was deemed essential to confer admiralty jurisdiction upon provost courts, where speedy justice could be rendered in relation to admiralty controversies, criminal and civil, so that vessels might not unduly be delayed in the waters of these islands, awaiting the determination of a maritime controversy. The right of review of the proceedings of the provost courts, acting in admiralty was by the act conferred upon the military governor in cases where the proceedings were had in the court located in Manila, and upon the commanding general of the department in which the court was located if the proceedings were had in a court located at another port in the Philippine Islands. The commanding general or military governor, as the case might be, was thus given substantially the same power over admiralty proceedings conducted in the provost courts that he had over other proceedings conducted by those courts.

Under the Spanish procedure, a system of challenging of judges, magistrates and justices of the peace existed, which was found to result in an absolute paralysis of all the machinery of justice in certain cases. Aside from the ordinary grounds of disqualification of judges which exist in the United States, the Spanish law allowed a peremptory challenge of the competency of judicial officers on the ground of undue friendship or hostility to either party or his counsel. Upon these or other grounds, it was practicable for the party to challenge the competency of a judge or magistrate at nearly every stage of the proceedings, when the party wished to secure delay or imagined that the judge or magistrate was liable to decide against him. Upon the filing of the challenge as to the competency of the judge or magistrate, the question of competency was referred to another judge or magistrate to

determine, and the original proceedings awaited the termination of this side issue. But the competency of the judge or magistrate sitting to determine the competency of the first judge or magistrate, could be challenged upon the same ground, and the fitness of the second judge or magistrate to sit in the trial of the question of the competency of the first one was referred to a third, and so on, ad infinitum. Criminal prosecutions were pending in the city of Manila, in which every available judge and justice had been challenged, so that the alleged criminal was able to hold the public entirely at bay and prevent all proceedings to secure his conviction. To meet this difficulty, act No. 81 was enacted on January 28, 1901, repealing all those portions of the Spanish civil and criminal codes of procedure authorizing the challenge of judges, magistrates, justices of the peace, assessors and auxiliaries to tribunals, and providing that the ordinary disqualifications of pecuniary interest, relationship to either party within the fourth degree of consanguinity or affinity, or having been counsel in an action, should exist, and that the judge or magistrate should determine upon the question of his own competency immediately, as is done in the United States, and proceed with the action or retire from it, according to his determination upon that question, and that no appeal or stay of action should be allowed from or by reason of his decision in favor of his own competency until after the final judgment in his court. This act furnished an immediate relief in many cases and allowed the clogged machinery once more to get in motion.

REORGANIZATION OF COURTS.

On the 11th day of June, 1901, the commission enacted act No. 136, providing for the organization of courts in the Philippine Islands, which act took effect on the 16th day of June. The preparation of this act, as well as of the code of civil procedure hereinafter referred to, was intrusted to Commissioner Ide soon after the arrival of the commission in the islands, and the first draft of the act was prepared by him during the year succeeding his assignment for that purpose. After the completion of the first draft of the two acts, they were revised by President Taft and Commissioner Wright, the other two members of the commission having a legal education. When the work of revision by the commissioners had been concluded, the proposed acts were printed in the Spanish and English languages and distributed to the bar and all others of the public who were interested, and public discussion thereof was invited. The public sessions of the commission for the discussion of these important enactments extended over a period of nearly two months. It thus became practicable for the commission to receive most important aid and information in the perfection of the laws and their adaptation to local conditions.

Act No. 136, providing for the organization of courts, establishes a

complete system of civil tribunals for the administration of justice in every portion of the Philippine Archipelago. It requires that a person to be eligible to the office of chief justice of the supreme court, of judge of the supreme court, or of a court of first instance, must—

1. Be more than 30 years of age.
2. Be a citizen of the United States, or a native of the Philippine Islands, or have acquired by virtue of the treaty of Paris the political rights of a native of these islands.
3. He must have practiced law, or have been a judge of a court of record in the United States or in the Philippine Islands or in Spain, or, previous to the date of the ratification of the treaty of Paris, in any Spanish territory for a period of five years, or must for a like period have filled any office which requires a legal degree as an indispensable qualification in the Philippine Islands, or, previous to the date of the ratification of the treaty of Paris, in any Spanish territory.

The act requires that judges and justices of the several courts shall, before they proceed to execute the duties of their respective offices, take and subscribe to the following oath or affirmation, to wit:

I, ———, solemnly swear (or affirm) that I will administer justice without respect to persons, and do equal right to the poor and to the rich, and that I will faithfully and impartially discharge and perform all the duties incumbent upon me as ———, according to the best of my ability and understanding, agreeably to the laws of the Philippine Islands. And that I recognize and accept the supreme authority of the United States of America in these islands, and will maintain true faith and allegiance thereto; that I impose upon myself this obligation voluntarily, without mental reservation or purpose of evasion; so help me God.

The act establishes a supreme court, to consist of a chief justice and 6 associate judges, any 5 of whom can convene and shall form a quorum; but requires the concurrence of at least 4 members to pronounce a judgment. The annual salary of the chief justice is fixed at \$7,500 and the associate judges at \$7,000. The judges, by the terms of the law, are to be appointed by the commission and shall hold office during its pleasure; but by subsequent orders of the Secretary of War and legislation by the commission in accordance therewith, the power of appointing and removing judges and other civil officers has become vested in the civil governor, subject to the advice and approval of the commission.

The court is required to hold regular terms for the hearing of causes at Manila, commencing on the second Monday of January and July; at Iloilo on the first Monday of November, and at Cebu on the first Monday of December of each year. Special sessions at either of the above-named places, at such other times as may be prescribed by the judges, may be held. The act gives to the supreme court original jurisdiction to issue writs of mandamus, certiorari, prohibition, habeas

corpus and quo warranto, and the power to issue all other auxiliary writs and processes necessary to the complete exercise of its original or appellate jurisdiction. It gives to that court appellate jurisdiction over all actions and special proceedings brought to it from courts of first instance and from other tribunals from whose judgment the law has specially provided an appeal to the supreme court. It provides for a clerk, with deputies, and makes the governor of a province in which the court is held its officer for the enforcement of good order and the service of its process; but in the city of Manila, the sheriff of that city is made the officer of the court. It authorizes the judges of the supreme court to make all necessary rules for orderly procedure in that court and in the courts of first instance and in the courts of justices of the peace, and for the admission of lawyers for the practice of law before such courts, and to assign any judge of that court to hear any particular cause pending in any court of first instance or to hold a term of any court of first instance for reasons satisfactory to the judges.

It provides for a reporter of decisions of the supreme court, at a salary of \$1,000 per year, who shall prepare and publish volumes of the reports of the decisions of the supreme court, to be styled "Philippine Reports," in substantially the manner in which volumes of the Reports of Decisions of the Supreme Court of the United States are reported and published.

It abolishes the previously existing supreme court and the Spanish tribunal called "Contencioso administrativo," and transfers to the new supreme court all the proceedings pending in those tribunals.

It provides for an attorney-general, at a salary of \$5,500 per annum; a solicitor-general, at a salary of \$4,500 per annum, and an assistant attorney-general, at a salary of \$3,000 per annum, who are to perform substantially the same duties as similar officers in the United States.

It provides for one court of first instance for each province, with salaries ranging from \$3,000 to \$5,500, in accordance with the population and the importance of the district to which the judge is assigned and the amount of litigation liable to be pending therein. By an act hereinafter referred to, the whole archipelago was divided into 15 judicial districts, of which the city of Manila constitutes one, and for which two judges of the court of first instance are provided, one judge being assigned to each of the other 14 judicial districts. The highest salaries are paid to the judges of the courts of first instance for the city of Manila. Any judge of the court of first instance may be transferred by order of the supreme court for the purpose of holding a term or part of a term in any other judicial district. Courts of first instance are given original jurisdiction—

1. In all cases in which the subject of litigation is not capable of pecuniary estimation.

2. In all civil actions which involve title to or possession of real property, or any interest therein, or the legality of any tax, impost or assessment; except actions of forcible entry into and detainer of lands or buildings, original jurisdiction of which is conferred upon courts of justices of the peace.

3. In all cases in which the demand, exclusive of interest, or the value of the property in controversy amounts to \$100 or more.

4. In all actions in admiralty and maritime jurisdiction, irrespective of the value of the property in controversy or the amount of the demand.

5. In all matters of probate, both of testate and intestate estates, appointment of guardians, trustees and receivers, and in all actions for the annulment of marriage, and in all such special cases and proceedings as are not otherwise provided for.

6. In all criminal cases in which a penalty of more than six months' imprisonment or a fine exceeding \$100 may be imposed.

7. Courts and judges are given power to issue writs of injunction, mandamus, certiorari, prohibition, quo warranto and habeas corpus in their respective provinces and districts.

The appellate jurisdiction extends over all causes arising in justices' and other inferior courts in their respective provinces.

The prosecuting officer in such courts is the provincial fiscal, chosen in accordance with the provincial government act, who performs the ordinary duty of a local prosecuting officer, and likewise acts as the legal adviser of the provincial government and its representatives in litigations. All the previously existing courts of first instance are abolished and all actions pending therein are transferred to new courts of first instance.

Courts of justices of the peace are established in every organized municipality throughout the whole islands. The appointment and removal of judges of courts of first instance and of justices of the peace rests in the civil governor, with the advice and approval of the commission. A justice of the peace is given original jurisdiction for the trial of all misdemeanors and offenses arising within the municipality in which he is a justice in all cases where the sentence might not by law exceed six months' imprisonment or a fine of \$100; and for the trial of all civil actions properly triable within his municipality and over which jurisdiction has not been given to the court of first instance, in all cases in which the demand, exclusive of interest or the value of the property in controversy, amounts to less than \$300; and over actions for forcible entry into and detainer of real estate, irrespective of the amount in controversy. But in the city of Manila, by virtue of the provisions of the charter of the city, two justices of the peace only are authorized, and no criminal jurisdiction is conferred upon them, that jurisdiction being exercised solely by municipi-

pal courts. Auxiliary justices of the peace are provided, one for each municipality, to act in case of the absence, disqualification or disability of the justice. By this act the civil jurisdiction before exercised by provost courts is repealed, and civil actions pending therein are transferred to the proper civil tribunal in which they would have been brought in accordance with the provisions of the act had the act been in force at the time such actions were commenced.

The existing Spanish law as to notaries public is continued in force until a new system of registration of land titles shall have been provided, after which time the office of notary public is made substantially the same as it is throughout most of the United States, and notaries public are at that time required to deposit in the office of the keeper of the general archives of the islands at Manila, all registers, files, original documents, protocols and notarial instruments of every kind which are in their possession and custody.

On the 12th day of June, 1901, act No. 140 was passed, defining the boundaries of the 15 judicial districts and prescribing the salaries of the judges and the times when and the places where terms of courts of first instance should be held in the several districts.

On June 26, 1901, act No. 151 was enacted, fixing the compensation of the clerks of each of the courts.

On June 27, 1901, act No. 152 was enacted, providing for the appointment of stenographers, typewriters, interpreters and translators for the several courts when needed, and that the governor or sheriff of the province and the sheriff of the city of Manila should be the legal custodian of court-houses and public property therein, except the books, records and papers pertaining to the office of clerk.

On July 6, 1901, act No. 159 was passed, providing for the appointment of temporary officers of courts and clerks of courts in provinces not yet organized under the provincial-government act.

On July 9, 1901, act No. 160 was passed, making temporary provisions for the appointment of fiscals or prosecuting officers in the provinces or islands not yet organized under the provincial government act. In both the last two named acts judges of the courts were given the power to make temporary appointments of officials to serve until their provinces should be organized or until regular appointments should be made by proper authority.

On the same day, act No. 162, providing that all clerks of court should be ex officio notaries public, was passed.

The inhabitants of the island of Negros had long been friendly to the people of the United States, and under the authority of the United States had organized a government of their own, with a civil governor chosen by themselves and a military governor appointed by the commanding general of the Division of the Philippines. Under that gov-

ernment a system of courts had been established, presided over by Filipino judges, and a large number of actions, civil and criminal, but more largely criminal, had accumulated. There were, in round numbers, 1,000 cases pending in the two provinces of that island in the courts of first instance, and there were prisoners confined in prison who had been waiting trial for nearly two years, some of them for offenses the penalty for which could not by law exceed a few months' imprisonment. It was considered impracticable for the judge of the court of first instance of the judicial district, of which the island of Negros formed a part, to cope with the new business which would be constantly arising within his district and likewise dispose of the great accumulation of old litigation. It was thought to be a great injustice to leave litigants to await the slow processes that had been in vogue and to leave prisoners to languish under confinement without trial until their cases could be reached in regular course. To meet this contingency, on July 16, 1901, act No. 166 was passed, creating a special court for the trial of all actions, civil and criminal, pending in the island of Negros on the 16th day of June, 1901, when the general act for the reorganization of courts went into effect, and which had not been heard by the new courts of first instance prior to the passage of act No. 136, and all appeals that had been pending on June 16, 1901, in the appellate court of the island of Negros. One judge was provided for that special court, at a salary of \$3,500 per year and all the actions over which his court was given jurisdiction were transferred to that court.

On the 31st day of July, 1901, act No. 183 was passed, incorporating the city of Manila, by virtue of which two municipal courts were provided for, with 2 judges at an annual salary of \$3,000 each and clerks at an annual salary of \$1,000. Under this act also 2 justices of the peace for the city are to be appointed, each justice to receive a salary of \$1,000 a year, and to have civil jurisdiction only. The organization of the city of Manila is more fully set forth in another portion of this report and therefore is not here stated at large.

On August 5, 1901, act No. 186 was passed, transferring all criminal actions and proceedings before pending in courts of justices of the peace in the city, together with all records, books and proceedings relating thereto, and all criminal prosecutions pending in the above-named courts of the city of Manila, to the new municipal courts, and repealing all orders and acts conferring original jurisdiction in criminal actions upon provost courts and courts of justice of the peace within the city.

On August 10, 1901, act No. 193 was passed, authorizing the fiscals or prosecuting attorneys in unorganized provinces temporarily to perform the duties of registrars of property. The provincial government

act had provided that in organized provinces the duties of registrar of property might temporarily be performed by provincial treasurers.

On August 10, 1901, act No. 194 was passed, conferring upon justices of the peace and presidentes of municipalities the power to make preliminary investigation of criminal offenses and to hold to bail, for prosecution in higher courts, criminals against whom reasonable cause should be shown.

It will be observed that the acts heretofore referred to have dealt to a considerable extent with proceedings in civil actions, although provisions for jurisdiction over all proceedings, criminal and civil, have been made; but the new code of criminal procedure has not yet been enacted and the jurisdiction of justices of the peace to make preliminary investigations of alleged criminals, and to bind them over, was in great doubt under the code of criminal procedure that had been established by military General Order No. 58, which still constitutes the basis of legal procedure in criminal prosecutions. Act No. 194, therefore, was indispensable to meet those cases where prosecutions were had in the absence of the judge of the court of first instance. Act No. 82, providing for the organization of municipal governments in the Philippine Islands, gives the presidentes of the various municipalities certain powers to act as magistrates in the trial of offenders against municipal ordinances within their own municipalities.

Other minor acts have been passed relating to the officers and employees of the courts that it is unnecessary here to detail in order to obtain a complete view of the judicial system which has been established.

COMMENTS UPON THE JUDICIAL SYSTEM.

It will be seen from the foregoing statements that the system provides for trial of violators of municipal ordinances by the presidentes of municipalities; that the prosecutions for minor offenses and trials of civil actions involving small amounts and the preliminary investigation of higher crimes are confided to justices of the peace, one justice being provided for every town except the city of Manila; that courts of first instance are made courts of record and of general jurisdiction, one being provided for each province, but the city of Manila having two judges; that one court of first instance is provided for every province, with sessions at least twice in each year in each province, and in the more important provinces three or four times; that the whole archipelago is divided into 14 judicial districts, outside the city of Manila, and 1 judge for the court of first instance is provided for each judicial district, with a special tribunal for disposing of arrearages of litigation in the island of Negros; that the supreme court consists of a chief justice and 6 associate judges, and that adequate provisions are made for reporting the decisions of the supreme

court; for representation of the government, general and local, in all litigation, by the attorney-general, solicitor-general, and provincial fiscal; that the city of Manila has a special municipal system of courts, and that a notarial system for the archipelago is provided.

Some of the judicial districts contain very large populations, the largest being the eleventh, which includes the provinces of Cebu and Bohol, and contains approximately 752,000 people. The third, fourth, fifth, ninth, tenth and twelfth districts each contain populations exceeding 500,000 in number. Many of the inhabitants of all the districts are poor people, laborers employed upon haciendas, and having little or no civil litigation, but contributing in a degree to the criminal dockets of the several courts. It is not certain that the number of judges who have been appointed will be able to keep up with the litigation pending and to be pending in their several courts. The amount of civil litigation growing out of incidents connected with the war is becoming considerable in importance, while the criminal dockets are necessarily large at all times and more especially so from the unsettled conditions following war.

Under the Spanish régime, there was one judge for each province, and with that larger number of judges there was very great delay in the disposition of causes and criminals were confined for long periods awaiting trial. But the Spanish procedure was exceedingly slow. Everything that took place in the courts was reduced to writing in most voluminous form; the proceedings were hampered by constant appeals upon petty interlocutory matters and by the challenging of judges and magistrates; and the hours for working in the courts were very short. With a reformed criminal and civil procedure, largely based upon American lines, and with judges selected for capacity, ability, integrity and efficiency in the transaction of business, it is hoped that the present number of judges may be sufficient to keep the dockets clear and to furnish a speedy redress. The law organizing and establishing the system of courts only went into effect on the 16th day of June, 1901, and it is impracticable at this early date to say with certainty that the present number of judges will not be entirely sufficient to cope with all the litigation of the islands. If experience should demonstrate that more judges are necessary, the number can be readily increased and the districts rearranged by appropriate legislation. But it is already apparent that two judges of the court of first instance in the city of Manila are all that are there needed.

The selection and appointment of judges presented considerable difficulty. The inauguration of a new system of procedure entirely unknown to the residents of these islands in place of the slow and tedious processes that had heretofore been in vogue, and which are deeply rooted in the habits of all men here resident possessing a legal education, rendered it exceedingly undesirable that Filipino judges

only should be appointed; nor was it deemed fitting that the determination of the interests of citizens of the United States, as to their relations to one another and to the natives of the islands and to the United States, should be vested wholly in judges unfamiliar with our methods of procedure and theory of government. On the other hand, it was deemed unjust to impose upon the inhabitants of the Philippine Islands a judiciary composed wholly of citizens of the United States, unfamiliar with the institutions, language, customs and procedure here prevailing, and it was considered that a certain number of Filipino judges was indispensable, not only to meet the just aspirations of the Filipinos themselves, but also by reason of the superior knowledge of all previous laws and customs possessed by them. For political reasons—that is, for the purpose of enabling the Filipino people themselves to feel that they were justly and fairly treated, and that their most highly educated men were recognized and their services availed of in important and responsible positions, and that the highest stations would be open to them as fast as they were fitted to fill them—it seemed highly expedient that as large a representation of Filipinos in the administration of justice as was practicable should be made.

The mind of educated Filipino people is well adapted to deal with legal questions. A number of the native lawyers of the country are highly educated in the learning of the profession and are expert in their knowledge of the civil law and procedure thereunder, and entirely competent to perform the duties of judges. From them it has been found possible to select men distinguished for learning, probity, and independence. The chief justice of the supreme court, Hon. Ceyatano S. Arellano, is a native of the islands, an able and distinguished lawyer, an upright man and was the chief justice of the provisional *audiencia* or supreme court organized under military authority. Two other Filipinos have been appointed as judges of the supreme court, Hon. Florentino Torres, who was attorney-general under the military régime and a judge under the Spanish régime, and Hon. Victorino Mapa. The chief justice and Judge Torres are Tagalogs. Judge Mapa is a Visayan, from Iloilo. He is a distinguished representative of his race and rendered very great service to our country in securing the pacification of the island of Panay.

The other four judges constituting the supreme bench are citizens of the United States. One is James F. Smith, a lawyer of distinction in San Francisco, subsequently a general in the Volunteer Army of the United States and military governor of the island of Negros, and later collector of customs of the islands and of the chief port. The other three were appointed from citizens of the United States not before in the Philippine Islands: Hon. Joseph F. Cooper, of Texas; Hon. Charles A. Willard, of Minnesota; Hon. Fletcher Ladd, of New Hampshire. The appointments of citizens of the United States to the bench of the

supreme court were made by the commission after the most careful investigation and examination of the recommendations and testimonials presented on behalf of those under consideration, of whom there were a very great number, and after local investigation in the United States under the direction of the Secretary of War. Political considerations did not enter to the slightest degree into the appointment of any judge to any court in the islands, the sole questions being the fitness, capacity and character of the appointee, the preference being given, other things being equal, to such persons as possessed a knowledge of the Spanish language.

Seven other citizens of the United States were also brought by authority of the commission from the United States to fill judicial positions, namely: Elias F. Johnson, of Michigan; Paul W. Linebarger, of Illinois; Henry C. Bates, of Vermont; Lyman J. Carlock, of Illinois; William A. Kincaid, of Texas; Arthur F. Odlin, of New Hampshire, and Libbeus R. Wilfley, of Missouri, the latter of whom was appointed attorney-general after his arrival in the islands. All the gentlemen last named were selected in the same manner as the judges of the supreme court hereinabove referred to. William F. Norris, of Nebraska, who had been in the islands for between one and two years serving as counsel of the Government of the United States before a commission appointed to investigate claims against the United States in the islands, was appointed judge of the special court for the island of Negros. Four other citizens of the United States who were appointed judges—James H. Blount, jr., of Georgia; Adam C. Carson, of Virginia; Warren H. Ickis, of Iowa, and George P. Whitsett, of Missouri—were young men of legal education and considerable legal experience both in the United States and in the Volunteer Army in the Philippine Islands, where they served as judge-advocates and provost judges, and were highly recommended for appointment by all the military officers under whom they acted.

Six Filipinos were appointed judges of courts of first instance: Isidoro Paredes, Manuel Araullo, Felix M. Roxas, Ignacio Villamor, Stanislaus Jusay and Juan de Leon. The Filipino judges selected were men of reputation, learning and distinction, and are rapidly acquiring a knowledge of the English language. It is likewise true that the American judges nearly all either speak or are rapidly acquiring the Spanish language. Gregorio Arenata, one of the ablest lawyers in the islands, formerly a member of the insular supreme court under military régime, was appointed solicitor-general, and Antonio Constantino, formerly an assistant in the office of the attorney-general, was appointed assistant attorney-general. All the officials above named are now engaged in the regular performance of their duties and are apparently inaugurating a successful administration of justice. All these appointments were necessarily made in official form, subse-

quent to the passage of act No. 136, organizing the judiciary system, although several of the judges brought from the United States had arrived in the islands before that date.

About the time act No. 136 was passed, and after the arrival of several of the new judges from the United States, much feeling was displayed among the Filipinos at the importation of American judges and the supposed necessary removal of the Filipino judges who were then in office. Some extravagant things were said, both orally and in the native and Spanish local press, in regard to the supposed degradation to which the Filipinos were to be subjected by having only American judges. There was likewise considerable feeling among army circles that lawyers of good repute of the Volunteer Army in the Division of the Philippines who had served their country faithfully were entitled to appointment; but the appointments when finally made and promulgated most effectually quieted all dissatisfaction. It was seen that while the highest degree of efficiency had been aimed at, it had been possible at the same time to secure an adequate representation of Americans who had served in the army of the United States in the Philippine Islands, native Filipinos and distinguished lawyers from the United States. All the justices of the peace in the Islands are Filipinos. The ill feeling subsided and the reorganization of the judicial system now apparently meets the approval of all except those who were thereby deprived of official positions.

THE NEW CODE OF CIVIL PROCEDURE.

On the 7th day of August, 1901, act No. 190, entitled "An act providing a code of procedure in civil actions and special proceedings in the Philippine Islands," was enacted to take effect on the 1st day of September, 1901, which date was subsequently extended to the 1st day of October. This act, as before stated, was enacted after very full public discussion, in which the College of Advocates, embracing substantially all the Spanish and Filipino lawyers in the islands, took an active part through a committee appointed by that body for that purpose. Members of the American Bar Association likewise made useful suggestions. The public discussion resulted in important amendments, which materially promote the usefulness of the code.

Section 12 of the code, relating to the official language, was the occasion of much earnest discussion by the public. The American lawyers were urgent that English should be made the official language of the courts immediately, while the Filipino and Spanish lawyers urged that Spanish should be the official language, either permanently or for a period of ten years. It was finally determined that Spanish should be the official language of all the courts until the 1st day of January, 1906, and after that date that English should be the official language, but that the supreme court or court of first instance might,

in any particular case, order a duplicate record in the English language also to be made and enrolled whenever the court should determine that such duplicate record would promote the public convenience and interests of the parties. This section contains, likewise, the following proviso, which removes most of the practical difficulties that had been presented to the commission in the course of public discussion:

Provided, That any party or his counsel may examine or cross-examine witnesses or make an oral argument in English or a native dialect, and the same shall be clearly interpreted into Spanish by a court interpreter; and a party or his counsel may submit a written or printed pleading or brief in English or a native dialect, if at the same time he accompanies it by a correct Spanish translation: *And provided further*, That in cases in which all the parties or counsel stipulate in writing, and the court consents, the proceedings may be conducted in English or a native dialect only, but in such cases the record of the pleadings, bills of exceptions, and judgments shall be made in Spanish as well as the English language in which the cause was conducted.

The main reasons which led the commission to adopt Spanish as the official language of the courts for a period of five years were as follows: All Filipino lawyers, who belong to a class very influential in this community, as well as in all others, speak the Spanish language. Very few of them understand the English language. They would be placed at a great disadvantage and be practically deprived of their means of livelihood if English were made immediately the official court language. Not only would a great hardship be thus inflicted upon them, but many of them would be alienated from the loyal support which they had largely given to the American Government. All the existing records, titles, deeds and public documents, and evidences of private rights are in the Spanish language; none of them are in the English language.

The immediate imposition of a new language upon a people by the strong hand of the law is calculated to excite a deep resentment and one far more disastrous in its effect than any advantages which might accrue from such a course. It is easier for American lawyers here, surrounded by an atmosphere of Spanish-speaking people, to acquire the Spanish language than it is for the Filipinos among their own people to acquire the English language, although the Filipinos are displaying great avidity in gaining that accomplishment. While it is true that the great mass of the Filipino people are unable to speak the Spanish language, it is equally true that substantially all the literature of the islands is in the Spanish language and that all the educated, cultivated people of the islands speak and read it. In every community of civilized Filipinos more or less people are to be found who speak the Spanish language, and through them the medium of communication to the rest of the community is open. A probationary period of five years would enable the Filipinos to equip themselves in

a knowledge of English, so that at the expiration of that time they would not be subjected to the hardship that would come from the immediate imposition of an alien language. It is estimated that perhaps not more than one-half million Filipinos speak the Spanish language, but it is doubtless true that not 10,000 inhabitants of the islands outside of the American army speak the English language. The half million ought not immediately to be compelled to change their language to that of the 10,000. The Commissioners are unanimous in the opinion that this important question was rightly determined in the conclusion expressed in section 12.

The sections relating to the important subject of habeas corpus were enacted in obedience to explicit directions contained in our instructions from the President of the United States. No objections to these provisions were made at any public hearing or otherwise by military authorities or by civilians.

It is unnecessary to set forth in detail the other important subjects dealt with in the Code of Procedure. But it may be useful briefly to point out some of the most important provisions involving radical departures from the Spanish procedure and in some respects from the procedure in effect in many of the American States. Challenging of judges and other court officials is abrogated. Civil liability of judges and justices of the peace for error in their judicial determinations is done away with. The sittings and proceedings of every court of justice are made public except when testimony is of an indecent character such as to require the exclusion of the public in the interest of morality. Adequate provision is made for the admission of members of the bar upon proper determination of their qualification.

While the conditions here are for the present unsuited to the introduction of the Anglo-Saxon system of jury trials, provision is made for the selection of assessors from the residents of the municipality or province best fitted by education, natural ability and reputation for probity to assist in the trial of actions and to advise the judge in his determination, and securing the right of review of the facts by a higher court in case the assessors shall certify that in their opinion the finding of facts and the judgment are wrong. The provisions for assessors apply in courts of justices of the peace as well as in the courts of first instance. This system is one that was adopted under the treaty of Berlin for use in Samoa under the protectorate, and has long been usefully employed in British and German colonial possessions. The employment of assessors is useful not merely as an aid to the judge but also as giving a greater safeguard to the parties, and as a means of education for the people.

Pleadings have been greatly simplified and are confined, on the part of the plaintiff, to the complaint and the demurrer to the answer; and on the part of the defendant to the demurrer to the complaint and to

the answer. Ample provisions are made for amendments of all pleadings at any stage of the litigation, with or without terms, as may be deemed just. The pleadings and proceedings are more analogous to those in a court of equity in the United States than to those in a court of law where jury trials are invoked. Trials in the courts of first instance are before the judge with or without assessors, as the parties may demand.

No appeal can be taken from the court of first instance to the supreme court, except by bill of exception, and then only after final judgment disposing of the action in the court of first instance. This provision puts an end to the infinite series of interlocutory appeals that have heretofore delayed justice in these islands. Provision is made for attachments and arrests of the bodies of defendants in proper cases, and for the granting of injunctions, the latter a remedy which did not before exist here. Other actions seeking exceptional remedies, such as the appointment of receivers, partition of real estate, the recovery of an office or franchise usurped, certiorari proceedings, mandamus, prohibition, punishment for contempt, exercise of the right of eminent domain, foreclosure of mortgages, and manual delivery of personal property, are all provided for, largely upon the lines of such proceedings in America, with necessary modifications to suit them to conditions here.

The rules of evidence and the methods of taking affidavits and depositions and the perpetuation of testimony are provided for in detail, as are also the methods of enforcing the attendance of witnesses and the issuing and service of all process, preliminary, mesne and final. Under the existing Spanish procedure the defeated party is visited with not only the ordinary costs of court, but the fees of lawyers of the successful party. Under this provision very great abuses have occurred, and enormous fees have been taxed and allowed as costs against the defeated party, which the lawyer would have never ventured to charge against his client if his client had them to pay. This evil has been corrected. Costs are restricted in taxation to specified items after the analogous provisions in that respect in force in the Federal courts of the United States. Under the Spanish procedure the supreme court was constantly occupied with hearing petty appeals on minor interlocutory matters and with reviewing the facts, judgments, and sentences in practically every criminal case without regard to the question of whether any appeal had been prayed for by either party, and irrespective of the fact that in criminal proceedings the defendant had admitted his guilt in open court. All this is done away with in the code by provisions that the hearings in the supreme court shall be confined to matters of law, with certain important exceptions therein specified, so that no case, civil or criminal, reaches the supreme court until after its final determination in the court below, and then not

unless one party or the other has filed a bill of exceptions or other document entitling the party to a hearing in the supreme court, except in capital cases, in which a review of the facts by the supreme court is provided for in all cases. The supreme court is prohibited from reversing any judgment on formal or technical grounds or for such error as has not prejudiced the real rights of the excepting party. The foregoing remarks relate mainly to proceedings in actions.

The code likewise provides for special proceedings, such as habeas corpus, appointment and removal of guardians, trustees, administrators, executors, the administration of estates of all kinds, and the adoption and custody of minors. No bankruptcy provisions are provided for, in view of the fact that Congressional legislation may soon extend the provisions of the national bankruptcy act of the United States to these islands in some modified form. The fees of all officers connected with courts are provided for in detail, and are not excessive. Forty-three forms have been incorporated into the code, which are made exceedingly simple and free from technicality, not only for the purpose of preventing the record from being encumbered with antique and voluminous Spanish forms, but also for showing to the Filipinos a far more concise and better method of stating their pleadings and processes.

The entire subject of fees collected by officials has been an embarrassing one. Experience has shown that it has been very difficult here to prevent the extortion of unreasonable and unlawful sums by all officers compensated by fees. After full consideration it has been deemed advisable to pay salaries in lieu of fees to all provincial fiscals, clerks of courts and their assistants, and all other employees pertaining to the administration of justice. All fees charged inure to the benefit of the Government, and a rigid system of accounting to secure the payment of such fees to the proper person has been provided.

The adoption of the new code has been awaited with great anxiety by judges and lawyers and that portion of the public interested in litigation. It is confidently anticipated that it will facilitate the administration of justice to a marked degree and diminish the delay and expense which have heretofore attended all legal proceedings.

CRIMINAL CODE.

The preparation of a new criminal code has been intrusted to Commissioner Wright, and the first draft has already been prepared and is ready for the action of the commission as soon as it is possible to reach it. The criminal code, unlike the code of civil procedure, is based largely upon the existing Spanish system and only makes such changes as are deemed necessary to fit it to modern views of criminal law and to the new political relations of the people of the islands.

CODE OF CRIMINAL PROCEDURE.

The preparation of a new code of criminal procedure was likewise intrusted to Commissioner Wright, and the work has already been put into form and will be taken up by the commission as soon as practicable. But General Orders, No. 58, issued by the military governor on April 23, 1900, contains the outline of a code of criminal procedure, greatly simplifying the original Spanish procedure and furnishing much-needed relief temporarily, so that the work of perfecting the new code of criminal procedure is not of such pressing necessity as otherwise would be the case.

CIVIL CODE.

The Spanish laws governing business transactions as set forth in the Spanish commercial code, civil code, and mortgage law are still in force, speaking in general terms, except so far as they have been modified by legislation. It is the intention of the commission, as soon as practicable, to make a complete revision thereof into a single civil code, but without changing the fundamental principles of the civil law which here prevail. This we understand to be in accordance with the spirit of the instructions given to us by the President.

REGISTRATION OF LAND TITLES.

By virtue of section 9 of act No. 133, enacted May 22, 1901, provincial treasurers appointed under the provincial government act are required to perform the duty of registrar of property for each province pending the appointment of a regular registrar for the province, under a new system of land registration, and it is made the duty of such registrar to take possession of all books and papers relating to the office of registrar of property, to make an orderly arrangement thereof, and to make diligent search for such books and papers belonging to the office as are not found therein. This enactment still left those provinces in which provincial government had not been organized unprovided with an official authorized to perform the duties of registrar of property. Accordingly, by act No. 193, enacted August 10, 1901, the fiscal or prosecuting officer of any province in which civil government has not been organized, whether such fiscal was temporarily or permanently appointed, is authorized to perform the duties of registrar of property for the province, pending the appointment of a registrar under a new system of land registration, and his duties in that respect were made as above stated. The temporary registrars thus provided for will perform their duties in accordance with the existing Spanish law for the registration of land titles, every part of the archipelago being thus provisionally supplied with a means of registration of titles. In the opinion of the commission a new and complete system of investigation

and record of land titles is indispensable for the security of titles and for the development of the islands. The so-called "Torrens system," which has long been employed in all the Australian colonies and in New Zealand and has recently been made an optional provision of the laws of the States of Illinois, Massachusetts, and Minnesota, is believed to be especially adapted to the situation here, and it is the present purpose of the commission to enact a complete system of registration on the general lines of the Torrens system.

INSULAR COLD-STORAGE AND ICE PLANT.

Early in the year 1899, the Secretary of War having directed Major-General Otis, then in command of the Division of the Philippines, to erect a refrigerating and ice plant in Manila, payment of the cost of such erection to be made from insular revenues, plans were entered upon for the construction of the plant. The estimated cost was \$400,000. For reasons unnecessary to be stated in this report the expense of construction was far greater than was originally anticipated.

The construction, and purchase of necessary material, machinery, and equipment were all carried on under the direction of the War Department and under the immediate supervision of a Regular Army officer detailed for that purpose. The plant was so far completed that its operation could be commenced in June, 1901, although after that time considerable work of construction was necessary and some is still necessary. The total cost, including the necessary equipment for taking beef and other supplies for the use of the army from ships and transporting them to the plant, and for delivering them where desired by the army, aggregated \$656,680, gold values, all of which was paid from insular revenues. The plant has a capacity of about 428,000 cubic feet of cold storage and is capable of producing 1,200 or more tons of ice per month.

The primary purpose of constructing the plant was to furnish ice and cold storage for the benefit of the Army of the United States. As the plant approached completion the question of its administration became one of large practical importance. The question was accordingly referred to the Secretary of War by the commission, and the Secretary of War determined that the plant should be transferred to the insular government and should be administered by it, but that it should make a contract for furnishing such ice and cold storage as should be needed for the use of the army in the Philippine Islands, the contract to be entered into by the major-general commanding on behalf of the army and by the commission on behalf of the insular government. Accordingly an agreement was entered into on June 20, 1901, between the commission on behalf of the insular government and Maj. C. P. Miller, quartermaster, of the United States Army, on behalf

of the army, for the lease of 195,520 cubic feet of cold storage from July 1, 1901, to June 30, 1902, at a monthly rental of \$15,000, gold; and at the same time another contract was made by the commission on behalf of the insular government and Col. C. A. Woodruff, assistant commissary-general, for a monthly supply of 350 tons of ice to the army from July 1, 1901, to June 30, 1902, at the rate of \$10 per ton, provided that one-half of the amount received by the plant for ice sold to other parties over and above the 350 tons contracted for by the United States Army should be deducted from its ice bill.

Both these contracts were by their terms subject to the approval of Major-General MacArthur, commanding. When these contracts were submitted to Major-General MacArthur he did not feel at liberty to approve them, in view of the fact that he was about to be succeeded by Major-General Chaffee, and left the contracts in suspense. Thereupon, in order that the army might immediately receive the benefit of the plant, a provisional contract was entered into between the same parties, which was approved by Major-General MacArthur, that cold storage and ice should be furnished in accordance with the terms of the two contracts above set forth until Major-General Chaffee should have an opportunity to review the subject, and a new contract or contracts should be entered into, if deemed advisable. The cold-storage space which had been previously provided for the benefit of the army, largely by refrigerating ships, and to some extent by private refrigerating plants in the city of Manila, was immediately made use of in the new plant, and it was ascertained that substantially the whole space provided for cold storage in the new plant would be needed for the use of the army, and that the original contract secured to the army very much less space than would actually be required. It also became apparent that 350 tons of ice per month would not meet the requirements of the army. The necessity for a revision of the contracts thus become evident.

The theory of the original contracts had been that the army should pay enough to meet all the expenses of operating the plant, including a reasonable allowance for depreciation, and that if the insular government should be able to obtain further income from outside parties such income could be appropriated as interest upon its investment or as a sinking fund, to provide ultimately for reimbursement of money invested, subject always to the contingency of destruction by earthquakes, which is very possible, in view of the construction of the plant and the history of earthquakes in the city of Manila. In consideration of all the circumstances, a new agreement between the insular government and the army has been entered into, which agreement has received the approval of the commanding general, Major-General Chaffee, by the terms of which the army takes the whole of

the present available cold-storage space in the plant at a monthly rental of $3\frac{1}{2}$ cents per cubic foot, making its total monthly rental for cold storage \$15,012.58 $\frac{1}{2}$, and it is to receive as much ice as it may call for, up to the full capacity of the plant, at the price of \$10 per ton.

It will be seen that the aggregate cost of the cold storage to the army under this new contract is substantially the same as under the first two contracts, but that the army receives very much larger space, so that the cost per cubic foot to the army is practically one-half what it was under the former contract, while the assured income to the insular government is substantially the same. The price of cold storage under this contract is far less per cubic foot than it has ever before been to the army here, and the price of ice is one-half what has heretofore been paid to local producers. The insular government also furnishes ice to all army officers and to civil employees at the same price, one-half cent per pound, gold.

It was the opinion of the commission that, in view of the very great expense of living in Manila, army officers necessarily stationed here and employees of the Government living upon modest salaries should receive the benefit of practically cost price for the ice, which is one of the prime necessities of life here. The question of selling ice to other persons than those named has not been fully determined. It is not deemed just that a Government institution, erected out of taxes paid by the people, should enter into competition with industries before established and compelled to pay duty upon the coal and other material used in the manufacture of ice. During the two months of the operation of the plant its superintendent has sold ice to outside persons at $\frac{1}{2}$ cent per pound, gold, delivered at the plant, while the private plants engaged in the business of manufacturing and selling ice sell it at 1 cent per pound delivered at the residence of the customer. It is thought to be no hardship upon local producers, and no unjust competition with them, to continue sales upon the basis named. It is apparent that the local dealers will control the market—in view of the fact that they deliver the ice at the residences of their customers, while the insular plant does not—provided they furnish equally pure ice and give full weight in their sales. The arrangement suggested can be considered as a competition only to the extent of securing a high degree of efficiency and entire fair dealing on the part of the local producers and venders.

The contract with the Army expires on the 30th day of June, 1902, and its practical workings will, by the expiration of that time, have demonstrated the amount of space and the quantity of ice needed by the Army and will have made more certain the actual expense of operating the plant. If the contract is found to be in any respect

unduly burdensome to the Army or to the insular government, it can then be modified for the succeeding year as experience may demonstrate to be wise and just. The estimate of Captain Roudiez, who is now in charge of the plant under assignment from the Regular Army and who has had charge of its construction, is that the operating expenses for the succeeding quarter, commencing October 1, 1901, will be approximately \$50,000, without making any allowance for accident, depreciation, or income upon the investment. So far as two months' operation can demonstrate, the plant is sufficient and capable of meeting the expectation of its designers. A copy of the last-named agreement now in force is hereto annexed and marked Appendix Q.

CURRENCY NOW IN USE.

In our last report it was stated that the abnormal conditions in northern China, together with the increased value of silver in the general market of the world, had increased the demand for Mexican dollars to such an extent that the Government deposit of Mexican currency in the local banks was being rapidly depleted, the silver being withdrawn for export to China and being replaced by money of the United States, and that if that process were allowed to continue without interruption the insular deposits of silver would become exhausted and it would be no longer practicable to maintain the uniform ratio of 2 to 1 which had been prevailing for several months preceding the date of that report, and that for the purpose of preventing further depletion of the insular deposits of silver acts had been passed providing for the payment of salaries under the civil service of the islands in money of the United States and imposing an export tax of 10 per cent upon Mexican dollars. Appropriations were likewise mainly made in money of the United States. As stated in the former report, the imposition of the customs export tax on Mexican silver was a purely provisional and temporary measure for the purpose of enabling the Government to hold the ratio of exchange between the two moneys at a uniform rate until Congress should be enabled to provide a system of currency for the islands. Congress having taken no action upon the matter at its last session, the local legislation remained unchanged. Meanwhile the demand for Mexican dollars in China and other parts of the world became less and their market price diminished materially. These causes, coupled with the legislation referred to, began eventually to cause a large accumulation of Mexican and insular currency in the Government's deposit. The following table shows the amounts of the Government deposits in Mexican money and in money of the United States, at stated periods, from the 17th day of November, 1900, down to the 1st day of October, 1901, so as to form a complete record of those deposits, when

taken in connection with the data given in the former report from the 18th day of August, 1900, to the 1st day of October, 1901:

STATEMENT OF PUBLIC CIVIL FUNDS.

Bank balances, semiweekly, from the 21st of November, 1900, to the 9th of October, 1901.

| Date. | Hongkong and Shanghai bank. | | Chartered Bank of India, Australia and China. | |
|-------------------|-----------------------------|----------------|---|--------------|
| | Mexican. | Gold. | Mexican. | Gold. |
| November 17 | \$290,420.35 | \$2,234,302.76 | \$2,586,553.87 | \$787,566.94 |
| November 21 | 380,504.62 | 1,964,508.90 | 2,570,464.07 | 672,867.96 |
| November 24 | 510,127.48 | 1,981,461.23 | 2,697,314.25 | 658,340.96 |
| November 27 | 567,886.83 | 1,994,883.87 | 2,730,674.36 | 659,673.61 |
| November 28 | 579,411.33 | 2,000,470.24 | 2,625,480.44 | 720,445.90 |
| December 1 | 636,277.54 | 2,010,142.71 | 2,765,852.70 | 722,922.11 |
| December 5 | 740,258.02 | 2,014,695.43 | 2,822,116.16 | 725,396.19 |
| December 8 | 795,972.22 | 2,030,338.48 | 2,643,103.25 | 833,271.70 |
| December 12 | | 2,586,423.08 | 2,553,392.77 | 836,254.43 |
| December 15 | 9,813.29 | 2,707,262.03 | 2,159,686.25 | 908,785.08 |
| December 19 | 68,743.75 | 2,420,272.19 | 2,224,971.74 | 682,169.79 |
| December 22 | 30,129.64 | 2,645,375.49 | 1,545,432.57 | 809,954.64 |
| December 26 | 65,719.59 | 2,646,561.82 | 1,592,768.65 | 820,897.73 |
| December 29 | 49,482.30 | 2,472,119.45 | 1,556,622.16 | 894,715.33 |
| January 2 | 108,466.49 | 2,427,119.45 | 1,579,020.80 | 916,653.40 |
| January 5 | 27,116.59 | 2,392,574.40 | 1,702,448.94 | 951,010.21 |
| January 9 | 27,116.59 | 2,392,574.40 | 1,716,059.00 | 1,023,821.53 |
| January 12 | 29.94 | 2,260,793.37 | 1,763,264.84 | 1,074,589.28 |
| January 16 | 29.94 | 1,768,941.68 | 1,731,049.09 | 1,075,054.17 |
| January 19 | 990.30 | 1,639,274.78 | 1,735,861.44 | 874,295.31 |
| January 22 | 990.30 | 1,639,274.78 | 1,838,860.16 | 908,352.68 |
| January 26 | 16,526.75 | 1,649,274.78 | 1,825,690.11 | 996,104.14 |
| January 30 | 101,901.21 | 1,634,274.78 | 1,935,852.03 | 983,117.83 |
| February 2 | 159,879.39 | 1,649,274.78 | 1,947,444.84 | 1,037,681.34 |
| February 6 | 250,480.21 | 1,649,274.78 | 2,013,642.66 | 1,068,995.02 |
| February 9 | 369,603.06 | 1,659,274.78 | 2,057,099.89 | 1,099,694.85 |
| February 13 | 424,299.03 | 1,687,239.86 | 2,145,654.97 | 1,103,169.40 |
| February 15 | 510,763.59 | 1,712,098.73 | 2,005,154.16 | 1,108,272.65 |
| February 20 | 583,910.88 | 1,733,640.63 | 2,070,260.91 | 1,108,272.65 |
| February 23 | 633,718.66 | 1,720,100.09 | 2,040,014.53 | 1,037,069.68 |
| February 27 | 723,930.50 | 1,743,039.54 | 2,175,982.28 | 1,036,069.68 |
| March 2 | 868,141.38 | 1,768,857.56 | 2,288,482.89 | 1,036,069.68 |
| March 6 | 972,615.83 | 1,797,151.93 | 2,391,033.93 | 1,036,069.68 |
| March 9 | 983,474.98 | 1,805,824.43 | 2,268,840.41 | 1,052,698.64 |
| March 13 | 1,085,783.87 | 1,741,724.43 | 2,367,099.57 | 1,060,187.29 |
| March 16 | 1,125,351.84 | 1,754,865.82 | 2,364,344.30 | 1,087,632.62 |
| March 20 | 1,218,201.64 | 1,752,416.82 | 2,502,018.98 | 1,108,761.78 |
| March 23 | 1,262,006.91 | 1,750,121.82 | 2,478,401.06 | 1,084,292.35 |
| March 27 | 1,364,288.44 | 1,741,605.16 | 2,566,465.94 | 1,115,582.11 |
| March 30 | 1,395,456.70 | 1,750,605.16 | 2,624,607.86 | 1,142,775.86 |
| April 3 | 1,440,865.15 | 1,750,605.16 | 2,675,647.54 | 1,166,603.65 |
| April 6 | 1,460,960.27 | 1,758,605.16 | 2,716,621.94 | 1,194,096.79 |
| April 10 | 1,506,592.28 | 1,748,214.00 | 2,785,588.53 | 1,122,819.86 |
| April 13 | 1,556,586.00 | 1,753,214.00 | 2,891,940.26 | 1,152,994.63 |
| April 17 | 1,587,157.78 | 1,750,649.96 | 2,950,933.33 | 1,170,995.34 |
| April 20 | 1,659,205.46 | 1,747,921.46 | 3,053,348.00 | 1,205,504.31 |
| April 24 | 1,745,265.14 | 1,741,834.61 | 3,146,598.90 | 1,230,082.72 |
| April 27 | 1,850,780.87 | 1,835,863.45 | 3,237,921.38 | 1,254,315.95 |
| May 1 | 1,917,955.49 | 1,790,857.89 | 3,338,179.77 | 1,117,572.10 |

Bank balances, semiweekly, from the 21st of November, 1900, to the 9th of October, 1901—
Continued.

| Date. | Hongkong and Shanghai bank. | | Chartered Bank of India, Australia and China. | |
|-------------------|-----------------------------|----------------|---|----------------|
| | Mexican. | Gold. | Mexican. | Gold. |
| May 4..... | \$2,034,106.86 | \$1,766,788.43 | \$3,451,784.88 | \$1,135,673.24 |
| May 8..... | 2,083,284.04 | 1,752,174.96 | 3,483,062.81 | 1,153,183.84 |
| May 11..... | 2,154,518.40 | 1,752,853.64 | 3,714,311.49 | 1,181,814.28 |
| May 15..... | 2,236,840.38 | 1,678,986.13 | 3,456,391.69 | 1,199,495.86 |
| May 18..... | 2,296,981.72 | 1,625,498.77 | 3,532,475.33 | 1,222,086.79 |
| May 22..... | 2,355,654.30 | 1,612,057.26 | 3,640,994.86 | 1,056,991.20 |
| May 25..... | 2,502,134.28 | 1,569,371.08 | 3,698,399.50 | 1,082,124.87 |
| May 29..... | 2,585,710.40 | 1,548,086.25 | 3,747,935.82 | 1,097,417.91 |
| June 1..... | 2,628,110.95 | 1,511,202.59 | 3,777,246.71 | 1,074,775.65 |
| June 5..... | 2,695,884.57 | 1,498,159.59 | 3,814,352.22 | 1,095,984.08 |
| June 8..... | 2,727,434.79 | 1,495,469.79 | 3,882,142.67 | 1,135,977.93 |
| June 12..... | 2,797,687.86 | 1,466,120.47 | 3,937,563.42 | 1,162,530.05 |
| June 15..... | 2,892,982.27 | 1,374,471.82 | 4,017,313.34 | 1,025,002.54 |
| June 19..... | 2,986,161.20 | 1,333,001.57 | 3,959,256.57 | 1,046,837.29 |
| June 22..... | 3,060,823.43 | 1,278,110.38 | 4,014,799.62 | 1,061,352.00 |
| June 26..... | 3,184,587.17 | 1,271,821.67 | 4,078,230.37 | 1,085,099.03 |
| July 1..... | 3,254,201.23 | 1,251,255.12 | 4,345,300.76 | 1,119,726.17 |
| July 6..... | 3,351,083.18 | 1,299,754.25 | 4,448,197.12 | 1,101,161.29 |
| July 10..... | 3,425,234.83 | 1,463,394.92 | 4,169,024.28 | 1,126,953.22 |
| July 18..... | 3,617,458.01 | 1,596,708.70 | 4,588,659.35 | 1,191,940.53 |
| July 20..... | 3,717,824.26 | 1,630,232.52 | 4,671,146.16 | 1,208,515.38 |
| July 24..... | 3,769,740.70 | 1,621,150.02 | 4,740,894.78 | 1,238,929.26 |
| July 27..... | 3,847,277.71 | 1,619,442.61 | 4,876,934.23 | 1,260,627.46 |
| August 1..... | 3,729,655.01 | 1,569,589.13 | 4,922,663.54 | 1,080,748.77 |
| August 3..... | 3,795,552.78 | 1,577,565.49 | 4,980,155.54 | 1,097,374.56 |
| August 7..... | 3,832,028.46 | 1,558,765.49 | 4,932,152.30 | 1,110,826.57 |
| August 10..... | 3,813,430.46 | 1,505,346.89 | 4,776,993.07 | 1,134,958.94 |
| August 14..... | 3,935,986.36 | 1,508,447.80 | 4,858,208.36 | 1,141,963.95 |
| August 17..... | 3,990,191.71 | 1,170,057.04 | 4,868,606.92 | 1,331,941.02 |
| August 21..... | 4,012,688.21 | 1,162,245.12 | 4,901,830.70 | 1,342,920.67 |
| August 24..... | 4,087,496.11 | 1,146,820.37 | 4,957,791.93 | 1,361,605.11 |
| August 28..... | 4,129,057.53 | 1,137,647.89 | 5,014,649.44 | 1,379,900.98 |
| September 2..... | 4,170,207.11 | 1,112,397.89 | 5,051,755.86 | 1,383,079.21 |
| September 4..... | 4,254,539.95 | 1,118,896.63 | 5,091,081.52 | 1,390,609.21 |
| September 7..... | 4,350,321.34 | 1,124,633.04 | 5,174,552.28 | 1,413,191.25 |
| September 11..... | 4,464,680.35 | 1,143,397.39 | 5,229,133.32 | 1,421,255.51 |
| September 14..... | 4,553,767.16 | 1,144,775.71 | 4,852,870.72 | 1,394,068.61 |
| September 18..... | 4,645,333.60 | 1,169,846.69 | 4,803,583.47 | 1,357,624.42 |
| September 21..... | 4,724,804.74 | 1,168,965.54 | 4,837,905.65 | 1,343,558.12 |
| September 28..... | 4,522,586.00 | 1,079,604.22 | 4,523,445.78 | 1,335,387.41 |
| October 2..... | 4,604,677.76 | 1,120,865.67 | 4,577,409.43 | 1,325,866.22 |
| October 5..... | 4,711,928.86 | 1,120,865.67 | 4,690,800.81 | 1,329,945.20 |
| October 9..... | 4,833,599.03 | 1,120,812.67 | 4,760,525.50 | 1,267,874.56 |

The circumstances that led to the imposition of the 10 per cent export duties upon Mexican silver having ceased to operate, act No. 213 was passed on the 31st day of August, 1901, repealing that export tax. At the present valuation of Mexican dollars, there is no inducement to export them, and the law was no longer subserving any useful purpose.

The fact was stated in the former report that the local banks refused to receive deposits in money of the United States and required all such money to be exchanged into local currency before being deposited, commission being charged for exchange. Hence depositors were not able to withdraw their money in United States currency, but only in local currency, and if they wished United States money to use were obliged again to repurchase it from the banks, paying a commission for the exchange. This method of business was regarded as a discrimination against money of the United States, and accordingly, on the 28th day of November, 1900, act No. 53 was passed, requiring banks of deposit in the islands to accept deposits both in the money of the United States and in Mexican or local currency, and to repay such deposits by checks or otherwise in the kind of money in which they were made, but guarding the banks against being required to accept small and unprofitable deposits in any currency. This act, although unsatisfactory to the banks and by them called to the attention of the War Department, was approved by the War Department as a useful regulation of banking institutions, and has furnished great relief to all business men in the islands. Nor is it any hardship upon the banks. It simply deprives them of a kind of profit which it was unjust for them to reap, in view of the fact that they were gaining it by a discrimination against the money of the sovereign power in the islands.

The effect of the military order referred to in the former report, authorizing the exchange of 2 pesos of local currency for \$1 of money of the United States, coupled with the legislation referred to, to secure equal facilities for the deposit and payment of both currencies in the local banks, and the payment of sums due from the insular government to employees and others mainly in money of the United States, has been to secure an entirely stable currency throughout the islands since the 11th day of August, 1900, down to the date of this report, and it is considered that the securing of this result has been of very great advantage to all the people of the islands. At the present time the value of Mexican dollars as compared with gold is such that a dollar of money of the United States is worth something more than 2 pesos of local currency; but it has been considered of such importance to maintain a uniform ratio between the two temporarily, until Congress shall act upon the currency question, that the civil governor has fixed by proclamation the ratio of 2 to 1 between the two currencies for the ensuing quarter, commencing the 1st day of October, 1901. The effect of this order will probably be that importers and others having taxes to pay to the government will meet those payments almost wholly in local currency, and thereby the insular government will sustain a certain loss; that is, it will receive less intrinsic value than it would if the payments were all required to be made in gold, or if the ratio of \$2.02 or \$2.04, insular currency, to \$1, money of the United

States, had been fixed. But it is the opinion of the commission that the maintenance of a stable, uniform ratio for a few months longer will be of value to the business interests more than sufficient to compensate for the loss.

If the scheme of recoinage hereinafter recommended shall be adopted, the Mexican dollars in the treasury will be available for recoinage, and a large seigniorage will accrue as profit to the treasury from the transaction, the Mexican dollars being available for that purpose. There has been considerable complaint that the United States paper currency in circulation in the islands was soiled and torn, and it was an embarrassment to collecting officers to receive the currency and then to be unable to dispose of it in settlement of their balances with the insular treasury. To remedy this difficulty and to keep the currency fresh and clean, and thus render it more wholesome and likewise more satisfactory to the people of the islands, act No. 149 was passed on June 22, 1901, providing that it should be the duty of the insular treasurer to hold mutilated or worn-out notes that came into his possession and forward them to the United States Treasury for redemption in new notes fit for use, and the treasurer and other officials receiving money were authorized to receive worn-out or mutilated notes in payment of the public dues and to receive credit for the same with the insular treasurer, who should forward them for renewal, as above stated.

PROPOSED NEW COINAGE.

Upon the general subject of currency for the islands the commission, after substantially one year's further consideration and study of the situation, and conferences with business men, renews the recommendation made in its former report for the coinage of a United States-Filipino peso of the value of a half dollar, money of the United States, containing a small percentage less silver than the Mexican dollar, the percentage being such that its intrinsic value would not at any time warrant its export from the island for bullion, with a provision for its convertibility into money of the United States-Filipino pesos for \$1 in money of the United States, together with convenient subsidiary coins. In consideration of the details of such a coinage system, the commission has had the benefit of the advice and assistance of Mr. Charles A. Conant, an expert upon the subject of banking and finance, who came to the islands, under your direction, for the purpose of aiding the commission in formulating a plan for providing a stable and uniform currency for the islands. Mr. Conant's assistance has been of great value upon both subjects, banking and currency.

In renewing the recommendations made upon this subject, we call attention to the facts that a stable monetary standard and sufficient supply of sound currency are among the essential requirements for

the development of any commercial country; that the progress made in the restoration of peace and order, and the impending development of business in all directions, make the creation of such a currency an immediate and pressing necessity which should appeal strongly to Congress for its early action; that outside capital flows freely to a country where the standard is fixed and certain, but comes only gradually to one where it is doubtful in what form of money, transactions may be carried on and debts discharged; that the existing currency mainly depends upon the coinage of a different and distant country; that the principal coins in use, Mexican silver dollars, are made from a metal which is fluctuating in value in relation to gold, and that this creates serious difficulty, and that the Mexican dollar fluctuates not only with the value of silver bullion, but with the difficulty of obtaining the dollar, depending in part upon the special demand for it in China and other countries, so that its value in commercial transactions is determined neither by the price of silver bullion, nor by the value of a dollar in Mexico, nor its value in gold, nor its value in China, but by a combination of these influences, over which neither the Government of the Philippine Islands nor the business men in the islands can exercise a calculable and permanent control.

It is not desirable in our opinion to attempt to introduce American gold currency at the present time as the exclusive money of the Philippines. Such a course would produce serious disturbances in prices and wages. Substantially all the benefits anticipated from the introduction of American gold money can be obtained for the commerce of the United States and that of other gold-standard countries by establishing a definite relationship between the proposed silver coin and the American gold dollar. The benefits of definite relationship between two of the standard silver coins of the country and \$1 in gold would be especially felt by American importers because of the simplicity of the relation; but in all other gold-standard countries the value of the Filipino coins would be definitely fixed in relation to their standard. In order to give fixity to the gold value of silver coins it is necessary to limit the quantity and to provide for their conversion into gold. Limitation of the quantity operates in regard to coins as in regard to commodities; the value is raised by scarcity. Upon this method of giving value to silver reliance is chiefly placed in the countries of the Latin Union, in Holland, and in the United States. The limitation of the coinage of silver to the amounts previously existing and to the amounts fixed by the government has given an artificial value to silver coins of all these countries, keeping them at par with gold.

It is therefore recommended that the government of the Philippine Islands be authorized by Congress to purchase silver bullion and coin it into pieces having an exchange value in the Philippines of 50 cents gold. These coins, with their corresponding subdivisions, will replace

in popular use the Mexican silver dollar, as well as the Spanish peso, without any sudden shock to values or to the denominations of currency to which the people have been long accustomed. It is proposed that only such amounts shall be coined as would meet the needs of trade in the islands at the parity fixed by law.

It is recommended that further measures be taken similar to those adopted in the United States for securing the parity of gold and silver. The most obvious of these measures is the creation of a gold reserve from which gold could be paid for silver, if necessary to maintain confidence. There is some disposition among the Filipinos and Chinese in the Philippine Islands to hoard and bury gold coin, but this is likewise true to an extent as to silver coin. For this reason we recommend that authority be given the Philippine treasury to exercise discretion in paying gold for silver, in order that it may pay gold only when necessary, in its opinion, to maintain the parity of silver coin. This will permit the treasury to provide gold for export and to meet other legitimate demands from the commercial community, but to refuse it when asked for the mere purpose of hoarding.

The creation of such a gold reserve would involve no cost to the government of these islands if a coin is adopted somewhat below its face value in silver. The margin between the value of 50 cents and the bullion value of silver will represent a profit or seigniorage to the treasury, which, in our opinion, should be set aside as a gold reserve. This course would assure the public that, while the actual circulation consisted of token coin, the gold necessary to cover the difference between the bullion of these coins and their par value would be kept as a sacred fund for their protection, and that it was no part of the plan of the government of the Philippine Islands to debase the coinage and appropriate the fictitious profits to its own use.

We think it is desirable, if a gold standard is thus established, that some additional power should be given to the government of the Philippine Islands to maintain the parity between gold and silver in case it should be threatened. The power to sell drafts for gold at par on deposits of the Philippine treasury in the United States and the power to issue temporary certificates of indebtedness similar to those authorized in the United States by the act of June 14, 1898, are among the methods by which strength might be given to the currency system and confidence be maintained in the commercial community. It is to be said in favor of such powers that the mere authority to exercise them would greatly diminish the necessity that they should be exercised. The fear that the government might permit the two metals used as money to depart from their legal ratio and the absence of power to take steps to maintain this ratio would invite danger which would rarely or never arise if it were known that the government was clothed with every necessary power to maintain the monetary standard unimpaired.

It seems to be desirable, as a tribute to Philippine local feeling, that the mint at Manila should be used as far as possible for the execution of the new coinage. Attached to our former report was an exhibit, stating in detail the size, facilities, capacity, and condition of the local mint and all the machinery therein. We would therefore recommend that proper experts be sent here at an early date and that adequate machinery be set up in the local mint, so far as its capacity will warrant. We think it would be wise to provide, however, if sufficient coinage can not be executed at the mint at Manila to meet the requirements of the new currency, that the mints of the United States be authorized to aid in the work, with proper compensation from the government of the Philippine Islands, as in the case of coinage for foreign governments.

It is the purpose and expectation of the commission, in case a distinctive coin is adopted for the Philippines, to introduce that coin as rapidly and completely as possible into the currency system of the islands. It is believed that the Mexican dollars will rapidly disappear if they cease to be a legal tender for debts after a prescribed date. They contain more silver than the proposed Filipino dollar if the plan of the commission is adopted. This will tend to expel the Mexican dollar and keep the new Filipino dollar at home for the use of the commerce of the islands.

The new coinage system should provide for subsidiary coins, one-half peso; 1 peseta, or twenty centavos, which is one-fifth of a peso; a media peseta, or 10-centavo piece; and coins of other metals should be provided, so as to furnish 5-centavo and 1-centavo coins, the latter being of the value of one-half cent United States money. An adequate supply of these small coins is indispensable for the transaction of ordinary business among the poorer people of the islands, who make their purchases in very small amounts and need small coins for that purpose. All questions of exchange between the islands and the United States, which have caused much annoyance to the disbursing officers of the Army and Navy, will come to an end under such a system, except so far as they concern the legitimate cost of transporting the money. It is hoped that Congress will see fit, if this recommendation has your approval, to fix a short period within which all preparations shall be made for the adoption of a new and distinctive coinage, in order that proclamation may thus be made that the currency of the Philippine Islands is fixed beyond question upon the standard of other commercial nations, and that capital may safely come here for the purposes of trade and permanent investment.

BANKS AND BANKING.

On the 23d day of November, 1900, act No. 52 was passed, providing for the examination of banking institutions in the Philippine Islands by the insular treasurer, or authorized deputy by him appointed, at

least once in every six months, and at such other times as he might deem expedient; and for a report of such an examination by him to the chief executive, to the commission, and to the Comptroller of the Currency of the United States, and for reports by all banking institutions, whether doing business as branches of a principal bank in another country or not, on or before the 15th day of January, April, July, and October in each year, to the treasurer of the islands, which reports should conform as nearly as might be to those made by national banks in the United States under the laws of the United States and regulations of the Comptroller of the Currency, which reports should specifically state all the details of the business conducted during the preceding quarter in the Philippine branch of foreign corporations conducting a banking business here and the financial condition of its principal bank at the latest practicable period prior to the date of such reports, and that such reports should also contain such further and other data as might be called for by the insular treasurer. Examinations and reports have been made in accordance with the law at the periods required.

Copies of the most recent reports of all the banks doing business in the islands, the Hongkong and Shanghai Banking Corporation, Chartered Bank of India, Australia and China, El Banco Espanol-Filipino, and the Monte de Piedad are hereto annexed and marked Appendices R, S, and T. Deposits of insular funds have been made in the two institutions first named. The only security for the deposits, aside from the general assets of the banks, consists of \$1,000,000 deposited by each of the two banks in United States Government bonds, in accordance with your orders issued before the commission came into these islands. Both those banks are, as stated in the former report, branches of great English corporations of many years' standing. The parent institutions are liable for every dollar of the Government deposits in the Manila branches. While there never was any doubt upon this proposition, yet in response to cable suggestions from the chief of the bureau of insular affairs, concurred in by the Comptroller of the Currency, we communicated with the parent institutions and received assurances directly that they were responsible for every dollar of insular deposits in the Manila branches. There is no reason now for doubting the entire safety of the insular deposits in those banks; but in response to the cablegram referred to we have called the attention of the local managers of those banks to the desirability of further security being given for the insular deposits. The manager of the Chartered Bank of India, Australia and China assured us that he would immediately communicate with their home office in London and request that office to open negotiations upon the subject directly with the Secretary of War at Washington. The local manager of the Hongkong and Shanghai Bank agreed that he would immediately communi-

cate with the home office of his institution and inform us at an early date as to what it would be willing to do in the direction named.

It was suggested by both the local managers that if further security were to be given, arrangements might be made for the deposit of high-grade bonds other than bonds of the United States Government, whereby the loss of interest could be made less. The commission sees no reason why this suggestion might not be complied with, due care being taken as to the character of the bonds received as security. It would be entirely impracticable, if the banks should decline to give further security, immediately to remove the deposits from their custody. The Hongkong and Shanghai Bank, on the 2d day of October, 1901, has of insular funds \$4,604,677.76 (pesos) on deposit, and \$1,120,865.67 United States money; and the Chartered Bank of India, Australia and China has \$4,577,409.43 (pesos), and \$1,325,366.22 money of the United States. The insular treasurer has no place adequate for keeping this large amount of bulky Mexican or local currency. The insular treasury has, however, a new vault capable of storing several million dollars of currency of various kinds belonging to the Government; and it is proposed, as soon as the necessary facilities are completed, to transfer a considerable portion of the funds now on deposit in the banks to the insular treasury vaults and to make payment for insular disbursements directly from the treasury on proper warrants and checks instead of through the banks. It is considered that there will be an advantage in this course of business from the fact that the insular treasurer will at all times, without waiting for reports from the banks, know the exact amount of available cash and the precise condition of the treasury. In that event it is suggested that the deposits in the banks might be reduced to a specified amount, which should be allowed to remain in them for a short stated period, so that the banks could afford to pay a moderate rate of interest upon them as substantially fixed deposits. No determination has as yet been arrived at upon the matters here suggested.

The two English banks above referred to are doing business in these islands under the general law enacted by the Spanish authority, authorizing the formation of general partnerships, limited partnerships, commercial associations, and banking and business corporations by voluntary associations on compliance with the requirements of law. The existing Spanish law upon that subject is fully and carefully stated in a communication bearing date September 24, 1901, to the commission from Hon. Gregorio Araneta, solicitor-general of the islands, which is hereto annexed and marked Appendix U. It will be seen from that exhibit that voluntary associations for the conduct of nearly every kind of commercial business, including banking, except the right of issuing bank notes, may be formed by any persons, native or foreign. Upon the theory that the letter of that law is still in force, there is

nothing to prevent Americans or foreigners from forming banking associations and entering into a general banking business here, unless it should be held that the formation of such a corporation and its engaging in business under such general laws constitute such granting of a franchise as is forbidden by the terms of the amendment to the army appropriation bill passed by the last Congress. The commission has as yet had no occasion to pass upon that question. Corporations have been formed under those Spanish laws, since American occupancy, for the manufacture or sale of tobacco and cigars and for other commercial purposes and are now conducting their business under those laws. It is the decided opinion of the commission that Congressional action should be taken with reference to a banking system that shall prevail in the Philippine Islands, and recommendations will be made later under the present heading upon that subject.

The existing law relating to the Spanish-Filipino Bank has heretofore been transmitted to you, so that it is unnecessary to make further statement upon that subject here. The amount of bank notes issued by the Spanish-Filipino Bank under its charter and outstanding on August 31, 1900, was \$2,700,750 Mexican. At this date that amount has been reduced to substantially \$2,100,000 and is constantly being reduced; but about \$192,000 of these notes were issued prior to 1884, many of which have undoubtedly been lost or destroyed. But the demand for bank notes for ordinary usages is large, and it is difficult for the managers to make a rapid reduction of the amount of such paper. It is undesirable to contract the convenient and well-known local paper currency too rapidly. We have indicated to the managers of the bank that it was desired that the amount of its circulating notes should not exceed the amount of its paid-up capital, \$1,500,000, and that their charter, which authorizes the issue of notes up to three times the paid-up capital, should be amended accordingly, and that provision should be made also by law that the obligation created by outstanding notes or bills should form a first charge upon the assets of the bank in case of failure, and that the exclusive right given to it to issue paper currency in the islands down to the year 1921 was one so nearly touching the sovereignty of the country, its powers of government, and control of its own currency that that exclusive right could not be recognized. A meeting of the stockholders of that bank has been called to consider the suggestions above referred to, but no action has as yet been taken, so far as the commission is informed.

The problem of encouraging American trade by means of proper banking facilities in the Philippine Islands has repeatedly been discussed in reports made by civil and military officers to the War Department, but the commission has taken no legislative action looking to the establishment of a permanent system, because it was considered indispensable that Congressional action should be taken, and that the

local system here established should be in harmony—so far as different conditions would permit—with that which prevails in the United States. It has seemed to them that such a modification of the American law would be essential to putting an American bank upon a proper footing, and that this subject, like that of coinage, should be dealt with by Congress. It is also important that capitalists should be given notice by law under just what conditions banks may be established and conducted in these islands. The local banks have already been referred to, and there are various private individuals loaning money here; but none of the local institutions or individuals fully meet the needs of the American trade, either as it exists to-day or as it is likely to develop.

It seems desirable that legislation should be passed by Congress distinctly authorizing American banks to enter upon business in the Philippine Islands, under guarantees which will promote their successful and continuous operation. The extension of the national-bank law of the United States to the Philippine Islands, without change, would not entirely meet the needs of the situation, because it would permit only local banks. Such banks could not establish branches, and would not be likely to issue circulating notes under the requirement of the existing law of the United States. It seems to the commission to be desirable that opportunity should be given for the creation of strong banks with branches, or for the entrance into the Philippine Islands of branches of strong banks in the United States.

The commission exercises full control over existing banks by virtue of the general powers vested in it by the President and your orders; but with the full establishment of civil government, it seems desirable that this power should be defined by act of Congress in order that capitalists throughout the world desiring to invest in the Philippines may know under what conditions such investments may be made. We therefore recommend that general powers be conferred by act of Congress upon the commission to regulate banking, to grant licenses to such banks as shall be authorized to conduct a banking business here, to appoint bank examiners, and to wind up the business of banks which may become insolvent. These powers would apply equally to banks established or having branches here, and would apply to national banks established in the Philippines, except so far as they may be regulated by the Comptroller of the Currency through the national-bank act.

We would suggest that the national-bank act be extended to the Philippines, but that certain important modifications be made in its operation adapted to the special conditions existing in the islands. The first of these will be the power to establish branches. This power might be conferred both upon national banks having their head offices in the United States and upon national banks having their head offices

in these islands and branches in the United States. It is suggested that the proposition to allow branch banking might affect seriously the operation of the banking system at home, unless the proposed extension were limited in such a way as to apply only to banks engaged in business outside the United States and to the sort of business within the United States which is carried on between the United States and other countries. Without expressing any opinion, therefore, as to the wisdom of branch banking in general, we suggest that it be authorized in respect to these islands, and that if Congress be opposed to its further extension, branches of national banks within the United States and of national banks organized here shall not be allowed to conduct the domestic classes of business chiefly represented by domestic bills of exchange and by advances upon securities. This limitation ought to be sufficient to prevent the fear on the part of any bank of the United States that its local business would be impaired or obstructed by branches of American banks doing business chiefly outside the United States or doing foreign exchange business within the United States.

If the Spanish-Filipino Bank should be restricted in its issue of paper currency, as we think it ought to be, to \$1,500,000, the amount of its capital, that sum will represent the only issue of paper money in the islands; and that sum, together with such paper currency of the United States as remains here, is insufficient to meet the present needs of the country. It is obvious, from the difficulty encountered by the Spanish bank in withdrawing its notes and from other facts that this limit of paper credit must prove inadequate to the business needs of the islands. It appears also from the high rate earned by money when loaned at interest, and from the declarations of leading bankers, that circulating notes are not likely to be issued, even if authorized to be issued, by national banks of the United States, when such banks are required to invest their capital in United States bonds as a prerequisite to the privilege of issuing. Some of the disbursing officers of the United States Army here have encountered difficulty in keeping their deposits in the English banks, because those banks have been unwilling to invest in the necessary bonds required as security for such deposits in view of the small returns upon the bonds and the high rates for money when loaned or invested in other ways.

We therefore recommend that, if national banks are permitted to enter the Philippine Islands and to establish branches here, they be given a reasonably elastic power of note issue which will meet the needs of an undeveloped country and a growing demand for currency. It is not proposed by the government of the Philippine Islands to issue paper of its own or to ask for authority for so doing, except certificates for coin. We believe that the volume of paper currency can best be regulated by the needs of trade through banks of issue. It is

not necessary to abolish all safeguards for the security of bank notes, if the requirement is modified that bonds be deposited in full for the amount of notes thus issued. Reasonable safeguards would apparently be thrown around such notes by making them a first lien upon the assets of the issuing bank, except a lien in favor of the United States and the Philippine government for their money in the custody of the bank. It may be desirable also to continue the requirement that national banks shall deposit in the Federal Treasury a certain minimum amount of United States bonds and that these bonds may be counted as a part of the security for circulation. A small tax upon circulation, which should be applied to a safety fund for the protection of notes of failed banks, would add an additional bulwark to a limited issue of notes upon the credit of the issuing bank.

More important in some respects than these positive safeguards would be the restriction of the power to issue notes to banks of large capital. Large banks would be much more potent than small ones in dealing successfully with the conditions in these islands. Transactions in merchandise from the United States, in the encouragement of new enterprises, and in the shipment of native products are likely to be upon a large scale and to solicit the aid of capital in large amount. A large bank has advantages in the character of its management, the greater experience of its officers, and in the power to command aid from the other great banking institutions of the world over local banks without such connections and risking their entire credit upon loans in a single community. It therefore seems undesirable that any bank with a capital of less than \$500,000 in gold should be permitted to issue circulating notes or to establish branches in these islands.

If a system of branch banks is authorized with the power to issue circulating notes, it is recommended that the Spanish-Filipino Bank should be brought under similar regulations. This might be done by a grant by Congress of general and unrestricted authority to the government of the Philippine Islands to regulate banking. It is probably desirable, however, in view of the claims of the Spanish bank, under its existing charter, and the possibility that such claim might become the basis of legal controversy, that special provision should be made by act of Congress applying directly to this bank most of the regulations regarding the issue of notes which may be made to apply to the issue of national banks. Most of the regulations could be adopted by the Spanish-Filipino Bank without difficulty, except that it would probably be desirable to authorize the note issue to remain to the full amount of its paid-up capital, even if American banks are limited to a smaller percentage. The Spanish-Filipino Bank is a local institution, long established, and is entitled to be treated with the same consideration that applies to all other enterprises of importance that have long been established here.

The difficulties which have been experienced both by disbursing

officers of the Army and Navy and by the Philippine treasury in dealing with exchange and handling funds of officers, soldiers, and civil employees suggests that the insular treasury be placed upon a permanent footing. This can be done under the general authority of the commission if their authority to maintain a civil government is ratified and continued by Congress. The insular treasury is not at present a subtreasury of the United States, and its relations with the Treasury of the United States are informal. It is probable that convenience will dictate some exchanges and transfer of funds between the insular treasury and that of the United States. It is therefore suggested that specific authority be given the Treasurer of the United States to receive deposits in money and to engage in such transfer operations with the treasurer of the Philippine Islands as may suit their mutual convenience without confusing their separate relations toward their respective governments. The repeated complaint of disbursing officers of the Army and Navy that they can not find a legal depository for their funds in these islands would no longer be well grounded if authority were granted to them by act of Congress to treat the insular treasury as a depository. This would add something to the cost of conducting the insular treasury, but if the actual expenses of transferring funds between the United States and the Philippines were defrayed by the Government of the United States the additional expenses would be assumed without prejudice by the insular government.

NEED FOR A MORTGAGE BANK.

One of the needs of the agricultural portions of the islands which was most strongly and repeatedly set forth during the tours of the commission through the provinces was an agricultural bank. The belief was widespread that such a bank would greatly stimulate the revival of agriculture in the Philippines, which has suffered much by insurrections, the death of cattle from the rinderpest, and the deterioration of seed through the lack of proper tools and methods of culture. Again and again the wish was expressed by the local presidents and by private citizens that aid should be extended to the small farmers, even if it was done at the expense of the Government. The commission is not prepared at present to recommend the establishment of a mortgage bank, owned and conducted by the Government, and it recognizes the danger of locking up the assets of a commercial bank in landed securities. There appears to be no reason, however, why a mortgage bank, organized according to the methods which have been thoroughly tested in Europe, should not be established in the Philippine Islands. The rate of loans upon mortgages in the islands is extremely high, especially in the sugar-growing districts, and the introduction of improved machinery, by means of cheaper money, would greatly add to the volume of the products and the earnings of the country.

The initiative in creating a mortgage bank must necessarily come from the owners of private capital if such bank is not established and endowed by the Government.

The commission believes that authority should be granted to charter such banks, under proper safeguards. The authority might be conferred by a general grant of legislative power to the government of the Philippine Islands, without restrictions of any sort; but in order to give the assurance that proper safeguards will be thrown around investments of capital in this manner, if for no other reason, we believe that Congress should lay down by some law some of the conditions governing the organization of such banks. For this reason we recommend that Congress provide directly for the creation of mortgage banks, but that they shall be required to have a capital of not less than \$250,000; that they shall not be permitted to loan over 10 per cent of their aggregate resources to any one person or corporation nor to loan over one-third of the market value of the property pledged, as determined by some impartial board, to be established under the authority of the Government.

If a large commercial bank is established in these islands, with branches extending throughout the world, it would not be beyond the bounds of prudent banking policy to permit such an institution to set aside a limited portion of its capital for mortgage business. It is a sound rule of banking that a commercial bank should keep the bulk of its resources in a quickly convertible form. This is especially the case where the bulk of its obligations consists of deposits payable on demand. In the case of a large bank, however, with a capital of \$1,000,000 or more, the limit of safety would not be infringed if 25 per cent of its capital were permitted to be loaned upon mortgages. The remaining three-fourths of the capital would be available to strengthen the current assets in meeting emergencies and the demands of the depositors. The rule that a small percentage of capital may be set aside for mortgage or agricultural loans, when such business is kept separate from commercial loans and is conducted with prudence, is recognized by many economic writers and is supported by the example of several of the large European banks, notably the Austro-Hungarian Bank and the Imperial Bank of Russia.

It might easily happen, in the absence of sufficient information to attract an independent mortgage bank to the Philippines, that a large bank established here for other classes of business would see the benefit of setting aside a portion of its capital for such a purpose. We recommend, therefore, that authority to do mortgage business within certain limits be granted to commercial banks with a capital of \$1,000,000 or more, under substantially the same restrictions as those which may be imposed upon banks devoted wholly to loans upon mortgages.

GENERAL CONDITION OF THE TREASURY.

The general condition of the insular treasury is highly satisfactory. On the 1st day of September, 1900, when the commission first assumed legislative power in relation to income and expenditures, there was in the insular treasury, available for appropriation, the sum of \$3,023,834.29½, gold values, on the basis of \$2 insular currency for \$1 in United States money. At the date of our last preceding report, November 30, there was in the treasury available for appropriation the sum of practically \$2,500,000 gold values, the commission having in the period intervening between September 1 and November 30 made large appropriations for general improvements, particularly one of \$1,000,000, gold, for building of roads under the supervision of the military government, and another of \$1,000,000, gold, for carrying on the improvement of Manila Harbor. At the date of this report, September 30, 1901, there is in the treasury, available for appropriation, the sum of \$5,106,518.46, gold values. Meanwhile all the expenses of the insular government have been met, and very large appropriations have been made out of the insular treasury during that period for purely military and naval purposes. It is only a reasonable and conservative statement to say, that under any proper management of the finances of the islands, the revenue will be at all times sufficient to meet all ordinary expenses of good administration and to make considerable appropriations for large general improvements and the erection of public works. In the ordinary current expenses of the islands we include, for the purposes of the statement now made, the establishment and maintenance of an efficient police system for the preservation of good order, and of necessary means of communication between the islands for transportation of mails, public officials, and revenue customs inspection. There is no reason why the Government of the United States should ever be called upon to contribute toward the support of the insular government, and within a comparatively few years after the complete restoration of good order it is entirely reasonable to anticipate that the revenues of the islands will be sufficient to pay all expenses incurred for troops, native or American, and insular police sufficient to maintain good order throughout the whole archipelago.

In addition to the treasury balance above stated are the three following items, which practically are treasury assets:

| | |
|--|-------------|
| 1. Loans to provinces under act No. 134 | \$55,000.00 |
| 2. Money loaned to provinces under act No. 196..... | 25,000.00 |
| 3. Portable property purchased from insular funds by the military government and transferred from the property returns of the insular government to the army returns, by virtue of General Order, No. 65, Division of the Philippines, issued April 4, 1901, and General Order, No. 38, office of the military governor, issued May 11, 1901, upon the basis of low valuations stated by the transferring officer..... | 638,573.61 |

with lists to be added from two officers who have not yet reported. It is understood that compensation for this property is to be made to the insular government out of army appropriations by the United States Government. In addition to the property above mentioned, 16 gunboats purchased from the insular revenues, at a cost of \$265,000, United States currency, were transferred to the United States Navy under military orders. Armament and accessories to the ascertained value of \$19,147.79, United States currency, were also transferred to the Navy, together with a large quantity of such property of unascertained values. It therefore appears, that up to the date of submitting this report, there have been turned over to the United States Government property purchased from insular funds to the ascertained value of \$922,721.40, United States currency; but the valuations thus stated are, in the opinion of the commission, greatly below the actual values.

The gunboats above referred to are almost indispensable for the use of the revenue service and the inter-island communication necessary for efficient government. It is highly desirable that an arrangement should be made with the Navy for a retransfer of those gunboats to the insular government. They are now of little use to the Navy, while the insular government is to a degree paralyzed for the want of them. Great loss will ensue if the insular government must wait one or two years for the construction of new boats to perform service greatly needed immediately, which service could be well performed by the gunboats in question.

SEIZED FUNDS AND SPECIAL DEPOSITS IN THE TREASURY.

The insular treasury contains a considerable amount of Spanish funds seized by the military authorities at the time of and after the occupation of the islands by the American Army and seized from insurrectos since that time. These funds have not been considered as a part of the general revenue of the islands and await such disposition by the proper authorities as may hereafter be determined upon.

A summary of Spanish seized funds is as follows:

| | |
|---|---------------------|
| Funds of the Spanish general treasury | \$795, 707. 71 |
| Funds of the Spanish mint..... | 62, 856. 08 |
| Funds seized at the ayuntamiento | 5, 167. 54 |
| Funds seized at the internal-revenue office | 24, 527. 60 |
| Funds of the Spanish civil governor | 956. 02 |
| Funds of the Philippine lancers | 950. 00 |
| Interest on deposits, Philippine funds | 64. 91 |
| Total | <u>890, 229. 86</u> |

from which credits to the amount of \$200 have been allowed by the auditor under rule 28 of act No. 90, leaving as a balance of Spanish seized funds \$890,029.86, or, reduced to United States currency at the

ratio of 2 to 1, \$445,014.93; but as a small portion of the seized funds was in Spanish gold pieces and bars, the actual value reduced to United States money would be about \$4,000 more than the sum last above stated. In addition, there was seized at the mint by the United States forces at the time of the occupation, and with which the treasurer of the archipelago is charged, a quantity of damaged silver coin, of gold and silver metal mixed, copper ingots, bar silver, and unfinished silver coins, some of which are claimed to be the property of private individuals. There are also in the insular treasury about \$110,000 Mexican, of \$55,000 gold values, seized by the military authorities at the Spanish general treasury, at the ayuntamiento, and in the junta provincial, being mostly deposits previously made as guarantees for government contracts or as security for services in official capacities.

There are also special deposits in the treasury of funds seized from alleged insurrectos or from insurrecto governments at various times by military officers since the American occupancy, amounting in the aggregate to approximately \$300,000 Mexican, or \$150,000 gold value, at the ratio of 2 to 1, besides articles of personal property seized, such as jewelry, rings, earrings, necklaces, watches, field glasses, silverware, melted silver, insurrecto flags, stick pins, medallions, and cuff buttons, and miscellaneous articles. A detailed statement of the seized funds and property is hereto annexed and marked "Appendix V." While all the above-stated seized funds and property are deposited in the treasury and the treasurer is responsible for the same, yet none of them are included in the general treasury balances hereinafter stated.

The seized copper coin, which amounted to a very large sum, as will be seen from the exhibit, is of materially higher exchange value in Spain than its currency value here in these islands. Under an order issued by Major-General Otis, a considerable portion of it has been placed in circulation here from time to time for the purpose of furnishing a medium for small change, but it does not remain in circulation long. It is hoarded by speculators and sent to Spain, where a very large profit accrues. This course is considered very undesirable, and it is recommended that the commission be authorized immediately to sell such seized copper coin, after due advertisement in this and foreign countries, and to provide for its exportation from the country to Spain and the deposit of the proceeds of the sale to the account of seized funds in lieu of the copper coin sold. As to the general seized funds, it is recommended that Congressional action should be taken authorizing the commission to turn the seized funds, so far as title to them shall not be established through the courts in favor of private individuals, into the general treasury of the islands, to constitute a general school fund for the support of public schools, with the proviso that where a specified portion of the seized funds was collected as taxes

by the insurrectionary government in any particular province those funds may be returned to the treasurer of the province from which they came, to be used for the general provincial purposes of building roads and other public works. All these funds were collected ultimately for insular uses, and it seems to the commission that the United States Government might feel justified in causing them to be dedicated to the interests of the islands through the public-school fund above suggested. Many of the seized articles, aside from such as have historical value as mementos, should be converted into money by sale, and those which have historic value as mementos, if any, might be reserved for deposit in a local museum.

INSULAR BUDGET.

We regret that it is impracticable to present at this time a complete statement of the financial transactions of the Philippine government for the fiscal year 1901. The auditor for the archipelago states that although he "is required by rule 38 of act 90 to submit an annual report of the financial transactions of the government as soon after the close of the fiscal year as the accounts shall have been adjusted," it is impracticable at this date to present a comprehensive report of that character, but that it is in course of preparation and will be submitted at the earliest practicable date. The act requiring the auditor to make such annual report did not become effective until April 1, 1901, or until the beginning of the final quarter of the fiscal year ending June 30, 1901, and it is extremely difficult to comply satisfactorily with the requirements of rule 38 of act No. 90, because of the method of keeping and rendering accounts followed before April 1, 1901. Disbursements were not made altogether by departments or offices. Each department made disbursements in its own behalf, and the disbursing quartermaster of civil bureaus as well furnished supplies and made additional disbursements in behalf of almost every department of the civil government without segregation. When the accounts of the fiscal year are settled and adjusted a summary of each disbursing officer's account will be compiled and included in the annual report of the auditor.

When the accounting bureau was organized in February of this year the settlements of accounts averaged one year in arrears, and under your instructions it was made incumbent upon the reorganized office to prepare detailed statements of receipts and disbursements of the government of the archipelago from the beginning of American occupancy. It has been impossible in the brief time since February to complete this work. All customs, postal, and internal-revenue accounts have been settled and adjusted to June 30, 1901, and the settlement of the miscellaneous accounts is approaching completion. The work of the auditor's office is therefore rapidly becoming current, but from the material at hand important and useful data can be compiled. The

auditor's preliminary report, for the purpose of furnishing data for use in this report, dated October 7, 1901, and addressed to the secretary of finance and justice of the Philippine Islands, is hereto attached and marked "Appendix W." The exhibit covers quite completely all receipts and disbursements from August 13, 1898, the period of American occupancy, down to June 30, 1901. From the data there shown it appears that the total receipts for the fiscal year ending June 30, 1901, amounted in money of the United States to \$11,263,317.07, of which 81 per cent accrued from customs, 8.3 per cent from internal revenue, 8 per cent from the post-office, 5.8 per cent from miscellaneous receipts, 1 per cent from insurgent seized funds, and 4 per cent from refunds to appropriations.

The miscellaneous receipts included such items as receipts on accounts of building permits, taxes, water rents, prison sales, fines, confiscations, market and matadero fees, license of cemeteries, etc. The greater portion of these revenues will accrue to the city of Manila under its charter, but new sources of miscellaneous revenues are arising as the civil government progresses, notably the ice plant, the Signal Corps service, the prison sales, and the board of health; but it appears that approximately four-fifths of the revenues of the archipelago are derived from customs sources. During the same fiscal year the total of withdrawals from the treasury amounted to \$7,063,921.67, money of the United States. There was on the 30th day of June in the insular treasury a total sum of \$6,667,927.71, including moneys appropriated but not at that time withdrawn.

The expenditures during that fiscal year were \$280,815.22 for the customs service, \$128,274.29 for the internal revenue service, \$120,868.03 for the post-office service, \$6,533,864.13 for all other services and disbursements, and \$100 of Spanish seized funds. The great embarrassment in making a satisfactory budget arises from the transitional nature of receipts and disbursements which affected certain offices for practically a year past. Great numbers of civil offices that were formerly filled by officers and soldiers detailed from the Army of the United States, without salaries from the insular treasury, have been gradually filled by purely civil officers and have required a constant increase of expenditure for that purpose.

Down to April 1, 1901, very large sums were appropriated from the insular treasury for the payment of purely military and naval expenses, and since that time large sums have been appropriated for the payment of several thousand Filipino scouts for purely military purposes; but the disbursements in this respect have been gradually decreased and will doubtless soon almost entirely cease. Meanwhile new departments and bureaus of the insular government have been created from time to time, as the sphere of its activity extended in new and needed directions, and the expenditures have largely increased with the increase of clerical force and supplies thus made necessary. Likewise

large sums were paid from the insular treasury during the whole of the last fiscal year for the government of the city of Manila. Under the charter of that city, which went into effect on the 7th day of August, 1901, 70 per cent of these expenses will be borne hereafter by the city. The accounts have likewise been complicated by the fact that when the central government passed from that of administration by the military authorities to the civil authorities large sums of money which had been appropriated for disbursements by military officials were returned to the treasury as repayments, thereby largely swelling the apparent receipts, although not affecting the actual income.

It was stated in our last report that while October, 1900, was the banner month for revenue, it was probable that after January 1, 1901, the revenue would be likely to materially increase, so as perhaps to equal \$1,000,000 a month, United States money. This expectation has been realized, the remainder of the fiscal year showing an average income of approximately \$900,000, United States money, per month. During that period, also, legislation was enacted, elsewhere referred to in this report, which diverted a great portion of the internal revenue from the insular treasury to provincial and municipal treasuries, and this introduced another element into the estimates of probable income and expenditures for the coming year. As the law now stands, the income of the insular government is very largely from customs receipts alone, but meanwhile a new tariff has been enacted, as elsewhere in this report detailed, under which it is probable that the revenues from customs service will materially decrease because the rates have been so largely reduced. The effect may not be felt during the first months of the operations of the new law, which goes into force on November 15, 1901, because importers may import large amounts of goods for the purpose of supplying the market at lower prices rendered possible by lower customs duties; but after the market becomes thoroughly supplied with goods introduced under the new tariff, there will be only the ordinary current demand, under much lower rates of duties. It is hoped that the lower prices will enable the people to purchase and consume much more largely, and that the lower duties may in this way to a degree be counteracted; but in any event the available surplus in the treasury is now so large that the government will have abundant means at hand for maintaining itself for the incoming year, irrespective of the revenue that may accrue during the transitional period incident to the new tariff. The country is so rich in resources that if it becomes necessary new plans of internal taxation can be provided to meet all the necessities of economical administration. As elsewhere stated, the subject of internal-revenue taxes is under consideration, and a bill providing for such taxation is in the hands of a committee of the commission.

We are able to supplement the reports for the fiscal year ending June 30, 1901, by a statement of the actual receipts and disbursements

for the first quarter of the fiscal year of 1902, from June 30 to September 30, 1901. The receipts are as follows for the three months:

| | |
|--|----------------|
| From customs..... | \$2,017,754.05 |
| From internal revenue..... | 177,181.44 |
| From the post-office..... | 29,036.19 |
| Miscellaneous sources..... | 164,114.42 |
| From insurgent seized funds..... | 4,724.97 |
| Taxes collected in the city of Manila..... | 100,925.77 |
| Refunds to appropriations..... | 1,352,583.10 |

Total receipts for the three months..... 3,846,319.95

The withdrawals of revenue from the Treasury for disbursements for the same period were as follows:

| | |
|---|--------------|
| For customs service..... | \$103,826.68 |
| For internal revenue (the internal revenue having been largely withdrawn from the Treasury and disbursed to provinces appearing under this head as a disbursement)..... | 164,650.88 |
| For post-office..... | 39,011.88 |
| For miscellaneous purposes..... | 2,426,154.89 |
| For the city of Manila..... | 320,427.63 |

Total..... 3,054,071.96

On the 30th day of September the balance in the treasury, including Spanish seized funds, amounted to \$7,460,175.70, United States money, of which the balance available for appropriation has been elsewhere stated. In view of the foregoing fact, the statement of the budget for the ensuing year must necessarily contain large elements of uncertainty; but making the best use practicable of the materials at hand the following is submitted as an approximate statement for the ensuing quarter:

| | |
|-----------------------------|----------------|
| Receipts from customs..... | \$2,000,000.00 |
| Internal revenue..... | 17,500.00 |
| Post-office..... | 30,000.00 |
| Miscellaneous..... | 150,000.00 |
| Municipality of Manila..... | 300,000.00 |
| Insular ice plant..... | 60,000.00 |

Total estimated income..... 2,557,500.00

The estimated disbursements for the ensuing quarter are based upon the official estimates, submitted to the commission by all the departments, for appropriations, and are as follows:

| | |
|--|--------------|
| United States Philippine Commission, executive bureau, Philippine civil-service board, and the insular purchasing agent..... | \$526,018.86 |
| Department of interior..... | 116,736.82 |
| Department of commerce and police..... | 368,456.55 |
| Department of finance and justice..... | 299,883.36 |
| Department of public instruction..... | 482,385.00 |
| Miscellaneous, including chief quartermaster and chief commissary of the division..... | 304,437.39 |
| Municipality of Manila..... | 400,000.00 |

Total..... 2,497,917.98

Included in these disbursements are \$441,115.16 for the insular purchasing agent; for native scouts, approximately \$250,000, and for extraordinary supplies and the purchase of launches, \$18,000. The disbursements to the insular purchasing agent will all be reimbursed, and the sum included for native scouts will only in small part be needed, in view of the pending enlistment of these scouts into the United States service. These items aggregate \$709,115.16, which are not properly disbursements for current expenses. Deducting this aggregate, \$709,115.16, from the aggregate estimate of expenditures for the quarter, we have a net estimate of expenses for the quarter of \$1,788,802.82. The total estimated income for the quarter being \$2,557,500 and the total estimated disbursements being \$1,788,802.82, the apparent surplus for the quarter is \$768,697.18.

It is hoped that the remaining quarters of the fiscal year will show as favorable a balance in favor of receipts, leaving a substantial sum, aside from the present available surplus, for permanent improvements. We inclose copy of the report of the insular treasurer for the fiscal year ending June 30, 1901, together with the exhibits thereto annexed, which is marked Appendix X, and the report of the collector of customs of the islands and of the chief port for the same period, which is marked Appendix Y.

BUDGET FOR THE CITY OF MANILA.

The budget for the city of Manila is exceedingly difficult to state. The city has been under the operation of its charter for less than two months. Its land values for the purposes of taxation have not yet been ascertained, nor are its other sources of income yet known with certainty. The expenses of the city under the administration of the provost-marshal-general were very large, and the accounts were kept in such manner that it was impracticable to distinguish with clearness the expenditures that were purely for the benefit of the city and those that were for the benefit of the military government at large. It appears from the report of F. G. Downey, major and paymaster, U. S. A., chief of the department of receipts and disbursements in the provost-marshal's office, copy of which is hereto annexed and marked Appendix GG, that the total expenditures in his department for the last fiscal year were \$1,626,107.81, of which \$288,423.11 was for special improvements, \$164,964.52 for insular purposes, \$33,823.13 for military purposes, and \$1,139,092.05 for current city expenditures, while the total income of the city was \$434,880.38, all in money of the United States; but during that period large sums collected in the city as internal revenue were treated as insular receipts and not as city income. Thereafter such receipts inure to the city treasury. The income and expenditures under the Spanish régime were very much less than under the American, but under the latter the streets have

been cleaned and macadamized, great sums have been expended in the health department in improving the sanitary condition of the city, large salaries have been paid, and in every respect far more efficient service has been rendered. The following budget, showing the estimated receipts and disbursements for the fiscal year ending June 30, 1902, has been prepared by the municipal board of the city and undoubtedly furnishes the most satisfactory data available:

Estimate of receipts and expenditures of the city of Manila from August 7, 1901, to June 30, 1902.

ESTIMATES OF RECEIPTS.

| From what source. | Amount. |
|---|-----------|
| Real-estate tax, 1901 | \$250,000 |
| Real-estate tax, one-half only for 1902..... | 187,500 |
| Industrial tax | 200,000 |
| Market fees..... | 100,000 |
| Certificates of registration..... | 60,000 |
| Internal-revenue stamps | 70,000 |
| Municipal court, fines and fees..... | 60,000 |
| Slaughterhouse fees | 50,000 |
| Liquor..... | \$105,000 |
| Business..... | 25,000 |
| Licenses: | |
| Entertainments | 10,500 |
| Vehicles and carts..... | 8,000 |
| Peddlers..... | 7,200 |
| Dogs..... | 1,450 |
| | 157,150 |
| Delinquent frontage tax..... | 30,000 |
| Vehicle taxes and stock registration | 19,500 |
| Justice of the peace, fees and fines | 2,000 |
| Sheriff's fees | 2,000 |
| Water rents..... | 40,000 |
| Weights and measures and building permits..... | 7,250 |
| Miscellaneous, vehicle equipment, ground rents, etc | 7,500 |
| Total | 1,242,900 |

ESTIMATE OF EXPENDITURES.

| Department. | Salaries (wages). | Regular sup- plies (ex- penses). | Rents. | Illumina- tion. | Permanent improvements, equipments, etc. (nonre- curring expenses). | Amount. | Total. |
|---|----------------------|--|----------|--------------------|---|----------|----------|
| Municipal board (in- cluding expenses of advisory board, secretary's office, and disbursing of- ficer) | \$42,000 | \$22,600 | \$18,000 | | | \$82,600 | \$82,600 |

Estimate of receipts and expenditures of the city of Manila, etc.—Continued.

ESTIMATE OF EXPENDITURES—Continued.

| Department. | Salaries (wages). | Regular sup- plies (ex- penses). | Rents. | Illumi- nation. | Permanent improvements, equipments, etc. (nonre- curring expenses.) | Amount. | Total. |
|--|----------------------|--|---------|--------------------|---|----------|-----------|
| Department engi- neering and pub- lic works, city en- gineer's office | \$20,000 | \$4,800 | | | | \$24,800 | |
| | | | | | Repairs to Santolan road | \$5,000 | |
| | | | | | Repairs to Luneta sea- wall | 1,500 | |
| | | | | | Repairing bridge of Spain | 15,000 | |
| | | | | | Refitting slaughter- house | 2,500 | |
| | | | | | Finishing city markets | 42,500 | |
| | | | | | | 66,500 | \$91,300 |
| Streets, parks, docks, and wharves | 175,000 | 224,000 | | | | 399,000 | |
| | | | | | Construction of crema- tory | 35,000 | |
| | | | | | Construction of scows .. | 5,000 | |
| | | | | | Purchase of means of transportation | 47,500 | |
| Building and illumi- nation | 21,300 | 12,000 | \$1,100 | \$20,000 | | 87,500 | 486,500 |
| Water supply and sewers | 30,000 | 35,000 | | 41,000 | | 95,400 | 95,400 |
| Public instruction... | 77,000 | 2,300 | 10,500 | | | 65,000 | 65,000 |
| | | | | | | 89,800 | |
| | | | | | School furniture | 6,500 | 96,300 |
| Fire department | 38,000 | 13,000 | | | | 51,000 | |
| | | | | | Fire apparatus and equipment | 44,500 | |
| | | | | | Repairs to 6 stations | 15,000 | |
| | | | | | Fire-alarm system | 35,000 | |
| | | | | | | 94,500 | 145,500 |
| Police department .. | 500,000 | 50,000 | 8,200 | | | 558,200 | |
| Law department: | | | | | Police alarm system | 35,000 | 593,200 |
| Office city attor- ney | 14,500 | 375 | | | | 14,875 | |
| Office prosecut- ing attorney | 14,400 | 325 | | | | 14,725 | |
| Municipal courts | 10,700 | 1,000 | | | | 11,700 | |
| Sheriff's office ... | 6,900 | 1,200 | | | | 8,100 | |
| Justice peace courts | 2,500 | 250 | | | | 2,750 | |
| Courts first in- stance | | 1,400 | | | | 1,400 | |
| Supreme court .. | | 1,000 | | | | 1,000 | |
| | | | | | Law library | 1,650 | |
| | | | | | Books, etc | 300 | |
| City assessor and collector | 52,000 | 9,000 | | | | 1,950 | 56,500 |
| | | | | | | 61,000 | |
| | | | | | Emergency clerks | 7,000 | 68,000 |
| Santa Cruz Bridge .. | | | | | | 40,000 | 40,000 |
| Total | 1,004,300 | 378,250 | 37,800 | 61,000 | | 338,950 | 1,820,300 |

Estimate of receipts and expenditures of the city of Manila, etc.—Continued.

RECAPITULATION.

| | | |
|--|-------------|-------------|
| Estimate of receipts | | \$1,242,900 |
| Estimate of expenditures | \$1,820,300 | |
| 30 per cent of expenditures to be paid by insular government | 546,090 | |
| Expenses to be defrayed by municipality | | 1,274,210 |
| Estimated deficit | | 31,310 |

CUSTOMS TARIFF.

All the revenues that have accrued to the insular treasury from the collection of customs duties since the American occupation have been based upon the tariff laws which were in force under the Spanish régime, and revised, with minor modifications, by order of Major-General Otis. The duties thus imposed have been, in some respects, burdensome, and, while producing a large revenue, have yet been unjust in their operation upon many classes in the community. The duties upon necessaries of life were generally high, while those upon luxuries were usually low. The tariff in its practical operation was not adapted to encourage the importation of goods produced or manufactured in the United States. The commission entered upon the work of its revision in the fall of the year 1900, intrusting the preparation of the first draft to George W. Lyon, who had had large experience as surveyor of the port of New York. After Mr. Lyon had completed his draft it was revised by the commission, with his aid, and then printed and widely distributed in the islands. Public sessions of the commission were held for discussion of the various schedules, and the views of all local importers and consumers who wished to be heard were received and considered. As a consequence of these public sessions modifications were made in the bill as first drawn, and after its completion it was forwarded to Washington for your correction, modification, and approval.

The theory of the tariff as constructed by the commission was to give reasonable encouragement to the productions and manufactures of the Philippine Islands, greatly to reduce the cost of importing the necessaries of life, particularly those produced or manufactured in the United States, to increase the duties upon luxuries, to give substantial or entire freedom from the imposition of all duties upon certain articles imperatively needed in the islands, and to make the duties specific instead of ad valorem to the fullest extent that was practicable. In Washington, as we understand, measures were taken to secure suggestions from all citizens of the United States interested in trade with the Philippines, and modifications were made in the schedules as submitted by the commission, the most important being the introduction of a minimum ad valorem duty in many of the schedules where it seemed that a strictly specific duty would prevent discrimination in the assessment of duties between articles of high cost and great perfection of workmanship and those of the same class which were far inferior in quality, workmanship, and value.

Upon the completion of the modifications suggested at Washington and their return to Manila further public hearings were had after due notice, and other modifications were made in view of new information acquired at the public hearings. The new modifications were submitted to you by cable and approved. On the 17th day of September, 1901, the new tariff law was enacted, to become effective on the 15th day of November, 1901, with the important proviso that during the first sixty days after the law becomes effective importers of goods en route to Manila at the time the law becomes effective might elect to pay under the new tariff or the old. That the new tariff will furnish needed relief to business men and consumers here is certain; that its effect will be for a time to reduce the revenue is probable; but it is hoped that ultimately consumption will be so increased when the islands become entirely pacified and the people acquire new wants that the revenue may be at least as much as under the existing tariff.

In the consideration of the final modification of the tariff bill, after its return from Washington, the commission have had the benefit of the assistance and suggestions of Mr. W. Morgan Shuster, appointed collector of customs for the archipelago, and Mr. Charles A. Conant, elsewhere referred to in this report. Both these gentlemen met representative business men in San Francisco, and there received suggestions as to changes that ought to be made in the tariff, and were thus enabled to give to the commission valuable information. Their aid has been greatly appreciated.

CUSTOMS ADMINISTRATIVE BILL.

A customs administrative bill, which has been prepared under your direction, will be enacted as soon as possible after consideration by the commission, and after submitting to you such modifications, if any, therein as may seem to the commission expedient, in view of their own local knowledge and of the suggestions that may be received from discussion here.

THE CUSTOMS SERVICE.

At the time of the arrival of the commission in the islands the collector of customs of the islands and of the chief port was Col. William F. Spurgin, who had been detailed for that purpose by the military governor. The deputy collector was Col. George R. Colton. Colonel Spurgin having been relieved on account of ill health, he was succeeded by Gen. James F. Smith, U. S. V., on the 8th day of October, 1900, who continued to perform the duties of the office until June 30, 1901, when he was released from military service and appointed as one of the judges of the supreme court of the Philippine Islands. The duties of collector were performed by Colonel Colton, deputy collector, as acting collector, until September 17, 1901, at which time the new collector, Mr. W. Morgan Shuster, assumed the duties of his office. Very full details as to the whole customs service of the islands, both

under the Spanish régime and under American authority, are contained in the annual report of the collector of customs of the islands and of the chief port for the fiscal year ending June 30, 1901, a copy of which is hereto annexed, which report was made to the military governor. This copy contains tabulated statistical data and additional statistical exhibits completed to include June 30, 1901, the original report made to the military governor not covering the entire fiscal year. We annex, also, a supplement to said report, dated September 16, 1901, furnished by Deputy and Acting Collector George R. Colton, which is marked "Appendix Y."

These exhibits show that during the period of American occupancy the volume of business has been about four times as great as during normal conditions under Spanish control, notwithstanding the disturbed conditions which have existed during the greater portion of the period of American occupancy so far as customs receipts can show the amount of business transacted; but substantially the same results are also shown by considering the number of vessels cleared and entered, tonnage of vessels, and the value of property imported and exported. It appears that merchandise has been imported from forty different countries during and since 1898. Hongkong headed the list in 1898, 1899, and 1900, but mainly because of the fact that under existing rules a large quantity of merchandise coming from the United States, England, and the Chinese Empire, amounting to probably 70 per cent of the total imports, was credited to Hongkong, having been shipped to Philippine ports from, and invoiced at, Hongkong. The collector states that this merchandise should have been credited to other countries approximately as follows:

| | Per cent. |
|----------------------|-----------|
| United States | 25 |
| England | 25 |
| Chinese Empire | 20 |

Under the new system of crediting merchandise to the countries of origin, adopted in 1901, Hongkong has dropped to the eighth place in the list. Notwithstanding the insurrection, exports have almost kept pace with imports, exports amounting to \$65,345,052 and imports to \$69,469,600, United States currency. Of imports, cotton goods stand at the head of the list, with a value of \$17,839,366; rice following, with a value of \$9,368,825, beer and other liquors forming the next most important item, of the value of \$3,572,088. The report of the collector indicates that Manila leads San Francisco and New Orleans in customs receipts during the fiscal year ending June 30, 1901. That report contains thirty-three exhibits, analyzing and classifying the whole work of the customs department from the beginning of American occupancy down to the close of the last fiscal year. The exhibits are so complete and exhaustive that it would be impracticable and of little value here to summarize them. They make a remarkable showing of the increase in the general business of the islands under Ameri-

can sovereignty, and furnish ground for believing that much greater progress will be made when the islands are entirely pacified and the work of developing the country under progressive methods shall be fairly under way.

INTERNAL REVENUE.

At the beginning of the fiscal year 1901 the organization provided for the bureau of internal revenue under General Orders No. 54, M. G. O., April 15, 1900, had not been extended throughout the archipelago; but there had been appointed 84 officers and 150 clerks in 79 different offices, collecting revenue in nearly all of the garrisoned towns. The organization was further extended, until in January, 1901, there were about 125 officers detailed and 175 clerks employed in 120 offices. From that time until the present date the number of officers and offices has been decreased, but the territory covered has been practically increased. This result has been produced by the appointment of provincial treasurers as acting collectors of internal revenue, who collect throughout their respective provinces. The change here noted is in accordance with section 9 of act No. 83, which provides that the provincial treasurer "shall act as collector of internal revenue for the province, and as such shall report to the collector of internal revenue for the islands and shall make such settlements and deposits as are now required by law." Regulations respecting these taxes and the disposition of the funds collected are provided in section 9 of act No. 133.

The collections throughout the islands show a material increase over the collections for the previous year on account of the extension of the field covered and also the increase of business at the trade centers. This is particularly true of the city of Manila, where the collections for the past fiscal year show a total increase of over 28 per cent.

At this date, October 1, 1901, owing to the organization of provinces, only the following internal-revenue officers remain on duty, collecting revenues in the districts set opposite their respective names:

| Name. | Town. | Province. |
|--|------------------|-------------------------|
| Lieut. Parker Hitt | Baler | Principe (stamp sales). |
| W. T. Vaughn | Santa Cruz | Laguna. |
| Lieut. G. L. Townsend..... | Guinan | Samar. |
| Lieut. Abraham Loeb..... | Catbalogan..... | Do. |
| M. H. Wilson | Calbayog | Do. |
| Hamilton Bowie | Dapitan | Mindanao. |
| Lieut. C. N. Jones..... | Davao | Do. |
| C. A. Reynolds | Zamboanga | Do. |
| C. H. Danforth..... | Mati | Do. |
| Lieut. L. M. Little, U. S. M. C | Isabela | Basilan. |
| Lieut. W. H. Clifford; U. S. M. C..... | Pollok | Mindanao. |
| R. M. Corwine | Jolo | Jolo. |
| Capt. C. R. Croxton..... | Bongao | Bongao. |
| Capt. Samuel Seay, jr..... | Siassi | Siassi. |

The work of collecting internal revenue in the city of Manila was turned over to the city assessor and collector on August 7, in accordance with the terms of the Manila charter. Since that time the acting collector of internal revenue has been furnishing stamps to the various provincial treasurers and revenue officers, and has been receiving collections for forestry payments in the city of Manila and administering the revenue offices in the unorganized provinces. As these duties are in connection with the work of the city assessor and collector, no expense is entailed on the insular government.

It is impracticable, owing to the nonreceipt of reports from all provincial collectors, to give exact figures, but the following statement shows the approximate collections from the different departments up to October 1, with the approximate cost of collection and percentage of expense to collections throughout the islands:

Statement of collections and expenses of internal-revenue department from July 1, 1900, to October 1, 1901 (United States currency).

[This statement does not include sale of certificates by registration officers nor disbursements by disbursing quartermaster for civil bureaus for this department.]

| Department. | Collections. | Expenses. | Per cent of expenses to collections. |
|------------------------|---------------|-------------|--------------------------------------|
| Northern Luzon..... | \$185,011.20 | \$10,954.51 | 5.92 |
| Southern Luzon..... | 105,727.38 | 9,221.08 | 8.722 |
| Visayas..... | 114,395.305 | 6,588.37 | 5.76 |
| Mindanao and Jolo..... | 14,009.75 | 1,587.95 | 11.32 |
| Manila..... | 617,665.33 | 31,735.265 | 5.1378 |
| Total..... | 1,036,808.965 | 60,087.175 | 5.8 |

The internal-revenue work in the Department of Northern Luzon, under the able supervision of Maj. C. D. Cowles, Seventeenth United States Infantry, prior to the appointment of provincial treasurers was more nearly complete than that in any other department. This was due, first, to the ability and industry of Major Cowles and, second, to the pacific condition of the territory in question. Collections were made in 225 towns for almost the entire period indicated. The only territory not covered was the provinces of Bontoc, Infanta, and the island of Polillo, and this territory, if completely covered, would not yield enough revenue to pay the expenses of collection. Officers detailed in this bureau were, wherever possible, relieved from other duties and were assisted by local, district, and department commanders wherever such assistance was called for.

The reports from collecting officers were complete and timely, and showed efforts to carry out fully the intent of the laws and orders relating to the collection of internal revenue. On October 1 there were no revenue officers remaining on duty in the Department of Northern

Luzon, the supervisor being relieved and the office at Solano, Nueva Viscaya, being closed by order of the department commander.

Owing to the conditions which existed in the Department of Southern Luzon it was impossible to complete an organization which could successfully carry on the collection of internal revenue throughout the department. Capt. A. L. Parmenter, Twenty-first United States Infantry, department supervisor, faithfully endeavored to perfect the organization, but, owing to his numerous duties, was not able to give his entire attention to the work. The unpacified condition of the inhabitants and the constant change of officers which was necessitated by the withdrawal of volunteer regiments, the changes of stations of other troops, and the lack of officers for detail for this work proved injurious to the organization.

The reports, which are incomplete, show the revenue collected in 135 towns throughout the department. Local and district commanders in this department interfered in several instances with the work of the officers endeavoring to collect revenue and at the same time perform other duties by increasing such other duties to such an extent that the officers were unable to attend to their revenue work, and thus the taxes were uncollected, reports were not submitted, and the officer himself was relieved or his station changed with practically nothing done. Many officers in being relieved carried away the entire records of their offices, including the orders and instructions relating to the work, and many considered their internal-revenue work as not of sufficient importance to call for exertion, and this in the face of the fact that in some instances within the limits of their collection districts insurgent revenue collectors were collecting revenue for the furtherance of the insurrection. At this date the supervisor of internal revenue for this department has been relieved from duty, and the only revenue office remaining is that of the district of Laguna, that being the only province having no provincial treasurer.

The internal-revenue work in the Department of the Visayas was retarded by the changes of supervisors during the year, officers being relieved as soon as they had sufficient experience to supervise the work. The organization in the island of Panay was good, and the collections there made show zeal on the part of the officers detailed. The island of Negros, having its own government under the provisions of General Orders, No. 30, M. G. O., July 22, 1899, was not called upon to furnish revenue for the General Government except from the issue of certificates of registration and the sale of internal-revenue stamps. Capt. F. C. Prescott, Forty-third Infantry, U. S. V., had about perfected the organization in the islands of Leyte and Cebu when these provinces passed under the provisions of the provincial code.

The supervisor of internal revenue for this department was relieved

some months ago, and the only territory in which collectors of internal revenue still remain is the island of Samar, which has been in such a turbulent state that few collections could be made. These collectors are now acting under the direct supervision of the central office, and the country is in a very poor condition for any extensive work by these officers.

Eliminating the Sulu Archipelago, where no internal revenue has been collected except from the sale of internal-revenue stamps, the Department of Mindanao and Jolo shows an unorganized, ineffective attempt to carry out the internal-revenue laws. This was caused, first, by the fact that the department commander believed that such taxes should not be levied under existing conditions and so ordered affairs that no extension of work could be made, and, second, from the lack of a supervisor interested in the work. In some towns in Mindanao collections were made; in others some industries were taxed and other industries were allowed to escape taxation. This resulted in unequal taxation, which ought to have been avoided. Either the taxes should have been collected according to the laws or they should have been entirely suspended pending a condition of affairs which would justify their collection. Many Chinese merchants in Mindanao are making large profits and pay no taxes whatever, while others, who have been in business for longer periods, are compelled to pay industrial taxes, such merchants doing business in the same town and under like conditions.

Reports from subcollectors from this department show that under these conditions no satisfactory work could be done, but it is believed that with the organization of the province under the provincial code conditions will change and that taxation will be equal for all, and considerable revenue will be collected.

The collections in the city of Manila, by quarters up to the date of transfer to the municipal government on August 7, are shown in Appendix Z, under the various subheads which are hereinafter mentioned.

The collections were materially increased, both by the efforts of the assistant collector, Lieut. Ellis Cromwell, Thirty-ninth Infantry, U. S. V., and by the increase of business and value of property. Included in this statement, under "Industrial taxes," are the collections for the years 1899, 1900, and 1901 of the largest corporation in the Philippine Islands, the Compañía General de Tabacos de Filipias, of which specific mention will be hereinafter made.

The industrial taxes for the fiscal year 1901 show an aggregate of \$292,806.32. This is an increase of 21 per cent over the industrial taxes for the entire fiscal year 1900, notwithstanding the abolition of all surtaxes under the provisions of General Orders, No. 53, M. G. O., April 17, 1900, thus showing that there would have been a real increase of about 45 per cent in the collections if the surtaxes had been continued.

There were in force July 1, 1900, 9,071 industrial licenses. After that time and prior to June 30, 1901, there were issued 7,583 and canceled 5,330, leaving extant June 30, 1901, 11,324 industrial licenses.

Following the custom of Spanish administration, insurance companies were permitted, in submitting their balance sheets, to carry forward the balance of their losses from one year to the next, until such losses were offset by profits. But as no written decision authorizing this method could be found, either in the office of the collector of internal revenue or in the bureau of archives, the matter was submitted to the military secretary and a decision rendered "that each year's profits must be taxed separately." This decision was held to cover all taxes after the advent of the Americans, and resettlements upon this basis were made with agents of all insurance companies doing business in the islands.

The taxes of the *Compañía General de Tabacos de Filipinas*, the largest corporation doing business in the Philippine Islands, were considered as being collected upon a wrong basis under the industrial tax regulations, and this company was advised in May, 1900, that it must pay its taxes on its dividends and not, as had been customary under the Spanish administration, as a private firm. The company replied, stating that it believed it to be unjust for them to pay on their entire dividends, as much of its capital was invested in Europe. This was found, however, to be untrue, and, on the representation to the military secretary of these facts, this company was called upon to pay as a corporation, but to be credited with all taxes paid as a private firm since the advent of the Americans. This settlement was not consummated until April, 1901, on account of the various records that had necessarily to be prepared. The company presented its statements, showing the total taxes to be paid to the Government on the dividends declared since August 13, 1898, to the amount of \$46,991.10, from which there was deducted the taxes paid as a private firm in Manila, or \$6,798.13, and settlement was made with the company accordingly, but it was authorized to present a claim for refund of all industrial taxes actually paid by it for the conduct of its business in the provinces. This was estimated by the company to be less than \$2,500, but the claim therefor has not yet been presented. This settlement covers the dividends of the company for the years 1898, 1899, and 1900.

This year has been one of unusual industrial activity, large numbers of industries having been started, and large increases in the amounts of the income tax on salaries, etc., due to the increase in salaries and number of employees, are noted. The item of delinquent taxes has been practically eliminated during the year, and the only delinquents now are those taxpayers whom it has not been possible to find, in order properly to assess the taxes.

The urbana taxes for the twelve months ending June 30, 1901,

amounted to \$73,885.69½, an increase of 18 per cent over the collections for the fiscal year 1900, notwithstanding the reduction caused by the abolition of the surtaxes, amounting to 13.3 per cent. This increase is caused by the rebuilding of the properties burned in 1898 and 1899, which have completed their year of exemption under the law, and are now paying taxes with increased rents throughout the city. In this department 400 fines, to the amount of \$3,100.50, have been levied and collected under the law on account of false declarations, and in all cases have been paid without compulsion. At the turning over of the internal-revenue office to the city assessor and collector on August 7, all urbana taxes due since August 13, 1898, had been paid, and there are thus no delinquents.

The following is a brief statement of the stamp accounts of the internal-revenue office, in Mexican currency, for the year ending June 30, 1901:

| | | |
|---|----------------|-------------------|
| Revenue stamps on hand July 1, 1900 | \$690, 635. 47 | |
| Received from printers | 822, 981. 45 | |
| Received from officers | 45, 172. 54 | |
| | <hr/> | |
| Total | | \$1, 558, 789. 46 |
| Sales | 186, 864. 38 | |
| Transferred to officers | 310, 810. 03 | |
| | <hr/> | 497, 674. 41 |
| | | <hr/> |
| Balance on hand June 30, 1901 | | 1, 061, 115. 05 |

By referring to Appendix Z it will be seen that the stamp sales in Manila show an increase of 43 per cent over the sales for the fiscal year 1900. Attempts have been made to extend the use of internal-revenue stamps as provided by law, and during the year 126 fines for the nonuse of stamps have been levied and collected, amounting to \$2,804.50 in Mexican currency.

On an examination of the Banco Español-Filipino it was discovered that several new corporations, then recently organized, had omitted to place documentary stamps on their certificates of stock, as provided in the regulations, and had advanced such stock as collateral security to the bank for loans. As the absence of these stamps invalidated the stock the bank took immediate measures to protect itself, and each corporation was advised that unless immediate steps were taken to place the proper stamps on all their issues of stock the fine applicable in such cases would be levied. This resulted in the sale of upward of \$6,000 worth of internal-revenue stamps, and since that time inspectors have failed to find any certificates not properly stamped.

The sale of certificates of registration during the past fiscal year was a continuation of the work begun in January, 1900, as no new certificates were authorized for the calendar year 1901, and under the provisions of General Orders, No. 2, M. G. O., January 2, 1901, the

certificates of this series held good until further legislation. This has proven very satisfactory, inasmuch as a new issue of certificates for the calendaryear 1901 has, by recent legislation of the commission, been authorized, and the revenue derived from the sale of these certificates will materially aid both municipal and provincial governments.

The receipts from forestry products in Manila alone for the year ending June 30, 1901, were \$54,170.63, but this amount includes a certain quantity of such products obtained from nearly all parts of the islands.

THE PUBLIC RECORDS.

By reference to the documents contained in the archives formerly belonging to the Spanish Government it has been possible to settle all questions and claims that have hitherto arisen bearing on the recognition of rights acquired under Spanish legislation. Aside from their importance in this respect, the documents referred to contain the history of somewhat more than two centuries of Spanish rule in these islands, and they are a source of information necessary in the formation and administration of laws relating to the Filipino people. In order to their better preservation and use, it was thought proper to bring together, within the limits of the intendencia building, all of the records and other papers formerly belonging to the several offices of the Spanish Government kept in many buildings throughout the city.

The destruction and loss of many records and documents, resulting in want of order in the arrangement and preservation of those remaining, were caused in part by the fact that the buildings where they were formerly kept were occupied, although for only a short time, by soldiers who, not knowing their value, used them for fuel in the preparation of their food or threw them into the streets. The arrangement and classification of the existing records and papers have required much painstaking and laborious effort on the part of the employees, who have been able to make progress in their task by reason of their familiarity with the organization of the different bureaus of the Spanish Government, acquired by many years in the Spanish service, and by their familiarity with the subjects treated in the records.

This great collection of records is made up of royal orders, emanating from the Madrid Government, covering a period of between two and three centuries.

It embraces papers referring to all subjects connected with the Spanish administration and all institutions affected by Spanish legislation. It embraces papers relating to the general administration of the archipelago, the municipalities, civil and religious corporations, colleges, hospitals, pious foundations, banks and mercantile corporations, consulates, printing offices, colonies, penal institutions, Chinese immigration, patents and trade-marks, personal records of officials,

public charity and health, public instruction, post and telegraph, market-license contracts, cock pits, weights and measures, ferries, opium, construction and repair of State, provincial, and municipal buildings; bridges, wagon roads, railroads, and tramways; industrial, urbana, cedula, and Chinese head taxes; customs duties, revenue from stamped paper, revenue from vino and tobacco when these articles were monopolies of the State; sale of State lands, security fund, and various other matters.

Among the papers of the archives are to be found 12,873 records of transfers of real estate, which are constantly being searched to satisfy the many demands received by the head of this bureau from private parties. In the records of contracts there are receipts for deposits made by contractors on account of bonds and bids on contracts, that amount to the sum of \$97,433.75, for the return of which the parties interested filed claims with the Spanish Government. The papers relating to public works contain a large number of building plans, the majority of which were not carried out on account of the war. The archives contain, furthermore, the books and accounts of the treasury, and those relating to the public revenues and expenses being especially important for the reason that the insular and Spanish governments will find in them a verification of many matters which they may need to have authenticated; also the records of the extraordinary and deficiency appropriations, and books relating to the surety fund, the money of which was invested in the last issue of Government bonds, floated for the purpose of paying the expenses of the war. There are also many records relating to accounts, defalcations, and malversation of public funds.

It is to be regretted that the records relating to lands and buildings which were used by the war department during the time of the Spanish Government are not at hand. They were kept in the offices of the war department and were sent to Spain, together with all the records belonging to the army, when it was repatriated after the war. This deficiency has led to much difficulty in determining which are the military buildings and in drawing a proper line between the claims of the military and the civil governments. The records relating to the retirement and pensions of former employees of the Spanish Government and to the pensions of widows and orphans of such employees were also sent to Spain by the Spanish board of liquidation, which was organized here after the cession of these islands to the United States.

At present the employees of the bureau of archives are engaged in arranging papers from the former auditor's office of these islands and those belonging to the civil government of Manila under Spanish rule. The latter were found in a building on Anda street, where they were scattered about in great confusion. Within a few days all of

the records of the post-office relating to the period of Spanish dominion will be transferred to the archives. There are still lacking here the records of the custom-house, although orders for the transfer of these documents to the central archives were issued by General MacArthur, late military governor of the Philippines. In the archives are found also large collections of laws, royal decrees, regulations, and other acts of the Spanish Government, gathered in the Gazette and many other printed volumes, which are constantly consulted, for the reason that they contain many laws which will continue to be in force until others as substitutes for them shall have been enacted by the existing government.

Besides the public records kept in Manila, the provincial capitals and many of the other towns formerly contained important documents; but an investigation recently made shows that they have nearly all disappeared, destroyed by order of Spanish officials, by the insurgents, or as an unavoidable consequence of war. A brief statement of the results of this investigation is presented in Appendix AA.

PUBLIC PRINTING.

The absence of normal competition in the business of printing in Manila and the consequent exorbitant prices which the Government has paid for work done provoked inquiries as to the possibility of securing more economical and more efficient means for providing the printing needed in connection with the office of the civil government. It was found, by an examination of the accounts in the auditor's office, that the annual cost of public printing was about \$225,000 in money of the United States, and that with the extension of civil government the amount of printing required will probably be somewhat increased. With this prospect in view the commission requested the purchase in the United States of adequate machinery and supplies for a printing plant to be erected in the city of Manila. This plant has been purchased under the direction of the chief of the Division of Insular Affairs and will arrive in Manila about the 15th of November.

It is proposed to make use of the facilities presented in the public printing office to supplement the work of the trade school in training Filipinos so that they may be profitably employed in cooperating with American workmen in the different departments under the supervision of the public printer, since the business of printing is an occupation for which the Filipinos, by reason of their mechanical aptitude and artistic sense, appear to be well fitted.

BUREAU OF ARCHITECTURE AND CONSTRUCTION.

Through neglect and the necessary destruction of a period of war, the public buildings in many of the cities have become unfit for occupancy or been completely destroyed. There is thus imposed upon the Govern-

ment a large amount of work of reconstruction. New buildings have become necessary by the extension of some of the functions of the civil government, particularly in the department of public instruction. In order to provide that the work here involved may be properly done, the civil government has engaged Mr. Edgar K. Bourne to be the chief of a bureau of architecture and construction of public buildings. The various schoolhouses and other public buildings which it becomes necessary to construct from time to time will be built under his supervision.

ORGANIZATION OF PUBLIC INSTRUCTION.

Prior to the date of the commission's last preceding report, the work done in establishing and carrying on public schools was without systematic organization. The first important step forward was the enactment of a law (No. 74) establishing a department or bureau of public instruction, which should have jurisdiction over all public schools in the archipelago. This law, with its amendments, provides for 1 general superintendent of public instruction, 18 division superintendents, and such a number of deputy division superintendents as the secretary of public instruction may consider desirable, but the number shall not exceed in any division the number of provinces in that division.

It was proposed by law to establish for the schools a centralized organization, and in keeping with this design the general superintendent was given extensive powers. He was authorized to establish schools; to appoint division superintendents, teachers, and clerks authorized by law, and prescribe the duties of such teachers and clerks; to fix salaries within the limits established by law; to establish curricula for primary, secondary, and other public schools; to divide the islands into school divisions; to fix the relation between the principal teacher and other teachers, and to perform certain other functions essential to the effective administration and control of the schools. The law establishing the system of public instruction provided, also, that as soon as practicable the English language would be made the basis of all public instruction, and the general superintendent was authorized to obtain from the United States 1,000 trained teachers at monthly salaries of not less than \$75 and not more than \$125, the exact salary of each teacher to be fixed by the general superintendent. A superior advisory board was created, to be composed of the general superintendent and 4 members to be appointed, in accordance with the terms of the law, by the commission, but by the civil governor after his inauguration, and in each municipality a local school board consisting of 4 or 6 members, as the division superintendent might determine, in addition to the presidente or alcalde of the municipality, who should be a member *ex officio*. Each pueblo was made a school district, and it was made the duty of the municipal council to make as ample provi-

sion as possible by local taxation for the support of the schools established within its jurisdiction. This act of organization, furthermore, established a trade school and a normal school in Manila and an agricultural school in the island of Negros. The attitude which the schools should assume toward the teaching of religion was fixed by the adoption of the so-called Faribault plan. This was set forth in section 16, in the following language:

No teacher or other person shall teach or criticise the doctrines of any church, religious sect or denomination, or shall attempt to influence the pupils for or against any church or religious sect in any public school established under this act. If any teacher shall intentionally violate this section, he or she shall, after due hearing, be dismissed from public service.

Provided, however, that it shall be lawful for the priest or minister of any church established in the pueblo where a public school is situated, either in person or by a designated teacher of religion, to teach religion for one-half an hour three times a week in the school buildings to those public-school pupils whose parents or guardians desire it and express their desire therefor in writing filed with the principal teacher of the school, to be forwarded to the division superintendent, who shall fix the hours and rooms for such teaching. But no public-school teacher shall either conduct religious exercises, or teach religion, or act as a designated religious teacher in the school building under the foregoing authority, and no pupil shall be required by any public-school teacher to attend and receive religious instruction herein permitted. Should the opportunity thus given to teach religion be used by the priest, minister, or religious teacher for the purpose of arousing disloyalty to the United States, or of discouraging the attendance of pupils at such public school, of creating a disturbance of public order, or of interfering with the discipline of the school, the division superintendent, subject to the approval of the general superintendent of public instruction, may, after due investigation and hearing, forbid such offending priest, minister, or religious teacher from entering the public-school building thereafter.

Down to the present time no priest or other religious teacher has asked for the use of any schoolhouse for the purpose of teaching religion in accordance with the terms of this section.

The extent and natural distribution of the territory of the archipelago made it expedient to provide for a more immediate supervision than could be rendered by the general superintendent. To this end the territory has been divided into eighteen divisions, over each of which is appointed a division superintendent, exercising such powers as are prescribed by section 9 of act No. 74.

TRANSPORTATION, RECEPTION, AND ASSIGNMENT OF TEACHERS.

The transportation, reception, and distribution of the teachers who left San Francisco in small companies in the early part of the year presented no difficulties and called for no extraordinary action on the part of the authorities in Manila. Each transport brought a few and

quarters were readily found for them while waiting for vessels to take them to their destination. In a single instance, when about 60 arrived in Manila at once, it was found necessary to give them quarters in the rooms of the Escuela Municipal, but when the question of transporting 600 teachers from San Francisco to Manila arose it was decided to ask the Secretary of War to set apart one transport, or more if needed, for the exclusive use of the school-teachers. To this request a reply, dated May 29, was received, which stated that if the strike interfered with the work of repairing the *Sherman*, the *Thomas* or *Lawton* would be especially fitted in order to accommodate exclusively 600 school-teachers, sailing on or about July 1. The time of sailing was, however, much later than the date originally fixed, and the ship entered the bay of Manila on August 21, but owing to certain requirements of the sanitary inspector the passengers were not allowed to land until August 23.

Anticipating the arrival of this large number of persons, arrangements had been made to receive them and to entertain them during the few days they were expected to remain in Manila before going to the towns to which they were to be assigned. On inquiry it was found that there were no adequate accommodations for them in the hotels or or in any building suited for the purpose in the city. It was then determined to provide quarters for them on the exposition grounds. The central or administration building was repaired and cleaned and furnished for the accommodation of the women. Two of the large nipa barracks, built for the accommodation of the American soldiers, were used as quarters for the single men. Several small nipa buildings that had been used as officers' quarters were turned over to the teachers with families. Three or four of the other permanent buildings were used for different purposes; one was repaired and used as a dining room, another was used as quarters for families that could not be entertained in the officers' barracks, and still another was used as a storeroom for baggage.

The teachers landed near the Anda Monument, at the foot of Malecon Drive, and with their baggage, embracing more than 2,000 trunks, were transported to the exposition grounds. The landing was effected without accident or loss on the 23d. A temporary kitchen was constructed adjoining the dining hall, and a contract was made with the proprietor of the English Hotel, who agreed to provide tablecloths, dishes, and whatever else was necessary to furnish the tables, except napkins, and also a sufficient number of efficient cooks and waiters, and to furnish first-class food in sufficient quantities and to serve it "in the very best manner possible." The meat, vegetables, and fruit were carefully inspected each day and every effort was rendered to make the conditions of life sanitary. In his report, made after a careful

inspection of the materials used, Dr. Anderson, the physician in charge, said:

The sanitary condition of the restaurant quarters has been carefully inspected and found to compare favorably with any hotel or restaurant in the city of Manila. I have personally inspected the meats, fish, fruits, bread, pastry, and vegetables and find them of first quality, pure and fresh.

After the first few days, during which a few of the company suffered from troubles of the stomach, due to the change from ship to shore life and to an almost unavoidable indiscretion in new and strange conditions, the health of the teachers remained generally very satisfactory. The Government provided the services of two physicians. From 7 p. m. to 7 a. m. Dr. E. T. Anderson was in constant attendance, and during the day Dr. Fitzpatrick, the assistant attending physician and surgeon, was always on call.

When the teachers were sent to their posts throughout the archipelago none was suffering from impaired health due to the conditions of residence in Manila. A few were in poor condition physically when they landed, and one, Mr. W. S. Davis, died a few weeks later. He had been assigned to Moncada, in the province of Tarlac, and later went to the military hospital at Dagupan for an operation for appendicitis. The case was, however, so far advanced that no relief was possible. He left a wife and five children under 7 years of age. The military authorities at Moncada, Dagupan, and elsewhere, as well as the teachers, rendered every assistance possible, and Mrs. Davis and the children were brought to Manila to wait for transportation to the United States. In the meantime the Manila American, a daily newspaper, started a subscription, and a sum amounting to somewhat more than \$1,000 in gold was raised and presented to Mrs. Davis.

A few of the teachers found quarters with friends in the city. The whole number entertained at the exposition grounds was 572, and the majority of them left for the towns to which they were assigned within twenty days after their arrival in Manila. A few remained several days longer, owing to the difficulty of getting transportation to the more isolated towns. This period was taken up in securing proper clothing and supplies and in visiting the schools in Manila. Provision for the transportation of the teachers to their respective stations was made by the purchasing agent of the civil government and the chief quartermaster of the Army. The proprietors of the interisland steamship lines received the teachers at half rates and gave them the best accommodations their ships afforded.

In assigning teachers to their work, careful attention was given to reports of the division superintendents who had already visited their divisions, and to the requests from military officers, presidentes of the municipalities, and other persons interested in the welfare of the schools.

In determining the towns to which English teachers should be sent, it was found desirable to favor the larger garrisoned towns and those manifesting their loyalty by their peaceful condition. The question as to the possibility of finding quarters for women teachers had always to be taken into consideration, and sometimes the fact of the presence or the absence of other American women in towns proposed was decisive. The difficulty of securing, in many places, suitable food was one of the influences that led the commission to establish at Manila a general supply store from which teachers and other civil employees in the provinces could make purchases of food at reasonable rates and have it transported to them by whatever means were available. (See act No. 242.) The married couples, where both were qualified teachers, were usually assigned to towns requiring but one man and one woman teacher, and ordinarily the women were sent in twos for companionship and mutual assistance.

The preferences of teachers as to place of assignment and companions were asked for and so far as possible intimate friends were assigned to the same town or vicinity, and in cases where relatives or friends were in the military or civil service due consideration was given to this fact. The selection and assignment of teachers in several provinces were left largely to the division superintendents. It was thought that their knowledge of the people and intimate acquaintance with the actual conditions in the respective localities would enable them to make judicious selections of persons to fit the conditions, and to assign them in such a way that with the given force the most effective work could be done. In Negros, owing to the changes that were making in the stations of troops, it was not possible to fix the exact assignment of the several teachers until this movement was completed.

MANILA PRIMARY SCHOOLS.

At the end of the last school year the public schools of Manila closed with 4,460 pupils in attendance. This was the largest number that had been in attendance in the public schools since their reestablishment under American authority. Shortly before they were reopened, on June 16, 1901, a circular was issued announcing the opening of the schools. This circular was printed in English, Spanish, and Tagalog, and 10,000 copies were distributed by the Filipino police. The pupils reassembled gradually, and by the 30th of June there were 3,490 enrolled. At the end of July there were 5,123 in attendance. This slow and gradual enrollment is characteristic of a country where nothing is done too suddenly. It had its advantages in this instance in that it enabled the Filipino teachers to carry out the unfamiliar task that had been imposed upon them of grading their pupils and organizing them in classes. This lack of punctuality is one of the serious obstacles to the progress of this people, and it is expected that the discipline of

the school, when thoroughly established, will contribute to the correction of this evil.

During the past quarter, except in two or three schools, the attendance has been as large as is compatible with the capacity of the school buildings and the attainment of the best results. The popular discussion of the subject of education, the qualifications for entrance to the public service set by the civil-service board, and the widespread belief in the opening of a new epoch in these islands, in which knowledge and scholarly attainments will be recognized as opening avenues to successful careers, seem to promise an awakening among the Filipino people. The demand for instruction is unprecedented, but it is noticeable here, as also in a very large degree elsewhere, that short cuts which promise to lead to salaried positions are preferred. The young and the old are studying, and many persons are naturally taking advantage of this demand and establishing private schools. In addition to the private schools of this class, several parochial schools, especially designed for little girls, have been recently opened in Manila.

It is difficult for the church authorities and for many devout persons to comprehend the point of view of the American people, who insist that instruction provided by the state shall be secular, and in view of the large part the church has played in the political and social affairs of the Philippines it is noteworthy that the protest against merely secular instruction has not been more pronounced. With very few exceptions, the Filipino teachers have adopted the new plan, and are entering upon its execution with a large measure of enthusiasm. There are two or three instances of women long in the service who have not been able to overcome the reactionary influence of their well-grounded habits. They have refused to study English or to countenance any change in method or subject-matter of school instruction. One at least has withdrawn and taken up work in a parochial school. It is remarkable that there have not been more cases of this kind. Many of the Filipino teachers manifested anxiety lest the opening of parochial schools would decrease attendance on the public schools and destroy their prospects. They were not able to see that there is ample room for both classes of institutions, and that the existence of the public school will necessarily make the parochial schools quite different from what they would be if they were alone in possession of the field. Some effects of the public school on private schools are even now observed, in that the private schools have adopted somewhat of the new method and spirit and are giving large place to the teaching of English. We look with satisfaction on whatever spirit of rivalry and emulation may be aroused between public and private schools, in that it will lead to the awakening of the minds of the youth and provoke a new zeal in the work of instruction.

All public instruction in the city of Manila at the present time is in

the English language. Spanish still holds a place in private institutions and still continues to attract Filipino students as being the only language in which secondary or higher instruction is at present given. The development of the normal school and the secondary schools in English will open to the Filipino boy higher grades of education through English, which at present he sees no way of reaching except through the Spanish schools and the medium of the Spanish tongue. It is thus essential to the success of the system of public instruction here established that secondary and higher instruction in English should be very early organized. Here, as everywhere, a system of public instruction can be firmly established only by building solidly at the bottom. The abandonment of Spanish studies made necessary the formation of a new course of instruction at the opening of the present school year. A simple curriculum for the primary school, covering four years, has been established, and by the introduction of this curriculum it has been possible to systematize the work, to grade the pupils, and to give definiteness to the primary school course.

Extraordinary efforts have been made and will be continued to prepare Filipino teachers for their task. Already they have so far mastered the English language that they are able to make use of it in teaching, and it is gradually coming to be the language of the schools. Efforts are being made to show them the necessity of breaking away from the mechanical and the routine methods which they have hitherto followed. The interested efforts of Filipino teachers to teach English to children after they themselves have had merely a year of instruction in that language are noteworthy, and their zeal and their success in this form of instruction will contribute greatly to the spread of the English language here and the success of popular education.

The greatest need of instruction in Manila at the present time is suitable primary-school buildings. In this respect the city of Manila is behind many provincial towns, since many of these possess at least one substantial schoolhouse of stone or wood. The city of Manila, with its 11 districts and 247,000 inhabitants, has but three buildings erected by the Spanish Government for primary-school purposes, and one of these is so poorly constructed and is in such a dilapidated condition that it is unfit for use. The civil government lacks certain means of retaining possession of buildings that the military government enjoyed, consequently since the establishment of civil government in Manila certain dwelling houses that had been used as schoolhouses have been relinquished upon the demands of their owners, and it is difficult to find others to take their places. Undoubtedly the want of proper public-school buildings constitutes at present a check on further progressive movements in the work of the schools.

There has been an increased demand for places in the night schools, and the instruction has been extended from three to six nights in the

week. Applicants are now admitted on the basis of advanced qualifications, and hundreds have been turned away. There are now 8 such schools in operation in the city and 3 others in process of organization. The attendance in these night schools for the month of September was 1,800, and the number of principal and other teachers employed was 68. In some of the schools advanced classes have been organized, and among these a class in typewriting and stenography, a class which prepares students for civil-service examinations, and a teachers' class in history.

At the present time Filipino teachers are incompetent to assist in the fourth year's primary instruction, which, therefore, if given at all, must be given entirely by American teachers. For this reason, and to inaugurate secondary instruction in Manila for Filipino children as soon as possible, and in order to show them that such instruction is to be furnished in English, children in the primary schools who are prepared to undertake the fourth year's instruction have been admitted to the English school in the escuela municipal, and are there being organized and trained for the work of the high school, which will be established in the next few weeks.

The organization of Manila under civil government on August 7 separated from the municipality the schools of Pasay, Santa Ana, and Corregidor, with 18 teachers and about 800 pupils. This reduced the number of primary schools in the city to 36, with 4,242 pupils in attendance for the month of September. One hundred and thirty-four Filipino teachers are now employed in the city of Manila. Their salaries range from \$20 to \$50 gold a month, which last is paid to one principal. These salaries place the teachers' profession at least on the same level as Government clerkships, which is a great advance from the position they held under the Spanish Government, the salaries in most cases having been more than doubled. The attraction of this work seems to be sufficient to draw to it many of the brightest young men and women, who in it give evidence of a commendable professional spirit. As a sign of this may be noted a recently organized association of Filipino teachers, which has among its purposes the study of educational affairs in connection with their work.

THE MANILA TRADE SCHOOL.

By section 18, act No. 74, provision was made for the establishment and maintenance in the city of Manila of a trade school for the instruction of Filipinos in the useful trades, and in section 23 of the same act the sum of \$15,000 was appropriated for the organization and maintenance of a trade school in Manila for the year 1901.

By the transport *Thomas* the principal and teachers for this school arrived in Manila. Instruction in this school will cover a wide range of subjects, and it is expected that it will tend to meet the most

important want of the people of these islands. This kind of education has made very little progress in the Philippines, and it is natural that this should be so, for the men who dominated the educational affairs of these islands under the Spanish régime were conspicuous for the theory of life that concerned itself chiefly with the affairs of another world. The work here proposed will supplement what has already been done.

The trade school is opened in buildings on the exposition grounds. In connection with the instruction in printing, we shall have the government printing office as furnishing object lessons in all the departments there established, and, as through the instruction in telegraphy it is hoped that young men may be equipped for operating the telegraph lines, so through the instruction in printing it is expected that young men will be equipped to help carry on the work of the government printing office.

From various parts of the archipelago requests were made for aid in the establishment of schools. These requests are for assistance in constructing school buildings, for teachers to give instruction in English, and for teachers to give instruction in manual training and the trades. It is significant that next to the demand for instruction in English there comes the demand for a kind of instruction to which in these islands little attention has hitherto been given, and it is thought to be highly desirable to satisfy this demand as far as possible. And in the future attempts will be made to secure as teachers persons who have had training or experience tending to fit them for this kind of work. The backwardness of these islands in almost all forms of industry and agriculture is due, not to lack of resources or physical conditions favorable to development in these lines, but in a large measure to the fact that little or no effort has been made to furnish the people proper tools, implements, and machinery or an effective knowledge of how to use them. Trade schools will, therefore, support the Filipinos at their weakest point, and, if established in sufficient numbers and properly organized and conducted, will do more than almost any other agency to put them in the possession of those qualities or powers which tend most directly to modernizing them and raising their standard of civilization.

INSTRUCTION IN TELEGRAPHY.

On August 15, 1901, Major-General Adna R. Chaffee informed the civil governor that, having in view the ultimate and gradual transfer of military telegraphic communications in the archipelago to the control of civil government of the islands, he would give to the chief signal officer all practical assistance in furnishing instruction in telegraphy to Filipinos, and that as the pupils became proficient and available he would have them assigned to positions in the service, provided the

civil government would pay their wages. In the letter conveying this information, General Chaffee also indicated that "probably the best course to pursue would be to inaugurate the service under native operators by islands, as, for instance, Panay, Negros, gradually extending as operators are made available." In a personal interview with the Commission on August 10, 1901, and in a letter to Governor Taft of the same date, General Greeley set forth his views concerning the proposed transfer.

In order [he said] that such transfer may be made with the least detriment to the public interests it would seem advisable to transfer the entire lines on some single island, say Panay, to be followed later by Negros, northern Luzon, and such other islands as may be mutually agreed upon by your excellency and the commanding general of the army in the Philippines.

Appreciating the fact that the present operation of these lines by American civilian operators would be an onerous burden to the finances of the Philippines, the Chief Signal Officer of the Army offers to the civil government the services of the signal corps of the Philippines to meet such contingency by educating and training suitable intelligent Filipinos as telegraphers.

To this end Lieut. Col. James Allen, chief signal officer Military Division of the Philippines, will cooperate fully and heartily with the civil government in this work of technical education. Colonel Allen further expresses his willingness to employ, temporarily, at suitable salaries, such Filipinos as may become operators, after affording them the advantages of careful training under experienced electricians and operators of the Signal Corps. This method appears to be the simplest and quickest, as it is the cheapest, method of forming a corps of native telegraphers and electricians for the maintenance of an insular system of telegraph lines and cables.

Indeed, it may be said that it would be practically impossible to obtain a suitable and reliable civilian force, except at a great outlay of time and money, an opinion based on the experience of the signal corps in Cuba and Porto Rico, where civilian operators, induced by liberal salaries, entered the Government service only summarily to leave it at their own convenience, at times to the serious embarrassment of the Government.

This plan is simply advanced by the Chief Signal Officer of the Army as a tentative one, subject to such modifications as in the opinion of your excellency and the major-general commanding the army in the Philippines may be necessary in the public interest.

The Chief Signal Officer of the Army and his subordinates stand ready to assist in every way, and hope the civil government may be able to receive and operate by its own employees the present system of telegraphs on one or more islands at a very early day.

Meanwhile, steps have been taken to throw open the telegraph lines to the commercial public on terms of the greatest possible liberality, the rate being 2 cents per word between stations on the same island and 4 cents per word between stations on separate islands.

The project of establishing instruction in telegraphy was referred to the secretary of public instruction, and arrangements were made for

carrying on the school as part of the trade school which was created by law January 21, 1901. It is installed in one of the buildings on the exposition grounds.

MANILA NORMAL SCHOOL.

The preliminary term of the Manila Normal School was opened on Wednesday, April 10, and was closed Friday, May 10, 1901. The expenses of this term were paid out of the appropriation for a normal school made by act No. 74. Dr. David P. Barrows, superintendent of city schools, had immediate charge as acting principal of the Manila Normal School. The school was held in the school building on Calle Victoria, in the Walled City, known as the Escuela Municipal. This building had been occupied by the Sisters of Charity, who, under the authority of the military governor, had conducted there a public school for girls. Having been used both as a school and a hospital for Spanish soldiers, it was, like most of the public buildings in Manila, greatly in need of repairs, but when properly repaired it was found to be the best school building under the control of the Government.

An announcement of the proposed normal school was made in both English and Spanish, and American teachers throughout the islands cooperated in informing the Filipino teachers of the character of the work to be done. The commanding officers of the several posts where there were known to be schools, having been informed by letters and pamphlets, encouraged the teachers of their respective towns to attend. Attendance of the teachers from the provinces was greatly facilitated by the generosity of different transportation companies. Free transportation was granted the teachers from the provinces to Manila by the Compania Naviera, Mercantil Filipina, Luis Hidalgo, Philippine Lumber and Development Company, and Smith, Bell & Co. Half fare was granted by the Compania Maritima, The Philippine Trading Company, Gutierrez Hermanos, and the Compania General de Tabacos de Filipinas. It was estimated in the beginning that there would not be more than 350 teachers in attendance, and it was thought that only this number could be accommodated in the building selected for the school. On the opening day, however, it was found that 450 had been enrolled. Measures had to be taken, therefore, to limit the number to be allowed to matriculate, but as many left the provinces without being informed of any limitation as to the number who might attend, it was found advisable to open additional quarters. Accordingly, a portion of the building formerly occupied by the nautical school was brought into use. Furniture was moved in and nine classes were organized in that building. The same work was carried on as in the original building, and all pupils were admitted to the Escuela Municipal for the morning exercises and for the observation of special classes. In order to lighten the expenses of teachers coming from the provinces or from

distant parts of the islands, facilities for sleeping were arranged in the school buildings of Malate, Paco, and Samaloc. Each building was placed in charge of an American teacher, who was made responsible for the property that was used in furnishing it and given general supervision over the teachers from the provinces.

It was a noteworthy fact that of the teachers coming from the provinces about 10 per cent were able to speak English with some degree of fluency. These persons were representatives of the best intelligence and cultivation throughout the archipelago. Altogether 600 were enrolled and admitted to classes, and of this number 570 studied faithfully to the end of the term and were given certificates testifying to the fact of their attendance. Fortunately the Escuela Municipal contains a large hall, and in this the whole number were gathered at the end of the term for their closing exercises. The general superintendent of public instruction has expressed, in a public report, his appreciation and commendation of the work done by Dr. Barrows in the organization and successful conduct of this school.

In view of the large number of applicants for positions in the schools of Manila at the close of the preliminary term of the normal school, it was decided to make arrangements for determining definitely the qualifications of these applicants. Classes were organized under municipal authority for the purpose of examining applicants and for training those who were found not to be adequately qualified for the positions sought. These classes were in charge of four teachers and held sessions five days in the week. When Filipino teachers were needed in the city schools they were selected from the best of the highest class, and other applicants came in to fill the vacancies thus made. These classes were organized and maintained to carry on the work of normal instruction from the close of the preliminary term to such time as the regular work of the normal schools might be undertaken.

On the 6th of September Mr. E. B. Bryan, formerly of the University of Indiana, arrived and was at once put in charge of the normal school. Before any formal announcement of the opening of the school was made 250 students were enrolled. For the want of an adequate building this school was conducted in the Escuela Municipal, where the preliminary term was held. The same building is at present occupied in the forenoon by a graded school, to which pupils only are admitted who have essentially such a knowledge of English as may be expected of children who have this language as their mother tongue. Of such pupils 130 are at present enrolled. This makes it necessary to confine the sessions of the normal school to the afternoon, but steps will be taken to provide for it a suitable building in the immediate future.

While this central normal school will furnish instruction to a large number of pupils, it is clearly seen that this number will represent only a fraction of those persons in the provinces who are at present

teaching or who propose to become teachers. To extend this instruction so as to embrace the largest possible number of persons in need of it, arrangements are being made for holding normal terms in the several divisions. By assembling the teachers of the various divisions for a number of weeks each year and placing the Filipino teachers under the discipline and instruction of trained American teachers much will be done toward giving them knowledge needed in their profession and inspiring them with the enthusiasm and ambition requisite to render them efficient in their work.

SCHOOL OF AGRICULTURE.

By section 19 of act No. 74 it was provided that there should be established and maintained a school of agriculture in the island of Negros, and by section 24 of the same act the sum of \$15,000 was appropriated out of any funds in the insular treasury not otherwise appropriated for the organization and maintenance of the school for the year 1901. It was, moreover, provided that the superior advisory board, created by section 4 of act No. 74, should recommend to the commission for final determination a proper site for this school. In view of the fact that the insular government owns a plantation of about 2,000 acres on the eastern side of Oriental Negros, about 35 miles from Bacolod, known as La Carlota, it was thought that this might be a suitable place for an agricultural school and experimental farm, but its inaccessibility has suggested that it might not be difficult to find a more advantageous site for the school, and one that might be readily reached from all parts of the islands. Whatever buildings the Spaniards constructed at La Carlota, and whatever appliances for instruction and cultivation were collected there, have been almost entirely destroyed or scattered.

The superior advisory board, on whom rests the duty of recommending a proper site, was only recently appointed, and has consequently made no recommendation. This board was appointed by the civil governor, and is at present composed of the general superintendent of public instruction, Sr. Tomas G. del Rosario, Sr. Pedro Serrano Lok-taw, Sr. Demetrio Larena, and Sr. Mena Crisologo.

STATISTICS OF PUPILS.

It is impossible, on account of the short time that has elapsed since the majority of the American teachers were sent to their stations, to make a definite and correct statement of the number of pupils enrolled in all the public schools of the archipelago or to determine the ratio of those in regular attendance to the whole number enrolled. An estimate, based on reports already received and on the number of teachers employed, indicates that there are over 150,000 Filipino pupils enrolled in the free primary schools established by the Government,

and that there are over 75,000 pupils in actual daily attendance. The discrepancy between the number of primary pupils enrolled and the number in actual attendance is in part due to the fact that in many towns schoolhouses are still used or occupied by the military authorities, and it is impossible to assemble all the pupils who wish to attend school. This estimate indicates, moreover, that there are between 3,000 and 4,000 elementary Filipino teachers engaged in the schools, about 2,000 of whom are daily receiving at least one hour of English instruction. There are also at least 10,000 adults receiving English instruction in the evening schools conducted by American teachers. Demands for the establishment of schools for the instruction of adults in English are coming from all parts of the archipelago, and the American teachers have been given authority to establish evening schools for giving instruction in English wherever they are needed. Judging from the applications and the numbers already under instruction, and considering the eagerness of the Filipinos to learn English, it is safe to say that within a few weeks between 20,000 and 30,000 adults will be attending these evening schools.

DEMAND FOR MORE TEACHERS.

Notwithstanding the large number of teachers already brought to these islands, the demand is by no means fully met. The teachers who have already come are cordially welcomed in the places to which they are assigned, and much disappointment has been expressed by the towns to which it has been impossible to send American teachers, and applications for them are continually being made by mail and telegraph. The distribution of the 769 American teachers already engaged is shown by Appendix B B, giving the towns to which teachers have been sent, and the number assigned to each town. In view of the unsettled condition in some parts of the islands, and the destruction of buildings during the war in other parts, and the difficulty of finding conditions of living suitable for women, it is deemed expedient in the immediate future to confine appointments to young men, of whom 200 or 300 more, well trained and of good character and willing to endure some discomfort and hardship, can be employed to advantage. Undoubtedly in the course of time, after the people have come to understand thoroughly that the occupations of peace are more profitable than those of war, the demand for the education of girls will be strengthened, and it will be necessary then to employ more women for their instruction. It will be seen by Appendix C C that the teachers already employed have been taken from all parts of the Union. Of the institutions that were authorized to make appointments a large number have left their quotas unfilled. A list of such institutions and officials is here given as Appendix D D. At present there are some 60 or 70 teachers already appointed, who will arrive in the islands during the

next few months, about 40 of whom will leave San Francisco in October. There remain, therefore, about 200 to be appointed to fill the authorized quota of 1,000, and for these positions there are on file about 3,000 applications, which will be carefully considered in making up the desired number.

The organization of the office force and the range of salaries paid to the superintendents, the clerks, and the teachers are shown in Appendix EE. This exhibit shows also the number of teachers or employees receiving each of the stated salaries. A small addition has been made to the salaries of many teachers in consideration of the extra work they are doing in the night schools. For details concerning the conditions of the country and the work of the bureau of public instruction reference is made to the report of Dr. Fred W. Atkinson, general superintendent of public instruction, attached hereto as Appendix FF. The report is somewhat fragmentary, since it was deemed inexpedient to embrace in it matter dealing with the early part of the school year, which has already been published in a report by Maj. Gen. Arthur MacArthur, lately military governor of the Philippine Islands.

NAUTICAL SCHOOL.

Since the date of the commission's last preceding report the Nautical School has continued its not very distinguished career. The number of students has increased, but they have not been subject to that rigidity of discipline demanded by the purposes of their instruction. This has been due, in large part, to irregularity of attendance and to the failure on the part of the parents of the boys to appreciate the importance of consecutive work. Until July of the present year the school held a somewhat independent position directly under the military governor. On July 3 it was determined, by a resolution of the commission, "that in the opinion of the commission the Nautical School should be made subject to the supervision of the general superintendent of public instruction, that the requisitions for appropriations for the same should be submitted to such superintendent, and that the head of the Nautical School should report to him." It is, however, doubted that the ends sought through the instruction here given can be attained except by a complete reorganization of the institution, which will soon be undertaken.

SENDING STUDENTS TO AMERICA.

It is recognized by the more intelligent persons in the different parts of the archipelago that the quickest and surest way for Filipino youth to acquire the English language and to arrive at an understanding of Western civilization as it exists in America is to live among Americans in the United States and be taught in American schools. Acting

on this knowledge, many parents have already enrolled their sons in American schools, and in certain provinces the several towns are making provision each to send and maintain a boy in some school in the United States.

Many propositions have already been made, both by persons in America and by persons in the Philippines, looking to the use of the funds of the insular government for this purpose. Hitherto, however, it has been considered expedient to allow individual and local zeal to carry on the work; yet the commission is aware of the immense advantage which will accrue to these islands by the extension of this practice. In no other way can young Filipinos, whose ancestors have been physically and intellectually removed from contact with modern life, acquire a thorough knowledge of Western civilization. When, therefore, the public schools are thoroughly organized, it may be well to hold out the privilege of some years of residence in an American institution of learning as a reward for extraordinary achievements on the part of some of the most proficient pupils in the public schools of the islands.

SUMMARY OF RECOMMENDATIONS.

The commission recommends—

1. That Congress make appropriations to construct posts or garrisons for the army outside of the towns, so that they shall not be quartered in the towns.

2. That Congress be requested to confirm the legislation of the commission already enacted, and vest by Congressional enactment in the civil governor and commission and their successors to be appointed by the President the authority heretofore exercised by them under the instructions of the President, with the limitations therein contained, until January 1, 1904; and that provision be made in such legislation for a government to begin on January 1, 1904, and to be composed of a governor and the heads of four executive departments, to be appointed by the President; of an executive council, to consist of the governor and the four heads of departments, and four others to be appointed by the President (the executive council to consist both of Americans and Filipinos), and of a popular assembly of not exceeding 30 representatives, to be elected from districts to be determined after a census of the Filipino population in the islands; that in such government the members of the popular assembly shall serve for a term of two years, and the popular assembly shall be limited to an annual session of three months, from the 1st of January to the 1st of April, except as this may be extended by call of the governor for a definite period in extra session; that the power of the popular assembly shall be that of a coordinate branch of the legislature, except that in the case of appropriation bills, if the popular assembly shall fail to vote the appropriations required by law during its regular session of three months the right to vote such necessary appropriations shall

vest in the executive council; that the governor shall have the power to veto the legislation of the two chambers unless the same shall be again passed by a two-thirds vote of both houses; that Congress shall have full power to abrogate all legislation, and that by a joint vote of the popular assembly and the executive council two delegates, who shall be residents of the islands, shall be elected to represent the interests of these islands and the Filipino people before Congress and the Executive at Washington, their expenses and salaries to be paid from the insular treasury.

3. That the commission be authorized to issue bonds of the insular government with which to buy up the agricultural holdings and other property of the religious orders, to purchase the same, and to sell lands thus acquired, preferably to the present tenants on easy payments, and be required to use the proceeds of the sales as a sinking fund with which to meet the bonds issued.

4. That an appeal be granted from the supreme court of the islands to the Supreme Court of the United States in the San José College case, and in all cases between the insular government and the Catholic Church or any of its dependencies in respect to the ownership or administration of trust or other property in the Philippine Islands.

5. That the new tariff act put in force on the 15th of November be expressly confirmed by Congressional act, and that Congress reduce by at least 50 per cent the United States duty on tobacco, hemp, and other merchandise coming from the Philippine Islands into the United States.

6. That the commission be given power to itself issue bonds for the city of Manila, or to authorize the municipal board to do so in an amount not exceeding \$4,000,000, sufficient to make needed improvements in the water supply and the sewerage and drainage system.

7. That the commission be given power to grant street railway, electric light, telephone, and other municipal franchises in the towns of the islands, subject to the confirmation of the President.

8. That the commission be given authority to pass a general public-land law, making provision for the acquisition of homestead rights, the perfecting of titles of those who have in good faith settled upon public lands and improved the same, and public auction sales of the public lands at a fixed minimum price per acre in tracts of comparatively large extent, and upon such other conditions as the commission may impose; and that this authority shall include the right of the commission to grant to the pueblos commons from the public lands.

9. That the commission be authorized to continue the present regulations of the cutting of timber, with such modifications as experience may show to be wise.

10. That the commission be authorized to pass a mining law having a general resemblance to the United States mining laws, with such modifications as the local conditions require.

11. That the commission be given power to pass a general incorporation law for the conducting of legitimate businesses by corporations.

12. That the commission be given special authority to issue charters to commercial railroads, with power to make donations of lands, or guarantee the interest on the investments, or both; such grants to be subject to the approval of the President of the United States.

13. That Congress enact a general coinage law providing for the establishment of a gold standard, with local silver currency, and shall confer power upon the commission, by a gold reserve and otherwise, to maintain the parity between the gold standard and the local currency, as indicated in the body of the report.

14. That Congress shall enact a general banking law for the islands, providing for the establishment of national banks in the islands, with branches in various parts of the islands and in the United States, for the establishment of branches in these islands of national banks located in the United States, for the carrying on and supervision of other banks not national, and for the establishment of mortgage land banks; all as outlined in the body of this report.

15. That Congress shall enact a law authorizing the commission to appropriate the Spanish and insurrectionary seized funds now in the treasury of the islands to the making of a school fund, or for the use of the provinces in which such funds were captured.

16. That Congress shall provide a sum sufficient to reimburse the insular government for the actual value of the property purchased out of the funds of the insular treasury and turned over to the Army under General Order No. 65, Headquarters Division of the Philippines, 1901, and General Order No. 38, Office of the Military Governor, issued May 11, 1901.

17. That Congress shall enact a law appropriating a sum sufficient to reimburse the insular treasury for the amount expended in the purchase and fitting of certain Spanish gunboats turned over to the Navy and now used by that Department.

WM. H. TAFT.

DEAN C. WORCESTER.

LUKE E. WRIGHT.

HENRY C. IDE.

BERNARD MOSES.

NOTE.—The three Filipino commissioners were not installed in office until the 1st of September, 1901, and as the period covered by this report is from the 1st of December, 1900, until the 1st of October, 1901, it was agreed between the commissioners that it would be more just to make this report as the report of the original commission rather than that of the commission as at present constituted. The three Filipino commissioners, however, having read this report, agreed in the recommendations as to the form of a permanent central civil government to be established.

CHAP. 803.—An Act Making appropriation for the support of the Army for the fiscal year ending June thirtieth, nineteen hundred and two.

All military, civil, and judicial powers necessary to govern the Philippine Islands, acquired from Spain by the treaties concluded at Paris on the tenth day of December, eighteen hundred and ninety-eight, and at Washington on the seventh day of November, nineteen hundred, shall, until otherwise provided by Congress, be vested in such person and persons and shall be exercised in such manner as the President of the United States shall direct, for the establishment of civil government and for maintaining and protecting the inhabitants of said islands in the free enjoyment of their liberty, property, and religion: *Provided*, That all franchises granted under the authority hereof shall contain a reservation of the right to alter, amend, or repeal the same.

Until a permanent government shall have been established in said archipelago full reports shall be made to Congress on or before the first day of each regular session of all legislative acts and proceedings of the temporary government instituted under the provisions hereof; and full reports of the acts and doings of said government, and as to the condition of the archipelago and of its people, shall be made to the President, including all information which may be useful to the Congress in providing for a more permanent government: *Provided*, That no sale or lease or other disposition of the public lands or the timber thereon or the mining rights therein shall be made: *And provided further*, That no franchise shall be granted which is not approved by the President of the United States, and is not in his judgment clearly necessary for the immediate government of the islands and indispensable for the interests of the people thereof, and which can not, without great public mischief, be postponed until the establishment of permanent civil government; and all such franchises shall terminate one year after the establishment of such permanent civil government.

All laws or parts of laws inconsistent with the provisions of this Act are hereby repealed.

Approved, March 2, 1901.

[No. 222.]

An Act Providing for the organization of the departments of the interior, of commerce and police, of finance and justice, and of public instruction.

By authority of the President of the United States, be it enacted by the United States Philippine Commission, that:

SECTION 1. Whereas the President of the United States, through the Secretary of War, has directed the establishment of four departments, to wit, the department of the interior, the department of commerce and police, the department of finance and justice, and the department of public instruction, and has appointed persons to be secretaries or heads of such departments: Now, therefore,

The department of the interior shall embrace within its executive control the bureau of health, the quarantine service of the marine-hospital corps, the bureau of forestry, the bureau of mining, a bureau of agriculture, a bureau of fisheries, the weather bureau, a bureau of pagan and Mohammedan tribes, the bureau of public lands, the bureau of government laboratories, and the bureau of patents and copyrights.

SEC. 2. The department of commerce and police shall have under its executive control a bureau of island and interisland transportation, the bureau of post-offices, the bureau of telegraphs, the bureau of coast and geodetic survey, a bureau of engineering and construction of public works other than public buildings, a bureau of insular constabulary, a bureau of prisons, a bureau of light-houses, a bureau of commercial and street railroad corporations and all corporations except banking.

SEC. 3. The department of finance and justice shall embrace within its executive control the bureau of the insular treasury, the bureau of the insular auditor, the bureau of customs and immigration, the bureau of internal revenue, the insular cold storage and ice plant, a bureau of banks, banking, coinage and currency, and the bureau of justice.

SEC. 4. The department of public instruction shall embrace under its executive control the bureau of public instruction, a bureau of public charities, public libraries, and museums, the bureau of statistics, a bureau of public records, a bureau of public printing, and a bureau of architecture and construction of public buildings.

SEC. 5. The secretaries of the departments described in the foregoing sections shall exercise the executive control therein conferred, under the general supervision of the civil governor. 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.

SEC. 6. The officers and subordinates of each department shall consist of the secretary and such assistant clerks and other employés as may be provided by law. The official correspondence of the head of each department may be recorded by direction of the head of the department in the office of the executive secretary, and such clerical work as may be needed in each of the departments and as may be conveniently done in the office of the executive secretary shall be there done by direction of the head of each department.

SEC. 7. Nothing in this act contained in respect to the executive control by the department of finance and justice over the office of insular auditor and the office of insular treasurer shall affect the powers of those officers conferred by Act No. 90, and the independence of judgment to be exercised by the auditor in auditing and adjudicating the validity of accounts presented to him in accordance with law.

SEC. 8. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section 2 of "An act prescribing the order of procedure by the Commission in the enactment of laws," passed September 26, 1900.

SEC. 9. This act shall take effect on its passage.

Enacted, September 6, 1901.

INAUGURAL ADDRESS OF THE CIVIL GOVERNOR.

MY FELLOW-COUNTRYMEN: This ceremony marks a new step toward civil government in the Philippine Islands. The ultimate and most important step, of course, will be taken by the Congress of the United States, but with the consent of the Congress the President is seeking to make the Islands ready for its action. However provisional the change made to-day, the President by fixing the natal day of the Republic as its date has manifested his view of its importance and his hope that the day so dear to Americans may perhaps be also associated in the minds of the Filipino people with good fortune. The transfer to the Commission of the legislative power and certain executive functions in civil affairs under the military government on September first of last year, and now the transfer of civil executive power in the pacified provinces to a civil governor, are successive stages in a clearly formulated plan for making the territory of these Islands ripe for permanent civil government on a more or less popular basis. As a further step in the same direction, on September first next, at the beginning of the Commission's second legislative year, there will be added as members to that body by appointment of the President, Dr. Trinidad H. Pardo de Tavera, Senor Don Benito Legarda and Senor Don Jose Luzuriaga. The introduction into the legislature of representative Filipinos, educated and able, will materially assist the Commission in its work by their intimate knowledge of the people and of local prejudices and conditions. On September first, also, the executive branch of the insular government will be rendered more efficient by the establishment of four executive departments. There will be a department of the interior, of which Commissioner Dean C. Worcester will be head; a department of commerce and police, of which Commissioner Luke E. Wright will be the head; a department of justice and finance, of which Commissioner Henry C. Ide will be the head, and a department of public instruction, of which Commissioner Bernard Moses will be the head. The foregoing announcements are made by direction of the Secretary of War.

Since the above was written, in confirmation of the statement of the President's purposes with respect to the people of these Islands, I have this morning received the following telegram from the President of the United States:

WASHINGTON, July 3—3.45 p. m.

TAFT, Manila:

Upon the assumption of your new duties as civil governor of the Philippine Islands I have great pleasure in sending congratulations to you and your associate commissioners and my thanks for the good work already accomplished. I extend to you my full confidence and best wishes for still greater success in the larger responsibilities now devolved upon you, and the assurance not only for myself but for my countrymen of good will for the people of the Islands, and the hope that their participation in the government which it is our purpose to develop among them, may lead to their highest advancement, happiness, and prosperity.

WILLIAM MCKINLEY.

The extent of the work which the Commission has done in organizing civil governments in towns and provinces is considerable, but its scope and effect may easily be exaggerated by those not fully acquainted with the situation. Twenty-seven provinces have been organized under the general provincial act; but it has not been possible to fill the important office of supervisor in eight or nine of them because a supervisor must be a civil engineer. We have sent to America for competent persons, whose arrival we look for this month. As the supervisor is one of the three members of the governing provincial board, his absence necessarily cripples the administration. Of the 27 provinces organized, four, possibly five and small parts of two others in which armed insurrection continues, will remain under the executive jurisdiction of the military governor and commanding general. There are 16 provinces or districts in which there is entire freedom from insurrection which the Commission has not had time to organize. Of the unorganized provinces and districts, including Mindoro and Paragua, the latter just occupied by the army, there are four that are not ready for civil government. In the organized provinces nearly all the towns have been organized under the municipal code; and some towns have been similarly organized in unorganized provinces. It was not supposed that either the municipal code or the provincial government act would form perfect governments, though it was possible to make the former much more complete than the latter, for there had been two experiments in municipal government under the administration of General Otis and General MacArthur before the Commission began its legislative work. The provincial government act was tentative. The result of the southern trip of the Commission was a substantial amendment and there will doubtless be others. Government is a practical, not a theoretical, problem; and the successful application of a new system to a people like this must be brought about by observing closely the operation of simple laws and making changes or additions as experience shows their necessity. The enactment of the law in its first form and appointments under it are but one of several steps in a successful organization.

The conditions under which the municipal and provincial governments of the Islands are to have their first real test are trying. The four years' war has pauperized many, and its indirect effect in destroying the habits of industry of those who have been prevented from working in the fields, or who have been leading the irresponsible life of guerrillas is even more disastrous. Not only war, but also the death from disease of a large percentage of the carabaos which are indispensable to the cultivation of rice and are greatly needed in all agriculture, has largely reduced the acreage of rice and other staple products. Then the pest of locusts has been very severe. In one province, and perhaps more, gaunt famine may have to be reckoned with. Poverty and suffering in a country where ladronism has always existed are sure to make ladrones.

With the change made to-day, the civil governments must prepare to stand alone and not depend on the army to police the provinces and towns. The concentration of the army in larger garrisons where, in cases of emergency only, they can be called on to assist the local police may be expected; but the people must be enabled by organization of native police under proper and reliable commanders to defend themselves against the turbulent and vicious of their own communities.

The withdrawal of the army from the discharge of quasi civil duties of police will be accompanied also by the ceasing of the jurisdiction of military commissions to try ordinary criminal cases. They have been most useful in punishing and repressing crime. We have enacted a judiciary law and appointed judges under it who will succeed to this work. But the adoption of a new civil code of procedure, a new criminal code and code of procedure, all of which are ready, may be delayed somewhat by the needed public discussion of them. Until they are all adopted, we shall not feel that the chief step has been taken toward securing the blessings of civil liberty to the people of the pacified provinces, the protection of life, liberty and property.

The difficulties of official communication between provinces on the sea and between towns of the same province similarly situated must be met by a properly organized fleet of small steamers or launches which shall, at the same time, assist in the revenue or postal service. Provincial governments, in many cases without such means of communicating with their numerous towns, are greatly impeded in their functions.

Congress, in its wisdom, has delayed until its next session provision for the sale of public lands, of mining rights and the granting of franchises. All are necessary to give the country the benefit of American and foreign enterprise and the opportunity of lucrative labor to the people. Commercial railroads, street railroads, mortgage-loan companies or land banks and steamship companies only await Government sanction to spring into being. These may remedy the poverty and suffering that a patient people have now to bear.

The school system is hardly begun as an organized machine. One thousand American teachers will arrive in the next three months. They must not only teach English in the schools, but they must teach the Filipino teachers. Schoolhouses are yet to be built; schoolrooms are yet to be equipped. Our most satisfactory ground for hope of success in our whole work is in the eagerness with which the Philippine people, even the humblest, seek for education.

Then there is another kind of education of adults to which we look with confidence. It is that which comes from observation of the methods by which Americans in office discharge their duties. Upon Americans who accept office under the civil government is imposed the responsibility of reaching the highest American standard of official duty. Whenever an American fails; whenever he allows himself to use his official position for private ends, even though it does not involve actual defalcation or the stealing of public property or money, he is recreant to his trust in a far higher degree than he would be were he to commit the same offense in a similar office at home. Here he is the representative of the great Republic among a people untutored in the methods of free and honest government, and in so far as he fails in his duty, he vindicates the objection of those who have forcibly resisted our taking control of these Islands and weakens the claim we make that we are here to secure good government for the Philippines.

The operation of the civil-service Act and the rules adopted for its enforcement have been the subject of some criticism; but I think that when they are fully understood, and when the Filipino, in seeking a position in executive offices where English is the only language spoken, fits himself, as he will with his aptness for learning languages, in English, he will have nothing to complain of either in the justice of the

examination and its marking or in the equality of salaries between him and Americans doing the same work. The civil-service Act is the bulwark of honesty and efficiency in the government. It avoids the most marked evil of American politics, the spoils system. Without it success in solving our problem would be entirely impossible. Complaints of its severity and its unfortunate operation in individual instances may give plausibility to attack upon it, but those who are responsible for appointments can not be blinded to the fact that its preservation is absolutely essential to the welfare of these Islands.

If I have understood the decision of the Supreme Court in the recent so-called Porto Rico cases, the question of what duties shall be levied on imports into these Islands from the United States and on exports from these Islands into the United States is committed to the discretion of Congress. Without assuming to express an opinion on the much-mooted issue of constitutional law involved, I venture to say that the result is most beneficial to the people of these Islands. It seems to me that a decision that the same tariff was in force in these Islands as in the United States, and must always be so, would have been detrimental to the interests of the Islands. They are 7,000 miles from the coast of the United States. The conditions prevailing in them are as different as possible from those in the United States. The application to them of a high protective tariff carefully prepared to meet trade and the manufacturing conditions in the United States would have been a great hardship. It is true that to sugar and tobacco planters would have been opened a fine market, but it would have greatly reduced all trade between the Philippines and China and other oriental countries and all European countries, and it would have necessitated a heavy internal tax to pay the expenses of the central government. Now the people may reasonably entertain the hope that Congress will give them a tariff here suited to the best development of business in the Islands, and may infer from the liberal treatment accorded in its legislation to Porto Rican products imported into the United States that Philippine products will have equally favorable consideration.

The finances of the insular government are at present in a satisfactory condition, though changes in laws made or about to be made may affect them considerably. There is now in the insular treasury a sum of money exceeding \$3,700,000 in gold unappropriated. The engineers in the Manila harbor work have been authorized to make contracts involving a liability of \$2,000,000 beyond the \$1,000,000 already appropriated, but this is the only liability of the government and it will not accrue for two years at least. The insular income, which is now about \$10,000,000, gold, a year, is likely to be reduced more than \$1,000,000 by the provision of the provincial act which applies the proceeds of the internal-revenue taxes to the support of the provincial governments. Moreover, a new customs tariff is soon to be put in force, the immediate result of which may be to reduce the total amount of duties collected. It reduces the import tax on necessities and increases it on luxuries and roughly approximates, as nearly as a tariff of specific duties can, to a purely revenue tariff of 25 per cent ad valorem. In addition to this, the cost of the insular government is bound to increase as the establishment of peace and civil government is extended through the Archipelago and the skeleton bureaus and departments now recognized in the law are enlarged and given a normal usefulness. Still the increase of business due to returning

peace and prosperity will doubtless keep pace with the needs of the government.

The conduct of the civil and military branches of a military government under independent hands is necessarily a delicate matter. It depends, as the President in his instructions says, upon the fullest cooperation between the military and the civil arms, and I am glad to be able to say that I believe that there will be the same cooperation in the future as there has been in the past; that the possible friction which may arise between the subordinates of the respective arms will have no encouragement from those in whom is the ultimate responsibility. There is work enough and to spare for all who are concerned in the regeneration of these Islands.

The burden of the responsibility which, by taking the oath this day administered to me, I assume, I shall not dwell upon, except to say that no one, I think, realizes it more keenly than I do. While I am profoundly grateful to the President of the United States for the personal trust he has expressed in appointing me to this high office, it is with no exultant spirit of confidence that I take up the new duties and new task assigned to me. I must rely, as I do, upon the cooperation, energy, ability and fidelity to their trust of those with whom I am to share the responsibility now to be presented, upon the sympathetic and patriotic patience of those educated Filipino people who have already rendered us such tremendous aid, and upon the consciousness that earnest effort and honest purpose, with a saving of common sense, have in the past solved problems as new, as threatening and as difficult as the one before us.

The high and sacred obligation to give protection for property and life, civil and religious freedom, and wise and unselfish guidance in the paths of peace and prosperity to all the people of the Philippine Islands is charged upon us, his representatives, by the President of the United States. May we not be recreant to this charge which, he truly says, concerns the honor and conscience of our country. He expresses the firm hope that through our "labors all the inhabitants of the Philippine Islands may come to look back with gratitude to the day when God gave victory to American arms at Manila and set their land under the sovereignty and protection of the people of the United States." God grant that in spite of all the trials and perplexities, the disappointments and difficulties, with which we are sure to be confronted, we may live to see this fervent hope made a living fact in the hearts of a patriotic people linked within the indissoluble ties of affection to our common and beloved country.

To the Senate and House of Representatives:

I herewith send a letter from the Secretary of War transmitting the third annual report of the Philippine Commission covering the year ending October 1, 1902, and the laws passed by the Commission between July 1, 1902, and October 27, 1902.

I call your special attention to the recommendations contained in this letter of the Secretary of War. I most earnestly feel that the enactment of the measures already pending in your body for the betterment of the Philippine Islands is imperatively demanded by the situation in those islands and serious calamity may come from failure to enact them. Furthermore, I with equal earnestness ask your attention to the recommendation of the Secretary of War in the accompanying letter and urge its adoption so that the sum of money therein specified may be appropriated for the uses and in the manner likewise specified in order that the present distress in the islands may be remedied.

THEODORE ROOSEVELT.

WHITE HOUSE, *January 7, 1903.*

WAR DEPARTMENT,
Washington, January 6, 1903.

The PRESIDENT:

I have the honor to transmit herewith the third annual report of the Philippine Commission, covering the year ending October 1, 1902. This report is in compliance with the third paragraph of the Instructions to the Philippine Commission, dated April 7, 1900, and with section 86 of the act entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," approved July 1, 1902.

Accompanying the report, and transmitted with it, are the acts of the Philippine Commission, from and including act No. 425, enacted July 2, 1902, to and including act No. 493, enacted October 27, 1902.

Section 86 of the act of Congress above cited requires that these laws shall be reported to Congress. All of the laws enacted by the Commission prior to that act have already been reported to Congress.

I beg to ask special consideration of the recommendations of the Commission, all of which have my hearty approval.

It seems to me that the conditions resulting from the destruction by rinderpest of 90 per cent of the carabaos, the draft animals of the islands, and the consequent failure of the rice crop, followed by an epidemic of cholera, are so serious and distressing as to call for action by Congress beyond that for which the Commission specifically ask.

The removal under the laws of Congress of export duties on goods shipped from the Philippines to the United States has materially reduced the revenues of the island, while the duties collected in the United States upon importations from the Philippines, which under the same laws were to be turned over to the Philippine treasury and were expected to make good the deficit, have amounted to practically nothing. At the same time the decline in the price of silver, the evils of a fluctuating currency, and the impoverishment of the people, have reduced the government revenues when they are most needed for relief of the people.

I think the occasion for relief in the Philippines is now greater than it was in Cuba when Congress appropriated \$3,000,000 for the payment of the Cuban soldiers out of the Treasury of the United States, or than it was in Porto Rico when hundreds of thousands of dollars were contributed by the people of the United States, and more than a million of dollars paid out of the National Treasury for the relief of the sufferers from the hurricane of August, 1899.

An appropriation of not less than \$3,000,000 for the relief of the distress in the Philippine Islands from the causes which I have mentioned would be in harmony with the course pursued by Congress toward the people of the other Spanish islands and practical evidence of the sincere interest that the people of the United States take in the welfare of the Philippine people and of the kindly and generous treatment which they are to receive. Previous experience indicates that such an appropriation could be made the most useful by giving the Philippine government discretion to apply it, in such proportions as they deem wise, in the direct purchase and distribution or sale of supplies, or through the employment of labor in the construction of government wagon roads, railroads, or other public works.

Very respectfully,

ELIHU ROOT,
Secretary of War.

REPORT OF THE UNITED STATES PHILIPPINE COMMISSION.

PHILIPPINE COMMISSION,
Manila, November 1, 1902.

SIR: The Philippine Commission begs to submit this, its third annual report, for the year ending October 1, 1902. In previous reports the Commission has dealt with every phase of the conditions existing in the islands, and the steps taken by it or members of the Government for their improvement. On the 1st of September, 1901, the civil government became definitely established, with a civil governor and four departments, at the head of each of which was a secretary. It has seemed best to the Commission, in view of this organization, that the governor and the four secretaries should each make a report to the Commission concerning the transactions under the immediate executive control of each, the governor giving an account of the general conditions prevailing in the islands and of the work done by the bureaus reporting directly to him, and each of the secretaries giving an account of the work done by the bureaus included in his department. It has been thought wise for the Commission not to deal at length with the details of the transactions of the government during the past year, but only to refer to the general conditions and to certain subjects, the pressing importance of which may reasonably demand the attention of Congress at this session.

The insurrection as an organized attempt to subvert the authority of the United States in these islands is entirely at an end, and the whole Christian Filipino population, with the exception of a few thousand of persons who have settled in the Moro country in isolated towns, are enjoying civil government under the beneficent provisions of recent Congressional legislation concerning the Philippines. Much remains to be done in perfecting the civil government, in marshalling the forces of law and order against lawlessness and disturbances, and in teaching the people of the Philippine Islands not only that they have rights under the law, but also that they can not hope to enjoy such rights unless they acquire courage and independence sufficient to assert them against attempts by their fellow Filipinos to perpetuate the

system of "caciqueism," or, liberally translated, "bossism," by which they have heretofore been completely governed, and under which they have enjoyed very little of personal liberty.

Comparatively few of the Filipinos who have been heretofore interested in politics as insurrectos or otherwise have felt an interest in teaching the common people their individual rights in respect to personal liberty, property, or the pursuit of happiness. This work of instruction in individual rights will require many years before the country is rid of the feudal relation of dependence which so many of the common people now feel toward their wealthy or educated native leaders and of the ideas underlying this relation. It is in the existence of this relation that much of the difficulty in the labor problem in these islands finds its source. The laborers under the Spanish régime were accustomed to do their work at the bidding of some superior, not from a motive of earning wages, but in obedience to the order of one entitled to command; and there rests upon this government and upon the American Government the duty of teaching the Filipino laborers the independence and dignity of labor under a free government, before they may do their best work and contribute as much as they should contribute to the development of their country. The organization of labor into unions in Manila, while brought about by a crack-brained insurrecto agitator for political purposes only, will, we hope, lead to an organization that may have much to do with inculcating this lesson.

No great work of organizing a government and establishing new conditions has ever met with more obstacles than the one upon which the Philippine government is at present engaged. The six years of war to which these islands have been subjected have naturally created a class of restless men utterly lacking in habits of industry, taught to live and prey upon the country for their support by the confiscation of food and supplies as a war measure, and regarding the duties of a laborer as dull and impossible for one who has tasted the excitement of a guerrilla life. Even to the man anxious to return to agricultural pursuit the conditions existing present no temptation. By the war and by the rinderpest, chiefly the latter, the carabaos, or water buffaloes, have been reduced to 10 per cent of their former number. The chief food of the common people of these islands is rice, and the carabao is the indispensable instrument of the people in the cultivation of rice as they cultivate it, as it is also the chief means of transportation of the tobacco, hemp, and other crops. The loss of the carabaos has reduced the production of rice in the islands 75 per cent, and the 25 per cent remaining is in imminent danger from the locusts which, very destructive in the Visayan Islands last year, are this year sweeping over the rice fields of Luzon and threaten to destroy utterly the crops of those provinces of Luzon which may fairly be considered the granary of the Philippine Islands.

So short is the rice crop and so high has the price of rice become, estimated in the Mexican dollar—due both to the scarcity of rice and the fall of silver—that the Commission has deemed it necessary within the last few days to take the steps of purchasing 300,000 piculs (137½ pounds to the picul) of rice, to be sold at cost in provinces where the price of rice furnished through the ordinary commercial channels shall be exorbitant. The price of carabaos has risen from \$20 Mexican to \$200 Mexican apiece. The cholera, beginning in Manila in March of this year, has raged in the various provinces and has not yet disappeared. Vigorous measures were adopted to reduce its spread in the city of Manila and elsewhere, but it will probably claim in the archipelago 100,000 victims. It has greatly interfered with agriculture, and the sanitary restrictions, which were enforced with greater or less rigor throughout the islands have incommoded a people who do not sympathize with or understand their necessity. The suspicious timidity and superstition of these people were aroused by the ravages of cholera to the point of attributing the disease to poisonous powders dropped into wells by American soldiers for the purpose of destroying the entire populace, and the quarantine regulations were regarded by the more ignorant as a manifestation of hostility to the people by the American Government.

The Filipino people of the better class have received the passage of the Philippine act with great satisfaction. The provision for the legislative assembly has attracted much attention, and its passage has been interpreted as an earnest of the desire of the United States Government to test the governing capacity of the people and of the sincerity of its promises to extend to them self-government as rapidly as they shall show themselves fit for it. The extremists, of course, desire two popular legislative bodies instead of one, and others not so extreme are anxious that the legislative assembly shall be established immediately after the taking and publication of the census instead of two years thereafter. The Commission feels that it will be in a much better position to make recommendations upon the point of expediting the holding of the assembly after the census has been taken. The coming year, under the trying circumstances which now prevail, will show how much we may depend upon the conservative and law-abiding character of the controlling elements of the Filipino people.

The fluctuations in the value in gold of the Mexican dollar have borne heavily on the common people. Wages are in silver and they have not advanced with the cost of living, for the merchants and tradesmen much more readily make their prices respond to the fluctuations in the value of the Mexican dollar than do those dependent on wages and salaries for a living. The fluctuations in the value of silver have greatly interfered with business. The evils attendant on such fluctuations are fully set forth in the report of the secretary of finance

and justice. We urge with as much earnestness as possible the necessity for immediate action by Congress in establishing a gold standard, and we recommend the adoption of the plan which was recommended by the Commission in its last year's report. The theory that the only persons prejudiced by the fluctuations in silver values are the civil servants of the insular government is wholly unfounded. Their convenience is somewhat affected it is true, but the present system, by which the official rate is changed to meet the commercial rate every ten days, much reduces their losses from the fluctuation, and if the only inconvenience caused by the fall in silver was to them, we should not feel called upon in this report to recommend a change. It is the inconvenience and suffering and injustice done to the common people and to the merchants and to the conduct of business on safe principles that require us to speak with as much emphasis as we can command.

The business of those islands is much more affected by exchange on London and New York than by that on Hongkong, Singapore, and Shanghai. The importations are largely from Europe and America. The merchants of Manila are not alone in their complaints against the effect of the silver standard on business. Their brethren of Singapore and Hongkong and of all the ports of China complain bitterly of the impossibility of carrying on business on wise and conservative lines as long as the prices of articles are to be subjected to such violent fluctuations as have affected the value of Mexican dollars in the last year, and seek to avoid loss as much as possible by making contracts and doing business on a gold basis. The insular government of the Philippine Islands has itself lost \$950,000 in gold value during the last year from the fall of silver, changing the expected surplus into a deficit.

First. We respectfully urge that it is the duty of the American Government to secure to the Philippine people as stable a currency as that which is used by the people of the United States; and we are confident that this can be accomplished with a minimum of risk to the Treasury of the United States and the treasury of the Philippine Islands if the plan already recommended be adopted. A banking law with power to authorize the issue of paper currency on good security is very badly needed and should be included in any plan for relief of the monetary situation.

Second. We urge the reduction of the duties imposed on goods and merchandise imported into the United States from the Philippine Islands so as to make them not more than 25 per cent of the duties imposed by the Dingley law. The reduction of only 25 per cent, and the absurdly small effect of that reduction upon the trade between the islands and the United States, shown in the collection of little more than \$11,000 of duties in five months, demonstrates that if any benefit at all is to be conferred upon the Philippine Islands by such action, the percentage of reduction must be largely increased. We feel con-

fident that a reduction of 75 per cent will not result in a dumping upon the American market of either tobacco or other commodities so as perceptibly to affect that market; while, on the other hand, the ability to sell in the markets of the United States will be of the greatest encouragement to the woefully depressed agriculture of the Philippine Islands, under the conditions which we have described. The reduction of 25 per cent, instead of being an aid to us in winning the good will of the Philippine people, if it is not followed now by further reductions, will lead them to believe that we are merely going through the form of a concession, which amounts in fact to no concession at all; that the United States is merely "keeping the word of promise to the ear and breaking it to the hope."

We think that a 50 per cent reduction will not give any substantial relief, and that nothing short of 75 per cent will accomplish a useful purpose. It is a mistake to suppose that the severance of these islands from Spain has made no difference in the markets to which their tobacco and sugar growers may look. On the contrary, with the separation from Spain, the sugar and tobacco growers have been deprived of markets which were of great assistance to them, and it seems only fair and just that the United States should substitute its own markets for the Spanish markets.

Third. Another matter which we desire to call to your attention, and through you, if it meets with your approval, to that of Congress, is the burdensome restrictions upon the investment of capital in lands and in mines in these islands. As the Government owns 65,000,000 of acres out of 70,000,000 in the archipelago, there is substantially no danger that the ownership of land here can be centered in a few individuals or corporations if the amount owned by any one individual owner or corporation is limited by law to 20,000 or 25,000 acres. The government of the islands is land poor, and the sale of land to individuals and corporations who will come in and invest their money in improving it is the greatest boon that could happen, not only to the Government, but to the people themselves. The requirements that no corporation shall own more than 2,500 acres stops absolutely the investment of new capital in the sugar industry and in the tobacco industry. It takes away any hope of bringing prosperity to these islands by the extending of the acreage in the cultivation of these two important products of the archipelago. It very much interferes with the investment of capital in railroad enterprises, because they are naturally connected with the possibilities of transportation of sugar and tobacco from the interior to seaports. It is not too much to say that there will be found in the long run to be no greater obstacle to the permanent improvement of economic conditions here than the present restrictions upon the amount of land that can be held by a corporation or individual. If an absolute sale of such large amounts to one cor-

poration as 25,000 acres is objected to, then it would greatly aid in securing the investment of capital if leases of 30,000 acres for fifty, sixty, or seventy years could be granted to a corporation or individual.

There are also strong reasons for urging that the requirement that no person shall own an interest in two mining claims should be repealed. It will paralyze all enterprise and take away from prospecting capitalists all interest in the mineral wealth to be found here, unless some method of evading the restriction can be devised. The demoralizing effect upon a whole community of the nonenforcement or evasion of unwise laws need not be dwelt upon.

Fourth. We desire to urge that all the bonds authorized to be issued by the Philippine government, for internal improvements or otherwise, shall be made free from State, county, and municipal taxes in the United States. The government which is being carried on here is an experiment by the United States in a new field, and taxes upon the bonds which are issued to carry on the work of improvement here are an interference with this work and with an important agency of the United States. Congress has not deemed it proper to guarantee the payment of the bonds, which would have much reduced the interest to be paid on them, but if it will give to the bonds the exemption from taxation above mentioned, the insular government will be able to float them at a reasonable rate. This exemption has been provided for the bonds to be issued in the purchase of the friars' lands; and we can not see why any distinction should be made between those bonds and bonds issued by the Philippine government for other reforms and improvements in the islands.

It will be found, should we be obliged to issue bonds subject to State, county, and municipal taxes, that not one dollar of value will probably be added to the personal property actually taxed in any State by reason of declared ownership of such bonds; and therefore by giving such exemption as we ask not one dollar will be withdrawn from the taxable property in a State, county, or municipality in the United States. With such exemption, however, administrators, trustees, and public corporations like banks, trust companies, and loan companies, whose investments are continually subject to the examination of the public assessor, will be able to invest and hold the bonds free of taxation, and will make a market for them which will insure their sale at a reasonably low rate of interest.

The questions growing out of the friars' lands, and of the former relations of the Roman Catholic Church to the government of these islands under the Spanish régime, which were made the subject of negotiation on the visit of the civil governor to Rome between him and the head of the Catholic Church, having been referred for further discussion and possible solution to conferences between the apostolic delegate of the Pope and the civil governor in Manila, are to be taken

up during the coming winter. The civil governor has been advised by a letter from Archbishop Giambattista Guidi of his appointment as apostolic delegate and of his intention to visit the Philippine Islands. He will arrive in Manila about the 20th of November, and soon after that date the negotiations will be begun.

The Commission does not concur in the view that it would be wise to admit Chinese unskilled labor into these islands. The objections to such a policy are sufficiently set forth in the report of the civil governor to the Commission, and do not require further elaboration. The Commission does not concur in the view that there will not be a good supply of labor from the Filipino people. It believes that as conditions become more settled, as the Filipino labor is better organized, as the Filipino people are taught the independence and dignity of labor, the supply and efficiency of the Filipino laborers will become much more satisfactory than they are to-day. The Commission is of opinion, however, that there are not sufficient skilled laborers among the Filipinos to meet the emergencies in the constructions immediately necessary for the development of the islands. It believes that shipyards and other industrial enterprises would be established here were there a supply of skilled labor. Even if it were more expensive than the labor of the United States, these islands might successfully supply domestic needs in shipbuilding. This relief thus recommended need only be temporary. The introduction of a limited number fixed by Congress of skilled laborers, under bond by their future employers that they should be returned to China in five years, and that while here a Filipino apprentice should be employed for every Chinaman admitted and employed, would secure after five years a sufficient number of skilled laborers among the Filipinos not to require further Chinese assistance. We think that the details of such restrictions might safely be left to the Commission, and that the Commission might be authorized to impose a small head tax, not exceeding \$50, on each Chinaman so admitted, to reimburse the government for the expenses of supervision and enforcement of the restrictions.

We respectfully urge, therefore:

1. The establishment of a gold standard in these islands upon the plan recommended by the Commission in its report of last year, and of banking corporation empowered to issue circulating bank notes under proper safeguards.

2. The reduction of at least 75 per cent of the Dingley rates of duties upon goods imported into the United States from the Philippine Islands.

3. An amendment of the Philippine act so that the limit upon lands which may be sold to or held by individuals or corporations from the public domain shall be increased from 1,024 hectares to 25,000 acres or, in the alternative, so that the government shall be given the power

to lease for sixty years upon competitive bidding tracts from the public land aggregating in any individual or corporate lessee not more than 30,000 acres.

4. That the Philippine act be amended by repealing the limitation which forbids an individual or corporation from holding an interest in more than one mining claim.

5. That all bonds issued by the insular government under the authority of the Philippine act shall be free from State, county, and municipal taxation in the United States.

6. That an amendment be made to the Chinese-exclusion act giving power to the Government by law to admit a fixed and limited number of Chinamen into the Philippine Islands, who are certified to be skilled laborers, on the bond of the employer that for every Chinese skilled laborer employed he will employ a Filipino apprentice, and that he will return the Chinese skilled laborer thus introduced within five years after his admission to the country, and that he shall pay a head tax of not exceeding \$50 for each Chinaman so admitted, to the insular government, to meet the expenses incident to the enforcement of these restrictions.

We beg to submit herewith the reports of the civil governor and of the heads of the four departments, together with the laws of the Commission passed since its last report, for transmission to Congress in accordance with law.

Very respectfully,

WM. H. TAFT, *Chairman.*
 DEAN C. WORCESTER.
 HENRY C. IDE,
 Per W. H. T.
 BERNARD MOSES.
 T. H. PARDO DE TAVERA.
 B. LEGARDA.

The SECRETARY OF WAR,
Washington, D. C.

NOTE.—Commissioners Luke E. Wright and José R. de Luzuriago, being absent from Manila, do not join in this report.

REPORT OF THE CIVIL GOVERNOR.

MANILA, *November 1, 1902.*

GENTLEMEN: I have the honor to submit a report to you on the general conditions in the islands and in respect to the bureaus which by law are under my direct supervision, as well as those which are in the department of commerce and police, and which, in the absence on leave of Vice-Governor Wright, the secretary of commerce and police, are temporarily also under my supervision. The report of the Commission of last year upon the subjects treated in this report covered a period ending the 15th of October, 1901, and this report will, unless otherwise specified, cover the year ending the 1st of October, 1902.

GENERAL CONDITIONS.

When our last report was submitted there was insurrection in the province of Batangas, where the insurgent forces were commanded by General Malvar, and in the adjacent provinces of Tayabas and Laguna; in the province of Samar, where the insurgent forces were commanded by General Lukban; in Cebu, where the insurgent forces were under the insurgent leaders Climaco and Maxilon; in Bohol, where the insurgent forces were commanded by the insurgent leader Samson; and in the island of Mindoro. Vigorous campaigns were begun in November and December by General Bell, in Batangas, Laguna, Tayabas, and Mindoro, by General Smith in Samar, and by General Hughes in Cebu and Bohol. In November and December the insurgents in Cebu and Bohol surrendered, and conditions of peace were so completely established that the Commission soon after received the province of Cebu from the military authorities, and by act numbered 322, passed December 20, 1901, restored the civil government in that province to take effect January 1, 1902; in Bohol the province was delivered over to the Commission early in 1902, and the Commission, by act of March 3, 1902, restored civil government there to take effect April 1, 1902. General Lukban, in Samar, was captured in February, 1902, and the entire force of insurgents in that island under General Guevara surrendered in April following.

By an act passed June 17, 1902, No. 419, the Commission organized the province of Samar, and established civil government there. In April of 1902, General Malvar surrendered with all his forces in Batangas, and by act passed June 23, 1902, the Commission restored civil government to that province to take effect July 4, 1902. By act No. 424, enacted July 1, 1902, the province of Laguna was organized into a civil government. This completed the organization of all the provinces in which insurrection had been rife during the latter part of 1901, except Mindoro. There were, in addition, certain tracts of territory occupied by Christian Filipinos that had not received civil government, either because of the remoteness of the territory or the scarcity of population. By act No. 337 the province of Nueva Viscaya was, on January 28, 1902, given a civil government. This province is situated in the northern center of Luzon, at the headwaters of the Cagayan River. It is quite mountainous, has about 60,000 non-Christian inhabitants and about 16,000 Christian Filipinos. It has a delightful climate, and in the valleys there is great richness. The fruits and vegetables of the temperate zone grow quite luxuriantly there.

On May 28, 1902, the Commission organized the province of Lepanto-Bontoc, also a mountainous province in the north-central part of Luzon occupied wholly by Igorrotes, and for which the same kind of a government as that of the province of Benguet was established by act No. 410. The districts of Infanta and Principe and the island of Polillo are on the east coast of Luzon, with very few towns, very sparsely settled, and at remote distances from Manila. It seemed wisest to include them in the province of Tayabas, which reaches from the China Sea on one side across to the Pacific on the other, and which has the towns of Mauban and Antimonan on the Pacific coast. These are the towns which the people of Infanta and Principe and Polillo look to as their bases of supplies when they buy anything, and as the places where they sell what they have to sell. By act No. 417, therefore, passed June 12, 1902, these three districts were included in the province of Tayabas.

The province of Paragua, including the north half of the island of Paragua and the Cuyos and Calamianes groups of small islands to the eastward, were embraced in a province known as the province of Paragua by an act passed June 23, 1902, numbered 422. The island of Mindoro, in which early in the year all the insurgents had been captured or had surrendered, was by act of June 23, 1902, act No. 423, incorporated with the island of Marinduque in the province of the latter name. In this way all the territory occupied by the Christian Filipinos, except a small district of Dapitan, the town of Zamboanga, the town of Cottabato, and the town of Davao, all in the island of Mindanao, was brought under civil government. In respect to the

last-named district and isolated towns, which are so widely separated, and which have so small a population as to make their organization into a province under the provincial law impossible, the Commission has taken no definite steps except to organize the Filipinos of Zamboanga into a municipal corporation under the municipal code. They are generally under the control of the military commander of the Seventh Separate Brigade, which includes Mindanao, and can only be provided for in a comprehensive law for a civil or civil-military government of Mindanao.

The question what shall be done with respect to Mindanao is one which has not been definitely decided, first, because so much has had to be done with respect to the northern and Filipino provinces, and, second, because at present there is an unsettled condition in the Lake Lanao country. The hostility to the Americans does not reach beyond the Lake Lanao Moros. The Moros of the Jolo group, of Zamboanga, and of the Rio Grande de Mindanao Valley are all quiet, and all entirely willing to submit to American supervision. It is very possible that an arrangement can be brought about by which the Sultan of Jolo can be induced to part with such rights as he claims to have in the Jolo Archipelago, and that in this way questions which now present very perplexing difficulties with respect to ownership of privileges, rights, and lands may be obviated. The reports of General Davis, which are included in General Chaffee's annual report, are full of most interesting information, and must be carefully considered before a permanent arrangement shall be made for the administration of that part of the Philippine Archipelago. Meantime, I think it is wiser on the part of the Commission to postpone the consideration of the Moro question until we have passed legislation to meet needs that are more pressing throughout the northern part of these possessions of the United States. For a great many years to come there will be no question of popular government in the Moro country; the Moros do not understand popular government, do not desire it, and are entirely content with the control by their dattos. Possibly far in the future the control by dattos will cease. There is room for material and industrial development among the Moros, and with their material improvement may come a change in their political views. For the present, however, it is necessary only to provide a paternal, strong, but sympathetic government for these followers of Mohammed.

GENERAL CONDITIONS OF THE FILIPINO PROVINCES.

The civil government has assumed responsibility for the preservation of order and the maintenance of law throughout the Christian Filipino territory of this archipelago at a time when the material conditions are most discouraging and present every conceivable obstacle

to the successful administration of the affairs of 6,000,000 or 7,000,000 people. The war of six years since 1896 has greatly interfered with the regular pursuit of agriculture, which is almost the only source of wealth in the islands. Many years ago there was sufficient rice raised in the islands not only to feed the people but to export it to other countries. For a number of years before the American occupancy rice had been imported. The area of cultivation of the rice has been much lessened during the war and many fields which were formerly tilled are grown now with the cogon grass because of neglect.

The greatest blow to agriculture has been the loss of the carabao or water buffalo, upon which the cultivation of rice, according to the mode pursued in these islands, is wholly dependent. The war in some degree, and the rinderpest in a much larger degree, have destroyed about 90 per cent of the carabaos; and the natives—never very active in helping themselves—have simply neglected the rice culture, so that now these islands are compelled to spend about \$15,000,000 gold to buy food upon which to live. The carabao is not so necessary in the cultivation of the sugar crop or in the cultivation of hemp. With respect to those two crops it is used chiefly for transportation, but in the case of the rice the cultivation is wholly dependent upon it. The rice crop in China and Saigon has suffered from the drought, and the price of rice is higher than usual throughout the Orient. In the Philippines it has risen from \$4 per picul of 137½ pounds to \$7 a picul, which is the present market price expressed in Mexican dollars. Part of this is due, of course, to the depreciation in silver, but the effect upon the natives, who have only silver, is just as disastrous as if it were due to some other cause. In addition to the loss of the carabaos, which has reduced the acreage of rice by 75 per cent below the normal, the locusts for the last two years have been very destructive upon the short crops which are raised. The native ponies which, while not strong enough to supply the place of the carabaos in plowing, are much used by the natives for transportation, have suffered severely both from the war and from the glanders and a disease which in India is called the "surra."

The cholera has swept over these islands with fatal effect, so that the total loss will probably reach 100,000 deaths. Whole villages have been depopulated and the necessary sanitary restrictions to avoid its spread have interfered with agriculture, with intercommunication, and with all business. The ravages of war have left many destitute, and a guerrilla life has taken away from many all habits of industry. With no means of carrying on agriculture, which is the only occupation of these islands, the temptation to the less responsible of the former insurgents after surrender to prey upon their neighbors and live by robbery and rapine has been very great. The bane of Philippine civilization in the past was ladrones, and the present conditions

are most favorable for its growth and maintenance. Ladronism was in the Spanish days more prevalent in the Tagalog provinces of Bulacan, Nueva Ecija, Zambales, Rizal, or old Manila, Cavite, Batangas, Tayabas, and Mindoro, than in any other part of the archipelago. Cavite was famous as "the mother of ladrones." Many who were proscribed for political offenses in the Spanish times had no refuge but the mountains, and being in the mountains conducted a free robber life, and about them gathered legions not unlike those of the Robin Hood days of England, so that they attracted frequently the sympathy of the common people. In the Spanish days it was common for the large estate owners, including the friars, to pay tribute to neighboring ladrones. Every Tagalog province had its band of ladrones, and frequently each town had its recognized ladrone whom it protected and through whom it negotiated for immunity.

The high price of carabaos and of ponies produced by the scarcity has made ladronism a lucrative business. Both the ponies and the carabaos bear the indicia of ownership in the brands which are burned into their skins. The ladrones are exceedingly skillful in changing and altering the brands and even in changing the form of the horns of the carabaos, so that they are able to steal carabaos in Batangas, run them over into Cavite, change their marks and appearance, and then sell them in Manila without any great fear of detection or identification.

The warfare in Batangas was so thorough in its methods that the ladrones of that province were exterminated. In the province of Laguna the ladrones were driven out both by the Americans and the insurgents, General Cailles, of the insurgent army, executing many of them by military order; but Cavite has never been rid of them. In that province the ladrone leaders were given commissions in the insurgent army, and when the insurgents surrendered, they returned to their former profession. The same thing is true of Bulacan and of the mountainous district of Zambales. Ladronism has also been always found in the mountainous districts of the province of Rizal and in the towns of Caloocan and Malabon, a few miles north of Manila. Through these towns the ladrones have been in the habit of coming into the city of Manila whenever pursuit was hot and of remaining in concealment until the danger had passed. It is not certain whether in the present depressed state of agriculture, with the temptations to ladronism, that the constabulary will be able without the aid of the military to stamp it out. Were there any attractions to agriculture, were there prosperous conditions in the country, it would not be a troublesome matter to deal with; but when want and famine are staring people in the face the life of the freebooter offers to the desperate and the weak a very great attraction.

The natural discontent with the government when suffering is at hand, promoted as it has been by the cholera restrictions and the high

prices of rice and other commodities which have been greatly enhanced by the depreciation of silver, might well have caused a new breaking out of the insurrection; and, in my judgment, it speaks wonders for the ease with which this country may be governed in normal times, that we have had comparatively so little disorder since the surrender of the insurgent arms in April. Civil government was completely established in the Filipino provinces throughout the archipelago in July of this year, and since that time an American soldier has not been called upon once to discharge his weapon. The country has been policed by the constabulary, a force of some 5,000 or 6,000 men. It may be that as the conditions grow worse—for they are likely to do so before they grow better—it will be necessary in a province like Cavite, where ladronism seems inbred in the people, to proclaim martial law and even to call in the military finally to suppress it; but it is still hoped that this may be avoided. There are two provinces in the southern islands that are also badly infected with ladronism—one the province of Iloilo, where, however, the constabulary are rapidly stamping it out, and the province of Negros, where all the mountaineers have ever been ladrones. They have been much diminished in number and have received some severe lessons, but it will be a work of patience and time before they can be wholly suppressed. The ladrones of Iloilo are an organized band of cattle thieves, for all the cattle that they can steal they can sell at good prices in Negros, and some presidentes of towns are not above receiving profits from this business.

The failure of a crop for a year may entail great hardship and bring about a famine, but the coming year generally restores a normal condition of prosperity. Such, however, is not the present case in these islands. The loss of the carabaos can not be remedied in a year, and unless the greatest efforts are made either to replace these animals from other countries or to substitute methods of agriculture which shall prevent their being indispensable hereafter, the future for several years offers a gloomy outlook. I have instituted inquiries to learn the possibility of importing carabaos. It has not been possible to do this until the present time, because the previous importations of carabaos made within the last five months resulted only in the death of the animals brought here. The fields of the country are infected with the rinderpest, and animals turned into them have caught the disease and quickly died. The secretary of the interior advises me that the bureau of laboratories have succeeded in the production of a serum which will immunize 98 per cent of the cattle upon which it is used from the rinderpest for several years. This serum will be used upon several hundred cattle to determine whether it is really efficacious, and if it turns out to be so I shall call upon the Commission for authority to purchase as many thousands of cattle as possible, to distribute them among the provinces and to sell them there at cost. Meantime it is

hoped that other agricultural methods will be taught to the people and the use of modern machinery made feasible. The experiments in Batangas, to which the secretary of the interior refers in his reports, are full of interest and instruction upon this point, but it is not necessary for me to dwell upon them.

The insurrection is over. It is true that the ladrones, though they live on nothing but cattle and rice stealing, and never attack American soldiers, and prey only upon their own people, do masquerade as *insurrectos*; but they recognize no authority and have no characteristics other than those of *banditti*. They have stirred up in some of the provinces the organization of so-called secret societies for the purpose of securing agencies with which successfully to conduct their robbery and to sell the fruits of it. In other parts of the country, notably in Tayabas and in Samar, the restlessness succeeding the war, and the poverty and difficulty of living, have induced many of the ignorant and superstitious people to withdraw to the mountains, under the leadership of leaders who profess to have divine attributes and to have the assistance of God in the protection of their followers. The people thus drawn out become religious fanatics and robbers at the same time. Such a band was that of Rios in Tayabas, and its history is typical. Rios was the captain of an insurgent company under Colonel Zurbano, who commanded in Tayabas, and was one of the officers of General Cailles. Rios was a blacksmith, or blacksmith's assistant, entirely illiterate. Having committed a murder, and fearing punishment for it, after his surrender he went to the mountains, and was there able to summon a few people to his assistance. He gave it out that he would go to heaven, and returned and came down out of a tree in the presence of a large number of his followers bearing with him a box which he said if they assisted him he would open and confer on them what was contained in it—*independence*. He organized a town or two and preyed on all the other towns in the mountainous parts of Tayabas, and became such a nuisance that the larger towns formed companies of volunteers, and they, with the assistance of the constabulary, so harried his followers that most of them are now dispersed and surrendered; and he is in hiding with only one or two persons.

The picture that I have given of the depressed condition of agriculture, and the tendency to *ladronise* in the Tagalog provinces and in some of the Visayan provinces, does not apply to those provinces in which hemp is the chief product. They are wealthy and prosperous, and while their food costs them more than it used to, they have money enough with which to make improvements, and schoolhouses are being built, roads are being constructed, machinery—agricultural and of other kinds—is being introduced, and there is every evidence of a decided forward movement. This is especially true of the province of

Albay, which is the largest hemp-producing province in the islands. Throughout the rice and Tagalog provinces, however, we must expect disturbances from time to time from ladrones and their assistants, the Katipunan societies. In the northern provinces of Luzon, in Ilocos Norte and Sur and Union, and in Cagayan and Isabela, conditions are much less disturbed by ladrones. The provinces depend more on the tobacco and corn crop than they do on the rice crop, and the Ilocanos and others who live in the provinces were not in the past so much given to ladronism. On the whole, however, there is before us a year of the hardest kind of work relieving the people from the hardship and suffering that are likely to follow the failure of the rice crop, and in suppressing ladronism and other disturbances due to economic distress.

The wealth of these islands must always be in their agricultural products, and when more than three-fourths of their chief food crop is wanting, it is to be expected that the market for the sale of goods from foreign countries will not improve. In the face of these most distressing conditions, however, the importations into the islands for October, 1902, were greater than ever before in their history for one month. It has been suggested that this growth in importations is due chiefly to an increase in rice, but the statistics when examined do not bear out this interpretation of the facts. The rice imported in October of last year was about 20 per cent of the total imports. The rice imported for the same months of this year is not more than 18 per cent of the total imports. The figures show that for the year ending June 30, 1902, the imports, exclusive of quartermasters' stores, of all goods were \$41,000,000, while the exports were about \$27,000,000. While \$1,100,000 of this is explained by the greater importation of rice, the remainder can only be explained by the additional investment of capital in business, in equipment, and in construction. In the fiscal year 1900 the excess of imports over exports was \$1,130,305; in the fiscal year 1901 it was \$6,257,321, and in the fiscal year 1902 it was \$13,896,477. Capital has seemed, because no very large enterprises have been undertaken, to be timid in coming here, but in fact it has come in a small way in various branches of business, so that the aggregate is very considerable.

The explanation of the greater amount of imports over exports from the islands is not to be found chiefly in the fact that much money has been brought here from America through the army and its payments. Doubtless that has something to do with it, but this cause was necessarily much more effective in the year ending June 30, 1901, than it was in the year ending June 30, 1902, because the army in the islands was being rapidly reduced in size during the year and the expenditures were considerably less in that year than in the previous year; and yet the imports increased nearly 35 per cent in the year 1902, and the total business of the islands increased from \$59,000,000 in the fiscal year

1901 to \$69,000,000 in the year 1902. Of course the change in tariff increased the amount of importations. That was its purpose, but it does not diminish the importance of the fact that business and the investment of capital have shown a steady increase. That they would have shown a much larger increase had agricultural conditions been only ordinarily favorable goes without saying. For the current year, I think we may anticipate a considerable reduction in imports and revenue. Such, at least, is the opinion of competent brokers, merchants, and importers. The prostration of agriculture is too great. The savings of the people will be expended in buying food.

Among other ills from which this country is suffering is that of the fluctuating currency. The evils of this have been dwelt upon in the report of the secretary of finance and justice and need no emphasis from me. I may be permitted to say, however, that the depreciation in silver has greatly increased the apparent cost of living to the very poor, and has added much to the causes for their discontent with present economic conditions. With all these woes which have come to this country, the Filipino people look to the American nation for the very great aid which will be furnished them in a better market for their products of sugar and tobacco by reducing the Dingley rates to not more than 25 per cent thereof and by giving the islands a stable gold-standard currency.

THE LABOR QUESTION.

The complaint of the American and foreign merchants in these islands that the labor to be had here is altogether inadequate has become acute, and the chambers of commerce representing the American, Spanish, English, German, and other foreign interests, have sent a representative to the United States to invite an amendment to the present Congressional legislation which extends the Chinese exclusion act applicable to the United States to these islands, on the ground that it is necessary to admit Chinese for the business development of this country. On the other hand, it is quite apparent from the declarations of the Federal party and other political organizations in the Philippines, and from the vigorous manifesto of the only labor organization in the islands, that there will be much opposition on the part of the Filipino people to the further admission of the Chinese. That this opposition has been chiefly due to the competition which the Chinese have offered in the matter of stores and trading is obvious to anyone who has looked into the question; but it would be unwise to infer from that that the introduction of Chinese as laborers here would not be a very unpopular policy on the part of the Government.

The Chinese laborer becomes a merchant within a year or two after he reaches these islands, and then begins a competition with the Filipino tradesman which in the end drives the Filipino out of business.

Were there unlimited Chinese immigration into these islands, I do not doubt that the tendency would be to relegate the Filipino to the position which the Malay occupies in the Straits Settlements. Most of the avenues of business would be commanded by the Chinamen, as they now are in Singapore and the Straits Settlements, and the islands would ultimately become rather a Chinese country than a Filipino country. It is doubtless true that were the doors opened and the Chinamen allowed to come in freely, it would tend toward a much more rapid commercial and industrial development of these islands than we are now likely to have; but in this respect I think the merchants and others interested would be disappointed in the trend which affairs would take. It has not been possible in Borneo to introduce the Chinaman into the fields; he has declined to become a farmer or a farm laborer in that island, and as the conditions are very similar to those which prevail here, we may expect the same result. There are to-day, although there may be 100,000 Chinemen in the islands, but very few engaged either in farming or in laboring upon farms. The attention of the Chinaman is given either to coolie labor or skilled labor in cities or to the tending of stores and to commercial business. It is quite possible that the admission of Chinamen would reduce the wages of the stevedores, of the domestic servants and of coolies in the cities, but there is grave reason for doubting how efficient the Chinaman may be in the carrying on of farming operations.

During the year 1902 there has been a movement for the organization of labor in the city of Manila, which doubtless will spread to other parts of the islands. It has been regarded, because of abuses which crept in, as an unmixed evil. I can not think it to be so. If properly directed, it may greatly assist what is absolutely necessary here—to wit, the organization of labor and the giving to the laboring class a sense of the dignity of labor and of their independence. The labor organization in the city of Manila is very much opposed to the introduction of Chinese labor, and their declarations upon this point will find ready acquiescence in the minds of all Filipinos with but few exceptions. The truth is that from a political standpoint the unlimited introduction of the Chinese into these islands would be a great mistake. I believe the objection on the part of the Filipinos to such a course to be entirely logical and justified. The development of these islands by Chinamen would be at the expense of the Filipino people, and they may very well resent such a suggestion. The merchants and others who wish to invest here must take into consideration that labor is always likely for some time to be more expensive in these islands than it is in the United States per unit or product of labor.

Another phase of the labor question which does not seem to have had its proper weight with the merchants of Manila in their demand for the admission of Chinese coolies, is the great obstacle which such a

policy would present to the opening by the United States of its markets to Philippine products. The existence of cheap Chinese labor in these islands would furnish the strongest and most taking argument to those whose interests lead to their opposition to the reduction of the tariff, that the reduction would bring American labor and its products into direct competition with cheap Chinese labor and its products in these islands.

The evidence with respect to the efficiency and quantity of Filipino labor is quite conflicting. I append as exhibits (F 1 and F 2) to my report the reports of Major Aleshire and Captain Butt, in the quartermaster's department of the United States Army, who have had large numbers of Filipino laborers under their control and who have been quite successful in making them useful. I append also the report of the municipal board, and report of the city engineer of Manila, who has employed a great many Filipinos constantly, and whose evidence, generally, supports that of Major Aleshire and Captain Butt. I append also, marked "Exhibit F," the last report of the engineer upon the Benguet road, which shows very great discouragement in the use of Filipinos for the construction of public works in the country. I ought to add on the other hand that the manager of the Manila and Dagupan Railway Company has informed me that his road was constructed by Filipino laborers almost entirely, except that at one time they brought in quite a number of Chinese for the construction of bridges and the working upon the piers. The Chinese did not prove to be satisfactory, and Filipino laborers had to be substituted. On the other hand, the merchants of Manila claim that they find it very difficult to secure satisfactory labor or constant labor, and that the rates of wages are absurdly high. It is to be taken into consideration that these comparisons of wages and labor are made as to the efficiency with American labor, and as to reasonableness of price with the very low wages paid to Chinamen in Hongkong. Everything is high in Manila. The cost of living is very high, and it is not surprising that the cost of labor should have risen. The very great increase in the foreign commerce and coastwise trade in these islands, together with the needs of the army and the insular government, has caused a corresponding increase in the demand for all kinds of labor in and about commerce, so that the increase in wages and failure of the local labor supply are easily understood.

I do not think it would be just to the Filipinos, or a proper course for America in the development of this country, to do more than to extend to the Commission the power to admit, upon reasonable restrictions, a certain limited number of skilled Chinese laborers, who may contribute to the construction of buildings and the making of other improvements, and who at the same time by their labor may communicate to Filipino apprentices the skill which the Filipinos so easily

acquire. Such skilled laborers might be admitted under bond of their employers that they shall be returned to China at the end of three or five years, the bond containing a provision also that for every Chinaman imported and employed a Filipino apprentice should be employed. Further than this it seems to me that it would be unwise to go. But such a provision would probably bring about the establishment of shipyards here and other enterprises that now are impossible in the Philippines because the proper skilled labor is not to be had.

I am myself by no means convinced that Filipino labor may not be rendered quite useful. The conditions of war and of disturbance throughout the islands for six years have led the men to form loafing and gambling habits and have interfered with their regular life of industry. Where such restlessness prevails industry is apt to be absent. The Filipino laborers must be given three or four years before an intelligent and just verdict can be pronounced upon their capacity for effective labor. I am confident that it will be greatly better than the suffering merchants of Manila anticipate.

A just view of the future of labor in these islands can not be taken without considering the dependent condition of the Filipino laborers in Spanish times. Much of the labor was then forced, and there was not a single circumstance that gave dignity to it. The transition from such conditions to one where the only motive is gain must necessarily be attended with difficulty; but when the laborer shall come to appreciate his independence, when he shall know that his labor is not to be a badge of peonage and slavery, when American influences shall make him understand the dignity and importance attaching to labor under a free government, we may expect a great change for the better in the supply and character of labor.

THE FRIARS' LANDS.

On my return to the United States I was directed by the President and the Secretary of War to visit Rome and confer with the Pope on the subject of the purchase of the friars' lands in these islands, and the possible withdrawal, at the instance of the Pope, of the Spanish friars from the Philippines. The result of those deliberations is contained in the correspondence between Cardinal Rampolla, the papal secretary of state, and myself. I have submitted that correspondence unofficially to the members of the Commission, but as it has already been forwarded to the Secretary of War, and should be made public, if at all, by either the Secretary of War or the President in his communications to Congress, I do not feel justified in inclosing it as an exhibit to this report, and have only to say concerning the visit to Rome and the negotiations there that I believe they will tend to bring about a much earlier and a much more satisfactory solution of the difficult

questions at issue between the Roman Catholic Church and the Government of the United States in these islands than if the visit had not been made and the conference had not been had.

OFFICE OF THE EXECUTIVE SECRETARY.

The executive secretary presides over that office, which by the terms of the law was designed to relieve the governor from the routine executive work. It has been found possible to do almost all the clerical work of the four departments, as well as the governor's office, through the executive secretary and his subordinates.

Mention has already been made in a previous Commission report of the excellence of the work of Mr. Fergusson, the executive secretary, especially in his marvelous power of interpreting to and from English and from and to Spanish during the trip of the Commission through the provinces to organize them. Mr. Fergusson is now in the United States on leave and his place has been taken by the assistant executive secretary, Mr. Beekman Winthrop. I can not speak too highly of the excellence of Mr. Winthrop's work. The intense interest that he takes in the dispatch of business, the amount of responsibility that he saves the civil governor and the heads of the departments, form a reason for constant congratulation; and the work which he has done in the preparation of the very detailed appropriation bills is worthy of the highest commendation, and entitles him to the unqualified approval and gratitude of the hard-working members of the Commission.

It has been suggested by Mr. Winthrop that it will be possible in the near future to unite in the office of the executive secretary the clerical work and the translating, which has now to be done in the office of the Philippine Commission. As the executive secretary's office and the Philippine Commission office are in the same building, this may prove to be not only a practical but an economical suggestion. No one but one familiar with the work of the two offices can realize what the burden of clerical work and of translation and interpretation is in the conduct of the business of the Government.

The functions and operations of the executive secretary's office are admirably set forth in the report of Mr. Beekman Winthrop, which is here appended, marked "Exhibit A."

PROVINCIAL GOVERNMENTS.

Conditions changed so rapidly during the last year in the provinces that the statement made in the annual reports of the governors in January, 1902, gives hardly a fair picture of their conditions at present. It would seem wise to change the time for the annual report of the governors from January to September. Many of these annual reports filed in January, 1902, are included in the evidence taken by the Sen-

ate Committee on the Philippines, but as the reports were made subsequent to the last report of the Commission, it seems proper to include them as exhibits to this report, and they are hereto attached as "Exhibit B."

The provincial governments have upon the whole worked well. Their financial condition is very fully set forth in the report of the secretary of finance and justice, and even more in detail in the report of the auditor, which is made an exhibit of the secretary's report. A sufficient surplus over the current expenditures of the government has not been accumulated in many of the provinces to make substantial improvements in the roads and bridges, and it is very possible that contributions from the insular treasury will be necessary to bring this about.

The land tax has not added greatly to the income of the provinces, and was not expected to do so, because the limit of per cent of the tax was made so low. Under no circumstances is the provincial board, or are the municipal councils together, able to tax any land in the provinces, in the aggregate, more than seven-eighths of 1 per cent of its value. The assessment of the land tax has been made generally through the islands. As might have been expected in the introduction of a new system of taxation, the assessments have been quite defective. Local officials have permitted their friendships and enmities to influence in an absurdly grotesque way their assessment of property, and the persons injured, not being sufficiently advised of the time limited for appeal, have failed to appeal within the required period, and lost their rights thereunder. It will be very necessary, therefore, to give everyone an opportunity to have the assessment reviewed; but it has been a great step to have the assessment taken, and it is not at all impossible to remedy much of the injustice which has been done, by additional curative legislation.

In some of the provinces there is considerable complaint against the land tax, and we find it chiefly in those provinces where there are extensive landowners, who never have been used to paying any tax upon their lands at all and who seize upon the present discontent with reference to agricultural conditions to raise a cry against the land tax with the hope that the system may be wholly abolished. In some cases the provinces, which are evidently in bad condition, have been relieved from the land tax for one year. This has been the case in Batangas and Samar. It is possible that the conditions of agriculture are so very bad in many of the provinces that similar relief will have to be granted for the coming year. But that a land tax, as a system, must be continued in this country, if the provinces are ever to be efficient governments, is certain.

There has been great difficulty in filling the offices of supervisors in the provinces. The salaries are not such that we can secure the serv-

ices of any but the younger engineers, and when they find that the resources of the provinces are not such as to justify large improvements they frequently lack energy and do nothing. This is partly accounted for by the fact that heretofore they have had no central supervision, as the treasurers and provincial fiscals have. I am clear that the work of the supervisors will be greatly improved if they are put under the chief of the bureau of engineering and construction and a particular assistant of that officer is charged with the duty of visiting the provinces and supervising their work. The system of supervision by the insular treasurer over the provincial treasurers and of the promotions which he has secured for those who have done their work well has made the provincial treasurers a very efficient body of men. They have very heavy labors, and these labors are discharged generally in a satisfactory way. A similar result can doubtless be brought about in respect to the supervisors. The fiscals have been put under the supervision of the assistant attorney-general and supervisor of fiscals. The poor ones are being weeded out and the provincial governments strengthened.

The native governors on the whole have proven to be quite satisfactory. They take great pride in their provinces, and with the exception of two or three who seem to be listless and fearful of making enemies, they are exerting all their influence, which is very great among the people, to industry and law-abiding habits. It will probably be necessary to remove two or three governors in whose provinces there is too great looseness of administration and too much lawlessness, in order to point out the responsibility that a provincial governor should have in such matters. The provincial governor is the disciplinarian of the municipal presidentes, and as such is therefore able greatly to improve the conduct of affairs in the municipalities. If he has a number of friends in the offices who do not realize their responsibility to the public and are not disciplined because of the governor's friendship, it is very easy for the province to fall into bad condition. If, however, he uses his authority for good government, as many of them do, he can retain a very strict control over the entire population for good.

It will probably be necessary in some of the smaller provinces to dispense with the office of supervisor by uniting it with the office of treasurer, because the salary that would secure a good engineer as supervisor can not be paid. The organization of the provincial boards of health is properly treated of in the report of the commissioner of public health under the secretary of the interior. Suffice it to say that this has added one more to the list of provincial officers. The recent change in the school law provides a division superintendent for almost every province, his salary to be paid by the insular government. This makes another provincial officer whose services may be used in the general government of the province when occa-

sion shall require. It has been proposed, in provinces where there is no supervisor, to make the division superintendent of schools a member of the provincial board. I believe that this plan would work very well. The power of the provincial boards in matters of health and education and in assisting agriculture have been somewhat added to by legislation, but sufficient time has not elapsed to be able to give a judgment upon the wisdom of these provisions.

CIVIL-SERVICE BOARD.

The report of the civil-service board shows that it has been most active in the conduct of examinations and the furnishing of eligible persons for the public service. The principle of appointment according to merit, as shown by examination, and of promotion according to merit, as shown by experience and examination, is carried out conscientiously by the board. The necessity that the government is under of securing many of its civil servants from the United States by examination under the auspices of the United States Civil Service Commission, of course delays the filling of vacancies and embarrasses the conduct of the government. This embarrassment and delay, however, are reduced as bureaus become better established and the number of new employees that are needed becomes less. It is entirely natural that heads of bureaus should think themselves better competent to judge of the kind of men needed for the vacancies under them than the civil-service board; and this is especially the case with new bureaus where the head of the bureau has had no experience in the selection from eligibles presented by the civil-service board. The provision that no money can be paid by a disbursing officer to a person not appointed in accordance with the civil-service law has been sufficient to restrain any violation of it. It has become so well understood that the merit system prevails in these islands, and has a wider application and more practical enforcement than in any part of the United States, that there is no political pressure from the United States for the appointment of persons to the classified service.

The body of civil-service employees engaged in public school teaching is still not included within the rules of the civil-service board. Some 200 of the legalized quota of 1,000 teachers are to be appointed in the near future. As soon as the quota has been filled it is understood to be the intention of the Commission to provide that thereafter no teachers shall be employed who do not pass a civil-service examination.

During the next year it is hoped to introduce into the civil-service law provisions by which the learning of native dialects and the learning of Spanish by American employees will be encouraged, provisions by which certain promotions can only be obtained after passing an examination in certain native dialects, and also for increasing the

salaries of employees who are able to pass an examination in such dialects or in the Spanish language without promotion. Such changes, it is thought, would make the body of our English speaking civil servants much more efficient.

Particular attention is invited to the satisfactory report of the civil-service board, a copy of which is attached as "Exhibit C."

INSULAR PURCHASING AGENT.

The office of the insular purchasing agent was created for the purpose of economy and efficiency in the purchase of necessary supplies, both for all bureaus and departments of the insular government, as well as for the provincial and municipal governments. When the office was first organized, with the requirements that all goods should be purchased through it by the various branches of the government, the utmost confusion reigned in the office because of the immense number of requisitions and the inability of the purchasing agent to meet them promptly. During the last year, however, order has been brought out of chaos, and it is now possible for any bureau to secure promptly what it desires through the insular purchasing agent. He has a large stock on hand of things likely to be needed by the various bureaus and provinces, and he has the means of securing quickly those articles which he has not on hand.

The question of how goods shall be bought in the United States, whether through a purchasing agent stationed there or by correspondence through the insular purchasing agent, is one that has not been free from difficulty. At present the government has an insular purchasing agent in the United States, but my recommendation is that this arrangement be terminated on the 1st of January, and that thenceforth the insular purchasing agent shall buy directly from the manufacturing houses in the United States. It is essential that quite a large fund be kept in the United States with the disbursing officer of the insular government there, and that a record of all orders and purchases be made in the Bureau of Insular Affairs of the War Department. It is thought that the suggestions of the insular purchasing agent will accomplish all these purposes and that they should be adopted. The policy of having one man buy everything for all branches of the government is apt at times to be too rigid, and the amendment which authorizes the civil governor to dispense with this necessity and allow heads of bureaus or other officers to make exceptional purchases directly has relieved the system from objections which it was at first thought might lead to its abolition.

The extent of the dealings of the insular purchasing agent is shown by the fact that his purchases from August 1, 1901, to October 1, 1902, aggregate \$1,416,633.91, and his total sales have been \$1,252,012.36,

and his total property on hand amounts to \$263,465.14; all in United States currency.

The report of the insular purchasing agent is attached hereto, marked "Exhibit D."

THE CITY OF MANILA.

The plan for the government of the city of Manila has not been changed during the present year, and the government has been carried on successfully. The city of Manila is well policed. It is impossible in a country where gambling is so much a vice to prevent corruption from affecting the police force in some degree. The number of the force has been considerably reduced since its organization under the military government, and it is hoped that, as the Filipino policemen become better trained, it may be still further decreased. The work of giving the city an adequate water supply and a proper sewer system has not yet begun. The Philippine act enabled the Commission to issue bonds for \$4,000,000 gold to better the water supply and to establish a sewer system. It is believed that a competent engineer has been engaged in the United States for this work, but the plans can not be adopted until careful study has been given them and they have been submitted to a board of engineers.

Much difficulty has been experienced in securing proper stone for macadam, the quarries at Binangonan having become exhausted. It is now thought that the Talim quarry on the island of Talim, in Laguna de Bay, which is owned by the government, will furnish very good material. The city has experienced the same difficulty in securing engineers that has confronted the insular government with respect to supervisors in the provinces, and much delay is incident to the failure promptly to procure them. A very considerable amount of work has been done in improving and cleaning streets and in putting the city in better sanitary condition. Four very handsome markets, an important feature in the life of the common Filipino people, have been erected in different parts of the city and are the source of a considerable income to it. A satisfactory steel bridge, called the "Santa Cruz" bridge, has been constructed across the Pasig and adds much to the public convenience.

Much, however, remains to be done. I desire to call attention to the fact that the Philippine act in authorizing the issue of bonds by the Philippine government for use of the city of Manila does not provide that those bonds shall be free from State, county, and municipal taxes in the United States, though the act does so provide with respect to bonds to be issued to pay for the friars' lands. Such an exemption of all Philippine bonds from State, county, and municipal taxes will enable us to sell them at a very considerable lower rate than we can place them at under present conditions, and I suggest

that we recommend to Congress that all bonds issued by authority of the Philippine act shall be free not only from Philippine and United States taxation, but also from State, county, and municipal taxation in the United States. This government is an instrument of the United States in working out a great and most important problem. It is an agency of the United States, and it seems proper that the successful maintenance of such an agency should not be embarrassed by State taxation upon the bonds which, in the prosecution of the purposes of the United States, it is obliged to issue.

The land tax in the city has been levied and collected. The work of assessing the value of the real property has been onerous, and many complaints are made of the injustice of the assessment in the outlying portions of the city. It seems probable that injustice has been done in estimating what ought to be assessed as acre or hectare property by the square meter, and a reassessment or an opportunity for reassessment ought to be furnished by legislation at once. An examination of the report on assessments and collections will show that while there are in the city real estate and improvements assessable for taxation amounting to \$41,005,190.60, there is nonassessable real property in the city of the value of \$25,502,329.54, of which \$13,384,388.60 is the value of public property, not including the streets and parks, and \$12,117,940.94 is the value of church property, which, under the law, is exempt. Of this church property but \$2,737,423.90 is the value of land and improvements belonging to the archbishop or the Roman Catholic Church proper, while the remainder, \$9,380,517.04 is the value of property belonging to the religious orders, religious schools, and convents.

The subject of public instruction in the city of Manila has been sufficiently covered by the report of the secretary of public instruction.

The fire department of the city is rapidly being rendered as efficient a service as there is in the Orient, and will, when completed, in the course of a few months bear comparison with the fire departments of cities in the United States. The full report of the municipal board is hereto annexed, marked "Exhibit E." Especial attention is called to the very large number of new buildings that, in spite of the very high prices of labor and material, are being erected in the city.

BENGUET.

The Commission has been very much disappointed in the difficulties it has encountered in the construction of a wagon road from Pozorubio in the province of Pangasinan to Baguio in the province of Benguet, a road which is essential to the use of Benguet as a site for a sanitarium and for the recuperation of the health of civil employees. The engineer, Captain Mead, who made the first survey of the road and

entered upon its construction, made an error in placing the road at such a level that it had to be constructed through friable rock at a great height above the bed of the Bued River. On this grade it was most difficult to maintain a proper slope for the fills, and the rainy season with its accompanying landslides washed the road away along 5 miles of its course. A different course for this distance has now been adopted, carrying the road nearer to the river along a course where it is chiefly hard rock, and where there is no difficulty in maintaining a proper slope even against the hard rains of the wet season. The road has been constructed from Pozorubio on the one hand and from Baguio on the other, so that the two ends are within 12 miles of each other, and it is hoped that during the coming winter a horse trail can be constructed to join the two parts and that by next summer the whole wagon road will be completed. The original estimate for the cost was \$75,000, but the actual cost has already greatly exceeded that sum and it is doubtful whether it can be constructed for less than \$300,000. The work on the road was stopped for three months on account of cholera. I append the report of the engineer in charge of the work and call attention to the difficulties which he has encountered in the employment of labor. The report is marked Exhibit F.

DEPARTMENT OF COMMERCE AND POLICE.

I come now to the bureaus which are included in the department of commerce and police.

CONSTABULARY.

The first and for the time the most important bureau of this department is that of the constabulary. Since the 4th of July, last, when the civil governments were established throughout the Christian Filipino provinces and the military control therein ceased, not a single shot has been fired by an American soldier in the preservation of peace and order, and no request has yet been made of the commanding general for assistance in the suppressing of lawless violence or disturbance. The preservation of peace and order has been wholly committed to the constabulary and to the municipal police. The constabulary number something over 5,000 men and the appropriation bill passed for the ensuing quarter authorizes the increase of this number to 6,000 men. The municipal police generally are by no means well disciplined.

It was the intention of the Commission in passing the law providing for the organization of the constabulary that the inspectors should devote much of their time to the discipline of the local police, but the calls upon them for the suppression of ladronism and other disturbances have been so numerous that there has not been time or opportunity for the improvement of this important municipal arm of the

forces of law and order. The towns, many of them, are so poor that it is impossible for them to support a large or even adequate police force. In order that the municipal police should be effective against ladrones it is necessary that they be properly armed with rifles. In a town, however, which can only afford five or six municipal policemen the distribution of rifles to the police only offers a temptation to large bands of ladrones to capture the police and take their rifles, thus increasing the number of arms held by the ladrones. In some provinces, notably in the provinces of Tayabas and Bulacan, the constabulary and the local police under the governor have worked together with great success. Ladronism in those provinces is being rapidly stamped out. In the province of Bulacan, Colonel Tecson, a former insurgent officer elected governor, has devoted his entire time and energy to the organization of a volunteer force, which has chased the ladrones to the mountains and out of his province so effectively that in a short time that province, which has always been noted for ladronism, will be freer from it than ever in its history. The arms for such volunteer forces are always distributed by the constabulary. In Tayabas the system followed was by volunteers from the towns. The authorities of the town induced the people of the smaller barrios living near the mountains exposed to attack from the ladrones to come into the thickly inhabited settlement, bringing their belongings, and leaving nothing from which the ladrones might secure sustenance; in other words, they have adopted a reconcentration policy on a small scale, and the effect of that has been to bring the ladrones in from the mountains to surrender in considerable numbers, and the province is being rapidly rid of this human pest. The conditions in Cavite, however, have not been so favorable, and it is with the greatest reluctance that any rifles are distributed to the municipal police, because the sympathizers with the ladrones in the towns are so many that the rifles may be stolen.

There have been four desertions from the constabulary in Cavite which resulted in the loss of some six or eight rifles. The chief of the constabulary has deemed it wise to discharge twenty men enlisted in the neighborhood of San Francisco de Malabon and Imus lest they might also desert. The governor has applied for 300 Krag rifles for use with his volunteers, but it is doubtful whether there is a sufficient guaranty that these rifles will not find their way into the possession of the ladrones to justify the risk. In Zambales the governor, in an earnest desire to suppress Roman Manalang, a ladrone of ten or fifteen years' reputation, a murderer and a desperado, has asked for 50 rifles with which to arm a body of volunteers made up of the better educated and wealthy men of the province, in the confident belief that he may capture Manalang and end the lawlessness in the northern part of that province, of which the outlaw is the chief promoter. Judge Johnson, of the court of first instance, has sentenced to Bilibid Prison for

long terms, from three to twenty years, about one hundred of Manalang's men, and this, it is thought, will have a quieting effect in that mountainous and most difficult province. The work of the constabulary has been so constant that time has not been given even to the thorough discipline of the enlisted men. Their work has been exceedingly heavy and burdensome, and, on the whole, the chief, the inspectors, and the enlisted men are to be, as a body, highly commended. There have been from a number of provinces complaints made of abuses by the enlisted men of the constabulary.

It is a fact so common that it must be noted that Filipinos of the less educated class with a little authority are prone to use that authority to oppress their fellow-Filipinos, and the abuses of the constabulary are almost wholly committed by individual members of that body when not under the immediate observation and control of American inspectors. Of course, the abuses of the constabulary are very grossly exaggerated by deliberate misrepresentation of persons whose sympathy and profit are with the ladrones, and who do not welcome the presence of the constabulary on any ground. Another difficulty has been a lack of tact on the part of some of the American inspectors engaged in the provinces. The authority which they exercise over the constabulary of the province, which generally is the only effective police body, is apt to make them feel independent of the governor of the province, especially if they are young and inexperienced; and when they do not think that they find in the native governor the active, energetic assistance which they are entitled to, they conduct themselves in a manner not calculated to conciliate the governor or to secure any useful cooperation by him. It has been my steady effort to convince these inspectors that next to dishonesty and cruelty a failure to show proper respect to the governor of the province and to accord to him the courtesy which the dignity of his office requires will be considered the greatest dereliction of duty of which they can be guilty and will be cause for instant dismissal. The chief of the constabulary has great difficulty in securing the proper material for provincial and other inspectors, but on the whole he has succeeded remarkably well.

The constabulary, because of the large number of posts in the islands, has proved to be the most efficient corps for the maintenance of a civil commissary and the distribution and sale of goods to civilian employees throughout the archipelago, and this has entailed great additional work upon the force. The constabulary are quite dependent upon the telegraphic system for efficiency, and therefore as the military turn the telegraph lines over to the civil government they are placed under control of the signal officer detailed for work in the constabulary bureau. Ultimately it is the purpose of the Army to turn over to the civil government all the telegraph lines. More prog-

ress has really been made in the development of telegraph lines than in almost any other commercial direction in these islands. It is possible now to reach by telegraph the capitals of all the Christian provinces except Romblon and Paragua, and it is also possible to reach all the principal towns of Mindanao and in the Jolo group. Romblon will soon be reached by cable and then only one Christian Filipino province will be beyond the reach of the central government by wire. Such facilities for immediate communication with the governors greatly promote the efficiency of the government.

Through the kindness of General Davis the old Spanish cavalry barracks, known under the present government as the "pony corral," has been turned over to the chief of constabulary for his headquarters. He proposes to maintain a reserve of constabulary of 150 or 200 men in the city of Manila, drilling them and keeping them here so that they may be used in any province where an emergency may arise. He will also organize, under authority of the appropriation bill for the quarter ending January 1, 1903, a constabulary band. The excellence of the work done by the constabulary, not only in its police but also in its civil, commissary, and telegraph lines, bears admirable witness to the exceptional executive ability of the chief of the constabulary, Capt. Henry T. Allen, of the Sixth Cavalry. His report is hereto attached, marked "Exhibit G."

BUREAU OF POSTS.

On July 1, 1901, there were 24 regular post-offices in the islands. On June 30, 1902, 66 had been added, and since the close of the fiscal year the number has been increased to 160. There has been an increase in the postal revenue of the islands of about \$15,000, but of this \$11,462 was from money-order fees, so that there was less than 3 per cent increase in the ordinary revenues. The expenses were 16 per cent greater. This was due to the fact that by act No. 179 it was provided that the registration and carriage of official mail of provincial officials from one point in the Philippine Islands to another should be free of charge. In the many extensions of civil government and the immense amount of mail transmitted for public purposes, it has come about that more than one-half the whole mail matter handled is governmental. There is an increase of more than 20 per cent in the bulk of the mail. The money-order service in the islands is becoming of great importance. Both Chinamen and natives are beginning to use it for comparatively large orders. In the United States the average money order is about \$8, in the Philippines it averages \$50. The remittances to Manila from the provinces to meet money orders issued during the year amount to \$1,070,937.97, while the remittances from Manila to the United States amount to \$648,125. This shows the balance between the orders drawn both ways.

Another use which is being made of the money-order branch of the post-office department is as a deposit of funds. There is about \$600,000 now deposited in the post-offices for safe-keeping. This, it seems to me, is a significant fact tending to show that it would be wise for this government to establish throughout the country postal savings banks. When we consider that there are no banks at all in most of the provinces, and that there is much insecurity in holding money, and when we know that a vast amount of silver is buried in the ground to avoid robbery by the ladrones and other thieves, we may justly suppose that the institution of postal savings banks would not only benefit those who now save money in this irregular way, but might induce others to save that which for fear of loss they now spend or waste. I respectfully commend the matter to the early attention of the Commission. The report of the director of posts is hereto attached, marked "Exhibit H." The postal service is by no means as complete as we hope to make it, and has not yet had the assistance of the new vessels of the coast guard and transportation bureau.

COAST GUARD AND TRANSPORTATION.

We have alluded in our former reports to the difficulties in carrying on this government presented by the absence of water transportation from one point to another and from one province to another and from one island to another throughout the archipelago. We foreshadowed our purpose in our previous report of purchasing fifteen vessels with which to meet the necessities of the revenue, postal, and constabulary bureaus, and of the provincial governments. The Commission contracted for the construction of ten vessels 148 feet long by 25 feet beam, and five vessels 140 feet in length by 25 feet beam. The bureau of coast guard and transportation was provided for by law and organized with a naval officer, Captain Marix, detailed as its head. Captain Marix has displayed commendable interest in the work of the bureau and has been most useful in guiding the Commission in the course to take in the establishment of an island coast guard and civil navy. He was authorized to make contracts with the firm of Farnham, Boyd & Co., of Shanghai, by which ten of the vessels were to be constructed by them, and with the Uraga Dock Company, of Uraga, Japan, by which the remaining five were to be constructed by that company. The vessels are to have at least 10 knots speed. Five of the steamers have been completed, two of them have been delivered and are most satisfactory, showing a speed considerably in excess of that fixed in the contract, and three are now on their way from Shanghai to Manila. All of the steamers are to be delivered in Manila before February. The added efficiency of all governmental operations which these steamers will give, no one can appreciate unless he is familiar with the difficulties that we now experience from a lack of transportation. It will doubtless be necessary for us to purchase additional launches and other vessels for local use, but

the mainstay will be the fifteen vessels above described. They have been built with unusual strength to resist the heavy seas that prevail in these waters during the rainy season.

The bureau of coast guard and transportation is vested with the power and authority to complete the construction of light-houses and supervise them. It is estimated that \$200,000 will be needed to complete the construction of the light-houses which were begun by the Spaniards, and that this will take eighteen months. The great increase in trade requires new lights to be constructed according to a plan which is now being drawn up. The new lights will probably be constructed of iron framework, because this is cheaper than stone and affords quite sufficient resistance to the storms and waves. A school of apprentices has been established at Corregidor light-house in order that competent light-house keepers may be had. A report of the chief of the bureau of coast guard and transportation is attached hereto, marked "Exhibit J."

COAST AND GEODETIC SURVEY.

By an equitable arrangement between the United States Government and the Philippine government surveys are being made, under the supervision of the United States Coast and Geodetic Survey, of harbors and inlets of these islands and the coast. Considerable progress has been made, as will be seen by the report of the chief of the work in these islands. The report is appended, marked "Exhibit K."

FRANCHISES AND CORPORATIONS.

In the press of legislative work the Commission has not as yet passed a general railroad law or indeed a general corporation law, though both must be passed in the immediate future. A law has been passed providing for the granting of franchises for an electric street railway in the city of Manila, which invites competitive bids upon three points: The duration of the franchise, the fare to be charged, and the percentage of gross receipts to be paid for the franchise. Bids are being advertised for in Manila, New York, Washington, and Chicago. There is one syndicate on the ground, at whose instance the franchise law was passed after material modifications in the proposals made by it. It is not known whether the syndicate at whose instance this law was passed will now bid or not, but it is hoped that more than one bid will be received. The necessity for electric street railways in the city of Manila is most urgent. We have not yet had any proposals for railroad franchises, except a formal proposition from the Manila and Dagupan Railway to construct a line from near Calumpit in Bulacan to San Isidro, Nueva Ecija, and Cabanatuan in the same province, a distance of 71 kilometers. The Commission has not yet considered the wisdom of granting such a franchise, but has set the hearing of the petition at an open session for November 17.

COASTWISE TRADE.

On the 18th day of October, 1902, by direction of the Commission, I sent a telegram to the Secretary of War, requesting that the Executive order with reference to the coastwise trade in the Philippine Islands should be so modified as to permit the Commission to open it to all foreign and American vessels; that the transportation rates were so high as to unduly raise the price of rice and other necessary commodities, and that there was a possible pool for the maintenance of such rates. It turns out that there is no pool in the sense of a division of profits, but it is a fact that the transportation rates have been advanced to a very high figure, though they were high before, and that this has been done by an agreement by all the persons engaged in the coastwise trade. As nearly all the steamers in the coastwise trade are owned either by Spaniards, Englishmen, or Chinamen, and as few, if any, Americans had seen fit to engage in this lucrative business, it did not occur to the Commission that there could be any objections to depriving the foreigners already in the business of the monopoly by allowing other foreigners to come into it. In view of the short food supply throughout the islands, the high transportation rates have a most direct effect in increasing the suffering by increasing the cost of transporting food from Manila and other bases of supply to the provinces. A bill has therefore passed a second reading and is awaiting reading in open session, throwing open the coastwise trade until the 1st of July, 1904, to foreign vessels. It is thought that the privileges granted to foreign vessels are sufficiently safeguarded in the act to prevent their being abused.

IMPROVEMENT OF THE PORT.

The improvement of the port works has been begun this year in earnest, and the amount of work accomplished will be seen by reference to the report of the engineer in charge, Major Sears, which is appended and marked "Exhibit L."

It will be necessary in addition to the breakwaters already projected to erect a breakwater from 2,000 to 3,000 feet in length to protect ships from the waves when the wind lies in a particularly southwesterly direction. This will increase the expense over the present contracts by about \$1,000,000, making the total cost upward of \$4,000,000.

CONSULTING ENGINEER.

The consulting engineer has been but recently appointed under a law defining his duties, but his office has not yet been organized, as it is expected to organize it, with a view to the supervision of provincial supervisors and the construction of public works in various parts of

the archipelago. The preliminary report of Mr. Beardsley, the consulting engineer, is hereto appended, marked "Exhibit M."

NOVEMBER 10, 1902.

As this report has not yet been forwarded, it seems proper to me to add a short statement concerning a movement that may have an important bearing upon future conditions, and which may, perhaps, add much to the labor of maintaining peace and order in the archipelago.

Gregorio Aglipay is an Ilocano, and was an ordained priest of the Roman Catholic Church in these islands before the insurrection. During the insurrection he continued his priestly functions at Malolos and took such action as to bring him into conflict with the hierarchy of the church. What the merits of this controversy were I do not know. Subsequently he assumed the leadership of the insurrecto forces in Ilocos Norte and carried on a very active campaign in the mountains of that province. He was one of the last of the leaders to surrender with his forces in North Luzon. Since his surrender he has been quite active in spreading propaganda among the native priests against the so-called Friar domination of the church in these islands. The definite refusal of the Vatican to withdraw the Spanish friars from the islands was made the occasion for the formation of the Independent Filipino Catholic Church. Actively engaged with Aglipay in this movement was Isabelo de los Reyes, the former editor of an insurrecto paper, published in Madrid, called *Filipinas ante Europa*, and an agitator of irresponsible and irrepressible character.

Padre Aglipay has secured the active and open cooperation of a number of native priests, 15 of whom he has appointed bishops, himself having the title of archbishop. He has held mass in many different places in and about Manila; his services have attracted large gatherings of people. Most of the churches in the Philippine Islands were built by the labor of the people of the respective parishes and devoted to the Roman Catholic Church; but the people have a sense of ownership, and when a majority of them separate themselves from the Roman Catholic Church and accept a new faith, it is difficult for them to understand that they have not the right at once to dispossess the priest of the Roman Catholic Church and place in custody and use of the edifice their newly made curé. In order to prevent constant recurrence of disturbances of the peace I have had to take a firm stand with the leaders of the movement by impressing upon them that forcible dispossession of a priest of the Roman Catholic Church, for years in peaceable possession of the church and the rector's house, is contrary to law, and would be prevented by the whole police power. The leaders of the movement assure me that they have no desire to violate the law and wish to keep within it, but that their followers at times are hard to control. I have said to them that if they claim title

to the churches they may assert it through the courts, and if successful will secure not only the confirmation of their title but actual possession.

In the case of a church at Pandacan the women of the parish, in the temporary absence of the priest, took possession of the church, obtaining the keys, and Father Aglipay celebrated mass in the church. I sent for him and for his counsel and advised them of the unlawful character of the action of the women, and directed them to see that possession was restored. They promised to do so, but found the women so obdurate that I called in the women and after a somewhat lengthy discussion told them that I must have the keys. The leader of the women delivered the keys to me, with a statement that they would deliver the keys to the governor, but not to the fraile. The new priest who had been appointed was not a fraile, but was a Paulist father. They announced to me that they had separated from the Roman Catholic Church and were standing with Aglipay. I turned the keys over to the chief of police and have put the regularly appointed priest in possession of the church, and quiet now reigns there. Yesterday (Sunday) I am informed that Father Aglipay assumed the robes and functions of an archbishop, holding services in the town of Cavite and in the neighborhood.

I have taken occasion to say, whenever an opportunity occurred, that the insular government desired to take no part whatever in the religious controversies thus arising; that it would protect Father Aglipay and his followers in worshiping God as they chose just as it would protect the Roman Catholic Church and its ministers and followers in the same rights. But that, if the law was violated by either party, it would become the duty of the government to step in and restrain such lawlessness.

In the heat and zeal of religious controversies it is not always possible to prevent the followers of the movement at least from stepping beyond the law, and if the movement is to spread throughout the archipelago we may expect disturbances at various points.

The feeling against the friars, which has already been referred to in a number of reports, lends strength to this movement. The existence of the controversy at all, however, adds one more to the burdens of the insular government. There is great difficulty in maintaining a course by the government which shall not only be absolutely impartial between contending religious factions, but which shall seem to both sides to be impartial.

Respectfully,

WM. H. TAFT,
Civil Governor.

The PHILIPPINE COMMISSION, *Manila, P. I.*

REPORT OF THE SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR,
Manila, P. I., November 1, 1902.

The PHILIPPINE COMMISSION,
Manila, P. I.

GENTLEMEN: I have the honor to present my first annual report, which, unless otherwise expressly stated, covers the year ending August 31, 1902.

Act No. 222, providing for the organization of the departments of the interior, commerce and police, finance and justice, and public instruction, enacted September 6, 1901, placed within the executive control of the department of the interior, the bureau of public health, the quarantine service of the marine-hospital corps, the bureau of forestry, the bureau of mining, a bureau of agriculture, a bureau of fisheries, the weather bureau, a bureau of Pagan and Mohammedan tribes, the bureau of public lands, the bureau of government laboratories, and the bureau of patents and copyrights.

The bureau of health, the quarantine service of the marine-hospital corps, the bureau of forestry, the bureau of mining, the weather bureau, the bureau of public lands, the bureau of government laboratories, and the bureau of patents and copyrights, were organized prior to the passage of act No. 222. The bureau of agriculture and the bureau of non-Christian tribes have since been organized.

There have also been established within the past year a civil hospital at Manila and a civil sanitarium at Baguio, Benguet, for the treatment of civil officers, employees, and members of their families. Both of these institutions are under the executive control of the department of the interior, as is the board of medical examiners provided for by act No. 310.

THE BOARD OF HEALTH FOR THE PHILIPPINE ISLANDS AND THE CITY OF MANILA.

A heavy burden of work has rested upon the insular board of health from the time of its organization. The board consists of a commissioner of public health, a sanitary engineer, a chief health inspector, a secretary, and ex officio the superintendent of government laboratories.

Lieut. Col. L. M. Maus, deputy surgeon-general, U. S. Army, was detailed as commissioner of public health on July 26, 1901; Maj. Franklin A. Meacham was appointed chief health inspector August 9, 1901; Dr. Paul C. Freer entered upon the discharge of his duties as superintendent of government laboratories August 9, 1901; Dr. Manuel Gomez was appointed secretary of the board August 9, 1901; Capt. C. W. Mead, city engineer of Manila, was by virtue of his position

the sanitary engineer of the board from the date of its organization. With the exception of Dr. Meacham, who had been a member of the board of health of Manila organized under the military government, while serving as major and chief surgeon, U. S. Volunteers, these gentlemen were all new to their duties. Major Meacham resigned from the army to accept appointment as chief health inspector.

LEGISLATION RECOMMENDED BY THE BOARD.

Act No. 157 requires the insular board of health to draft and recommend to the central legislative body of the islands suitable sanitary laws. In compliance with this act the board has within the past year drafted and recommended to the Commission: "An act regulating the practice of medicine and surgery in the Philippine Islands;" "An act regulating the practice of pharmacy in the Philippine Islands;" "An act regulating the practice of dentistry in the Philippine Islands;" "An act regulating the practice of veterinary medicine, surgery, and dentistry in the Philippine Islands;" "An act providing for the establishment of provincial boards of health, and fixing their powers and duties;" "An act providing for the establishment of municipal boards of health, and fixing their powers and duties;" "An act providing for the compulsory vaccination of the inhabitants of the Philippine Islands;" "An act providing for the control and suppression of leprosy in the Philippine Islands;" "An act regulating the manufacture, sale, and other disposition of alcoholic beverages in the Philippine Islands," and "An act transferring the employees of the board of health of the city of Manila under the provost-marshal-general to the board of health for the Philippine Islands."

The presence of bubonic plague in the city of Manila made it important that there should be no lapse in the health work upon the turning over of the city government to the civil authorities, and the first of these measures to be considered and adopted in modified form by the Commission was that providing for transferring the old employees of the board of health of Manila en masse to the insular board of health.

An act providing for the interment or burning of the bodies of animals which die having rinderpest, and prohibiting the sale or use of any part thereof, was enacted October 11, 1901.

ORGANIZATION OF PROVINCIAL AND MUNICIPAL BOARDS OF HEALTH.

The next necessity was deemed to be adequate provision for the extension of the public health service to the several provinces and municipalities of this archipelago. The establishment of provincial boards of health was provided for by act No. 307, enacted on December 2, 1901, and that of municipal boards of health by act No. 308, enacted upon the same date.

A provincial board of health consists of a president, who must be a duly qualified physician, the president of the municipal board of health for the capital of the province, and the provincial supervisor, who is required by law to be a civil engineer. The provincial secretary acts as secretary for the board, and the senior medical officer of the Army or Navy of the United States on duty at the capital of the province is an honorary and consulting member, but is not entitled to vote. The

legal adviser of the board is the provincial fiscal. The only burden imposed upon the treasury of a province by the establishment of a provincial board of health is the salary of its president.

A municipal board of health consists of a president, who must be a duly qualified physician or an undergraduate of medicine, a member chosen by a majority vote of the municipal council, a male school-teacher of the municipality appointed by the division superintendent of public instruction for the division in which the municipality is situated, the municipal secretary *ex officio*, and a pharmacist, if there be one resident within the municipality, who is appointed an honorary member of the board by the municipal president. The senior medical officer of the Army or Navy of the United States, if there be any on duty in the municipality, is an honorary and consulting member of the board. The municipal secretary, the pharmacist member, and the military or naval member are not entitled to vote.

Presidents of provincial boards of health are appointed by the civil governor, by and with the consent of the Commission. Presidents of municipal boards of health are appointed by the commissioner of public health upon the recommendation of the provincial board of health. Municipal boards of health are subordinate to provincial boards of health, which in their turn are subordinate to the board of health for the Philippine Islands.

The time for the organization of a board of health in any given province is determined by recommendation of the insular board of health, subject to the approval of the Secretary of the Interior. Municipal boards of health are organized at such time as the provincial board of health for the province in which such municipalities are situated directs and the provincial board (consisting of the provincial governor, the provincial treasurer, and the provincial supervisor) approves.

Grave difficulties have been encountered in putting into effect this theoretically simple system, from the fact that in many of the municipalities there is no person fitted by education to be the president of a municipal board of health. In fact, it has been far from easy to secure a sufficient number of competent physicians to act as presidents of provincial boards of health.

The outbreak of cholera made it necessary to extend the organization of the public health service to provinces and municipalities much more rapidly than was originally contemplated. Provincial boards of health have been established in all the provinces except Marinduque, Masbate, Abra, Lepanto-Bontoc, and Benguet. Municipal boards of health have been established in 331 of the 883 organized municipalities of the provinces.

The presence of smallpox at a number of points in the archipelago attracted attention to the subject of vaccination, and led to the adoption of an act providing for the compulsory vaccination of the inhabitants of the Philippine Islands, on December 2, 1901.

The receipt of numerous complaints that persons without adequate medical education were engaging in the practice of medicine led to the adoption on December 4, 1901, of an act regulating the practice of medicine and surgery in the Philippine Islands.

The other legislative measures recommended by the insular board of health have not yet been considered by the Commission.

SERUM AND VACCINE INSTITUTES.

The urgent necessity for the production of large quantities of vaccine virus and of antiplague and antirinderpestic serums led to the establishment, under the board of health, of an institute for the production of vaccine virus and of serums at Manila, and of a vaccine institute at Iloilo. It has been found advisable to abandon the latter institute, as experience has demonstrated the practicability of shipping vaccine virus on ice to all coast points in the archipelago without serious danger of deterioration. A considerable amount of antipestic serum was also produced, but the outbreak of cholera made it necessary temporarily to detail Dr. J. W. Jobling, director of the Serum Institute, for work in the Manila cholera hospitals, where he rendered invaluable service. Unfortunately, he broke down physically under the long-continued strain, and was granted leave of absence for recuperation in Japan. The work of the institute was, however, continued by Dr. Paul C. Freer, superintendent of government laboratories, and Dr. Richard P. Strong, director of the biological laboratory, as soon as cholera decreased sufficiently at Manila to relieve them of unusual demands upon their time. At present antirinderpestic serum is being successfully manufactured in quantities sufficient to immunize all cattle imported at Manila, and it is hoped soon to increase the output so as to enable the insular board of health to immunize all cattle in the vicinity of infected areas throughout the archipelago.

CONTAGIOUS DISEASE HOSPITAL.

The commissioner of public health, by virtue of his office, exercises direct control over all hospitals for contagious diseases. He has exercised such control during the past year over the following institutions: The San Lazaro Hospital, for lepers and for persons suffering from venereal disease; a plague hospital, a smallpox hospital, and three cholera hospitals, all in the city of Manila; and the leper hospital at Palestina, in the province of Ambos Camarines.

The commissioner of public health was further directed to proceed to Cebu and assume control over the leper hospital at that place, but the appearance of Asiatic cholera, when he was about to sail, led to the withdrawal of these instructions, which have not been renewed, as a plan for the segregation and care of all lepers in the archipelago upon the island of Culion is ready for submission to the Commission.

SPECIAL WORK OF THE BOARD IN MANILA.

The insular board of health acts as the health board for Manila. In this capacity it has recommended to the municipal board many health ordinances, nearly all of which have been adopted. The lack of a sewer system or of any adequate means for the disposal of human excreta is a standing and serious menace to the public health of Manila. By direction of the Commission, the board of health has taken upon itself the disposition of the night soil of the city, so far as this can be collected with existing facilities, and it has perfected plans for the introduction of the so-called "pail conservancy system." Adequate appropriation has been made by the Commission for initiating the installation of this system, which has begun and is progressing favorably.

An immense amount of sanitary work has been done by the board and its employees. Many of the worst districts of the city have been thoroughly cleaned and a strict inspection of the buildings of the city has been maintained.

EPIDEMICS.

The insular board of health has been subjected to a severe and long continued strain by the presence of bubonic plague in the city of Manila at the time of its organization, and by the cholera epidemic which began at Manila on March 20, 1902.

(A) BUBONIC PLAGUE.

Bubonic plague was discovered at Manila December 26, 1899, and slowly but steadily increased up to December, 1901, as will appear from the following table:

| Months. | Cases. | | |
|--------------------|------------|------------|----------------|
| | 1900. | 1901. | 1902. |
| January | 18 | 7 | ..... |
| February | 48 | 27 | ..... |
| March | 64 | 63 | 1 |
| April | 54 | 111 | 2 |
| May | 22 | 137 | ..... |
| June | 19 | 35 | ..... |
| July | 13 | 39 | ..... |
| August | 18 | 34 | ..... |
| September | 6 | 8 | ..... |
| October | 7 | 8 | ..... |
| November | 1 | ..... | ..... |
| December | 1 | 2 | ..... |
| Total | 271 | 471 | 3 |

The deaths in 1900 numbered 199, and in 1901 reached a total of 432. The disease was at its worst each year during the hot, dry months of March, April, and May, nearly or quite disappearing during September, October, November, and December. It will be noted that the number of cases in 1901 exceeded that in 1900 by 200, while the number of deaths was about two and a half times as great, and the percentage of mortality among persons attacked increased from 73.4 in 1900 to 91.7 in 1901.

This heavy increase in plague for the year 1901 justified the apprehension that a severe epidemic would occur in 1902. Strenuous efforts were made to improve the general sanitary condition of the city, but the habits of the Chinese residents and the lower class of Filipinos were such as to render the enforcement of proper sanitary regulations well-nigh impossible.

On account of the important part which house rats are known to play in the distribution of bubonic plague, a systematic campaign was inaugurated against these rodents in Manila. Policemen, sanitary inspectors, and specially appointed rat catchers were furnished with traps and poison, and both traps and poison were distributed to private individuals under proper restrictions. A bounty was paid for all rats turned over to the health authorities, and stations were established at convenient points throughout the city where they could be received. Each rat was tagged with the street and number of the building or lot from which it came, was dropped into a strong antiseptic solution,

and eventually sent to the Biological Laboratory, where it was subjected to a bacteriological examination for plague. During the first two weeks 1.8 per cent of the rats examined were found to be infected. This proportion steadily increased, reaching the alarming maximum of 2.3 per cent in October. At this time numerous rats were found dead of plague in the infected districts, and, in view of the fact that epidemics of plague among the rats of a city in the past have been uniformly followed by epidemics among human beings, the gravest apprehension was felt, the rapid spread of the disease among the rats after the weather had become comparatively dry being a particularly unfavorable symptom.

It was deemed necessary to prepare to deal with a severe epidemic, and a permanent detention camp, capable of accommodating 1,500 persons, was accordingly established on the grounds of the San Lazaro Hospital. Hoping against hope, the board of health redoubled its efforts to combat the disease. The force of sanitary inspectors was greatly increased, and under the able supervision of Dr. Meacham their work was brought to a high degree of efficiency. Frequent house-to-house inspections were made in all parts of the city where the disease was known to exist. The sick were removed to the hospital if practicable; otherwise they were cared for where found and the spread of infection guarded against.

Plague houses were thoroughly disinfected, and their owners were compelled, under the direction of the assistant sanitary engineer, to make necessary alterations. Cement ground floors were laid, double walls and double ceilings, affording a refuge for rats, were removed, defects in plumbing were remedied, whitewash was liberally used, and, in general, nothing was left undone that could render buildings where plague had occurred safe for human occupancy. Buildings incapable of thorough disinfection and renovation were destroyed. Buildings in which plague rats were taken were treated exactly as were those where the disease attacked the human occupants. The bacteriological examination of rats enabled the board of health to follow the pest into its most secret haunts and fight it there, and was, I believe, the most important factor in the winning of the great success which was ultimately achieved.

With very few exceptions, there was no recurrence of plague in buildings which had been disinfected and renovated. As center after center of infection was found and destroyed the percentage of diseased rats began to decrease, and in January, 1902, when, judging from the history of previous years, plague should have again begun to spread among human beings, there was not a single case. In February 1 case occurred. In March there were 2 cases, as against 63 in March of the preceding year, and before April the disease had completely disappeared.

This result, brought about at a time when the epidemic would, if unchecked, have reached its height for the year, marked the end of a fight begun by the board of health on the day of its organization and prosecuted unremittingly under adverse conditions for seven months with a degree of success which, so far as I know, has not been equaled under similar conditions in the history of bubonic plague.

Especial credit is due to Chief Health Inspector Meacham for the ingenuity which he displayed in devising means for the destruction of rats and for the tireless energy with which he devoted himself to secur-

ing their adoption, and to increasing the efficiency of his force of inspectors, as well as to Drs. J. W. Jobling and Edward A. Southall and their assistants, who worked unremittingly at the uncongenial and dangerous task of making a bacteriological examination of rats, a large proportion of which were putrid, while not a few of them were infected with one of the most fatal of diseases. This work was of necessity conducted in the inadequate building in which it has been necessary temporarily to house the bureau of Government laboratories, in close proximity to the civil hospital. The fact that not a single case of infection occurred among the laboratory force or the inmates of the hospital is sufficient commentary upon the care with which it was performed.

During 1901 plague appeared at several points in the provinces near Manila. Agents of the board of health were promptly dispatched to the infected municipalities and radical remedial measures were adopted, including in several instances the burning of infected buildings, the result being the complete disappearance of plague in the provinces as well as in Manila.

(b) THE CHOLERA EPIDEMIC.

On March 3, 1902, notification was received at Manila that Asiatic cholera had appeared at Canton, China, and on the 8th of March it was reported at Hongkong. As a considerable part of the green vegetables imported at Manila come from Canton and its vicinity, the United States quarantine officer at Hongkong was immediately notified that no vegetables not certified to by him would be admitted, and an order absolutely forbidding the importation of such vegetables was issued by the chief quarantine officer on March 19. Health inspectors were warned to be on the lookout for persons suffering from bowel trouble of a suspicious character.

On March 20 the board of health was advised that two patients at the San Juan de Dios Hospital were developing symptoms of Asiatic cholera. They were immediately visited by the commissioner of public health, the chief health inspector, the superintendent of Government laboratories, and by Dr. Strong, director of the biological laboratory, who took specimens of their dejecta for bacteriological examination. Cultures were at once prepared and the following morning the presence of a comma bacillus was demonstrated in hanging-drop slides. Two more suspicious cases had developed during the night. In the absence of the acting civil governor I communicated to General Chaffee the fact that four cases of suspected cholera had occurred, and requested him to have an adequate force in readiness to proceed to the Mariquina Valley and protect the city water supply.

On March 21 the characteristic "cholera red" reaction was secured from cultures. On March 22 Dr. Strong reported officially to the commissioner of public health the presence of Asiatic cholera. Meanwhile additional cases were occurring with increasing frequency. General Chaffee was informed of these facts and was requested to establish an armed patrol along the Mariquina River from the intake of the city water supply up to and beyond Montalban, the last town on the river. The distance from the intake to Montalban is about 12 miles, and the population inhabiting this part of the Mariquina Valley is estimated at 14,000. A considerable number of these people get their drinking water from the river, and a still larger number use it

for bathing purposes and for washing soiled clothing. As many of the inhabitants are accustomed to make daily trips to Manila, the danger that they would take back cholera with them was manifestly great. In spite of a most stringent quarantine, cholera eventually broke out in the Mariquina Valley, but it was held closely in check, and, thanks to the efficiency of the river patrol, the water supply of Manila has been kept free from infection up to the present time. In achieving this well-nigh impossible result the army has made it possible to avert a general epidemic in Manila and has saved thousands of lives. The difficulties of the task can be appreciated only by those thoroughly familiar with the conditions which have been met, and the results accomplished bear eloquent testimony to the value of land quarantine.

CHOLERA WORK IN MANILA.

There are in Manila a large number of shallow wells in close proximity to water-closets and very likely to be infected by surface drainage. The board of health had been making detailed bacteriological examinations of these wells, condemning such as proved to be in a dangerous condition. Under the circumstances it was deemed necessary to abandon this slow procedure. All wells were ordered closed. The work of closing them was pushed with great energy by Mr. J. L. Mudge, superintendent of city streets, parks, bridges, docks, and wharves, and as a result what subsequently proved one of the main sources of infection in many provincial towns was eliminated in Manila.

As soon as cholera was definitely known to exist the officer in charge of the government ice plant was directed to increase the output of distilled water to the limit, and the use of all water which could be spared from the army distilling plant was secured. Transportation was obtained from the city as well as from the army, and water stations were established in the markets, on the water front, on the most crowded thoroughfares, and in those districts of the city where the absence of city water and the closing of wells seemed likely to cause hardship. Distilled water for drinking purposes was distributed free of charge. The Chinese used it liberally from the outset. The more ignorant of the Filipinos at first imagined that the health authorities were attempting to poison them, but their fears were soon allayed, and as the demand for distilled water increased it became necessary to send two perambulating water carts of large capacity about the streets.

It was soon noted that the disease was nearly confined to what is known as the Farola (light-house) district, included between the Bay of Manila, the north bank of the Pasig River, and a tide creek connecting the Pasig with the Bay, where an aggregation of overcrowded and filthy shacks presented conditions favorable to its spread. For several days a strong effort was made effectively to quarantine this district, but numerous persons escaped by water under cover of darkness. The conditions were such as to render thorough disinfection impossible. The disease spread rapidly among the imprisoned people and a continuation of the quarantine would have been inhuman. I therefore ordered the inhabitants removed to the San Lazaro detention camp and the district burned over. The removal was effected on March 25. Houses and such personal property as could not be disinfected were invoiced on the 26th and burned on the 27th.

Cholera immediately developed in the detention camp, but the people

confined there were kept under constant surveillance and those who began to sicken were immediately isolated, so that there was no spread of infection. The last case among the people of the Farola district occurred within forty-eight hours of their entering camp. They were ready to release five days thereafter.

For several days after the Farola district was burned there was a decided decrease in the number of cases of cholera, but the cases which did occur were widely scattered over the city, and investigation showed that in most instances the persons attacked had escaped from the Farola district while we were attempting to quarantine it. Cholera also began to develop in the municipalities about the bay, where it was carried by persons escaping from this district in small boats. I believe that if the measures finally resorted to had been taken three days sooner the epidemic might have been averted. Later experience in provincial towns has fully demonstrated the efficacy of radical measures if promptly adopted.

The disease was very malignant, more than 90 per cent of the early cases resulting fatally. General Chaffee was asked to furnish medical officers, and gave us every physician he could spare. The city was divided into twelve sanitary districts, each in charge of a medical officer with 30 to 60 men under him. The sale of fruits, vegetables, and foods likely to carry cholera was prohibited, and a rigid inspection established over markets, restaurants, and shops where articles of food were sold or consumed. House to house inspection was kept up day and night. All cholera cases discovered were removed to cholera hospitals if practicable, and contacts, if found, were taken to a detention camp. Cholera houses were quarantined until they could be disinfected. At first nipa shacks were burned in many instances. This practice provoked great hostility among the poorer people, and was later abandoned in favor of thorough disinfection.

Autopsies were made upon all supposed cholera victims in order that diagnosis might be certain and that the possibility of unjustly detaining persons as cholera contacts might be avoided. This dangerous work was performed by Dr. Richard P. Strong, Dr. J. W. Jobling, and Dr. J. B. Thomas, assisted by Mr. Norman Williams.

Relatives were allowed to claim their dead and bury them in quicklime, under the supervision of health officers, but bodies not claimed within twenty-four hours were cremated.

CHOLERA HOSPITALS AND DETENTION CAMPS.

Fortunately a well equipped permanent detention camp, capable of accommodating 1,500 people, had been constructed in anticipation of an epidemic of bubonic plague, and was available at the outset. The capacity of this camp was materially increased by the erection of tents furnished by the army. A detention hospital for the contacts who showed signs of illness, and a cholera hospital for those who developed cholera in the detention hospital or elsewhere in the city, were established in tents near the detention camp upon the San Lazaro estate.

Great difficulty was experienced in organizing a satisfactory cholera hospital and in securing competent physicians and nurses for it. Two physicians were tried and found wanting. Drs. J. W. Jobling and T. K. Hunt, who had organized a very successful emergency hospital in the Farola district, were then put in charge, and proved to be admi-

rable men for this trying and dangerous post. Surrounded by the dying and the dead, they worked unremittingly for the lives of their patients for eight weeks, relieving each other every twelve hours. At the expiration of this time they were both completely worn out, and it was necessary to vacate the hospital for thorough disinfection.

Male nurses were secured without difficulty and faithfully and courageously performed their duties. No female nurses could be obtained until March 28, when Miss Anna M. Seagran and Miss Marie A. Kolp volunteered. The following day Miss Elsie Weinberg also volunteered. The presence of these brave and efficient women was a blessing to the patients and resulted in greatly improving the condition of the hospital, which soon became as satisfactory as a tent hospital in the Tropics can be made. The strain to which every one connected with this hospital was subjected can be appreciated only by those who have seen Asiatic cholera at its worst. The last offices for the dying were necessarily performed by the physicians and nurses, as no minister of the gospel, Protestant or Catholic, ever visited the place.

Before the San Lazaro detention camp and cholera hospital became full a detention camp for persons desiring to leave Manila, a detention camp for cholera contacts, and a cholera hospital were established at Santa Mesa upon high ground, the use of which for this purpose was generously donated by Señor Juan M. Tuason. Here, as at San Lazaro, difficulty was at first experienced in getting a suitable man to take charge, but under the very able administration of Dr. Thomas R. Marshall work at the Santa Mesa camps and hospital was soon brought to a high degree of efficiency.

Meanwhile the Spanish residents had requested and received permission to establish a hospital where they might be cared for by their own physicians, under general supervision of the insular board of health, and had secured the spacious building formerly used by the army for the Second Reserve Hospital. They had expended a large sum in properly equipping this building, and a corps of Spanish physicians, friars, and sisters of charity was in attendance. This institution was named the Santiago Hospital.

As our cholera hospitals in tents were necessarily unsatisfactory, the commissioner of public health requested permission to use a considerable part of the Santiago Hospital, which afforded far more space than was required by the sick among the Spanish population. His request was promptly granted by the public-spirited gentlemen in charge; and this institution, which affords good accommodations for Spaniards, other Europeans, Filipinos, and Americans, with separate wards for the different nationalities and the two sexes, has been a most important factor in the saving of life. The building is large, cool, well ventilated, and easily disinfected. It stands at the center of a lot of some 29,000 square meters, inclosed by a high wall, and, although this lot is located in the populous district of Malate, the isolation of the building is complete.

OPPOSITION TO CHOLERA WORK IN MANILA.

As was to be anticipated, the rigorous measures against cholera enforced by the insular board of health provoked bitter opposition from the first. For weeks the presence of cholera was denied by igno-

rant, misinformed, and ill-intentioned persons. The more ignorant Filipinos refused to believe in its existence because the daily deaths did not reach up into the thousands. The minds of the common people were poisoned by tales of horrible abuses in the detention camps, and of deliberate murder of patients at the cholera hospitals. The story was widely circulated that the houses of the poor were burned in order to make room for the future dwellings and warehouses of rich Americans. These absurd tales gained credence among the populace, and, together with some actual abuses committed by ignorant, inexperienced, or overzealous health inspectors, produced a state of popular apprehension which proved a very serious factor in the situation, as it led to the concealment of the sick, the escape of contacts, and the throwing of dead bodies into the esteros and the Pasig River, the polluted waters of which were fruitful sources of infection.

Unfortunately the opposition was by no means confined to the more ignorant classes. At the outbreak of the epidemic a mass meeting of the Spanish and Filipino physicians was held. When asked whether they would cooperate with the board of health they, without exception, promised to do so. I regret, however, to record the fact that, with few exceptions, they not only failed to give active assistance, but in many instances, by neglecting to report cholera cases, by falsely reporting them, and by decrying the sanitary measures deemed necessary by the authorities, added materially to the crushing burden which rested upon the board of health. I take pleasure in calling attention to several noteworthy exceptions to this general rule. Dr. Ariston Bautista Lim, the ablest of the Filipino physicians of this capital, neglected his private practice and devoted much valuable time to assisting the insular board of health, both in the city and in the provinces. His services were invaluable. Dr. Manuel Gomez, secretary of the board of health, did a large amount of investigation and emergency work, and I desire to commend him and Dr. Luis Arbella, a chief medical inspector, not only for the efficiency with which they discharged the duties assigned them, but for their valuable services in helping to allay ungrounded popular apprehension.

When it became known that the Santiago Cholera Hospital was to be established I was visited by the heads of two important bureaus of the government, who presented petitions against my proposed action signed by numerous government officers and employees. Declining to accede to these petitions, I was later threatened with injunction proceedings. In this connection it is worthy of note that not a single case of infection has been traceable to the Santiago Hospital, which saved the lives of many Americans, including one of the petitioners against its establishment.

RESULTS OF CHOLERA WORK IN MANILA.

The measures enforced by the board of health in Manila were strikingly successful for months. With its congested population, its lack of any adequate system for the disposal of human excreta, and its many insanitary districts, the city affords a natural breeding ground for cholera. The maximum of daily cases during the first three months was 38, on May 1, and when this maximum had been reached a steady decline began. During the second week of May the drop was so marked as to lead the commissioner of public health to believe

that the end of the epidemic was at hand, and on May 16 he made wholesale reductions in the force of sanitary inspectors and emergency employees. This action was disapproved by the remaining members of the board, but as the disease continued to decrease for some days after the reduction, the logic of events at first seemed to justify his action.

Within a short time, however, there began a slow but steady increase in the daily cases. This increase was called to the attention of the commissioner of public health by me when the daily cases reached 12, and again when they reached 20 to 25. When they rose to 36, on June 20, he was warned that the situation was becoming serious. He did not so regard it, but was nevertheless instructed that energetic measures must be adopted. At this time I was compelled by ill health to go to the mountains of Benguet for five weeks. During my absence the number of daily cases increased quite steadily until July 26, when 91 were recorded, this proving to be the maximum for the epidemic in Manila.

On July 31 the detail of Colonel Maus as commissioner of public health terminated. From the day of his appointment to this position he had worked with tireless energy, sacrificing himself as few men would have been willing to do for the public good. From the beginning of the cholera epidemic he had been subjected to a heavy and continuous strain, which, at the time he was relieved, had resulted in extreme mental and physical exhaustion. I desire to express my deep appreciation of the faithfulness and energy which he displayed in the discharge of his duties while commissioner of public health.

On August 1 Dr. Frank S. Bourns, who had been chief health officer of Manila for more than a year under military rule, and whose long residence in the Philippines had peculiarly fitted him to deal successfully with the Filipinos, was temporarily appointed commissioner of public health by the acting civil governor, and sacrificed his private interests in order to undertake a thankless task at a critical time.

The hostility of the Spanish and native physicians had reached a climax at the time of his appointment. By making certain changes in policy he succeeded in allaying to a large extent the hostility of the native physicians and in securing from them a considerable degree of cooperation. During the four weeks from July 6 to August 2 there were 1,222 cases of cholera in Manila. During the four weeks ending August 31 the number of cases fell to 668; during the month ending September 30 it was 296, and during the month ending October 31 it was 88. The total number of cases from the beginning of the epidemic to date has been 4,174. Estimating the inhabitants at 302,000, 1.38 per cent of the population have been attacked. In view of the fact that nowhere in the archipelago are conditions so favorable to a great epidemic, the value of strictly enforced sanitary measures is strikingly shown by contrasting this result with what has occurred in many of the provincial municipalities where the disease appeared at a much later date than at Manila, but where time was lost in enforcing the necessary health regulations or where it was impossible to enforce them at all. In Hagonoy 21.6 per cent of the population was attacked; in Macabebe, 32 per cent; in Orani, 18.7 per cent; in Dumangas, 13.9 per cent. Other towns from which reliable statistics are not yet at hand are reported to have suffered still more severely.

THE EPIDEMIC IN THE PROVINCES.

During the early days of the epidemic quarantine guards were placed on all roads, paths, and streams leading out from Manila, a water patrol was established on the bay, and all vessels leaving Manila were quarantined five days at Mariveles, and for a longer period if cholera developed on board. No one but a health officer could lawfully leave the city without a pass. The spread of the disease to the provinces was thus greatly retarded and its transmission by large vessels leaving Manila was almost entirely prevented, but it was carried by native canoes to the towns about the bay, and was then widely disseminated by small sailing vessels, the movements of which could not be controlled. Furthermore, it was impossible to prevent the escape overland of people by night, or even by day, if they choose to make their way through the fields. What General Otis could not accomplish with thousands of soldiers was an impossibility for the board of health, aided by the city police and a few hundred men from the insular constabulary.

Cholera appeared in the provinces as follows: Bulacan, March 23; Cavite, March 27; Bataan, March 28; Ambos Camarines and Rizal, April 2; Laguna, April 7; Pampanga, April 13; Pangasinan, April 24; Tarlac, April 28; Nueva Ecija, May 8; Leyte, May 9; Batangas, May 24; Samar, May 29; Mindoro, June 10; Tayabas, June 13; Zambales and Marinduque, July 1; Benguet, July 4; Cebu, July 14; Union, July 15; Western Negros, August 26; Iloilo, August 28; Surigao, September 5; Capiz, September 8; Eastern Negros, September 29; Misamis and Antique, October 2; Sorsogon, October 15; Romblon, October 31. In each new region where the disease appears it is very malignant at first, spreading rapidly and causing a very high mortality, but with the lapse of time it tends gradually to decrease in intensity and finally to disappear.

The strain imposed upon provincial and municipal boards of health by the appearance of cholera so soon after their organization was necessarily very severe. In some cases they have responded to it nobly, and in others they have gone down under it. The insular board of health has done all in its power to check the epidemic in the provinces by furnishing medicines and disinfectants and by sending experienced medical officers to those places where the situation has become most serious. Invaluable assistance has been rendered in the provinces, under orders from General Chaffee, by the army surgeons, who, with few and insignificant exceptions, have cooperated heartily with the civil health authorities, where any existed, and have taken entire control and fought a good fight in many places where there were no local civil health officers. The efficacy of proper sanitary measures has been demonstrated over and over again by the prompt and complete stamping out of cholera in provincial municipalities where the population is uniformly much less congested than in Manila. The disease has now practically disappeared from the provinces of Bulacan, Pampanga, Bataan, Rizal, Ambos Camarines, Marinduque, Tarlac, Laguna, Batangas, Nueva Ecija, Zambales, Cebu, Pangasinan, North and South Ilocos, Leyte, and Union. It is still raging with considerable violence in the province of Iloilo.

The total number of cases reported in the provinces up to date is 103,076, with 66,837 deaths. Adding the 4,174 cases and the 3,146

deaths which have occurred in Manila, the grand total for the epidemic up to date is 107,250 cases and 69,983 deaths, the mortality being 65.25 per cent.

The following table shows in summary form the progress of the epidemic:

| | Manila. | | | Provinces. | | | Total. | | |
|---------------------------------|---------|---------|---------------------------|------------|---------|---------------------------|---------|---------|---------------------------|
| | Cases. | Deaths. | Mortality. | Cases. | Deaths. | Mortality. | Cases. | Deaths. | Mortality. |
| March 20 to 31, inclusive | 102 | 95 | <i>Per cent.</i> 93.13 | 12 | 10 | <i>Per cent.</i> 83.33 | 114 | 105 | <i>Per cent.</i> 92.10 |
| April | 495 | 480 | 96.96 | 1,842 | 1,844 | 72.96 | 2,337 | 1,824 | 78.04 |
| May | 529 | 330 | 62.38 | 2,568 | 1,765 | 68.73 | 3,097 | 2,095 | 67.64 |
| June | 582 | 442 | 75.94 | 5,284 | 4,131 | 78.16 | 5,866 | 4,573 | 77.95 |
| July | 1,385 | 976 | 70.48 | 7,737 | 5,826 | 75.30 | 9,122 | 6,802 | 74.56 |
| August | 697 | 525 | 75.32 | 11,214 | 8,064 | 71.91 | 11,911 | 8,589 | 72.10 |
| September | 296 | 232 | 78.37 | 43,188 | 27,285 | 63.17 | 43,484 | 27,517 | 63.28 |
| October | 88 | 66 | 75.00 | 31,231 | 18,412 | 58.95 | 31,319 | 18,478 | 58.99 |
| Total | 4,174 | 3,146 | 75.34 | 103,076 | 66,837 | 64.84 | 107,250 | 69,983 | 65.25 |

DEATH OF DR. MEACHAM.

On April 14 the board of health suffered a very serious loss in the death of Dr. Franklin A. Meacham, chief health inspector, who had borne the brunt of the fight against bubonic plague, and from the beginning of the cholera epidemic had displayed tireless energy in his efforts to combat the new enemy. Although suffering from a high fever, he had for several days continued to expose himself to the intense heat of the sun by day and to work in his office until late at night, keeping his colleagues in ignorance as to his true condition. He gave up only when unable to rise from his bed, and died three days later of heart failure, which was the result of utter exhaustion from long-continued overwork. Dr. Meacham was an able administrator, and was endowed with the faculty, as valuable as it is unusual, of discharging disagreeable duties in such a way as to win not only the respect, but the regard of those most injuriously affected. He sacrificed his life in the discharge of his duty, and his death was an irreparable loss.

DEATH OF MR. J. L. MUDGE.

Six days later the board suffered another disaster in the death of Mr. J. L. Mudge, the efficient city superintendent of streets, parks, bridges, docks, and wharves, who had rendered invaluable aid in closing the wells, in cleaning up those regions where cholera was most prevalent, and in the establishment of detention camps and cholera hospitals. He had been warned in writing by his physician that his life was in danger, and had been ordered to go to the hospital, but had refused to give up his work at this critical time. The strain was too much for him, and on April 20 he passed quickly away from heart disease.

SPECIAL MENTION OF THE SERVICES OF OTHER HEALTH OFFICERS.

Before closing my discussion of the cholera epidemic I wish especially to call attention to and commend the following gentlemen: Dr. Charles F. DeMey, for stamping out cholera in the provincial towns of Maca-

bebe, Hagonoy, and Bacolor, and for his efficient services in one of the worst districts in the city of Manila; Dr. Frank W. Dudley, for his efficient work while in charge of the San Lazaro detention camp and in fighting cholera at Orani and in the northern coast provinces of Luzon; Dr. Edward A. Southall, for his fine work, first, in his district in the city of Manila, and, second, while in charge of the Santiago Cholera Hospital, where he broke down physically as a result of the severe and long-continued strain; Drs. F. J. Combe, George A. Zeller, Isaac W. Brewer, and Henry E. Winslow, for their valuable and most efficient services in the city of Manila. I have previously made special mention of the work of Drs. Thomas R. Marshall, J. W. Jobling, and T. K. Hunt.

One of the most serious difficulties encountered, both in Manila and in the provinces, has been the securing of efficient inspectors. In too many cases the Filipino inspector does not himself appreciate the importance of the measures which it is his duty to enforce. He is unable to understand that these measures, to be made effective, must be enforced upon the rich as well as the poor, and the strong as well as the weak. In order to get satisfactory results from Filipino inspectors it has usually proved necessary to have them closely supervised by Americans. The cholera epidemic extended over the period of the long annual school vacation and necessitated the closing of the schools in many municipalities at times when they would, under normal conditions, have been in session. As a rule the teachers remained at their posts through the worst of the epidemic, and many of them rendered invaluable assistance to insular and provincial health officers by their wise, courageous, and energetic work in the municipalities. They aroused municipal officers to the imperative necessity of improving the sanitary condition of their municipalities before the scourge was upon them, and when it came voluntarily took up the disagreeable and dangerous task of searching out the cholera victims, quarantining the living, nursing the sick, and supervising the burial of the dead. I have seen them at their work in the provinces of Bataan, Pampanga, Tarlac, Pangasinan, and Union, and found them doing their duty effectively and unassumingly. Their services were invaluable, both from the direct results which they accomplished and from the far-reaching effect of the good example which they set. Mr. William H. Badger, of Malasiqui, Pangasinan, Mr. Robert R. Jamison, of Balanga, Bataan, Mr. Herbert Lucker, of San Miguel, Ilocos Norte, and Mr. R. Zumstein, of Nagcarlang, Laguna, paid for their devotion to duty with their lives.

The insular board of health and the insular government are greatly indebted to Dr. S. Kitasato, director of the Imperial Institute for Infectious Diseases at Tokio, Japan, for the large amount of useful information which he has furnished with reference to means of combating bubonic plague; for the courteous treatment and assistance accorded by him to the director of the Serum Institute and the superintendent of Government laboratories while in Japan; and, in general, for his interest and hearty cooperation in the work of the insular board of health, the Serum Institute, and the bureau of Government laboratories.

For further details of the work of the board of health for the Philippine Islands, reference is made to the report of Colonel Maus, former commissioner of public health, which is appended hereto and marked

“Appendix A.” In justice to Colonel Maus it should be stated that owing to the pressure of work incident to the cholera epidemic, and to the fact that he sailed for the United States almost immediately after his detail as commissioner of public health ceased, he did not have time to prepare a proper report. The material which he got together has necessarily been revised by others, and the report, as finally submitted, conveys an imperfect idea of the work of the board from September 1, 1901, to July 31, 1902.

The report of Dr. Frank S. Bourns, covering the period from August 1 to August 31, 1902, during which time he served as commissioner of public health, which is appended hereto and marked “Appendix B,” is quite complete. Attention is particularly invited to the cholera statistics therein contained. It is hoped that at some future time, when the cholera epidemic is over, a full report upon it may be published.

The work of Dr. Chas. F. DeMey, in suppressing cholera in the provinces, was so very successful that I deem it desirable to publish extracts from his report, which are appended hereto and marked “Appendix C.”

THE QUARANTINE SERVICE.

Under the efficient management of Dr. J. C. Perry, passed assistant surgeon, U. S. Marine-Hospital Service, chief quarantine officer for the Philippine Islands, the most modern and best equipped quarantine station in the Orient has been constructed at Mariveles Harbor, at the mouth of Manila Bay. Ships of the largest size can come directly alongside the wharf, which is 400 feet long and 45 feet wide. The plant has sufficient capacity to allow the disinfecting of 150 passengers and their baggage every hour. The station is amply equipped for the detention of suspects, three barracks so arranged as to provide for six segregation groups being available for this purpose. Eighty cabin and a thousand steerage passengers can be cared for in these barracks at one time.

An effective quarantine service is of the greatest importance to these islands, which are constantly menaced by the danger of infection from the breeding grounds of disease afforded by the large neighboring centers of population in China. The presence of cholera and bubonic plague upon the Asiatic coast and in this archipelago has greatly increased the always onerous duties of the quarantine officers at Manila, which have been faithfully and efficiently performed. The boarding officer at Manila has been on duty continuously every day from 6 a. m. to 6 p. m., and the officer in charge of the station at Mariveles has often been on duty from 5 a. m. to 11 p. m. The clerical force has also been overworked.

During the fiscal year ending June 30, 1902, the effects of 33,387 passengers returning to the United States, including 110,317 pieces of large baggage, have been disinfected at the Manila and Mariveles stations; 12,158 persons have been detained for a period of five or more days, and 382 vessels have been disinfected.

Officers of the Marine-Hospital Service are stationed at Cebu and Iloilo, and the system of inspection at these ports is similar to that at Manila.

The quarantine work at Zamboanga and Jolo, where comparatively few foreign vessels enter, has been performed by surgeons of the United States Army.

Aparri has recently been made a port of entry, and on account of its proximity to Hongkong and Amoy a quarantine officer should be detailed for duty there.

Floating disinfecting plants for Cebu and Iloilo have been equipped during the year, at a total cost of \$40,000.

Every effort was made by the quarantine officers at Manila to prevent the introduction of cholera from Canton and Hongkong after it was reported there. It seems certain that it was not brought in by passengers, nor were vegetables which could have brought it allowed to be landed. After the order forbidding the importation of fresh vegetables had been issued, a number of unsuccessful attempts to evade it were made. The temptation to smuggle vegetables into Manila was strong on account of the high price which they brought at this time, and it is not improbable that other efforts to evade the quarantine regulations in this respect may have been successful. It is known that condemned vegetables were thrown into the bay in defiance of the orders of the chief quarantine officer, and that they were washed up on the beach at the Farola district and eaten by the inhabitants. I deem this to be the most probable explanation of the introduction of cholera.

For a fuller description of the Mariveles quarantine station and further details of the work of the quarantine officers in the Philippines during the past year, reference is made to the report of the chief quarantine officer for the fiscal year ending June 30, 1902, and his monthly reports of July and August of the same year, which are appended hereto and marked "Appendices D, E, and F," respectively.

CIVIL HOSPITAL.

The importance of furnishing adequate medical attendance for civil officers, employees, and members of their families was realized at an early date by the Commission, and it was deemed advisable to employ regularly an attending physician and surgeon and an assistant to care for them. Much difficulty was experienced in giving proper attention to persons seriously ill at their homes. Trained nurses could not be had at prices within the means of employees drawing small or moderate salaries, if, indeed, they could be had at all. Equal difficulty was experienced in providing suitable food for those who required special diet, while the character of many of the private houses was such that surgical operations performed there would necessarily be attended with grave danger of infection. Under these circumstances the establishment of a hospital for the proper treatment of civil officers and employees became imperative.

The overcrowding of the city made it most difficult to secure a suitable building, and dependence was temporarily had upon the small Women's Hospital, founded by Mrs. Whitelaw Reid, but the number of beds available at that institution was far from sufficient to meet our needs, while the charges were so high as to be prohibitive for many of our employees.

The building which was finally secured by the civil government had been used as a barrack and was in bad condition, but it was thoroughly cleaned and renovated, and a well-equipped modern hospital of 80 beds has been established there.

Shortly after the outbreak of cholera a building adjacent to the main

hospital was secured, and has since been utilized as an isolation ward for persons showing symptoms of, or suffering from, contagious diseases. Fortunately no contagious diseases developed at the hospital prior to the renting of this building. Since it has been secured there have been cases of measles, smallpox, and cholera among the patients.

The civil hospital has an attending physician and surgeon, an assistant attending physician and surgeon, a house physician, and a staff of most efficient nurses and hospital stewards. It is open to all civil officers, employees, and members of their families, whether resident in Manila or in the provinces. Patients who desire treatment in private rooms are charged \$2.50 per day, while those who receive treatment in the wards are charged \$1 per day. These charges cover board, medical attendance, and nursing. Persons whose annual salary is less than \$480 are entitled to free treatment. The institution is thus made available for all servants of the government.

Emergency cases of whatever sort are received at the hospital and given free treatment until their removal can be safely effected. When the number of empty beds exceeds five, civilians other than officers or employees of the government may be received upon the payment of prescribed fees and may employ their own physicians, but if they desire treatment by the attending physician and surgeon must compensate him for his services.

From its inception the civil hospital has been of great use. Admission of patients began on October 12, 1901, since which date there have been admitted 1,428 patients, of whom 1,138 were Americans or Europeans and 290 were Filipinos. Since the appointment of the attending physician and surgeon in August there have been treated as "sick in quarters" civil officers, employees, and members of their families to the number of 2,410. The total number of patients treated during this period in and out of the hospital has been 3,838. There have been but 13 deaths, a record which is most creditable to everyone connected with the institution. The attending physician and surgeon reports that 112 cases of dysentery, 36 of which were amœbic, have been treated, and that only one has resulted fatally during the time they were under treatment.

The Government is obliged to pay a very high rent for the buildings occupied, which at the best are but indifferently adapted to hospital purposes and are situated in the immediate vicinity of low ground which can not be drained. A modern building on high ground is greatly needed, and should be provided as soon as funds are available to meet the cost of its erection.

For further information in regard to the civil hospital, reference is made to the report of the attending physician and surgeon, which is appended hereto and marked "Appendix G."

CIVIL SANITARIUM AT BAGUIO, BENGUET.

During the past year it has been possible to conduct some practical experiments as to the effect of the Benguet climate upon sick or debilitated persons. The opportunity presented itself to acquire a considerable tract of land with two houses upon it, owned by Mr. Otto Scheerer. The position of this land with reference to the probable future site of government buildings at Baguio was such as to make it seem desirable that the government should purchase it before further

improvements were made upon it. One of the houses was assigned to the governor of the province as his official residence. The other, containing a dining room, a kitchen, and three bedrooms, with a total capacity of eight beds, was taken for a hospital. With considerable difficulty the necessary furniture and hospital supplies were sent up over the Naguilian trail, and the institution was opened with a personnel consisting of an acting superintendent, a nurse, a hospital steward, and the necessary servants. Later another nurse was added.

Plans were prepared for a new building to accommodate 60 beds, and to be constructed in such a way that the old building would form a part of it. The construction of six cottages to be occupied by the families of civil officers and employees in need of recuperation was also provided for. Work upon the projected improvements was begun immediately. Progress has necessarily been slow, as lumber could be had only by felling pine trees and sawing them up by hand, while it was necessary to take other supplies in over the Naguilian trail.

Very sick persons could not have endured the long, rough trip over the trail, but it has been possible to send a limited number of malaria patients and persons convalescing from dysentery and other wasting diseases. Forty-three persons have thus far been admitted to the sanitarium. A few of these were in good health and were members of the families of the real patients. Approximately four-fifths of those admitted sought relief from general debility induced by the tropical climate or by wasting diseases, and in nearly every instance they reacted promptly to the bracing air and rapidly improved. We now know positively what we had every theoretical reason to believe would prove true: that convalescents gain rapidly in weight, strength, and color at Baguio, and are soon restored to vigorous health. In some instances slight discomfort is felt during the first few days owing to the change in altitude, but this soon passes away.

The first estimate of the time required to complete the cottages and the addition to the sanitarium building proved inaccurate. Owing to strikes among the workmen, cholera, bad transportation, the extraordinary rainfall during the month of August (54 inches), and scarcity of labor, progress was much slower than had been anticipated. The force of nurses and hospital attendants, based on this estimate, proved unnecessarily large, and it became evident that if patients, even when convalescent, were to be sent to Baguio there must be a physician and surgeon there to attend them. Act No. 429 was accordingly adopted, reducing the original force to 1 nurse, 1 hospital steward, 1 cook, and 2 native servants, and providing for the appointment of an attending physician and surgeon.

Many of the persons who have been at Baguio are anxious to secure building lots there in order that they may erect cottages and send their families to Benguet during the hot season. The establishment of homes where the families of civil officers and employees can at any time and at small expense get the beneficial effects of a bracing climate will greatly add to the stability of the civil service, and I urge the surveying of a town site on government land and the sale of building lots in the near future, in order that it may be possible for those who desire to do so to build at Baguio. When this can be done many persons who now hesitate to bring their families to the Philippines will feel perfectly safe in sending for them.

For further details in regard to the work of the civil sanitarium, reference is made to the report of the attending physician and surgeon, which is appended hereto and marked "Appendix H."

A year's meteorological observations have furnished the following data with reference to the climate at Baguio: February, with a mean temperature of 62.1° F., is the coldest month. The temperature rises rapidly in March, reaching its maximum for the year in April, which has a mean of 70.5°. A second minimum occurs in August, which has a mean of 64.6°. The temperature again rises slightly in October and November, falling from that time until February. It is always from 12 to 16 degrees cooler at Baguio than at Manila, as is shown in the following table:

Table of mean temperatures at Manila and Baguio.

| | January. | Feb- ruary. | March. | April. | May. | June. |
|------------------|----------|----------------|--------|--------|------|-------|
| Manila..... | 77 | 77.7 | 80.4 | 82.9 | 83.3 | 82 |
| Baguio..... | 63.5 | 62.1 | 66.9 | 70.5 | 68.3 | 67.2 |
| Difference | 13.5 | 15.6 | 13.5 | 12.4 | 15.0 | 14.8 |

| | July. | August. | Septem- ber. | October. | Novem- ber. | Decem- ber. |
|------------------|-------|---------|-----------------|----------|----------------|----------------|
| Manila..... | 80.8 | 80.8 | 80.4 | 80.8 | 79 | 77.4 |
| Baguio..... | 66.5 | 64.6 | 67 | 67.6 | 66 | 64.3 |
| Difference | 14.3 | 16.2 | 13.4 | 13.2 | 13 | 13.1 |

The maximum temperature for the year, 82.8°, occurred on April 19. This is slightly higher than the maximum temperature with which Baguio has been credited. The minimum for the year, 42.1°, was recorded February 18.

The relative humidity was slightly greater at Baguio than at Manila, except during the months of October and November, when it was less. By months it was as follows: January, 76; February, 79; March, 76; April, 74; May, 86; June, 90; July, 89; August, 93; September, 90; October, 83; November, 82; December, 84.

Except during the months of July, August, and September, the mornings were almost uniformly free from fog. It is an interesting fact that for every month of the year there is less cloudiness at Baguio than at Manila. The rainfall by months was as follows: January, 0.06 inch; February, 0.57; March, 1.46; April, 0.32; May, 4.02; June, 12.55; July, 15.43; August, 37.03; September, 11.90; October, 4.95; November, 2.52; December, 5.47; total, 96.28. It will be noted that January, February, March, and April are very dry, the greatest dryness occurring at the time of greatest heat, in April. June, July, August, and September are wet, and moderate rains occur during October, November, December, and May.

These facts fully confirm the information previously secured by the Commission with reference to the climate of Baguio.

THE PROPOSED LEPER COLONY.

There are three leper hospitals in the Philippines, situated at Manila, Palestina, and Cebu, respectively. During the past year a beginning

has been made toward taking a leper census of the islands. This census is already quite complete for many of the provinces, and its results lead to the conclusion that the estimate of those persons who have heretofore expressed the belief that there were 30,000 lepers in these islands is wide of the mark. It is believed that the total number will not exceed 10,000, and it may fall considerably below this figure.

The desirability of establishing a colony where persons in the early stages of leprosy can have their homes, cultivate the soil, and in general lead a free out-of-door life, instead of being practically imprisoned and compelled to pass their days in company with fellow-unfortunates in the last stages of this horrible disease, has long been appreciated by both military and civil authorities. Efforts were made by the military government to find an island suitable for the establishment of a leper colony, and a military board reported favorably on the island of Cagayan de Joló, after somewhat cursorily examining it. As satisfactory information was not given as to the supply of drinking water on this island, and as the accuracy of the board's report that there were but 200 or 300 inhabitants had been seriously questioned, a committee consisting of the commissioner of public health, the sanitary engineer, and the secretary of the interior was appointed to reexamine the island, and if it did not prove satisfactory to search for a more favorable one.

This committee reported adversely on the island of Cagayan de Joló, on account of the entire lack of a favorably situated supply of drinking water, the absence of any port, and the presence in the island of some 3,000 Moros, whose removal would have been both difficult and expensive, and recommended the island of Culion, in the Calamianes group, on account of its healthful climate, rich soil, extensive cattle ranges, abundant water supply, good harbors, and small population. The present inhabitants are so few and have so little property that their removal, if deemed necessary, can be effected with little difficulty and at small expense.

For further information as to the islands of Cagayan de Joló and Culion, reference is made to the report of this committee, which is annexed hereto and marked "Appendix I."

An appropriation of \$50,000 was included in act No. 389 for the purpose of erecting a warehouse on Halsey Bay, building a road to the proposed site of the colony, and erecting superintendent's house, hospital, and 100 separate dwellings for lepers, the hospital and dwellings to be of bamboo and nipa palm, which the island of Culion produces in abundance. Unfortunately the cholera epidemic prevented the prosecution of this work, and the appropriation lapsed at the end of the fiscal year. A new appropriation was made in October, and it is hoped that the colony may be established and the inmates of the San Lazaro, Palestina, and Cebu lazarettos transferred to it during the coming dry season.

THE FORESTRY BUREAU.

The work of the forestry bureau has progressed without interruption during the past year. The chief of the bureau, Capt. George P. Ahern, Ninth U. S. Infantry, was absent on leave in the United States from May 18 until December 1, 1901. During this period the affairs of the bureau were ably directed by its assistant chief, Mr. Albert E. McCabe, who has recently severed his connection with it, greatly to my regret, in order to engage in the practice of law. Mr. McCabe

had a good legal training, combined with executive ability, thorough familiarity with extensive lumbering operations as carried on in the United States, and with the methods in vogue in these islands, and his place will be difficult to fill.

The visit of the chief of the bureau to the United States resulted in securing the services of a number of valuable men, and since their arrival extensive field operations have been undertaken in order to ascertain the character and amount of timber in the provinces of Bataan, Tayabas, and Ambos Camarines, and in the island of Mindoro.

The method followed in estimating timber is to select and measure "average acres." A detailed study of each such acre is then made, the stand and varieties of timber, their peculiarities of growth, the character of the soil, rock formations, etc., being considered. Valuation surveys have already been made for 600 such acres in Bataan Province.

The surveys thus far completed show an average stand per acre of 7,000 cubic feet of marketable timber (over 20 inches in diameter), and the statement that there is an average stand of 3,500 cubic feet of such timber per acre of the 20,000,000 acres of virgin forest estimated to remain in this archipelago would probably be conservative.

A well equipped timber-testing laboratory has been established at Manila and important practical experiments for the purpose of ascertaining the qualities of the different Philippine woods are now in progress. No systematic series of properly conducted tests have heretofore been made, even upon those of our woods which are best known, and the practical importance of this work is very great, as it will doubtless result in bringing into commercial use many varieties of wood which are not marketable to-day because their properties are unknown.

The timber cut and marketed in these islands during the past year has been entirely insufficient to meet the local demand. It has been necessary to import millions of feet of American pine and redwood and of timber from Borneo and Australia. Between May 4 and August 12, 1902, the price per cubic foot of ipil increased from \$0.95 to \$2 United States currency; that of molave from \$1.10 to \$1.80, and that of tindalo from \$0.95 to \$2. It is often impossible to purchase our best hard woods at any price, and any surplus in the near future will be promptly absorbed by the China market. The lack of suitable means for transporting logs is the main cause of the existing shortage of lumber. The carabao, which is the only draft animal in the islands capable of hauling logs, is unsatisfactory at the best, and a large percentage of these animals have recently died of rinderpest. The lumber company which first successfully introduces modern logging methods here will make very handsome profits.

INCREASE IN WORKING FORCE.

The working force of the forestry bureau has been materially increased during the year, and divisions of inspection, of forest management, and of botany have been created. The efficiency of the work of the division of inspection is shown by the increasing revenues derived from the dues collected on forest products.

BOTANICAL COLLECTIONS.

Extensive botanical collections have been made during the past year which should afford material for the identification of a large num-

ber of our more important tree species, and a botanist has been sent with them to Buitenzorg, Java, in order that he may make use of the famous botanical gardens and the fine herbarium and library there in identification. Much difficulty in classification, and in the collection of government charges on lumber, is at present occasioned by the fact that the exact identity of many of our commoner tree species is not known to us. It is hoped that this state of affairs may be remedied to a considerable extent in the near future.

FORESTRY REGULATIONS.

The present forestry regulations have proved satisfactory in the main, but the time has arrived for carefully revising them in the light of practical experience extending over a period of more than two years. There has been some complaint that the government charges on lumber were too high, but in view of the high prices which the local lumbermen get for all timber which they are able to put on the Manila market, this complaint seems groundless.

Provision should, however, be made for the issuing of licenses under special contract, covering periods sufficiently extended to justify companies in installing plants large enough to carry on lumbering operations over considerable tracts, under the supervision of the forestry bureau. One of the difficulties under which we labor at present is that the large and old trees, which are capable of furnishing the finest lumber, can be felled only with great difficulty with the crude appliances now available, and when once felled can not be handled, as carabao, even in those provinces where a considerable number of them are still available, can not haul the larger logs. The result is that these trees are allowed to stand until they die. Their removal will necessitate the construction of tramways or the use of a cable system of logging, which will take comparatively large capital. It is thought by the chief of the forestry bureau that a period of at least ten years should be granted by contract license for this kind of work, and that such licenses, covering tracts of forest specifically indicated by the forestry bureau, should be granted to the highest bidders. The forestry bureau would furnish working plans of such tracts, showing the variety and amount of timber which could be cut, the length of the haul, market price of the better-known varieties, and cost of transportation, in order that intelligent bids might be made. Under the regulations proposed by the chief of the forestry bureau, the local residents in districts covered by special contracts would be given every facility to secure such lumber as they might require for their personal use, and the contract would cover only timber cut for the market. The necessity of supervision over the cutting of timber is demonstrated by the fact that under the old haphazard policy some islands and many provinces have been practically denuded of merchantable timber.

During the past year no lumber company has cut as much as 100,000 cubic feet. Under the contract license system, if adopted, it is hoped that a larger amount of timber will be cut. It will take a number of well-equipped companies many years to cut a small part of the over-mature timber which the forestry bureau is now ready to mark for immediate removal.

PHILIPPINE SAWMILLS.

There are 14 sawmills in the Philippine Islands using steam or water power, 8 of which are in Manila and 6 in the provinces. An extremely

slow feed and first-class sawyers are necessary in working up the hard woods. The slowest feeds of some of the saws recently set up in Manila proved too fast and teeth were stripped from them in consequence. The Manila mills have a total daily capacity of 3,660 cubic feet. There are in addition 33 establishments in Manila where sawing is done by hand. These hand mills employ 432 men, using 159 saws, and have a daily capacity of 1,897 cubic feet. The cost per cubic foot of sawing by hand is usually not less than 30 cents Mexican. The lowest price at which any steam mill at Manila is sawing into boards an inch or more in thickness is 17 cents per cubic foot, and this price applies only to mixed shipments, a higher price being charged for shipments composed exclusively of the harder woods. The other mills charge from 30 to 50 cents per cubic foot for mixed shipments.

EXTENT OF FOREST LANDS.

The forest area of the Philippines, including all public and private woodlands, was estimated by Fernando Castro in 1890 to be 48,112,920 acres. The area of private woodlands held under valid title is far below 1,000,000 acres. Under existing forestry regulations owners of private woodlands must register their titles in the forestry bureau before cutting thereon timber or firewood for the market. The total area of private woodlands thus far registered is approximately 250,000 acres. It will be readily seen, therefore, that under existing conditions the timber necessary for the people of these islands comes almost exclusively from the public lands.

RUBBER AND GUTTA-PERCHA.

Dr. P. L. Sherman, who was sent to investigate the rubber and gutta-percha industries in the Straits Settlements, Java, and Sumatra in 1901, and whose report thereon has already been made public, was upon his return dispatched to Mindanao and the Sulu Archipelago with a view to investigating as carefully as possible the question of the existence of rubber and gutta-percha in the forests of the southern Philippines, the character of such products if found, the practicability of marketing them, and the protective measures necessary to prevent the destruction of trees, which has been carried on with such disastrous results in Borneo, Java, and the Straits Settlements. The results of his work are embodied in an important communication, which the chief of the forestry bureau has incorporated in his annual report (see Appendix J).

Dr. Sherman made an unsuccessful attempt to reach Sibutu, the westernmost island of the Sulu Archipelago, but was informed that neither rubber nor gutta-percha grew there. Tawi Tawi was found to produce both in large quantities. He reports gutta-percha plentiful in certain parts of Mindanao, but did not find rubber, although the Moros assured him that it grew about the headwaters of the Rio Grande. Numerous samples of rubber and gutta-percha were secured. *Dischopsis gutta*, the tree from which is obtained the finest gutta-percha known, was not met with, but other trees of the same genus were found. The gutta-percha of the southern Philippines is of fair to poor quality, containing a considerable amount of dirt and resin, but a method has been worked out in the government chemical labora-

tory for the extraction from it of chemically pure gutta, equal in every way to the best gutta heretofore put upon the market, which, before the supply was exhausted, brought \$700 (Mexican) a picul in the Singapore market. The crude gutta-percha from which our pure gutta is extracted costs from \$30 to \$70 (Mexican) per picul in the Mindanao market. The purifying process involves the loss of about 50 per cent of the original mass.

Dr. Sherman found that the felling and ringing of gutta-percha trees, which has wrought such havoc in other gutta-producing countries, was in vogue throughout the southern islands in spite of forestry regulations to the contrary. In Tawi Tawi gutta-percha is extracted from time to time by the Moro inhabitants at the direction of the Sultan of Sulu, who purchases the product at his own price and then markets it. In Mindanao, however, although the Moros bring the gutta-percha to the market, it is extracted for the most part by the wild people inhabiting the almost unknown interior of this great island.

It is easy to adopt regulations prohibiting the destruction of gutta and rubber trees, but under existing circumstances such regulations can not be made effective in the regions where these trees grow. They are usually found singly and at considerable intervals over enormous areas, and it is simply impossible to watch and protect the individual trees, yet the prevention of their destruction is a matter of the utmost importance.

In view of the experience of other countries and the evident uselessness of the protective methods that have been there followed, I am inclined to recommend the establishment of a government monopoly in gutta-percha. Exportation, except by the government, could be prohibited, and such prohibition could be made fairly effective. Government buyers could be located at suitable points. The government could well afford to pay a price considerably higher than that which has heretofore prevailed for the Philippine product, thereby avoiding ill feeling on the part of the gatherers, and by limiting the amount which it purchased could greatly retard the present rapid destruction of the trees. The government buyers would necessarily come in close contact with the collectors, and something might eventually be done in the way of introducing proper methods of extraction in place of the present destructive processes, although the experience of other countries leads me to doubt whether much can be accomplished along these lines. At all events, the establishment of suitable extraction plants would make it possible to utilize the large amount of gutta-percha which is now left in the bark of trees that have been felled and ringed. As time went on it might become feasible to grant the privilege of extracting and marketing gutta from the trees in fixed areas, under suitable regulations, to private individuals.

Dichopsis gutta should be brought in from Borneo for planting, and adequate provision should be made to grow government gutta-percha forests, conveniently situated and capable of thorough protection, before the native trees are destroyed.

I am fully convinced that the only method of stopping the destruction of gutta trees which can be made immediately effective is the prohibition of exportation, except by the government, and the limitation of the amount of the product acquired by the government for this purpose. Legislation on this general subject will be recommended to the Commission in the near future, and prompt action should be taken.

At the present rate of destruction there will be no gutta-percha trees standing four years hence.

It is difficult to obtain really reliable information as to the present exports of gutta-percha from the Philippines. Singapore is the principal and almost exclusive Eastern market for it. During the calendar year 1901 the Sulu Archipelago was credited with 1,966.5 piculs and the Philippines with 105 piculs. The average import value of the gutta-percha received at Singapore directly from the Philippines was only \$76.68 (Mexican) per picul, as compared with \$169.91 (Mexican) for the product received from other sources, but it is known that large quantities of gutta-percha not credited to these islands, but actually shipped from our southern ports, are credited to Borneo.

QUANTITIES OF FOREST PRODUCTS TAKEN FROM PUBLIC LANDS DURING THE FISCAL YEAR ENDING JUNE 30, 1902.

There have been taken from the public lands of the Philippines during the fiscal year ending June 30, 1902, 3,637,392 cubic feet of timber, 3,808,870 cubic feet of firewood, 247,947 cubic feet of charcoal, 20,685 pounds of rattan, 2,256,458 pounds of dyewoods, 312,154 pounds of tan bark, 1,082,235 pounds of gum mastic, 282,996 pounds of rubber (of superior quality), 373,331 pounds of gutta-percha (of low grade), 9,181 gallons of vegetable oils, 113,905 pounds of pitch, and 20,685 pounds of cinnamon.

The total revenue derived from these products was \$348,073.08 Mexican. Government charges on timber during this period have averaged a little more than 6 cents (Mexican) per cubic foot, which has been between 5 and 10 per cent of the market price of the timber at Manila.

Government dues on forest products are collected by provincial treasurers, or, in the provinces where civil government has not been established, by internal-revenue officers, and covered into the insular treasury. The cost of maintaining the forestry bureau for each quarter is deducted from the revenues so received, and the balance remaining is divided between the provincial and municipal governments in the provinces from which the products originally came, one-half of the amount remaining after the pro rata deduction for the expenses of the forestry bureau going to each provincial government and the remaining half being distributed among the several municipalities in proportion to the amount of the original collections on the products coming from each of them, the close relationship between the construction of roads and the practicability of the removal of lumber from the forests making it seem to the Commission desirable that a considerable part of the funds derived from taxes on forest products should be spent in the regions from which such products are derived. Prior to July 1, 1902, all revenue from forest products was returned to the provinces and municipalities, and the entire expense of maintaining the forestry bureau was borne by the insular government.

For further details relative to the work of the forestry bureau reference is made to the report of the chief of the bureau, which is appended hereto and marked Appendix J.

MINING BUREAU.

The mining bureau still remains without satisfactory quarters, and there seems little probability that this difficulty can be remedied except

by building. It is hoped that, after the completion of the main building for the bureau of government laboratories, wings may be added which will accommodate the mining bureau, forestry bureau, bureau of public lands, and agricultural bureau.

The mining bureau has been obliged to move during the present year from the cuartel de ingenieros to the old mint building, where it is now temporarily housed.

The work of the bureau has progressed very satisfactorily during the past year. A number of important reports have been prepared by its chief, among which may be mentioned a report on the Sanger, Vera & Co. claims and record, a report on the Gil Brothers' coal mining claims on the island of Batan, a report on the mining claims of Antonio Fuset, a report on the Spitz coal mines and claims in Cebu, and a report on the iron mines of Angat, in Bulacan, including the Constanacia, Santa Lutgarda, and Hison mines.

The important work of completing a chronological index to the records, archives, books, and papers of the mining bureau has been practically finished. The index books show in chronological order every document and entry, with a brief abstract giving the nature of the paper referred to, the province to which it relates, the class and kind of material, the name of the person or persons in interest, and a reference to the portfolio or book in which the original document can be found. The great mass of records in the mining bureau has thus been made readily accessible, and I take pleasure in expressing my satisfaction at the accurate and painstaking manner in which this difficult and tedious work has been performed.

MINERALOGICAL AND GEOLOGICAL SURVEYS.

The restoration of order throughout the archipelago has made it possible to send out field parties, and the mining bureau has inaugurated a proposed series of mineralogical and geological surveys by making a detailed examination of the iron-mining region in the vicinity of the municipality of Angat, in the province of Bulacan. A party of seven men remained in the field for forty-five days, at a total cost to the insular government of \$527.55 United States currency. A large amount of information was secured and embodied in a special report entitled "Report on a geological reconnaissance of the iron region of Angat, Bulacan." This report will be issued as a bulletin of the bureau, and will form one of a series of bulletins for the use of miners and prospectors and for the information of the general public. The first of this series, entitled "Platinum and associated rare metals in placer formations," has already been published and widely distributed.

An abstract of the Spanish mining code for these islands, previously prepared by the chief of the mining bureau, has been carefully revised, annotated, and published. It should be of great use in the settlement of legal questions which may arise with reference to Spanish mining grants.

Considerable additions have been made to the museum of the bureau during the past year.

In view of the enactment by Congress of a mining law for this archipelago, which places the administrative work with reference to mining claims hereafter located in the bureau of public lands, it would seem advisable to also transfer to that bureau the administrative work aris-

ing in connection with the old Spanish mining grants, which under the Spanish law was performed by the mining bureau. Legislation to this end will be recommended in due time.

LEGISLATION RECOMMENDED.

While there has been some complaint among miners as a result of the provision of the recent act of Congress that "the holder of a mineral claim shall be entitled to all minerals which may lie within his claim, but he shall not be entitled to mine outside the boundary lines of his claim continued vertically downward," the only provision in that act with reference to mineral lands which has provoked serious criticism is the one contained in section 33, which prohibits any person from holding "in his, its, or their own name or in the name of any other person, corporation, or association more than one mineral claim on the same vein or lode."

It should be remembered that there is no mining industry in the Philippines to-day. Although many of the islands undoubtedly have rich and extensive mineral deposits, the obstacles imposed upon the prospector by the heat of the lowlands and by the dense tropical vegetation, which usually covers and to a large extent conceals soil and rock formations, as well as by the existing lack of transportation facilities, are very great. There have been found in Benguet and Lepanto small bodies of extremely rich ore, but the veins are narrow and crooked owing to volcanic action, which has played such an important part in these islands in the recent past, and to earthquakes, which are still very frequent, and "faults" are extremely common. It is not to these small bodies of rich ore, therefore, that the miner must look for his returns, but to large masses of low-grade free-milling ores. Considerable masses of such ores have been found, but they are for the most part far from the seashore, and their successful development necessitates the construction of roads and the installation of expensive machinery. The miners maintain, with apparent reason, that the necessary capital can not be secured for the development of these deposits if no person or association of persons is allowed to own or have an interest in more than a single claim on the same vein or lode.

It is surely unnecessary to discuss the advantages which would result from the active development of the mineral wealth of these islands, and there would seem to be no good reason why the miners here, who must create a new industry, should not be as liberally treated as are miners in the United States. I therefore hope that the Commission will urge upon Congress the modification or repeal of section 33 of "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes."

For further information as to the work of the mining bureau, reference is made to the report of the chief of the bureau, which is appended hereto and marked "Appendix K."

BUREAU OF PATENTS, COPYRIGHTS, AND TRADE-MARKS.

The work of this bureau has remained so small that it could be readily performed by one clerk who has acted under the general supervision of the chief of the forestry bureau. Since July 1, 1901,

224 certified copies of United States patents and 84 certificates of registration of the United States trade-marks have been filed. The receipts of the bureau from fees during this period have been \$331.15 United States currency. In addition to this the sum of \$259.50 Mexican currency was received from sales of stamped paper for the annual payment of patents and the renewal of trade-marks granted by Spain and in force in these islands on the date of American occupation. There are about 3,000 Spanish patents, 202 Spanish trade-marks, and 152 Spanish copyrights on file in the bureau.

Although provisions exist at present for the protection of United States patents and trade-marks here, there is no protection for United States copyrights, nor is it possible for inventors to protect themselves by taking out patents in these islands. Although the Filipinos are apparently not an inventive people, the few applications for patents and for copyrights which have been made since 1899 having come almost exclusively from Americans or Europeans, the lack of a law providing for the registration and protection of trade-marks has been a great hardship. The American occupation has led to the introduction of many new articles of commerce and has caused a greater demand for articles previously used, but there is no protection for new trade-marks, and advantage has been taken of this fact to flood the market with cheap imitations of many standard articles. It is important that a trade-mark law should be speedily enacted.

For further information as to the work of the bureau of patents, copyrights, and trade-marks, and for a brief résumé of orders, circulars, and letters relative to patents, copyrights, and trade-marks in the Philippine Islands, reference is made to the report of Capt. George P. Ahern, Ninth United States Infantry, in charge of the bureau, which is appended hereto and marked "Appendix L."

BUREAU OF GOVERNMENT LABORATORIES.

The reasons which led the Commission to establish a bureau of government laboratories were enumerated in the last annual report of that body. The policy outlined in that report has been strictly adhered to during the past year, and the not altogether unnatural desire on the part of heads of bureaus to establish separate laboratories for carrying on their special lines of work has been steadily resisted. As a result a broad foundation has been laid for future scientific work in connection with the safeguarding of the public health and the development of the material resources of this archipelago, where such work, if properly carried on, will certainly lead to results even more important and far-reaching than those which have been obtained under somewhat similar conditions in Java. Except for some investigation in systematic botany, and the meteorological, astronomical, and magnetic work of the Manila Observatory, no scientific research worthy of the name was carried on under Spanish rule, and we found ourselves practically without equipment and entirely without laboratory facilities for such work.

Dr. Paul C. Freer, whose familiarity with the laboratories of Europe and America fitted him to superintend the establishment and equipment of this important bureau, was appointed its chief and accepted the position on June 21, 1901. Under instructions from the Commission he visited many laboratories in the United States for the purpose

of seeking available candidates for future positions in the Philippine service and of obtaining information likely to be useful in planning a suitable building and equipping it with the necessary library and apparatus. He reached Manila on September 25.

There had existed prior to his arrival a "municipal laboratory of Manila," established under the military government, where biological and chemical work had been carried on for the board of health of Manila. The property belonging to this laboratory had passed to the possession of the civil government, but it had been necessary to vacate the old laboratory building and store the apparatus in the basement of the civil hospital. The urgent necessity of laboratory facilities in connection with the work of the civil hospital and the insular board of health made it imperatively necessary that this state of affairs be remedied at once. A small building immediately in the rear of the civil hospital was finally secured, and, although it was not suited for laboratory purposes, such apparatus as was available was installed there and chemical and biological work begun. It has been necessary to make two additions to this building in order to get the laboratory force and the gradually increasing equipment under cover; but, in view of the fact that the construction of an adequate and suitably equipped building for the bureau has been contemplated from the outset and has now actually begun, no expense has been incurred in connection with the present quarters which could be avoided.

From the day the laboratory was opened the insular board of health, the bureau of customs and immigration, the civil hospital, and the courts of the islands availed themselves of the opportunity afforded by its inadequate facilities, and the volume of work has steadily increased until it has reached a limit which can hardly be exceeded prior to occupancy of the new building.

Richard P. Strong, Ph. B., M. D., first lieutenant and assistant surgeon, U. S. Army, who had carried on important investigations with reference to tropical diseases during his army service in the Philippine Islands, and who was at the time absent on leave in the United States, was appointed director of the biological laboratory and arrived in Manila on January 1, 1902. Most of the employees of the Manila municipal laboratory were taken over at the outset, and others have been added from time to time. The working force of the bureau at present consists of 1 chemist and investigator, 1 chemist, 1 physiological chemist, 1 analytical chemist, 2 assistant chemists, 1 assistant biologist, 1 assistant bacteriologist, and a photographer, with the necessary clerical assistants and laboratory servants.

A large amount of the time of the superintendent of government laboratories has been devoted to completing plans for a new building, in cooperation with the chief of the bureau of architecture, and to listing and securing prices on the books and apparatus necessary to properly equip it.

This building, upon which work has already begun, will provide adequate space for the chemical and biological laboratories, the serum institute, and for a library of 30,000 volumes. It is intended primarily as an institution for practical investigation rather than for instruction, and large rooms are therefore unnecessary. Each class of work will have separate space allotted to it so that it will not interfere with other work which is being carried on simultaneously. The chemical laboratory will afford space and thoroughly adequate facilities

for the analysis of minerals, mineral products and rocks, water, soils, food products, paints, oils, beverages, and other materials, and for investigations with reference to the natural resources of the islands, the means of improving present products, and the possibility of developing new industries. Rooms will be provided for distillation, for the examination of plant products, and for work in pharmacology with special reference to the value of our numerous medicinal plants.

A part of the ground floor of the chemical laboratory will be set aside for a physical laboratory, which will be equipped for gravimetric, volumetric, thermometric, and photometric work, and for electrical measurements, and will provide suitable facilities for the work of standardizing weights and measures.

The biological laboratory will have suitable space and proper equipment for the making of diagnostic analyses, bacteriologically and otherwise, and for the investigation of tropical diseases of man and of the plants and animals useful to man.

In order to give the necessary floor space for carrying on these several kinds of work, and for housing an adequate library, the building will be two stories high, 216 feet long, and 60 feet wide. Laboratory desks will be provided with gas and water, and where necessary with steam and vacuum. An adequate power plant will furnish vacuum, steam, and water, and will supply electricity for the various motors, and for lighting the building. Boilers and engines will be housed in an addition 115 feet long and 68 feet wide, in the rear of the laboratory structure proper. This space will afford room for the necessary engines and boilers, and for additional boilers and engine space when the erection of other government buildings makes it desirable to derive more power from this plant. In the addition will also be established the laboratory of the serum institute, and a refrigerating room for the preservation of serums and prophylactics, and such other chemicals and supplies as must be kept cold. Animal houses will be built in the rear of the laboratory building. The details of the building have been planned by the insular architect, Mr. E. K. Bourne, and will be found in his annual report, which appears as an appendix to the report of the secretary of public instruction.

When this building is erected and equipped the facilities which it will afford for investigation, taken in conjunction with the rich material available, will certainly serve to attract scientists to this interesting and important field. It is an encouraging fact that a number of well-known investigators have already indicated their willingness to come to these islands and work for a year or more, for their bare expenses, when suitable facilities have been provided.

THE SERUM INSTITUTE.

A serum institute under the insular board of health was provided for by act No. 389, and has been established on the San Lazaro Hospital grounds, where temporary sheds for vaccine calves and for horses and cattle, as well as fenced inclosures for isolating animals which are under treatment, have been provided. A limited amount of antiplague serum was manufactured here during the last days of the plague epidemic, but the greater part of the serum used in combatting this disease was imported at considerable expense from Japan, before the establishment of the institute. The imperative necessity

of manufacturing antirinderpestic serum in large quantities, if the prostration of agriculture which at present exists in these islands, due to the loss of draft animals, is to be relieved; the standing necessity for the manufacture of vaccine virus in large quantities; the presence of hog cholera and of other very destructive epidemic diseases of domestic animals, such as surra, glanders, and hoof and mouth disease, sufficiently indicate the importance of the future work of the serum institute, not only in manufacturing serums already known, but in conducting investigations, in conjunction with the biological laboratory, for the working out of serum treatments for combatting diseases for which no remedy has yet been found. It seems evident that the serum institute should be incorporated in the bureau of government laboratories, and legislation to this end is recommended. As a matter of fact, although nominally under the insular board of health, its operations have thus far been actually superintended almost exclusively by the directors of the biological and chemical laboratories.

WORK OF THE CHEMICAL LABORATORY.

In spite of inadequate facilities the routine work of the chemical laboratory during the past year has embraced 89 analyses of paints, 31 of liquors, 25 of oils, 1 of glycerin, 6 of foods, 11 of textile fabrics, 15 of coals, 5 of iron ores, 3 of other minerals, 3 of limestones, 8 of soil, 1 of wood extract, 1 of stone, 319 of urine, 11 of carabao and cow milk, 3 involving suspected poisoning, 6 of water, 1 of coffee, 2 of human milk, 1 of salt, 2 of gastric juice, 1 of contents of stomach, 1 of feces, 5 of disinfectants, and 15 miscellaneous, making a total of 566 analyses. In addition to 170 analyses for the custom-house, the director of the chemical laboratory has been called upon to make 8 custom-house decisions. The departments of the government interested in this work have been the bureau of customs and immigration, mining bureau, forestry bureau, bureau of architecture, civil hospital, insular board of health, courts of first instance, police department of the city of Manila, insular purchasing agent, bureau of agriculture, and Bilibid prison. I believe I am correct in saying that in but one instance has an appeal been taken from a custom-house decision based upon results obtained in the laboratory, and a considerable saving of revenue to the government by proving the exact nature of substances which it was desired to pass through the customs, has resulted. In the case of paints, for instance, of which 77 samples were examined, 55 were zinc colors, of which 53.3 per cent were found to contain materials that caused a surtax of 50 per cent of the regular rate to be collected, and 78.4 per cent of the remaining metallic colors examined were also found to be liable to a surtax of 50 per cent.

The laboratory has also manufactured upon a considerable scale benzoyl-acetyl peroxide, which has been used very successfully in combatting cholera and in the treatment of amebic dysentery. For further details as to the results of the use of this new antiseptic, see the report of the superintendent of government laboratories (Appendix N).

Very important work has also been done on gutta-percha, resulting in the discovery of a simple, comparatively inexpensive, and commercially practicable process for obtaining pure gutta from the gutta-percha of different grades, which is produced in large quantities in this archipelago. As all of the gutta-percha thus far discovered in

the Philippines contains a sufficiently large percentage of resin and other substances to make it of but medium or poor grade, the importance of this discovery will be readily appreciated. Chemical and physical tests applied to the pure gutta extracted from several of the Philippine gutta-perchas show it to be quite equal to the best Singapore gutta. Good rubber has also been found, and it is yet to be shown whether, with proper coagulating and drying, it will not equal the best Para rubber.

WORK OF THE BIOLOGICAL LABORATORY.

During the brief existence of the biological laboratory it has been called upon not only to do a very large amount of routine diagnosis, but to carry on work in connection with bubonic plague, cholera, rinderpest, surra, and amebic and other dysenteries, as well as a considerable number of other tropical diseases. The board of health, civil hospital, physicians, and other persons interested have shown their confidence in the results obtained in the laboratory by their constantly increasing calls for its services. I have elsewhere referred to the great importance of the work done in examining rats for bubonic plague, which I believe made it possible to stamp out that disease and avert a serious epidemic, thereby saving hundreds of thousands of dollars and many lives.

Upon the appearance of Asiatic cholera here the biological laboratory gave us a conclusive and final diagnosis in less than forty-eight hours after the discovery of the first case, thereby silencing to a considerable degree the popular outcry with which the radical measures adopted for the suppression of this disease in Manila were met, and encouraging the health authorities to persist in these measures, in the certainty that the logic of events would justify their action.

Many animal maladies, such as surra, glanders, farcy, and hog cholera have been diagnosed with certainty during their early stages, so that the saving of numerous animals has been possible. A new horse disease resembling glanders has been discovered. It can be readily and certainly diagnosed with the microscope, and is much less fatal than glanders; in fact, a large majority of the cases eventually recover. Undoubtedly numerous animals attacked by it have been killed within the past two years on the supposition that they were suffering from glanders. Needless destruction of animals which have this disease can hereafter be avoided by a simple microscopical examination.

The clinical work of the laboratory has included all of the examinations necessary for the Civil Hospital, San Lazaro Hospital, Bilibid Prison, and the various cholera hospitals. The examinations made include 361 of sputa, 173 of urine, 253 blood specimens for malaria, 74 serum reactions for typhoid fever, 115 blood counts, 1,142 for gonococci, 1,626 of feces, 976 for spirilla of Asiatic cholera, 15 for lymphangitis epizootica, 3 for glanders, 48 for surra, 6 for hog cholera, and 650 examinations, each involving a search for the following organisms: *Ameba dysenteriae*, *ameba coli*, monads, *strongyloides intestinalis*, ova of *trichocephalus dispar*, ova of *uncinaria duodenale*, ova of *ascaris lumbricoides*, and of *tænia*.

Nineteen thousand seven hundred and sixteen doses of plague serum were also prepared at the biological laboratory prior to the establishment of the serum institute and delivered to the board of health.

Owing to the quarantine regulations and the restrictions placed by the board of health upon persons who had been in contact with cholera suspects, or who had been living in houses where cases of supposed cholera had occurred, it was most important, in order to avoid injustice, to have early and final diagnoses made, and the biological laboratory did this work in a very satisfactory manner. Autopsies were performed at first on all suspicious cases which resulted fatally. Later, when the number of dead greatly increased, autopsies were omitted on cadavers coming from hospitals where a positive diagnosis during life had been possible. More than a thousand autopsies were, however, performed, and a very large number of bacteriological examinations were made on material from living patients. One thousand one hundred and thirty-four cultures were made from food stuffs, water, clothing, etc., in an attempt to trace the process of cholera infection. The city water was kept under unremitting surveillance. Examinations were made upon flies, which demonstrated the existence of living cholera spirilla in the intestines of 13 out of 27 specimens twenty-four hours after feeding upon fresh cholera stools.

LOCUST FUNGUS.

Tubes of a fungus which produces an epidemic disease among locusts were received from Cape Colony and from Washington, D. C., in December, 1901, and cultures in large quantities were prepared for shipment to all the provinces of the archipelago, in many of which plagues of locusts were causing serious destruction. Great difficulty has been experienced in getting the Filipinos carefully to follow instructions in using the fungus. In many cases, either through neglect or through fear that persons eating the infected locusts might themselves become ill, it has not been used. Little by little, however, the prejudice against it is being overcome, and in a number of instances most satisfactory results have been reported. Very dry weather has proved an obstacle to infection. In one of the most strikingly successful cases of the use of the fungus, eight or ten locusts were captured, infected, and released at 4 o'clock in the afternoon on a plantation of the Philippine Sugar Estate Development Company, in the province of Bulacan. On the following day more than 30 cavanos (64 bushels) of dead locusts were found in the vicinity of the place where the infected locusts were released, and the remainder of the swarm had disappeared.

For a fuller account of the new building of the bureau of government laboratories, the equipment and library facilities which it will possess, and of the work of the chemical and biological laboratories, and of the serum institute, reference is made to the report of the superintendent of government laboratories, which is appended hereto and marked Appendix M.

PUBLIC LANDS.

Act No. 218 of the Commission, providing for the establishment of a bureau of public lands, was passed September 2, 1901, and on September 4 Mr. Will M. Tipton was appointed chief of this bureau. In view of the restrictions with reference to the sale or lease of public lands imposed upon the Commission by Congressional action, it was deemed impracticable to do more than attempt to get together the

incomplete records with reference to public and private lands which remained in the government archives, and to systematically examine and classify them.

Considering the state of the records, good progress has been made in this work. Eight thousand four hundred and seventy-eight documents have been examined, abstracted, and entered upon a tabulated record. Some 20,000 documents, most of which are believed to be of slight importance, remain to be examined.

Act No. 218 provided for no clerical assistants except a chief clerk and made it incumbent upon the chief of the bureau to recommend a permanent form of organization and force of employees at the proper time. Señor Gregorio Basa, a lawyer who had acquired an intimate knowledge of the Spanish land laws during eighteen years of service as an employee of the Spanish government, was appointed chief clerk. The force of the bureau has since been increased by the addition of one clerk of class 8, one clerk of class 10, two clerks of Class I, and a messenger.

Since June 2, 1902, on which date the chief of the bureau of public lands was authorized by executive order of the acting civil governor to issue certified copies of documents bearing upon land titles, 28 certified copies, aggregating 43,168 words, have been issued by him.

Numerous inquiries in regard to the taking up of public land have been made by Americans who signified their intention of remaining in the islands and devoting themselves to agriculture. Many of these men, who were possessed of but limited means, have been discouraged by their inability to secure titles and have left the islands, a fact which is greatly to be regretted.

The chaotic condition of land titles which at present exists, due to the wanton destruction of many important government records by Spanish officials shortly before the downfall of Spanish sovereignty in these islands, to the loss of important documents through the vicissitudes of war, to the mutilation of existing records caused by evil-intentioned persons or by insect pests, and to the rapid deterioration which documents undergo in this climate if left uncared for, makes it most necessary that legislative action should be taken in the near future which will allow of the establishment and registration of land titles. A bill providing for the adjudication and registration of titles has been drafted by the honorable the secretary of finance and justice, and will soon be considered by the Commission.

In view of the present state of titles and of the obstacles presented by natural conditions, the satisfactory surveying of the public domain of these islands will be a difficult task. It is hoped that an arrangement can be made with the Director of the Geological Survey of the United States by which a system of rectangular surveys similar to that in the United States can be combined with the geological survey of these islands.

LEGISLATION RECOMMENDED.

In section 15 of the recent act of Congress the government of the Philippine Islands is authorized and empowered, on such terms as it may prescribe by general legislation, "to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said

islands as it may deem wise, not exceeding sixteen hectares to any one person, and for the sale and conveyance of not more than one thousand and twenty-four hectares to any corporation or association of persons," under certain general conditions prescribed in this and the following section.

I strongly urge that the Commission recommend to Congress that the provisions as to the amount of land which may be sold to an individual or a corporation or association of persons be made much more liberal.

In discussing agricultural possibilities here I have invited attention to the favorable opportunities afforded by the soil and climate of this archipelago to young men of limited means desirous of engaging in agriculture, but the success of such ventures is obviously dependent upon ability to secure sufficient land. In cocoanut growing, for instance, the trees thrive in sandy soil along the sea, barely above high-water mark, on land which, so far as we at present know, is absolutely useless for any other purpose than cocoanut growing, but not more than 75 trees can be advantageously planted to the acre. If one were to take up the maximum of 16 hectares and were able to utilize all of it for planting cocoanut trees, he would be able to put out less than 1,900 trees—a number which would not justify him in engaging in the cocoanut business. If this is true of cocoanut growing, which does not necessitate the installation of any machinery, it is much more true of sugar growing. A 40-acre sugar plantation would be ridiculous, and the same statement would hold for a rice or abaca plantation of similar dimensions. If the present limitation upon the amount of public land which may be sold to an individual be not removed, the inevitable result will be that the sale of public lands to individuals desiring to cultivate upon a commercial scale sugar, hemp, tobacco, coffee, indigo, or cacao will be prevented, and those who wish to engage in any of these industries will be compelled to purchase land from persons who secured title under Spanish sovereignty, with the result that there will be little increase in the acreage which now is, or recently has been, under cultivation.

I see no good reason for imposing a severer restriction upon an individual as to the amount of land which he may purchase and cultivate than is imposed upon a corporation.

If the Filipino is ever to adopt modern agricultural machinery and to employ advanced methods of cultivation, it will be only as the result of practical demonstration of the advantages of such a course. Everyone who knows him fully realizes that it is useless to attempt to argue him into giving up the methods which his forefathers have followed for generations, but he is not slow to recognize a good thing if he can see it. The educational value to these islands of large estates under high cultivation would be very great.

We are now compelled to import large quantities of rice, while there are thousands of acres of the finest rice lands along the line of our one railway which have never yet been touched by the plow; and if this state of affairs is to be remedied, these lands must be sold or leased on long terms in large tracts.

The small landowner should certainly be protected, and Congress has done well to safeguard his interests; but in order to achieve this end it is by no means necessary to impose restrictions which can only result

in leaving enormous areas of rich agricultural Government lands uncultivated in the future, as they are to-day.

These islands have no manufactures of great importance, and if the balance of trade, which is to-day heavily against them, is to be turned in their favor, it must be through the sale of the products of their forests, their mines, and their agricultural lands. If these products are to be materially increased in quantity and improved in quality, it must be by encouraging the investment of capital upon a basis which affords reasonable hope of good returns.

I believe that the individual should be treated as liberally as the corporation in the matter of the amount of Government land which he may purchase, and that the limit should be not less than 15,000 acres.

If it is not deemed advisable for the Government to part with title to large tracts of public lands, the Commission might be authorized to lease such tracts for periods of fifty years, and in that event the limit should be increased to 25,000 acres.

For further information concerning public lands, reference is made to the first annual report of the chief of the bureau of public lands, which is appended hereto and marked "Appendix N."

PRESENT STATE OF AGRICULTURE.

The inhabitants of the Philippines are essentially an agricultural people. The islands produce few manufactures of importance, and their wealth has in the past come very directly from the products of the soil. Agriculture has, nevertheless, up to the present time been carried on in a very primitive fashion, with rude implements and antiquated machinery, and without the use of fertilizers or the employment of suitable methods of cultivation. The results which have been obtained under such conditions afford proof of the favorable character of the climate and the natural richness of the soil, which in many places seems to be practically inexhaustible, but rank tropical vegetation speedily invades lands that are left uncultivated, and the disturbed conditions incident to six years of intermittent warfare have operated disastrously in favoring or compelling the abandonment of large tracts of cultivated land.

One of the terrible epidemics of rinderpest which have from time to time invaded the Philippines has recently swept over the archipelago, and the statement that 75 per cent of the horned cattle have been destroyed by this disease and by war would probably be conservative. The Filipino horses are too small to be of use in heavy field work, nevertheless they are of great value in packing or hauling agricultural products to market. Glanders has spread widely among them, and within the past year surra, a very fatal disease, has also made its appearance, and has caused serious losses not only among native horses, but among the American horses and mules as well. The result is that the people in many provinces are badly hampered by lack of draft animals, and are obliged to leave a considerable part of their land uncultivated. I believe that the problem of restocking these islands with draft animals is one of the most serious which we are at present called upon to face. Many of the provincial governments have expressed a desire to use provincial funds for the bringing in of horned cattle. They also desire to import jackasses in the hope of being able to cross them successfully with the native mares and breed mules. Some importations

of horned cattle have recently been made by private individuals, but practically without exception the animals thus brought in have contracted rinderpest. The serum institute, however, is now manufacturing an antirinderpeptic serum, inoculation with which confers a high degree of immunity for a period of several years, and importations of horned cattle can be made with every reason to expect success. Fortunately, there are still a few islands which have not been visited by rinderpest, and every effort will be made to protect the cattle that are left.

THE BUREAU OF AGRICULTURE.

On October 8, 1901, act No. 261, providing for the establishment of a bureau of agriculture, was adopted, and the Secretary of Agriculture of the United States was requested, through the Secretary of War, to recommend a suitable person for appointment as its chief. Pending the receipt of his recommendation, a very limited amount of work was carried on under my direction. A considerable number of Government farms and experiment stations were said to have been established under the Spanish Government, but little actual information was available as to the extent of land included in each, the character of the soil, the crops which could be raised to advantage, possibilities as to water power and irrigation, the existence of buildings, machinery, or agricultural implements on the several farms and stations, and the state of such buildings as were known to exist. Therefore I appointed Mr. Michael R. Healy, who was recommended for this position by Dr. S. A. Knapp, special commissioner of the United States Department of Agriculture, a special agent to visit these abandoned Government farms and experiment stations and to report fully upon each of them.

In general, it was found that buildings, where any had ever existed, had been destroyed or had greatly deteriorated, and that farm machinery, tools, etc., had been stolen or scattered, or had become useless through neglect. In some instances tracts of land selected by the Spanish Government were found to be well suited for the purposes for which they were intended, while in other cases they were so badly situated as to suggest the advisability of their final abandonment.

At San Ramón, in the district of Zamboanga, island of Mindanao, distant some 15 miles from the town of Zamboanga, the Spanish Government maintained a penal colony where convicts were employed to cultivate an extensive tract of land. This farm was occupied by the United States military authorities not long after the landing of American troops at Zamboanga, and an old sawmill situated upon it was temporarily repaired and used for getting out lumber needed by the Army. Something was also done toward gathering and marketing cocoanuts and abacá (manila hemp), which were growing on the farm in considerable quantity. On September 27, 1901, the civil governor was informed by General Davis that the Army was about to abandon this farm. General Davis stated that it could be leased for \$5,000 gold per year, and recommended that this course be pursued, but it was decided by the Secretary of War, under the then existing Congressional legislation, that the Commission was without authority to lease the property.

Mr. George M. Havice, a gentleman of considerable experience in the conducting of large estates, was appointed superintendent of the

farm, and a suitable appropriation was made for conducting it. There is no land communication between San Ramón and Zamboanga, and the isolated position of the farm made it difficult to get labor. Plantations of coconuts, abacá, and cacao had been left for years without cultivation, the machinery and buildings had deteriorated for lack of care, and conditions in general were very discouraging. Mr. Havice has displayed great energy in his work, and present indications are that the San Ramón farm will soon produce a considerable revenue.

Upon the recommendation of the Secretary of Agriculture of the United States, Mr. F. Lamson-Scribner, who had held the position of chief agrostologist in the Department of Agriculture at Washington, was appointed chief of the insular bureau of agriculture on November 29, 1901, and was instructed to secure agricultural machinery, farming tools, and seeds of American vegetables and field crops, and to visit places in the United States where practical information likely to be of value to him in his future work could be obtained before sailing for these islands.

The United States Department of Agriculture furnished him with a large and valuable consignment of seeds for experimentation and distribution, together with a fine set of lantern slides, an extensive collection of botanical specimens, and many important publications, thus enabling the bureau to enter the field well equipped for work. An act organizing the bureau of agriculture was passed on April 30, 1902. In addition to the chief of the bureau, it provided for an expert in animal industry, a botanist and assistant agrostologist, a soil expert, a tropical agriculturist, an expert in plant culture and breeding, and an expert in farm machinery and farm management, and for the necessary clerical assistants. It also made the superintendent of the San Ramón farm an employee of the bureau of agriculture.

On July 14, 1902, the working force was increased by the addition of an expert in seed and plant introduction and an expert to conduct fiber investigations.

The first practical work of the bureau was to get in touch with the more intelligent and progressive persons interested in agriculture in these islands, through the medium of circular letters, which were addressed to the provincial governors and the presidents of the several municipalities, asking for information relative to the soil and agricultural products of the territory under their respective jurisdictions, and requesting addresses of persons likely to be interested in the work of the bureau and in the improvement of agricultural conditions in general. A mailing list of nearly a thousand names was thus secured.

Eighteen thousand two hundred and fifty packages of field and garden seeds, including 134 varieties, have been distributed to 730 individuals, many of whom have shown a lively interest in the result of the experiments which they are thus enabled to make. While it is too soon to make a full statement as to the outcome of this effort to introduce new vegetables, fruits, and farm crops, the results thus far reported are decidedly encouraging. There seems little doubt that great good can be accomplished by this means, and that a number of new and valuable plants can be successfully introduced. The better varieties of tomatoes grow well throughout the islands. Fairly good Irish potatoes and peas have been grown in the lowlands near Manila from American seed; and very fine potatoes, celery, and peas have

been raised from American seed in Benguet. Beets do well in the lowlands, and radishes are ready for the table in three to four weeks after planting. Improved varieties of orange and lemon brought from California are flourishing, both in the lowlands and in the mountains of Benguet, while pear, peach, apricot, and plum trees have been successfully introduced in the latter region.

An effort is now being made to secure seeds of the economic plants of the islands for experimental cultivation with a view to improvement. These islands have heretofore produced no grapes, with the exception of a very limited quantity grown in the city of Cebu. The agricultural bureau has recently discovered a new species of wild grape in the island of Negros, the improvement of which by proper cultivation may lead to results of considerable economic importance. Vanilla is said to grow wild on Mount Banajao, in Laguna Province.

The botanist of the bureau, who also acts as botanist for the forestry bureau, has already collected a considerable amount of valuable botanical material, and has gone to the famous botanical gardens at Buitenzorg, Java, for the purpose of identifying it, the destruction by fire in 1897 of the large Spanish collections identified by Vidal and of the fine reference library which formerly belonged to the Spanish Government having rendered it impossible successfully to carry on such work at Manila at the present time.

I desire to express my appreciation of the treatment that has been accorded representatives of this government by the Dutch authorities at Buitenzorg, who not only extended every courtesy to Dr. Sherman when he visited Java to investigate rubber and gutta-percha, but offered to place the facilities afforded by their wonderful botanical gardens, their extensive laboratories, fine reference library, and large and complete herbarium at the disposal of any person whom we might desire to send to carry on further work there.

SOIL INVESTIGATION.

Mr. Clarence W. Dorsey, soil physicist of the bureau, has been making a preliminary survey of the soils of the regions which at present produce the best abacá, and at the request of the governor of the province of Union, in this island, is now investigating the soils of that province in order to determine whether abacá can be successfully grown there. Union has a long, narrow strip of level, fertile land extending from 1 to 5 or 6 miles back from the seashore and reaching from one end of the province to the other. The remainder of the province is occupied by steep hills and mountains, which at present produce only a little mountain rice and a few sweet potatoes. Should it prove, as seems probable, that abacá can be successfully raised on the slopes, the wealth of the province will be greatly increased. Similar work will be carried on in other provinces, and it is believed that the important results which have followed soil investigations in the United States can be equaled or exceeded here.

FIBER INVESTIGATIONS.

But two vegetable fibers are at present exported from the Philippines, namely, abacá and maguey, the latter in insignificant quantities. The value of abacá exports is 62.5 per cent of the total value of the

exports of the archipelago. Fifty-two fiber-producing plants are at present known to exist here, and others doubtless remain to be discovered. The investigation of the fiber-producing plants, with a view to ascertaining the economic value of the several fibers and the best means of cultivating those plants which produce fibers of commercial importance, has begun, and a preliminary report on the commercial fibers of the Philippines will soon be issued in pamphlet form.

WORK IN BATANGAS PROVINCE.

Practical work on a large scale has been made feasible in the province of Batangas by the hearty cooperation of Gen. J. Franklin Bell, who has shown the keenest interest in promoting the agricultural development of this province by furnishing transportation and directing the cooperation of the army officers of the several posts in the inauguration of practical experiments in the use of American agricultural machinery and the growing of alfalfa, teosinte, cotton, tobacco, and sugar cane under modern methods of cultivation.

Batangas was formerly a rich agricultural province, sugar and coffee being its principal products. Some ten years ago its valuable and extensive coffee plantations were practically annihilated by a borer. Most of the carabaos have died of rinderpest, and from 1896 until April of the present year the province has been the theater of active military operations which have kept the people from properly cultivating the soil, with the result that little is grown there at the present time except mountain rice, and the once important agricultural interests are practically prostrated. The people are relatively intelligent and progressive, and it is believed will profit by the practical experiments now in progress, which are conducted in such a way as to attract the attention of those who are most vitally interested in their results. There are a considerable number of people in this province who have the necessary means for the purchase of modern agricultural machinery and good draft animals, and it is hoped that by the introduction of new crops and the demonstration of the value of improved methods of cultivation this province may in the not distant future be made more prosperous than it ever has been.

FARMERS' BULLETINS.

With a view to improving the methods of cultivation now in vogue, the publication of a series of farmers' bulletins is projected. A bulletin on the cultivation of sugar cane has already been issued and has been appreciatively received and widely read. A second bulletin on the cultivation of cacao, which has been raised thus far in insignificant quantities, but which might form an important export, is in preparation and will be issued in the near future.

EXPERIMENTAL WORK AT BAGUIO, BENGUET.

It may well be doubted if any region in the world offers such unexcelled advantages for experimental work with plants as are presented by the climate and soil in the vicinity of Baguio. The climate admits of the growing of a great variety of tropical, subtropical, and temperate-zone plants. In the gardens of the governor one may see coffee bushes bearing heavily, fine tea plants, hot-house gardenias, caladiums,

dracænas, frangipani, and mango trees, all characteristic of the Tropics; alsophila tree ferns, scarlet hibiscus, passion fruit, begonias, hydrangeas, and many other plants of the subtropical regions; and side by side with these potatoes, tomatoes, peas, beans, celery, and other garden vegetables and monthly roses, all strictly temperate-zone products, while the neighboring hillsides are covered with pine trees and produce raspberries and huckleberries in considerable abundance.

With reference to the red volcanic soil which covers large areas in Benguet and which has been considered practically worthless, Mr. Thomas Hanley, the expert of the Agricultural Bureau in plant culture, says:

The soil of the slopes and hills is composed of a red volcanic clay loam of great depth. * * * There was something familiar to me about this red soil, as well as the surrounding hills and valleys. They suggested the soil and scenery of a place called Mount Gambier, in South Australia, seen by the writer many years ago. The soil there, as here, is of volcanic origin, and in the early days of occupation in that colony the fertility of the red clay soil escaped notice. Someone, however, started cultivation and the result was surprising. Like Benguet, the climate there is quite different from that of the lowland country. Potatoes can not be grown in the hot plains of Australia. They were tried here (Mount Gambier) and the yield was enormous. It was the same with onions. In a short time there was a rush for land, and what could be obtained for \$10 an acre previously quickly brought \$150. Mount Gambier, in a couple of years, became famous for its wonderful crops, and since then has shipped its products to all parts of the country. The only difference I can see in the soil here (at Benguet) is that it is more tenacious in character, but not sufficiently so to prevent ready drainage.

Experimental work was begun at Baguio by Mr. Hanley at the most unfavorable time, namely, just at the beginning of the rainy season. Cabbage, tomatoes, onions, leeks, carrots, turnips, parsnips, beans, peas, cucumbers, marrow, squashes, pumpkins, salsify, Irish potatoes, white oats, wheat, millet, and alfalfa were sown. All of them germinated quickly, and there was nothing to show that the soil was deficient in plant food. The experiments at Baguio will be continued through the coming year.

AGRICULTURAL OPPORTUNITIES IN THE PHILIPPINES.

It is hardly necessary here to discuss the agricultural opportunities offered in these islands to corporations or individuals possessing large capital and able to cultivate upon an extensive scale such crops as sugar, hemp, and tobacco. But a small part of the soil capable of producing these crops to advantage is at present under cultivation. The methods of extracting sugar now used leave approximately 50 per cent of the sugar in the pressed cane when it is thrown on the dump pile. Hemp is cultivated in a haphazard way, where it is not allowed to grow practically wild, and the fiber is extracted by hand. No systematic and sustained effort has ever been made to improve the quality of Philippine tobacco, and the methods used in curing it are very primitive. If rich returns have been realized from the growing of these commodities in the past upon a comparatively limited scale, the results of extensive cultivation with modern methods and machinery are too evident to require discussion.

I desire to call especial attention to the opportunities here afforded young men of comparatively limited means to engage profitably in agriculture.

There are very large areas of government lands admirably adapted to the cultivation of cocoanuts. Coconut trees come to bearing in

from five to seven years, reaching the bearing stage more slowly as the altitude increases. The trees can be grown readily and with comparatively little danger of loss. Under existing conditions, the minimum annual profit from a fairly good bearing tree is \$1 Mexican, and frequently two or three times this amount is realized. The ground under the trees is now either allowed to grow up with brush or is kept clear by hand. The growth of underbrush injures the soil and leads to the loss of falling nuts, while clearing by hand is quite expensive. The use of mowing machines would result in a great saving in the cost of labor necessary to keep the ground clear and gather the nuts. Other crops, such as Indian corn and alfalfa, can be grown between the rows of cocoanut trees while the latter are maturing, and used to fatten hogs, which always bring a good price in the Philippine market. The demand for copra in these islands is greatly in excess of the supply and is steadily increasing, while cocoanut oil now sells readily in Manila at \$1.25 Mexican per gallon.

The lands along the coast of Mindanao and Paragua are particularly favorable to cocoanut growing, and in the latter island trees are said to come to bearing in four years.

Mr. Lyon, the expert tropical agriculturist of the agricultural bureau, informs me that in no other country has he seen climate and soil so favorable to cacao growing as in Mindanao. The cacao now produced in that island is of superior quality and is nearly all bought up for shipment to Spain, where it brings an especially high price. There are numerous other regions in the islands where cacao can be raised to great advantage, but it is hardly too much to say that there is not to-day a cacao plantation in the archipelago, the Filipinos having almost invariably contented themselves with planting a few scattering bushes, which are left practically without care, to be swamped by brush and preyed upon by insects. Proper harvesting and curing methods are not employed. The fruits are torn from the bushes, injuring the bark and leaving the way open for the attacks of injurious insect pests.

An especially fine coffee is grown in the mountain regions of Benguet and Bontoc and in the province of Lepanto. The bushes yield heavy crops and the unhulled coffee at present sells readily in Manila at \$35 Mexican per cavan, for consumption in these islands or for shipment to Spain. Coffee bushes come to bearing in Benguet in three years. There is no region in the United States which has a more healthful or delightful climate than is afforded by the Benguet highlands, where a white man can perform heavy field labor without excessive fatigue or injury to his health.

It is almost impossible to secure in Manila the milk needed by the sick. Fresh milk sells for 75 cents Mexican per wine quart. A dairy on the outskirts of the city, with 95 animals, including several bulls, was netting \$5,000 Mexican per month when the animals were attacked by rinderpest.

During the first eight months of 1902 there were cleared through the custom-house 14,071 head of beef cattle, valued at \$406,113 United States currency, and for the same period there were imported fresh meats, such as beef, mutton, and pork, to the amount of 846,901 pounds, valued at \$47,906 United States currency. At this rate we are importing into Manila fresh meat to the value of \$609,664 per annum, exclusive of that used by the Army and Navy.

Native cattle are at present worth \$30 to \$50 Mexican per head in Manila, and native grass-fed beef sells for 40 to 60 cents Mexican per pound. The pastures of Benguet, Lepanto, and Bontoc afford one vast well-watered cattle range, where there is little doubt that improved breeds of horned cattle could be successfully introduced, while in the lowlands there are vast stretches of grazing lands suitable for raising cattle and carabaos. The latter are at present worth \$150 to \$300 Mexican per head in the Manila market. Properly conducted cattle ranches will certainly yield very handsome returns.

The present cholera epidemic is believed to have been due to infected vegetables imported from China. The Chinese system of manuring growing vegetables is such as to make vegetables from that country always a source of danger to the public health, and it is important that we should have our own truck farms as soon as possible. As already stated, experience has shown that a considerable variety of vegetables can be successfully grown in the lowlands from improved American seed, and such vegetables command a ready sale at a high price in the larger cities.

Excellent native oranges are produced in the province of Batangas, in the Calamianes Islands, and elsewhere. The trees, which are often large and vigorous, seldom receive any care, nor has any systematic effort been made to improve the quality of the fruit, which sells readily at a good price. There is every reason to believe that improved citrus fruits can be successfully introduced.

Numerous new industries, such as the raising of vanilla in the lowlands and the cultivation of fruits and vegetables peculiar to the temperate zone in Benguet, ought, if properly conducted, to result profitably. Communication between Benguet and Manila is at present slow and unsatisfactory. Great difficulty has been experienced in constructing a carriage road from Baguio, the capital of the province, to Pozorubio, in the province of Pangasinan, from which point there is a highway to Dagupan, but a good horse trail will probably be completed over the 12 miles of unfinished road within four or five months, and fairly quick communication can then be had with Manila by way of Dagupan and the railway.

FUTURE WORK OF THE BUREAU OF AGRICULTURE.

The practical work of the bureau of agriculture will be pushed as rapidly as possible. An experimental station for the testing of seeds and the growing of introduced plants and trees has been established within the limits of the city of Manila, where it can be conducted under the immediate direction of the chief of the bureau, and where the results obtained can be seen by a large number of people. An experiment station for the growing of rice upon a large scale will be established near the center of the great rice-producing area extending from Manila to Dagupan. Other experiment stations will be established as those already provided for are put upon a paying basis. Appropriation has just been made for an extensive stock farm for the introduction and breeding of draft and dairy animals. Provincial boards have been authorized to expend provincial funds for the purchase of draft animals for breeding purposes, with a view to restocking the several provinces with animals which have in the past proved useful and with others which can be profitably introduced. The insular purchasing agent and the chief of the bureau of agriculture have

been directed to aid provincial boards in securing suitable animals. The Commission is about to authorize the use of government funds for the importation of draft animals to be sold on easy terms in the provinces where they are most urgently needed. The success of this effort to restock the islands with draft animals at the present time is absolutely dependent upon the ability of the serum institute to turn out a satisfactory antirinderpestic serum in sufficient quantities, and no effort will be spared to bring the work of the institute to a high degree of efficiency. The examination of the soils of the more important agricultural provinces will be pushed as rapidly as possible, and the results of the work of the bureau of agriculture will be made known by means of bulletins for the benefit of persons resident in these islands and of those who may desire to come here and engage in agriculture.

For a fuller account of the work already accomplished reference is made to the first annual report of the chief of the bureau, which is appended hereto and marked "Appendix O."

WEATHER BUREAU.

The work of the weather bureau has progressed very satisfactorily during the past year. Thirty-five new stations have been established. Of the 72 stations provided for in the act creating the weather bureau, all but 21 are now in working order.

Difficulty was experienced in many instances in finding suitable buildings for the installation of meteorological instruments, and act No. 368 was accordingly passed, making it obligatory upon provincial and municipal governments to provide suitable quarters for stations of the weather bureau, such quarters to be in the provincial or municipal buildings, if practicable, and otherwise in buildings rented or constructed for the purpose at the cost of the province or of the municipality. The stations now established cover a very large area, especially in latitude, the southernmost lying in latitude $6^{\circ} 3'$ north and the northernmost in latitude $20^{\circ} 25'$ north.

The weather predictions and storm warnings at Manila, which, under the able management of Father Algué and his predecessors, have been good for many years, have become more accurate as the establishment of new weather stations has made available additional observations from important points. Predictions and warnings are now published at all stations of the weather bureau which are in telegraphic communication with Manila.

One great obstacle to successful work is the frequent failure of the telegraph lines during typhoon weather, when they are most badly needed. Many of the lines were built hastily for military purposes. Poles were often selected with a view to quick construction rather than durability and were set while green. When of soft wood they are attacked by white ants, and if set green they soon decay, so that heavy winds cause frequent breaks in the lines. As the present poles are replaced with better ones of hard wood or of metal this difficulty will doubtless disappear to a considerable extent, but lines running for long distances through forest will always be broken during typhoons by falling trees and branches. The rapid extension of cable lines, which are much less subject to breakage, has been of the greatest service to the weather bureau.

NEW APPARATUS.

The apparatus at the central station at Manila has been increased by the addition of a Vicentini's universal microseismograph and a ceranograph for the recording of flashes of lightning.

CROP SERVICE.

The inauguration of a crop service in connection with the weather service has begun and is progressing satisfactorily.

REPORTS.

The annual report of observations for the calendar year 1900 was published at the close of 1901, and a similar report for the year 1901 was issued in August, 1902. Apart from the monthly weather bulletins, which have appeared regularly, there was also issued in June, 1902, an exhaustive and most interesting report on the climate of Baguio, in the province of Benguet, embodying observations extending over the period from September 1, 1900, to September 1, 1901.

A pamphlet entitled "Ground Temperature Observations at Manila, 1896-1902," has recently been published, and copy for another pamphlet entitled "Report on the Seismic and Volcanic Centers of the Philippine Archipelago" has been sent to the Public Printer.

ASTRONOMICAL AND MAGNETIC WORK.

The weather bureau furnishes standard time daily by telegraph to all telegraph offices throughout the archipelago. Standard time is also furnished at noon to the shipping in the harbor at Manila by means of a time ball displayed at the observatory building, and to the business center of the city by a gun on Fort Santiago, which is fired from the observatory by electricity.

For further information in regard to the work of the weather bureau, reference is made to the report of the director, which is appended hereto and marked "Appendix P."

BUREAU OF NON-CHRISTIAN TRIBES.

Pagan or Mohammedan tribes are found in Luzon, Mindanao, Panay, Negros, Samar, Mindoro, Basilan, the Sulu Archipelago, Balabac, Palawan, and the Calamianes Islands. The number of these peoples has been only roughly guessed at, and there is a lamentable lack of accurate information in regard to them upon which to base intelligent legislation. Their presence and the existence among them of head-hunting, slave hunting, polygamy, and other objectionable practices create serious problems for the insular government. With a view to investigating their actual condition and to the conducting of scientific investigations with reference to the ethnology of the Filipinos, a bureau of non-Christian tribes was created by act No. 253 on October 2, 1901. A skeleton organization, consisting of a chief of the bureau, one clerk, and an agent for Moro affairs in the Jolo Archipelago, was provided, and it was made incumbent upon the chief of the bureau at a later date to recommend a permanent organization. Dr. David P. Barrows, who was at that time employed in the bureau

of public instruction as superintendent of Manila schools, and who was particularly fitted by his special studies in ethnology at the University of Chicago and by his practical field work among the Indians of the western United States for this position, was appointed chief of the bureau, and in December was directed to go to the United States, confer with Government officials at Washington, and visit Indian reservations and schools, with a view to the gathering practical information which would be of aid to him in his work here. Meanwhile the work of the bureau was left in charge of the chief clerk. Dr. Barrows returned from the United States in May.

In order to secure further information as to the number, names, and habits of the wild tribes, and to learn the names of persons who could give more or less accurate accounts of them, I prepared a circular letter of inquiry prior to the organization of the bureau. This letter was sent by the bureau to every provincial governor and to the president of every organized municipality in the archipelago. Some 900 replies have been received, and the work of tabulating the information therein contained has been very considerable.

A syllabus for the study of the non-Christian tribes is nearly ready for publication. The working force of the bureau has been increased by the addition of an assistant chief, two clerks of class H, one employee at \$180 per annum, and one employee at \$90 per annum. Dr. Albert E. Jenks was appointed assistant chief. Dr. Barrows and Dr. Jenks are at present engaged in field work among the little-known wild tribes of northern Luzon.

A considerable amount of valuable ethnological material has been gathered and is being cared for by employees of the bureau pending the securing of suitable facilities for exhibiting it. The collector and assistant collector of natural-history specimens are also temporarily included among the employees of the bureau of non-Christian tribes for purposes of administration.

When the work at present in progress in northern Luzon has been concluded it is purposed to transfer the entire field force of the bureau to the island of Mindanao, with a view to the gathering of data which may be useful in the solution of the serious problems presented by the numerous Mohammedan and pagan tribes of that island.

For further information with reference to the work already accomplished by the bureau of non-Christian tribes and that contemplated in the future, as well as for a brief review of Philippine ethnology, reference is made to the report of the chief, which is appended hereto and marked "Appendix Q."

Very respectfully,

DEAN C. WORCESTER, *Secretary.*



REPORT OF THE SECRETARY OF FINANCE AND JUSTICE.

DEPARTMENT OF FINANCE AND JUSTICE,
OFFICE OF THE SECRETARY,
Manila, P. I., November 1, 1902.

The PHILIPPINE COMMISSION.

GENTLEMEN: I hereby submit a report on matters appertaining to the department of finance and justice in the Philippine Islands during the period from October 15, 1901, to September 30, 1902.

The statistics herein contained will be those prior to the last-named date, except when otherwise stated. The first-named date is the beginning of the period covered by this report, inasmuch as matters prior to that date were included in the second report of the Philippine Commission to the Secretary of War.

This report includes many matters of a legislative character, as well as those that are purely administrative, both because I have occupied two positions—that of a member of the legislative body and that of an administrative official—and because this report is to be attached to the report of the Commission to the Secretary of War, and will contain data of transactions appertaining to this department, both legislative and administrative.

ADMINISTRATION OF JUSTICE.

At the date of the last report of the Philippine Commission to the Secretary of War a complete judicial system had been organized covering the whole archipelago, the municipal code providing for the trial of violators of municipal ordinances by the presidentes, other laws authorizing the appointment of justices of the peace for trial of minor offenses and civil actions involving small amounts and the preliminary investigation of higher crimes, one justice of the peace being provided for every municipality, and creating courts of first instance that are courts of record and of general jurisdiction, one being provided for each province, but the city of Manila having two judges, courts of first instance holding sessions at least twice a year in the smaller provinces and in the more important ones three or four times, and the whole archipelago divided into 14 judicial districts outside the city of Manila, one judge for each judicial district, with a special tribunal for disposing of arrearages of litigation in the island of Negros, and a supreme court, consisting of a chief justice and six associate justices, with adequate provisions for reporting the decisions of the supreme court, and for representation of the government, general and local, in all litigation by the attorney-general, solicitor-general, and their assistants, and provincial fiscals, with a special municipal system of courts for the city of Manila and with a notarial

system for the archipelago. The system has now been in complete operation for something more than one year. The new code of civil procedure, mentioned in the Commission's former report, has been in operation for one year, and experience has demonstrated that the judicial system largely meets the needs of the islands. The judges have been in the main able, industrious, upright, and devoted to their work.

All the Filipino judges of the supreme court and courts of first instance who were originally appointed, with one exception, are still in office and have fulfilled the expectations of the Commission entertained at the time of their appointment. While they have found it difficult to expedite proceedings in accordance with American methods and to adapt themselves to the necessary new procedure, they have made very rapid improvement in this respect and in acquiring the English language. With perhaps one exception, they have administered the law fearlessly and ably, dealing with their own people and with Americans with an even hand. It is believed that the wisdom of appointing a considerable number of Filipinos judges has been aptly vindicated by experience and that in the process of time the proportion of Filipino judges may be increased without impairing the efficiency of the administration of justice. The new code of procedure in civil actions and special proceedings has greatly facilitated the dispatch of business, and all the courts are teaching the people a needed lesson of subordination to law and that their rights of person and property can safely be reposed in the courts and will be vindicated and protected therein without resorting to violence; and this is a new condition in the Philippine Islands.

The fiscals, or prosecuting officers in the provinces, are without exception Filipinos. While some who were appointed have been found incompetent and have been superseded by others, in the main these officials have rendered useful and valuable services, and are each day becoming more efficient as they become more familiar with American methods.

The justices of the peace necessarily find great difficulty in performing their duties satisfactorily, but they are gradually receiving instruction in that behalf from the judges of the courts of first instance, and are to be soon supplied with a manual, to be prepared by the attorney-general, defining particularly their methods of procedure. Appeals are made easy and inexpensive, so that errors committed by justices of the peace can readily be corrected in the higher courts.

NEW LEGISLATION RELATING TO COURTS.

The Spanish law upon the subject of libel and slander was exceedingly incomplete and filled with incongruities, and provided banishment as one of the principal penalties. To remedy these defects, on October 24, 1901, act No. 277 was passed defining the law of libel, making it a misdemeanor, giving a right of civil action therefor, making obscene or indecent publications misdemeanors, prohibiting the right to recover civil damages in a criminal prosecution for libel, and providing reasonable penalties by fine or imprisonment, substantially as in the United States. Under the Spanish law the truth could not be shown in a defense of a criminal prosecution for libel. Under act 277 the defendant is entitled to an acquittal upon showing the truth to be as charged in the libel, and that the matter charged as libelous is published for good motives and justifiable ends. There have been

but two prosecutions under the act, one of the editor and publisher of an American newspaper and the other of the editor and publisher of a Spanish newspaper. Both resulted in convictions, which have greatly improved the tone and character of the newspapers in the islands.

On November 1, 1901, an act was passed "providing an inexpensive method of administration upon the estates of civil employees of the Philippine government who are citizens of the United States and who die in the service of the insular government, leaving small estates upon which no regular administration is deemed advisable." The administration in such case is confided to the treasurer of the Philippine Archipelago, who administers the estates in a very inexpensive manner, and, after payment of the debts and expenses, remits the amount of the estate left in his hands to the lawful heirs.

On November 4, 1901, act No. 292 was passed, entitled "An act defining the crimes of treason, insurrection, sedition, conspiracies to commit such crimes, seditious utterances, whether written or spoken, the formation of secret political societies, the administering or taking of oaths to commit crimes or to prevent the discovery of the same, and the violations of oaths of allegiance, and prescribing punishment therefor." In the main this act is based upon the provisions of the United States statutes covering the same subject, and upon the provisions of the acts of the legislatures of the several States. Sections 9 and 10 introduce features not common in the United States.

Section 9 provides that—All persons who shall meet together for the purpose of forming, or who shall form any secret society or who shall after the passage of this act continue membership in a society already formed having for its object, in whole or in part, the promotion of treason, rebellion or sedition, or the promulgation of any political opinion or policy, shall be punished by a fine not exceeding one thousand dollars or by imprisonment not exceeding one year, or both.

It will be observed that this section does not prohibit secret societies or the open promulgation of political opinion or policy, but only membership in a secret society "having for its object, in whole or in part, the promotion of treason, rebellion, or sedition, or the promulgation of any political opinion or policy." Sedition and rebellion in the Philippine Islands have always been promoted through the agency of secret societies, and it is exceedingly difficult to draw the line between a secret society having for its object the promotion of political opinion and one having for its object the promotion of rebellion and sedition; the two are usually combined. The method adopted by such societies for promulgating political opinions or policies has been almost invariably by promoting rebellion or sedition through secret associations. It was considered desirable that the promulgation of political opinion or policy should be open, public, and known, not secret, stealthy, and surreptitious. It is believed that actual conditions required this legislation.

Section 10 makes it unlawful for any person to advocate orally or by writing or printing or by like methods the independence of the Philippine Islands or their separation from the United States, either by peaceable or forcible means, or to print, publish, or circulate any handbill, newspaper, or other publication advocating such independence or separation; but this prohibition, by its terms, is to continue in force only until it has been officially proclaimed that a state of war or insurrection against the authority or sovereignty of the United States no longer exists in the Philippine Islands. Such proclamation having been issued by the President on the 4th day of July, 1902, sec-

tion 10 is no longer operative. But while a state of war existed here it was highly dangerous to allow organizations, parties, and the press to agitate the separation of the islands from the United States. Such agitation directly tended to stimulate and promote the insurrection and to continue it. Peaceful agitators at such a time cooperated most effectually with the armed agitators in the jungle. It is not believed that in any country during the time of war an agitation of such a character would be tolerated, least of all in one where people were untrained in the exercise of free speech and were certain in their first enjoyment of it to indulge in excesses.

Under this act there has been one prosecution, followed by conviction, of the editor and publisher of an American newspaper in Manila. That newspaper had long adopted a policy of charging Filipinos who were appointed to office with wholesale corruption, and had continually indulged in arraignment of every measure that was adopted for the pacification of the islands. It had attempted to incite to the highest degree hostility between Americans and Filipinos and to intensify prejudices that inevitably existed. No other newspaper has been prosecuted under the act. The war having terminated, it is improbable that any further prosecution of newspapers for sedition will be necessary. Quite a number of Filipinos who had taken the oath of allegiance and had violated it by aiding in the insurrection—secreting arms, furnishing money and information to the insurgents—were prosecuted, and such as were proven guilty were convicted, and others were acquitted. But the amnesty proclamation issued by the President on the 4th day of July, 1902, released those who had been so convicted for all offenses committed prior to the 1st day of May, 1902. If further prosecutions of Filipinos are necessary for seditious offenses committed hereafter, it will be mainly by reason of the connection of some restless Filipinos with secret societies having for their object political agitation, coupled with robbery, assassination, and plunder of those who will not join in the agitation.

On February 6, 1902, the customs administrative act was passed, chapter 23 of which provides for the creation of a court of customs appeals, of which the secretary of finance and justice should be president, one of the judges of the supreme court to be an associate judge, and a third judge to be appointed who should also act as a clerk of the court. To that court was given exclusive jurisdiction of all criminal offenses arising out of the administration of the law relating to the payment and collection of customs duties, and of all appeals from the ruling of the collector of customs for the Philippine Archipelago as to classification of imported or exported merchandise, and as to the imposition, administratively, of fines and penalties or decrees of forfeiture or confiscation by the collector of customs whenever such fines, penalties, and forfeitures or confiscations should exceed \$500 in amount. Section 288 provides, among other things, as follows:

The remedy by appeal to the court of customs appeals is exclusive of all other remedies upon all questions arising relating to the customs duties, or the administration thereof, under this act. No right of action shall exist on the part of the owner, importer, exporter, or consignee to recover back any duties, fees, exactions, or fines by him or them paid, except by means of appeal in accordance with the provisions of this act. No appeal shall lie to any tribunal from the judgment of the court of customs appeals, nor shall any tribunal have the right to review its decisions or proceedings in any form.

Under the general provisions of the act the action of any collector of customs is reviewable by the collector of customs for the Philip-

pine Archipelago, so that all questions arising at the different ports of entry come to Manila for determination by the insular collector. It was considered expedient, therefore, that all the litigation arising out of the customs administrative act should be carried on at Manila and in a single court where there would be uniformity of decision and speedy action.

The court was organized soon after the passage of the act, and has down to date disposed of every original action or appeal pending therein. It is thought that no better system for the economical, uniform, and speedy determination of such questions, under the conditions that exist in these islands, can at present be devised. The earlier appeals that came into that court raised to a large extent questions involved in the "Insular cases" recently decided by the Supreme Court of the United States. The decisions of the court of customs appeals in the cases referred to, involving all phases of those questions, are hereto attached and marked "Exhibit A."

On May 9, 1902, act No. 396 was passed increasing the number of judges of the courts of first instance, and fixing the salaries of the additional judges provided for. Experience demonstrated that two judges of the court of first instance were unable to keep abreast of the business in the city of Manila. One additional judge was, therefore, provided for that court. It was likewise found that more or less judges of other courts of first instance would ordinarily be absent from their post of duty, by reason of illness or earned leave of absence, and that in order to meet such difficulties, and also to relieve the pressure of accumulated business in some of the districts, the appointment of four additional judges was necessary who could be assigned to such province, from time to time, as might be necessary. It is probable that eventually the archipelago may be redistricted, but there has not yet been sufficient experience to demonstrate upon what lines such redistricting should be made. The operation of the act has been to enable the courts regularly to be carried on in all the provinces and to dispose of arrearages of old litigation that had accumulated during the latter portion of the Spanish régime and during the prevalence of the war.

The salary of the additional judge appointed for the city of Manila was made \$5,500, the same salary as the other judges of that court receive. The salaries of the judges at large were fixed at \$4,500. Under this act, Hon. Byron S. Ambler, of Ohio, was appointed as additional judge for the city of Manila, and Hon. William H. Pope, of New Mexico, Hon. William S. Norris, of Nebraska, Hon. James H. Blount, jr., of Georgia, have been appointed as judges at large, leaving one vacancy in that class of judges. Judge Blount has served for something over a year as judge of the first judicial district, and has received this promotion. To succeed him Hon. Adolph Wislizenus, of Missouri, has been appointed judge of the court of first instance for the first judicial district. Hon. G. H. Whitsett, judge of the fourteenth judicial district, has been obliged to return home on account of illness in his family, and has been succeeded by Hon. John S. Powell, of Georgia. In the twelfth judicial district, Hon. Juan de Leon has resigned by reason of illness in his family, and the vacancy has not yet been filled, the duties of judge in that judicial district being temporarily performed by Judge Pope. Judge John S. Powell long served in the Army of the United States in the Philippine Islands.

For the court of customs appeals, Chief Justice Arellano has been assigned as one of the judges, and Hon. Amasa S. Crossfield, of

Minnesota, has been appointed as the third judge and clerk. Judge Crossfield was prior to his appointment city assessor and collector of the city of Manila, and before that time collector of customs for the port of Cebu, and was a captain in the army of the United States in the Philippines.

The work of the special court mentioned in the Commission's last former report, which was provided for disposing of the arrearages of litigation in the island of Negros, has been completed, all arrearages having been finally disposed of, and the court has by operation of law ceased to exist. Its judge has been promoted temporarily to the position of judge at large and is now disposing of about 800 old cases pending in the province of Capiz.

Admiralty jurisdiction had been largely exercised by provost courts organized during the military régime, and it was deemed necessary to make adequate provision for the criminal admiralty jurisdiction in courts of first instance, they having, by virtue of act No. 136, original civil jurisdiction in admiralty. Accordingly on May 16, 1902, an act was passed extending to courts of first instance jurisdiction over maritime offenses, section 1 of which confers upon courts of first instance jurisdiction—

of all crimes and offenses committed on the high seas or beyond the jurisdiction of any country or within any of the navigable waters of the Philippine Archipelago, on board a ship or water craft of any kind, registered or licensed, in the Philippine Islands, in accordance with the laws thereof. The jurisdiction herein conferred may be exercised by the court of first instance in any province into which the ship or water craft upon which the crime or offense was committed shall come after the commission thereof: *Provided, nevertheless,* That the court first lawfully taking cognizance thereof shall have jurisdiction of the same to the exclusion of all other courts in the Philippine Islands.

Section 2 of the act transferred to courts of first instance all civil actions pending in provost courts and all jurisdiction over criminal actions in admiralty except such as might arise in any province or district exclusively under military control, wherein the jurisdiction of provost courts was made concurrent with that of courts of first instance over criminal actions in admiralty; but as the whole archipelago, aside from the Moro country, is now organized under civil government, maritime and admiralty jurisdiction over criminal and civil actions is now fixed in the ordinary civil courts.

ATTORNEY-GENERAL'S OFFICE.

The report of the attorney-general is hereto annexed and marked "Exhibit 1." In its statements it covers the organization of the office and the character and volume of the business transacted therein from the date of the organization of the office, on July 16, 1901, to September 1, 1902. The attorney-general has during that period rendered to the civil governor, the heads of departments and members of the Commission and other civil officers 408 written opinions; has returned to the supreme court 402 cases therein pending, with the opinion of the solicitor-general thereon; has briefed and argued in the supreme court 67 cases; has appointed 218 subordinate officials for courts of first instance; considered and made recommendations to the governor upon 171 applications for pardon, and has sent out 2,068 other official communications. The attorney-general's office has exercised a general supervision over the fiscals of the different provinces, the supervisor of fiscals and the assistant attorney-general going from province to

province, as the occasion required, to assist in important prosecutions or to investigate matters pertaining to the administration of justice in courts of first instance.

CRIMINAL CODE.

A new criminal code has been prepared by Commissioner Wright and reviewed by him, together with the president of the Commission and Commissioner Ide, the lawyers of the Commission. It is now substantially ready for enactment, and will come up for public hearing within a very few weeks, and doubtless will be enacted and in force before the 1st day of January, 1903. Comment thereon will be reserved till another report.

CODE OF CRIMINAL PROCEDURE.

A new code of criminal procedure has been prepared by Commissioner Wright; but it has not yet been practicable for the Commission to act upon it, owing to the pressure of other work. It will, however, be enacted at the earliest practicable moment.

REGISTRATION OF LAND TITLES.

A bill of 128 sections has been prepared by Commissioner Ide applying to the Philippine Archipelago substantially the principles of the Torrens system of land registration. The bill has been considered in public session, and, after discussion and such amendments as seemed warranted by reason of the discussion, has been passed and goes into effect on the 1st day of January, 1903. The enactment of such legislation here is of the highest importance. Titles and boundaries at present are so uncertain that capital is deterred from investment by reason thereof, important enterprises that otherwise would be undertaken are not entered upon, and rates of interest for loans upon real estate are exceedingly high and loans on such security are often impossible to secure at any rate of interest. The evils of the present system are:

1. Great expense in the investigation of the title and in the transfer.
2. Delay, which often extends so long in the investigation of the title as to prevent a prospective sale.
3. Insecurity. Enormous numbers of homes in the islands are owned without any written evidence of title whatever, and where there is written evidence of title boundaries are uncertain. The opinions of lawyers who investigate titles furnish little security.
4. There is a constant lengthening of the chain of deeds to be examined, increasing the expense and delay.
5. These defects operate as a perpetual tax upon the holder of real estate, depreciate its value, and make it an exceedingly slow asset.

Under the Torrens system, as proposed to be established here, the land owner receives a certificate after due investigation of the title by a tribunal instituted for that purpose, which certificate is as simple as a certificate of stock in a corporation, showing on its face in whom the title is vested and also all the liens or other interests existing in the premises. The correctness of this certificate is guaranteed by law, the government standing back of it, and having an assurante fund, created by imposing upon those who bring their lands under the system a small percentage of the value of the land at the time the land is brought under the operation of the act, which accumulated

fund operates as a fund to which anyone who loses his land by reason of the act may resort for indemnity.

The advantages of the system may be briefly stated thus:

1. *Diminution of expense.*—The expense of the official registration probably will not exceed the cost of a single transfer under the present system, and in all subsequent transfers the expense will be much less than now.

2. *Speed.*—In the generality of cases the transfer or mortgage, including the examination of titles, may all be completed in a very short time, and without the aid of counsel.

3. *Security.*—The title is cleared at every transfer; there is no long chain of deeds to be examined, and the title is guaranteed by the law and is unassailable.

4. No deeds are recorded; the original or duplicate deed is filed and left with the register, whereby the records are greatly shortened.

5. Such a safe, short, and inexpensive method of transfer increases the value of the land, and makes it a much quicker asset, and one upon which money can be borrowed at a lower rate of interest.

The general principles of the act perhaps may be briefly stated thus:

1. An examination of title by a court of competent jurisdiction, after actual notice to all occupants and adjoining owners, and constructive notice to all the world by publication.

2. Registration of the title as found upon such examination.

3. Issuance of a certificate of title.

4. Reregistration of title upon further subsequent transfer.

5. Notice upon the certificate of any matter affecting the title, claims not registered having no validity.

6. Indemnity against loss out of an assurance fund.

INSULAR COLD STORAGE AND ICE PLANT.

This plant was originally erected out of insular funds, by direction of the Secretary of War, primarily for the purpose of furnishing ice for the use of the army and navy in the Philippines. Having been built from insular funds, it was upon its completion, by direction of the Secretary of War, passed over to the insular government for administration. The contract made between the insular government and the military authorities for the fiscal year 1902 has been, with minor changes, renewed for the fiscal year 1903. Under that contract the army receives ice at the rate of one-half cent per pound and cold storage at the rate of $3\frac{1}{2}$ cents per cubic foot per month, which prices have resulted in saving practically one-half the expense for ice and cold storage by the army in the Philippines.

The navy in these islands receives such ice and cold storage as it requires at the same prices. Likewise employees of the civil government and officers and soldiers of the Army of the United States are entitled to purchase ice at the same price of one-half cent per pound. It has not been deemed advisable to enter into general competition with existing industries for the sale of ice and cold storage to the general public, but ice has been furnished to such people as cared to go to the plant to receive it at 1 cent per pound, all moneys herein stated being moneys of the United States.

A full and complete report of Capt. Leon S. Roudiez, superintendent of the insular cold storage and ice plant, of its revenues and

expenditures for the fiscal year ending June 30, 1902, is hereto annexed and marked "Exhibit II."

The supplemental report of Captain Roudiez is also annexed and marked "Exhibit III," bringing the report down to the 31st day of August, 1902. From these exhibits it appears that the total revenues from July 1, 1901, to August 31, 1902, were \$365,689.45, and the total expenditures for the same period were \$218,739.70, leaving an excess of revenues over expenditures of \$146,949.75.

The total cost of the construction and equipment of the plant down to the 1st day of September, 1902, including some new erections now in process of construction, is \$689,336.38.

In addition to this cost the following elements need to be taken into consideration: First, in the figures above given nothing is included for the value of the lot upon which the plant stands. The lot is situated upon the Pasig River, between two of the bridges across it, and occupying the whole space between the two bridges, and having a long frontage upon the principal street and a long water frontage so that supplies can be loaded and unloaded directly upon and from barges and lighters upon the river. Secondly, the materials for its construction and equipment were all imported free of duty, and much of the material was transported upon the army transports without charge for freight. It is considered a conservative estimate to say that it would be impossible for a private individual or corporation to procure as eligible a site as the one in question and to import the material necessary for the construction and equipment, paying duties and cost of transportation, for less than \$1,000,000 in United States currency.

If the property were owned by a private individual or corporation it would doubtless enter into competition with the existing establishments for the supply of ice and cold storage to the general public, and could be made to earn a larger revenue than at present accrues. It is probable that with the reduction of the United States Army in the Philippine Islands its demand for cold storage may decrease. In such case it may be necessary to increase the price of cold storage per cubic foot, the present price having been fixed upon the basis of securing a known and certain return on the property. Should it be deemed advisable by the War Department, the plant could probably be sold at a satisfactory price, with sufficient safeguards to secure ice and cold storage for the Army and Navy and civil employees at reasonable prices. At present there are no practical difficulties in the way of the existing system of administration by the Government. The objections to it are mainly theoretical, on the ground that the Government is engaging in a business that ordinarily is conducted by private enterprise.

CURRENCY.

The unsatisfactory condition of the currency now in use in the Philippine Islands is universally conceded by all who are familiar with the facts. No subject connected with the work that is being done here is more pressing for Congressional action than this. The industries of the islands are largely paralyzed by the uncertain and shifting character of the currency. It is impossible for business men to forecast success or failure in their enterprises when they have no stable standard of values. Business men become timid in their transactions, or altogether refuse to make investments, when they have and can have no knowledge as to the value of the returns that will come to them. The

uncertainty largely increases the rate of interest on money loaned. The man who one year ago loaned money in local currency, and payable in the same currency, at 25 per cent interest, would receive less than 5 per cent actual interest upon his money, more than 20 per cent having been swallowed up in depreciation in the value of the money that would be returned to him. Such a system is ruinous to both the borrower and the lender.

Government employees complain bitterly that their salaries are reduced because they are paid in local currency, and its value has been steadily depreciating for one year. The insular government finds itself facing a deficit by reason of the shrinkage in the purchasing power of its assets. The constant depreciation in the value of silver, and consequently in the value of local currency of the islands, has been one of the greatest hindrances to business enterprises and to the successful administration of the government, and it is impossible, from any information available, to make any forecast as to whether silver in the markets of the world is to continue to depreciate or whether the bottom has been reached; but it is easy to forecast the results that in any event will ensue from its fluctuating character, which undermines all business calculations.

There is no relief except in a stable currency, and the only stable currency possible is one based upon a gold standard. The Commission in its two former reports urgently recommended the establishment of a gold standard by the coinage of a United States-Filipino peso of the value of a half dollar, money of the United States, containing a small percentage less silver than the Mexican dollar, the percentage being such that its intrinsic value would not at any time warrant its export from the islands for bullion, with a provision for its convertibility into money of the United States at the fixed ratio of two Filipino pesos for \$1 in money of the United States, together with convenient subsidiary and minor coins. This recommendation I renew and respectfully urge as the best solution of the currency problem here existing.

A brief summary of the operation upon insular finances of the depreciation in silver in ten months past will show to some degree the difficulties to which the government has been subjected from this cause. During the whole of the calendar year 1901 the government undertook to maintain a uniform ratio for official purposes of \$2 of local currency for \$1 of money of the United States. But, owing to the depreciation of silver during the latter portion of the year 1901, when January 1, 1902, arrived it was apparent that the official ratio could no longer be maintained at 2 to 1, the revenues upon such a basis being substantially all paid in local currency, because it was much more profitable to use the United States money to purchase local currency than to pay the duties and other taxes in United States money.

Consequently, on January 1, 1902, the official ratio was changed from 2 to 1 to 2.10 local currency to \$1 of United States money, the effort being to establish the official ratio upon the same basis as the commercial ratio. But the official ratio at that time, by orders received from the Secretary of War, was fixed for each quarter. It soon became apparent, however, that the local currency had been overvalued in this adjustment, and that the depreciation in silver was still continuing. Public duties in consequence were paid almost wholly in local currency at the official ratio. This depreciation continued throughout the whole of the quarter ending with the 1st day

of April, when the ratio was again changed for the succeeding quarter to 2.27 local currency to \$1 United States currency. Prior to this time Congress had in the act entitled "An act temporarily to provide revenues for the Philippine Islands, and for other purposes," approved March 8, 1902, provided that the ratio between the two currencies should be fixed once a quarter by proclamation by the civil governor, and it was not in the power of the Commission to change this provision. The ratio of 2.27, as it proved, largely overvalued local currency, taking the period of the whole quarter, so that the commercial value of local currency almost immediately ran below the official value. On the 1st day of July, 1902, Congress passed an act entitled "An act temporarily to provide for the administration of the affairs of the civil government in the Philippine Islands, and for other purposes," wherein it was provided, among other things, that the official ratio between the two currencies might be fixed by proclamation of the governor as often as once in ten days.

The same causes that have above been stated continued to operate, and on July 7 the ratio was changed from 2.27 to 2.35 local currency to \$1 United States currency. The same causes continued during the quarter, and on September 23 another change was made from 2.35 to 2.40 local currency to \$1 of money of the United States. The same causes continued to operate, so that on the 22d day of October it became necessary again to change the ratio from 2.40 to 2.46 local currency to \$1 of money of the United States.

The details of these changes and their effects down to September 30, 1902, are shown in the auditor's report and supplemental statement annexed hereto, and marked, respectively, "Exhibits IV and V."

Each one of the changes in the ratio necessarily operated upon the value of all the local currency in the treasury, and required that the treasurer should at each change be credited with the net amount sufficient to balance the loss thus occasioned. Between January 1, 1902, and October 25, 1902, the aggregate of those losses was \$956,750.37½, measured in gold dollars, every dollar of which is, not a book loss, but an actual loss, to the treasury, as complete as though the money had been sunk into the bottom of the ocean. The receipts having nearly all been in local currency, because of its overvaluation, during the whole of the ten months referred to, each change marked a diminution in the value of the currency in the treasury. Local currency was necessarily used for the purchase of commodities and payment of salaries and expenses by the insular government—its capacity to purchase such commodities, to pay such salaries and expenses, during that period, unavoidably diminished by the great sum above stated. If the currency had been stable, upon the basis recommended by the Commission, all this loss would have been saved, there would have been no danger of a deficit, and much needed public improvements, to the value of nearly \$1,000,000, could have been made which now can not be undertaken.

There are other great embarrassments in a fluctuating currency as imposed upon the government, aside from the actual loss above stated. It is impossible to communicate the changes of ratio to the remote points of the islands immediately upon making the changes; it requires weeks for the information to reach remote points where communication is uncertain and infrequent; and necessarily the receiving and disbursing officers are proceeding, till they receive the information, upon a false basis, and meet with great trouble in the settlement of their accounts with the auditor. Likewise, there is a

great opportunity on the part of all receiving and disbursing officers for fraud of such a character as to be almost impossible to discover. At nearly all times it is more profitable to pay in one currency rather than in the other, because a receiving officer who receives payment in United States money, when that money is more valuable than local currency at the official ratio, can sell the money of the United States and receive local currency in exchange therefor at the commercial rate, and pocket the difference between the commercial ratio and the official ratio, making the entries upon his books to appear that he received payments in local currency; and the same thing applies to all disbursing officers. If, on the other hand, it is more profitable to make payment in gold, local currency can be readily exchanged with money changers for gold, or for money of the United States, the difference in that event being provided for by the receiving or disbursing officer making entries to correspond with the financial transactions instead of the actual receipt or disbursement. Receiving and disbursing officers ought not to be exposed to such temptations, nor ought the government to be exposed to the consequent loss.

But the dissatisfaction on the part of the civil employees on account of the fluctuating value in the currency in which they have been paid has been intense. It was not in the power of the Commission or of any other authority to meet those difficulties. If the receipts were in local currency, as they have very largely been during the past ten months, the disbursements must necessarily be in the same currency.

But the difficulties of accounting are very great in the case of an almost continuous fluctuation of the currency. The auditor states that—

At one time disbursing officers were handling two kinds of currency involving, in effect, five standards of value. They were expending appropriations disburseable in local currency at the ratio of 2 to 1; half-and-half appropriations, or appropriations disburseable one-half in United States currency and one-half in local currency at the ratio of 2 to 1; local currency appropriations disburseable at 2.10 to 1, and appropriations disburseable in local currency at 2.27 to 1. The difficulties arising under such a complicated system were almost insuperable, especially as all accounts were required to be stated to the War Department expressed in United States currency. The debit and credit differences to be adjusted were so numerous as greatly to impede the progress of the accounting work.

The foregoing is an extract from the report of the auditor for the fiscal year ending June 30, 1902. Since that date there have been more changes in the ratio, still further complicating the accounts in the auditor's office. The system is intolerable. No auditor in the United States has ever had to deal with such problems and difficulties. It is impracticable for the auditor, thoroughly efficient as he is and with an able staff, to keep abreast of his work under such conditions.

The system of coinage which the Commission has proposed is in substance that which prevails over all India and throughout the Empire of Japan. Under the proposed system only such an amount of local currency would be issued as experience demonstrated, from time to time, was necessary. The United States gold dollar or the theoretical gold peso of the value of one-half dollar being the unit, all minor and subsidiary coins would be fractional parts of such peso. The actual peso in current use would be a silver one nearly the size of the Mexican dollar and such as the people are familiar with, and its parity would be maintained by the methods recommended in the Commission's last former report and by a restriction of the amount issued. In Japan the theoretical unit is a gold yen of the value of

practically one-half dollar gold. The ordinary currency of the country, aside from paper money, is a silver yen and the fractional parts thereof, all redeemable in gold, and the value of a silver yen and the fractional parts is preserved at a uniform rate by issuing only such an amount thereof as the needs of the country demand, a system in principle precisely like that recommended for the Philippines.

In India the steady depreciation in the value of silver gradually depreciated the value of the rupee, the general coin of the country, until exchange had become involved in inextricable confusion and great loss resulted. In 1893 the government of India withdrew the power of individuals to claim free coinage of silver, reserving to the government the right to coin rupees, and issued notice that at the mints gold coin or bullion would be received in exchange for government rupees, and that at the treasuries sovereigns and half sovereigns would be received in payment of sums due to the government at the rate of 15 rupees to the sovereign, or 16 pence to the rupee. The immediate effect of this action was to cause the rate of exchange for rupees to run up from $14\frac{3}{4}$ pence to 16 pence, but in spite of this action the value of the rupee subsequently fell to $12\frac{1}{4}$ pence, but subsequently, with the demands of increasing business and no increase in the coinage of rupees, the rate of exchange gradually rose, until in 1897 the rate of 16 pence was reached. From that time to the present the rate has remained at that point, with slight changes due to commercial reasons. The present commercial value of the rupee, as bullion, is very much less than 16 pence, but it remains, and has remained for five years, at a fixed value sustaining a definite ratio to the pound sterling and subsidiary coins of Great Britain, because of the restriction of the coinage. From time to time, if the rupee became scarce and indicated a tendency to have a greater exchange value than 16 pence, additional amounts were coined by the government itself, care being always taken to issue no more than the necessities of commerce required at such time to maintain the parity of the coins. On July 7, 1899, the committee, appointed by the government of India, for the purpose of investigation and recommendation, reported unanimously in favor of a gold standard, and all but three recommended that the rate of 16 pence to the rupee be adopted; but on September 15, 1899, an act was passed making sovereigns and half sovereigns a legal tender at a fixed rate in rupees. While the gold circulation of India is not large relatively, the government has established a gold basis for the currency and maintained it without serious difficulty, and has maintained a fixed rate of exchange.

Prof. Jeremiah W. Jenks, professor of political economy in Cornell University, at Ithaca, N. Y., has during the past year made an extensive investigation into economic questions in the English and Dutch colonies in the Orient by personal examination and investigation of records, study of laws, ordinances, decrees, and interviews with men in authority and eminent in business transactions in those regions. His conclusions upon the subject of a fluctuating silver currency as compared with a fixed standard are stated at considerable length and clearness in a report which he has furnished to the Commission, a summary of which is as follows:

1. It is perfectly possible in oriental dependencies to maintain a fixed rate of exchange between gold and silver without the necessity of bringing gold to any great extent into circulation.

2. In countries where imported cooly labor is of great importance, and where such cooly labor is mostly Chinese, it is probable that better terms, i. e., a lower

percentage of cost in wages, can be made by using the silver standard than by using the gold standard.

3. When silver is declining in value as compared with gold, a silver standard beyond doubt affords a stimulus to the production of goods for export, especially if the laborers employed are of the ignorant cooly type, the prices of whose purchases are largely customary. In the case of a newly developing country, where cooly labor is demanded, this stimulus may prove for some time, at least, of advantage, without disadvantage enough to offset.

4. The advantage to the producers of export goods are offset in part, doubtless, by losses of wage-earners, in part by losses of consumers of imported goods, but this influence on the distribution of wealth may quite conceivably for a considerable time be beneficial to the country as a whole.

5. On the other hand, conditions may be such that this change in the distribution of wealth may be a disadvantage, and each country needs to consider what the effect of the change in the distribution of wealth will be before settling its policy.

6. In the long run, it is probable that under any standard these changes in distribution will be gradually fixed, so that producers in a country with a gold standard will not continually be placed at any disadvantage regarding wages and other costs of production as compared with those in the silver-standard countries.

7. The silver standard under present circumstances, and probably for a long time to come, brings an element of uncertainty and speculation into business, which, speaking generally, is to be considered a decided disadvantage.

8. It is probable that in a country whose business is largely with gold-standard countries, the advantages of a fixed rate of exchange on a gold basis will more than offset the advantages which might come from a silver basis, unless the most important factor in connection with production is the introduction of cheap cooly labor. Even in the latter case, if there is a desire to develop especially the trade with gold countries, the fixed rate of exchange with gold is to be preferred.

9. The flow of capital for investment in a country is determined mainly by the outlook for profits. Unless the chances are very good an added element of speculation in business tends to check investment. Unless, therefore, conditions of labor or other special conditions are such as to more than offset the risks of a fluctuating rate of exchange, a fixed rate on a gold basis will encourage the investment of capital.

10. If the gold standard, together with a silver currency, is to be adopted in any of these oriental countries, the disadvantage which there may be in connection with it will be much less if the fixed rate of exchange be made as near as possible to the bullion rates, with the silver coin as a token, of light enough weight so that there will be slight danger of its being exported if a rise occurs in the value of silver bullion, and at the same time with the coin not too light as to afford undue temptation to counterfeiting. A coin 15 per cent or 20 per cent below the fixed exchange value would probably be light enough.

11. A permanent rate of exchange can be most easily maintained by a provision for the government to sell exchange at fixed rates between the home government and the dependency. Such rates should be high enough not to interfere with ordinary business, but low enough to prevent extortionate business rates even temporarily in the dependency itself. A reasonable gold reserve in the dependency itself, to be used when large quantities are needed for export, may well be kept in conjunction with the above plan.

12. Whatever the standard of value, the efficiency of the currency system is greatly increased by the use of paper. An elastic bank-note system, with notes current throughout the country, has proved best.

It will be observed that Professor Jenks finds it entirely feasible in such regions to maintain a fixed rate of exchange between gold and silver without the necessity of bringing gold, to a large extent, into circulation, and that the only regions where silver coin without a fixed value is advantageous are those wherein a great preponderance of the labor is cooly labor, mainly Chinese, largely ignorant, and such that they can be compelled to receive their pay in the depreciated currency, and thereby furnish a greater profit to their employers and to producers. In nearly all other respects a fixed currency is largely for the advantage of the inhabitants of those countries; but in the Philippine Islands cooly labor is not available. The Chinese-exclusion act recently passed by Congress renders that class of labor

unavailable here, so that all the evils of a fluctuating currency exist here, with none of the advantages, if they exist in any case.

It has been suggested that it would be unjust to deprive the Filipino people of the silver coin to which they have long been accustomed, and that an American free-silver Filipino coinage might be established that will give to them the same kind of coin that they have long been accustomed to, but of much better workmanship, which coin, it is said, will ultimately drive out the ruder Mexican coin. But it would manifestly be no hardship upon the Filipino people to deprive them of a fluctuating currency from which they all, without exception, experience a hardship. We do not know any man or class of men, of any nationality or rank, in these islands, who wish for a continuance either of the present fluctuating silver coin, or of an American fluctuating silver coin, with the possible exception of the money changers, who, of course, make a profit from every fluctuation of value, and of a very few employers of laborers who find it to their advantage to pay their laborers in a cheaper currency.

It surely is no hardship to deprive the people of a kind of currency that they do not wish for and that is ruinous to them, and to substitute therefor one similar in appearance to that to which they have long been accustomed and which has a fixed and definite value. It is believed that these are the sentiments not only of the Commission, but of the entire body of the people who have given this subject any thought, of every nationality in the islands—native, American, and foreign. If it be true that such a system of coinage would operate to the material loss or to the permanent detriment of the people of these islands, it is confidently believed that the Congress of the United States will not be willing to impose upon this country a financial system which will operate to retard or ruin enterprise and commercial prosperity.

To summarize, it may be stated that the evils of the existing system are:

1. The fluctuating currency hampers business enterprises and renders investments therein uncertain and dangerous.

2. It raises the rate of interest decidedly, because the lender must charge a rate of interest, where the loan is made in local currency and to be repaid in local currency, sufficient to cover the possible and probable loss he may sustain in his principal when it is returned in the same currency with a lower value therefor.

3. It demoralizes the whole civil service of the government, and creates intense dissatisfaction on the part of all civil employees.

4. It results in enormous losses to the insular treasury.

5. It opens great doors for fraud on the part of receiving and disbursing officers of the government.

6. It renders accurate accounting exceedingly difficult and laborious and well-nigh impossible.

7. It continues a system that is odious to the people and to the business men of these islands.

Every one of these evils can be remedied by the scheme heretofore recommended by the Commission. It is very respectfully submitted that the people of these islands are entitled to as good a money and as stable a currency as the people of the United States enjoy, and that it would be an unjust discrimination against the people here to continue or perpetuate in any form a system of inferior currency which they do not wish for.

In the act of Congress, entitled "An act temporarily to provide for the administration of the civil government in the Philippine Islands,

and for other purposes," passed July 1, 1902, provision is made authorizing the coinage of subsidiary and minor coins for use in the Philippine Islands. Inasmuch as no standard unit of which such coins shall be a fractional part is provided by Congress, it has been deemed impracticable by the Commission to proceed with such coinage. A portion of section 78 of the act above referred to provides that "the subsidiary silver coins authorized by this section shall be legal tender in said islands to the amount of ten dollars," and a portion of section 79 provides that "such minor coins shall be legal tender in said islands for amounts not exceeding one dollar."

It is not apparent as to whether the coins therein named are to be made legal tender for dollars payable in local currency, such as at present exist, or in a new local currency such as the Commission have recommended, or in money of the United States, inasmuch as no unit of value is established by the act. It is apparent that the subsidiary and minor coins referred to are to be fractional parts of some unit. Without knowing of what unit they are fractional parts, it would be very difficult to provide for their circulation. If such coins should be immediately coined and issued, and a subsequent act of Congress should make the unit to be the United States-Filipino peso of 50 cents gold value, as recommended by the Commission, the proposed coins would have more than 20 per cent greater value than if legislation by Congress should cause them to be only fractional parts of a free silver peso coined under free-coinage principles, or of the Mexican peso now in circulation in the islands. With such uncertainty as to the status of the subsidiary and minor coins, it would be difficult to maintain them in general circulation; the banks would decline to pay them out, and would retain them as fast as they would come into their possession, in view of the fact that, if the free-coinage system or the continuance of the Mexican system should ultimately prevail, they would lose nothing by retaining them in their vaults, and that, if the system heretofore recommended by the Commission should be adopted, these coins would thereby have fixed and definite values, namely, as fractional parts of a peso worth 50 cents, and the banks would thus have made a profit of more than 20 per cent in the value of the coins so hoarded by the simple process of retaining them from circulation until the fixed unit of value should have been adopted. It was learned that the banks were taking this view of the situation and had indicated a willingness to take a large amount of the new subsidiary and minor coins should they be issued, which manifestly they could well afford to do under such circumstances. In view of all these facts, on the 30th day of September, 1902, the Commission resolved:

That no action should be taken for the coinage of the minor and subsidiary coins referred to until a unit of value shall have been fixed by act of Congress or otherwise, the legislation of Congress referred to being, in the opinion of the Commission, permissive and not mandatory.

Before leaving this subject it should be remarked that under the operation of the influences above stated the insular revenues from October or November, 1901, down to July 1, 1902, were nearly all paid in local currency, while many of the obligations of the government had to be met in gold. The consequence was that the supply of gold in the insular treasury became gradually depleted until it had less than \$1,000,000 of gold, or money of the United States, in its vaults. By changing the ratio as above stated, after the passage of the act of Congress authorizing such changes to be made, as often as every ten days, the ratio has been kept such that it was not longer to the

special advantage of parties making payments to make them wholly in local currency, and by continuing to make the government disbursements mainly in local currency the amount of money of the United States in the treasury on the 4th day of October, 1902, was \$2,634,535.185.

BANKS AND BANKING.

In the last report of the Commission, under date October 15, 1901, the status of the banks then existing in the islands and of the paper currency in circulation was detailed. There having been no additional legislation by Congress authorizing the establishment of banks in the Philippine Islands, with power to issue bank notes, no action in that direction has been taken by the Commission. The report above referred to contains the recommendations of the Commission in regard to the establishment of a banking system for the islands. Those recommendations I renew, calling special attention to the burden that is now imposed upon commerce by the absence of a sufficient paper currency. Paper money is used but very little in the ordinary operations of commerce, because it is not available. The mechanical difficulties in the way of using the present bulky coins are very great. The counting of money imposes great burdens upon all receiving and disbursing officers and upon the treasury. The handling of large sums involves very considerable expense, and is a serious handicap upon business and governmental transactions. It is urgently recommended that the system of banking which was before recommended be enacted into legislation by the Congress of the United States, or that another system, such as shall commend itself to the judgment of that body, be provided, or that legislation be enacted specifically authorizing the Commission to establish such a system, with a right to authorize the issue of bank notes.

Since the date of the last report of the Commission two powerful American banking institutions have opened offices for a general banking business in the Philippine Islands—the International Banking Corporation, of Connecticut, and Guaranty Trust Company, of New York.

Both of these institutions have been made authorized depositories for public funds of the United States and of the government of the Philippine Islands in the archipelago. They have introduced a new element of competition, so that exchange, in the large sense, and exchange of currencies in a smaller sense, can be had at a more reasonable rate than formerly prevailed. The funds belonging to the insular government have been so distributed that each of the authorized depositories has about the same amount as the other, and in the insular treasury something over one and a half million in local currency and something over \$100,000 in money of the United States are now stored in the vaults.

Two small American banks have been started in the city of Manila during the past year, with inadequate capital and an uncertain status as to the legal capacity to transact a banking business. One of them has already been closed, except as to its savings department, and the other has been subjected to frequent examinations, and is now making strenuous efforts to collect some doubtful notes which it has received for loans. Its business is small. The opinion is still entertained that banks with small capital have little field for usefulness in these islands.

GENERAL CONDITION OF THE TREASURY.

The accounts of the treasury of the Philippine Archipelago have been well kept, and the office has been well administered. All receipts and disbursements have been thoroughly audited by the auditor of the Philippine Archipelago. Both the treasurer and the auditor are to be commended for their efficiency and fidelity.

The amount in the treasury at the beginning of the fiscal year July 1, 1901, stated in money of the United States, local currency being reduced to money of the United States at the ratio of 2 to 1, was \$6,222,912.78. The amount in the treasury at the end of the fiscal year June 30, 1902, local currency being reduced to money of the United States at the ratio then prevailing, \$1 of money of the United States to 2.27 local currency, was \$5,995,006.49½.

The sum available for appropriation on July 1, 1901, was \$3,919,420, money of the United States, local currency being reduced to money of the United States on the basis of 2 to 1, exclusive of certain Spanish and insurgent seized funds and special deposits.

The sum available for appropriations on June 30, 1902, was \$3,999,426.47, money of the United States, local currency being reduced to money of the United States on the basis of 2.27 to 1.

The total receipts and disbursements of the insular government during the fiscal year ending June 30, 1902, were as follows:

| <i>Receipts.</i> | |
|--|----------------------|
| Department of finance and justice..... | \$9,022,855.04½ |
| Department of commerce and police..... | 239,291.92 |
| Department of the interior..... | 118,711.41 |
| Department of public instruction..... | 3,777.29 |
| All other sources, including the city of Manila..... | 1,253,512.89 |
| Making an aggregate of receipts..... | 10,638,148.56 |
| <i>Disbursements.</i> | |
| Philippine Commission..... | 180,133.57 |
| Executive bureau..... | 105,324.23 |
| Department of finance and justice..... | 1,188,244.88 |
| Department of commerce and police..... | 1,689,344.70 |
| Department of the interior..... | 832,216.37 |
| Department of public instruction..... | 1,591,826.31 |
| Unassigned bureaus, offices, etc..... | 339,384.13 |
| By military officers for civil purposes..... | 1,110,404.23½ |
| Philippines disbursing agent at Washington, not elsewhere indicated..... | 7,875.64 |
| Miscellaneous payments by settlement warrants..... | 31,655.78 |
| City of Manila, for period prior to August 7, 1901..... | 210,637.92 |
| City of Manila (charter) after August 7..... | 1,533,706.64 |
| Refunds to provinces: | |
| Internal revenue..... | 245,554.08 |
| Forestry..... | 78,925.27½ |
| Special refunds..... | 4,010.63 |
| Total disbursements to June 30, 1902..... | 9,149,244.39 |
| Total receipts..... | 10,638,148.56 |
| Total disbursements to June 30..... | 9,149,244.39 |
| Excess of receipts over disbursements..... | 1,488,904.17 |

Of the total receipts, \$8,550,758.49 came from customs duties. The general government, in fact, is supported mainly from that source.

The excess of receipts over disbursements arises from the fact that

the fiscal year 1902 includes all that period from July 1 to December 31, 1901, when many of the bureaus had not been organized, and many of the disbursements that subsequently became necessary were not required.

During the second half of the fiscal year 1902 the disbursements exceeded the receipts. During that period the total receipts were \$6,777,339.85, of which \$1,310,191.74 were repayments from former appropriations not fully disbursed; and refundable duties to the amount of \$64,498.13, making a total deduction of \$1,374,689.87; leaving a net revenue for the period of \$5,402,649.98, United States currency. Disbursements, \$6,114,932.34, leaving an apparent deficiency of \$712,282.36.

Many of the disbursements during the second half of the fiscal year 1902 were in the nature of permanent investments, as for the purchase of vessels for the bureau of coast guard and transportation, the completion of payments for the construction of the insular cold storage and ice plant, purchase of equipment and arms for the insular constabulary, the harbor improvement of the port of Manila, construction of the Benguet road, building and equipping printing plant, and other works of a general character. The organization, equipment, and maintenance of the insular constabulary was a very large expense mainly during the latter part of the fiscal year. The cholera epidemic has diminished the revenues by decreasing the imports and disturbing the public conditions, and has increased expenditures by nearly \$500,000, money of the United States, in the attempt to prevent the spread of the pestilence.

The details of the sources from which all receipts came and the purposes for which all expenditures have been incurred are shown in the "Combined statement of the receipts and disbursements for the Philippine Archipelago for the fiscal year 1902," prepared by the auditor, hereto annexed and marked "Exhibit IV."

It is believed that the insular revenues for the fiscal year 1903 would be adequate to meet all disbursements for the purposes of administration and for the expenditure of considerable sums for improvements and extraordinary expenses were it not for the great depreciation that has existed in the value of the silver coin held by the treasury as above stated. This depreciation will cause a deficit which must be met from the surplus heretofore accumulated in the treasury. The probable amount of the deficit will be apparent from the budget, as hereinafter stated. The available assets will be to some extent increased by the action of Congress in dedicating to insular purposes the Spanish seized funds and seized insurgent funds that have been kept as special funds in the treasury heretofore.

The available assets, however, will not be increased to any appreciable extent by the provisions that customs duties collected in the United States on imports from the Philippine Islands shall be returned to the insular treasury. Experience has already demonstrated that the insular treasury will receive very little benefit from that provision of law. The rates now imposed by law upon imports into the United States from the Philippine Islands are still practically prohibitive and afford no encouragement to the industries of these islands.

SEIZED FUNDS AND SPECIAL DEPOSITS.

Acting under the authority of the act of Congress last referred to, the insular treasurer, the auditor, and the assistant executive secretary have been appointed a committee to furnish a complete list of

the Spanish seized funds, and funds seized from insurgents, and special deposits in the treasury, and to recommend a scheme for converting the same into cash in the insular treasury, subject to such claims as may be established against the funds. The committee has not yet made its report, but it is expected that the report will soon be forthcoming and suitable legislation will be enacted upon the subject.

INSULAR BUDGET.

It is impracticable to make estimates for the fiscal year 1903 that will be entirely accurate, but to that end a most careful investigation has been made of the necessary operating expenses of every department and bureau in the islands and of the extraordinary expenses that are liable to be incurred, the extraordinary expenses being mainly for new equipment and permanent improvements, and the expense incident to taking the census required by the act of Congress of July 1, 1902.

For the first quarter of the fiscal year 1903, ending September 30, 1902, the total appropriations have been \$2,646,994.83, of which \$2,074,820.94 were for current expenses, and \$572,173.89 were for extraordinary expenses. The appropriations for the city of Manila are included in this statement, all payments on account of the city of Manila being made from the insular treasury.

Using as a basis these data, as well as the actual disbursements for the latter portion of the fiscal year 1902, when substantially all the bureaus had been organized, and making a suitable allowance for extraordinary expenses that are now foreseen for the fiscal year 1903, the estimate is that the total expenditures required will be \$11,570,637.22, of which \$8,583,209.38 are for current expenses and \$2,987,427.84 are for extraordinary expenses. All disbursements for the city of Manila are included in this estimate.

Included in the estimate for extraordinary expenses for the fiscal year 1903 are \$75,000 for the suppression of epidemic diseases and pests, and \$50,000 for expenses in connection with the establishment of a leper colony, \$31,149.60 for apparatus and books for a new laboratory building; \$875,612.67 for the construction of vessels for the coast guard and transportation, construction of light-houses and purchase of lanterns; \$362,056.32 for the construction and maintenance of public buildings, including the new government laboratory; \$28,406 for the construction of wharves at Lligan, Siassi, Jolo, and Parang-Parang; \$500,000 for harbor improvements at the port of Manila; \$125,000 for the Philippine exhibit at the Louisiana Purchase Exposition, at St. Louis; \$150,000 for the construction of a road into Benguet Province; \$54,706 for the purchase of a rock crusher, alteration of markets, completion of city pound, improvement and widening of the streets of Manila; \$56,182.25 for the installation of the pail system of sanitation in the city of Manila; \$561,853 for taking the census, and \$100,000 for improvement of the harbor of Cebu.

The revenues of the insular government from all sources, aside from refunds, during the first quarter of the fiscal year 1903, ending September 30, 1902, including the city of Manila, amounts to \$3,272,283.52. Using as a basis the revenues last stated and the amount collected during the latter portion of the fiscal year 1902 it is estimated that the revenues for the fiscal year 1903 will be as follows:

| | |
|---|----------------------|
| From all departments of the insular government proper | \$9,389,858.36 |
| From the city of Manila | 1,407,926.78 |
| Making a total of | 10,797,785.14 |

Showing an apparent deficit of \$772,852.08.

It is anticipated that some revenue will accrue from the bureau of agriculture during the fiscal year 1903, but no estimate of such receipts has been included in the above computation, because of the uncertainty of results, nor are the expenses or revenues of the forestry bureau included in the estimate, because under a recent law enacted by the Commission the revenues of the forestry bureau will be returned to the provinces from which they are collected after deducting the expenses of collection. Should it be determined that the revenues accruing from that source should go into the insular treasury, and the expenses of collection be charged to the insular government, the expenses for the fiscal year 1903 should be increased by \$106,568 and the revenue by, approximately, \$300,000.

The receipts from the city of Manila for the fiscal year 1903 will probably be more than is above estimated.

In the statement of revenues collected the refundable export duties collected in Manila on exports to the United States are not included, nor in the estimate of revenues is anything included for the customs receipts for Philippine goods imported into the United States, accurate data for this latter sum being not available and the amount thereof being inconsiderable according to such information as has been received.

Taking everything into consideration, it is probable that at the end of the fiscal year 1903 there will be in the treasury available for appropriation approximately the sum of \$3,226,574.39, aside from seized funds and special deposits now in the treasury and from the sum of \$208,000 received from the Navy Department for gunboats purchased out of insular funds and taken over by the United States Navy, being \$772,852.08 less than the sum available for appropriation at the end of the fiscal year 1902.

All sums are stated in money of the United States. The details of the purposes for which the expenditures for the fiscal year 1903 will be made and the sources of revenue from which they will be met are contained in the tabulation hereto annexed and marked "Exhibit VI."

BUDGET OF THE CITY OF MANILA.

The charter of the city of Manila took effect on the 7th day of August, 1901, and the data of its financial condition for the fiscal year 1902 cover the period from August 7, 1901, to June 30, 1902, and show the actual receipts and disbursements down to June 11, 1902, and the estimated receipts and disbursements from June 11 to June 30, 1902. They appear in the report hereto annexed, which has been prepared by the municipal board, and is marked "Exhibit VII." The aggregate of expenses during that period was \$1,603,893, in money of the United States; and the receipts deposited by collecting officers during the same period were \$992,359.05 down to June 10, 1902. The estimated deposits by collecting officers from June 10 to June 30, 1902, were \$69,139.80. Thirty per cent of the expenses of the city of Manila are, by law, borne by the insular government, and that 30 per cent amounts to \$481,167.90. There is, therefore, an overdraft which the municipal government has made upon the insular treasury of \$61,226.25, which will be easily taken care of from the proceeds of collections for the fiscal year 1902. The estimate of collections from all sources of revenue for the fiscal year 1903 is \$1,874,280, and of ordinary expenses for the fiscal year 1903, \$1,556,666; of extraor-

dinary expenses, \$300,000, making a total of \$1,856,666; from which it appears that the income will be sufficient to meet the ordinary and extraordinary expenses for the fiscal year 1903 now contemplated, without reference to the contribution thereto from the insular treasury.

The exhibits marked respectively VIII and IX contain inventories of lands, buildings, and other real property belonging to the city of Manila on the 30th day of June, 1902, and of personal property belonging to the city at the same date.

It will be observed that the estimates for receipts and disbursements for the fiscal year 1903, as shown by Exhibit VII, prepared by the municipal board, differ from the estimates of the same receipts and disbursements contained in Exhibit VI, the municipal board estimating their receipts for the fiscal year 1903 at a larger sum than that stated in Exhibit VI, and their expenditures at a less sum. The appropriations that have already been made for the city of Manila for the first two quarters of the fiscal year 1903 indicate that the expenditures for the city will be larger for the whole year than the municipal board have estimated, and it is doubtful if the revenues will be as large as the board had estimated. Should the revenues of the city prove as large as the board have estimated, and the disbursements not exceed their estimates, then the deficit in the insular budget will be diminished accordingly. It has not been deemed advisable for the purpose of this report to change the estimates contained in Exhibit VI.

CUSTOMS TARIFF.

As stated in the last former report of the Philippine Commission to the Secretary of War, the new customs tariff was enacted on the 17th day of September, 1901, and took effect on the 15th day of November, 1901, with the proviso that during the first sixty days after the law became effective importers of goods en route to Manila might elect to pay under the new tariff or the old. The large reductions that were made in the duties imposed upon the necessities of life, and the important free entry list upon articles imperatively needed in the islands operated to reduce the income materially. It was hoped that the increased consumption which would thereby be made feasible by reason of the lower price of imported commodities might make the revenues as great as under the former tariff, or greater, and such may be the result ultimately. But the hoped for reduction in retail prices has not resulted. The fluctuations in currency have been made excuses for constant increases in prices by retail dealers, so that a very large proportion of imported commodities are now sold throughout the islands at a higher price than one year ago, computed in United States currency values. If a stable currency shall be established it may be anticipated that competition will correct the evil of high prices after a time, although the reduction of duties in Cuba and Porto Rico seemed for a long time to produce little effect upon ordinary retail prices. The reduction of duties by the Philippine tariff revision law of 1901 was not less than 25 per cent, and the accruing revenues have been probably 25 per cent less than they would have been under the former tariff.

One result of the reduction of the tariff upon certain commodities has apparently been to increase the importation thereof, although other causes have operated to influence the increased importation.

The reduction of duty upon wheat was from 47 cents per 100 kilos to 25 cents per 100 kilos, but practically no wheat was imported under

either schedule. The reduction on wheat flour was from \$1.63 per 100 kilos to 40 cents per 100 kilos. The importation of flour has shown an increase during the past year from 114,000 to 151,000 barrels. The former duty upon forage, hay, and bran was 14 cents per 100 kilos, and the present duty is 5 cents per 100 kilos, and the importations have increased from 700 to 3,000 tons. The former duty on canned fruits was 15 cents per kilo, and the present duty is from 2 cents to 4 cents per kilo, and the importations have increased from 42,000 to 700,000 pounds. Former duty upon canned meats was 15 cents per kilo, and the present duty is from 5 cents to 20 cents per kilo, most of the goods going under the lower schedule. There has been an increase in the importation of canned meats from about 6,000 to 165,000 pounds. The former duty on hams was \$9.13 per 100 kilos, and the present duty is \$3 per 100 kilos, and the importations thereof have increased from 692,000 to 1,800,000 pounds. The former duty on lard was \$9.13 per 100 kilos, and the present duty is \$1.60 per 100 kilos. The importations of this article have increased from 1,200,000 to 2,000,000 pounds. The former duty on canned salmon was 15 cents per kilo, and the present duty is 3½ cents per kilo, and the importations have increased from about 8,000 to 1,500,000 pounds. The former duty on unhusked rice was 59 cents and husked rice 63 cents per 100 kilos, while the present duties are 40 cents and 50 cents per 100 kilos respectively. The total amount of rice imported has increased from 194,500,000 to 340,000,000 pounds. This last increase is largely owing to the diminished production of rice in the islands, caused by the disasters of war, and by the death from rinderpest of animals essential to the cultivation of rice.

Attention is invited to the supplemental report of the collector of customs for the Philippine Archipelago upon this subject, which is hereto annexed and marked "Exhibit X."

There has been nothing developed by the working of the new tariff law to indicate that on the whole, and with a view to final results, the tariff adopted was not such as ought to have been adopted. Individual paragraphs appear to have imposed too high or too low a duty, but in general the theories upon which the tariff was constructed seem now to have been wise and for the best interest of the islands.

On February 6, 1902, the Commission passed act No. 355, entitled "An act to constitute the customs service of the Philippine Archipelago and to provide for the administration thereof," with a short title of "The Philippine customs administrative act." The portion of the act which provides for a court of customs appeals has already been referred to and need not be here further discussed. The act has made an effective organization of the customs service of the islands possible, and under it practically all the revenue warranted by law has been collected. It is based largely upon the principles of the customs administration laws of the United States.

On March 3, 1902, the Commission passed act No. 367, to reorganize the personnel of the Philippine customs service and to give thereby uniformity to classification, grades, and qualifications of customs officials and employees.

The facilities at the Manila custom-house for the transaction of efficient clerical work and for the rapid receipt and discharge of imported merchandise are inadequate. The sum of \$75,000 has been provided for extension of the present custom-house, and the work has already been entered upon.

There has been very great complaint in regard to the expense of

bringing imported merchandise from steamers in the harbor to the custom-house and wharves and of landing them and placing them in the proper warehouses, and of the delay in such operations, owing to the insufficient character of the lightering and landing facilities and the method of carrying on that business, and from sorting the cargo on board the incoming steamers in such way that each owner might receive his own merchandise in his own casco or lighter, or cascos and lighters engaged by him for that purpose. Steamers have been subjected to great demurrage by the delay incident to that process and to the insufficient landing facilities at the custom-house wharves. A draft of a law has been prepared providing for an official lighterman who should be awarded, after competitive bidding, the exclusive right of landing all imported merchandise arriving from foreign ports, the operations to be all under the direction of the collector of customs. Public hearings have been held upon the proposed bill and much opposition to it has been manifested on the part of agents of steamship lines arriving here, and owners of cascos, lighters, lorchas, and barges heretofore engaged in that business. The bill is now under consideration by the Commission and has received no final action. The discussion, however, has developed several points in which improvement can be made, and no doubt increased and much better facilities will be secured by reason of such legislation as will be enacted.

The special report of the collector of customs for the Philippine Archipelago of the operations of the Philippine customs service from June 1, 1901, to September 1, 1902, is hereto annexed and marked "Exhibit XI."

During that period a large number of coastwise ports have been opened and equipment and supplies for the open ports have been purchased, many permanent repairs have been made, and Army officers acting as customs officers have been replaced by civil employees mainly, and a small revenue-cutter service has been purchased, equipped, and put into operation.

During the fiscal year ending June 30, 1901, there was imported into Manila foreign merchandise to the value of about \$28,500,000, upon which the duties collected amounted to about \$6,867,000, the average ad valorem rate under the foreign tariff being slightly over 24 per cent. During the fiscal year 1902 foreign goods were imported to the value of over \$36,500,000, upon which the duties collected amounted to approximately \$6,289,000, with an average ad valorem rate under the present tariff of something less than 18 per cent.

The pro rata cost of collecting customs revenue in the Philippine Islands is less than it is in the United States. At Manila, during the fiscal year ending June 30, 1902, the cost of collecting \$1 of customs revenue was \$0.0477, including the cost of customs launches, maintenance of the immigration division, cost of supplies, janitor's service, and night watchman, fuel, lights, water, repairs, and preservation of public buildings, compensation for detectives and informers. If these items were deducted from the total expenditures at the port of Manila for the fiscal year 1902, as many of them are deducted in the statistics of the United States, the actual cost of collecting \$1 would be \$0.0345—materially less than the cost of collecting at the port of San Francisco or New Orleans, and practically the same as at the larger port of Boston.

In connection with this statement of comparative expenses it should be remarked that the customs duties in the Philippine Islands are practically one-half of what the average customs duties are at ports of

the United States, so that double the amount of business has to be transacted here to collect the same amount of revenues, which makes the showing still more favorable in behalf of economy of the customs administration in the Philippine Islands. These results have been secured in face of the fact that it has been difficult to secure competent and experienced employees.

The total receipts, stated in money of the United States, from the customs bureau, including duties collected and all other sources of revenue:

| | |
|--|----------------|
| For the fiscal year ending June 30, 1899, after American occupancy, were | \$3,106,380.31 |
| For the year ending June 30, 1900 | 5,542,289.15 |
| For the year ending June 30, 1901 | 9,124,810.70 |
| For the year ending June 30, 1902 | 8,525,216.48 |
| Making a total since American occupancy | 26,298,696.64 |

During the year ending June 30, 1902, 10,158 Chinese have arrived at the port of Manila and 11,432 have departed with return certificates. It is believed that few evasions of the Chinese-exclusion act have occurred.

Attention is invited to the summary, attached to the report of the collector of customs, of imports by countries, including the value of and duties thereon, as well as a similar statement relating to exports.

The collector of customs for the Philippine Archipelago has been diligent and efficient in the performance of his responsible duties.

INTERNAL REVENUE.

At the beginning of the fiscal year ending June 30, 1902, the collector of internal revenue for the islands was, through the proper agents, collecting revenue in all parts of the archipelago, except in provinces where civil government had been established, in which provinces the revenue was being collected by provincial treasurers in accordance with law.

On July 1, 1901, the bureau of internal revenue had in its service 46 collectors, most of whom were army or marine officers detailed for this service, and 85 clerks employed in 45 offices. The military or naval officers detailed as collectors of internal revenue had not been relieved from their military or naval duties, and the details were frequently changed, so that the collection of such taxes was partial and irregular.

On the 7th of August, 1901, the act incorporating the city of Manila took effect, and the city assessor and collector for Manila was made collector of internal revenue for the archipelago, his jurisdiction extending over the city of Manila and over all those portions of the islands not organized into provincial governments. As provincial governments were, from time to time, established, and the duties of internal-revenue collectors thereafter in such provinces appertained to the provincial treasurers, the work of the collector of internal revenue gradually diminished until, on June 30, 1902, he had supervision over the following parts of the archipelago only: Laguna Province, island of Samar, island of Mindanao (except the provinces of Surigao and Misamis), island of Mindoro, the whole of the Jolo archipelago, including the islands of Basilan and Siassi and the Tawi-Tawi Islands, with 15 collectors, 9 of whom were army or marine officers and 2 were customs officers performing the duties of collectors of internal revenue,

with a force of 15 clerks. Since that date the jurisdiction of the internal-revenue collector has ceased in Laguna Province, the island of Samar and the island of Mindoro.

Aside from the city of Manila, therefore, the receipts from internal revenue have been very small, owing to the limited area from which such receipts are collected and come to the insular treasury, and the percentage of expenses for the entire collection was necessarily large, amounting to 9.33 per cent.

The internal-revenue stamps handled by the department during the fiscal year 1902 are embraced in the following statement:

| | | |
|--|----------------|----------------|
| On hand July 1, 1901 | \$1,061,115.05 | |
| Received from printers | 43,500.00 | |
| Received from other offices | 211,504.47 | |
| | <hr/> | |
| Total | | \$1,316,119.52 |
| Sold in Manila | 12,594.35 | |
| Transferred to other offices | 437,499.05 | |
| | <hr/> | |
| Total | | 450,093.40 |
| Balance on hand June 30, 1902 (local currency) | | 866,026.12 |

There were sold in Manila during the period from July 1 to August 7, 1901, when the Manila charter took effect, internal-revenue stamps amounting to \$6,297.17½ United States currency.

The total internal-revenue collections for the city of Manila during the month of July, 1902, and six days in August, show an increase of 18.77 per cent over the collections for a similar period of the fiscal year 1901, caused by an increase in business in the city.

The industrial taxes collected for this period in the city of Manila amounted to \$54,164.61 United States currency, an increase of 20.4 per cent over the amount collected during a similar period of the fiscal year 1901.

The total receipts of internal revenue collected for the fiscal year ending June 30, 1902, amounted to \$201,380.35 United States currency, such receipts of the city of Manila only being included from July 1 to August 7, 1901, and for the provinces only during such portion of that year as the collector of internal revenue, in distinction from the provincial treasurers, had jurisdiction thereof.

A new internal-revenue law is in course of preparation, based in a general way upon the system of internal revenue prevailing in the United States, from which it is believed there can be secured a large increase in the revenues available for the insular government.

In view of the deficit for the fiscal year 1903 in the insular treasury it is believed that additional sources of revenue must be sought. They can not be found in customs receipts, which now bear the great burden of nearly the whole of the expenses of the insular government, nor is it deemed advisable to devote any portion of the land tax to the maintenance of the insular government. That tax has now, and necessarily invites, opposition, and can only be made popular by dedicating all its proceeds to local use in the locality where the taxes are collected. A cedula or personal registration tax has long been in force in the islands, and the people are accustomed to that and pay it with grumbling, but it is paid far more willingly when the proceeds are devoted to municipal and provincial uses and not to the insular government. Such is the system now in operation by law, and it is believed to be unwise to change it at present. Some revenue will doubtless hereafter accrue from the sale of government lands, and from forestry

products, which have heretofore been devoted to municipal and provincial uses.

The revenues that accrue from fines and costs imposed by the courts, and the government cold-storage and ice plant, and from miscellaneous sources can not be expected to increase to any marked extent in the immediate future. But a reasonable system of internal-revenue taxes by which large industries, corporations, and the manufacturers of liquors, tobaccos, and cigars contribute a reasonable sum for the protection which they receive from the government, and for the franchises that are secured to them, ought to provide a material addition to the available resources and to prevent further deficits.

The report of the internal-revenue collector for the fiscal year 1902 is hereto annexed and marked "Exhibit XII."

FINANCIAL CONDITION OF THE PROVINCES AND MUNICIPALITIES.

It is impossible to give at this time an accurate view of the financial condition of the various provinces and municipalities. The report of the auditor, hereto annexed, contains the details so far as available. Many of the provinces were not organized until after the commencement of the fiscal year 1902, so that the reports as to such provinces are only for fractional parts of the year. The provinces of Samar, Laguna, Paragua, and Lepanto-Bontoc were organized just at the close of the year or immediately after is close. The statistics do not include all the municipal taxes, because there are certain minor license taxes paid directly to the municipal treasuries which do not appear in the statements of the provincial treasurers. Otherwise the accounts of the several provincial treasurers contain the total receipts and disbursements both from taxes levied for the benefit of the provinces and those levied for the benefit of the municipalities. Some taxes are levied for the joint benefit of the municipalities and the provinces in accordance with provisions of law.

The following summary will show the general financial condition of the provincial and municipal governments:

Province of Abra.—Organized August 19, 1901; total receipts, \$11,321.02; balance in treasury June 30, 1902, \$1,020.67. This is a province of limited resources.

Albay.—Organized April 26, 1901; total receipts, \$111,683.64, including \$2,500 on hand June 30, 1901; balance in treasury June 30, 1902, \$22,061.60. This is a hemp-producing province, and therefore in good financial condition.

Ambos Camarines.—Organized April 27, 1901; total receipts, \$106,682.52, including \$2,500 on hand June 30, 1901, and \$25,000 borrowed from the insular treasury; balance on hand June 30, 1902, \$34,220.84. This province is in fair financial condition.

Antique.—Organized April 13, 1901; total receipts, \$28,635.04, including \$2,500 on hand June 30, 1901; balance on hand May 31, 1902, \$2,325.04. The statistics from May 31 to June 30, 1902, were not available at the time of preparation of the auditor's report. This province is one of limited resources and has been badly affected by locusts and rinderpest.

Bataan.—Organized March 2, 1901; total receipts, \$37,435.20, including balance on hand June 30, 1901, \$1,507.80; balance in treasury June 30, 1902, \$5,245.86. This is a small province, but one able to maintain itself.

Batangas.—Organized May 2, 1901; total receipts, \$58,560.80,

including \$2,505 on hand June 30, 1901; balance in treasury June 30, 1902, \$11,876.93. This province was formerly a very rich one, but it has been greatly devastated by war, and during the whole of the fiscal year 1902 was under military government, and active war was prevailing for a considerable portion of the time. It is thought that this province will be entirely self-sustaining hereafter, possibly needing temporary loans from the insular treasury.

Benguet.—Organized November 23, 1900; total receipts, \$7,671.40; balance in treasury June 30, 1902, \$131.65. This province is not organized under the "Provincial government act," but under a special act, and the government thereof is supported almost wholly from appropriations from the insular treasury. The inhabitants are mainly Igorrotes and are not at present able to contribute largely to the support of the provincial government.

Bohol.—Organized April 20, 1901; total receipts, \$50,801.75, including a loan from the insular treasury of \$2,500; balance in treasury June 30, 1902, \$22,115.80. This province was under a military government for a considerable portion of the fiscal year, but it is entirely able to support itself hereafter.

Bulacan.—Organized February 27, 1901; total receipts, \$83,385.20, including \$2,052.58 on hand June 30, 1901; balance in treasury June 30, 1902, \$15,961.73. This province will be self-supporting.

Cagayan.—Organized September 1, 1901; total receipts, \$69,102.99; balance in treasury June 30, 1902, \$33,864.68. This province is one of large natural resources and will be self-sustaining.

Capiz.—Organized April 13, 1901; total receipts, \$70,375.19, including balance on hand June 30, 1901, \$2,500, and a loan from the insular treasury of \$25,000; balance in treasury June 30, 1902, \$14,766.78. This province has been greatly afflicted by locusts and rinderpest, and ladronism caused by poverty. It is believed, however, that the province will not need further aid from the insular treasury.

Cavite.—Organized June 11, 1901; total receipts, \$64,482.24, including \$2,500 loaned from the insular treasury; balance on hand June 30, 1902, \$9,166.97. The progress of this province has been interfered with to a considerable extent by ladronism, but it is believed that the province will be self-sustaining.

Cebu.—Organized April 18, 1901; total receipts, \$132,457.45, including \$2,500 on hand June 30, 1901; balance in treasury June 30, 1902, \$30,755.93. The province was under military government during a great portion of the fiscal year, but has been self-sustaining and will undoubtedly be so permanently.

Ilocos Norte.—Organized September 1, 1901; total receipts, \$55,604.54, including \$2,500 loaned from the insular treasury; balance on hand June 30, 1902, \$12,184.06. This province will be self-supporting.

Ilocos Sur.—Organized September 1, 1901; total receipts, \$69,355.44, including loan of \$2,500 from the insular treasury; balance on hand June 30, 1902, \$14,054.74. This province will be self-sustaining.

Iloilo.—Organized April 11, 1901; total receipts, \$202,290.07, including loan from the insular treasury of \$25,000; balance on hand June 30, 1902, \$17,978.91. This province will be self-sustaining, but has suffered seriously from ladrones during the past year. The loan from the insular treasury was made to enable the province to combat cholera and to aid the poorer municipalities by loans.

Isabela.—Organized September 10, 1901; total receipts, \$42,647.44, including \$2,500 loaned from the insular treasury; balance on hand

June 30, 1902, \$6,495.84. This province has large natural resources and will be self-sustaining.

Leyte.—Organized April 22, 1901; total receipts, \$122,815.36, including \$90 on hand June 30, 1901; balance in treasury June 30, 1902, \$23,196.06. This is a hemp-producing province. It was disturbed during the fiscal year largely by reason of the war in the adjacent province of Samar. The province is a rich one and will be undoubtedly self-sustaining.

Marinduque.—Organized May 1, 1901; total receipts, \$23,380.18, including balance on hand June 30, 1901, of \$2,500; balance in treasury June 30, 1902, \$3,372.16. This is a small province, to which the island of Mindoro has recently been added. The province will probably be self-sustaining, as it has great natural resources.

Masbate.—Organized March 18, 1901; total receipts, \$29,379.34, including balance on hand June 30, 1901, \$2,990.89; balance in treasury June 30, 1902, \$4,934.67. This province is one that has a small population, and it has had its principal industry (cattle raising) nearly destroyed by rinderpest. It is doubtful whether the province can continue to maintain itself financially, unless the income from its forestry products is all returned to it. Its resources and forestry products are large and capacity for cattle producing is great.

Misamis.—Organized May 15, 1901; total receipts, \$39,901.96, including \$2,500 borrowed from the insular treasury; balance on hand June 30, 1902, \$8,060.89. This province is not a rich one, but will be self-sustaining.

Nueva Ecija.—Organized June 11, 1901; total receipts, \$44,386.11, including \$2,000 borrowed from the insular treasury; balance on hand June 30, 1902, \$2,584.96. The loan from the insular treasury has been repaid. This province should be self-sustaining.

Nueva Vizcaya.—Organized January 28, 1902; total receipts, \$3,020.48; balance on hand June 30, 1902, \$2,193.82. This province is not organized under the general "Provincial government act," but under a special act of a paternal character. The inhabitants are mainly non-Christian people, and the government must for the present be supported from the insular treasury.

Occidental Negros.—Organized April 20, 1901; total receipts \$143,626.93, including \$21,931.60 received from the former government of the island of Negros under the provisions of act No. 119; balance in treasury June 30, 1902, \$47,071.09. This is a sugar-producing province and will be abundantly able to support itself. The financial affairs of the old government of both Occidental and Oriental Negros has been adjusted during the fiscal year.

Oriental Negros.—Organized May 1, 1901; total receipts \$72,175.03, including balance on hand June 30, 1901, of \$3,356.16; balance in treasury June 30, 1902, \$16,966.80. This province will be self-sustaining.

Pampanga.—Organized February 13, 1901; total receipts \$139,188.01, including \$3,649.42 on hand June 30, 1901; balance in treasury June 30, 1902, \$57,952.69. This province is in good financial condition and will be self-sustaining.

Pangasinan.—Organized February 18, 1901; total receipts \$189,448.95, including \$11,709.02 on hand June 30, 1901; balance in treasury June 30, 1902, \$26,259.07. This is a large province and abundantly able to support itself.

Rizal.—Organized June 11, 1901; total receipts \$53,114.49, including \$2,500 loaned from the insular treasury; balance on hand June 30, 1902, \$12,318.08. This province will be self-sustaining.

Romblon.—Organized March 16, 1901; total receipts \$22,560.84, including \$71.88 on hand June 30, 1901; balance in treasury June 30, 1902, \$2,708.30. This is a small province, but probably will be able to maintain itself.

Sorsogon.—Organized April 30, 1901; total receipts \$107,532.78, including \$2,500 loaned from the insular treasury; balance on hand June 30, 1902, \$24,172.69. This is a hemp-producing province, and will be able to take care of itself financially.

Surigao.—Organized May 15, 1901; total receipts \$32,386.30, including \$2,000 borrowed from the insular treasury; balance on hand June 30, 1902, \$8,618.55. This province is not a rich one, but will probably be able to sustain itself.

Tarlac.—Organized February 18, 1901; total receipts \$94,769.97, including \$25.78 on hand June 30, 1901; balance in treasury June 30, 1902, \$18,162.21. This province will be self-sustaining.

Tayabas.—Organized March 12, 1901; total receipts \$84,096.17, including \$2,935.49 on hand June 30, 1901; balance in treasury June 30, 1902, \$22,588.36. This province was disturbed during a portion of the year by the hostilities in the adjacent province of Batangas, but will be abundantly able to sustain itself.

Union.—Organized August 15, 1901; total receipts \$66,714.81, including \$2,500 borrowed from the insular treasury; balance on hand June 30, 1902, \$5,556.99. This province will be self-sustaining.

Zambales.—Organized August 28, 1901; total receipts \$33,940.24, including a loan of \$2,500 from the insular treasury; balance on hand June 30, 1902, \$10,466.74. This province is one of limited resources, but will probably be able to sustain itself.

The total receipts of the provincial treasuries during the fiscal year aggregate \$2,517,265.13, including municipal funds collected by provincial treasuries, and the balance on hand June 30, 1902, in the several treasuries amount to \$557,929.62. Included in the receipts are loans from the insular treasury of \$104,000. Included in the disbursements are \$12,000 for loans repaid to the insular treasury. Most of the loans to provincial governments from the insular treasury were for the purpose of enabling the provincial governments to equip themselves with necessary offices, books, furniture, etc., at the outset before revenue had accrued. Those loans were \$2,500 each. The larger loans have been made to meet emergencies caused by cholera and rinderpest.

All sums in the provincial statements above given are in money of the United States, local currency being reduced to money of the United States at the ratio existing June 30, 1902.

Very respectfully,

HENRY C. IDE,
Secretary of Finance and Justice.

REPORT OF THE SECRETARY OF PUBLIC INSTRUCTION.

OFFICE OF SECRETARY OF PUBLIC INSTRUCTION,
Manila, P. I., November 1, 1902.

The PHILIPPINE COMMISSION.

GENTLEMEN: I have the honor to submit to you the first annual report of the secretary of public instruction, which, except where otherwise indicated, covers the year ending October 15, 1902, and relates to the organization and activity of the bureaus of education, of architecture and construction of public buildings, of public printing, of archives, of public libraries and museums, of statistics of the census, and of the Official Gazette, embraced in accordance with act No. 222 and the acts establishing them, under the executive control of the department of public instruction.

ORGANIZATION OF PUBLIC INSTRUCTION.

In organizing the system of public instruction in the Philippines, with an incomplete knowledge of the actual conditions of the country, it was not to be expected that the provisions made in the beginning would be found permanently satisfactory. The administration of the affairs of the bureau of education was originally placed in the hands of a general superintendent, who was assisted by 10 division superintendents. The division superintendents resided in the 10 divisions into which the archipelago was divided. Under the supervision of the general superintendent, each division superintendent exercised immediate control over the schools in his division. As more teachers were employed and the school affairs of more towns required the attention of the division superintendent, it was found that the 10 division superintendents could not properly perform the work expected of them. Then by an amendment enacted July 24, 1901, the number of division superintendents was increased from 10 to 18. Under this organization nearly 1,000 American teachers were appointed and assigned to positions in different parts of the archipelago. In this work of placing the teachers where they were most needed the division superintendents rendered valuable assistance to the general superintendent. They made themselves familiar with the conditions in their several divisions by systematic investigation and personal inspection, and were authorized to select from the teachers already appointed, subject to the approval of the general superintendent, such teachers as seemed to them best fitted to establish and conduct schools in the different parts of their several divisions. In the course of time, however, the work required of the division superintendents became too

great to be successfully performed by them without assistance. To supply this deficiency the general superintendent in some cases assigned teachers to act as clerks in the offices of the division superintendents, and in order that there might be some person in each province of the division with whom the division superintendent might correspond and who might perform such work of supervision as might be required of him, a law was enacted on September 20, 1901, providing for the appointment of deputy division superintendents. By this law the deputy division superintendent was required to be a teacher actually engaged in instruction. He was authorized to exercise, under certain limitations, the functions of the division superintendent, but his action was subject to confirmation by that officer. The limitations referred particularly to the power to appoint school-teachers for the municipalities and to fix their salaries, which could be done only by the division superintendent himself. The number of deputy division superintendents was to be determined by the general superintendent as they seemed to be needed in the several divisions, but this number in any division might never exceed the number of provinces in that division. It was originally expected that the work required of the deputy division superintendent might be performed without interfering with his regular work as teacher, and in this view it was required by law that he should be a teacher actually engaged in the work of instruction. The extension of the work of the bureau of education soon demanded all the time and energy of the deputies, and under this demand they were temporarily relieved by the general superintendent from their work as teachers and ordered by him to devote themselves exclusively to the business of organizing and supervising the schools in the several provinces in which they resided. This arrangement had two defects. In the first place, it was not in accordance with the requirement of the law of September 20, 1901; in the second place, it was not sufficiently simple to work with the most economic expenditure of force. The deputy division superintendents corresponded with the division superintendents and these in turn with the general superintendent. In order, therefore, to bring the educational affairs of all parts of the archipelago more directly under the head of the general superintendent and to provide for a more efficient management of the school affairs in each province, an important change in matters of school supervision was made by the law enacted October 8, 1902. Among other provisions, this law repealed the act fixing the number of division superintendents at 18, the law establishing the office of deputy division superintendent, and parts of certain other laws in conflict with the provisions of the act itself. It divided the archipelago into 36 school divisions. The several divisions, except in a few cases, were made to coincide with the provinces. In each of these divisions, except those corresponding to the provinces of Benguet, Lepanto-Bontoc, Nueva Vizcaya, and Paragua, a regularly appointed division superintendent was provided for. In each of the four provinces excepted it was provided that the governor should act, without additional compensation, as division superintendent. This arrangement is justified by the fact that in Benguet, Lepanto-Bontoc, and Nueva Vizcaya the majority of the inhabitants are Igorrotes, living in a semisavage state, while the province of Paragua embraces, in addition to the northern half of the island of Paragua, a large number of small islands belonging to the Cuyos and

Calamianes groups, and contains a limited and scattered population. Assistance in carrying on the office work of the division is provided for by authorizing the appointment of one clerk for each division superintendent. In addition to the teachers appointed for the municipalities by the division superintendent, whose salaries are paid by the municipalities, the general superintendent is authorized to keep in the service of the insular government a force of 1,000 trained teachers for the primary schools and such other additional trained teachers as may be necessary for the provincial schools of secondary instruction. The salaries of the teachers of primary schools range from the few dollars received by the Filipino teacher in the poorest pueblo to \$1,500 per annum. For the salaries of secondary teachers an upper limit of \$1,800 per annum has been fixed. The annual salaries of the division superintendents range from \$1,500 to \$2,500; only three of this number, however, receive the highest salary. The salaries of the division superintendents, of the teachers of the provincial schools, of the American primary teachers, and of the clerks in the offices of the division superintendents are paid with funds appropriated from the insular treasury. The offices of the division superintendents are provided by the several provinces.

While under the new organization the number of division superintendents is increased from 18 to 36, the office of deputy division superintendent is abolished, so that the total cost of the work of superintendence is reduced by about 25 per cent and its efficiency is greatly increased.

In addition to the general superintendent and the division superintendents already provided for, it will probably be found necessary, in view of the exacting duties of the office of general superintendent and the desirability hereafter of his spending considerable time in the several divisions, to appoint an assistant general superintendent to divide with the general superintendent the work of the office and the work of inspection in the field. In making this appointment it will be well to promote to this office, when created, a division superintendent who has become familiar with the affairs of his division and who has shown in his work knowledge, adaptability, and good judgment.

On September 25, 1902, Dr. F. W. Atkinson, general superintendent of education, presented his resignation to the civil governor, to take effect December 31, 1902. The suggestion here made with respect to an assistant general superintendent may very well be carried out when Dr. Atkinson's successor assumes the duties of his office.

THE AMERICAN TEACHERS.

The American teachers have been appointed or selected in general in two ways—either directly by the general superintendent or by persons or institutions in the United States authorized to select a definite number. It is not to be expected that some mistakes would not be made in appointing so large a number of persons in a very limited period, but, considering the whole number of teachers, the quality has been eminently satisfactory. These teachers were not, however, all brought from America, but a number were appointed who were already in the Philippines. Among these latter were included discharged volunteer and regular soldiers, and wives and relatives of officers and civilians. At the outset those who were sent into the

more remote towns suffered certain hardships, not the least of which was their isolation. Their food was often such as they were unaccustomed to, and the change from the conditions which they had left was often such as to cause homesickness and a certain measure of dissatisfaction with their lot. The long intervals which sometimes occurred between the coming of the mails, and the consequent difficulties of hearing from friends and receiving their pay promptly, tended to develop in many cases a considerable measure of discontent, and when the pay arrived it was, by reason of the depreciation of the local currency, found to be worth less than at the time when they should have received it. In addition to these causes they were also sometimes affected by the difficulties which they encountered in sending money to the United States. But as the monetary difficulties disappeared, as they became adjusted to their new surroundings, as the civil supply stores made available a better quality of food, and as they became more intimately acquainted with the people, they turned to their work with new zeal, and appear, in many cases, to have found in it a high degree of satisfaction. It might be added that the increases in a large number of their salaries during the year tended to impress upon them the thought that their services were, after all, appreciated. The strong desire on the part of the more intelligent Filipinos to have their children educated, and the aptitude of the children to learn have generally made the way of the American teacher easy, and given him or her a high place in the regard of those among whom they worked. This friendly attitude of the people toward the teachers has been met by the heroic efforts of many of the teachers in behalf of the Filipinos afflicted with cholera. When the scourge appeared and the schools were closed, in almost every instance the teacher stood at his post and did whatever was possible for him to do to relieve the sufferings of the people and impede the progress of the disease, and four of them became its victims.

The number of American teachers connected with the bureau of education between January, 1901, and September, 1902, was 1,074, but the highest number on the rolls at any one time was 926. Between May, 1902, and September of the same year this number was diminished so that on the 1st of September, 1902, there were 845 American teachers in active service. This number included the division superintendents and deputy division superintendents. The total number separated from the service during the period in question, from the beginning of 1901 to the 1st of September, 1902, was 229; 15 of these by death, 2 on account of the death of other persons, 61 by reason of sickness either of the teacher himself or some member of his family, 69 wives of soldiers and other transient residents who had been appointed in the islands, 10 women married, 24 men appointed to civil positions, 3 commissioned as military officers, 8 dismissed or discharged, 7 deserted, and 30 resigned—some of these last for the good of the service, others on account of dissatisfaction with monetary and other conditions, and a few to engage in business or other affairs.

In addition to the American teachers there have been employed in the period in question a large number of Filipino teachers. In view of the fact that some of these teachers were appointed by the municipal authorities before the organization of the public-school system and some since its organization in violation of the provision placing the appointment in the hands of the division superintendent, it has been

impossible to keep in the general office an accurate statement of the whole number of Filipino teachers in the service at any given time.

In the day schools of Manila in July, 1901, the number in attendance was 5,123. On account of the cholera the number in August, 1902, was 3,044. In the report of last year it was said that at the time there were probably over 150,000 Filipino pupils enrolled in the free primary schools and over 75,000 in actual attendance. It was stated that there were probably 3,000 to 4,000 elementary Filipino teachers, 1,800 to 2,000 of whom were receiving one hour of English instruction daily; that there were at least 10,000 adults receiving instruction in English in the evening schools, and that there would shortly be from 20,000 to 30,000 attending these schools. During the present year there are more than 200,000 Filipino pupils enrolled in the primary schools, about 65 per cent of whom are in actual attendance. The number of Filipino teachers appointed by the division superintendents is 2,625 and the total estimated number 3,400. There is a combined teaching force of Americans and Filipinos of 4,227. The night school enrollment for the past year has been about 25,000, and the estimated actual attendance is about 70 per cent of this number. Between 15,000 and 20,000 pupils are already enrolled in the provincial schools of secondary instruction.

A majority of the American teachers now engaged in the Philippines arrived at nearly the same time, and their several terms of service will expire during the coming year. In view of this fact it is imperatively necessary that prompt action should be taken either to place the whole body of teachers who have rendered satisfactory service during their residence in the islands in the classified civil service, or by some other means to assure them of the determination of the government to retain them in their positions. In the beginning a large number of teachers were required on short notice, and it would probably have been impossible to have secured them within the proper time by the means employed under the civil-service law. It was inevitable under the system that there would be complaints about unjust discrimination. The person whose qualifications are inadequate for a given position is not always the person who first recognizes this inadequacy, and when he is left out he sees no reason for being passed over, except a determination on the part of the authorities unjustly to discriminate against him. In making appointments, however, by the method adopted of giving authority to various institutions and a few officers of the educational system of the United States, each to select a limited number, the authority to appoint was very widely distributed, it being understood, of course, that the general superintendent of education retained also large authority to select and appoint. No discrimination beyond a discrimination on the basis of proper qualifications is known to the government, except that in certain instances special efforts were made to secure teachers of the same religious faith as the bulk of the inhabitants of the islands, but in spite of these efforts the persons having the power of appointment found it impossible to secure as large a number of qualified persons of this class as they were willing to appoint.

THE FILIPINO TEACHERS.

While the American teachers have already rendered very important services in beginning the work of public instruction in accordance

with American ideas, it is nevertheless true that the ultimate character of the public instruction in the Philippines must depend on the character of the Filipino teachers which it will be possible to develop. Under the old régime the salaries of Filipinos were insignificant, and at present they average about \$6 a month for women and \$8 a month for men, in money of the United States. The upper limit of these salaries actually paid is about \$25 a month, while the lower limit is about \$1, which in some instances is for long periods withheld. It has happened that a teacher receiving a salary of \$16.50 a month has hired a substitute for \$4.50, and has lived as an independent gentleman on the remaining \$12. The establishment of the native constabulary, with salaries ranging from \$8.75 to \$18.75, when the ability to read and write is required only of those receiving the highest salary, has naturally aroused more or less of discontent among the Filipino teachers and led them to inquire why a government which can pay its police sergeants the munificent salary of \$18.75 is not able to pay its teachers with equal liberality. This unfavorable contrast may also be made in other cases, for the Filipino teachers are paid less than the drivers and cooks, and often less than ordinary laborers.

In addition to the fact that the salaries of the Filipino teachers are extremely low, there is the other fact that there is sometimes great uncertainty about the payment. By law the division superintendent is authorized to appoint the Filipino teachers in the municipalities and some of the municipalities have raised the question as to whether they were expected to pay the salaries of teachers appointed by officers not belonging to the municipality. "They argued that since the government appoints the teacher and fixes his salary the government expected to pay that salary. Others, when instructed to pay the salary, have assumed the right to fix it and also to appoint the teacher." Even where there is no question about the obligation to pay, the payments are often made irregularly, sometimes in other articles than money, sometimes at long intervals, and sometimes not at all. It is clear that under a system like this the Filipino teacher can never become a very effective factor in the development of public enlightenment; but as the bulk of the population must in the long run rely upon the Filipino teacher, either the municipalities must rise to a proper recognition of their obligations toward the public school teacher or a more satisfactory arrangement for their payment be made through some other authority. It may also be stated that some means must be taken to inspire the Filipino teacher with a sense of duty with respect to the work to which he is called. A letter from an American teacher in Panay, referring to what happened to his school during the few days of enforced absence by illness, illustrates what is meant in this connection.

"When I returned on Wednesday morning," he writes, "only 2 of my 6 teachers were present and my attendance had dropped from 140, when I left, to 25 when I returned. During my six days' absence scarcely any work had been done. Thursday and Friday there was a big fiesta here, and consequently it was impossible to hold school. This morning I attempted to collect the pupils and get started once more. I find my teachers are fully as badly demoralized as I expected they would be. Maria Garingales was the only one that came on time; Maria Girago came half an hour late and then wanted to get excused for the day. Francisco Girado came in an hour and a half late, and

then only because I sent for him. Norberto Girado was at his home asleep and would not come at all, although I sent for him twice. He did not come to the school, but went to the cock fight instead, and as there is another cock fight to-morrow I have no reason to expect him at that time. All of my teachers, with the exception of Maria Garingales, who is always on time, have of late grown very slack in regard to their attendance. Norberto is an old offender and does not seem to improve. I have done everything in my power to impress upon him some sense of his obligation as a teacher, but during this month it is safe to say that he has been absent half the time."

This is probably a somewhat extreme case, but it illustrates the fact that before anything in the way of social reform can be accomplished through the people themselves there must be breathed into them the spirit of a new life. They must be led to feel a sense of moral obligation in their public work.

MANILA NORMAL SCHOOL.

During the past year increased attention has been given to plans looking to the development of facilities for preparing Filipinos for more efficient work as teachers. These facilities have been furnished by the Manila normal school, the branch of the Manila normal school organized for the training of Filipino teachers actually engaged in the work of instruction in Manila, in the provisions of the provincial schools for normal work, and in the various normal institutes held during the summer vacation. The Manila normal school is, perhaps, the most important single institution which has been organized within the bureau of education. Its forerunner was the preliminary school organized in Manila while Dr. David P. Barrows was city superintendent of schools. In its present form the Manila normal school was organized by Dr. E. B. Bryan, its present principal. In its beginning its sessions were held in the building known as the "Escuela Municipal," in the Walled City. On account of the occupancy of the building by the Manila grammar school in the forenoon, the classes of the normal school were assembled only in the afternoon. The curriculum covered five principal subjects—English, geography, American history, arithmetic, and science—which were taught on five days in the week, and two subordinate subjects, music, and art. The former was taught on two days and the latter on three days in the week. Prior to January 1, 1902, there were 310 pupils enrolled, of whom 292 were young men and 18 were young women. Here, as in all the schools of the archipelago, it was at first difficult to secure regular and continued attendance, so that with a total enrollment of 310 there was an average enrollment of only 220 and an average attendance of 202. The pupils in the school came from 24 provinces and were taught by 11 American teachers.

The limited quarters in the municipal school building, and the fact that sessions could be held only in the afternoon, made it very clear that new quarters must be obtained at a very early date. On the advice of the secretary of public instruction, the Commission offered to purchase the building belonging to the Assumptionist Sisters, and previously occupied by the army as the second reserve hospital. The building was constructed for a girls' school which had been maintained here by the Assumptionist Sisters with a subsidy from the Spanish

Government. At the time the offer to purchase was made the Sisters were in Europe and undecided as to whether or not they would return to Manila. The offer was therefore refused. No other building suitable for the work of the school was known to be available, and it was not thought desirable to wait for the construction of such a building. The secretary of public instruction then recommended that certain buildings which had been erected for the exposition in 1896 be repaired and set apart for the use of the Manila normal school. This gave the school quarters at least temporarily adequate and enabled the sessions to be held during both the forenoon and the afternoon. In view of the fact that the pupils of this school came largely from the provinces its proper work was hindered at the opening of the present school year in June by the prevalence of cholera in Manila and the surrounding provinces. Most of the pupils were reluctant to leave their homes, and those who were willing to do so found great difficulty in traveling on account of the rigid quarantine restrictions; but in spite of these hindrances, which have in some measure lasted until the present time, 330 pupils enrolled in the early months of the school year, with a prospect that with the passing of cholera the number in attendance would reach 500. In the course of time the relative number of young women has increased. Of the 270 pupils enrolled at the end of August 70 were young women.

In its new quarters the school has been enlarged and the scope of the instruction widened. Fourteen American teachers are now engaged and there has been a corresponding increase in the number of subjects taught.

TEACHERS' COLLEGE.

Prior to August, 1902, the schools of Manila held two sessions daily, one in the morning and one in the afternoon. The last hour of the morning session was set apart for the instruction of the Filipino teachers. The instruction was given by the American teachers in the schoolhouses where they were severally employed. Given in small groups, without systematic organization or effective supervision, its quality depended largely on the personality of the American teachers. Where the teacher was strong and methodical the work was orderly and effective; where the teacher was weak and lacking in zeal the instruction was fragmentary and unsystematic; but as the purpose of this early instruction of the Filipino teachers was merely to assist them in acquiring a knowledge of the English language, the method adopted, securing close relations between an American teacher and a small group of Filipino teachers, was productive of more or less satisfactory results. In the course of time, however, it became necessary that the Filipino teachers should be subject to a more regular discipline and more systematic instruction. They needed instruction not only in the English language, but also in the various subjects that entered into the curriculum of the primary school. This became manifest at the end of the school year in 1901, when a considerable number of Filipino teachers of Manila had to be dismissed on account of their inefficiency. Some of these were too old to acquire a useful mastery of a new language, and some were indifferent and not in sympathy with the purposes of the government as manifested in its system of public instruction. In order to obviate the necessity of a subsequent resort to this severe method of curing the inefficiency of the city

schools, it was determined that the sessions of the schools for teaching the children should be continued throughout the forenoon, that the afternoon session should be abandoned, and that all the Filipino teachers should be assembled at one place and organized into a normal school to be held between 3 and 5 o'clock in the afternoon.

Under this plan the 150 Filipino teachers engaged in the public schools of Manila are assembled for five days in the week in the building in the Walled City known as the "Escuela Municipal." They are divided into small sections and are taught by the American teachers regularly assigned to the Manila schools, each section meeting for three periods and receiving instruction in three different subjects in the two hours of the session. The obligation which was imposed on the Filipino teachers to attend the afternoon session of this branch of the Manila normal school was at first thought by them to be a hardship, on account of the difficulties and expense of securing the requisite transportation, but when it was explained to them that this opportunity was offered by the government in order to enable them to increase their fitness for their work, and thus make them worthy to be continued in their positions, they saw clearly that what was required of them was for their advantage. In bringing the instruction of the children into a single period of four hours in the morning, with two brief recesses, the cooler half of the day was utilized for this purpose and they were released from the necessity of returning to school in the hotter hours of the afternoon. These advantages were more than sufficient to balance whatever disadvantages may have arisen from establishing one session of four hours in place of two shorter sessions separated by a midday intermission. This plan was carried into effect on August 4. Legally this school is a branch of the Manila normal school, and has been conducted under the general direction of Dr. E. B. Bryan, principal of that school. Much of its noteworthy success, however, is due to the tact and energy of the vice-principal, Mr. E. W. Oliver, who has been in actual charge of the institution from its beginning.

PROVINCIAL SCHOOLS OF SECONDARY INSTRUCTION.

An important step in the development of the system of public instruction in the Philippines was the establishment and organization of the provincial schools of secondary instruction. The law authorizing such schools was enacted March 7, 1902. Prior to this date the bureau of education had been chiefly concerned with the organization of primary schools. As a consequence, many of the more advanced pupils in these schools, who had been taught English, began to entertain serious doubts respecting the possibility of continuing their studies in English in schools of a higher grade, and some of them thought it advisable to resume their studies of Spanish in order that they might be prepared to enter the Spanish schools of secondary instruction. This was particularly true in Manila, where there were several secondary schools which were maintained under the authority of the church. These were the only important schools of this grade that existed in the archipelago at the beginning of the American occupation, and only a comparatively small part of the inhabitants of the provinces found themselves in circumstances which permitted them to give their sons the advantages of these schools. It was advisable, therefore, to meet as early as possible the strong demand in the provinces for schools to which children could

be admitted on completion of their primary instruction. With the enactment of the law of March 7 the general plan of the system of public instruction began to assume real form. This plan provided that in the course of time the primary schools should exist under municipal authority, the secondary schools under provincial authority, and higher instruction, together with whatever special schools might be established, should be supported directly by the insular government. Schools of secondary instruction were thus to become the peculiar charge of the provincial government. The provincial board was authorized to provide, by construction or purchase or renting, such school building or buildings in the province as in the opinion of the board might be necessary, to be used for the free secondary instruction of pupils resident in the province.

In view of the rude condition of the provincial population with respect to education and in order to provide an effective and simple organization it was determined that the secondary schools in the provinces should cover the widest range of subjects that it might be found necessary to teach. It was recognized that these provincial schools would furnish the highest grade of instruction that would be demanded by any considerable number of residents of the provinces; that they would become in the course of time the colleges for the people; and that the few who might demand such instruction as is given in a university would seek that instruction either in Manila or in the United States. It was, therefore, provided by law that the secondary instruction given in the provincial schools might include, in addition to academic and commercial subjects, manual training, instruction in agriculture, and normal-school instruction. While it is expected that ultimately the expenses of equipping and maintaining the provincial schools will be borne by the provinces, it is provided that for the time being the salaries of the teachers in these schools shall be paid from the insular treasury. In their establishment and conduct they are subject to the supervision of the division superintendents and the general superintendent of education. When, however, it shall be determined by law that the condition of finances of a province will justify for the future the payment of the salaries of teachers and all the expenses of supplies and equipment for secondary schools for the provincial treasury, such salaries and expenses shall be met by the several provinces. It was recognized in providing for these schools that certain provinces might not for a number of years be prepared to establish schools for secondary instruction, and it was provided that the provincial board of any such province might appropriate provincial funds for the payment of the tuition in a provincial school in any other province or in the city of Manila of such pupils as might wish to enter such provincial school.

Prior to September 1, 1902, 23 provincial schools had been established in the principal towns of the archipelago, and the work of organizing such schools in 11 other towns was in progress. While English will continue to be the language in which the instruction in these schools is given, an opportunity will be offered to such persons as desire it, for business or social reasons, to acquire also a knowledge of Spanish. By reason of the large part which the Spaniards have played in the history of the Philippines and the fact that the principal sources of our knowledge respecting these islands are in Spanish it will be desirable for many years to come that Filipino scholars and men of

special cultivation shall, in addition to their knowledge of English, have also such command of Spanish as will make accessible to them the history and information relating to their early institutions. This language and its literature, therefore, will constitute one of the subordinate subjects in the curriculum of the provincial school. By authorizing the broadest possible curriculum and by bringing instruction in all of the subjects mentioned under a single organization it is expected that those who have these schools in charge will adapt the work in them to the peculiar conditions of the people in the several provinces where they are established. The wide diversity in the soil, the climate, and the character of the inhabitants make necessary different kinds of instruction for different parts of the islands, and the organization of provincial schools makes it possible for the main work of the school to be adapted to the various needs of the inhabitants. In some instances, moreover, in order to make it possible for students from all parts of the province to attend the provincial school, it has been found necessary to make provision for furnishing them at reasonable rates with board and lodging. This is rendered especially necessary in some places by the extensive destruction of houses during the rebellion. In some parts of the islands the people had heard that Napoleon's great army was defeated in its undertaking against Russia by the burning of Moscow, and burned some of their principal towns as a means of checking the advance of the Americans. They were surprised to find that this means was not effective, that the Americans could sleep out of doors, and that they brought their own food with them. This useless destruction of buildings has left many important towns without adequate accommodations either for the offices of the government or for the schools. This limitation of quarters imposes upon some of the schools the necessity of providing quarters for at least a certain part of the pupils, and this bringing together boys who are prepared to enter upon their secondary studies and subjecting them to a rational discipline is likely to have a beneficial effect both on their character and their attainments.

NORMAL INSTITUTES.

The normal instruction in the provincial schools is designed to be so arranged that the pupils who have completed two years' work in these schools may take the last two years of their course in the Manila normal school. Thus the pupils from the provinces will be able to spend half of the four years' course in the provincial school and half in the Manila normal school. This will enable all who desire it to have the prestige of graduating from the school which constitutes the central feature of the system of normal instruction.

Another form of normal instruction is that which has been given at normal institutes held during the long vacation. While the work which has been done by the American teachers in one hour a day devoted to the instruction of individual or little groups of Filipino teachers has produced excellent results, it has been found in the provinces, as well as in Manila, that it was desirable to assemble the Filipino teachers in large bodies and to give them more systematic instruction and discipline than was possible scattered in the various pueblos and barrios throughout the provinces. In Manila it has been found possible to assemble the Filipino teachers in the branch of the

Manila normal school and to give them instruction during the afternoon of the days on which they are engaged during the morning in instructing the children in their respective schools, but, owing to the fact that in the provinces the Filipino teachers are scattered over wide territory, it has not been found possible to assemble them except during the long vacation. To meet this difficulty the vacation normal institutes have been established. The first experiments with the vacation normal school were made in Manila, Iba, and Laoag in April and May, 1901. The work of these three schools in 1901 was found to be so satisfactory that during the vacation of the present year a large number of such schools was organized. Although the long vacation generally occurs in April, May, and June, it is sometimes placed a little earlier and sometimes a little later, as may be demanded by the different conditions in different parts of the archipelago. It lasts twelve weeks, at least four weeks of which have been devoted in most of the provinces to institutes for the instruction of Filipino teachers, the plan involving one such institute for each province. Owing to the difficulties of transportation it has been found impracticable to gather together the teachers from a territory larger than the province. Attempts to assemble all the teachers of a division under the jurisdiction of a division superintendent have failed on this account. The three provinces of Iloilo, Capiz, and Antique made up the earlier school division of Panay, but only very imperfect and dilatory means of communication exist between them. For this reason a vacation normal institute was held at the capitol of each of these provinces instead of a large institute, which, it was hoped, might embrace all the teachers of the division. There appears to have been some good reason which induced the Spaniards to fix the boundaries of the provinces as we find them. Where these reasons are natural geographical demarkations, they are at present, as they always have been, magnified by the lack of facilities for communication. The present government has seen fit to maintain the lines of separation which the Spaniards recognized. This was done in the new organization of provinces, but these lines were at first ignored in the establishment of school divisions. Under the law enacted October 8, 1902, the separate provinces, with a few exceptions, appear as school divisions. Under this new order of things the vacation institute in each province will be directly under the supervision of a division superintendent. The success of these institutes during the summer vacation of this year was interfered with by the presence of cholera and the consequent difficulties of travel. There were, however, 320 American teachers engaged in this instruction, with an attendance of 4,389 pupils, and an average attendance of 3,986.

To supplement the very imperfect education of the Filipino teachers in the provinces the instruction given in the normal institutes embraces the subjects usually taught in the primary schools. These subjects were used not merely to give the Filipino teachers the knowledge they were expected to impart, but also to enable the American teacher to illustrate the method in which the subject-matter might be properly presented. The Filipino teachers have encountered many difficulties in attending these institutes, due chiefly to their small salaries and, in many instances, to the failure on the part of the municipal authorities to pay what was due them. In this transition period the lot of Filipino teachers is not a fortunate one. Formerly they received low salaries,

but they were permitted to require contributions from their pupils. Now many of their salaries have been somewhat increased, but it is expected that they will collect no more contributions. The increases, however, which in many cases they have received are not equal to the amounts they were accustomed to get from the pupils. Attending a normal institute, therefore, when this must be done at great personal sacrifice, as it often happens, shows a certain amount of professional ambition on the part of the Filipino teachers. This state of things will be remedied later when the graduates of the Manila normal school return to their provinces and by their more enlightened services justify higher salaries.

MUNICIPAL SUPPORT OF NORMAL SCHOOL STUDENTS.

There are many small towns and villages in the interior of the islands which are too poor to pay Filipino teachers sufficient salaries to induce those of proper attainments to come from other larger towns to engage in teaching, and which have among the inhabitants no persons of sufficient attainments to warrant their employment in the schools. These places are not of sufficient importance to make it wise for the government to support in them American teachers. The inhabitants of these small interior towns or villages are, therefore, without any means for bringing themselves into connection with the educational plans and purposes of the government or of acquiring knowledge of the kind of civilization which the Americans are hoping to develop in the Philippines. The difficulty here presented is a real one, for it is not desirable that so large a part of the population as is represented by these small towns should be left for long without being brought, either directly or indirectly, under the influence of American ideas. To remedy the existing state of things authority was given by act No. 446 to the municipal council to pay out of any funds in the municipal treasury not otherwise appropriated 40 pesos monthly toward the support of one young man and one young woman while attending a public provincial or normal school. It is understood by the municipality furnishing the support authorized by this act that on returning from the normal school the persons in whose behalf these contributions from the municipal treasury have been made should become teachers in their several municipalities whenever their services might be required. In order to secure the attendance from these small towns of persons properly equipped to carry on the work of the normal school and to give promise of being effective teachers, it was provided that the appointment should be in the hands of the municipal councils, but that the principal of the provincial or the normal school should examine these persons at the end of their first month of attendance. If they passed this examination satisfactorily, they might be retained as students, receiving the assistance provided from the municipal treasury, but if they failed to pass creditably this examination they should be sent back to their pueblo, and other more promising persons be appointed in their stead. Before the passage of this act information had been received from various small towns stating their desire to have the opportunity thus presented for providing themselves with properly instructed teachers. This act was passed so recently that as yet no information is at hand concerning action taken under it.

SENDING FILIPINO STUDENTS TO AMERICA.

The great need of properly trained Filipino teachers has made of paramount importance the problem of securing them. As already indicated, the normal school of Manila, with the branch organized for instructing the Filipino teachers of the city, the provincial schools, and normal institutes in the several divisions are at present devoted to the preparation of Filipinos for work in the public schools. In addition to this it would be well for the government to undertake to send to America and maintain in certain normal schools there a considerable number of Filipinos who give evidence of good ability and the other qualifications requisite for a teacher. The academic subjects in which they might receive instruction in America can very well be taught them in the Philippines, but, in addition to this formal instruction, it is impossible to provide here a substitute for the object lessons in American civilization which they will receive in spending three or four years in different parts of the United States. The most valuable lessons of civilization can not be taught by precept, but only by example. There will be no difficulty in obtaining free tuition in the schools of the required standing, so that the expense to be borne by the government would be confined to the transportation and maintenance of the students for the time being. The services which these young persons would render on their return furnish ample justification for the expenditure on the part of the insular government.

LANGUAGE OF THE SCHOOLS.

Fuller knowledge of the condition of the Filipinos with respect to language seems to justify the decision formed in the beginning to make English the language of the schools. The great majority of the Filipinos are ignorant of Spanish. This is particularly true of the children. Those who profess to be able to use this language have but an imperfect command of it. The native languages are numerous and so unlike that no one of them can be employed as the common medium of communication. There are no books in any one of them that could be advantageously used in a system of public instruction. The few newspapers that are printed in the native languages do not furnish all the intellectual guidance or stimulus needed by the inhabitants of the islands in their aspirations to be counted among civilized peoples. Of such papers there are only two in Tagalog and two in Visayan, but none in any of the other six dialects of the civilized tribes. Elementary books might have been prepared and printed in the various dialects and made the basis of primary instruction. Pupils having passed over this stage of their cultivation by this means would have found only a barren waste before them. There is no great advantage in learning to read in a language which offers nothing worth reading to those who have acquired the art. Children educated in the common schools with only such means as may be provided in Tagalog or Bicol have still practically no access to sources of information regarding the world. The limits of the province remain their horizon. They are shut out from the advantages enjoyed by their more fortunate fellow-countrymen who have had the means to enable them to acquire a language through which may be derived a knowledge of civilized society. The boy who grows to manhood knowing only a language without a literature finds that as the result

of his training in school he has not the means for increasing his knowledge, and he very readily falls back into the mental darkness of the semi-savage state. The boy who in his school days has learned the language of a civilized nation, even if he has learned nothing else, has put himself en rapport with civilization. Aside from the practical circumstances of his life, it makes little difference whether he learns English, French, German, or Spanish, but it makes a great deal of difference whether he learns French or Tagalog, English or Bicol. The one makes him a citizen of the world, the other makes him a citizen of a province in the Philippine Islands. If the government were to make the local dialects the media of school instruction, a limited number of the more or less wealthy and influential persons would use the facilities which they can command to learn English for the sake of the additional power or other advantages it would give them in the communities to which they belong, and these advantages or this additional power would tend to perpetuate the prestige and domination of the present oligarchic element in Filipino society. The knowledge of English which the public schools offer to the youth of the islands will contribute materially to the emancipation of the dependent classes and to the development of that personal independence which is at present almost entirely wanting in the great mass of the people, but which is necessary to the maintenance of a liberal government. It may, perhaps, be difficult to change the fundamental ideas of a race, but it is not very difficult, under proper circumstances rendered permanent for a considerable period, for children of one nation in the process of growth to manhood to acquire a complete practical knowledge of the language of a foreign race. The use of a vernacular dialect in the intimate relations of life and of a literary language in the commercial and public affairs is not uncommon. Practically all Filipinos who use the Spanish language in their more important concerns make at the same time more or less use of one or another of the local dialects; yet under Spanish rule no persistent effort was made to give the great body of the people opportunities for learning Spanish, and in many instances not only was no encouragement offered to the acquisition of a knowledge of this language, but positive hindrances were put in the way of acquiring it. The effort of the Americans to give to the Filipinos a knowledge of English is in marked contrast to the policy carried out by some of the European nations in their oriental possessions. This effort has been met by considerable enthusiasm on the part of the people and, considering the brief period during which schools have been maintained, has produced noteworthy results. The pupils in all the schools where American teachers have been stationed are able to receive instruction in English, and in the larger towns most of the Filipino teachers have acquired sufficient knowledge of English to enable them to use it successfully in their teaching. The 150 Filipino teachers of Manila, as students in the recently established branch of the Manila normal school, and the students of the normal school itself use only English in their recitations and reports.

INDUSTRIAL EDUCATION.

The progress of industrial education has met, and will probably continue to meet, with certain obstacles in the Philippines. The people have been accustomed under their earlier instruction to regard educa-

tion as a means of putting themselves in positions where manual labor is not required. Hitherto the Filipino youth has looked upon the instruction of the schools as a means of preparing him to become a teacher, a civil officer, a clerk, a lawyer, a physician, or a priest. That phase of education through which the young man expects to become a skillful workman has lain almost entirely below his horizon. This is not so much a fault of his race as it is a fault of the nation under which he had been a subject for three centuries. Spain has impressed upon the Filipinos her lack of appreciation of honest work and that higher form of skill which comes from systematic education. Whatever progress, therefore, is made in industrial education must be made in opposition to a strong prejudice; but this prejudice is not thought of as invincible. In fact, the character of the people, the conditions of their life, and the state of their cultivation make it comparatively easy for them to forget. Standing on a stage of civilization distinctly lower than that of the civilized peoples of the West, they are likely in the course of a short time to imitate the members of that nation with whom they are brought into closest relations, particularly when that nation removes all obstacles to their accepting new customs and habits. In the course of time, when they learn more about America and come to understand the marvelous progress which has there been made, and that the wealth of the production of that country rests largely on the fact that America is a nation of workers, it is expected that their ancient prejudices will fall away and that they will be inclined to accept, with certain modifications, American ideas with respect to industrial affairs. They are likely to be encouraged in this view by the introduction of machinery and various appliances by which the ratio of human labor to product is diminished. At present they are almost entirely without tools in any way suitable to the cultivation of the soil, and the only carpenters' tools with which they are familiar are those used by the Chinaman and which were antiquated centuries ago. In the public printing office, with its fine modern machinery, they are gradually adapting themselves to the new condition. In view of the fact that Americans who receive larger salaries than they ever hoped to receive are not ashamed to work, their ancient aversion to labor is beginning to appear somewhat absurd. One of the delicate tasks of the industrial schools is to break down this ancient prejudice, and on their success in this undertaking depends the possibility of introducing and carrying to successful results the system of industrial education. Hitherto comparatively little has been accomplished. This is due in part to the lack of appliances and in part perhaps to the difficulty of acquiring a knowledge of the Filipino's attitude toward this work and of hitting upon the proper means of overcoming his prejudices. At the same time numerous requests have been received from the provinces asking that facilities be furnished for industrial instruction in some of the simpler forms of work; and to furnish a legal basis for such instruction it has been especially provided in the provincial schools of secondary instruction that the curriculum should embrace manual training. Under this provision steps have already been taken in many of the provinces to provide an industrial department in the provincial school. This, together with the instruction in agriculture provided for by the same law, will enable the provinces to cover the whole range of practical teaching. As there are already between twenty-five and thirty provincial schools established, it may

be clearly seen that provision has already been made for a very wide extension of industrial training, and when each province shall have organized its provincial school the industrial feature of secondary instruction will be as widespread as any other phase of education.

EDUCATION OF THE IGORROTES.

The presence of a large number of Igorrotes among the interior mountains of northern Luzon makes it impossible for the government to ignore the problem of their education. They do not appear to wish either our religion or our clothes; yet from this we may not safely infer that we are able to give them nothing for their advantage which they may be willing to accept. In their present condition they have many admirable qualities. By their physical development and marvelous powers of endurance they put to shame the thin, weak, and indolent dwellers of the lowlands. They are able to work, and when put to a task perform it with energy without the constant prodding of an overseer. They are much more honest than many who have had the advantages of civilization. It is not, however, to be supposed that by a single step they can be advanced to the status of civilization. The only education required by them at the hands of the government is that which will enable them to make the most of the circumstances in which they live, and in which, without material change, they are destined to remain for an indefinite period. It has been thought unwise, except in cases where individual Igorrotes are removed to and live in civilized communities, to give them any other teaching than that which will fit them to perform more efficiently the labor necessary in their rude state. They need to be taught to be better masons, better carpenters, better gardeners and farmers, and more skillful makers of the various articles that are used by them. They need, moreover, sufficient knowledge of a cultivated language to enable them to deal advantageously with the civilized inhabitants by whom they are surrounded. This ideal is not very high, but it is the highest the Igorrotes as a people can at present attain. Undoubtedly individual Igorrotes, separated from their ancient surroundings, might acquire much knowledge and adopt the customs of civilized men; but as a people, scattered among the mountains, living in very small isolated hamlets, they can make use of only a very gradual way upward. For reasons here involved the education that is being prepared for the Igorrote is a simple form of industrial training, in acquiring which he will not be obliged to depart very widely from his habitual course of life. Care should continue to be taken, however, to impress upon him the fact that the horrible filth in which he lives at present is neither necessary nor desirable. Schools to furnish training in accordance with the plan here indicated have been established in Lepanto-Bontoc and in Benguet, where they are placed under the general direction of the provincial governors, who are required by law to act as division superintendents for their provinces.

THE NEGRITOS.

Hitherto no attempts have been made to reach, by any educational process, the feeble and declining tribes of Negritos, who lead the wandering life of wild men in the mountains of some of the provinces. They are comparatively few in number and are very near the bottom

of the social scale. They are apparently a hopeless fragment of humanity, not sufficiently advanced to establish and maintain for themselves permanent abiding places, and are therefore ignored in the system of education which embraces the other people of the islands.

EDUCATION OF THE MOROS.

The Moros, on the other hand, can not be wisely left out of consideration. Like the Igorrotes they manifest little or no desire to place themselves under the civilizing influences which the government may exert. Their religion appears to satisfy their present needs, and they show no inclination either to accept or tolerate any other. Occupying some of the richest lands of the archipelago, they appear to have abundant food, and whatever excitement is needed to contribute to their happiness they find in the intertribal conflicts which mark their history. For generations they have been as they are, and they see no reason why they should be plunged into that uncomfortable stream which we call progress. The knowledge of the wisdom and traditions of their ancestors apparently satisfies them. Instruction among them, to be successful, must start from their point of view, and the instructor has to exercise great care not to do violence to their traditional ideas. In accordance with this view, teaching among the Moros on a limited scale has been undertaken in two schools, one in Zamboanga and another in the island of Joló, but at present the Moros are not manifesting any considerable eagerness to be taught by Americans. Like many other people in the rudimentary stage of social development, they entertain an exaggerated idea of the importance of their power and popular wisdom. As long as they remain in the delusion that they are invincible, it will not be possible by any system of instruction to break the authority of their inherited views. No change is likely to be made in these views except as a consequence of recognizing the physical superiority of some other people. The education of the Moro must, therefore, follow his awakening to an appreciation of his feebleness as contrasted with the powers of a civilized nation.

LOCAL SELF-HELP IN EDUCATIONAL AFFAIRS.

It is possible that if no other consideration has been taken account of in the development of the schools and the construction of school buildings, much more might have been accomplished if the funds and forces at the disposal of the insular government had been used more freely. By reason of many generations of subjection to a strongly centralized administration, the Filipinos have failed to develop the spirit of local self-help and the sense of local responsibility in the municipalities and provinces, and in view of the fact that the government here established provides for a certain degree of self-government in the municipalities and provinces, it was recognized that it would be desirable to stimulate the sense of municipal and provincial responsibility as far as this could be done without sacrificing the present too much to the future. It was manifest that the people were especially interested in education and were willing, in many cases, to make extraordinary efforts to secure proper schools. By allowing them to understand that American teachers would be furnished wherever suitable accommodations for schools were provided, the spirit of local

pride was in a measure aroused, and in many cases the municipalities have made noteworthy efforts either to build suitable schoolhouses or to repair those which had suffered some years of neglect. Evidence of the beginning of a healthy activity in this respect comes from various quarters. The Commission, in act No. 74, indicated that \$400,000 might be spent in building and equipping schoolhouses, but only a very small part of this has been actually used, and in view of the improvement in the finances of the provinces it is not probable that large sums will be required by them from the insular government.

Another step tending toward the ultimate development of local initiative in school affairs was taken in the provision for the organization of local school boards. In many places these boards were not organized until very recently, when the division superintendents and the teachers had become acquainted with the people of the various towns and were able on personal knowledge to make a proper selection of persons to serve on these boards. In practice the American teachers, after due observation, make recommendations of persons who by their ability, interest in school matters, and influence in the town seem to be suitable persons to be consulted in connection with the conduct of schools. These recommendations are made to the division superintendent, who appoints one-half of the members of the board. Hitherto these boards have exerted but little influence in the conduct of the schools. This is what might be expected on account of their want of previous experience in educational affairs, but by being associated with the teachers and the division superintendents they are gradually acquiring familiarity with the plans and purposes of the Americans in the establishment and conduct of the public school system. One obstacle which prevents the local school board from exercising any considerable authority or influence in school matters is the very great power which by custom resides in the president of the municipality. The people of the town are practically dominated by him, and as long as custom maintains his influence the school board will be able to exercise very little authority, but the fact that in the school board another power has been created indicates the possibility of its becoming more important and thus curtailing somewhat the absolutism of the municipal president. It is possible, and indeed probable, that this policy of placing the municipalities in a position where their desire for the service of trained teachers has induced them to pursue a plan of self-help has at the same time left a certain number of very poor towns without the assistance that might justly have been given them. In the great majority of cases, however, this policy has had beneficent results, and in carrying it out that phase of social growth has been stimulated which is vital under the system of government that has been adopted. The old régime led all the communities to look to the central government for its countenance and support. Necessary to the success of the new régime is the spirit of local initiative and local independence in economical affairs. The policy for the future involves the difficult problem of determining how much assistance may be warranted by the condition of the insular treasury and how much may be afforded by it without stunting the zeal and pride and ambition of the local communities to be self-supporting and independent bases for the upholding of the social and political system.

INSTRUCTION IN AGRICULTURE.

The organization of the school of agriculture provided for by act No. 74 has been delayed with a view, if possible, to bringing it into connection with the proposed experimental sugar plantation in the island of Negros. While this project was under consideration and investigations were in progress to determine the proper plans for such a plantation it was impossible to fix definitely the site of the proposed school. Finally, in view of the large amount of work devolving upon the general superintendent of education, and in view of the fact that the bureau of agriculture would have constantly in its service a number of experts who might be used for some part of the year as instructors in the school and at other times carry on their various investigations, it was determined that the school of agriculture proposed for the island of Negros should be placed under the bureau of agriculture, and the government farm at La Granja was selected as its site. While thus the school of agriculture is placed under the jurisdiction of the bureau of agriculture, arrangements have been made by which certain teachers in the provinces will be employed to cooperate with the bureau of agriculture in making various experiments and in gathering such information as may be useful in promoting knowledge of the agricultural conditions of the islands. At the same time the law establishing secondary instruction in provincial schools provides for the extension of the curriculum beyond the ordinary course of high school instruction and makes it embrace not only commercial subjects and manual training, but also normal school instruction and instruction in agriculture, which means that the provincial schools may on a larger or smaller scale, as the authorities of the province may determine, carry on instruction and experiments in such branches of agriculture as may be supposed to be adapted to the conditions in the province in which any provincial school is established.

COMPULSORY SCHOOL ATTENDANCE.

Hitherto it has not been thought advisable to carry out any general system of compulsory attendance on the public school. At the outset of its deliberations on the subject of free public education the Commission took up and carefully considered the question of the desirability of adopting a general law compelling the attendance of children between certain ages either at public schools or at private schools of recognized standing. For lack of schoolhouses and teachers it was impossible to accommodate all the children of school age, either in Manila or in the provincial towns. If, therefore, a compulsory school law had been passed, it would have been impossible to carry it out. In many of the municipalities the municipal officers would have been likely to interpret it as meaning compulsory attendance at a public school, and might therefore have interfered with the freedom of teaching which has been approved, provided that teaching fulfills the condition of a certain standard. Moreover, on account of the poverty and the unsettled condition of the population, a compulsory school law would have imposed a real hardship on many parents and placed an embarrassing obligation on the officers of the government. Such an order issued by the insular government might very well have removed from the local authorities the opportunity to consider this subject

independently. Under existing conditions the question of attendance at the schools has been brought to the attention of many of the municipalities and they have had an opportunity to exert their local influence in the matter, thus stimulating their sense of local responsibility. This opportunity of the people of the town to act on a project in which they are vitally interested has furnished another occasion in which to develop the spirit of self-help, and this although the towns have not the legal authority to pass ordinances making education compulsory. However, the town has been, in some measure, able to reach and affect this question by the development of a local public opinion in favor of public education. In the course of time it will probably be found desirable, when schoolhouses shall have been constructed and a sufficient number of teachers trained, to pass a general law affecting this question, either making attendance at schools of a certain standard generally compulsory throughout the archipelago or authorizing the provinces or the municipalities to legislate on the subject.

NIGHT SCHOOLS.

The night schools were originally organized in Manila in September, 1900, for the instruction of persons who had passed beyond the age when they could be expected to attend the primary schools. These were chiefly young men who wished to learn English that they might use it in their business or in clerkships. Filipino teachers also attended these schools to prepare themselves for the contemplated change from Spanish to English as the language of instruction. When the pupils had acquired a sufficient knowledge of English to enable them to use it with some degree of facility in their studies the curriculum of the night school was made to embrace certain subjects that had a practical value for those in attendance. Some of the schools introduced bookkeeping, stenography, typewriting, and telegraphy, and more of them history, arithmetic, and geography. They have been attended by young men wishing to enter the civil service in order to acquire the necessary knowledge of English, and by persons already in the service to fit themselves for promotion to the higher grades.

The immediate and striking success of the night schools in Manila seemed to warrant their introduction into the towns in the provinces. In a large number of places therefore where American teachers were stationed night schools were established and taught by one or more of the day-school teachers. These schools were attended by members of all classes, including the municipal officers and sometimes the governors of provinces, as well as by young men and young women living in the town. They have exercised no little influence in giving the more influential classes ideas respecting the methods and purposes of American education. There have been employed in the Manila night schools many persons not otherwise engaged as teachers, such as persons with the requisite attainments regularly engaged in the civil service, while in the provinces the night schools have been almost exclusively taught by American teachers regularly engaged in the day schools. The demand for night schools, both in Manila and in the provinces, has been strong and constant, and the teachers have been willing to teach in them for a compensation of \$15 a month for three nights in the week. During the past year nearly 500 teachers have taught in these schools, and nearly 20,000 pupils have been enrolled.

Two thousand and fifty-seven of these have been in attendance in the night schools of the city of Manila.

To correct what appeared to be an abuse of the system, the Commission provided by law that no night school should be maintained in the city of Manila or elsewhere at the public expense in which the average attendance was not at least 25 pupils over the age of 14 years. This section was introduced into an appropriation bill passed on the 14th of July, 1902. This required average attendance was found, after a brief experience, to be too high, particularly in the provincial towns. Owing to the irregularity of attendance in the schools generally a large and unwieldy number had to be enrolled in order to secure the required average attendance. With this large number it was impossible to do as effective work as had been done in the schools with a limited number of pupils. Prior to the enactment the schools had been organized and carried on chiefly by administrative authority. When therefore the law of October 8, making extensive changes in the organization of the system, was passed, it was determined to give the night schools a proper legal status, and to fix the number of average attendance at what seemed to be generally feasible and not too great to interfere with the desired efficiency of the instruction. The provision of July 14 was therefore repealed and 15 fixed as the required average attendance. By this law the general superintendent of education was given authority to establish night schools, but it was required that no night-school class should be maintained at the expense of the city of Manila or the insular government at which the average nightly attendance in each school month under each teacher should not be at least 15 pupils over the age of 14 years. The salaries of the teachers in the night schools, except in the city of Manila, are paid by the insular government. In Manila the expenses of maintaining the night schools are borne by the city treasury.

NAUTICAL SCHOOL.

The increasing number of pupils in the nautical school and the noteworthy record made by those who completed the course at the end of the last school year seem to justify the plans which have already been formed for the reorganization and enlargement of the institution. These plans involve giving it new and adequate quarters by the sea and providing for it dormitories so that the young men there enrolled may be constantly under the control and discipline of the superintendent of the school. They involve, moreover, erecting suitable buildings on the shore of Mariveles Bay, where advantage can be taken of the excellent water that has been brought from the mountains to the barracks near the town of Mariveles, and where such ships and boats as may be had for the use of the school can lie in perfect safety in all kinds of weather. They also involve giving authority to the several provinces to appoint a certain number of persons to become students in the nautical school, while certain other candidates may be appointed at large by the civil governor. The number to be appointed by each province and by the governor will depend upon the number it is desired to have enrolled and maintained in the school. This organization will entail on the government the expense not only of furnishing instruction, but also of providing quarters and subsistence for the students. Among the advantages, however, of such an organization

may be set down the fact that the young men will form a distinct corps under careful instruction and be subject to strict discipline, and be thus prepared for intelligent service in the bureau of coast guard and transportation as well as on ships engaged in the interisland trade. On October 4, 1902, the Commission, on the recommendation of the secretary of public instruction, adopted a resolution appointing Commissioner Moses a committee of one to confer with the commanding general on behalf of the Commission to learn whether it might be possible to secure a proper site for the nautical school at Mariveles within the lines of the military reservation if it should prove that the only land available for such purpose lay within the reservation. Under this resolution a conference between Maj. Gen. George W. Davis, commanding Division of the Philippines, and the secretary of public instruction was had, and steps taken toward selecting a site for the nautical school on the shore of Mariveles Bay. On the 15th of September Admiral Rodgers, in accordance with instructions from the Secretary of the Navy, detailed Lieut. Commander J. H. Glennon to become superintendent of the school in place of Lieut. Commander J. J. Knapp, who was recalled to the United States.

SCHOOL OF TELEGRAPHY.

With the establishment of peace and the withdrawal of the bulk of the soldiers from the islands, the military authorities are ready to transfer the telegraph lines to the civil government. In order to be able to undertake their operation the government has found it necessary to make special preparation for the training of a considerable number of Filipinos to become operators. For the purpose of providing this force a school of telegraphy, as a department of the trade school, was opened in Manila on February 12, 1902. The instruments were provided by the Signal Corps of the Army. The opportunities afforded to young men by this instruction were clearly seen, and a considerable number of pupils were enrolled at once. At present there are 74 in the school. Of this number 15 are already able to act as operators in offices. When brought into the service they will be enrolled in the constabulary, since the bureau of constabulary will have charge of the telegraph and telephone lines in the islands. The need very soon of a larger number of operators than will be provided by the Manila school has led to the establishment of two other schools, one at Vigan and one at Iloilo. The school at Vigan is expected to train Ilocanos who may become operators in northern Luzon, the school at Manila to train especially Tagalogs for service in central Luzon, while the school at Iloilo will provide instruction for Visayans who will be able to take charge of the stations in the southern islands of the archipelago.

MUNICIPAL, PROVINCIAL, AND INSULAR SUPPORT OF SCHOOLS.

While the public school system as at present organized provides for primary and secondary instruction and for certain special schools, as yet no important step has been taken to make provision for higher or university education. This form of instruction in a very short time will be imperatively needed, since the students from the provincial schools of secondary instruction will have completed their courses, and

many of them will require opportunity for further study and training. While it may be desirable to send considerable numbers to the United States, where, under the actual conditions of life, they may acquire a knowledge of American civilization, yet for the great body of Filipinos there must be provided in these islands all the opportunities for education which they will ever be able to enjoy. A university, therefore, organized to supplement the instruction given in the provincial schools will be demanded by the Filipino youth. They will need to be taught not only in those legal and historical subjects which will tend to enable them to comprehend and aid in the administration of the government under which they live, but also those practical sciences, such as civil and electrical engineering, chemistry and its numerous applications in manufacturing, and the various forms of mechanical work which lie at the basis of the material progress of the country, and such an institution it will be the duty of the government in the very near future to provide.

For further details concerning the public schools during the past year reference is made to the report of the general superintendent, annexed hereto as Exhibit A.

CONSTRUCTION AND REPAIR OF PUBLIC BUILDINGS.

The necessity of repairing many of the public buildings which had been neglected for several years, of enlarging others, and of erecting new ones induced the Commission to send a cablegram, dated May 11, 1901, to the Secretary of War, asking him to appoint a competent architect to become the chief of the bureau of architecture to be created by the Commission. In accordance with this request the Secretary appointed Mr. Edgar K. Bourne, who arrived in Manila October 10, 1901. A few days later, October 18, an act was passed creating a bureau of architecture and construction of public buildings. It was provided that this bureau should have charge of the constructing and repairing of public buildings belonging to the insular government and such other buildings or proposed buildings as might be assigned to it by the civil governor. Mr. Edgar K. Bourne was made the chief of this bureau and charged with the duty of making all necessary plans and specifications for the construction and repair of public buildings. He was also charged with the further duty of providing, in cases where it is required that work shall be done under contract, all means necessary for obtaining bids for the work to be done, and he was authorized to accept bids and award contracts subject to the approval of the civil governor, and to superintend, either in person or through an officer of the bureau appointed for that purpose, all the work of constructing and repairing public buildings authorized by the insular government. The increase in the work required of the architect led to the gradual enlargement of the personnel of his office and the difficulty of finding draftsmen among the Filipinos who were more than excellent copyists led to the necessity of securing American draftsmen by application to the Civil Service Commission in Washington. Immediately after his arrival the architect was requested by the secretary of public instruction to undertake the reconstruction of the building in which it was proposed to install the printing plant. After delays that seem unavoidable in connection with the processes of building in the Philippines, the structure was so far advanced toward completion that the printers

were able to occupy some part of it in May of the present year. Standing isolated in a large lot with the amplest opportunity for the free circulation of air around it and through it, it offers as favorable conditions for work as exist in Manila.

The two most important buildings at present under construction are the addition to the custom-house and the building for the government laboratories. The increase in the shipping of the port of Manila has made necessary a further enlargement of the facilities for receiving and storing goods. By extending the present building some distance down the river the available frontage for receiving goods from the cascos and lighters will be increased from 250 to 406 feet, and the crowding and delays which have hitherto been an annoyance both to the merchants and the officers of the customs service will be set aside. The building for the government laboratories is in process of construction on the southeast corner of the exposition grounds. This large tract, extending from Calle Faura to Calle Herran, if existing plans are carried out, will become the center of a number of special schools and laboratories, including the normal school, trade school, and ultimately a university. By ranging the necessary buildings for the several schools, laboratories, and libraries around a great court extending from Calle Faura to Calle Herran, not only the maximum convenience will be attained, but also the minimum cost of furnishing water, light, and power to the group of institutions here established.

In the immediate future, in carrying out the plans for the nautical school, it will become necessary to construct buildings suitable for class exercises, for dormitories, and for other purposes incidental to the maintenance of this school.

Whenever the government of the Philippine Islands shall be empowered to meet the imperative necessity of a stable coinage by coining the proposed Filipino peso and the requisite subsidiary coins, it will be necessary either to remodel the existing mint building or to provide an entirely new structure. The existing building stands in the Walled City, which for many years to come will be a less desirable place for either residence or for carrying on any kind of work than the more open parts of the city outside of the walls.

But for some time to come the construction of schoolhouses, both in Manila and in the provinces, will be the most important work in the line of public buildings. This work, however, devolves largely on the municipal or the provincial authorities. The chief of the bureau of architecture and construction of public buildings may be required, however, to furnish plans for schoolhouses to be constructed by either the provinces or the municipalities. These structures will be necessarily simple and will be designed to meet two essential conditions. They will be constructed to keep out the rain and to let in as much fresh air as possible. The problem of heating may be ignored, so that there will be no chimneys to construct, and consequently the danger to the crowds of children assembled from fire will be reduced to the minimum. A provision of the law bearing on this subject is that the general superintendent of education shall approve plans made by the chief of the bureau of architecture for the construction of schoolhouses to be built by the municipalities or provinces.

Under the old régime, when the church and state were closely allied, some of the functions of the government were performed by the ecclesiastical authorities, and thus certain buildings now belonging to the

church were in a measure used for the purposes of government. Complete separation of church and state has led to a larger demand than formerly existed for buildings for purely secular use, and for this and other reasons the buildings at the disposal of the government are inadequate to its needs. This has led to the necessity of renting buildings for certain bureaus and for the municipal government, but this arrangement is only temporary, and it will be advisable in the course of time to withdraw from the use of these rented buildings and construct buildings better adapted to the purposes for which they are used.

The buildings at present demanded by the government are sufficient to occupy the attention of the bureau of architecture for a number of years.

After having made careful observations extending over more than a year concerning the meteorological conditions of the province of Benguet, the Commission finally determined to take steps to provide accommodations for persons in the civil service who might find it necessary to resort to a cooler climate for the recuperation of their health. Having become fully persuaded of the desirability of constructing a sanitarium at Baguio, in this province, the Commission authorized the building of 6 cottages to be used in connection with the convalescent hospital. This was an undertaking of considerable difficulty. In the first place there was no lumber in the province but extensive forests of pine. In the second place, the only means of access to Baguio was over a rough trail of about 30 miles in extent beyond Naguilian, the limit of the wagon road. Whatever tools, building material, food, and laborers it was necessary to have in Baguio for this undertaking had to be taken over this mountain trail. All lumber needed in the construction of the buildings proposed had to be sawed by hand from the forest trees in the neighborhood. After considerable expense and much delay a party of 30 Chinese skilled workmen were taken to Baguio, and the work of felling trees and sawing lumber was begun. At the same time a number of Igorrote laborers were engaged to construct roads on the grounds set apart for the sanitarium. Some part of the expense and delay was due to the fact that the undertaking was made in the cholera season, when the movement of laborers and material was subject to the serious restriction of the quarantine. These operations have resulted in the completion of the main sanitarium building, which will accommodate about 60 persons, while a number of cottages, each containing from 3 to 6 rooms, are in process of construction. An incidental result of this undertaking has been to give the rude people of the province object lessons in better methods of building and in training a number of Ilocanos to become more skillful carpenters. From the Igorrotes it was impossible to obtain skilled workmen. For the work of road building they were, however, found to be very efficient. Their experience in building narrow trails over the mountains has been in some measure a preparation for the work here required of them.

In the absence of the civil governor the work of repairing the Malacanán Palace was undertaken. This house had suffered very seriously from neglect. Under some portions the foundation had sunk and all portions were seriously in need of repair in order to make it a comfortable dwelling and at the same time to protect the interior from the driving storms. A few thousand dollars were appropriated for this purpose, and when the process of repairing began it was necessary to limit the

work simply to the most necessary changes or improvements. After some months of more or less satisfactory work the undertaking was concluded, with the expectation that the repairs that had been made would permit the building to be used comfortably for still a few years. This building stands on the right bank of the Pasig, in the middle of an extensive lot. For lots similarly situated there is at present a strong demand. Its long river frontage, not far from the center of the city, makes it very valuable as a site for warehouses. It might, therefore, be sold with very great advantage, and with the price obtained it would be possible to purchase suitable grounds and construct a house much better adapted than this to the needs of the civil governor.

Many other repairs and new interior constructions have been undertaken. The semaphore station, used by the bureau of coast guard and transportation for observing incoming vessels and the display of weather and other signals for the benefit of the shipping in the bay, has been almost entirely rebuilt above the foundations. A portion of the treasury or *intendencia* building has been set apart as a cash room and interior furnishings have been introduced, fitting it for the purpose for which it is designed. The walls about Bilibid prison have been strengthened, the top of the city walls over certain casements have been repaired, extensive improvements and additions have been made to the buildings that have been rented for the civil hospital, new private offices and waiting rooms for the collector of customs and other improvements in connection with the custom-house have been completed, the buildings on the exposition grounds remaining from the exhibition held shortly before the American occupation have been elaborately repaired for the use of the normal and trade schools, and many other additions and repairs demanded by the extension of the government offices have been made.

For details of the work completed and the work now in progress by the bureau of architecture and construction of public buildings, reference is made to Exhibit B.

TRAINING OF WORKMEN.

It is desirable that the bureau of architecture and construction of public buildings, like every other bureau in which skilled labor is involved, should be in some sense a school for the Filipinos. This bureau, having a certain number of men in various departments of special skill, aims to introduce as assistants or apprentices a number of Filipinos who may be instructed in the use of American tools, and may thus be helped to acquire a degree of proficiency in work which will ultimately justify payment to them of higher wages. If we may judge from the quality of work involved in the making of certain pieces of furniture that have been manufactured in the country, there seems to be good reason for supposing that the Filipino may become, under proper instruction, capable of doing excellent work. The Chinaman has his method of doing things and proposes under all conditions to abide by it. He has little ambition or willingness to adopt a new method. The Filipino workman, on the other hand, appears to be more ready to accept suggestions and to adapt his efforts to new conditions. The embarrassing feature of the situation is that the number of Filipino carpenters is extremely limited and there is no prospect that the number will be increased with sufficient rapidity to meet the

increasing demand. Apparently, therefore, the main reliance of builders for some years to come must be on Chinese workmen, and since further immigration is prohibited those in the islands will become more and more inadequate to the performance of the work required, and their exorbitant demands will make the business of building more difficult and less profitable.

PUBLIC PRINTING.

The fact that the facilities in Manila were inadequate to the work required by the government led the Commission to establish a government printing office. After some correspondence with the Secretary of War, Mr. John S. Leech was appointed public printer on the recommendation of Hon. Frank W. Palmer, Public Printer of the United States Government. Under instructions furnished by the chief of the bureau of insular affairs the machinery and supplies required were purchased and shipped to Manila. The Commission had expressed the wish that a complete printing plant should be purchased, including appliances for stereotyping, electrotyping, and photo-engraving. Schedules of the material required were made in Washington, and bids for furnishing this material were invited. The plant having been purchased, Mr. Edwin C. Jones and Mr. James A. Hogsette were ordered to proceed to Manila to assist in installing the machinery and making provision for the proper storing and caring for the supplies. They arrived in Manila on October 15, 1901. They brought definite information as to the size of the building required for the use of the printing office. Already it had been decided to reconstruct the building formerly occupied by a trade school, and on October 17, 1901, a resolution was adopted by the Commission providing "that the secretary of public instruction be, and he is hereby, authorized to install the government printing plant in the building near the first reserve hospital, used as a trade school under the Spanish administration, and to use such part of said building for a trade school as may not be required for the purposes of the printing office, and to cause to be made all necessary repairs and changes in the present structure." After careful examination it was found to be desirable to add a second story to the building, and on October 29 the Commission passed an act appropriating \$50,000, in money of the United States, for making repairs and additions to the building to be occupied by the public printing office, for grading and laying out the grounds about the building, and repairing the fence surrounding these grounds. This sum was found to be inadequate, and subsequent appropriations were made, making the total cost of the building and improvement of the grounds, up to September 1 of this year, \$89,121.68, in money of the United States. Owing to the difficulties encountered by the contractor in securing the requisite number of skilled laborers, there were unexpected delays in completing the structure. In the meantime, by resolution adopted October 31, 1901, the public printer was authorized to employ such carpenters and masons and other laborers as might be necessary to put in order the public printing building and to install therein the machinery and other appliances belonging to the public printing plant. On November 7, 1901, a law was enacted by the Commission creating the bureau of public printing and providing for the organization of this bureau and defining the duties of the chief of the bureau and his subordinates.

The public printing office as established has its own power plant, with boilers adapted to the use of either coal or crude oil as fuel; it has its own machine shop and gas plant, and each machine is run by an independent motor. Considering the difficulty of obtaining an adequate number of skilled workmen, the bureau of public printing has already made a satisfactory record.

In order to provide opportunities for young Filipinos to learn the printer's trade, it was determined instead of establishing a class for the instruction of printing in connection with the trade school to introduce a number of boys as apprentices in the public printing office. With this end in view the secretary of public instruction addressed a letter to the several division superintendents of schools throughout the archipelago, asking them to recommend a certain number of boys for apprentices to the bureau of public printing, stating that it would be made the duty of certain employees of that bureau to give them instruction in the art of printing. Several have been recommended and appointed, and are now actively engaged in the different divisions of the bureau of public printing. In this case, as in many other cases where instruction in trades has been offered, a considerable prejudice is found to exist on the part of parents against encouraging their children to learn a trade that involves manual labor. This arises very largely from ignorance as to the economic advantages of skill in the higher trades, and is strengthened by the preference which seems to exist in all countries some time under Spanish rule in favor of clerkships under the government. It is expected that a new and more healthy view in this matter will appear with the passing of the traditions and prejudices of the old régime.

The number of employees in the bureau of public printing on the 15th of October of the present year was 164. Of these, 60 were Americans and 104 Filipinos and Chinese. As a people the Filipinos are physically weak, but here we have a kind of employment making no great demands on their strength, but requiring simply care, good taste, and persistence. The character of the work done by many of the Filipinos is satisfactory, and it is believed that with opportunities and training in connection with the excellent mechanical appliances of the public printing office they will show themselves efficient workmen.

Bills contracted prior to June 30, 1902, on account of the bureau of public printing, were as follows: For equipment, \$124,182.75; for supplies, other than printing paper, \$24,325.61; for paper, \$45,360.92; for transportation and other charges, \$7,441.51; sundries, \$10,137.11, making a total for equipment, material, supplies, transportation, and other charges to June 30, 1902, of \$211,447.90. Of this sum bills to the amount of \$4,432.56 remained unpaid on that date, making the total disbursements prior to June 30, 1902, \$207,015.34. Disbursements for salaries and wages for the second, third, and fourth quarters of the fiscal year 1902 amounted to \$34,489.37, making the total disbursements by the bureau of public printing to June 30, 1902, \$241,504.71. The details of these and other expenditures are set down in Exhibit C.

ARCHIVES.

The work of the bureau of archives during the past year has been directed to two principal undertakings. The first task has been to bring into more complete order the vast mass of papers that have been

gathered from the various administrative offices and placed in charge of the chief of the bureau. This work is still far from completion, and before it can properly be accomplished more adequate quarters must be provided for the archives. The papers are at present kept in the first story of the treasury or intendencia building, where their deterioration from moisture is much more rapid than it would be in the drier apartments of the second story. In the course of time, however, all available space in this building will be needed for the offices of the treasurer and auditor, and for this reason it is desirable that arrangements should be made as early as may be to provide for the archives proper rooms elsewhere.

The second task has been to furnish from the archives such documents and copies of documents as have been required by the officers of the government and other persons for their information or to settle questions in dispute concerning titles to property and other matters.

In view of the half-decayed condition of some of the older documents it is desirable that steps should be taken to make a selection of the most important of these ancient papers and have them carefully copied and printed, a translation in English being given with the original. The demand on the part of libraries in the United States and elsewhere for reliable information concerning the early and at present obscure history of the Philippines would contribute somewhat toward the expense of such publication. For further information concerning the archives reference is made to Exhibit D.

THE AMERICAN CIRCULATING LIBRARY.

Moved by patriotic zeal many persons in the United States made contributions of books and money for the establishment of a library which was originally designed as a memorial to those officers and men of the military and naval forces of the United States who have lost their lives in the service of their country in the Philippines. This library was originally under the independent control of the American Circulating Library Association of Manila, and in the spring of 1901 it consisted of about 10,000 volumes. The object of the association was to create a source of instruction and profitable entertainment for all residents of Manila, whether permanent or transient, or of whatever race or nationality, and to disseminate useful knowledge and literary diversion among those officers and men of the military or naval forces who are stationed throughout the archipelago. In enlarging the library a plan was formed, which to a certain extent has been carried out, to establish sections which shall continue to be special memorials to conspicuous men who have fallen in the Philippines.

In 1901 the board of trustees and the executive board of the association proposed to convey the library to the military government and any succeeding government in the Philippine Islands in trust for the free use of the United States soldiers and sailors stationed in the Philippine Islands and all the residents of the city of Manila. This trust was to be administered under the legislative control of the military government or its successor, the civil government of the Philippine Islands, which should make suitable arrangements for the proper care and circulation of the books in accordance with the purposes of the original gifts. It was provided, moreover, that the memorial feature should be perpetuated and that the magazines and

such books as could be spared should be sent to the outlying districts of the archipelago.

The offer of the association was accepted, and by a law enacted March 5, 1901, it was provided that the military governor should appoint a board of trustees, to consist of five members resident or stationed in the Philippine Islands, two of whom should be members of the Army or Navy of the United States and two of whom should be natives of the islands. Under this law the trustees were charged with the care and custody of the books and other property of the American Circulating Library Association of Manila, with the duty of providing the necessary rooms or buildings, of appointing the necessary librarians, janitors, and other employees, and of making rules for the circulation of the books in accordance with the terms and conditions of the trust.

This library has been open to the public since March 9, 1900. During this period the library has continually increased and at the beginning of October, 1902, it contained 13,000 volumes, almost entirely gifts from America. The later additions have been of excellent quality and seem to indicate that although the bulk of the army is withdrawn from the islands, the library, which had its main original purpose in furnishing a source of knowledge and profitable entertainment for the soldiers, should remain an established institution and become an important public library for residents of Manila. Notwithstanding the withdrawal of the army the number of books taken out during the last months has shown a marked increase. One thousand four hundred and ninety-seven were taken out in July, 1,525 in August, and 1,656 in September. Recognizing the need of more central and better quarters for the library, the authorities have in contemplation providing a suitable building with free and airy reading rooms, in which it is expected the library will come to perform the real functions of a public library; and there are indications that the friends of the institution who gave their time and their energy to its foundation and early support will continue to give their assistance to the work of collecting books with which to insure its continuous growth.

THE MUSEUM.

Recognizing the advisability of beginning early to make collections illustrating the ethnology, natural history, and commerce of the Philippines, the Commission passed an act October 29, 1901, establishing in Manila an insular museum of ethnology, natural history, and commerce, and appropriated \$8,000 in money of the United States for maintaining the same and paying the expenses of collecting, caring for, and preserving the objects illustrating the ethnology of the Philippine Islands. The museum thus established was placed temporarily under the immediate direction of the chief of the bureau of non-Christian tribes, and he was authorized to expend, from time to time, such sums out of this appropriation as he might find necessary for the collection of the objects authorized by this act to be purchased. Under this act a large amount of material illustrating the ethnology of the islands has been collected, and is now preserved in the building at No. 228 Calle Nueva, now used as a museum. A proper structure to be used as a museum and public library is very much needed at the present time.

One of the divisions of the museum is devoted to ethnology. In a pamphlet issued by the bureau of non-Christian tribes, giving direc-

tions to volunteer field workers, some space was devoted to the museum, asking the cooperation of teachers, provincial officers, officers of the army, and Americans and Filipinos generally in the work of making representative collections of specimens illustrating the industries, customs, and mode of life of the many tribes living in these islands. In view of the fact that many of the best of such specimens were rapidly disappearing, a special plea was made that such objects as had already been collected might be placed in a public museum rather than be held in private collections. Much correspondence has resulted, some specimens have been secured by purchase and as gifts to the museum, and various small sums of money have been placed, largely with teachers, for the further collection of specimens.

It was soon apparent, however, that the best way to make collections was to send into the field for that purpose representatives of the museum who would be careful to gather all the necessary information relative to the objects collected. All expeditions made by the bureau of non-Christian tribes serve also as collecting trips for the museum of ethnology. A limited amount of exceptionally good material has already been secured. The first collecting was done in December, 1901, among the Moros of Sulu and Mindanao, by Dr. P. L. Sherman, who secured nearly 300 specimens of the implements of industry, arms, dress, and other manufactured products of the Moros. In the same month Maj. W. H. C. Bowen, then governor of Abra Province, in an expedition through the south and east of that province, gathered about 100 specimens of Tinguian art and manufacture. Expeditions conducted by the bureau of non-Christian tribes through Benguet, Lepanto-Bontoc, Nueva Vizcaya, and the Cagayan Valley, begun in June and not yet ended, promise rich results in the matter of ethnological collections among the Igorrotes and other tribes of those regions.

Among the gifts to the museum may be mentioned specimens of Igorrote shields and wood fiber blankets by Mr. R. H. Morley. Though properly belonging to the field of natural history, here, too, may be mentioned a collection of birds' eggs presented to the museum by Judge Ignacio Villamor.

It is the aim of the museum of ethnology to obtain specimens of every article made or used by every tribe in the archipelago. A definite plan will be followed in the display of these objects similar to that adopted by the United States National Museum, using the family as a unit. This is a work that will require many years for its accomplishment. Many things possessing an ethnologic interest are doomed to disappear with the progress of civilization, but before they disappear special effort will be made to secure specimens to be preserved in the museum.

Another division of the museum is devoted to natural history. Work in this branch began November 25, 1901, with the appointment of a collector of natural history specimens and a native assistant. Thus far the specimens collected have been chiefly birds and mammals. The collectors accompanied the secretary of the interior and the commissioner of public health on a trip made in December, 1901, for the purpose of selecting a site for a leper colony, and made collections on the islands of Mindoro, Cagayan de Jolo, Palawan, Cuyo, and Culion during brief visits made to the several islands mentioned. During this hasty trip 127 bird skins were secured, including two specimens

of an undescribed *Chibia* from Cuyo. Two specimens of an undescribed squirrel shrew were also obtained in Cuyo.

During February and March five weeks were spent by the collectors in work at the base and upon the steep sides of Mount Mariveles. in the province of Bataan. The hitherto unexplored island of Ticao was then visited, and an exhaustive collection of its birds was made, after which a considerable collection was secured on the neighboring island of Masbate.

The collectors are at present working on the island of Lubang, north of Mindoro. Collections have never before been made on this island, and interesting results are anticipated.

A small collection of the rarer highland birds of Luzon was made in Benguet in July by the secretary of the interior while absent on sick leave and donated to the museum.

One thousand two hundred and ninety-one bird skins have thus far been collected, the number of species represented being 209. A considerable number of the rarer land birds of the Philippines are included in this collection, and in several instances where species have hitherto been shown only of individuals of one sex individuals of the other sex have been secured.

Seven species have been added to the list of birds known to inhabit the Philippines. Five species have been added to the known avifauna of Luzon, 1 to that of Mindoro, 3 to that of Culion, 1 to that of Palawan, 12 to that of Cagayan de Jolo, 22 to that of Cuyo, and 10 to that of Masbate, while from the island of Ticao 91 species have been recorded.

Two bulletins, one setting forth in detail the results thus far obtained and the other giving a list of specimens offered in exchange, have been sent to the public printer.

It is proposed to send the collectors in the near future to the Batanes and Babuyan islands, between Luzon and Formosa, and to Apo, Banton, Buriás, Polillo, and the Camotes group, and as opportunity offers they will visit the almost unknown highland regions of Mindoro, Palawan, Mindanao, Biliran, and Panay. Special attention will be given to the gathering of the material necessary to settle problems of geographical distribution which are as yet unsolved.

A good beginning has also been made in the field of entomology, and the cooperation of an unusually well-trained and enthusiastic American teacher now stationed on the island of Negros has been secured in the work of collecting specimens. So far about 10,000 specimens, representing nearly 1,000 species, have been collected, but are yet to be classified. Outside of these two lines of natural history nothing has so far been attempted.

A third division of the museum is devoted to articles illustrating industry and commerce. Active work in the commercial museum was not begun until July, 1902, when the division of commerce was organized and placed in charge of a clerk chosen especially for this task. To acquaint himself with the work of similar institutions, the chief of the bureau of non-Christian tribes visited in the past year the commercial museums of Japan at Tokyo, Kyoto, and Nagasaki, the Philadelphia Museum of Commerce, and the recently inaugurated Pacific Commercial Museum, of San Francisco.

With the advent of peace and appropriate legislation capital will

seek investment in the Philippines. The commercial museum thoroughly equipped with a collection of the products of the islands, an accurate knowledge of their needs for improved methods and machinery, and complete, comprehensive, and reliable data concerning their productive resources and their domestic and foreign commerce will be of great value not only to investors, but more especially in giving direction to the intelligent and economic development of the resources of the archipelago.

The following is an outline of the work already undertaken:

1. The collection and exhibition, both in crude and manufactured form, of the commercial products of the islands.

2. The collection of data concerning the resources of the islands.

3. The collection and exhibition of the articles imported from other countries.

4. The collection of data concerning commercial possibilities, especially in the Orient, with a view to the extension of the markets for Philippine products.

It is the aim of the commercial museum to use the data and exhibits thus collected to aid persons in the intelligent development of the resources of the archipelago, and to aid in the extension of the domestic and foreign trade relations of the islands. The museum is in correspondence with 22 United States consuls in the Orient, with all the chambers of commerce, and nearly all the important business firms in the city of Manila, and with some of the foreign consuls in Manila for the purpose of collecting desirable information and encouraging cooperation. Correspondence has also been begun with the commercial museums of Philadelphia and San Francisco and with the four commercial museums of Japan.

In addition to making collections in the field, the work of reading and indexing all publications bearing on the resources and commercial interests of the Philippines has been undertaken and an index established of all information received from correspondents. The information gathered will be made the basis of bulletins, which will be published from time to time for distribution in the United States and elsewhere. As soon as the collection of products warrants it exhibits may be exchanged with the commercial museums of the United States and other countries. Also representative exhibits of the most important products of the Philippines will be placed in the best markets abroad.

STATISTICS.

After the resignation of Mr. Carl C. Plehn as chief of the bureau of statistics on the 1st of March, 1901, the clerks of this bureau were transferred to other bureaus, and the work was for the time being suspended. The unsettled condition of the population, the abnormal state of trade, and the desirability of minimizing the expenses of the government made it appear advisable to delay the reorganization and expansion of this bureau. In December, 1901, however, Dr. Manuel Xerez Burgos was appointed clerk in the bureau of statistics and was given possession of the records and material of the office, and directed to gather and put in proper order such statistics concerning the Philippine Islands, their population and economical and social affairs, as might be desirable to publish and present at the proposed exhibition at St. Louis. When it became necessary to take the census of the islands

under the act of Congress of July 1, 1902, it was deemed advisable to do this by a temporary organization rather than to intrust it to the bureau of statistics sufficiently enlarged for the purpose.

THE CENSUS.

In conformity of the act of Congress approved July 1, 1902, entitled "An act temporarily to provide for the administration of affairs of civil government in the Philippine Islands, and for other purposes," the Commission, on October 6, 1902, passed act No. 467, to provide for taking a census; and on the same day, by authority of the President of the United States, appointed Brig. Gen. J. P. Sanger, U. S. Army, director of the census, and later, on the 16th of October, appointed Henry W. Gannett and Victor H. Olmstead, of Washington, D. C., assistant directors.

The census will include all the islands and their inhabitants as far as may be practicable.

The inquiries relating to the Christian tribes will be classified by municipalities and barrios, and will include the number of persons in each by name, color, sex, age, conjugal condition; whether deaf, dumb, blind, or insane; nationality, citizenship, occupation, education, and the ownership of houses. The agricultural schedule will inquire as to the race of owners and renters of farms and plantations, and the proportion of each; rentals, and how paid; total area of farms and plantations; area cultivated prior to 1896, and now; wooded area and character of trees, as high or low; number of live stock of all kinds; and the amount and value of the crops for 1902. Schedule No. 3 is devoted to the schools, whether public, private, or religious; scope of instruction, and number, kind, and capacity of school buildings; amount paid in rentals; number, nationality, and religion of teachers; race and number of free and paying pupils; average attendance, and the number able to speak and understand English and Spanish. Schedule No. 4 will show the mortuary statistics of each municipality in 1902, as far as may be. Schedule No. 5 will show the social and Schedule No. 6 the industrial statistics of each municipality. Schedule No. 7 is for the non-Christian and wild tribes and covers such general statistics as are probably obtainable, but no attempt will be made to enumerate such tribes individually, except where they are tractable, accessible, and live in compact communities. It is proposed to collect the statistics of the Moros through the commanding general, Division of the Philippines, and the admiral of the navy commanding, as they are under military and naval control. It is not practicable to determine on what day the census will be taken, but it will not be later than April 1, 1903, and possibly earlier. Meanwhile, the personnel will be appointed and thoroughly instructed, as any attempt to instruct them after the census has been commenced will be futile.

THE OFFICIAL GAZETTE.

The publication of an official gazette under the general direction of the department of public instruction was authorized by an act passed September 2, 1902. The immediate management of this periodical is in the hands of an editor who was appointed by the civil governor, by and with the consent of the Commission, and who is assisted by a num-

ber of clerks. It is made the duty of the editor to receive, collect, and prepare for publication the various laws, orders, decisions, and other public documents which it is designed to publish in the Gazette; also to receive subscriptions from private persons, corporations, and provincial and municipal governments; to collect the amounts of such subscriptions and to deposit the same in the insular treasury; to distribute or cause to be distributed copies of the Gazette to the various subscribers; and to perform such other duties in connection with the publication of the periodical in question as the secretary of public instruction may direct.

The Official Gazette is published weekly in two parts, one part in English and the other in Spanish. It is intended to include in the Gazette all laws and all resolutions of a public nature issued by the insular legislature, all executive orders, certain decisions of the supreme court and the court of customs appeals, or abstracts of such decisions, and such other documents as are usually published in an official gazette which may be designated for publication by the secretary of public instruction or which may be recommended for publication by the editor and approved by the secretary of public instruction. By the wide circulation of this periodical it is designed to convey to all persons interested, both in the cities and the provinces, a knowledge of the form and operations of the government; but there is a real difficulty in spreading information in these matters that is not overcome by this publication, for only a comparatively limited number of the mature persons in the provinces understand either English or Spanish. A project to issue the laws and other public documents in the dialects used and understood by the people was found on consideration to be impracticable on account of the large number of such dialects. In the course of time, however, the thousands of schoolboys in the islands who already have a certain knowledge of English will acquire a sufficient proficiency in that language to become the interpreters for the people, and through them much information will be conveyed to that large part of the population which now understands neither English nor Spanish, and to whom, consequently, the laws and records of the government are a closed book.

Respectfully submitted.

BERNARD MOSES,
Secretary of Public Instruction.

[PUBLIC—No. 28.]

An Act Temporarily to provide revenue for the Philippine Islands, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of an Act entitled "An Act to revise and amend the tariff laws of the Philippine Archipelago," enacted by the United States Philippine Commission on the seventeenth day of September, nineteen hundred and one, shall be and remain in full force and effect, and there shall be levied, collected, and paid upon all articles coming into the Philippine Archipelago from the United States the rates of duty which are required by the said Act to be levied, collected, and paid upon like articles imported from foreign countries into said archipelago.

SEC. 2. That on and after the passage of this Act there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Archipelago the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided,* That upon all articles the growth and product of the Philippine Archipelago coming into the United States from the Philippine Archipelago there shall be levied, collected, and paid only seventy-five per centum of the rates of duty aforesaid: *And provided further,* That the rates of duty which are required hereby to be levied, collected, and paid upon products of the Philippine Archipelago coming into the United States shall be less any duty or taxes levied, collected, and paid thereon upon the shipment thereof from the Philippine Archipelago, as provided by the Act of the United States Philippine Commission referred to in section one of this Act, under such rules and regulations as the Secretary of the Treasury may prescribe, but all articles, the growth and product of the Philippine Islands, admitted into the ports of the United States free of duty under the provisions of this Act and coming directly from said islands to the United States for use and consumption therein, shall be hereafter exempt from any export duties imposed in the Philippine Islands.

SEC. 3. That on and after the passage of this Act the same tonnage taxes shall be levied, collected, and paid upon all foreign vessels coming into the United States from the Philippine Archipelago which are required by law to be levied, collected, and paid upon vessels coming into the United States from foreign countries: *Provided, however,* That until July first, nineteen hundred and four, the provisions of law restricting to vessels of the United States the transportation of passengers and merchandise directly or indirectly from one port of the United States to another port of the United States shall not be applicable to foreign vessels engaging in trade between the Philippine Archipelago and the United States, or between ports in the Philippine Archipelago: *And provided further,* That the Philippine Commission shall be authorized and empowered to issue licenses to engage in lighterage or other exclusively harbor business to vessels or other craft actually engaged in such business at the date of the passage of this Act, and to vessels or other craft built in the Philippine

Islands or in the United States and owned by citizens of the United States or by inhabitants of the Philippine Islands.

SEC. 4. That the duties and taxes collected in the Philippine Archipelago in pursuance of this Act, and all duties and taxes collected in the United States upon articles coming from the Philippine Archipelago and upon foreign vessels coming therefrom, shall not be covered into the general fund of the Treasury of the United States, but shall be held as a separate fund and paid into the treasury of the Philippine Islands, to be used and expended for the government and benefit of said islands.

SEC. 5. That when duties prescribed by this Act are based upon the weight of merchandise deposited in any public or private bonded warehouse, said duties shall be levied and collected upon the weight of such merchandise at the time of its entry.

SEC. 6. That all articles manufactured in bonded manufacturing warehouses in whole or in part of imported materials, or of materials subject to internal-revenue tax and intended for shipment from the United States to the Philippine Islands, shall, when so shipped, under such regulations as the Secretary of the Treasury may prescribe, be exempt from internal-revenue tax, and shall not be charged with duty except the duty levied under this Act upon imports into the Philippine Islands.

That all articles subject under the laws of the United States to internal-revenue tax, or on which the internal-revenue tax has been paid, and which may under existing laws and regulations be exported to a foreign country without the payment of such tax, or with benefit of drawback, as the case may be, may also be shipped to the Philippine Islands with like privilege, under such regulations and the filing of such bonds, bills of lading, and other security as the Commissioner of Internal Revenue may, with the approval of the Secretary of the Treasury, prescribe. And all taxes paid upon such articles shipped to the Philippine Islands since November fifteenth, nineteen hundred and one, under the decision of the Secretary of the Treasury of that date, shall be refunded to the parties who have paid the same, under such rules and regulations as the Secretary of the Treasury may prescribe, and a sum sufficient to make such payment is hereby appropriated, out of any money in the Treasury not otherwise appropriated.

That where materials on which duties have been paid are used in the manufacture of articles manufactured or produced in the United States, there shall be allowed on the shipment of said articles to the Philippine Archipelago a drawback equal in amount to the duties paid on the materials used, less one per centum of such duties, under such rules and regulations as the Secretary of the Treasury may prescribe.

SEC. 7. That merchandise in bonded warehouse or otherwise in the custody and control of the officers of the customs, upon which duties have been paid, shall be entitled, on shipment to the Philippine Islands within three years from the date of the original arrival, to a return of the duties paid less one per centum, and merchandise upon which duties have not been paid may be shipped without the payment of duties to the Philippine Islands within said period, under such rules and regulations as may be prescribed by the Secretary of the Treasury.

SEC. 8. That the provisions of the Act entitled "An Act to simplify the laws in relation to the collection of revenues," approved June tenth, eighteen hundred and ninety, as amended by an Act entitled

“An Act to provide for the Government and to encourage the industries of the United States,” approved July twenty-fourth, eighteen hundred and ninety-seven, shall apply to all articles coming into the United States from the Philippine Archipelago.

SEC. 9. That no person in the Philippine Islands shall, under the authority of the United States, be convicted of treason by any tribunal, civil or military, unless on the testimony of two witnesses to the same overt act, or on confession in open court.

Approved, March 8, 1902.

[PUBLIC—No. 235.]

An Act Temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the action of the President of the United States in creating the Philippine Commission and authorizing said Commission to exercise the powers of government to the extent and in the manner and form and subject to the regulation and control set forth in the instructions of the President to the Philippine Commission, dated April seventh, nineteen hundred, and in creating the offices of civil governor and vice-governor of the Philippine Islands, and authorizing said civil governor and vice-governor to exercise the powers of government to the extent and in the manner and form set forth in the Executive order dated June twenty-first, nineteen hundred and one, and in establishing four executive departments of government in said Islands as set forth in the Act of the Philippine Commission, entitled "An Act providing an organization for the departments of the interior, of commerce and police, of finance and justice, and of public instruction," enacted September sixth, nineteen hundred and one, is hereby approved, ratified, and confirmed, and until otherwise provided by law the said Islands shall continue to be governed as thereby and herein provided, and all laws passed hereafter by the Philippine Commission shall have an enacting clause as follows: "By authority of the United States be it enacted by the Philippine Commission." The provisions of section eighteen hundred and ninety-one of the Revised Statutes of eighteen hundred and seventy-eight shall not apply to the Philippine Islands.

Future appointments of civil governor, vice-governor, members of said Commission and heads of executive departments shall be made by the President, by and with the advice and consent of the Senate.

SEC. 2. That the action of the President of the United States heretofore taken by virtue of the authority vested in him as Commander in Chief of the Army and Navy, as set forth in his order of July twelfth, eighteen hundred and ninety-eight, whereby a tariff of duties and taxes as set forth by said order was to be levied and collected at all ports and places in the Philippine Islands upon passing into the occupation and possession of the forces of the United States, together with the subsequent amendments of said order, are hereby approved, ratified, and confirmed, and the actions of the authorities of the government of the Philippine Islands, taken in accordance with the provisions of said order and subsequent amendments, are hereby approved: *Provided*, That nothing contained in this section shall be held to amend or repeal an Act entitled "An Act temporarily to provide revenue for the Philippine Islands, and for other purposes," approved March eighth, nineteen hundred and two.

SEC. 3. That the President of the United States, during such time as and whenever the sovereignty and authority of the United States encounter armed resistance in the Philippine Islands, until otherwise provided by Congress, shall continue to regulate and control commer-

cial intercourse with and within said Islands by such general rules and regulations as he, in his discretion, may deem most conducive to the public interests and the general welfare.

SEC. 4. That all inhabitants of the Philippine Islands continuing to reside therein who were Spanish subjects on the eleventh day of April, eighteen hundred and ninety-nine, and then resided in said Islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands and as such entitled to the protection of the United States, except such as shall have elected to preserve their allegiance to the Crown of Spain in accordance with the provisions of the treaty of peace between the United States and Spain signed at Paris December tenth, eighteen hundred and ninety-eight.

SEC. 5. That no law shall be enacted in said islands which shall deprive any person of life, liberty, or property without due process of law, or deny to any person therein the equal protection of the laws.

That in all criminal prosecutions the accused shall enjoy the right to be heard by himself and counsel, to demand the nature and cause of the accusation against him, to have a speedy and public trial, to meet the witnesses face to face, and to have compulsory process to compel the attendance of witnesses in his behalf.

That no person shall be held to answer for a criminal offense without due process of law; and no person for the same offense shall be twice put in jeopardy of punishment, nor shall be compelled in any criminal case to be a witness against himself.

That all persons shall before conviction be bailable by sufficient sureties, except for capital offenses.

That no law impairing the obligation of contracts shall be enacted.

That no person shall be imprisoned for debt.

That the privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion, insurrection, or invasion the public safety may require it, in either of which events the same may be suspended by the President, or by the governor, with the approval of the Philippine Commission, wherever during such period the necessity for such suspension shall exist.

That no ex post facto law or bill of attainder shall be enacted.

That no law granting a title of nobility shall be enacted, and no person holding any office of profit or trust in said islands, shall, without the consent of the Congress of the United States, accept any present, emolument, office, or title of any kind whatever from any king, queen, prince, or foreign State.

That excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.

That the right to be secure against unreasonable searches and seizures shall not be violated.

That neither slavery, nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist in said islands.

That no law shall be passed abridging the freedom of speech or of the press, or the right of the people peaceably to assemble and petition the Government for redress of grievances.

That no law shall be made respecting an establishment of religion or prohibiting the free exercise thereof, and that the free exercise and enjoyment of religious profession and worship, without discrimination or preference, shall forever be allowed.

That no money shall be paid out of the treasury except in pursuance of an appropriation by law.

That the rule of taxation in said islands shall be uniform.

That no private or local bill which may be enacted into law shall embrace more than one subject, and that subject shall be expressed in the title of the bill.

That no warrant shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the person or things to be seized.

That all money collected on any tax levied or assessed for a special purpose shall be treated as a special fund in the treasury and paid out for such purpose only.

SEC. 6. That whenever the existing insurrection in the Philippine Islands shall have ceased and a condition of general and complete peace shall have been established therein and the fact shall be certified to the President by the Philippine Commission, the President, upon being satisfied thereof, shall order a census of the Philippine Islands to be taken by said Philippine Commission; such census in its inquiries relating to the population shall take and make so far as practicable full report for all the inhabitants, of name, age, sex, race, or tribe, whether native or foreign born, literacy in Spanish, native dialect or language, or in English, school attendance, ownership of homes, industrial and social statistics, and such other information separately for each island, each province, and municipality, or other civil division, as the President and said Commission may deem necessary: *Provided*, That the President may, upon the request of said Commission, in his discretion, employ the service of the Census Bureau in compiling and promulgating the statistical information above provided for, and may commit to such Bureau any part or portion of such labor as as to him may seem wise.

SEC. 7. That two years after the completion and publication of the census, in case such condition of general and complete peace with recognition of the authority of the United States shall have continued in the territory of said Islands not inhabited by Moros or other non-Christian tribes and such facts shall have been certified to the President by the Philippine Commission, the President upon being satisfied thereof shall direct said Commission to call, and the Commission shall call, a general election for the choice of delegates to a popular assembly of the people of said territory in the Philippine Islands, which shall be known as the Philippine assembly. After said assembly shall have convened and organized, all the legislative power heretofore conferred on the Philippine Commission in all that part of said Islands not inhabited by Moros or other non-Christian tribes shall be vested in a legislature consisting of two houses—The Philippine Commission and the Philippine assembly. Said assembly shall consist of not less than fifty nor more than one hundred members to be apportioned by said Commission among the provinces as nearly as practicable according to population: *Provided*, That no province shall have less than one member: *And provided further*, That provinces entitled by population to more than one member may be divided into such convenient districts as the said Commission may deem best.

Public notice of such division shall be given at least ninety days prior to such election, and the election shall be held under rules and regulations to be prescribed by law. The qualification of electors in

such election shall be the same as is now provided by law in case of electors in municipal elections. The members of assembly shall hold office for two years from the first day of January next following their election, and their successors shall be chosen by the people every second year thereafter. No person shall be eligible to such election who is not a qualified elector of the election district in which he may be chosen, owing allegiance to the United States, and twenty-five years of age.

The legislature shall hold annual sessions, commencing on the first Monday of February in each year and continuing not exceeding ninety days thereafter (Sundays and holidays not included): *Provided*, That the first meeting of the legislature shall be held upon the call of the governor within ninety days after the first election: *And provided further*, That if at the termination of any session the appropriations necessary for the support of government shall not have been made, an amount equal to the sums appropriated in the last appropriation bills for such purposes shall be deemed to be appropriated; and until the legislature shall act in such behalf the treasurer may, with the advice of the governor, make the payments necessary for the purposes aforesaid.

The legislature may be called in special session at any time by the civil governor for general legislation, or for action on such specific subjects as he may designate. No special session shall continue longer than thirty days, exclusive of Sundays.

The assembly shall be the judge of the elections, returns, and qualifications of its members. A majority shall constitute a quorum to do business, but a smaller number may adjourn from day to day and may be authorized to compel the attendance of absent members. It shall choose its speaker and other officers, and the salaries of its members and officers shall be fixed by law. It may determine the rule of its proceedings, punish its members for disorderly behavior, and with the concurrence of two-thirds expel a member. It shall keep a journal of its proceedings, which shall be published, and the yeas and nays of the members on any question shall, on the demand of one-fifth of those present, be entered on the journal.

SEC. 8. That at the same time with the first meeting of the Philippine legislature, and biennially thereafter, there shall be chosen by said legislature, each house voting separately, two resident commissioners to the United States, who shall be entitled to an official recognition as such by all departments upon presentation to the President of a certificate of election by the civil governor of said islands, and each of whom shall be entitled to a salary payable monthly by the United States at the rate of five thousand dollars per annum, and two thousand dollars additional to cover all expenses: *Provided*, That no person shall be eligible to such election who is not a qualified elector of said islands, owing allegiance to the United States, and who is not thirty years of age.

SEC. 9. That the Supreme Court and the courts of first instance of the Philippine Islands shall possess and exercise jurisdiction as heretofore provided and such additional jurisdiction as shall hereafter be prescribed by the government of said Islands, subject to the power of said Government to change the practice and method of procedure. The municipal courts of said Islands shall possess and exercise jurisdiction as heretofore provided by the Philippine Commission, subject

in all matters to such alteration and amendment as may be hereafter enacted by law; and the chief justice and associate justices of the supreme court shall hereafter be appointed by the President, by and with the advice and consent of the Senate, and shall receive the compensation heretofore prescribed by the Commission until otherwise provided by Congress. The judges of the court of first instance shall be appointed by the civil governor, by and with the advice and consent of the Philippine Commission: *Provided*, That the admiralty jurisdiction of the supreme court and courts of first instance shall not be changed except by Act of Congress.

SEC. 10. That the Supreme Court of the United States shall have jurisdiction to review, revise, reverse, modify, or affirm the final judgments and decrees of the supreme court of the Philippine Islands in all actions, cases, causes, and proceedings now pending therein or hereafter determined thereby in which the Constitution or any statute, treaty, title, right, or privilege of the United States is involved, or in causes in which the value in controversy exceeds twenty-five thousand dollars, or in which the title or possession of real estate exceeding in value the sum of twenty-five thousand dollars, to be ascertained by the oath of either party or of other competent witnesses, is involved or brought in question; and such final judgments or decrees may and can be reviewed, revised, reversed, modified, or affirmed by said Supreme Court of the United States on appeal or writ of error by the party aggrieved, in the same manner, under the same regulations, and by the same procedure, as far as applicable, as the final judgments and decrees of the circuit courts of the United States.

SEC. 11. That the government of the Philippine Islands is hereby authorized to provide for the needs of commerce by improving the harbors and navigable waters of said islands and to construct and maintain in said navigable waters and upon the shore adjacent thereto bonded warehouses, wharves, piers, light-houses, signal and life-saving stations, buoys, and like instruments of commerce, and to adopt and enforce regulations in regard thereto, including bonded warehouses wherein articles not intended to be imported into said islands nor mingled with the property therein, but brought into a port of said islands for reshipment to another country, may be deposited in bond and reshipped to another country without the payment of customs duties or charges.

SEC. 12. That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain, signed December tenth, eighteen hundred and ninety-eight, 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, are hereby placed under the control of the government of said islands to be administered for the benefit of the inhabitants thereof, except as provided in this Act.

SEC. 13. That the government of the Philippine Islands, subject to the provisions of this Act and except as herein provided, shall classify according to its agricultural character and productiveness, and shall immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands, but such rules and regulations shall not go into effect or have the force of law until they have received the approval of the President and when approved by the President they shall be submitted by him to Congress

at the beginning of the next ensuing session thereof and unless disapproved or amended by Congress at said session they shall at the close of such period have the force and effect of law in the Philippine Islands: *Provided*, That a single homestead entry shall not exceed sixteen hectares in extent.

SEC. 14. That the government of the Philippine Islands is hereby authorized and empowered to enact rules and regulations and to prescribe terms and conditions to enable persons to perfect their title to public lands in said Islands, who, prior to the transfer of sovereignty from Spain to the United States, had fulfilled all or some of the conditions required by the Spanish laws and royal decrees of the Kingdom of Spain for the acquisition of legal title thereto yet failed to secure conveyance of title; and the Philippine Commission is authorized to issue patents, without compensation, to any native of said Islands, conveying title to any tract of land not more than sixteen hectares in extent, which were public lands and had been actually occupied by such native or his ancestors prior to and on the thirteenth of August, eighteen hundred and ninety-eight.

SEC. 15. That the government of the Philippine Islands is hereby authorized and empowered, on such terms as it may prescribe, by general legislation, to provide for the granting or sale and conveyance to actual occupants and settlers and other citizens of said islands such parts and portions of the public domain, other than timber and mineral lands, of the United States in said islands as it may deem wise, not exceeding sixteen hectares to any one person and for the sale and conveyance of not more than one thousand and twenty-four hectares to any corporation or association of persons: *Provided*, That the grant or sale of such lands, whether the purchase price be paid at once or in partial payments, shall be conditioned upon actual and continued occupancy, improvement, and cultivation of the premises sold for a period of not less than five years, during which time the purchaser or grantee can not alienate or encumber said land or the title thereto; but such restriction shall not apply to transfers of rights and title of inheritance under the laws for the distribution of the estates of decedents.

SEC. 16. That in granting or selling any part of the public domain under the provisions of the last preceding section, preference in all cases shall be given to actual occupants and settlers; and such public lands of the United States in the actual possession or occupancy of any native of the Philippine Islands shall not be sold by said government to any other person without the consent thereto of said prior occupant or settler first had and obtained: *Provided*, That the prior right hereby secured to an occupant of land, who can show no other proof of title than possession, shall not apply to more than sixteen hectares in any one tract.

SEC. 17. That timber, trees, forests, and forest products on lands leased or demised by the government of the Philippine Islands under the provisions of this Act shall not be cut, destroyed, removed, or appropriated except by special permission of said government and under such regulations as it may prescribe.

All moneys obtained from lease or sale of any portion of the public domain or from licenses to cut timber by the government of the Philippine Islands shall be covered into the insular treasury and be subject only to appropriation for insular purposes according to law.

SEC. 18. That the forest laws and regulations now in force in the Philippine Islands, with such modifications and amendments as may be

made by the government of said islands, are hereby continued in force, and no timber lands forming part of the public domain shall be sold, leased, or entered until the government of said islands, upon the certification of the forestry bureau that said lands are more valuable for agriculture than for forest uses, shall declare such lands so certified to be agricultural in character: *Provided*, That the said government shall have the right and is hereby empowered to issue licenses to cut, harvest, or collect timber or other forest products on reserved or unreserved public lands in said islands in accordance with the forest laws and regulations hereinbefore mentioned and under the provisions of this Act, and the said government may lease land to any person or persons holding such licenses, sufficient for a mill site, not to exceed four hectares in extent, and may grant rights of way to enable such person or persons to get access to the lands to which such licenses apply.

SEC. 19. That the beneficial use shall be the basis, the measure, and the limit of all rights to water in said islands, and the government of said islands is hereby authorized to make such rules and regulations for the use of water, and to make such reservations of public lands for the protection of the water supply, and for other public purposes not in conflict with the provisions of this Act, as it may deem best for the public good.

MINERAL LANDS.

SEC. 20. That in all cases public lands in the Philippine Islands valuable for minerals shall be reserved from sale, except as otherwise expressly directed by law.

SEC. 21. That all valuable mineral deposits in public lands in the Philippine Islands, both surveyed and unsurveyed, are hereby declared to be free and open to exploration, occupation, and purchase, and the land in which they are found to occupation and purchase, by citizens of the United States, or of said Islands: *Provided*, That when on any lands in said islands entered and occupied as agricultural lands under the provisions of this Act, but not patented, mineral deposits have been found, the working of such mineral deposits is hereby forbidden until the person, association, or corporation who or which has entered and is occupying such lands shall have paid to the government of said islands such additional sum or sums as will make the total amount paid for the mineral claim or claims in which said deposits are located equal to the amount charged by the government for the same as mineral claims.

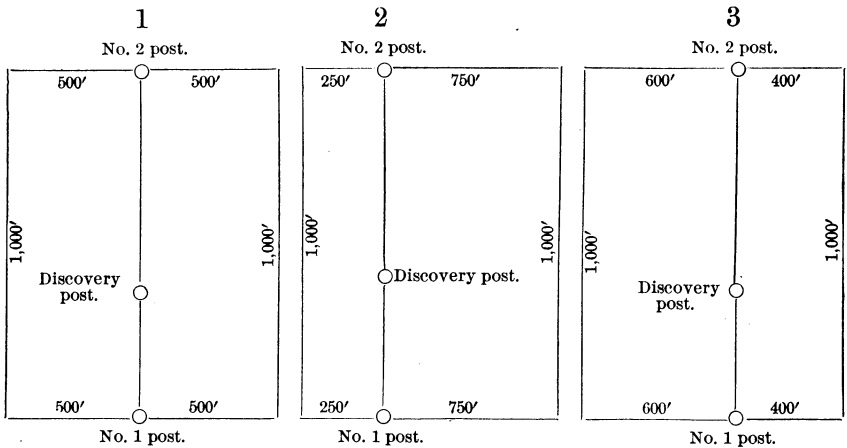
SEC. 22. That mining claims upon land containing veins or lodes of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, located after the passage of this Act, whether located by one or more persons qualified to locate the same under the preceding section, shall be located in the following manner and under the following conditions: Any person so qualified desiring to locate a mineral claim shall, subject to the provisions of this Act with respect to land which may be used for mining, enter upon the same and locate a plot of ground measuring, where possible, but not exceeding, one thousand feet in length by one thousand feet in breadth, in as nearly as possible a rectangular form; that is to say: All angles shall be right angles, except in cases where a boundary line of a previously surveyed claim is adopted as common to both claims, but the lines need not necessarily be meridional. In defining

the size of a mineral claim, it shall be measured horizontally, irrespective of inequalities of the surface of the ground.

SEC. 23. That a mineral claim shall be marked by two posts placed as nearly as possible on the line of the ledge or vein, and the posts shall be numbered one and two, and the distance between posts numbered one and two shall not exceed one thousand feet, the line between posts numbered one and two to be known as the location line; and upon posts numbered one and two shall be written the name given to the mineral claim, the name of the locator, and the date of the location. Upon post numbered one there shall be written, in addition to the foregoing, "Initial post," the approximate compass bearing of post numbered two, and a statement of the number of feet lying to the right and to the left of the line from post numbered one to post numbered two, thus: "Initial post. Direction of post numbered two. ——— feet of this claim lie on the right and ——— feet on the left of the line from number one to number two post." All the particulars required to be put on number one and number two posts shall be furnished by the locator to the provincial secretary, or such other officer as by the Philippine government may be described as mining recorder, in writing, at the time the claim is recorded, and shall form a part of the record of such claim.

SEC. 24. That when a claim has been located the holder shall immediately mark the line between posts numbered one and two so that it can be distinctly seen. The locator shall also place a post at the point where he has found minerals in place, on which shall be written "Discovery post:" *Provided*, That when the claim is surveyed the surveyor shall be guided by the records of the claim, the sketch plan on the back of the declaration made by the owner when the claim was recorded, posts numbered one and two, and the notice on number one, the initial post.

EXAMPLES OF VARIOUS MODES OF LAYING OUT CLAIMS.



SEC. 25. That it shall not be lawful to move number one post, but number two post may be moved by the deputy mineral surveyor when the distance between posts numbered one and two exceeds one thousand feet, in order to place number two post one thousand feet from

number one post on the line of location. When the distance between posts numbered one and two is less than one thousand feet the deputy mineral surveyor shall have no authority to extend the claim beyond number two.

SEC. 26. That the "location line" shall govern the direction of one side of the claim, upon which the survey shall be extended according to this Act.

SEC. 27. That the holder of a mineral claim shall be entitled to all minerals which may lie within his claim, but he shall not be entitled to mine outside the boundary lines of his claim continued vertically downward: *Provided*, That this Act shall not prejudice the rights of claim owners nor claim holders whose claims have been located under existing laws prior to this Act.

SEC. 28. That no mineral claim of the full size shall be recorded without the application being accompanied by an affidavit made by the applicant or some person on his behalf cognizant of the facts—that the legal notices and posts have been put up; that mineral has been found in place on the claim proposed to be recorded; that the ground applied for is unoccupied by any other person. In the said declaration shall be set out the name of the applicant and the date of the location of the claim. The words written on the number one and number two posts shall be set out in full, and as accurate a description as possible of the position of the claim given with reference to some natural object or permanent monuments.

SEC. 29. That no mineral claim which at the date of its record is known by the locator to be less than a full-sized mineral claim shall be recorded without the word "fraction" being added to the name of the claim, and the application being accompanied by an affidavit or solemn declaration made by the applicant or some person on his behalf cognizant of the facts: That the legal posts and notices have been put up; that mineral has been found in place on the fractional claim proposed to be recorded; that the ground applied for is unoccupied by any other person. In the said declaration shall be set out the name of the applicant and the date of the location of the claim. The words written on the posts numbered one and two shall be set out in full, and as accurate a description as possible of the position of the claim given. A sketch plan shall be drawn by the applicant on the back of the declaration, showing as near as may be the position of the adjoining mineral claims and the shape and size, expressed in feet, of the claim or fraction desired to be recorded: *Provided*, That the failure on the part of the locator of a mineral claim to comply with any of the foregoing provisions of this section shall not be deemed to invalidate such location, if upon the facts it shall appear that such locator has actually discovered mineral in place on said location, and that there has been on his part a bona fide attempt to comply with the provisions of this Act, and that the nonobservance of the formalities hereinbefore referred to is not of a character calculated to mislead other persons desiring to locate claims in the vicinity.

SEC. 30. That in cases where, from the nature or shape of the ground, it is impossible to mark the location line of the claim as provided by this Act then the claim may be marked by placing posts as nearly as possible to the location line, and noting the distance and direction such posts may be from such location line, which distance and direction shall be set out in the record of the claim.

SEC. 31. That every person locating a mineral claim shall record the same with the provincial secretary or such other officer as by the government of the Philippine Islands may be described as mining recorder of the district within which the same is situate, within thirty days after the location thereof. Such record shall be made in a book to be kept for the purpose in the office of the said provincial secretary or such other officer as by said government described as mining recorder, in which shall be inserted the name of the claim, the name of each locator, the locality of the mine, the direction of the location line, the length in feet, the date of location, and the date of the record. A claim which shall not have been recorded within the prescribed period shall be deemed to have been abandoned.

SEC. 32. That in case of any dispute as to the location of a mineral claim the title to the claim shall be recognized according to the priority of such location, subject to any question as to the validity of the record itself and subject to the holder having complied with all the terms and conditions of this Act.

SEC. 33. That no holder shall be entitled to hold in his, its, or their own name or in the name of any other person, corporation, or association more than one mineral claim on the same vein or lode.

SEC. 34. That a holder may at any time abandon any mineral claim by giving notice, in writing, of such intention to abandon, to the provincial secretary or such other officer as by the government of the Philippine Islands may be described as mining recorder; and from the date of the record of such notice all his interest in such claim shall cease.

SEC. 35. That proof of citizenship under the clauses of this Act relating to mineral lands may consist, in the case of an individual, of his own affidavit thereof; in the case of an association of persons unincorporated, of the affidavit of their authorized agent, made on his own knowledge or upon information and belief; and in the case of a corporation organized under the laws of the United States, or of any State or Territory thereof, or of the Philippine Islands, by the filing of a certified copy of their charter or certificate of incorporation.

SEC. 36. That the United States Philippine Commission or its successors may make regulations, not in conflict with the provisions of this Act, governing the location, manner of recording, and amount of work necessary to hold possession of a mining claim, subject to the following requirements:

On each claim located after the passage of this Act, and until a patent has been issued therefor, not less than one hundred dollars' worth of labor shall be performed or improvements made during each year: *Provided*, That upon a failure to comply with these conditions the claim or mine upon which such failure occurred shall be open to relocation in the same manner as if no location of the same had ever been made, provided that the original locators, their heirs, assigns, or legal representatives have not resumed work upon the claim after failure and before such location. Upon the failure of any one of several coowners to contribute his proportion of the expenditures required thereby, the coowners who have performed the labor or made the improvements may, at the expiration of the year, give such delinquent coowner personal notice in writing, or notice by publication in the newspaper published nearest the claim, and in two newspapers published at Manila, one in the English language and the other in the

Spanish language, to be designated by the chief of the Philippine insular bureau of public lands, for at least once a week for ninety days, and if, at the expiration of ninety days after such notice in writing or by publication such delinquent shall fail or refuse to contribute his proportion of the expenditure required by this section his interest in the claim shall become the property of his coowners who have made the required expenditures. The period within which the work required to be done annually on all unpatented mineral claims shall commence on the first day of January succeeding the date of location of such claim.

SEC. 37. That a patent for any land claimed and located for valuable mineral deposits may be obtained in the following manner: Any person, association, or corporation authorized to locate a claim under this Act, having claimed and located a piece of land for such purposes, who has or have complied with the terms of this Act, may file in the office of the provincial secretary, or such other officer as by the government of said Islands may be described as mining recorder of the province wherein the land claimed is located, an application for a patent, under oath, showing such compliance, together with a plat and field notes of the claim or claims in common, made by or under the direction of the chief of the Philippine insular bureau of public lands, showing accurately the boundaries of the claim, which shall be distinctly marked by monuments on the ground, and shall post a copy of such plat, together with a notice of such application for a patent, in a conspicuous place on the land embraced in such plat previous to the filing of the application for a patent, and shall file an affidavit of at least two persons that such notice has been duly posted, and shall file a copy of the notice in such office, and shall thereupon be entitled to a patent for the land, in the manner following: The provincial secretary, or such other officer as by the Philippine government may be described as mining recorder, upon the filing of such application, plat, field notes, notices, and affidavits, shall publish a notice that such an application has been made, once a week for the period of sixty days, in a newspaper to be by him designated as nearest to such claim and in two newspapers published at Manila, one in the English language and one in the Spanish language, to be designated by the chief of the Philippine insular bureau of public lands; and he shall also post such notice in his office for the same period. The claimant at the time of filing his application, or at any time thereafter within the sixty days of publication, shall file with the provincial secretary or such other officer as by the Philippine government may be described as mining recorder a certificate of the chief of the Philippine insular bureau of public lands that five hundred dollars' worth of labor has been expended or improvements made upon the claim by himself or grantors; that the plat is correct, with such further description by such reference to natural objects or permanent monuments as shall identify the claim, and furnish an accurate description to be incorporated in the patent. At the expiration of the sixty days of publication the claimant shall file his affidavit, showing that the plat and notice have been posted in a conspicuous place on the claim during such period of publication. If no adverse claim shall have been filed with the provincial secretary or such other officer as by the government of said islands may be described as mining recorder at the expiration of the sixty days of publication, it shall be assumed that the applicant is entitled to a patent upon the payment to the provincial treasurer or the collector of

internal revenue of five dollars per acre and that no adverse claim exists, and thereafter no objection from third parties to the issuance of a patent shall be heard, except it be shown that the applicant has failed to comply with the terms of this Act: *Provided*, That where the claimant for a patent is not a resident of or within the province wherein the land containing the vein, ledge, or deposit sought to be patented is located, the application for patent and the affidavits required to be made in this section by the claimant for such patent may be made by his, her, or its authorized agent where said agent is conversant with the facts sought to be established by said affidavits.

SEC. 38. That applicants for mineral patents, if residing beyond the limits of the province or military department wherein the claim is situated, may make the oath or affidavit required for proof of citizenship before the clerk of any court of record, or before any notary public of any province of the Philippine Islands, or any other official in said islands authorized by law to administer oaths.

SEC. 39. That where an adverse claim is filed during the period of publication it shall be upon oath of the person or persons making the same, and shall show the nature, boundaries, and extent of such adverse claim, and all proceedings, except the publication of notice and making and filing of the affidavits thereof, shall be stayed until the controversy shall have been settled or decided by a court of competent jurisdiction or the adverse claim waived. It shall be the duty of the adverse claimant, within thirty days after filing his claim, to commence proceedings in a court of competent jurisdiction to determine the question of the right of possession, and prosecute the same with reasonable diligence to final judgment, and a failure so to do shall be a waiver of his adverse claim. After such judgment shall have been rendered the party entitled to the possession of the claim, or any portion thereof, may, without giving further notice, file a certified copy of the judgment roll with the provincial secretary or such other officer as by the government of the Philippine Islands may be described as mining recorder, together with the certificate of the chief of the Philippine insular bureau of public lands that the requisite amount of labor has been expended or improvements made thereon, and the description required in other cases, and shall pay to the provincial treasurer or the collector of internal revenue of the province in which the claim is situated, as the case may be, five dollars per acre for his claim, together with the proper fees, whereupon the whole proceedings and the judgment roll shall be certified by the provincial secretary or such other officer as by said government may be described as mining recorder to the secretary of the interior of the Philippine Islands, and a patent shall issue thereon for the claim, or such portion thereof as the applicant shall appear, from the decision of the court, rightly to possess. The adverse claim may be verified by the oath of any duly authorized agent or attorney in fact of the adverse claimant cognizant of the facts stated; and the adverse claimant, if residing or at the time being beyond the limits of the province wherein the claim is situated, may make oath to the adverse claim before the clerk of any court of record, or any notary public of any province or military department of the Philippine Islands, or any other officer authorized to administer oaths where the adverse claimant may then be. If it appears from the decision of the court that several parties are entitled to separate and different portions of the claim, each party may pay for his portion of the claim,

with the proper fees, and file the certificate and description by the chief of the Philippine insular bureau of public lands, whereupon the provincial secretary or such other officer as by the government of said islands may be described as mining recorder shall certify the proceedings and judgment roll to the secretary of the interior for the Philippine Islands, as in the preceding case, and patents shall issue to the several parties according to their respective rights. If in any action brought pursuant to this section title to the ground in controversy shall not be established by either party, the court shall so find, and judgment shall be entered accordingly. In such case costs shall not be allowed to either party, and the claimant shall not proceed in the office of the provincial secretary or such other officer as by the government of said islands may be described as mining recorder or be entitled to a patent for the ground in controversy until he shall have perfected his title. Nothing herein contained shall be construed to prevent the alienation of a title conveyed by a patent for a mining claim to any person whatever.

SEC. 40. That the description of mineral claims upon surveyed lands shall designate the location of the claim with reference to the lines of the public surveys, but need not conform therewith; but where a patent shall be issued for claims upon unsurveyed lands the chief of the Philippine insular bureau of public lands in extending the surveys shall adjust the same to the boundaries of such patented claim according to the plat or description thereof, but so as in no case to interfere with or change the location of any such patented claim.

SEC. 41. That any person authorized to enter lands under this Act may enter and obtain patent to lands that are chiefly valuable for building stone under the provisions of this Act relative to placer mineral claims.

SEC. 42. That any person authorized to enter lands under this Act may enter and obtain patent to lands containing petroleum or other mineral oils and chiefly valuable therefor under the provisions of this Act relative to placer mineral claims.

SEC. 43. That no location of a placer claim shall exceed sixty-four hectares for any association of persons, irrespective of the number of persons composing such association, and no such location shall include more than eight hectares for an individual claimant. Such locations shall conform to the laws of the United States Philippine Commission, or its successors, with reference to public surveys, and nothing in this section contained shall defeat or impair any bona fide ownership of land for agricultural purposes or authorize the sale of the improvements of any bona fide settler to any purchaser.

SEC. 44. That where placer claims are located upon surveyed lands and conform to legal subdivisions, no further survey or plat shall be required, and all placer mining claims located after the date of passage of this Act shall conform as nearly as practicable to the Philippine system of public-land surveys and the regular subdivisions of such surveys; but where placer claims can not be conformed to legal subdivisions, survey and plat shall be made as on unsurveyed lands; and where by the segregation of mineral lands in any legal subdivision a quantity of agricultural land less than sixteen hectares shall remain, such fractional portion of agricultural land may be entered by any party qualified by law for homestead purposes.

SEC. 45. That where such person or association, they and their grantors have held and worked their claims for a period equal to the time prescribed by the statute of limitations of the Philippine Islands, evidence of such possession and working of the claims for such period shall be sufficient to establish a right to a patent thereto under this Act, in the absence of any adverse claim; but nothing in this Act shall be deemed to impair any lien which may have attached in any way whatever prior to the issuance of a patent.

SEC. 46. That the chief of the Philippine insular bureau of public lands may appoint competent deputy mineral surveyors to survey mining claims. The expenses of the survey of vein or lode claims and of the survey of placer claims, together with the cost of publication of notices, shall be paid by the applicants, and they shall be at liberty to obtain the same at the most reasonable rates, and they shall also be at liberty to employ any such deputy mineral surveyor to make the survey. The chief of the Philippine insular bureau of public lands shall also have power to establish the maximum charges for surveys and publication of notices under this Act; and in case of excessive charges for publication he may designate any newspaper published in a province where mines are situated, or in Manila, for the publication of mining notices and fix the rates to be charged by such paper; and to the end that the chief of the bureau of public lands may be fully informed on the subject such applicant shall file with the provincial secretary, or such other officer as by the government of the Philippine Islands may be described as mining recorder, a sworn statement of all charges and fees paid by such applicant for publication and surveys, and of all fees and money paid the provincial treasurer or the collector of internal revenue, as the case may be, which statement shall be transmitted, with the other papers in the case, to the secretary of the interior for the Philippine Islands.

SEC. 47. That all affidavits required to be made under this Act may be verified before any officer authorized to administer oaths within the province or military department where the claims may be situated, and all testimony and proofs may be taken before any such officer, and, when duly certified by the officer taking the same, shall have the same force and effect as if taken before the proper provincial secretary or such other officer as by the government of the Philippine Islands may be described as mining recorder. In cases of contest as to the mineral or agricultural character of land the testimony and proofs may be taken as herein provided on personal notice of at least ten days to the opposing party; or if such party can not be found, then by publication at least once a week for thirty days in a newspaper to be designated by the provincial secretary or such other officer as by said government may be described as mining recorder published nearest to the location of such land and in two newspapers published in Manila, one in the English language and one in the Spanish language, to be designated by the chief of the Philippine insular bureau of public lands; and the provincial secretary or such other officer as by said government may be described as mining recorder shall require proofs that such notice has been given.

SEC. 48. That where nonmineral land not contiguous to the vein or lode is used or occupied by the proprietor of such vein or lode for mining or milling purposes, such nonadjacent surface ground may be embraced and included in an application for a patent for such vein or

lode, and the same may be patented therewith, subject to the same preliminary requirements as to survey and notice as are applicable to veins or lodes; but no location of such nonadjacent land shall exceed two hectares, and payment for the same must be made at the same rate as fixed by this Act for the superficies of the lode. The owner of a quartz mill or reduction works not owning a mine in connection therewith may also receive a patent for his mill site as provided in this section.

SEC. 49. That as a condition of sale the Government of the Philippine Islands may provide rules for working, policing, and sanitation of mines, and rules concerning easements, drainage, water rights, right of way, right of Government survey and inspection, and other necessary means to their complete development not inconsistent with the provisions of this Act, and those conditions shall be fully expressed in the patent. The Philippine Commission or its successors are hereby further empowered to fix the bonds of deputy mineral surveyors.

SEC. 50. That whenever by priority of possession rights to the use of water for mining, agricultural, manufacturing, or other purposes have vested and accrued and the same are recognized and acknowledged by the local customs, laws, and the decisions of courts, the possessors and owners of such vested rights shall be maintained and protected in the same, and the right of way for the construction of ditches and canals for the purposes herein specified is acknowledged and confirmed, but whenever any person, in the construction of any ditch or canal, injures or damages the possession of any settler on the public domain, the party committing such injury or damage shall be liable to the party injured for such injury or damage.

SEC. 51. That all patents granted shall be subject to any vested and accrued water rights, or rights to ditches and reservoirs used in connection with such water rights as may have been acquired under or recognized by the preceding section.

SEC. 52. That the government of the Philippine Islands is authorized to establish land districts and provide for the appointment of the necessary officers wherever they may deem the same necessary for the public convenience, and to further provide that in districts where land offices are established proceedings required by this Act to be had before provincial officers shall be had before the proper officers of such land offices.

SEC. 53. That every person above the age of twenty-one years, who is a citizen of the United States, or of the Philippine Islands, or who has acquired the rights of a native of said islands under and by virtue of the treaty of Paris, or any association of persons severally qualified as above, shall, upon application to the proper provincial treasurer, have the right to enter any quality of vacant coal lands of said Islands not otherwise appropriated or reserved by competent authority, not exceeding sixty-four hectares to such individual person, or one hundred and twenty-eight hectares to such association, upon payment to the provincial treasurer or the collector of internal revenue, as the case may be, of not less than twenty-five dollars per hectare for such lands, where the same shall be situated more than fifteen miles from any completed railroad or available harbor or navigable stream, and not less than fifty dollars per hectare for such lands as shall be within fifteen miles of such road, harbor, or stream: *Provided*, That such entries shall be taken in squares of sixteen or sixty-four hectares, in

conformity with the rules and regulations governing the public-land surveys of the said Islands in plotting legal subdivisions.

SEC. 54. That any person or association of persons, severally qualified as above provided, who have opened and improved, or shall hereafter open and improve, any coal mine or mines upon the public lands, and shall be in actual possession of the same, shall be entitled to a preference right of entry under the preceding section of the mines so opened and improved.

SEC. 55. That all claims under the preceding section must be presented to the proper provincial secretary within sixty days after the date of actual possession and the commencement of improvements on the land by the filing of a declaratory statement therefor; and where the improvements shall have been made prior to the expiration of three months from the date of the passage of this Act, sixty days from the expiration of such three months shall be allowed for the filing of a declaratory statement; and no sale under the provisions of this Act shall be allowed until the expiration of six months from the date of the passage of this Act.

SEC. 56. That the three preceding sections shall be held to authorize only one entry by the same person or association of persons; and no association of persons, any member of which shall have taken the benefit of such sections, either as an individual or as a member of any other association, shall enter or hold any other lands under the provisions thereof; and no member of any association which shall have taken the benefit of such section shall enter or hold any other lands under their provisions; and all persons claiming under section fifty-eight shall be required to prove their respective rights and pay for the lands filed upon within one year from the time prescribed for filing their respective claims; and upon failure to file the proper notice or to pay for the land within the required period, the same shall be subject to entry by any other qualified applicant.

SEC. 57. That in case of conflicting claims upon coal lands where the improvements shall be commenced after the date of the passage of this Act, priority of possession and improvement, followed by proper filing and continued good faith, shall determine the preference right to purchase. And also where improvements have already been made prior to the passage of this Act, division of the land claimed may be made by legal subdivisions, which shall conform as nearly as practicable with the subdivisions of land provided for in this Act, to include as near as may be the valuable improvements of the respective parties. The Government of the Philippine Islands is authorized to issue all needful rules and regulations for carrying into effect the provisions of this and preceding sections relating to mineral lands.

SEC. 58. That whenever it shall be made to appear to the secretary of any province or the commander of any military department in the Philippine Islands that any lands within the province are saline in character, it shall be the duty of said provincial secretary or commander, under the regulations of the Government of the Philippine Islands, to take testimony in reference to such lands, to ascertain their true character, and to report the same to the secretary of the interior for the Philippine Islands; and if, upon such testimony, the secretary of the interior shall find that such lands are saline and incapable of being purchased under any of the laws relative to the public domain, then and in such case said lands shall be offered for sale at the office

of the provincial secretary or such other officer as by the said government may be described as mining recorder of the province or department in which the same shall be situated, as the case may be, under such regulations as may be prescribed by said Government and sold to the highest bidder, for cash, at a price of not less than three dollars per hectare; and in case such lands fail to sell when so offered, then the same shall be subject to private sale at such office, for cash, at a price not less than three dollars per hectare, in the same manner as other lands in the said Islands are sold. All executive proclamations relating to the sales of public saline lands shall be published in only two newspapers, one printed in the English language and one in the Spanish language, at Manila, which shall be designated by said secretary of the interior.

SEC. 59. That no Act granting lands to provinces, districts, or municipalities to aid in the construction of roads, or for other public purposes, shall be so construed as to embrace mineral lands, which, in all cases, are reserved exclusively, unless otherwise specially provided in the Act or Acts making the grant.

SEC. 60. That nothing in this Act shall be construed to affect the rights of any person, partnership, or corporation having a valid, perfected mining concession granted prior to April eleventh, eighteen hundred and ninety-nine, but all such concessions shall be conducted under the provisions of the law in force at the time they were granted, subject at all times to cancellation by reason of illegality in the procedure by which they were obtained, or for failure to comply with the conditions prescribed as requisite to their retention in the laws under which they were granted: *Provided*, That the owner or owners of every such concession shall cause the corners made by its boundaries to be distinctly marked with permanent monuments within six months after this Act has been promulgated in the Philippine Islands, and that any concessions the boundaries of which are not so marked within this period shall be free and open to explorations and purchase under the provisions of this Act.

SEC. 61. That mining rights on public lands in the Philippine Islands shall, after the passage of this Act, be acquired only in accordance with its provisions.

SEC. 62. That all proceedings for the cancellation of perfected Spanish concessions shall be conducted in the courts of the Philippine Islands having jurisdiction of the subject-matter and of the parties, unless the United States Philippine Commission, or its successors, shall create special tribunals for the determination of such controversies.

AUTHORITY FOR THE PHILIPPINE ISLANDS GOVERNMENT TO PURCHASE
LANDS OF RELIGIOUS ORDERS AND OTHERS AND ISSUE BONDS FOR
PURCHASE PRICE.

SEC. 63. That the government of the Philippine Islands is hereby authorized, subject to the limitations and conditions prescribed in this Act, to acquire, receive, hold, maintain, and convey title to real and personal property, and may acquire real estate for public uses by the exercise of the right of eminent domain.

SEC. 64. That the powers hereinbefore conferred in section sixty-three may also be exercised in respect of any lands, easements, appurtenances, and hereditaments which, on the thirteenth of August, eighteen

hundred and ninety-eight, were owned or held by associations, corporations, communities, religious orders, or private individuals in such large tracts or parcels and in such manner as in the opinion of the Commission injuriously to affect the peace and welfare of the people of the Philippine Islands. And for the purpose of providing funds to acquire the lands mentioned in this section said government of the Philippine Islands is hereby empowered to incur indebtedness, to borrow money, and to issue, and to sell at not less than par value, in gold coin of the United States of the present standard value or the equivalent in value in money of said Islands, upon such terms and conditions as it may deem best, registered or coupon bonds of said government for such amount as may be necessary, said bonds to be in denominations of fifty dollars or any multiple thereof, bearing interest at a rate not exceeding four and a half per centum per annum, payable quarterly, and to be payable at the pleasure of said government after dates named in said bonds not less than five nor more than thirty years from the date of their issue, together with interest thereon, in gold coin of the United States of the present standard value or the equivalent in value in money of said Islands; and said bonds shall be exempt from the payment of all taxes or duties of said government, or any local authority therein, or of the Government of the United States, as well as from taxation in any form by or under State, municipal, or local authority in the United States or the Philippine Islands. The moneys which may be realized or received from the issue and sale of said bonds shall be applied by the government of the Philippine Islands to the acquisition of the property authorized by this section, and to no other purposes.

SEC. 65. That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this Act: *Provided*, That all deferred payments and the interest thereon shall be payable in the money prescribed for the payment of principal and interest of the bonds authorized to be issued in payment of said lands by the preceding section and said deferred payments shall bear interest at the rate borne by the bonds. All moneys realized or received from sales or other disposition of said lands or by reason thereof shall constitute a trust fund for the payment of principal and interest of said bonds, and also constitute a sinking fund for the payment of said bonds at their maturity. Actual settlers and occupants at the time said lands are acquired by the government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said government.

MUNICIPAL BONDS FOR PUBLIC IMPROVEMENTS.

SEC. 66. That for the purpose of providing funds to construct sewers, to furnish adequate sewer and drainage facilities, to secure a sufficient supply of water, and to provide all kinds of municipal betterments and improvements in municipalities, the government of the Philippine Islands, under such limitations, terms, and conditions as it may prescribe, with the consent and approval of the President and the

Congress of the United States, may permit any municipality of said islands to incur indebtedness, borrow money, and to issue and sell (at not less than par value in gold coin of the United States) registered or coupon bonds in such amount and payable at such time as may be determined by the government of said islands, with interest thereon not to exceed five per centum per annum: *Provided*, That the entire indebtedness of any municipality under this section shall not exceed five per centum of the assessed valuation of the property in said municipality, and any obligation in excess of such limit shall be null and void.

SEC. 67. That all municipal bonds shall be in denominations of fifty dollars, or any multiple thereof, bearing interest at a rate not exceeding five per centum per annum, payable quarterly, such bonds to be payable at the pleasure of the government of the Philippine Islands, after dates named in said bonds not less than five nor more than thirty years from the date of their issue, together with the interest thereon, in gold coin of the United States of the present standard value, or its equivalent in value in money of the said Islands; and said bonds shall be exempt from the payment of all taxes or duties of the government of the Philippine Islands, or any local authority therein, or the Government of the United States.

SEC. 68. That all moneys which may be realized or received from the issue and sale of said bonds shall be utilized under authorization of the government of the Philippine Islands in providing the municipal improvements and betterment which induced the issue and sale of said bonds, and for no other purpose.

SEC. 69. That the government of the Philippine Islands shall, by the levy and collection of taxes on the municipality, its inhabitants and their property, or by other means, make adequate provision to meet the obligation of the bonds of such municipality, and shall create a sinking fund sufficient to retire them and pay the interest thereon in accordance with the terms of issue: *Provided*, That if said bonds or any portion thereof shall be paid out of the funds of the government of said islands, such municipality shall reimburse said government for the sum thus paid, and said government is hereby empowered to collect said sum by the levy and collection of taxes on such municipality.

SEC. 70. That for the purpose of providing funds to construct sewers in the city of Manila and to furnish it with an adequate sewer and drainage system and supply of water the government of the Philippine Islands, with the approval of the President of the United States first had, is hereby authorized to permit the city of Manila to incur indebtedness, to borrow money, and to issue and sell (at not less than par value in gold coin of the United States), upon such terms and conditions as it may deem best, registered or coupon bonds of the city of Manila to an amount not exceeding four million dollars lawful money of the United States, payable at such time or times as may be determined by said government, with interest thereon not to exceed five per centum per annum.

SEC. 71. That said coupon or registered bonds shall be in denominations of fifty dollars or any multiple thereof, bearing interest at a rate not exceeding five per centum per annum, payable quarterly, such bonds to be payable at the pleasure of the government of the Philippine Islands, after dates named in said bonds not less than five nor more than thirty years from the date of their issue, together with the

interest thereon in gold coin of the United States of the present standard value, or the equivalent in value in money of the said Islands; and said bonds shall be exempt from the payment of all taxes or duties of the government of the said Islands, or of any local authority therein, or of the Government of the United States.

SEC. 72. That all moneys which may be realized or received from the issue and sale of said bonds shall be utilized under authorization of said government of the Philippine Islands in providing a suitable sewer and drainage system and adequate supply of water for the city of Manila and for no other purpose.

SEC. 73. That the government of the Philippine Islands shall, by the levy and collection of taxes on the city of Manila, its inhabitants and their property, or by other means, make adequate provision to meet the obligation of said bonds and shall create a sinking fund sufficient to retire them and pay the interest thereon in accordance with the terms of issue: *Provided*, That if said bonds or any portion thereof shall be paid out of the funds of the government of said islands, said city shall reimburse said government for the sum thus paid, and said government is hereby empowered to collect said sum by the levy and collection of taxes on said city.

FRANCHISES.

SEC. 74. That the government of the Philippine Islands may grant franchises, privileges, and concessions, including the authority to exercise the right of eminent domain for the construction and operation of works of public utility and service, and may authorize said works to be constructed and maintained over and across the public property of the United States, including streets, highways, squares, and reservations, and over similar property of the government of said Islands, and may adopt rules and regulations under which the provincial and municipal governments of the islands may grant the right to use and occupy such public property belonging to said provinces or municipalities: *Provided*, That no private property shall be taken for any purpose under this section without just compensation paid or tendered therefor, and that such authority to take and occupy land shall not authorize the taking, use, or occupation of any land except such as is required for the actual necessary purposes for which the franchise is granted, and that no franchise, privilege, or concession shall be granted to any corporation except under the conditions that it shall be subject to amendment, alteration, or repeal by the Congress of the United States, and that lands or rights of use and occupation of lands thus granted shall revert to the governments by which they were respectively granted upon the termination of the franchises and concessions under which they were granted or upon their revocation or repeal. That all franchises, privileges, or concessions granted under this Act shall forbid the issue of stock or bonds except in exchange for actual cash, or for property at a fair valuation, equal to the par value of the stock or bonds so issued; shall forbid the declaring of stock or bond dividends, and, in the case of public-service corporations, shall provide for the effective regulation of the charges thereof, for the official inspection and regulation of the books and accounts of such corporations, and for the payment of a reasonable percentage of gross earnings into the treasury of the Philippine Islands or of the province or municipality within which

such franchises are granted and exercised: *Provided further*, That it shall be unlawful for any corporation organized under this Act, or for any person, company, or corporation receiving any grant, franchise, or concession from the government of said Islands, to use, employ, or contract for the labor of persons claimed or alleged to be held in involuntary servitude; and any person, company, or corporation so violating the provisions of this Act shall forfeit all charters, grants, franchises, and concessions for doing business in said Islands, and in addition shall be deemed guilty of an offense, and shall be punished by a fine of not less than ten thousand dollars.

SEC. 75. That no corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land; and it shall be unlawful for any member of a corporation engaged in agriculture or mining and for any corporation organized for any purpose except irrigation to be in any wise interested in any other corporation engaged in agriculture or in mining. Corporations, however, may loan funds upon real-estate security and purchase real estate when necessary for the collection of loans, but they shall dispose of real estate so obtained within five years after receiving the title. Corporations not organized in the Philippine Islands, and doing business therein, shall be bound by the provisions of this section so far as they are applicable.

COINAGE.

SEC. 76. That the government of the Philippine Islands is hereby authorized to establish a mint at the city of Manila, in said islands, for coinage purposes, and the coins hereinafter authorized may be coined at said mint. And the said government is hereby authorized to enact laws necessary for such establishment: *Provided*, That the laws of the United States relating to mints and coinage, so far as applicable, are hereby extended to the coinage of said islands.

SEC. 77. That the government of the Philippine Islands is authorized to coin, for use in said islands, a coin of the denomination of fifty centavos and of the weight of one hundred and ninety-two and ninth grains, a coin of the denomination of twenty centavos and of the weight of seventy-seven and sixteen one-hundredths grains, and a coin of the denomination of ten centavos and of the weight of thirty-eight and fifty-eight one-hundredths grains, and the standard of said silver coins shall be such that of one thousand parts by weight nine hundred shall be of pure metal and one hundred of alloy, and the alloy shall be of copper.

SEC. 78. That the subsidiary silver coins authorized by the preceding section shall be coined under the authority of the government of the Philippine Islands in such amounts as it may determine, with the approval of the Secretary of War of the United States, from silver bullion purchased by said government, with the approval of the Secretary of War of the United States: *Provided*, That said government may in addition and in its discretion recoin the Spanish Filipino dollars and subsidiary silver coins issued under the authority of the Span-

ish Government for use in said islands into the subsidiary coins provided for in the preceding section at such rate and under such regulations as it may prescribe, and the subsidiary silver coins authorized by this section shall be legal tender in said islands to the amount of ten dollars.

SEC. 79. That the government of the Philippine Islands is also authorized to issue minor coins of the denominations of one-half centavo, one centavo, and five centavos, and such minor coins shall be legal tender in said islands for amounts not exceeding one dollar. The alloy of the five-centavo piece shall be of copper and nickel, to be composed of three-fourths copper and one-fourth nickel. The alloy of the one-centavo and one-half-centavo pieces shall be ninety-five per centum of copper and five per centum of tin and zinc, in such proportions as shall be determined by said government. The weight of the five-centavo piece shall be seventy-seven and sixteen-hundredths grains troy, and of the one-centavo piece eighty grains troy, and of the one-half-centavo piece forty grains troy.

SEC. 80. That for the purchase of metal for the subsidiary and minor coinage, authorized by the preceding sections, an appropriation may be made by the government of the Philippine Islands from its current funds, which shall be reimbursed from the coinage under said sections; and the gain or seigniorage arising therefrom shall be paid into the treasury of said Islands.

SEC. 81. That the subsidiary and minor coinage hereinbefore authorized may be coined at the mint of the government of the Philippine Islands at Manila, or arrangements may be made by the said government with the Secretary of the Treasury of the United States for their coinage at any of the mints of the United States, at a charge covering the reasonable cost of the work.

SEC. 82. That the subsidiary and minor coinage hereinbefore authorized shall bear devices and inscriptions to be prescribed by the government of the Philippine Islands and such devices and inscriptions shall express the sovereignty of the United States, that it is a coin of the Philippine Islands, the denomination of the coin, and the year of the coinage.

SEC. 83. That the government of the Philippine Islands shall have the power to make all necessary appropriations and all proper regulations for the redemption and reissue of worn or defective coins and for carrying out all other provisions of this Act relating to coinage.

SEC. 84. That the laws relating to entry, clearance, and manifests of steamships and other vessels arriving from or going to foreign ports shall apply to voyages each way between the Philippine Islands and the United States and the possessions thereof, and all laws relating to the collection and protection of customs duties not inconsistent with the Act of Congress of March eighth, nineteen hundred and two, "temporarily to provide revenue for the Philippine Islands," shall apply in the case of vessels and goods arriving from said Islands in the United States and its aforesaid possessions.

The laws relating to seamen on foreign voyages shall apply to seamen on vessels going from the United States and its possessions aforesaid to said Islands, the customs officers there being for this purpose substituted for consular officers in foreign ports.

The provisions of chapters six and seven, title forty-eight, Revised Statutes, so far as now in force, and any amendments thereof, shall apply to vessels making voyages either way between ports of the

United States or its aforesaid possessions and ports in said Islands; and the provisions of law relating to the public health and quarantine shall apply in the case of all vessels entering a port of the United States or its aforesaid possessions from said Islands, where the customs officers at the port of departure shall perform the duties required by such law of consular officers in foreign ports.

Section three thousand and five, Revised Statutes, as amended, and other existing laws concerning the transit of merchandise through the United States, shall apply to merchandise arriving at any port of the United States destined for any of its insular and continental possessions, or destined from any of them to foreign countries.

Nothing in this Act shall be held to repeal or alter any part of the Act of March eighth, nineteen hundred and two, aforesaid, or to apply to Guam, Tutuila, or Manua, except that section eight of an Act entitled "An Act to revise and amend the tariff laws of the Philippine Archipelago," enacted by the Philippine Commission on the seventeenth of September, nineteen hundred and one, and approved by an Act entitled "An Act temporarily to provide revenues for the Philippine Islands, and for other purposes," approved March eighth, nineteen hundred and two, is hereby amended so as to authorize the Civil Governor thereof in his discretion to establish the equivalent rates of the money in circulation in said Islands with the money of the United States as often as once in ten days.

SEC. 85. That the treasury of the Philippine Islands and such banking associations in said islands with a paid up capital of not less than two million dollars and chartered by the United States or any State thereof as may be designated by the Secretary of War and the Secretary of the Treasury of the United States shall be depositories of public money of the United States, subject to the provisions of existing law governing such depositories in the United States: *Provided*, That the treasury of the government of said islands shall not be required to deposit bonds in the Treasury of the United States, or to give other specific securities for the safe-keeping of public money except as prescribed, in his discretion, by the Secretary of War.

SEC. 86. That all laws passed by the government of the Philippine Islands shall be reported to Congress, which hereby reserves the power and authority to annul the same, and the Philippine Commission is hereby directed to make annual report of all its receipts and expenditures to the Secretary of War.

BUREAU OF INSULAR AFFAIRS.

SEC. 87. That the Division of Insular Affairs of the War Department, organized by the Secretary of War, is hereby continued until otherwise provided, and shall hereafter be known as the Bureau of Insular Affairs of the War Department. The business assigned to said Bureau shall embrace all matters pertaining to civil government in the island possessions of the United States subject to the jurisdiction of the War Department; and the Secretary of War is hereby authorized to detail an officer of the Army whom he may consider especially well qualified, to act under the authority of the Secretary of War as the chief of said Bureau; and said officer while acting under said detail shall have the rank, pay, and allowances of a colonel.

SEC. 88. That all Acts and parts of Acts inconsistent with this Act are hereby repealed.

Approved July 1, 1902.

[PUBLIC—No. 137.]

An Act To establish a standard of value and to provide for a coinage system in the Philippine Islands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the unit of value in the Philippine Islands shall be the gold peso consisting of twelve and nine-tenths grains of gold, nine-tenths fine, said gold peso to become the unit of value when the government of the Philippine Islands shall have coined and ready for, or in, circulation not less than five million of the silver pesos hereinafter provided for in this Act, and the gold coins of the United States at the rate of one dollar for two pesos hereinafter authorized to be coined shall be legal tender for all debts, public and private, in the Philippine Islands.

SEC. 2. That in addition to the coinage authorized for use in the Philippine Islands by the Act of July first, nineteen hundred and two, entitled "An Act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," the government of the Philippine Islands is authorized to coin to an amount not exceeding seventy-five million pesos, for use in said islands, a silver coin of the denomination of one peso and of the weight of four hundred and sixteen grains, and the standard of said silver coins shall be such that of one thousand parts, by weight, nine hundred shall be of pure metal and one hundred of alloy, and the alloy shall be of copper.

SEC. 3. That the silver Philippine peso authorized by this Act shall be legal tender in the Philippine Islands for all debts, public and private, unless otherwise specifically provided by contract: *Provided,* That debts contracted prior to the thirty-first day of December, nineteen hundred and three, may be paid in the legal-tender currency of said islands existing at the time of the making of said contracts, unless otherwise expressly provided by contract.

SEC. 4. That section seventy-seven of the Act of July first, nineteen hundred and two, is hereby amended so that it shall read:

"SEC. 77. That the government of the Philippine Islands is authorized to coin for use in said islands a coin of the denomination of fifty centavos and of the weight of two hundred and eight grains, a coin of the denomination of twenty centavos and of the weight of eighty-three and ten one-hundredths grains, and a coin of the denomination of ten centavos and of the weight of forty-one and fifty-five one-hundredths grains; and the standard of said silver coins shall be such that of one thousand parts, by weight, nine hundred shall be of pure metal and one hundred of alloy, and the alloy shall be of copper."

SEC. 5. That the Philippine peso herein authorized and the subsidiary silver coins authorized by section seventy-seven of the Act of July first, nineteen hundred and two, as amended by the preceding section of this Act, shall be coined under the authority of the government of the Philippine Islands in such amounts as it may determine, with the approval of the Secretary of War of the United States, except as limited in section two of this Act, from silver bullion purchased by

said government, with the approval of the Secretary of War of the United States: *Provided*, That said government may, in its discretion, in lieu of the purchase of bullion, recoin any of the silver coins now in or hereafter received by the treasury of the government of the Philippine Islands into the coins provided for in this Act or in the Act of July first, nineteen hundred and two, as herein amended, at such rate and under such regulations as it may prescribe; and the subsidiary silver coins authorized by this Act and by the Act of July first, nineteen hundred and two, shall be legal tender in said islands to the amount of ten dollars.

SEC. 6. That the coinage authorized by this Act shall be subject to the conditions and limitations of the provisions of the Act of July first, nineteen hundred and two, entitled "An Act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," except as herein otherwise provided; and the government of the Philippine Islands may adopt such measures as it may deem proper, not inconsistent with said Act of July first, nineteen hundred and two, to maintain the value of the silver Philippine peso at the rate of one gold peso, and in order to maintain such parity between said silver Philippine pesos and the gold pesos herein provided for, and for no other purpose, may issue temporary certificates of indebtedness, bearing interest at a rate not to exceed four per centum annually, payable at periods of three months or more, but not later than one year from the date of issue, which shall be in the denominations of twenty-five dollars, or fifty pesos, or some multiple of such sum, and shall be redeemable in gold coin of the United States, or in lawful money of said islands, according to the terms of issue prescribed by the government of said islands; but the amount of such certificates outstanding at any one time shall not exceed ten million dollars, or twenty million pesos, and said certificates shall be exempt from the payment of all taxes or duties of the government of the Philippine Islands, or any local authority therein, or of the Government of the United States, as well as from taxation in any form by or under any State, municipal, or local authority in the United States or the Philippine Islands: *Provided*, That all the proceeds of said certificates shall be used exclusively for the maintenance of said parity, as herein provided, and for no other purpose, except that a sum not exceeding three million dollars at any one time may be used as a continuing credit for the purchase of silver bullion in execution of the provisions of this Act.

SEC. 7. That the Mexican silver dollar now in use in the Philippine Islands and the silver coins heretofore issued by the Spanish Government for use in said islands shall be receivable for public dues at a rate to be fixed from time to time by the proclamation of the civil governor of said islands until such date, not earlier than the first day of January, nineteen hundred and four, as may be fixed by public proclamation of said civil governor, when such coins shall cease to be so receivable: *Provided*, That the public offices of the government of said islands shall give a preference for all public dues to the silver pesos and the silver certificates authorized by this Act, and may at any time refuse to receive such Mexican dollars and Spanish coins as may appear to be counterfeit or defective.

SEC. 8. That the treasurer of the Philippine Islands is hereby authorized, in his discretion, to receive deposits of the standard silver coins

of one peso authorized by this Act to be coined, at the treasury of the government of said islands or any of its branches, in sums of not less than twenty pesos, and to issue silver certificates therefor in denominations of not less than two nor more than ten pesos, and coin so deposited shall be retained in the treasury and held for the payment of such certificates on demand, and used for no other purpose. Such certificates shall be receivable for customs, taxes, and for all public dues in the Philippine Islands, and when so received may be reissued, and when held by any banking association in said islands may be counted as a part of its lawful reserve.

SEC. 9. That for the purchase of metal for the silver Philippine peso authorized by this Act, an appropriation may be made by the government of the Philippine Islands from its current funds, or as hereinbefore authorized, which shall be reimbursed from the coinage under said sections.

SEC. 10. That the silver Philippine pesos hereinbefore authorized may be coined at the mint of the government of the Philippine Islands at Manila, or arrangements may be made by the said government with the Secretary of the Treasury of the United States for their coinage or any portion thereof at any of the mints of the United States, at a charge covering the reasonable cost of the work.

SEC. 11. That the silver Philippine peso hereinbefore authorized shall bear devices and inscriptions to be prescribed by the government of the Philippine Islands, and such devices and inscriptions shall express the sovereignty of the United States, that it is a coin of the Philippine Islands, the denomination of the coin, and the year of the coinage.

SEC. 12. That the Secretary of the Treasury is hereby authorized and directed, when requested by the government of the Philippine Islands, to cause to be made and prepared any drawings, designs, and plates, and execute any coinage, engraving, or printing of notes and certificates authorized by this Act, and to make a proper charge for the same, covering as nearly as may be the actual cost, which shall be defrayed from the revenues of said islands.

SEC. 13. That section seventy-eight of the Act of July first, nineteen hundred and two, and all Acts and parts of Acts inconsistent with the provisions of this Act, and all provisions of law in force in the Philippine Islands making any form of money legal tender after December thirty-first, nineteen hundred and three, except as provided in this Act, are hereby repealed.

Approved, March 2, 1903.

ANNUAL REPORT
OF THE
PHILIPPINE COMMISSION
TO THE
SECRETARY OF WAR.

MANILA, P. I., *December 23, 1903.*

SIR: The Philippine Commission has the honor to submit to you its fourth annual report, which is accompanied by the reports of the civil governor, the secretary of commerce and police, the secretary of finance and justice, the secretary of the interior, and the secretary of public instruction. The reports were delayed, due to absence and illness of two or three of the Commission, and cover varying periods. The report of the Commission extends over a period from November 1, 1902, to December 22, 1903.

The conditions of the islands as to tranquillity are quite equal, so far as peace and good order are concerned, to what they were at any time during the Spanish régime. There are centers of disturbance in the Moro country, but they do not offer any difficulty in their removal. The conditions in the Jolo group are shown in the special report of Major-General Wood, governor of the Moro Province, and in the report of the civil governor. The Commission concurs in the recommendation of the civil governor and General Wood that the sultan and datos signing the so-called Bates treaty be notified that its terms are no longer binding on the United States or the Philippine government, and that the Jolo group and all its inhabitants, including the sultan of Jolo and the signing datos, are entirely subject to the Philippine government act and laws passed in accordance therewith.

The condition as to the food supply in the Archipelago has been dealt with at length by the civil governor in his report to the Commission, and it is sufficient to say that the \$3,000,000 voted by Congress were exceedingly useful in aiding the islands to meet emergencies which grew much more serious than they were supposed to be at the time the appropriation was made. The recovery from the disastrous loss of cattle through the rinderpest must of necessity be slow, and it

can not be said as yet that the Commission has reached a satisfactory solution of the difficulty, or that it can be certain that with the remainder of the \$3,000,000 it may greatly alleviate the embarrassment in agriculture due to the absence of draft cattle. Still, experiments will be continued, and it may be that a remedy will be found. The civil governor in his report to the Commission has set forth at length the dispositions which have been made of the money which has been expended or appropriated out of the \$3,000,000 relief fund. The law requires that the civil governor should give an account of this expenditure to the Secretary of War. There is appended to the report of the civil governor to the Commission a detailed statement of expenditures by the auditor so far as it can be made down to the date of his report. In order to prevent a duplication of matter which was properly part of the Commission's report to the Secretary of War, it is hoped that the report of the civil governor with the auditor's statement will be regarded as a sufficient compliance with the law.

The revenues of the islands were maintained for the last fiscal year, and the balance of trade for the year with respect to the islands was much more favorable. The balance of trade against the islands in merchandise was a little over \$8,000,000 for the fiscal year ending June 30, 1902. For the fiscal year ending June 30, 1903, it was about \$150,000 in favor of the islands, and this in spite of the importation of \$10,000,000 gold of rice, an increase of nearly four millions over last year's importation.

The conditions with respect to sugar and tobacco continue to be very unfavorable, and the arguments in favor of a reduction of the Dingley tariff upon these articles, to 25 per cent of the rates of that tariff on sugar and tobacco from the Philippines, grow stronger instead of weaker.

On the 22d of December, 1903, contracts were signed with the owners of the so-called friars' lands and by the civil governor, with the approval and consent of the Commission and the Secretary of War, by which, for a lump sum of \$7,239,000, more or less, all the agricultural holdings of the friars in the Philippines were agreed to be transferred to the Philippine government, except about 10,000 acres, the reason for the exception of which is stated in the report of the civil governor. By these contracts, when consummated, something more than 400,000 acres, three-fifths of which have been highly cultivated land and are thickly inhabited by thousands of tenants, will be transferred to the Government. This step has been recommended by the Commission in its previous reports, by the Paris Peace Commission, and by the Schurman Commission as important in producing permanent tranquillity in the islands. Many of the tenants have urged the purchase upon the Government.

The Commission is in a position to say that the number of Spanish friars in the islands is being gradually reduced, so that out of more than 1,000 that were here in 1898 there were but 370 on December 1, 1902, and now there are but 246; that of these a number are infirm and unable to do parish work, and that 83 Dominicans have renounced parish work altogether with the Holy See, and that the policy of the church, therefore, in not sending back to the parishes Spanish friars where it can be avoided, or where they will not be well received by the people, has been sufficiently shown by the facts. The intention of the Roman Catholic Church to Americanize the church in the Philippines is also shown by the appointment of American Catholic bishops and one Filipino bishop to fill the episcopal see of the islands. Not one Spanish friar bishop remains. It is also understood from the correspondence with Cardinal Rampolla and subsequent information received, that of the money to be paid under the purchase to the religious orders by present owners, a large part will be devoted to church purposes in the islands by the supreme authority of the church. It can be safely stated, therefore, that the most important of the matters which the President and the Secretary of War proposed to adjust by sending the civil governor to Rome to confer concerning matters of difference between the Roman Church and the Philippine government have been adjusted, or are on a fair way to satisfactory settlement.

There still remain the fixing of the amount due for rent of and damages to buildings belonging to the church, occupied by United States troops, from the United States Government, and the adjustment of certain trusts, the character of which, as to being secular or religious, is in dispute.

The disposition of the friars' lands agreed to be purchased will entail a very heavy burden upon the Philippine government, but it is thought that in the course of ten or fifteen years the distribution of the lands can be successfully effected to those now lawfully in possession as tenants. The history of the negotiations for the purchase are fully set forth in the report of the civil governor.

The income from customs and other regular taxes has been falling off for the last six months, and there is some reason to expect that the income for the year ending June 30, 1904, will be considerably less than that for the year ending June 30, 1903. Much of the money which has been expended during the current eighteen months has been applied to permanent improvements or to extraordinary expenditures like the cholera (\$300,000), the census (\$694,000), and the St. Louis Exposition (\$575,000); \$2,500,000 have been expended or are under appropriation for extensive port works. It is quite possible that with the pressure for enlargement in the branches of public education and in other bureaus which call for expansion there will be a deficit dur-

ing a period of reduced income, due to the depressed condition of agriculture. If provision should be made by which the Commission could issue bonds to pay for permanent improvements, like port works or the construction of heavy bridges or other works of great utility usually paid for under other governments by bond issues, the embarrassment of a deficit could certainly be avoided. It is thought that it would not be extending too great power to the Commission, with the consent of the President of the United States and the Secretary of War, from time to time to issue bonds not exceeding in the aggregate \$5,000,000 to pay the cost of permanent improvements like the construction of port works or bridges or of large provincial or city schoolhouses. For the latter purpose, that of schoolhouses, two or three millions of dollars might easily be spent and not one dollar wasted. The crying need throughout the islands is school capacity, and the chief cause for the fact that only about 10 per cent of the children of school age attend the public schools is the limitation upon the schoolroom. The erection of handsome, permanent, airy, and healthy schoolhouses would have an excellent effect both in enlarging the school capacity and in giving ocular demonstration of the importance which the government attaches to the general system of education.

Section 66 of the so-called Philippine act of Congress provides:

That for the purpose of providing funds to construct sewers, to furnish adequate sewer and drainage facilities, to secure a sufficient supply of water, and to provide all kinds of municipal betterments and improvements in municipalities, the government of the Philippine Islands, under such limitations, terms, and conditions as it may prescribe, with the consent and approval of the President and the Congress of the United States, may permit any municipality of said islands to incur indebtedness, borrow money, and to issue and sell (at not less than par value in gold coin of the United States) registered or coupon bonds in such amount and payable at such time as may be determined by the government of said islands, with interest thereon not to exceed five per centum per annum: *Provided*, That the entire indebtedness of any municipality under this section shall not exceed five per centum of the assessed valuation of the property in said municipality, and any obligation in excess of such limit shall be null and void.

It seems to the Commission that section 66 ought to be amended by striking out the words "and the Congress of the United States," contained in the seventh line thereof, and that with the continuance of the limitation that the bond issue shall not exceed 5 per cent of the assessed valuation of the property in the municipality, the requirement that the Commission and the President shall approve the bond issue before it can be made will be a quite sufficient barrier against abuse of the power. The cumbersomeness of the requirement that Congress shall be applied to for the issuing of bonds for any one of the nine hundred different towns of the Archipelago, will, it seems to us, at once strike the impartial observer. The limitation of 5 per cent

upon the assessed valuation is of itself a very great one, and in many instances will prevent the making of useful improvements by means of a bond issue, but such as the authority is, it ought not to be restricted by a further burdensome requirement that we should go to Congress for assistance in the case of each municipality. It is sincerely hoped that there are many municipalities in which, by a bond issue of this sort, a healthful water supply could be obtained either by gravity or sunken wells, and the Commission is earnestly desirous of beginning this work as soon as possible.

Attention was called in the last report of the Commission to the fact that in the case of the bonds to be issued in the payment of the friars' lands, their exemption was made to extend not only to Federal and Philippine taxes, but also to the taxation of States, counties, and municipalities of the United States, and that by this means it was made possible to secure a very much lower rate of interest than without the exemption from State, municipal, and county taxation in the United States. With respect to the bonds to be issued to pay for the sewer and water supply systems in Manila, the exemption did not include that from State, county, and municipal taxation. As the whole effort of the Government of the United States in these islands is a national one, it does not appear to the Commission why a distinction should be made, and it is again urgently recommended that all bonds to be issued by virtue of the Philippine act should be exempt not only from Federal and Philippine taxation, but also from State, and municipal, and county taxation.

The operation of the coastwise trade laws of the United States, in respect to trade between the islands of the Philippine Archipelago and to trade between those islands and the mainland of the United States, have been suspended by act of Congress until July 1, 1904. If Congress were to take no action and to allow the coastwise navigation laws to become applicable to the interisland trade of these islands and to the trade between the islands and the United States as they now are, most disastrous results would follow. It is earnestly recommended that the regulation of the coastwise trade, so far as it relates to the trade between the islands of the Philippine Archipelago, be left wholly to the discretion of the Philippine Commission, subject to the approval of the Secretary of War and the President of the United States, and that the trade between the islands and the mainland of the United States be continued as at present by suspending the application of the trading laws of the United States for five years longer, to wit, until July 1, 1909. The reasons for this recommendation will be found set forth in the report of the civil governor, and still more in detail in the reports of the secretary of finance and justice and the reports of the insular collector of customs, Mr. W. Morgan Shuster.

Since the above was written, it has come to the knowledge of the Commission that a bill has been introduced in Congress applying the coastwise law to trade between the islands and the mainland of the United States. The danger from this of increasing the freight rates and thus imposing an additional burden upon the trade of the islands must be obvious to anyone who has examined the facts with respect to the percentage of the business now done between the islands and the mainland of the United States in American bottoms. The Commission, of course, can not present any objection to legislation which shall unite more closely the Philippine Islands with the United States in bonds of amity and mutually beneficial business relations, but it most urgently and earnestly invites your attention, and that of Congress, to the great injustice which will be done to the islands if the law which limits the means of communication to American bottoms between the United States and the Philippine Islands does not at the same time and as a consideration for this interference with the natural laws of trade and the necessary increase of freight rates, strike down the tariff wall made by the Dingley tariff in the matter of the importation of sugar and tobacco from the islands to the mainland. The people of the islands may well ask, "What advantage are we to get out of association with the United States in a business way, if our trade is to be used only for the purpose of increasing the business of American ships while the limitation of the coastwise laws by increasing the freight rates will reduce the business that we now have with that country?"

Does not every consideration of justice require that if the Philippine Islands are to be treated as a part of the United States and subject to the coastwise laws, they should enjoy the same freedom of trade with the United States which is enjoyed by every other part of the United States to which those coastwise laws are made applicable?

We respectfully urge, therefore, that as a condition and as a consideration for making the trade between the islands and the United States coastwise trade, the duty on sugar and tobacco should be reduced to not more than 25 per cent of the Dingley rates.

Now that conditions of tranquility have been completely restored to the islands, the time has arrived for the material improvements in the islands by great works of construction, and especially the building of railroads. In tropical countries the cost of construction and maintenance of a railroad is much less in comparison with that of the construction and maintenance of a wagon road than in the temperate zone. The effect of the torrential rains on wagon roads is so destructive that their maintenance each year is almost equal to their original cost of construction in many places in the Philippine Islands where good road material is difficult to obtain. It becomes therefore more important in these islands to have railroads than wagon roads, and we believe

sincerely that the stimulation of the construction of railroads by Government guaranty of a certain income is fully warranted.

We are opposed to the granting of lands as a subsidy for the construction of roads, and favor the definite fixing of the Government liability by guaranty of the income on a fixed investment. In this way we feel certain that the construction of a large part of the needed trunk lines in the islands can be brought about. In our view a guaranty of income not exceeding 4 per cent is all that is required, and in many instances a grant of less than that will supply the needed capital. We think that the making of such guaranties might well be left to the Commission, with the approval of the Secretary of War and the President of the United States.

The Commission retains its opinion already expressed that the limitation upon the holding of land in the islands by corporations to 2,500 acres is a needless hindrance to the development of the islands, and that the limitation ought either to be removed entirely or to be increased so as to allow the acquisition of at least 25,000 acres of land. In cases in which, in order to justify the expenditure of the amount of capital required to conduct sugar and other agricultural industries on a paying basis, a very large amount of money is needed, the restriction of corporations to the ownership of 2,500 acres is practically prohibitory upon such enterprises.

Again, the chief of the mining bureau and the secretary of the interior recommend that the provision of the present mining laws which prevents the location of more than one claim by a single individual or association upon a lode or deposit should be stricken out. The Commission entirely concurs in this view. Attention is also called to the fact that that part of the Philippine act which relates to mining needs some amendments of smaller importance, but which are quite necessary. Thus, both standards of measurement are used in the act, whereas the metric system alone ought to be used. Again, the recording of mining claims is forbidden without certain requisites. The chief of the bureau is strongly of opinion that all such claims ought to be recorded, and then their legal effect after recording should be left to the courts. He thinks the present provision intrusts too much power to the recording officer.

The Commission therefore has the honor to recommend that Congress be requested to enact legislation as follows:

First. Legislation which shall reduce the tariff on sugar and tobacco imported from the Philippine Islands to not more than 25 per cent of the present Dingley rates on tobacco and sugar imported from foreign countries.

Second. Legislation authorizing the Philippine Commission, with the approval of the President and the Secretary of War, to issue bonds

from time to time, which shall not in the aggregate sum exceed \$5,000,000, for the making of future permanent improvements.

Third. An amendment to section 66 of an act entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," by which the consent of Congress to issue the bonds therein provided for may not be required.

Fourth. Legislation providing that all bonds authorized to be issued by the Philippine government or any provincial or municipal government thereof by act of Congress shall be made exempt not only from Federal and Philippine taxation, but from State, county, and municipal taxation in the United States.

Fifth. That control over the shipping in the trade between the islands shall be left wholly to the discretion of the Philippine Commission, subject to the approval of the President and the Secretary of War.

Sixth. That the application of the United States coastwise navigation laws to the trade between the Philippine Islands and the mainland of the United States be postponed by Congressional action until July 1, 1909; or, in the alternative, that the coastwise laws of the United States be not made applicable to the trade between the islands and the mainland of the United States, except with a proviso or condition that the rates upon imports from the Philippine Islands into the United States shall not pay duty in excess of 25 per cent of the rates on such merchandise imposed by the Dingley tariff.

Seventh. That authority be given by Congressional act to the Philippine Commission, with the approval of the President and the Secretary of War, to encourage the investment of capital in the construction of railroads for the Philippine Islands by accompanying the grants of franchises to build railroads, in cases where it is deemed necessary, with a guaranty by the Philippine government of income on the amount of the investment to be fixed in advance in the act of guaranty, the amount of income guaranteed not to exceed annually 4 per cent of the fixed principal.

Eighth. That the amount of land which may be acquired, owned, and used for agricultural purposes in the Philippines by any individual or corporation shall be extended to 25,000 acres.

Ninth. That the clause which forbids the filing of more than one mining claim by the same individual or association upon a lode or deposit be repealed.

Tenth. That the provisions of the Philippine act entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," which apply to mining claims, and the procedure in filing them, shall be so amended that only the metric system of distances shall be used, and

shall also be so amended that mining claims shall be filed whether properly executed according to law or not, the effect of their execution and record to be left to future adjudication.

Respectfully submitted.

WM. H. TAFT, *President.*

For—

DEAN C. WORCESTER,
LUKE E. WRIGHT,
HENRY C. IDE,
T. H. PARDO DE TAVERA,
BENITO LEGARDA,
JOSÉ LUZURIAGA,
JAMES F. SMITH,
Commissioners.

The honorable the SECRETARY OF WAR.

Washington, D. C.

REPORT OF THE CIVIL GOVERNOR FOR THE PERIOD ENDING DECEMBER 23, 1903.

MANILA, P. I., *November 15, 1903.*

GENTLEMEN: I have the honor to submit a report to you on the general conditions in the islands and on the affairs of the bureaus which by law are under the direct supervision of the civil governor. The report of last year, upon the subjects treated in this report generally, covered a period ending October 1, 1902. I shall attempt to make this report cover the period ending December 23, 1903.

This has been a year of considerable suffering among the people of the Philippine Islands. The depressing causes referred to in my last report united to bring on in July and August last a short food supply. The worst has passed, and while the immediate future is not as bright as it might be, I believe that we are beginning an era in the history of the islands which, with the assistance of proper tariff reduction in the United States and proper navigation laws for the islands, will be one of decided material development.

In November, 1902, the price of rice rose rapidly in Manila and the provinces, and authentic information reached the Commission that a syndicate had been formed by certain merchants of Manila and elsewhere to effect a corner in this food of the people and to control its price. The situation warranted extraordinary action to prevent hardship and suffering. On the 4th of November, 1902, therefore, the Commission passed Act No. 495, a copy of which is appended under Exhibit A, appropriating \$2,000,000 Mexican to defray the expense of buying and distributing rice at a reasonable price to the inhabitants of those provinces in which the market price was too high. By the terms of the law the rice was bought under direction of the civil governor and was distributed under the orders of the same officer for cash and at a price which would cover cost and all expenses. Subsequently the restriction as to price was repealed. In attempting to buy rice in Saigon, the source of rice supply nearest to the Philippines, the Commission was informed that the supply from there was exhausted. Thereupon application was made to the consul at Bangkok for Siam rice and also to the consul at Calcutta for Calcutta rice.

It was found necessary to go into these distant markets because the syndicate evidently controlled the Saigon market.

The purchases of rice, with the cost of storing, distribution, and wastage, did not prove to be profitable as a mere investment. An especially severe loss was suffered in the rice purchased at Calcutta. We bought there what was called "first-class famine rice." On arrival this proved to be an inferior quality of red rice, which soon developed weevils and in its deteriorating condition had to be sold at a considerable loss. It was probably necessary to go as far as Calcutta to break the corner, but it would have been wiser to buy a better quality of rice.

None of the rice in question was given away; it was held in Manila and sent to the various provinces as word was received from the governors that the local dealers were raising the price of rice beyond what was reasonable. Our purchases in Siam and Calcutta broke the corner, and rice fell in price. It then became necessary to dispose of the rice on hand to dealers in Manila and in other parts of the Archipelago at such price as could be obtained. A large part of the Calcutta purchase was sold to a firm having control of certain small coastwise steamers of small draft which plied from port to port and peddled out cargoes of the poor rice through Chinamen. The contract of sale forbade under bond penalty, disposition of the rice at a price greater than \$6.50 Mexican per picul of 137½ pounds, plus actual cost of freight. This was not an unreasonable price for that quality of rice in the provinces.

| | |
|---|-------------------|
| The purchases of rice under Act No. 495 in Mexican money amounted | |
| to | \$1, 815, 974. 81 |
| And the sales amounted to..... | 1, 567, 642. 00 |
| | <hr/> |
| Loss from wastage and poor Calcutta rice | 248, 332. 81 |

The details of these Government transactions can be seen by reference to the report of the insular purchasing agent, made an exhibit hereto, marked Exhibit B. On the purchase under Act 495 the loss to the Government, at the then prevailing rate, was thus about \$100,000 gold. Considering that by this action rice at a reasonable price was secured to six millions of people for one season when they were threatened with starvation prices, the money was not badly spent. The losses sustained by the syndicate who attempted the corner was sufficient to prevent another combination of the kind. It will be noted that the money spent under Act No. 495 was appropriated from the general funds of the insular treasury, and did not come out of the three millions appropriated by act of Congress for relief of the distress in the islands, subsequently passed.

Anticipating that the small rice acreage, due to the absence of cattle and other causes, would not be sufficient to furnish food enough for

the inhabitants during the year 1903, the Commission passed an act to provide against the danger of famine dated November 12, 1902, and numbered 517. By this act it was made the duty of municipal presidents in all the towns of the islands to call meetings of the people of their respective towns, and to urge them at once to take steps to secure the necessary seed and to plant quick-growing crops of corn, camotes (i. e., sweet potatoes), rice, and other food plants. Each president was authorized temporarily to allot public land within his town to citizens of the town for the purpose of planting seed and of reaping the crop. The act further authorized provincial boards to buy seed and sell it where needed to the towns, to be sold again to the inhabitants, with authority to furnish the indigent with seed and to collect the equivalent of the same from the crop. Monthly reports of their proceedings under the act were required from the municipal presidents and provincial governors. The civil governor was required to bring the terms of the act to the attention of the people by proclamation.

The proclamation was issued in accordance with the act, and reports from the various provinces justify the statement that the act stimulated the planting of many different kinds of food-making plants and prevented much of the suffering which would have been caused by the short food supply. In parts of the islands the municipal councils exceeded their authority and made the failure to plant crops criminal offenses, and punished persons by imprisonment in jail for failure to attend to the provisions of this act and to raise the crops as the councils thought they ought. Executive action had to be taken to prevent such abuses. From the 1st of January until late in August there was a drought in the islands of unusual length, which interfered with the successful reaping of many of the crops planted under Act No. 517; and with the drought a pest of locusts came that bade fair to consume every part of the food supply that grew above the ground. Locusts have visited some provinces in the islands for two or three years past, but during this year every province seems to have been afflicted with them. In a normal state of agriculture, with the acreage of planted crops what it was before 1896, every *hacendero* or farmer, the moment that locusts appeared, had the strongest motive for uniting all the people in the suppression of the pest. If locusts are promptly attacked, driven into ditches and burned before their wings are grown, and when they are what are called "loctones" or hoppers, they can be destroyed and the losses which they cause as flying insects may be avoided. The difficulty during the past year has been that comparatively so little of the land has been cultivated that the motive for the influential *hacendero* and landowner to make great efforts to kill the locusts has not existed. The Commission became convinced from official reports received that some radical action must be taken

to rouse the people to suppress the locusts. Accordingly Act No. 817, declaring the presence of locusts to be a public emergency and making provision for their suppression, was enacted on the 3d of August, 1903. By this act a board for the suppression of locusts was provided in each province, to consist of the three members of the provincial board and three agriculturalists. In each province in which locusts appeared, every able-bodied inhabitant, with a few necessary exceptions, was declared liable for service under regulations of the board, which might require the inhabitants to assemble "en masse" to suppress the pest, or might make it the duty of each inhabitant to deliver to an agent of the board a certain number of bushels of locusts a day. The municipal officers were made subject to the orders of the board, and they were required at once to give notice of the presence of locusts in any barrio of a town to the agents of the board. The board was authorized to distribute rice to those engaged in the work of suppressing locusts who were unable to support themselves during their service, and this rice, it was provided, the civil governor should purchase at the expense of the Congressional relief fund and distribute to the various provinces. Any person failing to comply with lawful regulations of the board was made subject to prosecution and a fine of \$10 or ten days imprisonment, or both. The board was also authorized to procure from the civil governor sheets of galvanized iron to be distributed to each town, and to be used as a means of obstructing the escape of locusts and of driving them into prepared ditches. These sheets of iron were also to be paid for from the Congressional relief fund.

Money has been drawn from the Congressional relief fund by virtue of Acts Nos. 738, 786, and 797, and under resolutions of the Commission adopted in accordance with the provisions of the last act. The three acts and the resolutions passed are appended to this report under Exhibit A. It was thought wise to buy rice and distribute it in the provinces to be used not only to pay for the destruction of locusts, but also for the payment of labor on the roads, for the labor in the erection of barrio schoolhouses and other public works, the construction of which in districts where the food supply was short would furnish means of living to the poor and indigent. Rice for this purpose proved generally to be better than money, because money earned and paid was too often lost in gambling, the prevailing vice among the Filipino people, whether rich or poor. Rice generally reached the mouths it was intended for.

We have purchased under Acts 786 and 797 from Congressional relief funds, rice amounting to 16,552,487 pounds, costing \$732,790.13 Mexican currency, and 8,455,524 pounds, costing \$348,931.93 Philippine currency. Of this 19,994,565 pounds have been distributed down to November 30 of this year, and we have on hand 5,013,446 pounds. Probably no more than this will be needed for the present year.

The following table shows the provinces to which the rice has been distributed and the purposes to which it has been devoted:

| Province. | Piculs (137½ pounds to picul). | Days wages in driving and destroying locusts. | Repairing and constructing roads. | For sale to prevent exorbitant prices. | Barrio school-houses. | Iron for locusts (sheets). | Netting for catching locusts. |
|-------------------------|--------------------------------|---|-----------------------------------|--|-----------------------|----------------------------|-------------------------------|
| Abra | 2,000 | 1,000 | ..... | 1,000 | ..... | 400 | ..... |
| Albay | 5,000 | 500 | 4,500 | ..... | ..... | ..... | ..... |
| Ambos Camarines | 4,500 | ..... | 3,000 | ..... | 1,500 | ..... | ..... |
| Antique | 1,250 | 750 | 500 | ..... | ..... | 500 | ..... |
| Bataan ..... | ..... | ..... | ..... | ..... | ..... | 100 | ..... |
| Batangas | 12,000 | 4,000 | 3,000 | ..... | 5,000 | 300 | ..... |
| Benguet | 500 | ..... | 500 | ..... | ..... | ..... | ..... |
| Bulacan | 10,000 | 2,000 | 8,000 | ..... | ..... | 500 | 1,000 |
| Cagayan ..... | ..... | ..... | ..... | ..... | ..... | 100 | ..... |
| Capiz | 5,000 | 1,000 | 3,000 | ..... | 1,000 | 500 | ..... |
| Cavite | 6,000 | 1,000 | 5,000 | ..... | ..... | 100 | ..... |
| Cebu | 5,000 | ..... | 5,000 | ..... | ..... | 1,000 | ..... |
| Ilocos Norte | 9,700 | 1,000 | 6,200 | ..... | 2,500 | ..... | ..... |
| Ilocos Sur | 2,000 | 2,000 | ..... | ..... | ..... | 500 | ..... |
| Iloilo | 12,500 | 2,500 | 10,000 | ..... | ..... | 1,500 | ..... |
| La Laguna | 820 | 820 | ..... | ..... | ..... | 100 | ..... |
| La Union | 2,000 | 1,000 | ..... | 1,000 | ..... | 500 | ..... |
| Lepanto-Bontoc | 103 | 51 | 52 | ..... | ..... | ..... | ..... |
| Masbate | 1,000 | ..... | 1,000 | ..... | ..... | ..... | ..... |
| Mindoro | 5,000 | ..... | 3,000 | ..... | 2,000 | ..... | ..... |
| Misamis | 3,500 | 500 | 3,000 | ..... | ..... | 500 | ..... |
| Moro | 100 | ..... | 100 | ..... | ..... | ..... | ..... |
| Negros Occidental | 8,000 | 4,000 | 4,000 | ..... | ..... | 1,600 | ..... |
| Negros Oriental | 8,500 | 4,000 | ..... | 3,000 | 1,500 | 500 | ..... |
| Nueva Ecija | 4,500 | 2,000 | 2,500 | ..... | ..... | 1,600 | ..... |
| Nueva Vizcaya ..... | ..... | ..... | ..... | ..... | ..... | 500 | ..... |
| Pampanga | 5,000 | 1,000 | 4,000 | ..... | ..... | 600 | ..... |
| Pangasinan | 100 | 100 | ..... | ..... | ..... | 100 | ..... |
| Rizal | 400 | ..... | 400 | ..... | ..... | ..... | ..... |
| Romblon | 2,000 | ..... | ..... | 2,000 | ..... | ..... | ..... |
| Samar | 2,000 | ..... | 2,000 | ..... | ..... | ..... | ..... |
| Sorsogon | 4,000 | ..... | 4,000 | ..... | ..... | ..... | ..... |
| Surigao | 34 | 34 | ..... | ..... | ..... | ..... | ..... |
| Tarlac | 4,000 | 1,000 | 3,000 | ..... | ..... | ..... | ..... |
| Tayabas | 8,050 | 3,000 | 4,500 | α 100 | 450 | 450 | ..... |
| Zambales | 5,400 | 400 | 2,000 | ..... | 3,000 | 100 | ..... |
| Total | 139,957 | 33,655 | 82,252 | 7,100 | 16,950 | 11,450 | 1,000 |

α Provincial buildings.

The only gratuitous distribution of rice permitted was as follows:

| | Piculs. |
|---|---------|
| Mariquina fire sufferers | 182 |
| Indigent poor, town of Capiz, Panay | 25 |
| Relief inhabitants of Canaman, Magarao, Bombon, Quipajo, Ambos Camarines (50 piculs each town) | 200 |
| Total | 407 |

Under date of September 18, 1903, provincial board of Occidental Negros was authorized to furnish 2 cavanes of rice per week to lepers at Macalol, Bacolod. (To be taken from rice shipped under Act 786.)

It was supposed for some time to be possible to destroy the locusts by infecting some of them with a disease from a poisonous fungus and allowing the infected ones to escape to their fellows and thus spread destruction through all of them. In exceptional instances this remedy was effective, but during the dry season it failed utterly, and it is so likely to fail at all times that it has not been deemed wise to devote any further attention to it. The destruction by locusts during the months of April, May, and June and earlier, was very great,

but it is thought that the steps since taken for the protection of the crops which were seeded in July and August have been quite effective to prevent serious loss. The offer of rice for work in suppressing the locusts, with the provisions of the law referred to, summoned the entire population—men, women and children—and the result justifies the plan.

The road work done at the expense of the relief fund has been chiefly that of repairing former roads under the control and direction of the provincial supervisors. The consulting engineer has been busy preparing plans and specifications for the construction of what may well be called “insular” roads, because they will lead from one province to another or from one side of an important island to another, and are too expensive to be built under the auspices of the provincial government.

Rice has also been used in Ilocos Norte, in Tayabas, and in Cavite, and possibly it will be used in other provinces for work done in the erection of barrio schoolhouses. Almost the entire cost of these schoolhouses is in labor, and the use of rice therefore, for the construction of such houses, is very convenient. Under the laws and executive orders safeguarding the expenditure of the rice, set forth in the appendix and already referred to, the objects, places of expenditure, the amount of work done, the price at which it was done, will all be shown by accounts filed by supervisors of the provinces with the auditor, but it is impossible at the present time to submit such accounts, for the reason that sufficient time has not elapsed for their submission and audit.

The stimulus given to the cultivation of the ground this year by legislation and the efforts of the authorities has led to what is probably a greater acreage for the planting of rice and other food supplies than any year since 1889. Of course much difficulty has been found in the absence of draft cattle, but the pinch of hunger and the instruction of municipal authorities has led to the use of the existing carabao by many different farmers and to some plowing by hand. The prospect is that we shall have a better rice crop in nearly all the provinces, except, possibly, Batangas, than we have had for years. It was at first thought that all the crops would be destroyed by the continuance of the drought, but after August rain fell all over the islands, and the rice which has seemed to be in a failing condition developed, and now gives prospect of producing a fair amount of grain.

No cases of actual starvation have been brought to the notice of the Government. In the provinces of Ambos Camarines, Iloilo, and Batangas it has been reported that there was much suffering from lack of food and this was doubtless true, but the people have always found enough camotes or tubers and other food roots to avoid starvation. Such food not properly cooked is indigestible and unhealthy,

and while there were no deaths from starvation there were diseases incident to bad and insufficient food which carried off many. Among people thus badly nourished, cholera, too, found many victims.

The absence of draft cattle is likely to produce a change in the amount of rice production in these islands under normal conditions. In a number of provinces hemp is being planted. The hemp crop does not need, except for purposes of transportation, the carabao. The hemp culture is increasing very rapidly in Laguna, in Batangas, in Cavite, in the Camarines, in Union, and in other provinces where rice was the chief product. The importation of rice for the year ending June 30, 1903, exceeded that of the previous year by about three and one-half millions of dollars gold, and reached as a grand total something over ten millions of dollars gold. It is hoped that no such amount of rice will need to be imported next year, but it should be said that if the culture of hemp, copra, sugar, and tobacco pays better, the importation of some rice as food may not necessarily indicate a lack of prosperity in the country.

One of the chief objects of the Congressional relief fund was the restocking of the islands with draft animals. By Act No. 738 the sum of \$100,000 was appropriated for the preliminary expenses in the purchase of draft cattle. The acting insular purchasing agent and a cattle expert, taken from the agricultural bureau, were sent to every country in the Orient whence exportation to the Philippines was possible. The purchasing agent advertised in Manila for bids at which 5,000 carabao, immunized from rinderpest, would be delivered in Manila, but the uncertainty as to the percentage of cattle that would survive the process of immunization prevented our securing a contract from responsible cattle importers in Manila. The process of temporary immunization consists in injecting into the circulation of the animal a serum which will render the animal immune from rinderpest some four or five months. Permanent immunization is only effected by a simultaneous injection of the serum and virulent rinderpeptic blood drawn from a victim of the disease. The inoculators of the board of health of the islands have inoculated many carabao in provinces revisited by rinderpest, to prevent a spread of the disease, and the loss has not averaged three per cent of the animals inoculated. It was hoped that the same result might attend inoculation of animals purchased in China and subjected to inoculation at Shanghai. Accordingly, the acting insular purchasing agent made a contract with the firm of Keylock & Pratt, of that city, for the delivery in Manila of 10,000 immunized carabao at the price of 88 Mexican pesos a head; an agent of the insular government to examine and reject carabao before inoculation at Shanghai and to supervise the process, and the insular government to share the risk of loss by paying 40 pesos for each head dying on account of it. The percentage of loss from the treatment became so

great at Shanghai that both parties to the contract were glad to modify its terms by a new contract under which Keylock & Pratt agreed to deliver 10,000 carabao of certain weight and age in Manila at 79 Mexican pesos a head, temporarily immunized in China and subject to inspection at Manila. Thus far it can not be said that the contract has been successful. The truth is that the imported animals seem to be peculiarly susceptible to many other diseases than rinderpest after they are brought here. We have lost nearly an entire herd of 200 from hemorrhagic septicæmia, quite a number from surra, and others from a union of rinderpest and foot-and-mouth disease. In addition to this, we received word through the State Department at Washington that the Chinese Government would forbid the exportation of more than 1,000 animals. Our latest information, however, is that the Chinese authorities will not interfere with the fulfillment of the present contract. The following table shows the carabao transactions:

Statement November 20, 1903.

| | | Shanghai cur- rency. |
|--|------------------------------|-------------------------|
| Total number purchased under old contract | 649, at \$75.. | \$48,675.00 |
| Total number dying at Shanghai after inoculation | 435, at 40 .. | 17,400.00 |
| Total number purchased under new contract | 721, at 79 .. | 56,979.00 |
| | Total | 1,805 |
| | or Philippine currency | \$123,054.00 |
| Total number accepted alive | | \$118,805.45 |
| Dispositions: | | |
| Sale by purchasing agent | | 91 |
| 23, at \$100 | | \$2,300 |
| 68, at 70 | | 7,060 |
| | | \$9,360 |
| Transfer to provinces— | | |
| Rizal | | 105 |
| Bataan | | 230 |
| Laguna | | 51 |
| Occidental Negros | | 20 |
| Zamboanga | | 33 |
| On hand in Manila | | 406 |
| Missing | | 3 |
| Died since acceptance | | 429 |
| | | 1,370 |

The Commission passed Act 828 (a copy of which is appended under Exhibit A) for the purpose of prescribing a method of disposing of the carabao purchased in the provinces where they were most needed. The insular purchasing agent is authorized by the act to send carabao purchased to any province the provincial board of which shall request it, upon approval of the Commission. Sales are conducted under the auspices of the provincial board. The minimum price at cash sales is fixed at 70 Philippine pesos. The privilege of choice is to be put up for public bidding. Sales partly on time are allowed, but preference

is given in choice to those buying wholly for cash. The terms of partly credit sales are 93 pesos—31 pesos cash and the balance in one and two years secured by chattel mortgage on the animal. It has also been the custom of the Commission to authorize the purchasing agent to sell in small numbers carabao at 100 Philippine pesos a head for cash, with the privilege of choice to any bona fide *hacendero* or farmer coming to Manila to buy. Of course the prices fixed will not pay the cost of the carabao, but it was not the purpose of the Commission to charge full cost. The Commission understands the intention of Congress to be to relieve the scarcity of cattle by furnishing them to farmers at a low price.

If we assume that the carabao shown to be on hand and sold at the time of the preparation of the statement given above will continue in life, they have cost the insular government 126.65 Philippine pesos a head, without counting forage and other expenses of maintenance, which would perhaps increase the expense to 150 pesos. This is not encouraging, but experience will doubtless enable us to reduce the cost. The attitude of the Chinese Government makes it improbable that we can procure from China more than the 10,000 already contracted for there. It seems likely, though experiment will only make it certain, that it would be wiser for us to import the so-called Indian bulls and cows used now in the Straits Settlements in Java and in India for rice culture, because, though not so strong, they are hardier than the carabao and quite as good workers. I append hereto a statement as to carabao transactions to November 20, 1903, by the insular purchasing agent, as Exhibit C.

I also append a statement from the auditor showing the actual expenditures from the Congressional relief fund as Exhibit D. From this statement it appears that of the total sum of ₱6,000,000, appropriated by Congress, the sum of ₱2,691,000 has been appropriated or allotted by the Philippine Commission for the purposes of the act, and that net withdrawals from such allotments have been made amounting to ₱1,312,162.42, leaving a balance to the credit of the allotments amounting to ₱1,378,837.58. There was in the treasury on December 1 to the credit of the Congressional relief fund a balance unappropriated of ₱3,309,000, and a balance of the original fund in the treasury, allotted and unallotted, amounting to ₱4,687,837.58, or \$2,343,918.79.

CONDITIONS AS TO TRANQUILLITY.

The conditions with respect to tranquillity in the islands have greatly improved during the last year, and I think it fair to say that at no time in the history of the islands has there been less ladronism than as when this is written, December 10, 1903. At the time of writing my last report the provinces of Rizal and Bulacan, in the immediate neighborhood of Manila, were disturbed by marauding bands, which

are said to have derived considerable support from persons in Manila. They were under the command of one San Miguel, who professed to be the appointee of a junta representing the Filipino Republic. He drew his forces from the purlieus of Manila and from well-known ladrones, thieves, and other criminals to be found in the towns of the two provinces. So active did the marauders become that the forces of the constabulary of the two provinces were not enough to guard the towns against their attacks and at the same time to chase the robbers to their hiding places. Accordingly, use was made of the scouts under the constabulary act, and this with very good effect. In two engagements, one with the constabulary and the other with a company of scouts, the ladrones suffered most severely, losing in the latter of the two engagements more than 60 men by death, including their leader, San Miguel. Shortly before the death of San Miguel, Apolinario Mabini landed in these islands from Guam, after taking the oath of allegiance. Upon his landing a note from San Miguel was handed him, asking for advice. To this note Mabini responded by writing on his visiting card that he had not been long enough in the islands to answer, but that he would advise him later. The card of Mabini was found on the dead body of San Miguel and was delivered to me by the chief of the constabulary. I sent the card to Mabini by the hand of Pedro A. Paterno, expressing surprise that so soon after taking the oath he should open communication with men in arms against the Government. He replied by sending to me a copy of a letter which he had sent San Miguel, but which did not reach him before his death. The letter was as follows:

MANILA, *March 27, 1903.*

SIR: Since you ask me my opinion concerning your action, I will clearly inform you in accordance with my method of thinking.

I do not consider that the liberty enjoyed to-day in this Archipelago can be followed by independence through means of arms at the present time. The people do not move because they have no arms, and even if they had them they would have nothing to eat. Although you might find another nation that would like to furnish arms and supplies, this nation also would like to annex this territory, and if this should happen our misfortune would be still greater.

If we should proceed gradually, as, in fact, you are doing, the war would continue and possibly our nation never would enjoy prosperity, because the war would finally turn into a poisonous disease which would greatly increase our weakness. Understand well that we are now killing each other.

It seems to me that at the present time we should endeavor to secure independence through the paths of peace. Let us cease that the people may rest, that it may work to recover from its recent proprietary losses. Let us conform to the opinion of the majority, although we may recognize that by this method we do not obtain our desires.

This is, I believe, the surest and most fit method in obtaining the welfare of all.

Let us deliberate and hold an assembly to treat of these matters. In case you are in conformity with this and return to peace, determine upon the necessary conditions that you should ask in order to save yourselves from any whatever vexations,

and if you think that I should transmit your petition to the constituted authorities I am disposed to comply at any time.

There are those who say that your procedure is the cause of many abuses and methods which are unfavorable to the country, but I believe that the remedy for this, if it were true, is not comparable to the great poverty which would be born of a war apparently interminable. I believe that as long as the Filipinos do not endeavor to liberate themselves from their bonds the period of their liberty will not arrive.

Excuse me for telling you this. If, perchance, you are not in accord with my opinion, this will not, as far as I am concerned, be a motive for destroying our former friendship and companionship.

Order your humble servant whenever you see fit.

AP. MABINI.

General LUCIANO SAN MIGUEL.

Subsequently to this, Mabini addressed to me a letter in terms following:

MANILA, P. I., *April 9, 1903.*

HONORABLE SIR: A few days after my arrival at this capital, I received a message from the late San Miguel, sending greetings of welcome, and requesting my opinion in regard to his attitude. In reply I sent him a card, thanking him for his welcome and informing him that I had not as yet formed any opinion, since I had only just arrived and did not know the conditions.

Weeks after, when I had acquired some knowledge of the true state of affairs, I wrote a letter, in which I endeavored to prove that armed contention is ruinous to the country and that the present condition of things permits only of a pacific contention for the political ideals that one might strive after. I prepared this letter against the time when San Miguel should ask me for the second time for my opinion. On the morning of the 27th of March last a messenger came for the said opinion, and I gave him the letter. But on the following day the messenger came back to inform me that the letter had not reached the hands of San Miguel, who had been killed, but had been delivered to an officer of his band for him to deliver to the second in command. Later I turned over the rough copy of the letter to Mr. Pedro A. Paterno, in order that he might inform you in regard to the contents.

I have just been informed that the letter is in the possession of Faustino Guillermo, chief of a band, who, with his people, is disposed, so they say, to follow the counsels given in the said letter. But there exists another and larger band, under the command of Alejandro Santiago and Apolonio Samson; this Alejandro Santiago is, according to reports, the successor of San Miguel. These chieftains have not received the letter yet, for the reason that the frequent expeditions and patrols of the constabulary render communication very difficult; no one dares to search for them, for fear of falling into the hands of the officers of public order. They tell me that it is necessary that the persecution should not be so active, if only for a few days, for them to secure an opportunity to hold intercourse; or that a safe conduct should be furnished them, so that they can send a person to look for them and deliver the letter.

I must confess frankly that the late San Miguel was an old acquaintance and even friend of mine; but the chiefs above mentioned I do not know personally, and I am not acquainted with their antecedents.

With these data, I await your determination, signing myself your humble and obedient servant.

MABINI.

Mr. WILLIAM H. TAFT,
Civil Governor of the Philippines.

To which I made the following reply, which ended the correspondence:

BAGUIO, BENGUET, *April 18, 1903.*

MY DEAR SIR: I have to acknowledge receipt of your letter of April 9, 1903, and to apologize for my delay in answering the same. The letter was delivered to me just before I left Manila for Benguet, and I had to delay answer until reaching here, and until the letter could be translated. I have also read the copy of your letter to San Miguel which you sent me by Señor Paterno. I thank you much for interesting yourself in the maintenance of law and order in the islands and in presenting as cogently as you do the necessity for peace and tranquillity. If I have understood your letter to me and its request, you have in mind a surrender of the persons to whom you have directed your letter, on condition of their receiving immunity from ordinary prosecutions under the law. Could I be assured that this leniency would secure quiet and freedom from robbery and invasion to the good people of Bulacan, Rizal, and Cavite, whose welfare we both have at heart, I should be glad again to offer immunity to those to whom you desire your letter to be conveyed; but the difficulty is, my dear señor, that purely out of consideration for the welfare of the people of the three provinces, I ran the risk of allowing many criminals to go unwhipt of justice and did authorize an offer of immunity to these very persons should they come in and surrender all their arms—an offer which remained open for some six weeks from October 1 to November 15 of last year. Reports came from time to time that the offer was to be accepted, but finally nothing was done. There was for a time suspension of the police expeditions in order to permit a general surrender. The only effect of this was to exaggerate in the eyes of the poor people of the towns of Rizal and Bulacan the prestige of those to whom the offers of immunity were made, enabling them the better to terrorize such people, and to give to the individuals in arms an excessive idea of their own importance. The negotiation fell through chiefly because the men who made up the bands of these various individuals belonged to the criminal classes, were confirmed ladrones and escaped fugitives from justice, whom their leaders, even if they desired to do so, could not control to the extent of compelling them to give up their arms which they needed for their life's profession. They were all bent on a lawless life, were outlaws and bandits, and would continue to be so whatever the government at Manila. True they received reinforcement from time to time from the idle and worthless of the neighboring towns and doubtless had assistance from some of the municipal officials, who, acting from motives of fear or gain, reaped a benefit from their complicity and assistance. After this experience, and after a conference with the members of the Commission, I reached the definite conclusion that patience with them had ceased to be a virtue, and that the worst possible course to pursue with them, having regard to the welfare of the Filipino people of the three provinces, was to temporize, negotiate, or offer immunity to them. Most of them were criminals and had been so since the Spanish times, and it could not reasonably be expected that they would, even if they surrendered, return to paths of peace. San Miguel was selected as nominal leader and figurehead because the real leaders were jealous of each other. Santiago, a very obscure person, with facility only for intrigue, has been selected on the same principle. Apollonio Samson, Faustino Guillermo, Julian Santos (now under sentence of death), Manilang (now dead), Felizardo, Montillon, and Contreras were the real leaders and they always have been robbers, kidnapers, and carabao thieves, and Guillermo, Santos, and Manilang, and possibly some of the others, were fugitives from justice under charge of murder. They are unworthy of either the encouragement or sympathy of any Filipino of honor and integrity, no matter what his views as to the present civil government, or the independence of the islands. It is difficult for those who are sincerely irreconcilable not to sympathize with any disturbance involving attacks upon the peace and order of the community,

because they can hardly repress the hope that such disturbance, whatever the motive, may embarrass the present government and ultimately germinate into a new insurrection. In the blindness of their zeal they are willing to sacrifice their own people—for it is only their own people who suffer by such outlawry—to a vague hope that out of pure ladorism, murder, and robbery may grow a successful revolution based on patriotic sentiment. Those whose duty it is, however, to keep informed as to the character and nature of these persons who keep up such disturbances know that while these persons may receive encouragement and even material assistance from irreconcilable persons of respectability, they are essentially only robber bands, thieves, murderers, and kidnapers for ransom, determined to live on their neighbors and willing to sacrifice any number of Filipinos to the enjoyment of an outlaw life. They masquerade at times as “*revolucionarios*” in order to win the assistance just mentioned, but they are nothing but ladrones and should be punished only as violators of the law. Were there established in these islands a self-respecting and responsible independent Filipino government, almost its first duty would be the suppression and punishment of exactly this class of persons, who in their hearts recognize no law and wish no condition of affairs save that of violence and rapine, for in no other can they acquire a livelihood, or attain the position of prominence or influence which their vanity demands.

I have written, my dear Señor, to you with great frankness, not with the idea of publishing our correspondence, but merely to show you my exact attitude and to explain why it is that I can not facilitate communication between you and the persons whom you name, whose past history you say you do not know, because if I were to do so, it would lend support to the view that I am willing to offer immunity in case of their surrender.

I have the honor to be, with sentiments of very great respect,
Very sincerely, yours,

WM. H. TAFT, *Civil Governor.*

SEÑOR DON A. MABINI,
Manila, P. I.

Within a few weeks after this Mabini died of cholera. My letter to Mabini states, with as much care as I can state it, the character of the men who were engaged in disturbing the peace and tranquillity of Bulacan and Rizal provinces last winter. Subsequent to the defeats in the field a secret service was established, in the two provinces and in Manila, which gradually obtained evidence against the persons who had been part of the ladrone forces. Alejandro Santiago and Faustino Guillermo have been among those captured. All the persons were brought to trial, and now most of them are in Bilibid, either under sentences for long terms or awaiting execution. The same result is being brought about in Cavite, where conditions have much improved since last year, though the two ladrone chiefs, Montillon and Felizardo, have thus far avoided capture. The province has been thoroughly policed, and more than 150 ladrones have been arrested and are on their way to the penitentiary. Arms are being brought in every day and the government is receiving aid from the people in its work.

The arrest, trial, and punishment of certain criminals in Surigao led to their being sentenced for long terms. This rendered the prisoners desperate, and in their desire to escape they communicated with

some confederates in the neighborhood of the province, who at a certain time came into town to assist the prisoners. The prisoners awaited a good opportunity while the constabulary were at their meals, seized all their guns, killed the American Captain Clark, and with the only guns in the town of Surigao took the town, except the provincial building. This was occupied by the treasurer, Captain Kelly, and the other American officials, who bravely held out against the lawless band. From the provincial building telegraphic communication was had by the besieged with Iligan, the nearest military station on the north coast of Mindanao, and the dispatch was forwarded to Cebu and Manila. A small force of 15 or 20 men started by a small boat at once from Iligan to Surigao. Colonel Taylor, the assistant chief of constabulary, was reached by telephonic message, and he, with a coast guard boat, took a force of men from Leyte to Surigao, reaching there about twelve hours after the detachment of soldiers. The criminal malcontents had deserted the town before Taylor reached it. In view of the remoteness of the province and the nearness of a military post thereto, I concluded to turn the province over to the military, and the general commanding, General Lee, at once visited Surigao with a sufficient force to restore complete confidence in our power to suppress lawlessness. In a few weeks all the criminals except Concepcion, the leader, were captured, and all the guns with the exception of four or five were recovered. It is possible that had prompt steps not been taken the trouble might have spread, but as it was it was nothing more than a breaking of jail by a lot of desperate prisoners and their escape with the arms of their captors. It never took on the aspect of an uprising of the population or an insurrection.

In Misamis the taking of the census, in which the enumeration of cattle, hogs, chickens, and other animals was required, aroused the suspicions of the people against the census enumerators because they thought that these statistics were being taken as a basis for taxation, and in the island of Camiguin, a part of Misamis, there was a rising among the people, which was quickly suppressed, however, by one of the scout companies. For the same reasons which obtained in the case of Surigao, I requested the aid of the military commander in Misamis. The scouts and the constabulary worked together under the military commander in Misamis as in Surigao, and subsequently all the lawless elements were captured or killed and the living are now in Bilibid. Both the provinces of Misamis and Surigao are entirely quiet, and the people are pursuing their usual vocations without disturbance. At one time during the winter there was a disturbance in the island of Cebu. The pulajanes, who are a band of religious fanatics in the mountains, attacked the civilized towns and succeeded in defeating a small force of constabulary and in killing two of its officers. Colonel Taylor, together with 100 men, inflicted such a severe defeat on them

that their leaders were killed and their power was broken. Many of the most violent were arrested and are now confined in the state's prison. They present a curious combination of religion and robbery and can hardly be regarded as of the civilized tribes. Cebu is entirely quiet now. Occasional reports of ladronism in the provinces of Iloilo and Capiz, on the border between the two provinces, indicate that all the guns have not been captured, but the conditions in the two provinces are on the whole quite satisfactory.

The most serious trouble of this kind has been in the province of Albay, which, due to its hemp production, is the richest province in the entire archipelago. When the insurgents in command of the forces in 1901 surrendered in Albay, two of the subordinates named Toledo and Saria with a very small force remained in the mountains with a few guns, but were unable to create substantial disturbance in the province until a former insurgent named Ola, said to be a Tagalog, left the town of Guinobatan because of a quarrel with a presidente who had threatened to prosecute him for burning his house during the previous insurrection while Ola was an insurgent soldier. Ola surrounded himself with a number of malcontents, whose objection seems to have been not to the insular government or to the American Government, but to the political rule of the wealthy hemp growers in municipal governments in the province of Albay. It was the custom there to elect rich men to the presidencias in the province, and there may have been some abuse of power. At any rate, Ola's career began as a protest against municipal tyranny and awakened the sympathy of the poor masses. After he went into the mountains he was soon joined by Toledo and Saria and there was begun a regular campaign of collecting contributions, which was so profitable in the rich province that the forces of Ola continued to grow. At the town of Ola some of Ola's followers were able to secure assistance from the townspeople and also from the municipal police in surprising the constabulary who were there and taking away about 40 guns. This of course was a great aid to Ola's force, and the disturbance soon spread to the entire province. It is undeniable that there was both sympathy on the part of the poor people with Ola's cause and there was also fear of vengeance at his hands sufficient to induce inaction by the people. In consequence a reign of terror was inaugurated through the province which it was necessary to meet by radical measures. Accordingly, authority was given, by section 6 of the act of the Commission numbered 728, and a resolution of the Commission (copies of which are appended) to the governor and the constabulary authorities to bring the people from the outlying barrios, where they were exposed to the invasion of ladrones, nearer to the populated portions of their respective towns. Under the law it became the duty of the provincial board to see to it that the people thus brought in were properly

fed and not subjected to unnecessary privations. For a time the action did not have any effect. No guns were being obtained, and while the number of attacks by the ladrones was very much reduced substantial progress did not seem to be making. The province was visited by Vice-Governor Wright and Commissioner Tavera, who talked to the people on the subject of their duty to suppress this disorder. The effect of the visit of these gentlemen and the policy adopted of depriving those in the mountains of means of support was finally crowned with success when Ola and his entire body of followers with all their guns came into Guinobatan and surrendered unconditionally. They were in a most ragged and pitiable condition. Later on Toledo with his small body of followers came in, and most of Saria's men having been captured, there is complete peace and quiet in Albay. All the prisoners are being tried. Some have been sentenced to death for particular murders. The remainder will doubtless be sent to state's prison for long terms.

The effect of the disturbance has produced substantial financial loss in the province. The governor estimates that hemp production and sale have been interfered with to the extent of some ten or twelve millions of dollars Mexican. Still the province is rapidly recovering from the effect of the disturbed conditions. By telegram of December 8 Governor Betts advises me that "the clearances of hemp in this province for the month of November exceeded any previous month in the history of the province."

Ola could have been induced to surrender some months earlier had the authorities been willing to grant immunity from prosecution. As it had now become the settled policy of the government to treat persons in arms in their proper light, as ladrones and outlaws, and not to accept them as prisoners of war or to grant them immunity from ordinary or criminal prosecutions, permission was not granted to extend immunity. The reason which actuated the government in insisting upon this course is that surrenders made with promises of immunity do not ordinarily, when the dealings are with the criminal class, result in anything but a temporary cure, for as soon as the hard effects of the campaign have worn off the criminal thus pardoned in advance feels a longing for his old-time business and returns to the woods and mountains, there to begin again the practice of his profession of a ladron. The confinement of the leaders, and all the rank and file, under long sentences of confinement in the penitentiary has a much more permanently tranquilizing effect.

In Nueva Ecija and Tarlac a man named Felipe Salvador, who professes to exercise miraculous and supernatural power, has been attempting to rouse the people of his neighborhood to resistance to lawful authority and association with him in a kind of religious rite. Their religious character, however, does not prevent Salvador and

his friends from constituting a ladrone band preying on the neighboring country. Salvador has made one or two raids on towns, but he has been punished severely in several engagements with the constabulary, and has now withdrawn into an obscure part of Nueva Ecija.

As an instance of the character of people, that in the mountain districts of these islands are reported as *insurrectos* sometimes, as *ladrones* at other times, as *Pulajanes* at other times, and as mere ordinary outlaws at others, I copy a report from Lieutenant Guild in regard to the action of three *ladrones* in Capiz. The report is as follows:

CALIVO, PANAY, *October 12, 1903.*

SIR: I have the honor to report that on the 29th day of September two *ladrones*, by name Ompong and Tuest, accompanied by one unknown, entered the barrio of Ilijan, of Navas, and murdered 13 women and children. The constabulary of Ibajay were notified the same afternoon, and at once set out for the scene of the crime. On arriving at the barrio, no trace of the *ladrones* could be found, nor could any information be gotten from the inhabitants, as they seemed terror stricken. The only information of any value at all was that the leader of the *ladrones*, Ompong, had a Remington rifle and 20 rounds of ammunition, but that his companions had only spears and bolos. As far as can be learned, the killing was not done for the sake of gain, but for the sake of one of the customs of the mountaineers. The child of Ompong having died of cholera, he, as is their custom, went out and had these others killed so his might have company and servants in the other world. The killing was all done with the bolos and spears, Ompong simply threatening the men of the barrio with his gun while the women and children were being murdered. The killing of the people could never have occurred had the men of the barrio interfered, instead of looking on and doing nothing. The country has been thoroughly searched, but no trace of the *ladrones* found, and it is generally believed that they returned to Antique Province, where they live.

Very respectfully,

JAMES J. GUILD,
*Third Lieutenant, Philippine Constabulary,
Commanding Second Section.*

The SENIOR INSPECTOR, *Capiz, Capiz, P. I.*

THE USE OF SCOUTS WITH THE CONSTABULARY.

The act of Congress authorizing the use of the native scout companies under the command of those constabulary officers who were detailed from the Regular Army has worked exceedingly well. General Davis and General Wade have both acted with the utmost dispatch in responding to the call of the civil governor for scout companies, and there have been in use during the last year from three to five thousand native scouts operating with the constabulary. This arrangement presents some anomalies which seem greater to the military commander than to the civil government; but however unsymmetrical the union of the two forces under a constabulary officer may seem to be, it has had the immense advantage of enabling the civil government, with native troops, to suppress disorder. It is of the utmost political importance that the regular soldiery, under a command more or less independent of the civil government, should not be called in to sup-

press disorders and to maintain the authority of the civil government until all the forces of natives, whether constabulary or scouts, should be used for this purpose. Nothing could be further from the truth, nothing could be more unfounded or unfair, than the inference that the use of scouts in association with the constabulary for the suppressing of disorder is a reflection upon the military establishment or upon those who are in command thereof; but we know in our own country how loth governors of States are to call out militia, and how loth the President is to summon the Regular Army in the suppression of domestic disorder. In this country it is politically most important that Filipinos should suppress Filipino disturbances and arrest Filipino outlaws.

RECONCENTRATION.

With reference to the act of the Commission which authorized, upon resolution of the Commission, the provincial governors to withdraw the outlying barrios of towns to their respective centers of population and, in a sense, to reconcentrate the residents of the outlying barrios, it may be said that this course is justified by the peculiar character of the country and the wonderful opportunity that it offers a comparatively small body of men to terrorize an entire province and to allow persons to evade the utmost efforts of large bodies of constabulary. The act is appended hereto as Exhibit E. So effective is this system against ladrones, if carried on properly, and so comparatively easy is it for the people in this country, without great suffering or inconvenience, to move from one part of the country to another, erecting temporary houses of light material, that in Tayabas, which at one time was much afflicted with ladrones under a man named Rios, to whom I referred in my last annual report and who has now expiated his crimes on the gallows, the so-called reconcentration was used voluntarily by the towns that were invaded by Rios and carried to a successful conclusion before the central authorities were advised of the methods pursued.

BANDOLERISMO STATUTE.

The treatment of ladrones by criminal prosecution has been most effective. A statute known as the "bandolerismo statute" was enacted in November of last year to meet an emergency which then seemed to be great. The statute is as follows:

SECTION 1. Whenever three or more persons, conspiring together, shall form a band of robbers for the purpose of stealing carabao or other personal property by means of force and violence, and shall go out upon the highway or roam over the country armed with deadly weapons for this purpose, they shall be deemed highway robbers or brigands, and every person engaged in the original formation of the band, or joining it thereafter, shall, upon conviction thereof, be punished by death, or imprisonment for not less than twenty years, in the discretion of the court.

SEC. 2. To prove the crime described in the previous section, it shall not be necessary to adduce evidence that any member of the band has in fact committed robbery or theft, but it shall be sufficient to justify conviction thereunder if, from the circumstances, it can be inferred beyond reasonable doubt that the accused was a member of such an armed band as that described in said section.

SEC. 3. Persons guilty of the crime defined in section one may be punished therefor in the court of first instance in any province in which they may be taken or from which they may have fled.

SEC. 4. Every person knowingly aiding or abetting such a band of brigands as that described in section one by giving them information of the movement of the police or constabulary, or by securing stolen property from them, or by procuring supplies of food, clothing, arms, or ammunition, and furnishing the same to them shall, upon conviction, be punished by imprisonment for not less than ten years and not more than twenty years.

The difficulty of proof against persons known to be ladrones in fixing upon them particular acts of violence or robbery and the necessity for severe punishment led to the enactment of this statute. It is frequently very easy of proof to show that the persons captured have been members of an armed band running about the country, committing or attempting to commit robberies and murder, but to prove that individuals were present at particular robberies is entirely impossible. The act was therefore drawn to permit the proof of the existence of the band and the membership in the band, beyond reasonable doubt, as establishing the crime of ladronism. It is not too much to say that the act has been most effective in securing convictions and ridding the various provinces of this pest of centuries. The courts have had an immense amount of labor to perform in hearing the various cases, but they have responded with energy and with justice to the call, and both Filipino and American judges have exercised much firmness in imposing suitable penalties when the proof required conviction.

During the year several members of the Hongkong junta have come to Manila. They have been required to take the oath of allegiance to the government and after that have not been disturbed. I am in receipt of a verbal communication from Señors Apacible and Agoncillo, the two most prominent members of the junta. They have signified their intention of coming to Manila if they are not to be subjected to prosecution.

They distinctly repudiate having had any communication with San Miguel or the recent ladrone leaders, whom they characterize as cattle thieves and not worthy the support of men who have been actuated by other motives. I have assured them that should they return to Manila they would simply be required to take the oath of allegiance, and if they thereafter lead lawful lives and take no part in the insurrection movements they will be wholly undisturbed. (December 18. Since writing the above, Doctor Apacible has presented himself and taken the oath.)

There is one Filipino, named Ricarte, who was at the head of the plot to explode dynamite bombs during the Lawton funeral in Manila,

and also set on foot a number of conspiracies to burn the city. He was subsequently sent to Guam, and then on his return from there declined to take the oath of allegiance and went on to Hongkong. It is reported that he has quarreled with the other members of the junta and that he continues his plotting. There is also said to be a socialistic or anarchistic society which has its headquarters at Paris, directed to the establishment of a universal democratic Filipino republic, on socialistic lines, but, so far as we are advised, they have attempted nothing in the way of actual operations, though they occasionally favor the mails with their publications.

Dominador Gomez y Jesus was born in the Philippines and subsequently went to Spain where he studied medicine and was graduated as a surgeon. He entered the Spanish army as a surgeon and served in Spain during the two revolutions of 1896 and 1898. He appears to have been a member of the junta of Madrid, organized to oppose American sovereignty in the islands after 1898, and to have written articles for a paper published in Madrid, called the "Filipinas ante Europa." After peace had been completely restored in the islands, Doctor Gomez came to Manila. His cooperator, Isabelo de los Reyes, had organized a working man's union, called the "Union Obrera Democrática," but having been arrested and subjected to criminal prosecution for an illegal connection with a strike, he resigned the presidency and Doctor Gomez was elected to take his place at the head of the union. Subsequently Doctor Gomez also became the president of the Nationalist party. By contributions from the members of the Union Obrera, he was able to publish a newspaper called the "Los Obreros." He was a man of considerable power of speech and able to arouse audiences of the lower class of Filipinos by his grandiloquence. It soon became evident that there were members of the Union Obrera and of the Nationalist party who were very strongly in sympathy with the ladrone bands, headed by San Miguel, then operating in Rizal and Bulacan. Doctor Gomez recommended to me in his newspaper that as a solution of the difficulties, we invite all the ladrones to come in and surrender their arms on the agreement that we should guarantee them immunity and insure them food or labor for one year. Subsequently Doctor Gomez applied to me for the pardon in advance of Faustino Guillermo, second in command in Rizal, one of the most noted desperadoes and ladrones in the islands, a man since captured and now under sentence of death for murder. It was reported that Doctor Gomez was using the Union Obrera as a means of collecting money to run his newspaper, and to enrich his own pocket. This led to the passage of a law, denouncing as embezzlement the diversion of funds collected in such societies from the purpose for which the society was organized and for which the funds were contributed. Prosecution of Doctor Gomez was begun under several different

charges. Under the first charge of organizing an illegal association he has been convicted and sentenced for four years to Bilibid. There are other charges against him for which he will be tried, including embezzlement and aiding and abetting ladrones. His prosecution has much assisted in bringing about the present satisfactory condition throughout the Archipelago.

DISSOLUTE AMERICANS AND VAGRANCY ACTS.

One of the great obstacles that this government has to contend with is the presence, in a large majority of the towns of the Archipelago, of dissolute, drunken, and lawless Americans who are willing to associate with low Filipino women and live upon the proceeds of their labor. They are truculent and dishonest. They borrow, beg, and steal from the native. Their conduct and mode of life are not calculated to impress the native with the advantage of American civilization. When opportunity offers, however, they are loudest in denunciation of the Filipinos as an inferior, lying race. To rid the country of this class of Americans the Commission passed two acts.

The first of these is No. 519, "An act defining vagrancy and providing for punishment therefor," and reads as follows:

SECTION 1. Every person having no apparent means of subsistence, who has the physical ability to work and who neglects to apply himself or herself to some lawful calling; every person found loitering about saloons or dramshops or gambling houses or tramping or straying through the country without visible means of support; every person known to be a pickpocket, thief, burglar, ladron, either by his own confession or by his having been convicted of either of said offenses, and having no visible or lawful means of support when found loitering about any gambling house, cockpit, or in any outlying barrio of a pueblo; every idle or dissolute person or associate of known thieves or ladrones who wanders about the country at unusual hours of the night; every idle person who lodges in any barn, shed, outhouse, vessel, or place other than such as is kept for lodging purposes, without the permission of the owner or person entitled to the possession thereof; every lewd or dissolute person who lives in and about houses of ill-fame; every common prostitute and common drunkard, is a vagrant, and upon conviction shall be punished by a fine of not exceeding one hundred dollars or by imprisonment not exceeding one year and one day, or both, in the discretion of the court.

The second is as follows:

SECTION 1. Upon the conviction of any citizen of the United States under act numbered five hundred and nineteen, entitled "An act defining vagrancy and providing for punishment therefor," the court may suspend sentence, conditioned upon the convict leaving the Philippine Islands and not returning thereto for a period of not more than ten years; and the fulfillment of this obligation shall be deemed as an extinguishment of the prescribed sentence.

SEC. 2. In such cases the court or judge may order the removal of the convict to Bilibid Prison, in the city of Manila, there to remain in custody until he can be placed upon a steamer returning to the United States. This order shall be executed in the manner prescribed by the civil governor in each case.

SEC. 3. There is hereby appropriated, out of any funds in the insular treasury not otherwise appropriated, an amount sufficient to pay the actual and necessary expenses in carrying out the provisions of this act.

The former of the two acts has also been useful in enabling towns to rid themselves of Filipinos suspected of complicity with ladrones, who have no visible means of support and who are probably spies of the ladrones for the purpose of enabling them to make lucrative raids.

FRIARS' LANDS AND RELIGIOUS QUESTIONS.

As early as 1898, the Peace Commission, which negotiated the treaty of Paris, became convinced that one of the most important steps in tranquilizing the islands and in reconciling the Filipinos to the American Government would be the governmental purchase of the so-called friars' agricultural lands in the Philippines, and the sale of these lands to the tenants upon long, easy payments. The same policy was recommended by the first or Schurman Commission after an investigation by it, and in the first report of the present Philippine Commission much time was devoted to the political phases of the relations of the four great religious orders to the people and the wisdom of buying the agricultural lands and selling them to the tenants was much commented on and approved. The Secretary of War and the President concurred in the recommendations of the Commission. Accordingly in May, 1902, the writer, as civil governor of the Philippine Islands, was directed by the Secretary of War to visit Rome and to confer with the Pope or such agents as he might designate in respect to the question of buying the friars' agricultural lands and other questions of a similar character which were pending between the Roman Catholic Church and the Government. The negotiations which were had on this subject in Rome were set forth in the correspondence published by the Secretary of War in his report to Congress for last year. In a word, the Pope approved the purchase of the agricultural lands of the three great religious orders that owned agricultural lands in the islands and appointed an apostolic delegate with as full powers as he could be invested with to bring about this result.

The apostolic delegate, Monsignor Jean Baptiste Guidi, archbishop of Staurpoli, reached the islands in the fall of 1902, and negotiations were at once begun. In one of the letters written by Cardinal Rampolla, contained in the correspondence already referred to, he stated on behalf of the Holy See that the resources of the religious orders would be taken into charge by the supreme authorities for the benefit of the church in the Philippines, and it at first seemed that the religious orders, with little prospect of reaping much pecuniary benefit from the sale of the lands under this arrangement, were not anxious to further the proposed purchase. Probably this inference did an injustice to the religious orders in view of the event. It turned out upon examination that the agricultural lands which had originally belonged to the three religious orders of the Philippines,

to wit, the Dominicans, the Augustinians, and the Recoletos, aggregated 420,000 acres. The Commission in 1901 had directed a survey to be made by a Filipino surveyor or agrimensor, skilled both in surveying agricultural land and in estimating its value, by name Juan Villegas. He surveyed between 1901 and 1903 all the agricultural holdings of the three religious orders, except an estate belonging to the Augustinians in the province of Isabela and an estate belonging to the Recoletos in the province of Mindoro. He classified the lands and placed a value upon the differing classes, giving data from which it was possible to estimate the total value of the lands, except the two estates in Isabela and Mindoro, respectively, already mentioned, the value of which was determined by the agents of the Commission from other sources. The event proved that the Dominicans had conveyed their holdings, amounting to 60,461 hectares, to one Andrews, an Englishman living in Manila, under a promoter's contract; that Andrews organized a company, under the supposed existing laws of the Philippines, known as the "Philippine Sugar Estates Developing Company (Limited)," to which he conveyed all the Dominican lands, with the exception of a small estate known as San Juan Del Monte, containing 156 hectares, which was held under such trust restrictions as to prevent its sale. Investigation showed that the Augustinian order as far back as 1893 or 1894 had conveyed to a Spanish corporation, known as the "Sociedad Agricola de Ultramar," all of its agricultural holdings. It further appeared that the Recoletos had conveyed the estate of Imus, or rather the estates of San Juan and San Nicolas, known as the "Imus estate," containing 18,419 hectares, to a company organized under the laws of Hongkong or Great Britain. The Mindoro estate remained in title and possession with the Recoletos order of the Philippines. It became necessary therefore to deal with the representatives of the title holders to the lands. The Dominican lands, the title to which was in the Philippine Sugar Estates Development Company (Limited), were represented by Señor Don Francisco Gutierrez, a stockholder and managing director of the company. The Augustinian lands owned by the Sociedad Agricola de Ultramar were represented by the attorney in fact of the company, an Augustinian friar, Padre Juan M. Yanez. The Imus estate, conveyed to the British Manila Estates Company (Limited), was represented by a young Englishman named Marcus McGregor. The Mindoro estate of the Recoletos was represented by the procurator of the Recoletos order in the Philippines.

In order to determine the value of the estates, the representatives of the various companies and other interests were invited to attend a hearing, when various witnesses were called to testify. The apostolic delegate was also present. A stenographic report of these hearings is hereto attached and marked "Exhibit F."

In addition to the hearings written statements were made by experts for each interest and were filed with the apostolic delegate and with me. The representatives of the various interests were not disposed at first to welcome the presence in the conference of the apostolic delegate. It was vigorously denied that the friars retained any titular interest in the lands which were the subject of the negotiation, and the right of the apostolic delegate to intervene was therefore questioned. From the best information that I could obtain it was true that the religious orders had parted with their legal title to the shares in the new companies, except the Recoletos in Mindoro, and that it was very difficult to find out just what their interest in the property continued to be. That they had an interest, and a most substantial one, went without saying, but, for reasons it is unnecessary to comment on, these interests had been made as ambiguous and doubtful as possible. In accordance with the agreement reached in Rome, I sent to the apostolic delegate a request for a statement of the exact interests retained by the religious orders in the Philippines in the lands which were the subject of negotiation. No formal answer to this letter was ever received, but informally it was stated to me by the delegate that the authorities in the Philippines had informed him that they had so disposed of their interests that they were unable to make a statement of what their interests were, if any. The value of the lands, as estimated according to the statements of the agents of the companies, aggregated a sum between thirteen and fourteen millions of dollars gold. The estimate of Villegas, the surveyor employed by the Commission, showed the valuation of the lands to be \$6,043,000 gold, if his value in Mexican should be reduced to gold at the rate of two to one, which was the gold rate about the time of his survey and classification, though the Mexican dollar fell considerably after that. Considering the bad conditions which prevailed in agriculture, the loss of cattle, the dispute concerning title, and the agrarian question that must always remain in the management of these estates and embarrass the owner, I considered—and I believe the Commission generally agreed with me—that \$6,043,000 gold was a full price for the lands. The sum, however, was scouted by the persons representing the owners, and there appeared to be very little prospect of reaching an agreement. With the knowledge and approval of the Commission and of the Secretary of War and the President subsequently had, I sent a letter to the apostolic delegate and forwarded a copy to each representative of the respective estates, as follows:

OFFICE OF THE CIVIL GOVERNOR OF THE PHILIPPINE ISLANDS,

Manila, P. I., July 5, 1903.

YOUR EXCELLENCY: After a very full consideration of the subject, and with the concurrence of the Commission, I beg to make an offer on behalf of the Philippine Government for the so-called Friars' lands, which include, first, certain haciendas at one time owned by the Dominican order of these islands and now owned by the

Philippine Sugar Estates Development Company, represented by Mr. Gutierrez; second, certain haciendas at one time owned by the Augustinian order and now owned by the Compañia Agrícola de Ultramar, represented by the Augustinian friar, Padre Juan; and third, the haciendas of San Juan and San Nicolas, generally known as the Imus estates, at one time owned by the Recoleta order, and now owned by an English corporation, the British Manila Estates Company (Limited), represented by Mr. McGregor, and also an estate in Mindoro of 60,000 acres, still owned, as I am informed, by the Recoleta order. The offer I am about to make is, of course, subject to the approval of the Secretary of War, but if accepted, it will doubtless receive his approval.

The members of the Commission believe that the evidence of Juan Villegas as to the value of these lands at present is just. At the conferences between your excellency, the representatives of the three corporations now holding title, and myself, there was some discussion as to whether the fall in the price of silver and the variation in the silver standard in the gold values ought not to play a large part in weighing Señor Villegas's evidence. My own strong conviction is that Señor Villegas's evidence is not in the slightest degree affected by the variation in the price of silver, for the reason that the persons who own lands and who buy and sell them in the provinces where the lands in question are situated know no other standard for the estimation of the value of lands than that of Mexican silver. It may be that indirectly the fall in the price of silver will ultimately affect the value of these lands in silver, and it is possible that some slight increase has already taken place in the value of the lands estimated in silver. But it seems clear from the evidence that the increase is not at all commensurate with the fall in silver. Nevertheless, for the purpose of reaching an agreement, we are willing to waive any such discussion by treating the value placed by Señor Villegas on the lands in Mexican as a value to be reduced to gold at the ratio of two to one. This ratio in fact did prevail when Señor Villegas began his surveys in November, 1901, but very soon changed. This is a concession which amounts to an increase in the valuation of the land over what it would be at the present rate of Mexican of a little less than 20 per cent.

I inclose herewith as Exhibit G detailed and summarized statements of the various valuations of Señor Villegas, who has examined and placed a value upon all the estates involved in this matter, except an estate of the Augustinians in Isabela of some 60,000 acres, which is almost wholly unimproved, and an estate of the Recoletos in Mindoro of about the same extent. I asked Mr. Webber, the manager of the General Tobacco Company, who knows the Isabela estate well, what value he placed upon it. He said that at one time he had offered one hundred thousand gold for it, but that the offer was declined. I asked him if he would give one hundred and fifty thousand or two hundred thousand for it in gold, and he said that he would give \$200,000 for it in gold if he could obtain free admission of Chinese laborers into the islands. I said to him that that was impossible, and then he said that he would not give \$150,000 for the land. The value of this land is in the statement assessed at \$300,000 Mexican, which is a full price. The Mindoro estate is fixed at \$600,000 Mexican, because of definite information that this estate, together with the cattle on it, was offered as late as last fall to certain gentlemen in the city of Manila for \$700,000 Mexican, and that the offer was declined. At that time the gold Mexican ratio was between two-forty and two-fifty. The other valuations in the inclosed statement are taken from Señor Villegas's evidence. The total valuations in Mexican are as follows:

| | |
|--|-------------------|
| The Dominican lands..... | \$5, 473, 799. 13 |
| The Augustinian lands..... | 4, 407, 335. 65 |
| The Recoleta lands..... | 2, 205, 303. 33 |
| | <hr/> |
| Making a total in Mexican currency of..... | 12, 086, 438. 11 |

The civil government proposes to pay for a good title to these lands, free and unincumbered, the prices above named reduced to gold at the ratio of two to one, as follows:

| | |
|---------------------------------|-------------------|
| For the Dominican lands | \$2, 736, 899. 57 |
| For the Augustinian lands | 2, 203, 667. 83 |
| For the Recoleta lands | 1, 102, 651. 67 |
| Making a total in gold of..... | 6, 043, 219. 07 |

I have sent a copy of this letter of the representatives who were present at our conferences, Senor Gutierrez for the Dominican lands, Padre Juan for the Augustinian lands, and Mr. McGregor for the Imus estate. I have not seen any representative of the Mindoro estate, and so assume that your excellency either represents the Order of the Recoletos or will forward a copy, if you deem it wise, to the proper person.

I have so often said to your excellency and to the representatives of these estates that the motive of the Government in taking this land is purely political, and not for the purpose of profit, that perhaps it is unnecessary to repeat it. Still, as this is a formal offer, it may not be improper to state again that the civil government in making the purchase at the prices herein named, if they shall be accepted, has not the slightest idea that it will make any profit in disposing of the lands, in accordance with the act of Congress, to the tenants who now occupy it. On the contrary, the members of the Commission are confident that it will result in a pecuniary loss to the civil government. It is hoped that if the Government takes charge of the land, it will be better able to secure peaceable possession of the land and an attornment of the tenants than would private corporations, especially those in which the Spanish friars are supposed to have a large interest. What the Government proposes is to buy a lawsuit, and something more than a lawsuit, an agrarian dispute. If peaceable transfer of the title to these lands from the corporations now claiming ownership in them to the tenants in possession could be accomplished without the intervention of the civil government, the civil government would be most anxious to avoid any intervention in the matter at all. Indeed it would be to its interest to contribute by a substantial sum to this peaceable result. While we hope that ownership by the Government may accomplish good, the hope is largely based on conjecture. Certainly the purchase of these lands will mean the assumption of another very heavy burden by the Government in addition to those which it is now attempting to carry. We are convinced that it would be greatly to the advantage of the present owners of the land to accept the offer. It involves the expenditure of \$6,000,000 gold, a sum which must be secured by issuing bonds to that amount under the act of Congress. The members of the Commission are unanimously of opinion that the disadvantage of any substantial increase of such a financial burden would outweigh any advantage which might accrue from the Government ownership of the lands.

In making this offer I beg to call your excellency's attention to the fact that the Secretary of War, in a telegraphic dispatch, a copy of which I transmitted to his eminence, Cardinal Rampolla, in my letter of July 15, 1902, requested that a detailed statement of the interests retained by the monastic orders in the corporate stock of the companies now claiming to own the lands be furnished to me by the Apostolic Delegate, who was to be sent to the Philippine Islands, in order that the statement might be made the basis for the proposed negotiation. The request of the Secretary was acquiesced in by Cardinal Rampolla. In February, 1903, I invited your excellency's attention to this matter and requested that the details requested be furnished. I have as yet received no formal reply. Without waiting for it, however, I have ventured to make this offer with the hope that if it is accepted further investigation and discussion may be avoided.

With the hope that your excellency will find it consistent with your views of the

situation to advise the representatives of the owners of these lands to accept this offer, I beg to subscribe myself, with great respect,

Your excellency's most obedient servant,

WM. H. TART, *Civil Governor.*

Monsignor JEAN BAPTISTE GUIDI,

*Archbishop of Staurpoli and Apostolic Delegate
to the Philippine Islands, Manila.*

I received a negative answer from all of the representatives. Not discouraged, however, by circumstances that seemed most discouraging, the apostolic delegate bent his energies to bringing the parties to a settlement. After some negotiation the delegate first stated that he thought he could arrange a sale for \$10,500,000 gold. I told him there was no hope of bringing about a purchase at that figure. Some months later I was advised by Mr. McGregor that if an offer was made for \$8,500,000 he thought he could compass the sale. This was definitely declined. I then advised the apostolic delegate and those interested that I would recommend to the Commission and the Secretary of War an increase in the price offered, for the sake of peace, of \$1,500,000, but no more. Then followed a long and protracted discussion between the parties who were to be the venders as to how this sum should be divided, and there was much difficulty in arriving at a solution—so great a difficulty, indeed, that I was informed that unless \$7,770,000 was paid there was no hope of reaching an agreement. With the approval of the Secretary of War and the Commission, I replied that \$7,543,000 was our ultimatum and that we would not give more than that, and this was ultimately the basis upon which the price was fixed. It turned out, upon further investigation, that the Augustinian Company and the Sociedad Agricola de Ultramar had contracted to sell the Mandaloya estate, which lay in the province of Rizal and extended from the city of Manila to the town of Pasig along the Pasig River, at a certain price, and that a strip 150 meters wide by 6 kilometers running along the river had been contracted to be sold to the railroad company for mercantile purposes. The Mandaloya estate is a poor estate, from an agricultural standpoint, and its use for mercantile purposes we were entirely willing to acquiesce in, because it would not present the difficulties concerning agricultural tenancy as the remainder of the land. The estate contains about 10,000 acres. By omitting this from the land sold and deducting the price fixed by Villegas, with 25 per cent added thereto, and making certain other reductions for parcels sold bona fide by the owners, and leaving to the Sugar Estates Development Company a tract of sugar land of 2,500 acres on the hillside of the Calamba estate, we finally closed the purchase of upward of 410,000 acres, at a price of \$7,239,000 gold. Copies of the contracts of sale are hereby appended and marked Exhibit H.

It is thought that the result of these negotiations and the purchase of the lands form a most important step in the rehabilitation of the

people of the islands and the readjustment of their relations to the Roman Catholic Church, which can not but be of material benefit in a political way to the insular and provincial governments. The disposition of the lands to the tenants on contracts of sale with easy payments for a number of years entails a work of tremendous labor upon the insular government and will necessitate the organization of a separate bureau for that purpose. We can not prophesy that the adjustment will rid us entirely of the agrarian questions. There will be doubtless litigation and local centers of disturbance growing out of government landlordism; but the elimination of the friars from the question can not but tend greatly to facilitate satisfactory adjustments. During the last six months I have been in receipt of petitions from tenants in the provinces of Cavite and Laguna, where the agrarian question has been most bitter, urging the purchase of the lands, with a statement that the tenants fully understood that the lands are to be sold to them and that they are to pay for the same. The visit to Rome was watched with intense interest by the people of the islands, and had it not resulted in a purchase of the lands, my judgment is that great disappointment would have been felt. As will be seen by a statement which follows, the number of friars in the islands is rapidly diminishing from year to year, and with the adjustment of the land question and the division of the proceeds between the orders and the church and the use of the part belonging to the Roman Church for the improvement of the Philippine church, we may reasonably hope that in a decade the agrarian and political question of the friars in the Philippines will have been completely removed from among the obstacles to good government with which the Americans, in coming to the islands and assuming control thereof, were confronted.

Arrangements are being made for the floating of the bonds necessary to raise the money to pay for the lands. It is understood that the bonds may be floated at 4 per cent and that they will take the form of bonds payable after ten and before thirty years at the option of the Government. This will entail an interest charge upon the revenues of the Government of \$290,000 a year in addition to the expense of administration, which will be considerable. It is not thought that the income from the islands for several years will be enough to meet the actual outgo, but with a restoration of normal conditions—speaking for myself alone—I hope that the lands will sell for as much as we have paid for them. Other members of the Commission do not think so. It is to be noted, however, that the insular government has not entered upon the purchase of these lands with a view to a profitable investment, but that it is knowingly paying a considerable sum of money merely for the purpose of ridding the administration of the government in the islands of an issue dangerous to the peace and prosperity of the people of the islands.

Following the policy which it was announced by the Vatican would be pursued, the bishops who were Spanish friars in all the dioceses of the islands have been allowed to resign and their places have been filled by American Catholic bishops. I can not state with too much emphasis the satisfaction I feel in this change. It means, in my judgment, the beginning of a new era in the islands. It is to be expected that a large part of the people of the islands will continue to be communicants of the Roman Catholic Church, and it can not but have a liberalizing effect upon them that their bishops shall be Americans with the American ideas of a separation of church and state, and with the American respect for individual rights and individual liberties. The powerful influence of a Roman Catholic bishop in his diocese, exercised over the priests of his diocese, can not but be productive of good and full of cooperation in our purpose to educate these people. A comparatively small number of Spanish friars remains in the islands, and it is to be expected that the American bishops shall use them for the benefit of the Church, though it is hoped that there will be no departure from the policy of the Church announced by Cardinal Rampolla in his letter to me, in which he said that it was not the intention of the Roman Catholic authorities to send back the Spanish friars to any parishes in which the majority of the people were opposed to their coming.

I am officially informed by the apostolic delegate that in 1898 the number of friars in the islands was as follows:

| | |
|--------------------|-------|
| Dominicans | 233 |
| Recoletos | 327 |
| Augustinians | 346 |
| Franciscans | 107 |
| Total | 1,013 |

That, by December 1, 1902, they had been reduced as follows:

| | |
|--------------------|-----|
| Dominicans | 127 |
| Recoletos | 76 |
| Augustinians | 111 |
| Franciscans | 66 |
| Total | 380 |

And that, by December 1, 1903, they have been still further reduced, so that the number in the islands is as follows:

| | |
|--------------------|-----|
| Dominicans | 83 |
| Recoletos | 53 |
| Augustinians | 67 |
| Franciscans | 43 |
| Total | 246 |

That many of the monks are old and infirm, incapable of doing parish or any other work, and that the Dominicans have renounced before the Holy See all their former parishes and dedicate themselves exclusively to teaching.

Whatever may happen during the first few months of the coming of the American bishops, it is certain that the spirit of the American Catholic Church is so different from that of the Spanish church from a political standpoint, that the influence of the Spanish friars will gradually wane and that of the American bishops become controlling. The purchase of the friars' land, the division of the proceeds, the application of a large part thereof for the benefit of the Philippine church, the establishment of the American hierarchy here, and the gradual withdrawal of the Spanish friars, all will bring about what we so much desire—the Americanizing of the Roman Catholic Church in the Philippines. The attitude of the Government has been very much criticised by some American Catholic priests and bishops, and it has been charged that we have withheld from Spanish friars the protection assured to them by the treaty of Paris, and that we have been neglectful in not protecting the interests of the Roman Catholic Church when they were unjustly or unlawfully attacked by schismatics under Aglipay. These charges are wholly unfounded, as may be seen by an examination of the records taken from the executive files showing the executive decision and action with respect to religious matters, which is hereby appended as a part of this report and marked "Exhibit I." We have known that the great majority of the people of these islands were strongly opposed to the return of the Spanish friars to their parishes, and we have felt certain that if such a policy were adopted and the friars were sent back there would necessarily follow disturbances of the peace and discontent among the people; that the people would not be able to distinguish between a government which protected friars going back of their own volition and a government which sent the friars back and maintained them in their pastorates. Therefore the Government has deprecated and still deprecates the return of the friars to their parishes, and has made representations to the church authorities in these islands and to the Vatican, urging that the Spanish friars be not sent back, but when a friar has been sent back, the Government has never refused to protect him in his rights and to punish those who have violated his rights. There is the utmost religious freedom enjoyed in these islands, and no one, whether Roman Catholic, Filipino Catholic, or Protestant, is disturbed in worshipping God as he chooses. The instances in which one sect has interfered with another are comparatively few, but in every case the Government has sought to punish the offender and to prevent a recurrence of the trouble.

BUSINESS CONDITIONS.

Business conditions in Manila, if the general report from American merchants can be trusted, have not been good during the year. The change in the currency from a silver to a gold standard has been in progress. The demand for Mexican silver in this business, up to the time of writing this report, in other places has been sufficiently great to drain the islands of Mexican silver, though there are indications, as this is written, that it may become profitable to import Mexican silver again. Of course the great difficulty in getting into circulation the new coinage grows out of the fact that Mexican silver is worth less than the Philippine peso, as established by act of Congress, by about 10 per cent, and everyone, business men or not, in paying his debts and making his purchases, naturally prefers to use the poorer currency when it will go as far as the more valuable, because of the ignorance of the people as to the real difference in value. The steps taken to maintain the parity, the laws passed, and the accumulation of a reserve fund, I shall not dwell upon because they will all be contained in the report of the secretary of finance and justice. It is only necessary to remark here that the advantages of the new coinage will not be apparent until some time in the future; not until January 1, 1904, can the Mexican coin be demonetized and denied a legal-tender value. The policy of the government is to purchase the Spanish-Filipino coins, of which there are some ten or twelve millions of dollars in the islands, and recoin them into Filipino pesos.

Notwithstanding the statement that business conditions in the islands have been exceedingly unfavorable, and in spite of the very depressing agricultural condition, so far as rice, corn, and other food products are concerned, the statistics as to exports and imports into the islands show a considerable improvement for the better over last year and a substantial increase in the production and exportation of hemp and copra. In the fiscal year ending June 30, 1902, the total imports were \$41,072,738, but of this \$8,652,648 was silver coin. The total exports for the fiscal year ending June 30, 1902, were \$27,157,087, of which exports the silver coin amounted to \$2,423,200. Excluding silver coin and gold to the value of \$278,248 the total merchandise imported for the fiscal year ending June 30, 1902, amounted to \$32,141,842, whereas the total merchandise exported, aside from silver coin, already mentioned, and gold valued at \$806,208, amounted to \$23,927,679. In other words, the balance of trade against the islands last year was \$8,214,163. For the year ending June 30, 1903, the total imports were \$35,099,241, the silver coin in which amounted to \$2,077,137, and gold valued at \$50,222. The total imported merchandise, therefore, for the year ending June 30, 1903, was \$32,971,882, or a gain in the entire year of \$830,040. The total exports for the year ending June 30, 1903, amounted to \$39,668,366,

of which \$6,366,106 was silver and \$180,480 gold, leaving a balance of merchandise exported of \$33,121,780, which makes a balance of trade in favor of the islands for the year ending June 30, 1903, of \$149,898. It will be seen that there is an increase in the exports for the year ending June 30, 1903, over those of 1902, of \$9,194,101. The total foreign business of the islands, excluding coin, for the year ending June 30, 1902, was \$56,069,521, while the total foreign trade for the year ending July 30, 1903, was \$66,093,662, or a gain of \$10,024,141.

It should be borne in mind in respect to all these statements that they do not include any importations for the Army of the United States which pay no duty and are not included in the statistics. The comparative amounts of the various commodities exported during the two years are shown by the following table:

| Article of export. | 1902. | 1903. |
|--------------------------------------|--------------|--------------|
| Hemp..... | \$15,841,316 | \$21,701,575 |
| Copra..... | 1,001,656 | 4,473,029 |
| Sugar..... | 2,761,432 | 3,955,568 |
| Tobacco, cigars, and cigarettes..... | 2,501,367 | 1,882,012 |
| Miscellaneous..... | 1,821,908 | 1,109,596 |
| Total..... | 23,927,679 | 33,121,780 |

The decrease in tobacco was due to increase of duties on tobacco in Australia, Java, and Japan. The business of the United States exports and imports is also shown by the following table, excluding always the United States Government importations:

| | 1902. | 1903. |
|---|-------------|-------------|
| Imports from United States, excluding United States Government imports..... | \$4,035,243 | \$3,944,098 |
| Exports to United States..... | 7,691,743 | 13,863,059 |
| Total business, exclusive of United States Government imports..... | 11,726,986 | 17,807,157 |
| Increase total business..... | | 6,080,171 |

The imports of rice show the depressed condition of the rice culture in the islands. For the fiscal year ending June 30, 1900, the amount of rice imported was \$3,113,423; for the next fiscal year, 1901, it was \$5,490,958; for the fiscal year of 1902, \$6,578,481, and for the fiscal year of 1903, it was \$10,061,323. It is hoped that this abnormal importation of rice will be unnecessary next year, and that the balance of trade in favor of the islands will increase.

Some reason for the complaints in respect to business conditions in the islands which come from the American merchants, may be found in certain especial circumstances with respect to the American trade in the islands that are not a legitimate cause for complaint. When the Americans first entered the islands, enterprising business men followed the army and established what were called trading companies, which naturally catered to the demand caused by the presence of the

army and the Americans that followed in its wake. The army was rapidly increased, until during the year 1900 there were in the Archipelago upward of 70,000 troops distributed through the islands in 600 posts. This presented an opportunity for the sale of liquors and other goods likely to be purchased by soldiers, which continued for two years or more. The army has now been reduced from 70,000 men to a little more than 15,000 Americans, and the number of posts has been reduced from 600 to a few more than 100. In addition to this the Commission has passed an act forbidding the sale of liquor within 2 miles of an army reservation, which it is said has much interfered with the canteen trade. The enormous profits which were reaped by the American trading companies (of which there are some half a dozen in Manila), growing out of the demand produced by the presence of 70,000 soldiers, fell off rapidly as the changes which I have indicated took place, and to this, more than any other one cause, is due the interference with large returns upon much of the American capital invested in the islands. I venture to say that the opportunities which the American merchants have had for making quick and large profits out of the American soldier has had a bad effect upon American methods of doing business and upon the attitude of most of the American merchants in these islands. It has made them feel independent of the Filipino demand for American commodities. It has lessened the necessity for effort on their part to create a demand among the Filipino people for those articles which the United States can make and ought to sell in these islands. The natural hostility of the American business men growing out of the war was not neutralized by a desire and an effort to win the patronage and good will of the Filipino.

The American business men controlled much of the advertising in the American papers, and the newspapers naturally reflected the opinions of their advertisers and subscribers in the advocacy of most unconciliatory measures to the native Filipinos and in decrying all efforts of the government to teach Filipinos how to govern by associating the more intelligent of them in the government. One of the first principles of good business success is not to antagonize unnecessarily those whose patronage you seek and must depend on for the building up of your business. The number of Americans that the American merchants or any merchants in these islands can count upon for business demands is never likely to exceed 20,000. The number of Filipinos whose trade might make a most lucrative business in these islands is 7,000,000. It would seem to be the wiser policy on the part of the American merchant to cultivate the good will of those potential patrons rather than through the press and in society and in all other ways to antagonize them, to give the impression of bitter hostility and racial prejudice toward them too deep to be overcome. Neither the German nor the English nor even the Spanish merchants have allowed

themselves to be put in this attitude. Indeed, there are a few Americans who have pursued a different policy with respect to the Filipinos, to their profit. I venture to predict that as the American business men of these islands become more conservative, as more capital comes in, the utter fatuousness of the present attitude of a majority of the American business men of to-day of these islands will become apparent. There is an immense field here for the sale of American goods.

The Filipinos are imitative, take quickly to new things, may easily be taught, as their wealth shall grow, to regard American products, which are now luxuries to them, as necessities. The sale of cotton goods is almost wholly with the English houses to-day. The handling of hemp, which is the largest export of these islands, is almost wholly confined to foreign houses. There is not the slightest reason why this business should not be done largely by Americans, especially in view of the fact that the United States is the largest purchaser of hemp in the world. It requires the investment of a very considerable capital, the construction of warehouses in the various hemp provinces, and the establishment of friendly relations with the hemp growers and buyers in each province. The American business man in the islands has really, up to this time, done very little to make or influence trade. He has kept close to the American patronage and has not extended his efforts to an expansion of trade among the Filipinos. Until this is done and more American capital is brought here for the purpose, we can not hope that the imports from the United States to the islands will be increased in very large proportion.

PROPOSED OFFICIAL INSPECTION AND CLASSIFICATION OF HEMP.

About the beginning of this year complaints reached the Commission that the hemp being exported from the islands was of very inferior quality and that there was fraud in its packing. The Secretary of Agriculture of the United States recommended investigation and action, suggesting that if the Manila hemp continued to be of such poor quality, purchasers and users of fiber would be driven to other fibers and countries. It was recommended that the hemp exported be officially inspected and classified and carry the mark of the Government upon it to indicate its quality. A bill was drawn providing for official inspection and classification, and it was submitted to discussion in a public session. The public discussion satisfied the Commission that little if any good could be brought about by such legislation. Everyone who came to discuss the bill was opposed to it as it was drawn. It was insisted that the only thing possible was to have an inspection which should prevent false packing, but that governmental classification would be not only impracticable but a serious obstacle to business. It further developed that so far as fraud was concerned the purchasers in America were completely protected by the ordinary

terms of purchase which enabled them to reject the hemp or to recoup at once from the price for any failure in quality. When the amended bill was drawn providing only for the inspection into the packing and for the punishment of false packing and of fraud in baling, a representative of the American hemp purchasers stated that the bill would do them no good because it was not radical enough. So far as we were able to determine, the bill which was desired by the American merchants was a bill which should forbid the exportation of hemp of poor quality, and should impose such restrictions on the method of raising and cleaning hemp as to insure the production of only good fiber at a reasonable price. The discussion showed that much poor hemp was exported for use in making paper and hats in Japan and in other countries. Because of the high prices paid for poor hemp, the faulty cleaning of hemp was much more profitable than the preparation of the finer qualities. Inferior qualities of hemp are produced by using a serrated knife in stripping the fiber. Men, women, and children can use a serrated knife for hemp cleaning, whereas the knife with the even blade requires the strength of an adult man. A law forbidding the use of a serrated knife in cleaning hemp, or preventing the export of hemp thus cleaned, would deprive many people of a means of livelihood in the islands and would savor much of paternalism; nor is a law of this kind necessary if purchasers use proper discretion in buying the quality which they desire. The object of the persons asking legislation, when analyzed, seems to be rather to secure a law which shall hold the price of good hemp down. The bill proposed has, therefore, been allowed to lie on the table, and it is unlikely that any further action will be taken in the matter. The high price of hemp always increases the production of inferior quality. This is a natural economic result; if the dealers do not desire to pay high prices for the inferior quality, their refusing to do so will soon bring up the quality of hemp. The report of the committee on the bill, consisting of General Wright, is hereto appended, and marked Exhibit J.

SUGAR.

It will be observed that the value of the sugar exports from the islands for the fiscal year ending June 30, 1903, was \$3,955,568, an increase of \$1,194,136 over the value of the exports of sugar for the fiscal year ending June 30, 1902. This increase was the natural result of a betterment of conditions as to tranquillity. More than that, the planters of Negros, where the increase chiefly was, had used greater efforts than the landowners of the other parts of the islands to import carabao to take the place of the carabao destroyed by the rinderpest. The increase in the exports, however, should not be taken as an evidence of prosperity in sugar production. I append a petition of the Agricultural Society of Panay and Negros, marked "Exhibit K," in

respect to the production of sugar in the Philippines, together with a statement made by the collector of customs at Iloilo, Colonel Colton, who has looked into the matter with great thoroughness, and whose opportunities for exact information are great, because Iloilo is the port through which almost all the sugar in the islands is exported. The statement of Colonel Colton is marked "Exhibit L." I also append a statement made by Governor Wright from data furnished him on the same general subject, marked "Exhibit M."

It may be deduced from these sources of information that the sugar production was first introduced into the Philippine Islands in the year 1856, and that the first official record of exportation is of the year 1859, when 5,427 tons of raw sugar were exported from Iloilo. In 1869, 7,344 tons were exported; in 1879, 47,625 tons; in 1889, 112,007 tons; in 1899, 154,462, and the largest exportation in any one year was in 1892, when 165,897 tons of sugar were exported. In 1901 the exportation fell to 34,500 tons. In the early years the sugar production was carried on by the use of wooden rolling mills worked by cattle, a process resulting in a loss of from 40 to 50 per cent of the sugar. Some of these mills are still in use, but most of them have been supplanted by steam mills which extract from $3\frac{1}{2}$ to $7\frac{1}{4}$ tons of juice per day with a loss of from 20 to 40 per cent of sugar. The sugar produced is classified as follows: Class No. 1 contains 88 per cent of saccharine; No. 2 contains $85\frac{1}{2}$ per cent; No. 3, 81 per cent, and damp 70 per cent. The various qualities of sugar are produced in about the following proportions: No. 1 quality, one-fourth; No. 2, three-sixteenths; No. 3 and damp, nine-sixteenths. Sugar polarizing as high as 92 per cent is produced by the old wooden mills in some localities of Panay. The expense of production was a very large percentage. Under ordinary circumstances Negros should produce 150,000 tons and Panay 50,000 tons of sugar annually on land now under cultivation. Those who have had experience in the business assert that with suitable machinery, transportation facilities and capital, the production could be doubled without extending the area of land under cultivation; that at present there are no means of transportation in Negros except for sugar brought to the market by lighters from the estates of the owners, from 5 to 14 miles, depending solely upon the condition of the roads, which is usually bad. The actual cost of producing sugar which is marketed at Iloilo, per ton, is as follows: Tilling and planting, \$22; cutting and carrying to mill, milling, bagging and shipping, \$18, and delivering, \$6, making a total of \$56 Mexican. These figures exclude material items like interest, investment, taxes, or rents, which are hard to estimate. The present selling price of sugar in the Iloilo market, based on the price in foreign markets, is about \$64 Mexican per ton, which allows little or no profit on the sugar from the most favorably located estates, and is considerably less than the cost of production on the interior estates.

The following table shows the quantity and value of sugar exported through the port of Iloilo, by fiscal years, since American occupation:

| Year. | Number of pounds. | Value. |
|-------------|-------------------|---------------|
| 1899 | 96, 831, 930 | \$1, 873, 183 |
| 1900 | 116, 258, 922 | 2, 103, 344 |
| 1901 | 77, 089, 391 | 1, 471, 281 |
| 1902 | 135, 687, 751 | 2, 471, 820 |
| 1903 | 226, 056, 793 | 3, 649, 536 |
| Total | 651, 924, 787 | 11, 569, 164 |

At first glance it would seem from the returns of 1893 that the sugar planters were subject to congratulations upon the substantial increase both as to price and quantity of their product, and the apparently improved conditions. As a matter of fact, however, owing to the increased cost of labor and the extraordinary expenditure for animals to replace those killed by the rinderpest, the planters are more deeply in debt at the close of the 1903 season than at any previous time in their history, and if it had not been for the low-ruling rate of exchange enabling buyers to pay more in Mexican currency on practically the same gold prices as last year, a large percentage of the planters would have been entirely ruined and compelled to abandon their estates. The planters have been steadily losing ground since 1899, and have only been encouraged to continue the operation of their estates by the hope each year that their products would be admitted to the markets of the United States at a much more favorable rate of duty than is now imposed. The shipments to the United States have been very small; 71,000,000 pounds of sugar were exported last year in vessels which cleared for the Delaware Breakwater "for orders." A very small proportion of this was shipped into the United States, the larger portion being carried into Canada or England, and all the sugar entering the United States, except one cargo which was allowed to enter free during the brief period when there was no import tax on imports from the Philippine Islands, resulted in a heavy loss to the shippers. The islands of Panay and Negros are among the most thickly populated, and the inhabitants and business interests depend directly or indirectly upon the sugar industry, which is at this time in an exceedingly precarious condition, and unless something is done by Congress to relieve the situation there must be a total industrial collapse in those provinces. Were there admitted to the United States three or four hundred thousand tons—and there is no likelihood that in the near future the exports of sugar from the islands to the United States will reach any such sum—it would not have any effect upon the price of sugar in the United States, but it would greatly increase the prosperity of the two important provinces named. Sugar is also raised in Pampanga, Cavite, and Laguna, but not so successfully

as in Negros and Panay. The conditions prevailing in the islands of Negros and Panay are typical of those throughout the islands. The growth of sugar in Formosa is apt to interfere very largely with the sugar trade of Japan, which already is hampered by a heavy duty.

TOBACCO.

The falling off in the production of leaf tobacco has already been alluded to, as well as the causes for the same. I can not too strongly urge the necessity for the reduction of the Dingley tariff in its application to goods imported from the Philippine Islands to 25 per cent of the rates therein imposed. I am confident that neither in the sugar market nor in the tobacco market will the effect of the amount to be introduced be materially injurious to any interest in the United States, while at the same time it will be of the greatest importance to the prosperity of the islands, and will be a most convincing argument with the people of the Archipelago to show the real interest that the people of the United States feel in the welfare of the Filipino people.

THE LABOR QUESTION.

American and foreign business men continue to complain of the difficulty in securing good labor. This question was discussed in my last annual report, and nothing has occurred since that time to change my views. I think it would be a great political mistake to admit the Chinamen freely into these islands as laborers. I am convinced that the Filipino, as conditions settle, can be made a good laborer; not so good as the American, not so good as the Chinaman, but one with whom it will be entirely possible to carry on great works of construction. We are now employing 2,500 Filipino laborers on the Benguet road, and our engineer reports that, wages considered, they are doing good work. We had an unfortunate experience in obtaining labor for this road, due to a misunderstanding with the proposed laborers, and to the fact that the men were obtained from an undesirable class in Manila and the neighboring provinces. It was fairly inferable from the facts that the persons who agreed to furnish the laborers, either intentionally or unintentionally, misled the laborers as to the terms upon which they should be employed. I append hereto, as Exhibit N, the report of the investigation made by the supervisor of fiscals concerning the failure of the first attempt to employ large numbers of laborers on the Benguet road. Since that time, however, the superintendent has been able to get Filipino laborers from all over Luzon, and, as already stated, the number is 2,500 and it is growing. The Atlantic, Gulf and Pacific Company, which is engaged in building the great Manila port works, needing in its employ from 500 to 1,000 men, has adopted the system of making the laborers comfortable and at home, and now can procure more labor than it needs, and good

labor, too. The following letters from the vice-president of the company seem to leave no doubt upon this point:

MANILA, July 2, 1903.

SIR: Answering your esteemed verbal inquiry as to our success with the Filipino labor, we beg leave to state as follows:

First. We believe that Filipino labor can successfully be used. We are employing about 1,000 Filipinos, which is a practical demonstration that this statement is not a theory.

Second. To successfully employ Filipino labor is, to the American employer of labor, a new business, which has to be learned. If he can not learn it he can not do business in the Philippine Islands.

Third. In general, the Filipinos have to be taught how to work. This requires a considerable proportion of intelligent high-grade American foremen and mechanics.

Fourth. The way to keep the Filipino laborer permanently in one's employ is to so arrange his surroundings that he is better off and more contented there than anywhere else. This we have attained by means of providing homes for the Filipinos and their families; also amusements, including Sunday fiestas, and schools where their children may be educated.

Fifth. We are opposed to the introduction of the Chinese. The only argument that we can see in its favor is that it may somewhat expedite the development of the resources of the islands. This temporary advantage is, we believe, overbalanced and overwhelmed by the ultimate injury to both the Americans and natives in the islands.

Sixth. We believe that the greatest need of the islands is the abolition of the Dingley tariff as far as it applies to the Philippines. We want the American market, not the Chinese laborer.

Very respectfully,

ATLANTIC, GULF AND PACIFIC COMPANY,
By H. KRUSI, *Vice-President.*

HON. WM. H. TAFT,

Governor Philippine Archipelago, Manila, P. I.

MANILA, November 12, 1903.

SIR: Referring to your esteemed verbal request to state whether our subsequent experience with the labor situation here is in accord with our letter dated July 2, on this subject, would state that our experience since that time has confirmed us in our opinion therein advanced. We are having no difficulty whatsoever with our Filipino labor, who are doing the bulk of the work under our harbor contract.

The well-known civil engineer, Maj. C. F. Case, was recently at our quarry, and can advise you, if desired, as to the state of affairs there.

I wish to strengthen the statement made in my former letter with reference to the use of American foremen and mechanics. These men are the backbone of our organization, and a certain proportion of them are absolutely essential to the success of any enterprise requiring labor. They are required both to lead and instruct the Filipinos. They must be practical men and not afraid to work with their own hands. Our experience is that about 8 per cent of American foremen and mechanics is advisable.

We are firmly convinced that the best interests of the Philippines demand the use of Filipino and American labor, to the exclusion of the Chinese.

Very respectfully,

ATLANTIC, GULF, AND PACIFIC COMPANY,
By H. KRUSI, *Vice-President.*

HON. WM. H. TAFT,

Civil Governor Philippine Archipelago, Manila, P. I.

I also append the report of Captain Couden, of the United States Navy, upon the capacity of the Filipino for labor. He has charge of

the large number of laborers employed at the Cavite Navy-Yard. It is marked Exhibit O.

The new electric street railway company of Manila, which is just beginning its work of construction, has had no difficulty in securing all the labor it desires.

The Commission employed Messrs. Norton and Drew as railroad engineers to make a reconnaissance survey for trunk lines through the island of Luzon. This report has been published, but will be hereto appended, for the sake of convenience, as Exhibit P. Mr. Norton is quite discouraging in regard to the possibility of securing native labor for the construction of railroads. I think that the facts do not justify his position in this respect. The Manila and Dagupan Railway was built with native labor, and the extensions which are now being constructed under franchises granted by the Commission are being built by the same labor. It is possible that were a very general system of railroad construction begun all at once in the islands, the supply of laborers here would be found deficient. In such contingency the emergency could be met by special legislation permitting use of coolie labor for a short period; but I anticipate no such necessity.

There is more importation of Japanese labor, but it has not as yet reached any proportion likely to have an effect upon the labor market.

THE EFFECT OF LABOR ON THE INVESTMENTS OF CAPITAL.

There is no doubt that the iteration and reiteration of the deficiency in the supply of labor in the Philippine Islands have had the effect of frightening American investors of capital from coming into the islands. The Commission is strongly desirous of encouraging American capital to come here, but it should be noted that if American capital declines to come that English, Belgian, and other foreign capital is merely awaiting the franchises which are requested for railroad and other constructive enterprises, and that it will be the duty of the Commission to grant such franchises for the benefit of the islands. The owners of English capital already invested in the Manila and Dagupan Railway have accepted two franchises granted for the construction and operation of branches for that railway, and are very anxious to secure other franchises extending their railway in other directions. They are sufficiently familiar with the possibility of securing native labor and of making it available for reasonably economical construction of their works not to be frightened away from the accepting of such franchises and making such investments. A reluctance on the part of American investors will certainly lead to the acceptance of their propositions. It seems to me that this much ought to be said by way of warning American investors that when later on they shall come into the islands, and shall find foreign capital strongly intrenched in many profitable

enterprises, they will have only themselves to blame for a failure to seize the opportunity when it was offered them.

The disposition to harken to pessimistic maligners of conditions in the Philippines may prove to be, in this sense, quite costly.

RAILROAD AND OTHER CONSTRUCTION.

The political conditions in the islands are now such as to make the time ripe for a period of great construction. For the next decade railroads, canals, and steamship companies should revolutionize the interior trade of the islands, and should have a most marked effect upon the export trade. There are a number of short lines of railroads that could be constructed, and doubtless will be, without governmental aid, but there are other lines of longer and more difficult construction which should at once be begun, but which we can not expect to have begun unless there is actual governmental financial encouragement. For this reason it seems to me wise that the Commission be authorized, with the approval of the Secretary of War and the President of the United States, to enter into contracts of guaranty with railroad companies to whom a franchise for the construction of a road shall be granted by which an income of not exceeding 4 per cent, and probably not exceeding 3 per cent, shall be guaranteed on the investment, the amount of which shall be fixed in the law. This method of financial encouragement is much to be preferred to the granting of lands or other forms of governmental subsidy, and I recommend to the Commission that in its report to the Secretary of War, to be transmitted to Congress, it ask for the granting of such power. It is very possible that under the Philippine act, as now passed such power exists, but it would greatly aid in securing public confidence if this power were expressly granted.

HEALTH.

The cholera, which began in March, 1902, has continued in the islands down to the time of writing. The number of cases was something over 150,000 and the number of deaths something over 100,000. The number of deaths and cases has been very much smaller in the city of Manila than in the provinces which the disease has visited. This is due to the fact that Manila has a water supply which has been carefully guarded from pollution. There is a great need of improvement in the water supply of the smaller towns. The Commission has directed the consulting engineer to investigate the cost of a plant for driving deep or artesian wells in each province of the islands.

Few cases of plague have been found or reported this last year in Manila. An outbreak of plague occurred in Cebu, disclosing an unsanitary condition in that city that required some radical measures on the part of the board of health to remedy.

There is no bureau of government more important in the development of these islands than that which is charged with looking after the health of the inhabitants. The islands, though they contain 8,000,000 people, are sparsely settled. The natural increase by births should be far greater. The immense loss of life from infantile diseases, before the age of 6 months is reached, is one reason why the increase of population is slow. It is within the function of the health board to encourage a better hygienic treatment of young children than now prevails. The improvement of the drinking water, too, will much decrease the death rate.

In connection with the subject of health, reference should be made to the province of Benguet and to Baguio, the capital of that province. The secretary of commerce and police will refer to the work now being done in the construction of the Benquet road from Pozorrubio, through Twin Peaks, to Baguio. There have been serious engineering mistakes made in the road, and it is proving to be much more costly than was expected; but when completed its importance in the development of these islands can hardly be overestimated. One of the things essential to progress in the islands is the coming of more Americans and Europeans who shall make this their business home. If there can be brought within twelve hours' travel of Manila a place with a climate not unlike that of the Adirondacks, or of Wyoming in summer, it will add greatly to the possibility of living in Manila for ten months of the year without risk. It will take away the necessity for long vacations spent in America; will reduce the number who go invalided home, and will be a saving to the insular government of many thousands of dollars a year. It will lengthen the period during which the American soldiers who are stationed here may remain without injury to their health and will thus reduce largely the expense of transportation of troops between the islands and the United States. More than this, Filipinos of the wealthier class frequently visit Japan or China for the purpose of recuperating. People of this class are much interested in the establishment of Baguio as a summer capital, and when the road is completed a town will spring up, made up of comfortable residences, of a fine, extensive army post, and sanitariums for the relief of persons suffering from diseases prevalent in the lowlands. It is the hope of the government that the Roman Catholic Church will send American priests as it has sent American bishops to the islands, to assist in the moral elevation of the people. The fear of the effect of the climate has kept many from coming. The Roman Catholic Church authorities have announced their intention of erecting rest houses at Baguio for the purpose of the recuperation of their ministers and agents. The Methodists and Episcopalians have already secured building lots in Baguio for this purpose. It is the settled purpose of the Commission to see this improvement through, no matter

what the cost, because eventually the expenditures must redound to the benefit of the government and people of the islands. We have already stated, in the report on the public-land act, that it is proposed, under that act, which allows the organizing of town sites, to sell the public land in suitable lots at auction so that everyone interested shall have the opportunity to obtain a good lot upon which to build a suitable house.

SCHOOLS.

One of the most gratifying things to report this year is the great increase in the school attendance in all the provinces but one. This increase is seen both in the attendance of children at day schools and also in the doubled attendance at night schools by adults. Still, only about 150,000, or 10 per cent of the population of school age, are receiving public instruction. We have neither teachers nor schoolhouses enough to carry out our purpose of giving primary English education to every child of school age in the Archipelago. Our resources are not sufficient to permit the necessary expenditure. Several millions could be well expended in the erection of large, airy, and healthy schoolhouses, and the number of teachers might well be multiplied by seven. There is an intense desire throughout the islands to learn English, and when one is familiar with the number of requests for American teachers and for the establishment of schools in which English can be taught, from Aparri to Mindanao, he is justified in smiling at the utterly unfounded charge made by persons professing to have some knowledge in respect to the islands, that we are forcing the English language upon an unwilling people. Here is possibly not the place to defend the policy of a general system of common school education in the islands. I am aware that our plans for education have been the subject of considerable criticism by men whose experience in eastern countries entitles their views to great weight, on the ground that by giving education to the people we unfit them for agricultural and other manual pursuits and inspire them with a desire to succeed only as clerks and professional men. That the result of higher education upon a people unfitted by training and moral stamina to use it to good purpose may be productive of evil need not here be denied or discussed. That superficial education frequently produces discontent and brings about social disturbances may also be conceded. The condition, however, which is most productive of social disturbances is the existence of a vast mass of ignorant people easily and blindly led by the comparatively few of their superficially educated countrymen into insurrection and lawless violence without any definite knowledge or certainty as to the beneficial results therefrom. The theory upon which we justify, even on political grounds, the spread of education is that the more the mass of ignorant persons is reduced in number by diffusing among them common school education the less likely are

they to be led away by degenerate political fakirs into experiences and projects that can lead to nothing but disaster. The common school education does not unfit either the oriental or the occidental laborer for manual effort, but it does enlighten him as to a more civilized life, and does increase his wants and thus does furnish a motive for more continuous and harder labor.

The Commission has thought it wise to inaugurate the plan of sending to America each year for education an average of 100 boys and girls of high-school age for the purpose of enabling them to become teachers, lawyers, doctors, and engineers, on condition that for five years after their return they shall be subject to call by the Government for public service. One hundred boys were sent in October. Seventy-five of the appointments were allotted to the provinces in proportion to the school population and interest in the schools shown in the provinces. They were selected in each province by the division school superintendent after a conference with the provincial governor, and then 25 were selected at large by the Civil Governor. Seventy-five were required to come from the public schools. They left Manila in charge of Professor and Mrs. Sutherland. They go to southern California, and will, in groups of eight and ten, be sent to the county high schools of that State which bear a high reputation. It is thought that by June of next year Professor Sutherland, who will have general supervision of them, may be able to classify them properly and distribute them among the preparatory schools or colleges of the East. The proficiency of the students in English formed an important element in the grounds for their selection. The plan was very popular and awakened a great interest in every town in the islands. As far as possible the selections made this year were by competitive examination. Next year a more rigid system will be followed. Next year probably one-third or one-half of those selected will be girls, with a view to their education as teachers.

THE PHILIPPINE EXHIBIT AT THE LOUISIANA PURCHASE EXPOSITION AT ST. LOUIS.

By Act No. 514, passed on the 11th of November, 1902, for the purpose of securing, organizing, and making an exhibit of Filipino products, manufactures, art, ethnology, education, and habits of the people, it was provided that there should be a board of three members, to be appointed by the civil governor, with the consent of the Philippine Commission. The board was authorized and directed to hold a preliminary exposition of certain of the exhibits at Manila in the autumn of 1903, and to establish a permanent museum in Manila. It was authorized to secure the needed land from the authorities of the St. Louis Exposition, to expend the necessary sums in the drawing of

plans for the necessary buildings and for their construction, and for the laying out of the ground included in the tract assigned to the Philippine exhibit; to incur all necessary expenses in securing the exhibits, including the necessary advertising, in the transportation of exhibits from the point where secured in the Philippine Islands to Manila and thence to St. Louis. The board was authorized to incur in all this work obligations not exceeding in the aggregate the sum of \$250,000. The heads of all the bureaus of the insular government and the governor and members of the provincial boards of provinces and all municipal presidents and other officers were directed to furnish every assistance in their power to the exposition board in obtaining the exhibits. The board was directed to render a monthly report of the work done by it to the civil governor, and a quarterly account of its receipts and expenditures to the civil governor and the auditor of the islands. By another section the civil governor was authorized to appoint five honorary commissioners to visit the exposition and to report upon the same. One hundred and twenty-five thousand dollars gold was appropriated to meet the obligations incurred under the act. Amendments were made to the act subsequently, varying some of the powers of the commission and dispensing with the necessity for a preliminary exposition in Manila, which proved to be impracticable, and appropriating \$325,000, making the total appropriation half a million dollars for the expense of the exhibit. At the same time there was obtained from the authorities of the St. Louis Purchase Exposition the use of 40 acres of land, the promise of a contribution of \$200,000 to the erection of the necessary buildings at the exhibit at St. Louis, and the proceeds of concessions granted in the grounds of the exhibit. Dr. William P. Wilson, director of the Philadelphia Commercial Museum, Dr. Gustavo Niederlein, his assistant, and Señor Pedro A. Paterno, who had had much to do with a Filipino exhibit at Madrid, were named the exposition board, and Señor Leon M. Guerrero, a Filipino of high scientific attainments, was made the secretary of the board. Doctor Niederlein came to the islands immediately upon his appointment, and with extraordinary energy has secured upward of 50,000 exhibits, which will probably be increased to 80,000. The Secretary of War has ordered a battalion of four companies of Philippine Scouts to be sent to the exposition, and the Philippine Commission has ordered two companies of constabulary and one constabulary band of 80 pieces also to visit the exposition and remain there while it is open. Among the exhibits will be several colonies of the various tribes, civilized and uncivilized, for the purpose of giving opportunity for ethnographic study of the people of the Philippines.

The work has not been without its obstacles, but it is hoped that the exhibit will be of interest to the American people and give them a

clearer idea than they now have, not only of the inhabitants of the islands, but also of their extent and the variety of their products, the work which has been done in the matter of education, their artistic tastes, and their capacity in many directions. The section directing the appointment of five honorary commissioners has not yet been amended, but it is the purpose of the Commission to increase the number to a delegation of from 30 to 50 prominent Filipino gentlemen of education and culture, who will visit the exposition and various cities of the United States at the expense of the insular treasury, with a view to bringing the two peoples nearer together and to showing the intelligent Filipinos what our country is and what our institutions mean. At the same time this delegation will be able, in the congresses at St. Louis, to represent with dignity the intellectual development of the islands and to speak with authority upon the needs of their people. It is thought that the large amount of money expended is justified by the commercial advantages to the Philippine Islands which will follow an exhibit of its products and resources, as well as the great benefit to be derived from a closer union and a better mutual understanding between the American and Filipino people. I append hereto as Exhibit Q the report of the exposition board.

THE CENSUS.

The details of the taking of the census will doubtless appear in the report of the secretary of public instruction, in whose department the bureau of the census by law is put, and the rough results of the census, so far as population is concerned, will there appear. It is sufficient to say that the census was almost wholly taken by Filipinos under the direction of General Sanger and his skilled assistants, Mr. Gannett and Mr. Olmstead, and that on the whole the machinery proved to be very satisfactory. The returns are now being compiled in Washington, but will probably not be published before October of 1904. At the end of two years from that date, if the President shall find that tranquillity prevails in the Christian Filipino provinces, it will become his duty to direct a holding of an election for selection of members for a general assembly of the Christian Filipino people, which will be a coordinate branch of a legislature to be composed of the Commission and the legislative assembly. This will doubtless prove to be a most important step in the growth and development of the Philippine people, and I have abiding confidence that the conservative elements in the Filipino people will accept this concession on the part of the Congress of the United States as a proffered test of their capacity to avoid foolish and impracticable legislative measures and of demonstrating the existence among them of that self-restraint which is indispensable to the growth of popular and effective self-government.

OPIUM.

Reports from various provinces and information from other sources have convinced the Commission that the smoking of opium is spreading among the native Filipinos. Under the Spanish régime Filipinos were under penalty of fine or imprisonment if convicted of smoking opium, but opium joints or smoking places were licensed to be used only by Chinamen. Under the tariff act now in force the tariff on opium was somewhat reduced, on the theory that a high tax on the importation of the drug increased the smuggling of it. The result is that except for the tariff there is no restriction at all on the sale of opium at present, except that town councils are required to pass ordinances suppressing opium joints.

Commissioner Moses was appointed to draft an opium bill, and on his resignation the task fell to Commissioner Smith. He drafted a bill which, in short, forbade the use of opium by Filipinos, or the sale of it to Filipinos, but provided for the granting of the monopoly for the sale of opium to Chinamen for one year to the highest bidder. The maintaining of a public place for the smoking of opium was punished by a fine, and every Chinaman was forbidden to smoke opium except on his own premises. This bill called forth considerable opposition, especially from the president of the Evangelical Union, of Manila. Doctor Stuntz, of that association, who had had a large experience in India, was especially emphatic in condemning the sale of the monopoly, which he insisted had a tendency to increase rather than to diminish the use of opium. A very extended discussion before the Commission was carried on, and communications were had with the Secretary of War upon the subject. A stenographic report of the discussion has already been forwarded to Washington.

The result was that the Commission hesitated to take action before a more thorough investigation could be made into the methods of dealing with opium smoking in oriental countries. Accordingly a law was passed, No. 800, under which a committee was to be appointed by the civil governor to visit the various oriental countries and make a report upon the methods of restricting the sale and use of opium which were in force in the East. Major Carter, surgeon, United States Army, and commissioner of health of the Philippine Islands, Dr. José Albert, a prominent Filipino physician of Manila, and the Right Rev. Charles H. Brent, Protestant Episcopal Bishop of the Philippine Islands, were appointed to make up this committee. Their report is expected in February or March, and until that time action by the Commission has been delayed.

CIVIL SERVICE.

The report of the civil-service board, which is attached hereto and marked "Exhibit R," shows that the principles of the merit system are

being enforced with much rigor, that the examinations for places are increasing, especially among the Filipinos, and that the proportion of the places given to the Filipinos is becoming greater. In the next three or four years the proportion of Filipinos in the government is certain to increase rapidly. There are many places in the executive departments which can only be filled by one who knows English. The rapidity with which the Filipinos are learning English gives assurance that this cause of their exclusion will not much longer continue.

Americans responsible for the government of these islands have suffered a most humiliating experience during the past year in the numerous defalcations of Americans charged with the official duty of collecting and disbursing money. The defalcations in the islands have extended also to the clerical service of the American business firms in the islands. The practice of the government has been to appoint to positions of pecuniary trust, especially to those where the amount of money handled was large, Americans alone. They were all placed under bond in either the Union Surety and Guaranty Company, or, later, in the Fidelity and Deposit Company of Maryland, or the American Surety Company of New York. The insular treasurer and the insular auditor have had great difficulty in securing examiners in sufficient number to make the examinations as frequently as the law requires, and the immunity from frequent examinations, which in future will not continue, may explain some of the defalcations. Everyone connected with the government realized as soon as the defalcations were made public the demoralizing effect that such revelations must have upon the service unless such dishonesty was promptly punished. A still more serious result was the effect upon the Filipinos, who had been advised that Americans would be honest where others had not been so careful in accounting for public money. Prosecutions were vigorously begun against all defaulting officers, and the surety companies have responded when shown their liability.

So far as is known, the only defaulting officer who has escaped trial is a deputy collector named Stewart, at Iloilo, who managed to reach the United States at a time when there was no extradition law. It is hoped that he will be apprehended and brought back. In other cases defaulting officials have reached Hongkong, Shanghai, or even Montreal before their arrest, but the insular government, sparing no effort or expense, has succeeded in bringing them to their well-deserved punishment. Two defaulters, though tried, have escaped conviction of embezzlement on the ground that others had stolen the money. In the case of one of these, three subordinates were convicted.

The question that naturally presents itself after a review of these instances of dishonesty is whether we are to expect a recurrence of them. I am glad to say that I think not. They are the natural result

of the circumstances under which selections for official positions in the beginning of this government had to be made. The mode of selection under the civil-service law could not, of course, be applied at first, because the government had to become at once a going concern. The army officers who had begun the civil government here had to be relieved, the number of officers, as civil government spread through the provinces, had to be largely increased, and the material from which selections had to be made was those men who had resigned from the Army or had been mustered out and proposed to remain in the Philippines. It was impossible in the selection of so many officers to institute a thorough investigation into their lives in the States. There were men among those who have proven since to be defaulters who changed their names with the view of avoiding the investigation which would have disclosed dishonesty in their past lives. Then, too, in the very unsettled conditions which have prevailed here, men who would not have yielded to temptation to dishonesty in the States were unable to resist it here. As was said in the first report of the Commission:

Many leave the United States honest, but with the weakening of the restraints of home associations and with the anxious desire to make so long a trip result successfully in a pecuniary advantage, demoralization and dishonesty are much more likely to follow than at home. To avoid the dangers presented by these conditions it is necessary, first, to banish all favoritism and political considerations from the selection of civil servants and rigidly enforce the requirements of a competitive examination and a satisfactory showing by the applicant of his good moral character; second, to pay adequate salaries and to allow liberal leaves of absence adapted to preservation of health in the Tropics, thus securing that contentment with the service without which good work is not possible, and, third, to awaken an enthusiasm in the service by offering as a reward for faithful and highly efficient work a reasonable prospect of promotion to the highest position in the government.

The lack of ordinary, rational, and healthful amusements for one engaged as a provincial officer in the country itself turns the minds of not overstrong natures toward vicious pursuits and enjoyments like those of gambling and licentious association with native women. There is thus furnished a means of spending money in excess of the legitimate salaries, which soon leads on to an appropriation of the public funds. In the beginning of this government it was impossible to organize a system of inspection which should enable us to follow the private lives of our employees charged with the custody of money, but as the organization becomes better and our system of inspection becomes more thorough we are able to furnish the weaker of our employees the fear of expected inspection as a strong motive for pursuing honest ways. There follows below a short statement of the history of each of the defaulting officials in the Philippine civil service during the period July 1, 1902, to November 9, 1903:

JAMES F. BEAHAN.—Born at Boston, Mass., in 1877. Enlisted in Company A, Ninth Massachusetts Volunteers, May 4, 1898; discharged November 26, 1898.

Enlisted in Company F, Ninth U. S. Infantry, January 14, 1899; discharged January 31, 1900, to accept employment as clerk in the office of the chief surgeon, provost guard, Manila. Continued with the board of health, and promoted to clerk at \$1,600 October 1, 1901; appointed disbursing officer April 1, 1902, at \$1,800 per annum. An examination, made in October, 1902, of his accounts disclosed numerous claims for credit covering duplicated payments, besides evidence of forgery of names to a pay roll for which he had claimed credit. These fraudulent claims for credit amounted to about \$4,300 Mexican currency, but there were besides many irregular vouchers and improper transactions. Mr. Beahan was tried and convicted on two charges, the first of "falsification of public documents," for which he was sentenced to twelve years imprisonment December 16, 1902. On the second charge, "misappropriation of public funds," he was given an additional sentence of twelve years imprisonment March 31, 1903. Between the time of his arrest and final conviction Mr. Beahan fled to Shanghai, China, where he was apprehended and returned. The government secured by attachment the amount of a personal deposit of \$2,000 gold made by him in one of the Manila banks.

WILLIAM A. WILSON.—Born at Buffalo, N. Y., in 1871. Enlisted in the Thirty-fifth Infantry, U. S. Volunteers, August 22, 1899; discharged March 13, 1901, as regimental commissary sergeant; temporarily employed in police department, April 1 to August 9, 1901, as clerk at \$1,200 per annum; appointed to the bureau of the insular treasury as clerk at \$1,200 per annum August 12, 1901, as a result of civil-service examination; transferred to office of the captain of the port at \$1,600 September 12, 1901; transferred to the bureau of coast guard and transportation January 1, 1902, at \$1,800; promoted to disbursing officer April 1, 1902, at \$2,000. In December, 1902, he disappeared, and in the examination of his accounts which followed an actual cash shortage of \$19,265.65 Mexican currency was discovered. Wilson was traced by way of Hongkong and Shanghai to Montreal, Canada, where he was arrested by United States secret service agents and returned to Manila for trial. He was charged with "misappropriation of public funds" and "falsification of a public document." In the first case he received a sentence, April 13, 1903, of twelve years imprisonment, and in the second case a sentence of twelve years and one day and a fine of 1,250 pesetas, April 20, 1903. Demand was made for the full amount of the shortage upon the Fidelity and Deposit Company of Maryland and the American Surety Company of New York, joint sureties, and the claim was settled in full October 22, 1903.

MATTHEW T. E. WARD.—Appointed subinspector in the Philippines Constabulary May 1, 1902; promoted to fourth-class inspector July 1, 1902. In October, 1902, he was found short in his cash and commissary accounts to the amount of \$1,266.26 Mexican currency, and was tried on the charge of "misappropriation of public funds," and was sentenced to imprisonment for two years, four months, and one day on December 4, 1902. The full amount of his shortage was paid by the Union Surety and Guaranty Company of Philadelphia August 31, 1903. An additional shortage on account of property is still undetermined.

CHARLES J. DE WITT.—Born at Brooklyn, N. Y., in 1876. Formerly an enlisted man in the Third U. S. Cavalry; appointed fourth-class inspector, Philippines Constabulary, at \$800 per annum, September 19, 1902. In January, 1903, he was found short \$10,498.83 Mexican currency in his cash, commissary, and property accounts; was tried for "misappropriation of public funds" and sentenced, February 9, 1903, to ten years' imprisonment. The amount of his shortage was paid August 15, 1903, by the Fidelity and Deposit Company and the American Surety Company, joint sureties.

O. G. MILNE.—Born in New York in 1881. Appointed postmaster at Tacloban, Leyte, September 1, 1902, at \$1,000 per annum. In November, 1902, he claimed to have been the victim of a robbery of over \$12,000 United States currency in money-

order funds from his office. His statements were not consistent. The matter was investigated by the inspectors of the bureau of posts, and upon the evidence secured Milne was arrested and convicted of "misappropriation of public funds" to the amount of \$12,140.80 United States currency. He was sentenced, May 1, 1903, to imprisonment for eight years and one day. After his conviction he confessed his crime and pointed out where \$9,102.50 United States currency, for which he was accountable, was concealed. This sum was recovered and a further sum of \$3,000 United States currency, the full amount of his bond, was paid July 21, 1903, by the Union Surety and Guaranty Company of Philadelphia.

ALBERT C. ROBERTS.—Born in Kentucky in 1873. Served as sergeant of Company D, Second Kentucky Volunteer Infantry, and as regimental quartermaster-sergeant of the same regiment; enlisted May 3 and discharged August 31, 1898. Served in subsistence and quartermaster's departments of U. S. Army from November 1, 1898, to June 30, 1901; appointed bookkeeper in the Insular Cold Storage and Ice Plant, July 1, 1901, at \$1,500 per annum; compensation increased to \$1,800 January 1, 1902. Upon examination of his accounts in May, 1903, he was found short to the extent of \$1,622.42 United States currency, and \$7,014.65 Mexican currency, and was tried on the charge of "misappropriation of public funds," but was convicted of permitting others to abstract public funds, and sentenced July 10, 1903, to pay a fine equal to the amount of the shortage in addition to the civil liability under his bond. Demand was made upon the Fidelity and Deposit Company and the American Surety Company, joint sureties, and the claim was settled in full October 22, 1903. Case pending on appeal of the government, seeking a sentence of imprisonment for years in the penitentiary.

J. VALENTINE KARELSON.—Born in New York City in 1875. Enlisted in the Twenty-seventh Battery, Indiana Light Artillery, May 10, 1898; discharged July 17, 1898, for disability; appointed to the position of clerk, at \$900 per annum, in the Manila post-office, May 16, 1902, as a result of civil-service examination; transferred to the position of postmaster at Calamba, Laguna, January 15, 1903, at \$1,000 per annum. In April, 1903, he claimed to have lost \$1,000, United States currency, in transit to his depositary at Manila. Investigation showed that his claim was a false one. He was charged with "misappropriation of public funds," convicted, and sentenced July 5, 1903, to imprisonment for ten years and one day, and to pay a fine of \$1,000 United States currency. Demand has been made upon the Union Surety and Guaranty Company, but the matter is unadjusted.

WALTER SHULTZ.—Born at Houstonia, Mo., in 1875. Enlisted in Company H, First Territorial Infantry, July 27, 1898; mustered out February 17, 1899; reenlisted in Company H, Thirty-fourth Infantry, July 25, 1900; discharged as sergeant February 26, 1901; appointed postmaster at Laoag, Ilocos Norte, on a percentage basis, March 1, 1901; salary fixed at \$1,000 per annum April 1, 1901; returned to the percentage basis October 1, 1901; reappointed postmaster at Laoag April 1, 1903, at \$900 per annum; salary increased to \$1,000 July 1, 1903. In July, 1903, he was found short \$2,500 United States currency by Post-Office Inspector Ladd. Shultz confessed and made a full statement of his peculations. He was charged with "misappropriation of public funds," and sentenced to imprisonment for eight years and one day. The final audit of this account showed a net shortage of \$2,511.97 United States currency. It appeared by the confession of the late postmaster that the sum of \$809.52 United States currency was abstracted from the money-order funds prior to October 1, 1902, at which time a bond given by the Union Surety and Guaranty Company was effective. For the remainder of the shortage, \$1,702.45 United States currency, the Fidelity and Deposit Company and the American Surety Company were deemed jointly liable. Demand was made upon the surety companies concerned, and the amount for which each was liable was paid October 22, 1903.

BARTLETT SINCLAIR.—Born at Lancaster, S. C., in 1864. A member of the New York bar and subsequently auditor of the State of Idaho. Most highly recom-

mended. Appointed treasurer province of Rizal September 25, 1901. In January, 1903, he was found short in his accounts in the sum of \$1,410.40 United States currency. He was removed from office and charged under a Spanish statute still in force with "carelessness and negligence in office," as a result of which he permitted others to abstract public funds. The books of the late treasurer, as kept by him, showed a shortage of over \$10,000 Mexican currency, while additional debits not charged, amounting to over \$10,000 Mexican currency, were discovered in the examination of his office. The case against Sinclair resulted in acquittal, on the peculiar ground that he was as attentive to his duties as a man with his lack of money accounting sense could be expected to be, October 20, 1903. The loss has been paid in full by the sureties.

EMORY H. FOGERTY.—Born at Worcester, Mass., in 1874. Cadet United States Revenue-Cutter Service, 1898-1900. Appointed to the Philippine civil service from the United States as a result of civil-service examination April 21, 1902; assigned to the position of deputy treasurer, province of Rizal, under Bartlett Sinclair. Mr. Fogerty made a written confession of having appropriated to his own use a sum equivalent to \$1,276 United States currency, pleaded guilty, and was sentenced April 8, 1903, to three years' imprisonment.

RICARDO GUTIERREZ.—Born in Baliuag, P. I., in 1882. Appointed clerk in the office of the treasurer, province of Rizal at \$180, July 9, 1901; promoted September 15, 1901, to the position of deputy treasurer at \$300 per annum. While deputy of ex-Treasurer Sinclair, was charged with misappropriation of \$244.34 Mexican currency, but reimbursed the government before the date of his sentence, which was imprisonment for four months and one day.

GREGORIO DE SILVA.—Born at Pasig, P. I., in 1875. Appointed clerk in the office of the treasurer, province of Rizal, on July 15, 1901, at \$180 per annum. While deputy of ex-Treasurer Sinclair, he was convicted of having appropriated \$46.28 Mexican currency, but reimbursed the government before a sentence of two months' imprisonment was imposed.

FRANK DEAN TOMPKINS.—Born at Troy, N. Y., in 1870. Appointed first lieutenant, First U. S. Volunteer Infantry, June 21, 1898; honorably mustered out October 28, 1898; appointed first lieutenant, Thirty-third U. S. Volunteer Infantry, April 5, 1899; detailed as treasurer and collector of internal revenue, province of La Union, while in the military service, and appointed treasurer of the province of La Union August 15, 1901, at \$2,000 per annum. An examination of the accounts of Dean Tompkins made in June, 1903, disclosed a shortage of \$221.15 United States currency, and \$22,744.25 Mexican currency. After the seizure of his office, July 5, 1903, by the deputy of the insular treasurer, Mr. Tompkins made cash payments on his shortage amounting to \$1,129.99 United States currency and \$7,061.26 Mexican currency, besides payment by personal notes given by him to various persons for salary vouchers, for which he claimed credit in his accounts, amounting to \$294.50 United States currency and \$1,338.74 Mexican currency. The persons who accepted these notes now state that they did so with the understanding that the province was cramped for funds or that the actual cash was not available, and that the obligation of the government to pay was not discharged by acceptance of the notes. The notes were given to provincial officers and employees after the seizure of the office, however. Nine charges were filed against ex-Treasurer Tompkins—four for "estafa," four for falsification of public documents in forging names of municipal treasurers to receipts for money for which he took credit, and one for misappropriation of public funds amounting to \$221.15 United States currency and \$22,744.25 Mexican currency. One of the cases for "estafa" resulted in acquittal on account of a technicality. In the next case heard, the charge being forgery, the defendant was found guilty and sentenced to imprisonment for seventeen years, four months, and one day. During the hearing of the third case brought to trial, that of misappropriation of public funds, the defendant fell sick, and further hearing of the case was postponed to

October 1, 1903. This case resulted in conviction, and an additional sentence of imprisonment for nine years was imposed October 15. The loss is unadjusted. The remainder of the indictments are in abeyance.

ALFRED E. WOOD.—Born at Reigate, England, in 1864. Appointed in the United States to the Philippine civil service as clerk, at \$1,400 per annum, as a result of civil-service examination; assigned to the bureau of the insular purchasing agent upon arrival; resigned and appointed in the Census Bureau October 31, 1902; resigned December 5, 1902; reinstated and appointed chief clerk and deputy treasurer of the province of La Union December 15, 1902, at \$1,200 per annum. As deputy to Dean Tompkins, ex-treasurer of Union province, he made certain illegal collections from municipal treasurers and embezzled the same. The amount involved is a part of the treasurer's shortage. Wood was found guilty September 10, 1903, of "estafa," and sentenced to four months' imprisonment in the provincial jail.

THOMAS P. COATES.—Born in Illinois in 1880. Appointed to the position of clerk, bureau of customs, Condon, P. I., at \$600, on February 20, 1900. Promoted to coast district inspector of customs, San Fernando, Union, at \$1,400, on June 24, 1901. In July, 1903, he was found short in his accounts \$1,990.22 Mexican currency, by Supervising Special Agent Edwards, of the customs service. Coates was charged with misappropriation of funds, and also with "estafa," in using a false and fraudulent check of Dean Tompkins to deceive the special agent. He was found guilty of the first charge September 9, 1903, and sentenced to eight years' imprisonment. The defendant paid the amount of his shortage in open court.

CHARLES H. OSBORN.—Born in Brooklyn, N. Y., in 1875. Enlisted in Company B, Ninth New York Voluntary Infantry, May 2, 1898. Reenlisted in Company L, Third U. S. Infantry, July 20, 1900; discharged to accept employment as clerk in the office of the adjutant-general, Department of North Philippines, June 23, 1901; transferred to Quartermaster's Department December 21, 1901; appointed fourth-class inspector, Philippine Constabulary, June 20, 1902, at \$800 per annum; assigned as supply officer at San Fernando, Union, September 30, 1902; compensation increased to \$900 per annum June 1, 1903; June, 1903, he was found short \$6,081.55 Mexican currency, in his disbursing and commissary accounts, and was charged with misappropriation of public funds and "estafa" in using a false and fraudulent check of Dean Tompkins for \$3,000, to be used as cash during inspection of his accounts. Osborn was found guilty of misappropriation of funds and sentenced September 9 to ten years' imprisonment. Demand will be made upon his sureties without delay.

QUINTIN R. GONZALEZ.—Born at Manila, P. I., in 1870. Appointed fourth-class inspector, Philippine Constabulary, September 20, 1901, at \$800 per annum; promoted to third-class inspector June 17, 1902, at \$950; promoted December 18, 1902, to \$1,000. He was found short in his accounts to the amount of about \$1,600 Mexican currency, and is under arrest pending trial. The shortage has been made good by him.

WILLIAM G. HOLLIS.—Born at Chatham, Mass., in 1873. Enlisted in Company L, Fifth Massachusetts Infantry, June 1, 1898; mustered out March 31, 1899; served as property clerk and stenographer in the Quartermaster's Department in Cuba and later in the office of the depot quartermaster, Department of Northern Luzon, from 1899 to June 30, 1901; appointed clerk, office of the insular treasurer, July 1, 1901, as a result of civil-service examination, at \$1,200 per annum; salary increased July 15 to \$1,400; September 1, to \$1,600; October 17, to \$1,800; February 1, 1902, to \$2,000; appointed treasurer of Occidental Negros August 8, 1902. In June, 1903, an examination of his cash accounts showed a shortage, as of June 23, 1903, of \$11,063.11 Mexican currency, with an overage of \$86.71 United States currency. His trial is pending before the court of first instance of Bacolod. Demand will be made upon sureties for the amount misappropriated.

JAMES W. WALSH, JR.—Born in North Dakota in 1876; appointed subinspector, Philippine Constabulary, at \$480 per annum, February 13, 1902; promoted April 1 to

fourth-class inspector at \$800; defaulted in his accounts in October, 1903. From the incomplete records in this office it appears that he is short in his disbursing account in the sum of \$10,557.66 Mexican currency, and in his commissary account in the sum of \$5,603.98 Philippine currency. He was convicted and sentenced to ten years' imprisonment for the shortage of more than \$10,000 in his local currency account, and was given an additional sentence of ten years' imprisonment for the embezzlement of commissary stores.

CHARLES G. JOHNSON.—Appointed subinspector, Philippine Constabulary, April 26, 1902, at \$480 per annum; promoted to fourth-class inspector at \$800 per annum on July 1, 1902. While acting in his capacity of supply officer of constabulary it appears that he turned pirate and was killed in an attempt to escape capture. Incomplete reports at hand indicate a shortage of \$8,625 Philippine currency. The defalcation in his accounts occurred in September, 1903. Demand will be made upon his sureties for the full amount involved.

For the purposes of comparison there follows a letter from the auditor showing the total number of officers in the Philippines handling money, either as receiving or disbursing officers, and the amounts handled:

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
OFFICE OF THE AUDITOR,
Manila, November 10, 1903.

SIR: In compliance with your verbal request, I have the honor to submit herewith lists of the collecting and disbursing officers, insular and provincial (including the city of Manila), who served during the fiscal year 1903.

It should be noted that many persons served as collecting or disbursing officers in more than one capacity, and in such cases the name appears for each capacity, as such accounts, so far as the auditor is concerned, are as separate as if rendered by different individuals.

The lists may be classified as follows:

| | |
|--|--------------|
| Number of officers who received or disbursed over \$2,000,000 | 4 |
| Number of officers who received or disbursed more than \$1,000,000 and less than \$2,000,000 | 3 |
| Number of officers who received or disbursed more than \$500,000 and less than \$1,000,000 | 10 |
| Number of officers who received or disbursed more than \$100,000 and less than \$500,000 | 31 |
| Number of officers who received or disbursed more than \$75,000 and less than \$100,000 | 22 |
| Number of officers who received or disbursed more than \$50,000 and less than \$75,000 | 29 |
| Number of officers who received or disbursed more than \$40,000 and less than \$50,000 | 15 |
| Number of officers who received or disbursed more than \$20,000 and less than \$40,000 | 80 |
| Number of officers who received or disbursed more than \$10,000 and less than \$20,000 | 81 |
| Number of officers who received or disbursed more than \$5,000 and less than \$10,000 | 84 |
| Number of officers who received or disbursed more than \$1,000 and less than \$5,000 | 185 |
| Number of officers who received or disbursed more than \$500 and less than \$1,000 | 69 |
| Number of officers who received or disbursed less than \$500 | 491 |
| Total | 1,104 |

The treasurer of the islands, who is not included in the foregoing classification, received during the fiscal year deposits of insular funds amounting, approximately, to \$15,000,000 in United States currency and \$25,000,000 in Mexican currency. As depositary he received additional deposits amounting to \$27,965,608 in United States currency and \$24,612,902 in Mexican currency.

Respectfully,

A. L. LAWSHE, *Auditor.*

The honorable CIVIL GOVERNOR.

The percentage of defaulters thus appears to be less than 2 per cent. This is far too large, but we feel assured that next year will show a notable decrease. "It is an ill wind that blows nobody good," and the punishment of American officials for dishonesty has furnished the Filipinos a spectacle which they never enjoyed during the Spanish régime. It is not a matter of inference, but it is a matter of observation, that the prompt trial and severe punishment of American officials has inspired in the Filipinos confidence in the sense of justice of this government. The severe losses entailed on the surety companies during this year will probably necessitate an increase in the rate at which the bonds will be issued for the next year, and yet at no other time in the history of the islands, probably, is the surety business likely to be more lucrative than during the immediate future.

The revelations of dishonesty in the officials above named have not shaken, but have only strengthened our confidence in the wisdom of the merit system. The means of obtaining information concerning a man's previous character are being much improved, and the certainty of tenure produced by the merit system all tend to inspire the civil servant with an esprit de corps and convince him that the only possible course for him to pursue with a view to success is a devotion to duty and to the interests of the public and the government. The merit system excludes favoritism, and with favoritism excluded and the reasonable hope of promotion for good work present, there is a certainty of securing honest and enthusiastic civil servants.

THE COASTWISE LAWS.

Unless Congress takes some action, on July 1, 1904, the coastwise laws of the United States will apply not only to the interisland shipping trade, but also to the trade between the islands and the United States. In the present conditions nothing could be more disastrous to these islands. The effect of the laws would be to exclude from the islands and the American trade all but American bottoms. The interisland trade is as necessary to the life of the islands as the arterial system to the human body. The application of the United States coastwise laws would exclude a great majority of the ships now engaged in the trade and would inflict immense damage to the business of the islands. In 1899, by Executive order, the coastwise trade was limited to vessels bona fide owned either by a citizen of the United States,

resident in the islands, or a native inhabitant, or a resident who had become a citizen of the islands by the treaty of Paris. Even this order, if strictly enforced, would have excluded a large proportion of the available coasting vessels then engaged in the business, and the military authorities, to avoid the disaster of driving them out of the trade of the islands, winked at colorable transfers to Filipino clerks and agents in whose names certificates of protection were taken out. These vessels had been in the trade in Spanish times, and they were still needed. Any change in the existing laws should provide that vessels now having a certificate of protection should be allowed to continue in the trade. Indeed so convinced were the Commission that the interisland shipping was not extensive enough for the good of the islands that we procured an amendment to the Executive order by which, under certain restrictions, vessels under foreign flags may engage in the interisland trade. The occasion for this was a combination among the interisland shippers to keep up unreasonable rates. The amendment has had an excellent effect and rates are more reasonable, although still too high. If the present profits of the interisland trade are not sufficient to attract American capital, then certainly it would be selfish exploitation of these islands of an indefensible character to exclude vessels now in the trade and impose the heavy burden of higher freight rates in order to induce American capital to invest in coastwise vessels, and would furnish just ground for reproach against a government professing good will and doing evil. It seems to me that the best provision of law which could be adopted, so far as the interisland trade is concerned, would be to place the matter wholly in the discretion of the Commission, which, as conditions change and warrant it, could make the restrictions in favor of American and Filipino shipping greater.

With respect to the trade between these islands and the United States, I concur fully in the remarks of Collector Shuster in his annual report in which he says:

At the present time the greater [part of the freight traffic between the Philippines and New York is carried on in foreign bottoms. So far as indications go, any law which prevented the continuance of that trade in foreign bottoms until an equal tonnage of cheaply operated American freighters are actually available to take up that trade and maintain healthy rate competition, would result in a decided increase over the present rates of freight. This additional burden would fall upon the already weakened resources of these islands and such a result would be more than lamentable from every standpoint.

The tonnage plying between these islands and the Pacific coast is about equal to the present freight supply and no change in the present law seems advisable so far as trans-Pacific routes are concerned.

It is, therefore, earnestly recommended that the present laws, so far as they permit foreign bottoms to trade between these islands and the mainland territory of the United States, be not changed for a period of at least five years from July 1, 1904, and that positive legislation to that effect be had by Congress at an early date.

THE INSULAR REVENUES.

The report of the auditor shows that the revenues of the islands for the year ending June 30, 1903, exceeded those for the year ending June 30, 1902, as follows:

Comparative statement of revenues of the Philippine Islands, fiscal years 1902 and 1903, exclusive of provincial receipts and refundable collections.

| Items. | Fiscal year 1903. | Fiscal year 1902. |
|---|----------------------|----------------------|
| Customs..... | \$9,215,551.88 | \$8,398,864.35 |
| Postal..... | 145,702.53 | 137,811.99 |
| Internal..... | 7,867.01 | 94,634.84 |
| Miscellaneous: | | |
| Ordinary..... | 595,350.95 | 508,120.60 |
| Extraordinary..... | 567,581.97 | 42,571.86 |
| City of Manila under provost-marshal (exclusive of internal revenue)..... | | 85,709.51 |
| Total insular revenue..... | 10,532,054.34 | 9,267,713.15 |
| Increase in 1903..... | 1,264,341.19 | |
| City of Manila..... | 1,542,463.83 | 1,113,850.07 |
| Increase in 1903..... | 428,613.76 | |
| Total, including city of Manila..... | 12,074,518.17 | 10,381,563.22 |
| Increase in 1903..... | 1,692,954.95 | |

In the fiscal year 1902 receipts in the city of Manila from July 1 to August 7, 1901, prior to the incorporation of the city of Manila, amounting to \$82,813.43, are included in the internal revenues; and \$85,709.51 was collected by the provost-marshal-general administrating the department of receipts and disbursements, making total collections in the city of Manila, under the charter and otherwise, \$1,282,373.01, as against \$1,542,463.83 for 1903, an increase in 1903 of \$260,090.82.

Forestry taxes collected in each year are excluded, these collections being refundable to the several provinces in which the timber was cut.

The income for the year ending June 30, 1902, exclusive of the city of Manila, was \$9,465,952.44, the income for the city of Manila was \$1,199,559.58, and the total income was \$10,665,512.02. The income for the year ending June 30, 1903, included about \$560,000 of extraordinary items. These were the amount paid by the United States for the gunboats turned over to the Navy, purchased out of insular funds; and the Spanish insurgent seized funds, turned over to the insular treasury. During the year we had the extraordinary expense of taking the census, for which there was appropriated something over \$694,000; and in addition to that we had appropriated \$125,000 for the exposition board for the preliminary expense for the Philippine exhibit at the Louisiana Purchase Exposition. Added to this were the appropriations of \$1,000,000 for the continuance of the harbor works in the port of Manila, \$350,000 for harbor works in the city of Cebu, and \$150,000 for the harbor works in the city of Iloilo. The result is that the surplus, which on June 30, 1902, amounted to \$4,000,000, has been reduced to nearly \$2,200,000 in round numbers. Of course the surplus was accumulated for the purpose of making permanent improvements, and its reduction by the amount required for the port works in the three cities is a reduction in accordance

with the plan of the Commission. The revenues, in spite of the conditions, have kept up, although there has been a slight falling off during the first four months of the new fiscal year, as follows: For the first four months of the fiscal year ending June 30, 1903, the amount collected was \$3,612,510.88; for the first four months of the year ending June 30, 1904, \$3,492,729.88, or a loss of \$119,781. This is exclusive of the income from the city of Manila. The tendency to the expensive conveniences and the pressure for increase in salaries in all departments and bureaus renders it most difficult to prevent expenditures from outrunning our income. We are anxious naturally to put as much money into permanent construction as possible. We have as yet, however, no general authority to borrow money to pay for permanent improvements, and the cost falls on the results of taxation. We find it wiser to pay good salaries—salaries in excess of those paid for the same service in the United States—to all who occupy responsible positions. The cost of living is so high in Manila that a salary of \$7,000 here hardly goes as far as a salary of \$5,000 in any of the smaller cities of the United States. I am convinced that we made a mistake in fixing the salaries for the supreme judges at \$7,000, and for that of the chief justice at \$7,500. The court is of so much dignity and of so much importance that we might very well have fixed the salaries of the judges at \$10,000 a year, and that of the chief justice at \$10,500. We are likely to lose by resignation three of the Americans who have constituted the court of seven at the end of their service of three years, and that largely because the salary offers no inducement to hold the place. This is a deplorable condition, because the value of the supreme court depends largely on the experience of its members, and if we are not to obtain the benefit of the learning and experience acquired on the bench in the Spanish civil law by our American judges we lose much.

An examination of the report of the secretary of finance and justice will show that the extraordinary expenses of the current six months provided for in the appropriations, if continued in the same proportions for the remaining six months of the fiscal year ending June 30, 1904, would absorb the surplus and leave a considerable deficit. Part of this extraordinary expense is made up by the purchase of the Oriente Hotel for an office building, at a cost of \$675,000 Mexican, the appropriation of \$450,000 gold for the St. Louis Exposition purposes, which includes not only the direct appropriation for expenditure by the exposition board of \$375,000, but also that of \$75,000 to pay the expenses of sending fifty Filipinos of education, culture, and prominence to the United States for purposes already stated. The work is proceeding so rapidly on the port works of Manila that it is probable that another heavy appropriation will have to be made to meet that expenditure. It is quite unlikely that any considerable

expenditure for public works and improvements of a permanent character can continue to be made out of the current revenue, and a deficit would be exceedingly embarrassing. Of course, if the Dingley tariff were reduced and an impetus given to business in the islands by the increased production of sugar and tobacco and their sale in the United States, the increase in the revenues would probably keep pace with the increase in the expenditures, but to meet all contingencies it seems to me that a Congressional act authorizing the issuing of bonds for permanent improvements in the islands, not exceeding \$5,000,000, each issue to be approved by the Secretary of War and the President of the United States, would not be conferring upon the Commission or legislature of the islands excessive authority, and that it is really a necessary provision to prevent possible financial embarrassment.

OFFICE OF THE INSULAR PURCHASING AGENT.

The report of the purchasing agent, which is attached hereto as an exhibit, shows the very large amount of business done by him for the purpose of supplying the departments with needed permanent equipment and consumable supplies. His total purchases for the year ending September 30, 1903, were \$2,215,275.62, exclusive of rice purchases and carabaos. Of this amount it appears that over 80 per cent has been bought through the merchants of Manila, 14 per cent bought in the United States, and the remainder in other countries. The work needed in taking charge of the shipments when they arrived and in distributing them for shipment to all parts of the Archipelago has been very heavy.

In addition to the supplies thus purchased, under special acts of the Commission, the insular purchasing agent has been charged with the duty of buying and selling rice, of which he purchased to the 1st of October \$2,451,168.04 and sold \$2,310,633.06, Mexican currency, having on hand at the present time rice amounting to \$107,152.84 in value. He was also charged with the business of supervising the completion of the contract with Keylock & Pratt for 10,000 head of carabaos bought in Shanghai, to be delivered at the rate of 500 per month. At this date only 773 have been delivered, and they are being sold as rapidly as they can be permanently immunized against rinderpest by the bureau of government laboratories. The insular purchasing agent is also charged with the duty of maintaining and supervising a transportation department for the city of Manila. New stables are being erected for him on the San Lazaro estate, and when they are completed he will furnish all the transportation for all the insular bureaus, including the bureau of health.

The report shows the handling and shipping of \$3,281,000 worth of property and the accounting for \$5,021,045 of United States currency. There has been taken from the purchasing agent all obligation to pur-

chase food supplies, which are now bought directly by the commissary department of the constabulary and are furnished for sale at cost price, with 10 per cent added, to all civil employees outside the city of Manila.

PROVINCIAL AND MUNICIPAL GOVERNMENTS.

THE GOVERNMENT OF THE MORO PROVINCE.

Early in the present calendar year the Secretary of War called the attention of the civil governor to the fact that the time seemed now to have arrived when a more definite form of government might be given to the parts of the Archipelago occupied by the Moros. Accordingly, a bill for the government of the Moro Province was drafted. It was submitted to General Davis, then commanding the division, and who was formerly department commander of Mindanao and Jolo, and was thus familiar with Moro conditions. Subsequently the bill as revised by General Davis was presented to the Commission, and in the Commission it received many additions and changes. It became a law on the 1st of June, 1903, but did not take effect until the 15th of July next ensuing.

The act makes the Moro Province to consist of all the islands of Mindanao and its adjacent islands, except the provinces of Misamis and Surigao, which had theretofore been established as Christian Filipino provinces under the general provincial act. The law takes away from the province of Misamis the town and district of Iligan, in which there are a great number of Moros resident, and also somewhat reduces the boundaries of the province of Surigao. The Moro Province also includes the island of Isabela de Basilan and all the islands to the south of Mindanao in the Archipelago. It embraces within the boundaries, therefore, all the Moros in the Archipelago except a small number of them resident in the south half of the island of Paragua or Palawan and possibly a few who live on the west coast of the province of Misamis, near the towns of Misamis and Oroquieta. The province is divided into five districts—the district of Zamboanga, the district of Lanao, the district of Cotabato, the district of Davao, and the district of Jolo. The executive head of the province is the provincial governor, who has as his assistants the provincial secretary, the provincial attorney, the provincial engineer, the provincial superintendent of schools, and the provincial treasurer. The officers named, with the governor, being six in number, constitute the legislative council for the province, and in case of an even division the proposition having the vote of the governor prevails. For the support of the province there are assigned all the customs receipts from the port of Jolo, the port of Zamboanga, and the new port of Bongao, making about \$130,000 gold a year. Internal-revenue taxes are to be collected in towns organized under the municipal code, and such other taxes as the legislative coun-

cil may see fit to impose. The legislative council is authorized to create municipalities under the municipal code or to modify its terms to suit local conditions. It is authorized to organize a public school system and to vary the character of the schools in different districts as the special and local necessities require. It is authorized:

(h) To enact laws for the creation of local governments among the Moros and other non-Christian tribes, conforming as nearly as possible to the lawful customs of such peoples, and vesting in their local or tribe rulers as nearly as possible the same authority over their people as they now exercise, consistent with the act of Congress entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," and following as nearly as possible in the provisions of these laws any agreements heretofore made by the United States authorities with such local or tribe rulers concerning the powers and privileges which under American sovereignty they are by such agreements to enjoy: *Provided*, That they have not by their conduct and the breach of the agreements forfeited such powers and privileges.

(i) To enact laws investing the district governors in their respective districts, or other provincial or district officers with the power of adjusting, under the supervision of the provincial governor, all differences between sultans, dattos, and any independent local authorities, and of enforcing their decisions upon such differences.

(j) To enact laws which shall collect and codify the customary laws of the Moros as they now obtain and are enforced in the various parts of the Moro Province among the Moros, modifying such laws as the legislative council think best and amending them as they may be inconsistent with the provisions of the act of Congress entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," and to provide for the printing of such codification, when completed, in English, Arabic, or the local Moro dialects as may be deemed wise. The Moro customary laws thus amended and codified shall apply in all civil and criminal actions arising between Moros. In all civil and criminal actions arising between members of the same non-Christian tribe other than Moros, unless otherwise provided by the legislative council, the customary laws of such non-Christian tribe, if consistent with the act of Congress above mentioned, and if defined and well understood, shall govern the decision of the cause arising, but if there be no well-defined customary laws, or they are in conflict with such act of Congress, then the cases shall be determined by the criminal or civil code according to the laws of the Philippine Islands until the legislative council shall make other provision. In actions, civil or criminal, arising between a Moro and a member of a non-Christian tribe, or between a Moro and a Christian Filipino, or an American or a subject or citizen of a foreign country, the criminal code and the substantive civil law of the Philippine Islands shall apply and be enforced.

(k) To enact laws for the organization and procedure of district courts to consider and decide civil and criminal actions arising between Moros, between members of non-Christian tribes, and between Moros and members of other non-Christian tribes. The district court shall be presided over by the secretary of the district, and the other members of the court shall be appointed by the district governor and shall vary with the race or tribe of the litigants, so that where the action arises between Moros, there shall be at least two and not more than four Moros upon the court; when it arises between members of other non-Christian tribes there may be, if practicable, upon the court members from such non-Christian tribes, and when the litigation arises between Moros and members of other non-Christian tribes there shall be at least one Moro member of the court and at least one member from the tribe of the pagan litigant: *Provided, however*, That judgments of said

courts shall not be given effect unless approved by the governor of the district in which the court is held: *And provided further*, That in case of sentence of death or imprisonment for a longer period of time than ten years, such sentence shall not be executed unless approved by the provincial governor. But the legislative council may, when it thinks proper, provide by law that civil and criminal actions arising between a Moro and a member of another non-Christian tribe shall be tried in the court of first instance or in the court of a convenient justice of the peace, according to the nature of the action and the proper and usual jurisdiction of the court of first instance or the justice of the peace. The legislative council shall prescribe a simple procedure for the district courts and require a written record of its proceedings.

(l) To enact laws for the abolition of slavery and the suppression of all slave hunting and slave trade.

(m) To regulate by statute the use, registration, and licensing of boats of Moro or pagan construction of less than 10 tons measurement, which shall be followed by collectors of customs in the Moro Province, the provisions of the customs administrative act and regulations of the insular collector of customs to the contrary notwithstanding.

It will be seen that the Commission has granted to the legislative council a very large measure of discretion in dealing with the Moros and in preserving as far as possible, consistent with the fundamental act, the customs of the Moros, the authority of the dattos, and a system of justice in which Moros should take part.

One of the serious causes of friction in the Moro land has been the application of coastwise trade regulations to small Moro craft. This is now sought to be avoided by allowing the legislative council to make proper regulations for all Moro craft under 10 tons.

The law provides for the appointment by the provincial governor, subject to the approval by the legislative council, of governors, treasurers, and other officers of the five different districts of the province. The education of the Moro Province presents such a different problem from that of the Christian Filipinos that it was deemed unwise to provide for any but a formal relation between the school system of the Moro Province and that which prevails in the rest of the archipelago, and the Moro Province is left to pay its own school expenses and to arrange such a system as shall meet and overcome the peculiar obstacles that now have to be met and overcome in the education of Moro children. The constabulary system has been extended into the Moro Province as an immediate branch of the constabulary system of the islands. It is thought that it will be entirely possible to enlist Moros and make successful and efficient military police of them under American officers; and the expense of the constabulary will be met out of the insular treasury.

By section 27 it is provided that—

Courts of first instance and justices of the peace in the Moro Province shall not have jurisdiction to try civil or criminal actions arising between Moros or arising between non-Christians, or, except as otherwise provided by the legislative council, actions arising between Moros and other non-Christians, and the existing laws of the Philippine Islands are hereby amended accordingly: *Provided, however*, That in

accordance with paragraph (k) of section thirteen of this act, the legislative council may by law vest jurisdiction to try cases between Moros and other non-Christians in such courts: *And provided further*, That the court of first instance shall have jurisdiction in all habeas corpus cases, no matter between whom arising, to take cognizance of the petition for the release of any person within its territorial jurisdiction, to issue process, to hear the evidence, and to discharge the prisoner or to remand him to custody in accordance with the provisions of the chapter on habeas corpus in the code of civil procedure.

This second proviso was adopted to enable the court of first instance to render its aid whenever called upon to free persons from slavery and thus to furnish a means of carrying out the inhibition against slavery contained in the so-called Philippine act of Congress, reenacted in paragraph (l) of section 14 above quoted.

All laws passed by the legislative council take effect at the time fixed by the legislative council, subject to amendment or annulment by the Commission. Provision is made in the act for the appointment of military officers to fill the civil positions by the act created and for the payment to them of an amount equal to 20 per cent of their salaries as military officers in lieu of their allowances for quarters, forage, and other things.

The first governor of the province appointed is Major-General Leonard Wood, the military commander of the department of Mindanao and Jolo. This union of the civil and the military power in one head seems to be admirably adapted to successful administration in the Moro Province, although it would be of very doubtful efficacy in the whole of the Philippine Islands. The Moro is himself a soldier and recognizes with reluctance any other authority than that which is clothed with immediate control of military forces. The appointments of the other executive officers of the provinces were made at the same time and the legislative council began its work. I inclose herewith the copies of its acts passed down to the time of rendering this report and submitted to the Commission and approved by it, as Exhibit S.

The present conditions in the Moro Province are not as satisfactory as they might be. The campaigns of General Baldwin and Captain Pershing in and about the Lake Lanao district have resulted in subduing the wild Moros of that district so that there is no organized armed resistance to the sovereignty of the United States. The predatory habits of the Moro remain, however, and from time to time reports come of the robbery or killing of American soldiers by marauding bands of Moros whose identity it is difficult to establish. Still the questions presented are not of real difficulty and involve only patience and firmness in their solution. The Lake Lanao country is a beautiful country, and the Moros who inhabit it seem to be fairly good agriculturists. The Moros of Zamboanga and of the valley of the Rio Grande del Mindanao are pacified and make no trouble in accepting the régime under the new Moro law. In Jolo, however, we have a condition that needs thorough and drastic treatment. The Bates treaty may have been very useful

in staying the hand of the Moros and reducing the necessity for the use of United States troops in the Sulu Archipelago at a time when they were needed badly in other parts of the Philippines, but the power and immunity recognized in that treaty as belonging to the Sultan of Jolo have not resulted in good government for the Moros themselves, but have brought about a condition of chaos and petty wars, of murder and rapine, and intriguing conspiracies of one datto against another and of dattos against the Sultan which the good of everybody requires us to put an end to. It is a condition precedent to the continuance upon the United States of the binding effect of the Bates treaty that the Sultan and the signing dattos should be powers capable of subduing lawlessness within their respective jurisdictions. Either the power or the will has been lacking, and the necessity arises for teaching them severe lessons of obedience to the government and the sense of obligation to maintain law and order between local dattos. The establishment of courts partly native will doubtless assist materially in settling many questions that now have to be settled by the sword. The problem in dealing with the Moros is not very different from that which Sir Stamford Raffles and Sir Frank Swettenham have had to solve in dealing with the Malays in the Malay Peninsula. To-day the Malay in the Straits Settlements is most peaceable and law-abiding. The time was in that peninsula when every Malay went armed. To-day every Moro is armed with his kris, and if he has a gun, with a gun. Ultimately the government must compel the Moros to give up their arms and to trust to the peace authorities to preserve their rights. A judicious preservation of the authority of local dattos, and making them responsible for the preservation of order among their people, will doubtless work well here, but their absolute subordination to the sovereignty of the United States, which was not made as clear by the Bates treaty when translated into their language as it might have been, is a *sine qua non* to the maintenance of good government. The Moro does not understand popular government and does not desire it, and he is not likely to desire it until he is changed by education and the introduction of civilized life in his neighborhood.

The Sultan of Jolo and the dattos under him, with whom General Bates entered into an agreement, have not complied with the terms of that agreement in maintaining order among those who acknowledge in a perfunctory way allegiance to them. They have not punished wrongdoers and their whole system of government seems to be one solely for the exaction of taxes. The Sultan of Jolo is a gambler and an intriguer, with not a spark of courage or patriotic and paternal interest in his people. So far as the Bates agreement could be regarded as a contract of the Executive of the United States Government, it has long ceased to be of binding force, because the Sultan long ago forfeited all his rights under it by his violation of the rights he assumed. When General Wood was appointed governor of the Moro Province, with

the knowledge which both of us had of the necessity for the abrogation of the Bates treaty and the gross violation of his obligations under it by the Sultan, we agreed that it would be well for him to accumulate the data showing in how many instances the Sultan had failed when called upon by the United States authorities to preserve order among his people, with a view to formal action in notifying him of the abrogation of the treaty. I append the report of General Wood as Exhibit T upon this phase of the Moro question, and concur fully in his recommendation that for the causes shown by him in the exhibits which accompany his report that the Sultan and the signing dattos be advised of the abrogation of the Bates treaty and that the same is no longer binding on the United States or the insular government and will not be respected.

Among the laws which the legislative council of the Moro Province has enacted will be found one denouncing kidnapping of persons with a view to making them slaves, and the detention of persons in slavery. General Wood has examined the question, as have other members of the legislative council, and has reached the conclusion that the announcement of the policy of the United States upon this question may as well be radical in the beginning. General Wood advises me orally that the proclamation of the passage of the act in the river valley above Cotabato has been received with acquiescence by the dattos. It will probably give more trouble in Jolo. The fact is, however, that the military question in dealing with the Moros is a simple one, and is not at all as difficult as that which confronted the army in the Christian Filipino provinces. The Moros do not fight a guerilla warfare. They retreat to their forts and bid defiance to the foe, and thus expose themselves to an attack by modern artillery and other modern methods of overcoming insufficient fortifications. They are easily whipped, and though the whipping may have to be repeated once or twice, its effect ultimately is very salutary. Force seems to be the only method of reaching them in the first instance, and is the only preparation for the beginning of civilized restraints among them. It is probable that the government is itself subject to criticism for delay in giving to the Moro region something definite in the form of a government, but the vim and interest with which the government of the Moro Province has been launched give every assurance of a satisfactory result. A continuance of the conditions which the exhibits submitted by General Wood, and hereto appended, show to exist in Jolo, Siassi, and other islands of the Sulu Archipelago would certainly be a disgrace to the United States Government and to the insular government which is made responsible by the Philippine act for the maintenance of law and order among the people. It is thought that another year will bring an improvement in conditions so great that even the Moros themselves will understand the advantage of it.

THE CHRISTIAN FILIPINO PROVINCES.

A severe agricultural depression in the provinces, together with the interference with tax collections by the cholera, has caused a number of the provinces to run behind in the matter of their income, and has required the insular government to lend money to them. The amount of money loaned is shown in the following list:

List of loans to provinces during the period September 1, 1902, to October 31, 1903.

| Province. | Philippine currency. | Mexican currency. |
|---|----------------------|-------------------|
| Abra | | ₱12,550.00 |
| Albay | | |
| Antique | ₱25,000.00 | 12,250.00 |
| Batangas | 2,000.00 | 62,250.00 |
| Capiz | 15,000.00 | |
| Cavite | | 50,000.00 |
| Mindoro | | 6,500.00 |
| Misamis | 5,000.00 | |
| Nueva Ecija | 15,000.00 | 15,300.00 |
| Paragua | | 13,350.00 |
| Rizal | | 2,600.00 |
| Samar | | 31,000.00 |
| Union | | 15,960.00 |
| Total | 62,000.00 | 221,760.00 |
| Appropriated moneys undrawn October 31, 1903: | | |
| For loan to— | | |
| Occidental Negros | 2,000.00 | |
| Zambales | 5,000.00 | |
| Iloilo | | 50,000.00 |

List of repayments by provinces during the period September 1, 1902, to October 31, 1903, of loans made by the insular government during that period and prior thereto.

| Province. | United States currency. | Mexican currency. |
|--------------------|-------------------------|-------------------|
| Albay | \$2,500.00 | |
| Bohol | 2,500.00 | |
| Batangas | 2,500.00 | |
| Bulacan | 5,000.00 | |
| Ilocos Norte | | ₱6,500.00 |
| Ilocos Sur | 2,500.00 | |
| Marinduque | | 6,500.00 |
| Misamis | 2,500.00 | |
| Nueva Ecija | | 7,050.00 |
| Pampanga | 2,500.00 | |
| Sorsogon | 2,500.00 | |
| Total | 22,500.00 | 20,050.00 |

In a number of the provinces it has been deemed wise to cut down the cost of officers by consolidating the offices of treasurer and supervisor, usually filled by Americans, into the office of treasurer-supervisor. This was possible in provinces where there is very little money for improvements, because in such provinces the supervisors of roads and improvements have few duties to perform. The supervisors who were released from office were provided for in the office of the consulting engineer to the Commission, who was greatly in need of engineers for the purpose of carrying on insular road construction, in which the Commission is now engaged.

MUNICIPALITIES.

In the spring the Commission passed a resolution adopting the policy of a reduction of the number of municipalities in each province. The municipalities also had run behind in their incomes without reducing their expenditures, and it became perfectly evident that many of them were not able to maintain decent government with the tax-producing capacity which they had shown. The Filipino members of the Commission during the last six months have visited all the Christian provinces, and, after a conference with the provincial boards and with the municipal presidentes called in convention, have made report to the Commission in favor of a union of municipalities and a reduction in number. The Commission adopted their report and enacted the necessary laws. The reduction is shown in the following table:

| Province. | Municipalities. | | Province. | Municipalities. | |
|-----------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|
| | Former number. | Present number. | | Former number. | Present number. |
| Abra | 12 | 12 | Leyte | 51 | 34 |
| Albay | 27 | 27 | Masbate | 17 | 13 |
| Ambos Camarines | 43 | 35 | Misamis | 24 | 10 |
| Antique | 21 | 11 | Negros Occidental | 34 | 21 |
| Bataan | 12 | 8 | Negros Oriental | 24 | 14 |
| Batangas | 22 | 15 | Nueva Ecija | 23 | 15 |
| Bohol | 35 | 32 | Pampanga | 23 | 16 |
| Bulacan | 25 | 13 | Pangasinan | 37 | 25 |
| Cagayan | 33 | 22 | Rizal | 32 | 16 |
| Capiz | 34 | 22 | Romblon | 11 | 6 |
| Cavite | 23 | 11 | Samar | 43 | 25 |
| Cebu | 57 | 41 | Sorsogon | 15 | 16 |
| Ilocos Norte | 15 | 10 | Surigao | 34 | 29 |
| Ilocos Sur | 24 | 14 | Tarlac | 17 | 9 |
| Iloilo | 51 | 17 | Tayabas | 31 | 27 |
| Isabela | 15 | 11 | Zambales | 25 | 15 |
| La Laguna | 30 | 19 | | | |
| La Union | 15 | 12 | Total | 1,035 | 623 |

The above list shows a total reduction of 412 municipalities. The provinces of Benguet, Lepanto-Bontoc, Mindoro, Moro, Nueva Vizcaya and Paragua are not included above, as they have special organization, independent and apart from the municipal code.

In doing this work the Commission has had to run counter to local prejudice. It is hard to convince municipal officials enjoying office that the public good requires any measure which will in effect prevent their continuing to hold office, and there is much local pride likely to be hurt. It is confidently expected, however, that the fusion of the municipalities thus effected will very greatly increase the efficiency of the municipal governments by reducing expenses and furnishing a much larger revenue in each town. The work has been very well done by the Filipino members and the Commission is greatly indebted to them for the time and trouble spent in solving a difficult problem. Municipal treasurers now selected by the council have not proven to be efficient officers. By law the council of a municipality is obliged to devote a certain part of the income of the town to schools, but in

too many instances it has developed that, in the anxiety to secure his own salary, the presidente has induced the council and the municipal treasurer to appropriate from what are properly school funds to pay the salaries of municipal officials. The office of municipal treasurer has therefore been classified as part of the classified line service and provision made for appointment to it by the provincial board. The municipal treasurer will also act as deputy provincial treasurer. Thus a large body of persons will be led to prepare themselves for civil service examinations for the office of municipal treasurer. Their experience will fit them for promotion to the office of provincial treasurer, which will hereafter be filled largely from such material. The difficulty about using Filipinos for provincial treasurers heretofore has been that the duties of the office are so difficult that Filipinos, with a knowledge of Spanish only, and without any familiarity with the auditing methods of the auditor's bureau and its requirements, are unable to perform them. This change can not but strengthen municipal governments and at the same time bring into use for higher office trained Filipino material.

The truth is that the municipal governments have not been as satisfactory in their operations as could be wished. By the misuse of the school fund already referred to, the native school-teachers have been compelled to go without their salaries. The municipal police have also gone unpaid and in many instances had not been made efficient because they were used as the personal servants of the municipal presidentes. It is hoped that the increase of the resources of the towns by the fusion of municipalities may accomplish some reform in these matters and the coming of better times in agricultural and business way may also assist. In order to make the municipal police a more efficient body, a law was passed by the Commission, No. 781, the first and second sections of which are as follows:

SECTION 1. The civil governor, or the provincial governor with the approval of the civil governor, is hereby authorized, whenever in his judgment the public interest will be subserved thereby, to place the municipal police of the respective municipalities of any province under the control of the senior inspector of constabulary on duty in the province at the time. The senior inspector in such case is hereby authorized and empowered, under the general supervision of the provincial governor, to control and direct the movements of the municipal police, and, with the approval of the provincial governor, to discharge any member of the police force and substitute a fit and suitable resident of the municipality in his place. It shall be the duty of the senior inspector when thus placed in charge of the municipal police of a province to see that they are properly uniformed, drilled and disciplined. When thus vested with authority over the municipal police he shall see that all lawful orders of the provincial governor, municipal president, and others in authority are executed as provided by the municipal code, and amendments thereof, and shall further see that all proper arrests are made for violations of law of municipal ordinances, and in case of emergencies is authorized, under the general supervision of the provincial governor, to unite the forces of the various municipalities of the province in suppressing lадronism or brigandage or other grave violations of the law which threaten the peace of the entire community; and he may also unite the constabulary forces

under his command with the municipal forces in the execution of his authority for this purpose.

SEC. 2. It is hereby made the duty of the provincial board of each and every province to prescribe a suitable uniform for the municipal police of each and every municipality, with a proper insignia to indicate the municipality to which the police belong. Authority is also hereby given the provincial board of each province to fix the number of police which is required to be maintained by each and every municipality of the province. In the event that the provincial board shall find that any municipality is unable properly to uniform and maintain the number of policemen fixed by the provincial board, the latter is authorized to vote necessary aid for the maintenance of such police out of provincial funds. In the event the provincial board should not have provincial funds adequate for this purpose it may apply to the Commission for aid in this behalf.

This system had been adopted in the province of La Union before the passage of the law and had worked well, and it was the success in Union that suggested the passage of a general law on the subject. It has not been adopted in many provinces, but where adopted it has accomplished good results.

Outside of the city of Manila, the two great commercial centers of the islands are Iloilo and Cebu. Under the Spanish régime the town of Iloilo did not have more than 10,000 inhabitants, and the town of Cebu did not exceed in population 15,000. There were, however, in the immediate neighborhood of the towns, which were really part of the commercial centers, three or four towns which ought to have been included for purposes of economy in government. By the acts already referred to, Iloilo has had annexed to it the towns of Molo, Jaro, La Paz, and another, which will now make a city of from forty to fifty thousand. The same thing is true of the town of Cebu, which, being united with San Nicolas, a town separated by a small creek from Cebu, and containing 15,000 inhabitants, and other towns in the neighborhood, will also have a population of about 50,000. It will probably be necessary to provide special charters for these two cities, because the municipal code is adapted rather to country municipalities than to cities of a metropolitan size. The improvements in both cities which are badly needed are a water supply and a sewer system. It is quite probable that the power to issue bonds already given in the Philippine act for municipalities would be sufficient if the restriction contained in the act requiring the consent of Congress were removed. It is not understood why it was thought necessary to insert a provision of law requiring the consent of Congress to the issuing of bonds. Certainly with the consent of Congress, without such a provision, bonds might be issued, and it is thought that the requirement of Congressional consent was an error in the drafting of the Congressional legislation. In any event, it is exceedingly awkward and unduly limiting the power of the Commission, to require that where within the narrow limitations contained in the law, the Commission desires to issue bonds for a small amount to aid municipalities, it should be required to apply to Congress for its consent. It is respectfully recommended to the Commis-

sion that Congress be urged to repeal the particular provision of the Philippine act requiring the specific consent of Congress to the issue of bonds for the benefit of any municipality in the Archipelago, where such issue shall not exceed the percentage of taxable value now imposed as a limit by the law.

JUSTICES OF THE PEACE.

The secretary of finance and justice will comment upon the general subject of the administration of justice in these islands. It is enough for me to say, that so far as the courts of first instance and the other superior courts are concerned, it is very satisfactory, and is doing much to tranquilize the islands, and teach the people what real justice is. Indeed, it is not too much to say that crime in the islands is punished with more speed and certainty than in many parts of the United States.

With respect to the justices of the peace, however, this is not true, and some new system must be devised. The justice of the peace and an auxiliary justice are now appointed for every town. They do not receive salaries, and are dependent for compensation upon fees. It is difficult to secure good men. The amount of business of any one town is ordinarily so little that the office is not lucrative at all unless it is made the center of petty litigation by local pettifoggers, or, as the Spanish term is, "picapleitos," and in that case the office is an unmixed evil. For this reason the Commission will doubtless feel called upon to change the system within the coming year. There are several remedies recommended, but in my judgment the best one is that of dividing the province into comparatively large districts, and appointing a justice of the peace for each district with a living salary. This will dignify the office, will secure the best man in the district, and will give a much better character to the administration of justice in what ought to be the people's court.

THE CITY OF MANILA.

The report of the city of Manila is a very interesting one, and shows the progress which has been made in the material welfare of the city. The two great improvements which are needed are the addition to the water supply and the construction of sewers. Plans and specifications have been prepared for the water supply, which, if the plans are carried out, will be brought by gravity directly from a dam constructed between two marble cliffs, shutting off and securing enough water to remove all danger of a scarcity of water during the dry season. The plans for a sewerage system are being rapidly prepared, and it is expected that they will be ready for submission by the first of January. The Commission has engaged the services of an expert engineer of high repute, Mr. Desmond Fitzgerald, of Brookline, Mass., who will visit the islands in January and preside over a board of engineers which will consider the feasibility of the plans for the

increase in the water supply and the construction of sewers. The change in the source of the water supply will remove great danger of contagion from cholera and other epidemic diseases. So far as we are able to obtain estimates from the engineers making the plans, it would seem that the cost of construction of the sewers and the new water plant will fall within the four millions allowed by law.

It ought to be urged upon Congress, in my judgment, that the bonds issued for the improvement of Manila should be as exempt from taxation as the bonds to be issued for the purchase of the friars' land. They are only exempt from Federal taxation in the United States and taxation in the Philippine Islands. The friars' lands bonds are made exempt from State, county, and municipal taxation in the United States, which enables us to sell bonds of that sort at a very much lower rate of interest. It is thought that it will injure no one if the city bonds of Manila are given as wide exemption.

Manila has increased in houses during the last year, as will be seen from the following table:

Building operations in the city of Manila, P. I., during the fiscal year ending June 30, 1903.

| Month and year. | Applica- tions made. | Permits paid. | Issued gratis. | Receipts. | |
|-----------------|----------------------------|------------------|-------------------|----------------------------|----------------------|
| | | | | United States currency. | Mexican currency. |
| 1902. | | | | | |
| July | 257 | 207 | 22 | \$427.30 | ..... |
| August | 257 | 196 | 15 | 343.90 | ..... |
| September | 320 | 314 | 9 | 546.39 | \$69.00 |
| October | 331 | 269 | 29 | 413.31 | 10.00 |
| November | 360 | 304 | 22 | 708.38 | ..... |
| December | 348 | 324 | 15 | 600.07 | ..... |
| 1903. | | | | | |
| January | 426 | 362 | ..... | 203.59 | 1,644.89 |
| February | 451 | 374 | ..... | 160.92 | 1,301.63 |
| March | 554 | 487 | ..... | 251.86 | 1,286.08 |
| April | 469 | 450 | ..... | 325.81 | 1,327.40 |
| May | 801 | 523 | 116 | 201.36 | 1,320.80 |
| June | 1,119 | 669 | 367 | 279.56 | 1,277.25 |
| Total | 5,693 | 4,479 | 595 | 4,480.45 | 8,237.05 |

| Month and year. | Strong materials. | | | | Light materials. | | | |
|-----------------|-------------------|-----------|--------------|----------|------------------|---------|--------------|---------|
| | New buildings. | | Repairs. | | New buildings. | | Repairs. | |
| | Num- ber. | Value. | Num- ber. | Value. | Num- ber. | Value. | Num- ber. | Value. |
| 1902. | | | | | | | | |
| July | 49 | \$154,870 | 40 | \$10,955 | 80 | \$7,060 | 53 | \$1,730 |
| August | 40 | 128,205 | 48 | 24,915 | 76 | 6,355 | 37 | 750 |
| September | 39 | 256,585 | 58 | 23,085 | 102 | 10,220 | 43 | 905 |
| October | 48 | 135,236 | 50 | 12,586 | 166 | 13,705 | 22 | 925 |
| November | 116 | 269,210 | 29 | 10,340 | 120 | 10,789 | 45 | 2,190 |
| December | 123 | 97,015 | 25 | 6,390 | 122 | 11,014 | 40 | 1,775 |
| 1903. | | | | | | | | |
| January | 100 | 246,025 | 44 | 23,995 | 172 | 15,140 | 32 | 1,545 |
| February | 67 | 150,240 | 38 | 5,280 | 180 | 14,116 | 43 | 1,855 |
| March | 72 | 122,535 | 42 | 5,965 | 273 | 25,243 | 71 | 2,442 |
| April | 66 | 85,360 | 51 | 12,020 | 227 | 18,408 | 81 | 2,790 |
| May | 80 | 147,410 | 48 | 15,310 | 306 | 22,905 | 103 | 4,285 |
| June | 73 | 145,180 | 46 | 20,950 | 418 | 34,625 | 132 | 5,130 |
| Total | 873 | 1,946,871 | 519 | 171,741 | 2,242 | 189,580 | 702 | 26,322 |

During the year about 150 buildings were condemned and ordered removed.

Much has been done in the way of repairs to streets, widening streets, and giving the city a modern cleaning every day. Of course the absence of the sewerage system entails very heavy expense in the introduction of the pail system, and there is an immense amount of work to be done before it can be called a really modern city. I venture to say, however, that there is no city better policed than Manila. It is singularly free from crimes of violence, and one feels quite secure at any time of day or night in any part of the city.

The falling off of the population of the city of Manila between 1900 and 1903 from 260,000 to 221,000, as shown by two censuses, is not inexplicable. In 1900 there was much disturbance through the country, and the insurrection had not ceased in many parts. The effect of the insurrection upon those who were wealthy or who had money enough to come into Manila was very marked, and they fled to Manila as a place of refuge. As soon, however, as conditions became more tranquil they went to the country, so that the reduction in the population of Manila is a significant evidence of the tranquillity of the provinces. The introduction and maintenance of a modern fire system and a metropolitan and native police force, and of an effective street-cleaning gang are all shown in the report of the city, hereto appended and marked Exhibit U. There is considerable doubt as to what ought to be done about taking down the walls of the walled city of Manila, and how the open spaces in the city ought to be improved. Major-General Davis, commanding the Division of the Philippines, wrote a long application to the Secretary of War, in which he asked for the reservation by the President for military purposes of a great many pieces of land in the city. This application has been vigorously resisted and attacked by the advisory board of Manila, by the municipal board, and by mass meetings of prominent citizens. The Commission has passed a resolution, inviting the Secretary of War to make a contract with a landscape architect of eminence in the United States, empowering him to visit Manila and make a sketch of the improvements needed with a view to art and utility, and until this report is made it is hoped that the President will make no permanent reservation for military purposes. There are in the city itself and in the environs of the city great opportunities for beautifying the landscape, and it is hoped that we may be able in time to make the city of Manila the handsomest city in the Orient. Improvements are expensive, however, and must be accordingly slow. Manila is interlaced with what are called esteros, small creeks or arms of the sea that are useful for navigation and that are now made the vehicle for much of the deleterious sewage of the town. The rise and fall of the tide assists in carrying off the sewage, but the fall of the tide exposes the mud and filth of the bottom to the

sun in such a way as probably to produce illness. The ultimate hope of the introduction of the sewerage system into the city is that the esteros not useful for navigation may be filled, and that those which are useful for navigation may be, as the term is, canalized—that is, dredged out and have their banks walled so that the coming and going of the tides shall only cleanse the water without exposing the filthy bottom. A comprehensive sewer system would take much away from the esteros and would leave them to discharge only the useful function of cheap interurban transportation.

I am glad to call attention to the fact that since our last report on March 3, the bids for a franchise for an electric street railway were opened; and that Mr. Charles Swift, of Detroit, Mich., and his associates made a bid which the Commission and the municipal board thought it wise to accept, for the construction of a first-class, standard-grade electric street-car line, which will gridiron the city and furnish the much-needed cheap transportation from the absence of which Manila has always suffered. A copy of the charter which was granted under a law of the Commission and by a vote of the municipal board is hereto appended and marked Exhibit V. The term of the charter is fifty years. The restrictions in it are those which usually obtain in charters of modern street railways in the United States. The company has the right to run two classes of cars, first and second class, the terms of the charter covering rate of fares being as follows:

The fare charged by the grantee shall not exceed six cents in money of the United States on a first-class car, or five cents in money of the United States on a second-class car, for one continuous ride from one point to another on the railway system of the grantee within the city limits as now or hereafter established, whether it be necessary to transfer the passenger from one car or line of the grantee to another during said ride or not: *Provided always*, That where a change of cars is necessary there shall be established by the grantee a method of transfers not unreasonably burdensome in its restrictions to the transferred passengers; and in case of a failure to comply with the foregoing requirement as to transfers it may be enforced upon application of the municipal board by mandamus to the proper court of first instance or the supreme court: *And provided further*, That on lines running outside of the city limits an additional fare or fares may be charged at the rate of five cents in money of the United States on first-class cars, or three cents in money of the United States on second-class cars, for each two miles or fraction thereof beyond the then city limits: *And provided further*, That the grantee shall for four years from the date hereof accept local currency in lieu of money of the United States in payment for any ride or fare at the ratio of two cents local currency for one cent in money of the United States, until such time as there shall be established for these islands a gold-standard coinage and money thereunder shall be made legal tender, after which time the fares to be charged shall be the equivalent of those stated above in money of the United States: *And provided further*, That pending the adoption of the gold standard, if the official ratio existing between the money of the United States and local currency shall exceed two dollars and forty cents of local currency for one dollar of money of the United States, then and in that case the grantee may require from the passengers the payment for fares of sufficient local currency to be the equivalent of the fares above fixed in money of the United States at the official ratio: *And provided further*, That at any time after

twenty-five years from the date hereof, upon due notice from the city of Manila to the grantee, the fares charged by the grantee may be readjusted on a reasonable basis by three arbitrators, one to be chosen by the city, one by the grantee, and the third to be selected by the two so chosen if they can agree, but if not, then to be selected by the chief executive of the islands. The award of the majority of such arbitrators shall be final.

There is also a provision for sale of 20 first-class tickets for a dollar and of six second-class tickets for 25 cents.

The contract required that construction should be begun in six months, and a formal breaking of ground was made in September. The material for the construction has been distributed all over the city, and the real work of construction has begun this month, it having been delayed because of the rainy season and a fear that the continued fall of rain would only subject the people of the city to the inconvenience of obstructed streets without real progress. The municipal board assures the Commission that the street cars will be running about Thanksgiving Day of next year. Such good interurban transportation as this will afford will reduce the cost of living in Manila certainly 25 per cent for all persons enjoying salaries of less than \$2,500, for it is almost impossible now to live in Manila without maintaining some sort of a conveyance. It is hoped that the company will deem it wise to reduce below the bid the fare to be charged second class, for it is quite certain that a reduction will vastly increase the patronage. The oriental people are very fond of riding in rapidly moving cars.

THE PORT WORKS.

The port works of Manila are progressing with all convenient speed, as shown by the report of the officer in charge, hereto attached and marked Exhibit W. The dredging of the 30-foot harbor by a monster hydraulic dredge and the filling in of 168 acres in front of the city running out into the bay goes on rapidly. The dredge delivers 25,000 cubic yards a day and works with great regularity. The break-water which is to protect the harbor from the southwest monsoon has been filled in to a depth of 30 feet, so that it is visible at high water. There will be no finer harbor in the Orient than Manila will have when this great work is accomplished. Two millions of dollars have already been appropriated and it will probably cost two millions more, perhaps three millions, before everything connected with the port is completed, including wharves and suitable warehouses. However, the government will have 160 acres of most valuable warehouse property which it may sell and which will go far toward recouping itself for the expense. The tonnage of the shipping coming into this harbor has increased so much that the wisdom of the engineers and of the Commission in enlarging the harbor beyond the projected lines of the Spanish engineers and Government has already been vindicated. Little

or no progress has been made with respect to the Cebu and Iloilo harbor improvements, because no one has been willing to contract for the work. The Atlantic, Gulf and Pacific Company, engaged in the Manila improvement, is not yet able to take up another work and there is no one else, apparently, who has plant enough in the vicinity to make the undertaking of such contracts for dredging profitable. It is quite probable that the government will have to undertake the contracts by its own engineers and workmen.

EXECUTIVE BUREAU.

The work which has been done by the executive bureau, which has not inaptly been called a clearing house for all the bureaus of the government, fairly gauges the size and importance of the government work which has been done in the Philippines. The report of Mr. Fergusson, the executive secretary, who is the efficient head of the executive bureau, which is annexed hereto and marked Exhibit X, shows clearly the earnest work done by government clerks and completely refutes the suggestion that their places are sinecures. Their fidelity and earnestness are largely due to the consciousness that steady application will bring promotion, and no fear or favor will be shown in giving it. I invite especial attention to the report of the recorder of the Commission, which is appended to the report of the executive secretary, and which probably gives a better idea of the labors of the Commission than any more general statement could. It is not too much to say that the executive bureau is organized with the utmost efficiency and dispatches an immense amount of work. I am glad to say that the number of Filipinos employed during the present year in the bureau has increased 150 per cent over previous years, and that the Filipinos are displaying an adaptability and capacity for work which justifies the prophecy that in ten years the expense of carrying on the government will be largely decreased by the fact that Filipinos can be had to do the work as well as Americans in many positions, and at very considerably less salaries, because the supply of such clerks will be far greater than of American clerks, and because in their own country they are able to live on much less. I append as Exhibit Y the executive orders and proclamations from October 1, 1902, to September 30, 1903.

Respectfully submitted.

WM. H. TAFT, *Civil Governor.*

The PHILIPPINE COMMISSION,
Manila, P. I.

FOURTH ANNUAL REPORT OF THE PHILIPPINE COMMISSION.

REPORT OF THE SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR,
Manila, P. I., November 24, 1903.

GENTLEMEN: I have the honor to present my second annual report, which, unless otherwise expressly stated, covers the year ending August 31, 1903. It has been prepared under difficulties, for the reason that, having been absent on leave since June 27, I have only such knowledge of events subsequent to that date as I can derive from the reports of chiefs of bureaus, which were received so late that it has been necessary for me to complete my own report during the early part of my return voyage.

ORGANIZATION OF THE DEPARTMENT.

The organization of the department of the interior has been but slightly changed during the past year. No new bureau has been created, although changes have been made in the personnel of many of the existing bureaus, as increase in work has necessitated increase in their working force.

By act No. 744, passed April 8, 1903, the bureau of patents, copyrights, and trade-marks was placed under the immediate direction of the chief of the bureau of archives, and thus brought under the executive control of the secretary of public instruction.

THE BOARD OF HEALTH FOR THE PHILIPPINE ISLANDS AND THE CITY OF MANILA.

The board of health has done admirable work during the past year. There has been no change in its personnel. Maj. E. C. Carter, the commissioner of public health, has shown himself to be a very efficient organizer and administrator. He has brought the office force of the board to a degree of efficiency not heretofore attained; has met the opposition of an association of property holders which has attempted to prevent the enforcing of sanitary regulations with unflinching courtesy and unflinching firmness, and has overcome the difficulties arising from the attitude of the municipal board of Manila toward sanitary measures

deemed necessary by the board of health for properly safeguarding the health of the city with a patience and perseverance which have challenged admiration.

All that has been done has been accomplished in the face of a practically unanimous opposition on the part of the native population of the city, most of whom appreciate neither the theoretical value of sanitary reforms nor the importance of the practical results which have been obtained. The steady improvement in the health of Manila, brought about in spite of these adverse conditions, bears eloquent testimony to the energy, industry, and ability of the members of the board of health.

RINDERPEST.

Through the cooperation of the bureau of government laboratories and the board of health, the entire situation with respect to rinderpest has been changed. A halt has been called upon the march which this disease was making through the archipelago, and the restocking of the islands with immunized horned cattle has been made possible, so that the prostration of agriculture due to lack of carabaos with which to plow the soil can now be relieved.

HEALTH WORK IN MANILA.

During the eight months of the present year only one-tenth as many cases of cholera have occurred in Manila as in the nine previous months during which the disease has existed. On the worst day of the entire epidemic of 1902-3 there were but one-thirteenth of the number of cases which developed during a similar period in the last epidemic which occurred under the Spanish administration.

Smallpox has ceased to be an important factor in the death rate of Manila, fifteen times as many persons having been vaccinated during the past twelve months as were vaccinated by the Spaniards during the five years previous to American occupation. The city has been brought into a sanitary condition never approached under the previous administration, and its death rate so reduced as to compare favorably not only with that of other tropical cities, but even with that of many cities in the United States. It is hoped that eventually these results will begin to appeal to the popular mind. Meanwhile, the board can only continue to do its duty in the face of whatever opposition may arise.

The magnitude of the operations of the board is shown by the fact that its expenditures for the year have aggregated \$1,082,255.41, local currency, and ₱131,890.56, Philippine currency.

Sanitary inspection has been maintained in Manila under the direction of the chief health inspector by an average force of 145 regular and emergency sanitary inspectors. During the year there were made 1,954,990 inspections and reinspections of houses; 241,806 houses were cleaned as a result of sanitary inspection; 1,196 houses were whitewashed and painted; 7,336 houses were disinfected; 82 houses were condemned and removed; 11,256 cesspools and vaults were cleaned; 161,447 cleanings of yards were carried out; 1,757 yards were repaired, repaved, etc.; 534 cholera cases, 71 smallpox cases, and 185 plague cases were reported; 5,479 sanitary orders were complied with by householders; 246 persons were convicted for violation of food prohibition orders.

DEATH RATE OF MANILA.

Considerable difficulty has been experienced in establishing the death rate for the city, owing to uncertainty as to the precise number of inhabitants. The census originally taken by the board of health showed a population of 244,732. Subsequent estimates raised these figures to 250,000 and later to 302,154. Unquestionably there has been considerable fluctuation in the population, for when the provinces were in a disturbed state people flocked into the city for safety, returning again to their provincial homes as conditions improved. The recent official census shows a population of 219,941.

The director of the census has stated that the figures 244,732 may be considered approximately correct for the period prior to the official census, and all rates figured before June 30, 1903, on higher estimates have been recomputed on this basis. Since this time the official figures (219,941) have been used in all computations. These latter figures show that the population is made up of 189,782 Filipinos, 22,125 Chinese, 4,389 Americans, and 3,645 foreigners. The total deaths for the year were 8,392, giving an annual death rate of 37 to the thousand. Eight hundred and ninety-four of these deaths were due to cholera and 166 to bubonic plague.

The rate per thousand, by races, has been: Filipinos, 43.42; Chinese, 28.26; foreigners, 18.72; Americans, 14.80. Of the total deaths occurring in the city, including transients, 5,105 were reported as occurring in males and 3,906 in females.

In respect to age the deaths were as follows:

| | |
|--------------------------|--------|
| Under 1 year | 3, 872 |
| One to 10 years | 1, 012 |
| 10 to 20 years | 400 |
| 20 to 30 years | 1, 080 |
| 30 to 40 years | 1, 020 |
| 40 to 50 years | 646 |
| 50 to 60 years | 501 |
| 60 to 70 years | 405 |
| 70 to 80 years | 209 |
| 80 to 90 years | 113 |
| 90 to 100 years | 71 |
| More than 100 years..... | 28 |

In 37 instances age was not reported.

INFANT MORTALITY.

It will be noted that a very high death rate among infants is the chief factor in the general result, 41.23 per cent of the total number of deaths having occurred in infants under one year of age. For the month of June the deaths reported from "convulsions of children" alone exceeded the combined mortality from Asiatic cholera, bubonic plague, smallpox, malarial fevers, typhoid fever, and beri-beri. This shocking infant mortality is largely the result of ignorance concerning their proper care and feeding and difficulty in obtaining suitable food for those who can not be nursed by their mothers. A frequent source of death among them is tetanus, resulting from infection of the umbilical chord at birth by reason of improper dressings.

The problem of reducing infant mortality in Manila and the provinces is one which should be seriously and promptly attacked. Something can be done by educating the mothers; and more, in the imme-

ciate future, by employing properly trained midwives and nurses. It is in my opinion a matter of the greatest importance that a training school for Filipino nurses should be established as soon as possible.

DEATH RATE IN DIFFERENT DISTRICTS OF THE CITY.

Ermita, in which reside a large population of whites and Filipinos of the better class, has been the healthiest district of the city. Its death rate was 19.22, which is about that of the most healthful modern cities. Districts with a large Chinese population show a much lower death rate than those chiefly populated by the poorer class of Filipinos. Paco, with a death rate of 88.32, was the most unhealthy district, and the cause of the high mortality there should be made the subject of early investigation.

LACK OF MEDICAL ATTENDANCE.

Forty-eight and three-tenths per cent of the total deaths and stillbirths in Manila are reported to have occurred in the absence of any treatment by qualified physicians. Many of the more ignorant natives are fatalists, regarding disease as a thing which can be checked only by the will of God. For this reason, and because many do not understand that free treatment can be obtained from the Filipino and Chinese municipal physicians, a large part of the population goes without medical assistance of any sort, and this materially tends to swell the death rate.

Very substantial reduction in the death rate will result from better care of infants; a new water supply, which may be looked for in a comparatively short time; a general sewerage system; the improvement of the esteros, and the filling in of low lands.

BIRTH RATE.

The total number of births reported in Manila was 3,387, giving a rate of 15.39 per thousand. The returns are unquestionably very incomplete, and a large number of births have doubtless occurred which have not been reported. Improvement in reports was noticeable toward the end of the year, however, and it is hoped that reliable birth statistics may soon be obtained. The problem of securing them is complicated by the fact that among the Filipinos midwives or physicians are not summoned in the majority of cases.

NEED OF PUBLIC BATH HOUSES AND LAUNDRIES.

The commissioner of public health in his annual report strongly recommends the establishment of public bath houses and laundries. The evil results of bathing and washing clothing in the Pasig River and the esteros in time of epidemic disease have been conclusively demonstrated during the recent cholera epidemic. Even when the water is not infected with the germs of dangerous contagious diseases, it contains those of dhobie itch and other annoying ailments. No law prohibiting bathing or the washing of clothing in the river and esteros can be enforced until other facilities have been supplied to take the place of those of which the people would be deprived by such enforce-

ment. Public baths and wash houses should be established by the municipal authorities at convenient points with reference to centers of population. The structures need not be expensive, and the resulting improvement in public health would unquestionably be considerable.

A NEW WATER SUPPLY AN IMPERATIVE NECESSITY.

The commissioner of public health also strongly urges the necessity of a new water supply for the city. As a matter of fact, investigations preparatory to the providing of such a supply are now in progress. The work should be pushed forward with all possible haste. The frightful danger to which the city has been exposed throughout the recent cholera epidemic by drawing its water from a stream with three populous towns along its banks above the intake has been a constant and heavy strain upon those responsible for safeguarding the public health. We have been extraordinarily fortunate in escaping a general infection of the water supply with the germs of cholera, which might readily have resulted in 100,000 deaths in the city, and could hardly hope to be so fortunate again.

Apart from the danger in time of water-borne epidemic diseases, the present water supply, coming as it does from a river with 20,000 people living in its valley above the intake, is foul and unfit for drinking purposes unless subjected to careful preliminary filtering or boiling. Furthermore, the pressure is insufficient. In many parts of the city at certain times of the day water can not be drawn on the second floors of houses. The engines at the pumping stations are antiquated and, when all of them are worked at their full capacity, supply only 40 gallons per day per capita, a quantity insufficient to meet existing municipal needs for domestic and manufacturing purposes. The present reservoir holds but one day's supply for the city, so that a temporary breakdown of one or more of the old engines now in use would result in a water famine.

The present distribution of water is unsatisfactory, especially in the districts inhabited by Filipinos of the poorer class, many of whom would have to carry water for such long distances if they obtained it from the city mains that they are practically forced to dig wells, which invariably become contaminated, or to draw water for domestic purposes from the filthy esteros. In time of fire there is often not sufficient water to bring flames under control and costly conflagrations result. It can unhesitatingly be stated that the greatest immediate sanitary need of the city of Manila is an adequate supply of pure water.

The question of water supply became especially critical during the past year when the town of Mariquina was destroyed by fire. Some four thousand homeless people crowded down among the trees on the river bank and erected temporary shelters for themselves. They had no sanitary facilities, and contamination of the river with nightsoil was inevitable. Cholera prevailed in neighboring towns, and danger of a general epidemic in Manila, due to an infected water supply, was obviously very great. The board of health displayed its usual energy and efficiency in dealing with this situation, taking control of the Mariquina watershed and securing the assignment of a large number of United States troops as a water guard and the detail of a company of constabulary as sanitary police.

American and Filipino sanitary inspectors with a detachment of disinfectors were sent from Manila; the refugees were moved away from the river and provided with tents; the pail-conservancy system was installed to prevent water pollution from nightsoil, and the whole sanitary service was placed under the control of a medical officer. By these means the danger was averted.

FOUL WELLS IN MANILA.

The wells of Manila are an abomination. Water is usually encountered at a depth of 3 to 4 feet below the surface, and its character can readily be imagined. Many of the wells are mere excavations in the soil, without walls or facilities for lifting the water, and are constantly contaminated by surface washings. Others are stoned up and protected to some extent against surface drainage, but the quality of water obtained from all shallow wells is bad, owing to the high degree of pollution of the soil. All wells were closed by my order at the time of the cholera epidemic in 1902. Authority has since been granted for the reopening of a few of them to supply water for domestic purposes other than drinking, cooking, and washing dishes, but when an adequate city water supply has been provided all shallow wells should be permanently closed.

SEWER SYSTEM.

Manila is an unsewered city. The few old drains of Spanish construction, traversing some of the more densely populated districts, are rectangular in cross section and are made of loose slabs of stone between which liquid contents readily escape. They are laid without regard for proper fall and the avoidance of undue friction. Earth works into them through cracks between the stones, so that they soon become choked. At best they discharge only on a falling tide. Most of them empty into esteros, and, far from being of use, they are a positive menace to the public health. It will be a difficult and expensive matter to establish an adequate sewer system for the city, but such a system is, next to a pure-water supply, the city's greatest sanitary need.

The existing esteros or tide creeks should be retained and improved, in order to carry off the enormous quantity of rain water which falls during typhoons and to facilitate water transportation. The sewer system proper should be for the removal of excreta and liquid waste from houses and manufactories. A combined system for the removal of these substances and of storm water would seem to be quite impracticable.

Much has already been done to improve the sanitary condition of the esteros. Under Spanish rule practically all excreta, garbage, and manufacturing waste were deposited in them, and they were merely very foul open-air sewers. The removal of garbage by the municipal authorities, the abolition of many of the privies over esteros, the removal of excreta in conservancy pails, and the insertion of septic tanks in many private drains, so that their discharge is considerably purified before entering the esteros, have led to much improvement; but conditions are still highly unsatisfactory, and must so remain until a general sewer system has been constructed and the esteros have been

dredged and walled and adequate means of flushing them have been provided. At present the outflow and inflow, due to the fall and rise of the tide, result only in the oscillation of foul water from one portion of the estero system to another, without sufficient purification by discharge to offset the pollution constantly going on. It is only during the rainy season that the esterros are properly flushed, and their condition towards the close of the dry season becomes shockingly bad. They are, however, absolutely necessary to carry off storm water during the rainy season, and are of great economic value, affording ready access by water to all of the more important parts of the city, thereby greatly cheapening and facilitating transportation. If their contamination by sewage and organic waste can be prevented they will be of great value to the city.

PLAN FOR IMPROVING THE ESTEROS.

Dr. E. L. Munson, assistant to the commissioner of public health, has suggested a plan for the flushing of the esterros during the dry season which is well worthy of practical trial. His idea is to control the tidal action in the esterros by outflow gates near their mouths and inflow gates near their heads in such a way as to cause a constant movement of their water toward the lower portion of the Pasig River so that they will discharge on the ebb of the tide, comparatively pure water for filling them to be drawn from higher up the river when the tide rises. The closing of the inflow gates at the proper time would prevent any escape of the cleaner water except by traversing the esterros, and the opportune closing of the outflow gates would prevent any reentrance of foul water. It would be necessary to dig three short inflow flushing canals in order to perfect the operation of the system throughout the entire city. It is estimated that the cost of the necessary flushing canals and tidal gates would be but \$15,000. If a steady flow could be had during a part of the day only from the heads of the esterros into the river, it would be an enormous improvement. At present the accumulated filth of the esterros is forced back into the outskirts of the city by the rising tide and drawn down into the commercial and residence districts by the falling tide, while comparatively little of it finds its way into the river except during violent rain storms.

Ultimately the esterros should be provided with solidly built valve gates to insure the proper purifying movements of the water. They should also be straightened where practicable, dredged to a sufficient width and to a uniform depth of 4 feet at low tide, so that mud banks may never be exposed, and walled up with stone.

SUNKEN LANDS IN MANILA.

There are considerable areas of sunken and marshy lands within the city which should be filled as rapidly as possible. At present they are in many instances alternately flooded by filthy estero water and uncovered. They afford ideal breeding places for mosquitoes. They are evil smelling and unsanitary, and in many instances constitute nuisances which might well be abated at the expense of their owners, who would be well recompensed for the expense involved by the resulting increased value of their lands. The commissioner of public health believes that ashes from the shipping at the wharves and from manu-

factories, crematories, breweries, etc., should be used for improving these lands, and that no material which could advantageously be used for filling should be removed from the city or dumped into the bay. I heartily concur in this opinion.

DISPOSAL OF GARBAGE.

The collection and disposal of garbage and refuse is at present performed by the department of streets and parks, under the direction of the city engineer, but the sanitary inspectors of the board of health take cognizance of any failure to properly conduct this work. Garbage is taken to the crematory, where it is sorted and destroyed. Property owners are required to deposit their garbage in water-tight metal containers. These, together with receptacles for other refuse, must be set out on the street in front of the premises for collection not earlier than 9.30 p. m. or later than 5 a. m. This system is effective and has greatly facilitated the work of safeguarding the health of Manila.

DISPOSITION OF NIGHT SOIL.

The collection and disposal of human excreta is by law placed under the direction and control of the board of health. The work is partly performed by employees of the pail conservancy system and partly by private contractors. Vaults and latrines are emptied by employees of the pail conservancy system only at night, and odorless excavators are used for this purpose. The private scavengers are not properly equipped for doing such work and still employ unsanitary methods. Night soil is disposed of by dumping it into the bay outside of specified limits. There is reason to believe that employees of private contractors sometimes dump the cargoes of their crafts into the esteros or the Pasig River under cover of night. This work should be entirely taken over by the board of health when sufficient equipment is available for carrying it on.

The operation of the pail conservancy system has, on the whole, been satisfactory. Experience shows that in providing for the disposal of the excreta of the poorer class it is usually preferable to group the pails for a number of houses in a latrine open to the general public rather than to make individual installations. In the public latrine pails can be properly looked after by an attendant, and much of the time which would be required for their collection and distribution over wide areas is saved. The cost of operating such latrines must, obviously, be paid from the public treasury, but most of the people who use them would be too poor to pay for private installations.

The scavenger barge *Pluto*, especially constructed to serve as a dumping boat for the pail conservancy system, has been received. She is a vessel of 285 tons burden, and can go out into the bay in all reasonable weather and dispose of her load at a point sufficiently distant from the shore to render impossible the casting up of foul matter on the beach. The *Pluto* will receive all night soil which is removed by private scavengers.

CONGESTION IN POPULOUS DISTRICTS.

A material improvement in the sanitary condition of the city may be expected when the installation of the electric street-car system now

under construction is completed. There is great congestion of population in many parts of the city, especially in those districts inhabited by the working class. This is largely due to the necessity of living near one's place of employment, felt at present by every person who is not possessed of sufficient means to afford a horse and vehicle or a considerable daily expenditure for carriage hire. It would involve great hardship were we to thin out the overpopulated districts at present and compel a considerable number of their inhabitants to find homes at a distance from their places of employment. When the street-car system is in operation the work of gradually removing the more unsanitary habitations from overcrowded districts should be undertaken, and reasonable requirements as to amount of space left between buildings should be insisted upon.

THE FLOATING POPULATION OF MANILA.

Much trouble has been caused the board of health by the floating population of Manila, consisting of about 15,000 souls who reside upon *cascos*, *lorchas*, *launches*, and other small vessels plying on the river, the *esteros*, and the bay. They are an unruly set and are difficult to keep under supervision on account of the constant movements of their floating habitations. It has not proved practicable to prevent their polluting the river and the *esteros* with refuse and excreta, nor can they be restrained from using infected waters for drinking, cooking, and bathing. Cholera has occurred among this class to a larger extent than among any other class of the population. Only too often they hurry their sick ashore and abandon them or weight the bodies of the dead and drop them into the water at night in order to escape having their crafts disinfected. The sanitary problems presented by this floating population are very difficult of solution. They can not well be compelled to take up their residence ashore, nor can their vessels be obliged to anchor in the bay. They might be compelled, during the daytime at least, to make use of public latrines situated at convenient points on the shore. An adequate supply of good drinking water should be made available for them at convenient points so that they may have no excuse for drinking river water. During the year a launch has been kept in constant use by the board of health inspecting the carrying out of sanitary work among these denizens of the bay, river, and *esteros*.

SANITARY MARKETS AND UNSANITARY FOOD SHOPS.

The admirably constructed and sanitary markets erected in Manila under American rule have been an important factor in limiting the spread of cholera and other diseases in the city. It is easy to inspect them, and they are kept for the most part in excellent condition. It is a far more difficult matter to keep in a proper state the 1,100 shops or *tiendas* where a large number of poor people habitually take their meals. The sanitary condition of these shops has been greatly improved through inspection and refusal of renewal of licenses to establishments which offend most seriously, but their condition is still unsatisfactory. The work of inspecting foods and drinks, and establishments for their preparation and sale, has been especially heavy during the continuance of the cholera epidemic. The lower-class Filipino seems unwilling to

purchase an article of food without first handling it, and the infection of cholera has unquestionably been frequently transmitted in this way. Handling of food was therefore prohibited, and vendors were required to supply forks for the use of possible purchasers. Flies having been found to be quite generally infected with cholera bacilli, the protection of food by proper fly screens was insisted upon.

During the epidemic the use of some 40 articles of food was, at different times, strictly prohibited. Fruits not of an acid character and usually eaten raw and unpeeled, vegetables used for salads, mollusks, and a considerable number of the mixed foods used by Chinese and Filipinos which were especially likely to carry infection, have made up the prohibited list, which could not be increased to the limit theoretically desirable without inflicting excessive hardship upon the poorer classes.

NEED OF A GENERAL HOSPITAL.

There is a great need of a general hospital in Manila. The army has made adequate provision for its sick, and the civil government has also provided adequate hospital facilities for civil officers, employees, and members of their families, but the closing of the Woman's Hospital and the Maternity Hospital during the past year has left no place where modern hospital facilities can be had by any considerable proportion of the sick of Manila who are not connected with the army or the civil government.

While the beds not occupied at a given time in the civil hospital have been made accessible to the general public, they are grossly insufficient in number to meet the existing need. A site for a general hospital has been selected on the exposition grounds conveniently near the site of the new building for the bureau of government laboratories, from which it can be supplied with light and power. The commission has expressed its purpose to construct and maintain such an institution, and it is earnestly hoped that there may be no delay in undertaking the work of erecting the necessary buildings. The hospital should be constructed on the pavilion plan, and should be provided with surgical amphitheater, autopsy amphitheater, and clinical rooms, to be used in connection with a medical school when established.

CONTAGIOUS-DISEASE HOSPITALS.

During the year the several hospitals for contagious diseases on the San Lazaro estate have been placed under the control of one man. The commissioner of public health reports that increased efficiency has resulted, and that the administration of the several hospitals have been in many ways improved.

There has been great improvement during the year in facilities for the treatment of contagious diseases. Through the public spirit and generosity of Chinese merchants, funds were contributed for the construction of a well-built and modern pavilion hospital for plague cases and of a small building for a reception ward. It is planned to erect additional separate buildings for the treatment of Chinese cholera and smallpox patients. The nipa buildings, formerly used for the detention of contagious-disease contacts, were destroyed in the great Trozo fire. On the site which they occupied modern hospital buildings are

being erected on the detached pavilion plan, capable of properly caring for all classes of contagious disease. These buildings should be ready for occupancy early in October.

NEED OF INSANE ASYLUM.

A hospital for the insane is greatly needed. The provinces are entirely without facilities for caring for this class of unfortunates. At Manila the Hospicio de San José, at present conducted by the Catholic Church, accommodates about 300 persons, but this institution is crowded to the limit and is wholly inadequate to meet even the local need. As a result the insane among the Filipinos throughout the islands are necessarily cared for in the houses of their friends or in the provincial jails. The board of health has often been compelled to take charge of insane persons who were transients, or friendless, or whose condition was such as to make them dangerous, and has been obliged to bring them into a police court, charge them with disorderly conduct, and procure their incarceration in Bilibid prison in order to secure decent care for them. This method of procedure, though necessary, is deplored by those who employ it, and the providing of an adequate hospital for the care of the insane must be regarded as an urgent necessity.

LEPER COLONY.

Work on the leper colony at Culion has progressed unsatisfactorily, owing to labor difficulties, and it has been deemed preferable to withdraw government employees and material from the island and let the work of construction to private contractors. During the year the Philippines have suffered from what is said to have been the worst drought in half a century. The governor of Paragua reported to the commission that the water supply at Culion was insufficient for the proposed colony. Engineers were hurried to the island to thoroughly investigate this matter. Wells were sunk and one of them developed a fine flow of water at moderate depth. The rains began before the experiments of the engineers were finished, but the conclusion was reached that a water supply adequate even in time of drought could be developed.

FREE DISPENSARY.

A free dispensary is operated by the board of health. Six thousand six hundred and fifty-eight prescriptions, practically all of which were for Filipinos, were filled during the year. This number is very small. The less intelligent Filipinos disbelieve in the efficacy of medicines, and trust rather to that of prayer, and the fact that there is but one dispensary and that transportation is at present expensive and difficult to obtain is also an important factor in the general result.

NEW MORGUE.

Until within a short time the only morgue facilities in the city were afforded by tents located on the San Lazaro Hospital grounds. Recently a thoroughly modern morgue building, ample in size to meet all the needs of the city, has been completed.

LOSS OF PROPERTY IN TROZO FIRE.

In the destructive Trozo fire, which occurred in May, 1903, and rendered about 20,000 persons homeless within a period of two hours, the board of health corral, buildings of the pail conservancy system, cholera hospital, and detention camp were destroyed, together with practically all the property which they contained, or which was on the ground adjacent to them, except public animals, involving a total loss to the board of health of more than \$45,000, United States currency. The emergency this presented was promptly and effectively met by the board, and its operations were interrupted for a period of but twelve hours. On the following day the board supplied tentage to all homeless people who had been unable to secure shelter. Before the natives would use the tents it was necessary to post notices on each to the effect that no charge would be made for occupying it. A sanitary organization was created for the burnt district, temporary latrines were established, and the high rate of sickness which usually follows catastrophes of this sort was averted. This is but one of several occurrences during the year which have demonstrated that the board of health is not only able to cope with the difficulties which constantly confront it, but can and does successfully meet great emergencies.

UNHEALTHFUL CONDITION OF BILIBID PRISON.

The commissioner of public health calls attention in his report to the unhealthfulness of Bilibid Prison. It appears that there were 213 deaths among the convicts, with an average daily number of 2,152 imprisoned. This gives an annual death rate of 99 per thousand, which is nearly three times greater than that for the general population of Manila during the same period. This death rate is highly excessive, and its cause should be made the subject of immediate and searching investigation.

BOARD OF HEALTH SUPPORTED BY MANILA COURTS.

The board of health has received assistance of the utmost value in the enforcement of sanitary laws from the courts of Manila, and the belief which seems to have existed in certain quarters that these laws would not be enforced against wealthy and influential persons has been shattered. Without such judicial support the sanitary work of the city would have been paralyzed. Conditions have been less satisfactory in the provinces, where few convictions have been obtained.

SANITARY LAWS NOT SATISFACTORY.

The commissioner of public health, in his annual report, invites attention to the fact that the laws for the sanitary government of the city of Manila are incomplete, inconsistent, and do not properly meet the needs of the situation, and that the functions and powers of the board of health and its officials are much confused by the provisions of acts 157 and 183 of the Philippine Commission. In this connection it may with propriety be suggested that it is the function of the board of health for the Philippine Islands to draft necessary sanitary legislation for submission to the Commission, and that repeated requests

for drafts of acts which would remedy the existing situation have been made by me. It is therefore satisfactory to learn from the above-mentioned report that drafts of such laws as appear to be necessary have been prepared and are under consideration by the board. I trust that the legislation drafted by the board of health may soon be presented to the Commission.

LEGISLATION DRAFTED BY THE BOARD.

Acts regulating the practice in the Philippine Islands of dentistry, pharmacy, and medicine and surgery, the original drafts of which were prepared by the board of health, have been passed by the Commission during the past year. The board has also drafted:

An act regulating the manufacture and sale of aerated mineral and bottled waters, sirups, beers, or other drinks in which water is used.

An act providing for the safe and humane transportation of animals by water in the Philippine Islands.

An act relative to the immunization and movement of cattle and carabaos in the Philippine Islands.

An act relative to the quarantining of equines imported into the Philippine Islands, and for the control of surra or trypanosomiasis.

An act relative to the establishment of a training school for Filipino nurses.

An act providing for the quarantining and compulsory inoculation against rinderpest of horned animals in the Philippine Islands.

The board has also drafted and submitted to the municipal board of Manila an ordinance regulating plumbing; the issuance of plumbers' licenses; house drainage, and the making of openings in the streets; and an ordinance relative to the period of detention of smallpox and plague cases and suspects.

THE CHOLERA EPIDEMIC.

The cholera epidemic is at present wearing itself out in the more remote parts of the archipelago, with occasional active outbreaks at different points. The statistics have not yet been thoroughly digested, and a full discussion of the epidemic will be postponed until it is ended and can be treated as a whole. Some general facts can, however, be given at this time. Up to September 1, 1903, there were officially reported for the islands 157,036 cases of cholera, with 102,109 deaths. These numbers probably do not represent more than two-thirds of the cases and deaths which have actually occurred. Many towns were without physicians or other persons capable of recognizing cholera, so that numerous cases were not properly diagnosed. Many of the municipalities had no sanitary organization, and no statistics are available with reference to the mortality among the Pagan tribes. In numerous instances the sick were concealed and false statements were made as to the cause of death, so that official returns, where they exist, can not be accepted as complete.

The epidemic eventually spread to nearly every part of the islands. Land quarantines were usually ultimately ineffective, although there was a noteworthy exception in the case of the province of Lepanto-Bontoc, which can be entered only by a few narrow mountain trails and was effectively protected by quarantine so that it escaped the disease completely. The province of Abra, somewhat similarly situated, was also fortunate, the number of cases being very limited.

As stated in my previous report, it was demonstrated over and over again that the disease could be stamped out in any town where the necessary men and means were available. Small native sailboats and canoes were the chief factors in disseminating the infection. It is in the nature of things impracticable to control their movements, and as the distances between islands are short the disease was readily spread in this way.

The total cases in Manila to date have been 5,112, with 3,958 deaths, giving a case mortality of 77.2 per cent. During the year there have occurred in Manila 1,179 cases, with 894 deaths, giving a case mortality of 75.8 per cent. There have been 3,309 cases and 2,568 deaths among males, and 1,789 cases and 1,384 deaths among females. In 14 cases the sex was not noted. These figures show that the number of males affected has been about twice that of females, due doubtless to the greater exposure to infection of the former while working on the water front and eating in the small shops where food is sold to laborers.

The cases in Manila have been distributed by races as follows:

| Race. | Cases. | Deaths. | Case mortality. |
|-----------------|--------|---------|------------------|
| | | | <i>Per cent.</i> |
| Americans..... | 163 | 77 | 47.2 |
| Europeans..... | 63 | 35 | 55.7 |
| Chinese..... | 383 | 187 | 48.8 |
| Filipinos..... | 4,457 | 3,635 | 81.5 |
| All others..... | 35 | 22 | 62.8 |
| Not stated..... | 9 | 2 | ..... |

These figures show a higher power of resistance to the disease for Americans than for any other nationality. The number of Chinese who have developed the disease is comparatively small, their relative immunity being doubtless due to the fact that they use chiefly cooked food and boil their water in preparing tea. The number of Americans who contracted the disease is disproportionately high, but the cases occurred chiefly among soldiers who defied military orders and sanitary regulations, and among loafers on the water front.

Curiously enough, the mortality statistics seem to show that the type of the disease during the latter part of the present year has been more fatal than that which prevailed last year, although we have had only one-tenth as many cases. These figures, in the opinion of the commissioner of public health, represent the result of a more effective sanitary organization of the city, where he thinks the natural conditions are fully as favorable to the development of a widespread epidemic this year as a year ago. It seems, however, that epidemics of cholera tend to be self-limiting, and it is possible that more importance should be attached to this element of the case than has been given it in the report referred to.

An investigation of the ages of the cholera victims shows that early adult life is the period in which recovery is most likely to occur, the mortality being highest among young children and aged persons. There can be no doubt as to the efficiency of the organization which the board of health has had in the field for fighting cholera and bubonic plague in Manila, and the commissioner of public health and his colleagues are certainly to be congratulated upon the results obtained. For a time cholera completely disappeared, but a recrudescence occurred with the beginning of the rains, a condition of affairs which was anticipated.

BUBONIC PLAGUE.

During the year there has been an epidemic of bubonic plague in the city, aggregating about 200 cases. It is believed by the health authorities to have been developed from some slight infection which maintained itself in the city subsequently to the energetic repressive measures carried out in 1901, which resulted in the development of but 9 cases of the disease in 1902. It is not, however, certain that the disease was not imported from abroad, as it has existed all along the neighboring Asiatic coast.

During the year plague has prevailed to an alarming extent in many of the cities of the world, and seems to have been increasing in severity. Considering that the manner of its appearance and early development in Manila has been almost identical with what has occurred in other oriental cities which have suffered severely, there is every reason to believe that a serious epidemic has once more been averted through the ability and energy of the members of the insular board of health and the effectiveness of the preventive measures employed by them.

SMALLPOX.

During the year there have been 99 cases of smallpox in Manila, with 16 deaths. Nine of these cases, with 4 deaths, occurred among Americans, a number of whom were not protected by vaccination. In the provinces several outbreaks of this disease have occurred; and those in the Cagayan Valley, in the province of Ambos Camarines and in several of the southern islands were particularly severe. In every case vaccinators were sent to the scene of trouble by the board of health if they could not be provided by the local provincial authorities, and excellent results were obtained where vaccination could be effectively carried out.

The reports of Señor Saturnino Espejo, chief vaccinator under both Spanish and American administrations, show the following vaccinations in Manila:

| | |
|--|----------|
| From November 3, 1894, to November 25, 1898 (four years and three weeks) . | 9, 136 |
| November and December, 1898 (two months) | 10, 477 |
| 1899 | 103, 931 |
| 1900 | 60, 592 |
| 1901 | 68, 144 |
| 1902 | 96, 823 |
| September, 1902, to September, 1903 | 154, 706 |

In other words, 70 per cent of the population have been vaccinated during the past year. Forty-three and six-tenths per cent of these vaccinations were successful. As these figures include many revaccinations, the excellent quality of the virus used is shown. No bad results are known to have developed from vaccination in any instance. Smallpox has ceased to be a factor of importance in the Manila death rate. The cases which occur are chiefly among transients not protected by vaccination, and the death rate for this class of persons is very high. Two American school teachers, recently arrived from the provinces, who had evaded vaccination, developed the disease and died.

Vaccination in the provinces is usually carried out by vaccinators under the provincial boards of health, but where provincial funds are not available for this work the necessary vaccinators are employed by the

insular board of health. Full returns showing the number of vaccinations during the past year are not as yet available, but 1,161,909 units of vaccine have been issued for use, and approximately one-eighth of the total population of the islands has been vaccinated. It is proposed to continue this work until the entire population of the islands is protected against smallpox, which was formerly the great scourge of the archipelago. At the present rate of progress the day is not far distant when this result will have been obtained.

SMALL NUMBER OF DEATHS FROM MALARIA.

Malarial disease is less common and dangerous in the Philippines than in many other tropical countries. The deaths in Manila from malaria during the year have been but 226.

DEATHS FROM DYSENTERY.

There have been 236 deaths during the year from dysentery, a disease which seems to result almost invariably from the use of impure water. The city water is unsafe and unquestionably carries the organisms which produce dysentery. When pure water has been made available for drinking purposes the mortality from this disease should rapidly decrease.

NUMBER OF LEPERS IN THE PHILIPPINES.

Continued investigations as to the prevalence of leprosy in the archipelago give reason for the belief that the number of lepers is smaller than heretofore supposed. The board of health has records of 3,323 lepers, and while its records are by no means complete, the commissioner of public health estimates the lepers in the islands at less than 6,000. At present but 434 are segregated in leper hospitals. Apparatus for the treatment of leprosy with the X-ray and the Finsen ray have but very recently been furnished the San Lazaro Leper Hospital, and no statement can as yet be made as to the efficacy of treatment with these rays.

BERIBERI IN MANILA.

Beriberi is one of the more important causes of death among Filipinos and Chinese, and is especially prevalent among the poorer classes. Very few cases of this disease occur among whites. There were 313 deaths from this cause during the year. A severe outbreak occurred among the convicts confined in Bilibid prison, but no white persons were attacked.

INSPECTION OF ANIMALS.

During the year 95,360 animals were inspected on arrival at the port of Manila by veterinarians of the board of health; 91,442 were inspected prior to slaughter, and 394 animals were condemned for disease and their bodies were cremated.

PREVENTION OF RINDERPEST.

Very important work for the prevention of rinderpest has been carried out during the year by agents of the board of health, the

bureau of government laboratories, and the bureau of agriculture. The method of simultaneous inoculation with the blood of diseased animals and a prophylactic serum has been so perfected that less than 2 per cent of the animals inoculated have succumbed as a result of the operation. The inoculation is effective in stopping the ravages of the disease, and the agents above referred to have been sent to points in the provinces where it has appeared and have carried out their work with marked success.

QUARANTINING OF IMPORTED ANIMALS NECESSARY.

The urgent necessity for the establishment of quarantine stations for animals imported has been made evident during the past year by the bringing in of that highly infectious and extremely fatal disease, hæmorrhagic septicemia, which was introduced in the month of May by a small herd of carabaos imported from Hongkong. Of the various animals exposed to the infection while en route and after arrival, all contracted the disease and died. Fortunately, its infectious nature and dangerous character were recognized before the infected herd had left quarantine.

With the extensive purchases of animals which the government is making abroad, especial care is necessary to prevent the introduction of dangerous epidemic diseases. Much difficulty has been experienced in securing suitable ground for a cattle quarantine station at Manila, but a tract on the range of hills near San Felipe Neri has finally been leased. Cattle will be taken up the river in lighters and unloaded on a wharf extending into the San Juan River near its junction with the Pasig. The lot is approximately 15 acres in extent, and will be divided into 10 sections by double fences. One section will be fitted up with inoculation stalls, and will contain the offices and feed house. The other 9 sections will be divided by single fences into 4 pens, each large enough to hold 50 head of stock. Each of these pens will contain a feed house, watering trough, and shed for sheltering the animals. The work on the station is being pushed rapidly, and it is proposed to establish similar stations at the earliest practicable time at the other ports of entry of the archipelago.

LOCUST PEST.

Very heavy losses have been inflicted upon agriculturists during the past year by the depredations of enormous flocks of locusts. The destruction caused by these insects has been a serious factor in the existing agricultural depression. Numerous attempts to destroy flocks of locusts by infecting them with fungous disease have been made by agents of the board of health. In a number of instances, especially during the dry season, these attempts have been without any apparent result. In other instances the use of the fungus has proved very effective. At the town of Dimiao, in the province of Bohol, for instance, locusts weighing approximately half a ton were destroyed. Young locusts not able to fly appear to resist the action of the fungus at all times, and can best be disposed of by driving them into trenches dug in the line of their march and burning them or covering them with earth.

The poor country people, for whom locusts are an important article of food, are, in many instances, opposed to their destruction.

Persons who eat locusts which have been infected with fungous disease suffer from severe intestinal irritation. The planters are naturally anxious to see an end put to the pest which so seriously damages their crops. The Commission has recently passed an act creating provincial locust boards and authorizing the calling out of practically every able-bodied man in a given locality, under severe penalties, for noncompliance to fight these pernicious insects. It is hoped that by these several means the scourge may ultimately be controlled. Neglect of proper restrictive measures during the long-continued period of disorder beginning in 1896 is undoubtedly responsible for the present serious condition of affairs.

SANITARY CONDITIONS IN THE PROVINCES.

The sanitary condition of the provincial towns, while greatly improved, is still very far from satisfactory. A serious difficulty is encountered in the lack of a sufficient number of Filipino physicians properly qualified for carrying on this work. Unquestionably one of the great needs of the archipelago at the present time is a thoroughly modern medical school. Numerous municipalities are without physicians of any sort, while the superstitious beliefs of many of the inhabitants as to the causes of contagious disease are a serious obstacle in the way of improving sanitary conditions. This difficulty must be patiently and persistently met. Many years will elapse before it can be overcome.

The presidents of provincial boards of health are, with very few exceptions, Filipinos. Among them are a number of men who have shown energy and ability. Others proved incompetent during the cholera epidemic, but it has not, in most instances, been possible to replace them, as the available material for these positions was practically exhausted by the original appointments. Pressure of work due to the cholera epidemic and other causes has prevented the exercise of the needed supervision over provincial boards of health by the commissioner of public health, but during the early part of the present year a number of medical officers were sent through various provinces for the purpose of examining into and reporting upon their sanitary and economic conditions and the efficiency or lack of efficiency of their health boards.

For further information relative to the work of the board of health for the Philippine Islands and the city of Manila, reference is made to the report of the commissioner of public health, which is appended hereto and marked Appendix A.

THE QUARANTINE SERVICE.

The importance of quarantine work in the Philippine Islands is well shown by the fact that during the past year there have arrived at the port of Manila 68 vessels with cholera on board, and that cholera developed on 37 other vessels during the time they were serving their outgoing quarantine.

The long duration of the cholera epidemic taxed to the utmost the resources of the quarantine stations and the strength of the quarantine officials. The thoroughness of the work performed is conclusively shown by the fact that of the 105 cholera-infected vessels disinfected

at the Mariveles quarantine station, only one developed the disease after being released from quarantine, and on that vessel it developed in the ship's hospital among dysentery patients.

Although plague has been epidemic at Hongkong and Amoy, the work of the quarantine officers at these ports has been so effective that it has not been possible to trace a single case of this disease in Manila to infection from without.

With a view to preventing the spread of plague, an effort has been made to fumigate with sulphur all vessels which enter the port of Manila, and few vessels have come in during the year which have not been fumigated at least once. This work has undoubtedly been of great value in preventing the spread of plague from Manila to other ports of the islands by destroying the rats and other vermin which carry it. Two vessels on which plague was reported to have occurred while they were lying in Manila Harbor were disinfected at the Mariveles station. No further cases occurred in either instance.

Five vessels arrived at Manila with smallpox on board. The disease was in each instance stamped out in the usual way.

Leprosy was detected on five vessels. Four of the cases, which were in transit to Hongkong, were sent to the San Lazaro Leper Hospital; the fifth, which came from Hongkong, was returned to that place.

The ports of Iloilo and Cebu have been supplied with floating disinfecting plants, so that it is now no longer necessary to send vessels infected with quarantinable disease from these ports to the Mariveles station, and heavy losses of time and money to ship owners are thus prevented.

As the history of epidemics in the islands prior to American occupation showed that some of them had entered from the south, a quarantine station was, after due investigation, opened at Jolo on the 6th of May, 1903.

Thirty thousand dollars have been appropriated by the Commission for the construction of a quarantine station at Cebu, and when this station is completed it is proposed to move the floating plant now at Cebu to Jolo.

Difficulty has been experienced during the year in properly caring for persons suffering from quarantinable disease who arrived at Iloilo on vessels. It is hoped that a quarantine reservation with adequate facilities for the detention of passengers, the disinfection of their effects, and the care of the sick may be secured there in the near future.

The Mariveles quarantine station has proved adequate to meet the strain thrown upon it by the cholera epidemic, except in the matter of facilities for housing steerage passengers. At present but about 800 can be accommodated, and existing facilities should be increased.

An important discovery of practical value with reference to the distribution of the cholera germ in the Pasig River was made by Assistant-Surgeon Long. It was noted that most of the cases which occurred on board vessels during the latter part of May were on those lying on the shallow side of the Pasig River or at other places where bends and turns rendered the water sluggish, and Doctor Long's investigations showed that cholera germs were present in large numbers at places where the water was sluggish, while few or none were found where the current was swift.

In addition to the disinfecting work previously mentioned, 119 vessels were disinfected because they came from infected ports. There is probably only one station in the world where more disinfection has been accomplished during the past year than at Mariveles.

In addition to the work above mentioned, the surgeons conducted physical examinations of masters, pilots, patrons, and engineers, and of the men who entered the insular coast-guard service, examining a total of 163 applicants, 11 of whom were rejected. Commencing with the fiscal year 1904, examinations of arriving aliens will also be made by this service.

The large amount of quarantine work performed in the Philippine Islands during the past year is shown in the following table:

| | Manila. | Cebu. | Iloilo. | Jolo. |
|---|---------|--------|---------|-------|
| Vessels inspected | 5,861 | 3,985 | 2,232 | ..... |
| Vessels quarantined | 355 | 377 | 157 | 126 |
| Infected vessels disinfected..... | 244 | 43 | 28 | 1 |
| Vessels fumigated to kill rats..... | 182 | 11 | 7 | 1 |
| Bills of health issued | 4,270 | 1,766 | 1,722 | 92 |
| Pieces of baggage disinfected..... | 75,739 | 2,247 | 1,847 | ..... |
| Pieces of baggage inspected and passed | 23,940 | 297 | 7,189 | ..... |
| Number of crew detained in quarantine | 11,399 | 4,482 | 1,737 | ..... |
| Passengers detained in quarantine | 16,247 | 1,319 | 1,175 | ..... |
| Number of crew inspected..... | 198,885 | 74,380 | 44,973 | 4,341 |
| Passengers inspected..... | 185,171 | 22,818 | 26,371 | 3,359 |
| Persons vaccinated | 4,647 | 125 | 932 | ..... |
| Persons bathed and effects disinfected | 25,862 | 844 | 741 | ..... |
| Suspects and contacts quarantined at least five days..... | 8,973 | 873 | 868 | ..... |
| Number of cases of quarantinable disease detected on vessels: | | | | |
| Cholera..... | 115 | 46 | 28 | ..... |
| Smallpox | 7 | 3 | 2 | ..... |
| Plague | 2 | ..... | ..... | ..... |
| Leprosy | 6 | 1 | ..... | ..... |

Dr. J. C. Perry, who had from January 17, 1900, faithfully and efficiently discharged the duties of chief quarantine officer for the Philippine Islands, was succeeded on March 23, 1903, by Dr. Victor G. Heiser, who prepared the accompanying excellent report of the quarantine service for the present year (Appendix B), to which reference is made for further information relative to the quarantine service in the Philippine Islands during that period.

THE CIVIL HOSPITAL.

The work of the civil hospital has been highly satisfactory during the year, although the strength of the working force has been at times very greatly overtaxed as a result of the closing of the women's hospital and failure to carry out the plan for a general hospital for Manila supported by private funds. It was therefore necessary to open the civil hospital to the general public, with the proviso that in case of overcrowding civil officers, employees, and members of their families should be given preference in securing admission.

The position of assistant attending physician and surgeon has been abolished, and an additional house surgeon has been provided for.

The total number of patients admitted to the hospital during the year was 1,915. Of these 92 were treated by outside physicians.

To meet the increased burden of work imposed by the admission of patients other than civil officers, employees, and members of their families the number of nurses has been augmented.

The equipment of the hospital has been considerably increased, and now leaves little to be desired. The ambulance service has been greatly improved. The hospital stables are connected with the police and fire-alarm system. The ambulance horses have been, through the kindness of Chief Bonner, of the fire department, trained like fire-engine horses. Drop harnesses and chains have been provided, and the loss of time in reaching emergency cases has thus been reduced to a minimum.

Better quarters than those heretofore available have been secured for the nurses, who have continued to render faithful and efficient service which has contributed in a large degree to the success of the institution.

It would seem that little could be done to increase the efficiency of the existing institution in its present quarters. I desire, however, to emphasize the fact that the accommodations which it affords, while sufficient for civil officers, employees, and members of their families, are grossly inadequate to meet the needs of the other inhabitants of the city of Manila. The necessity for a large general hospital, constructed on the pavilion plan, is most urgent. Plans for the establishment of such an institution are at present under consideration, and it is hoped that the work of carrying them out may at least be actively begun during the coming year.

For detailed information with reference to the work of the civil hospital, and especially with reference to the number and character of cases treated by the hospital staff, attention is invited to the annual report of the attending physician and surgeon, which is appended hereto and marked Appendix C.

During the year a savage attack was made upon the administration of the civil hospital, and especially upon the attending physician and surgeon in charge, by the police surgeon of the city of Manila, who brought charges of the gravest nature against the attending physician and surgeon. These charges were at first couched in general terms, without names, dates, or other facts upon which an investigation could be based. Eventually, and after repeated requests from me that they be made specific, they were preferred in written form, and in such detail that an investigation was possible. I devoted my afternoons for several weeks to the hearing of witnesses cited by the police surgeon and such other witnesses with a knowledge of the facts as could be secured.

The investigation clearly demonstrated the fact that the more serious of the charges against the attending physician and surgeon were not only wholly false, but were malicious in the extreme; and upon my recommendation, concurred in by the civil governor, the police surgeon was dismissed from the government service.

THE CIVIL SANITARIUM AT BAGUIO, BENGUET.

The substantial improvement made in the Naguilian trail during the past year has rendered it comparatively easy to send convalescents to the civil sanitarium at Baguio, and the establishment of a well-equipped constabulary commissary depot at that place has greatly facilitated the securing of supplies. It has not been feasible, however, to provide a thoroughly satisfactory diet for the sick, owing to the difficulty of getting a sufficient and regular supply of fresh meat, poultry, and eggs, and the impossibility of securing milk. The pur-

chase of milch cows for the sanitarium has now been authorized, and the raising of poultry should be systematically undertaken.

Practical experience with patients sent to the sanitarium during the past year has confirmed the conclusion previously reached that substantially the same results are obtained which would come from a transfer for the same length of time to some temperate region in the United States.

During the sojourn of the Philippine Commission at Baguio in May and June, 1903, all available space in the sanitarium not occupied by patients was utilized by employees of the Commission. Action has been taken by the Commission providing for a twenty-room addition to the present building during the coming dry season.

CHANGE IN RATES AT THE SANITARIUM.

The charges for accommodation at the sanitarium have been lowered by the Commission upon my recommendation, and are at present \$1 per day for patients in wards and \$1.25 to \$1.50 per day for those in private rooms, but a charge of \$3 per day is made for private rooms reserved for one person. It has been made optional with me to remit all charges in the case of persons earning a salary of \$1,500 or less per year. It is the purpose of the insular government to render it feasible for any officer or employee who needs a temporary change to a temperate climate to get it promptly and at a cost within his means.

GOVERNMENT COTTAGES ON SANITARIUM GROUNDS.

Five comfortable cottages have been erected in the neighborhood of the sanitarium for rental to civil officers and employees in search of a change of climate for themselves or their families. All of these cottages were used during the stay of the Commission at Baguio, and two of them have been rented for the coming year. A third has been assigned to Maj. L. W. V. Kennon, in charge of the Government improvements in Benguet, and a fourth to Dr. J. B. Thomas, the physician and surgeon in charge of the sanitarium, in recognition of his faithful and efficient services.

REORGANIZATION OF SANITARIUM EMPLOYEES.

It has proved difficult satisfactorily to organize the force of employees at the sanitarium, for the reason that during the hot season at Manila and the period of residence at Baguio of the Commission the institution is sure to be overcrowded, while it is likely to be almost empty during the rains of August. With a view to meeting this difficulty the force of employees was materially increased at the sanitarium. I was at the same time empowered to transfer any employee of the sanitarium to the civil hospital at Manila, and vice versa. This will enable me at will to cut down the force at the sanitarium and augment that of the civil hospital at Manila, the employees of which are often overtaxed, and at the same time will render it possible for me to send to Baguio employees of the civil hospital who are in need of a change. This arrangement should greatly increase the efficiency of the working force of both institutions.

NEW SANITARIUM BUILDINGS NEEDED.

With the establishment of the summer capital at Baguio and the opening of through rail communication with Manila, the importance of the civil sanitarium will be greatly increased. The present building is better adapted to serve as a boarding house and dormitory than as a hospital. The attending physician and surgeon in charge believes that a suitable tract of land within the Government reservation should be set aside for modern hospital buildings on the pavilion plan, and that provision should be made in the near future not only for the class of patients who are at present sent to Baguio but for tuberculosis patients and maternity cases. I heartily concur in this opinion. When rail communication has been established, it will doubtless be desirable to send to Baguio most surgical cases other than those requiring immediate treatment, as recuperation will be much more rapid and danger of infection less than at Manila. In planning for new hospital buildings adequate provision should certainly be made for the performing of a considerable amount of surgical work.

IMPROVEMENT OF SANITARIUM GROUNDS.

Under the able direction of Mr. Thomas Hanley the sanitarium grounds have been greatly improved during the past year, and the sum of \$2,500 United States currency has been appropriated for their further improvement.

WORK OF THE SANITARIUM.

Many of the persons who have entered the sanitarium were in need of a change of climate but could not properly be classed as patients.

The sick persons admitted numbered 54. Of these 26 were discharged cured, 25 improved, 2 not improved, and 1 died. The patient who died had a fractured and badly crushed leg.

Among those who derived complete relief from ailments which would probably have necessitated departure from the islands, had not this delightful mountain resort been quite readily accessible, were Governor Taft and myself.

For further information as to the work of the sanitarium during the past year reference is made to the report of Doctor Fales, the acting attending physician and surgeon in charge during the absence of Dr. J. B. Thomas, who has returned to the United States on leave, which is appended hereto and marked Appendix D.

THE FORESTRY BUREAU.

There has been a continuance during the past year of the steady development and improvement which have characterized the work of the forestry bureau from the time of its organization. The service was established on April 14, 1900, by Capt. George P. Ahern, the present chief of the bureau, assisted by 8 men. At the end of the first year the force numbered 84 men and the revenue collected amounted to \$199,373.11, Mexican. At the close of the second year the force had increased to 125 men. The revenue collected during this year amounted to \$348,073.08, Mexican. At the close of the third year the authorized force amounted to 224 men. The revenue collected during the year

was \$527,414.85, Mexican. From these figures it appears that the steady increase in the force of employees has been accompanied by an equally steady increase in the revenue collected. When the better protection afforded the government forests by this augmentation of the force of employees is taken into account, it will be seen that the money spent upon their salaries has been well invested.

MODIFICATIONS IN FORESTRY LAWS.

A modification was made in the uses to which the revenues derived from forest products are put by act No. 527, which provides that the expense of conducting the forestry bureau shall be deducted from the total collections and that the balance shall be returned pro rata to the provinces and municipalities where were produced the products on which the collections were made.

Other provisions of law fixed penalties for the unlawful cutting or destruction of timber on military reservations, made the botanist of the bureau of agriculture also the botanist of the forestry bureau, and authorized the employment of six school-teachers as collaborators of the forestry bureau during their school vacations. The six teachers authorized were appointed, but the work of four of them was unsatisfactory.

NEW EMPLOYEES OF THE FORESTRY BUREAU.

Mr. Parker T. Barnes was selected as collector of forest botany after a competitive examination held in the United States. He arrived at Manila December 28, 1902, and has since been almost continuously in the field doing very satisfactory work.

A cabinetmaker, Mr. T. J. Piffard, appointed manager of the workshop, arrived in Manila in November, 1902, and was followed in June, 1903, by Mr. John Richter, an assistant. By act No. 807, passed July 27, 1903, the chief of the forestry bureau was authorized, for the purpose of promoting the proper treatment of woods in cabinetmaking and other allied arts and the making of fine furniture as a trade in the Philippines, to carry on in a limited way the finishing of furniture and manufactured articles of wood and to make a reasonable charge therefor, depositing and accounting for the receipts from this source in the usual way. It is hoped that by this means valuable practical demonstrations of the utility of many of our more important woods in cabinetmaking may be made.

VISIT OF THE CHIEF OF THE UNITED STATES BUREAU OF FORESTRY.

A valuable stimulus was given to the forest service of the Philippines by the visit of Mr. Gifford Pinchot, Chief of the United States Bureau of Forestry, who arrived in Manila late in October, 1902. Mr. Pinchot, at the request of the insular government, submitted a report on forest conditions and the forest service, after a rapid but thorough inspection of both, during a trip lasting somewhat more than six weeks. On his return journey he drafted, with the assistance of the chief of the forestry bureau, a series of letters full of valuable suggestions for presentation to the Commission, covering such subjects as organization of the forestry bureau, Philippine forest school, Philippine forest exhibit, forest policy, conduct of forest business, and steamer for making inspections.

Mr. Pinchot was also requested to suggest amendments to the existing forest regulations, which are embodied in a military order that has never been interfered with by the civil government. Aided by the chief of the bureau, he elaborated a proposed forest act, now before the Commission for consideration, which seeks to insure that "the public forests and forest reserves of the Philippine Islands shall be held and administered for the protection of the public interests, the utility and safety of the forests, and the perpetuation thereof in productive condition by wise use."

This act contains a provision for granting licenses for five or ten year periods, as well as for the present one-year period. It is hoped that the possibility of securing licenses for longer terms will act as an inducement for logging and milling companies to operate on a large scale. Provision is also made for reduction of government charges on forest products in provinces distant from Manila where large stands of timber exist, as well as in provinces where foresters select and mark all timber for felling.

DIVISION OF INSPECTION.

The efficiency of the division of inspection has been greatly increased by substantial additions to the force. On September 1, 1902, there were employed 5 assistant inspectors, 10 assistant foresters, and 52 rangers. The present authorized force consists of 4 inspectors, 20 assistant inspectors, and 128 rangers. Difficulty is encountered in securing men for these places as rapidly as they are needed. The number of forest stations has been increased within the year from 42 to 55.

DIVISION OF FOREST MANAGEMENT.

The division of forest management has within the past year examined forest tracts in northern Bataan and southern Zambales, on the Pacific coast of Tayabas, the southern coast of Tayabas, in the vicinity of the Gulf of Ragay, Camarines Norte, and in Masbate, Mindoro, and the province of Batangas, in order to secure data for the intelligent granting of timber licenses. The investigation has in each case covered the species present, their relative abundance, their power of reproduction in virgin forest and where clearings have been made, the lumbering methods in vogue, the accessibility of the timber, labor conditions, and current price of timber.

This work is now carried on by six foresters and two assistant inspectors. As a rule, no two concessioners are allowed to operate on the same tract of land. Inspection is thus made easier, and the licensee has the exclusive benefit of any logging trails or other improvements made by him. When licenses have been issued, the forester marks timber for cutting in the regions covered by the several licenses. A forester can mark 5,000 to 6,000 cubic feet per day, but this amount can be greatly increased by allowing him one or two assistants.

Each field party has devoted more or less time to the gathering of material for the Louisiana Purchase Exposition. Particular care has been exercised in the marking of timber for cutting in the vicinity of Baguio, Benguet, where it is especially desirable to cut only trees the removal of which will actually improve the forest, but where the temptation to wholesale depredations on the part of licensees is strong, owing to the great demand for lumber. An investigation was also

made of the forest region near the Gimogon River in western Negros, where the electric company of Iloilo is operating a modern wire cable system in the forest.

NEED OF A STEAMER TO FACILITATE INSPECTION.

In order to render possible satisfactory inspection of the manner in which its forest officials scattered throughout the archipelago perform their duties, it is important that a small steam vessel should be at the disposal of the forestry bureau. On May 1, 1903, the coast-guard cutter *Marinduque* was furnished the bureau for this purpose, but after she had made two trips she was assigned to other duty. Later the launch *Philadelphia* was turned over to the forestry bureau. She was in need of repairs, but will soon be ready for active service.

LICENSES.

Licenses are at present, as a rule, granted for a period of one year, beginning with July 1, and are issued free of charge, the government deriving its revenue from the dues on the forest products gathered. They are of four kinds, "timber," "firewood," "gratuitous," and "minor products."

A card index is kept of all licenses and of all persons violating forest regulations. Applications for licenses must go through the local forest station for remark by the local forest official, who furnishes information relative to the status of the applicant, his equipment for logging, etc.

Foresters and inspectors have authority to issue direct licenses to cut firewood and gratuitous licenses for timber for house building. Were this not possible persons living in the more remote parts of the archipelago would experience great difficulty in securing firewood and structural timber which they need.

The following licenses were granted during the fiscal year ending June 30, 1903: Timber, 938; firewood, 713; gums and resins, 98; dye-wood, etc., 53; charcoal, 43. Gratuitous licenses were issued as follows: To needy residents, 460; for cutting timber for public works, 122; firewood, 5. Total licenses, 2,432; total gratuitous licenses, 587.

Individual timber licenses are granted for 10,000 cubic feet, and company licenses for 100,000 cubic feet. Thirteen company licenses were granted during the fiscal year ending June 30, 1903. Under 6 of these no timber was cut, while under the others timber was cut as follows:

| Company. | Cubic feet cut. | Company. | Cubic feet cut. |
|--|-----------------|-------------------------------------|-----------------|
| Danao Lumber Co | 847 | Compañia Madera de Luzon | 23, 242 |
| Mindoro Lumber Co | 7, 615 | Philippine Lumber and Commercial Co | 31, 264 |
| Mindoro Commercial Co. | 14, 600 | Chicote & Sanchez | 1, 915 |
| Philippine Lumber and Development Co | 106, 869 | Total | 186, 352 |

FEAR OF EXTENSIVE EXPLOITATION OF PHILIPPINE FORESTS BY LUMBER COMPANIES GROUNDLESS.

These figures clearly show how groundless were the apprehensions of those who feared ruinous exploitation of Philippine forests by great lumber companies. At present timber is growing much faster than it can be cut, and many of the forests would be greatly improved

by the systematic felling of the old trees which have reached maturity and will soon begin to decay if not converted into lumber.

SPECIAL PRIVILEGES GRANTED TO THE ARMY.

To facilitate the operations of the military authorities in the construction of roads, bridges, and army posts, and the securing of poles for repairing telegraph lines, I authorized the forestry bureau to grant permission to cut gratuitously such timbers of all groups as might be necessary for Government work carried on by army officers, the report of the timber used to be submitted by the officer in charge of the work, after cutting, to the chief of the forestry bureau, and local rangers only to be notified in advance of such wood as is to be cut; contractors supplying such wood to be regarded as agents of the officer in charge of the work, and such officer to be held responsible that the contractor cuts only such timber as he delivers to be used for the work specified.

WORK OF THE TIMBER-TESTING LABORATORY.

I have referred in previous reports to the necessity for a comprehensive series of tests to ascertain the properties of the different kinds of timber produced in the islands. It is unquestionably true that many valuable varieties of timber are without market value at the present time because their properties are unknown. In the timber-testing laboratory, which is well equipped, there have been made during the year 128 complete tests covering 80 different species of wood. At present only those woods are tested which have been determined botanically. A full explanation of the tests applied will be found in the appended report of the chief of the forestry bureau.

A number of the species of wood tested are worthy of special notice because of their excellence. Alupag-amo showed the remarkable strength of 15,110 pounds per square inch when subjected to the "compression endwise" test. The stress at elastic limit equaled 17,620 pounds per square inch, and strength at rupture equaled 19,700 pounds per square inch. Macapali, a wood from Mindanao, showed a specific gravity of 1.32 and a stress at elastic limit (equal to the stress at rupture) of 14,500 pounds per square inch.

The following table may be of interest as showing the relative strengths of some of the more important Philippine and American woods under the crushing endwise test. The figures from Philippine woods are the averages obtained from five or more tests; those given for United States woods are from United States Bureau of Forestry tests.

| <i>Philippine woods.</i> | <i>American woods.</i> |
|--------------------------|------------------------|
| Alupag-amo..... | Pignut hickory..... |
| Betis..... | Mockernut hickory..... |
| Dungon..... | Butternut hickory..... |
| Molave..... | Pecan hickory..... |
| Dagat laya..... | Cuban pine..... |
| Calamansanay..... | Longleaf pine..... |
| Dilang bitiqui..... | White oak..... |
| Bitanhol..... | Texan oak..... |
| Ipil..... | Water oak..... |
| Tindalo..... | White ash..... |
| Bancoro..... | Green ash..... |
| Supa..... | |
| Tucan calao..... | |

The chief of the forestry bureau estimates that there are between 1,000 and 1,500 tree species growing in the public forests of the Philippines, of which about 50 varieties make up 80 per cent of the timber entering the market. It is important to learn what of the remaining species are useful and for what purposes they can be used to good advantage. To this end, tests will be systematically carried out in the timber-testing laboratory.

WORKSHOP OF THE FORESTRY BUREAU.

In order to further test the properties of our unknown woods, a workshop has been established, where specimens can be thoroughly seasoned and worked up into such shape as to make them marketable.

The bureau has been fortunate in securing the services of Mr. T. J. Piffard, who is not only a cabinetmaker, but is also familiar with modern wood-working machinery and with the chemistry of stains. Shortly after his arrival in the Philippines a workshop 40 by 40 feet was erected near the timber-testing laboratory. The force in this shop at present consists of about 50 men, many of whom are skilled Filipino wood carvers, finishers, and carpenters. These workmen are being trained in American methods and are making good progress. The workshop is now well furnished with modern wood-working machinery.

The art of properly polishing woods is at present unknown in the Philippine Islands, and great difficulty has been experienced in purchasing the material needed for this purpose.

IDENTIFICATION OF WOODS BY MICROSCOPIC SECTIONS.

Much difficulty has heretofore been encountered in correctly naming even the more important Filipino woods when inspected in the log, but microscopic sections of woods superficially very similar show striking differences in structure. Methods of sectioning which have been successfully used in the United States have proved impracticable, owing to the great hardness of many of our woods, but difficulties have gradually been overcome, and we now have microphotographs of at least three sections—one perpendicular to the fiber, one parallel to the medullary rays, and one tangential—of each of 40 different wood species, including many of the most important. A valuable means of definitely determining wood species in the log is thus being provided.

BOTANICAL WORK.

The work of identifying our tree species is progressing steadily. Some 1,200 identifications have been made during the past year, of which 200 were based on leaf specimens only. Duplicates of material which could not be identified in Manila have been sent to specialists in Europe.

Data for a dictionary of the native plant names of the Philippines are at present being compiled. Such a work is greatly needed by the employees of the forestry bureau, owing to the complicated synonymy of the native names for trees. Of the 660 tree species enumerated in the order which fixes the government tariff on lumber cut on public lands, 302 have been collected and identified during the past year, the list of identified species including nearly all of those known to be of special importance.

INVESTIGATION OF DYEWOODS.

An employee of the bureau was detailed to investigate the dyewoods of the islands. He obtained more than 100 varieties, specimens of which were sent to the bureau of government laboratories for investigation as to their value. Specimens from the same collection will also be exhibited at the Louisiana Purchase Exposition.

WORK ON THE FOREST RESERVATION IN BATAAN.

A field party is now on the Lamao River, in the province of Bataan, preparing ground for a forest nursery and a future forest school and studying the tree species of the Lamao watershed, about 12,000 acres in extent, reaching from the sea level to an elevation of 4,500 feet above the sea. A systematic study of the 300 or more tree species found in this area has been inaugurated, typical trees being selected, labeled, and mapped, so that they can be readily identified in future. Tree seeds in considerable variety have been collected and germinated at Manila. The young plants will later be transferred to nurseries on the reservation. The first nursery site has been selected at an elevation of 500 feet above the sea. The forest school will be established on this site, from which a fairly good road has been constructed to the landing place. The second nursery will be at an elevation of 1,800 feet. Material for buildings is now being secured.

PRIVATE WOODLANDS.

The number of private woodland estates at present registered in the forestry bureau is 129, with an aggregate area of 106,647 hectares. The largest of these estates, situated in the provinces of Tarlac and Nueva Ecija, has an extent of 13,202 hectares.

AMOUNT OF FOREST PRODUCTS FROM PUBLIC LANDS IN 1902 AND 1903.

From the following comparative table of the quantities of forest products taken from the public lands of the Philippines during the fiscal years ending June 30, 1902, and June 30, 1903, it will be seen that there has been a small increase:

| | 1902. | 1903. |
|----------------------------|-----------------------------------|-----------------------------------|
| Timber..... | <i>Cubic feet.</i> 3, 637, 392 | <i>Cubic feet.</i> 4, 740, 788 |
| Firewood | <i>Cu. meters.</i> 107, 849 | <i>Cu. meters.</i> 218, 100 |
| Charcoal..... | 7, 021 | 3, 796 |
| Dyewoods (sapan)..... | <i>Pounds.</i> 2, 256, 458 | <i>Pounds.</i> 5, 568, 773 |
| Tan bark (cascalote) | 312, 154 | 900, 963 |
| Damar (gum copal)..... | 1, 082, 235 | 1, 858, 172 |
| Gutta-percha | 873, 331 | 609, 573 |
| Rubber | 282, 996 | 1, 293 |
| Breas, resins, etc | 113, 905 | 752, 280 |
| Oils Panao (wood oil)..... | <i>Liters.</i> 34, 752 | <i>Liters.</i> 53, 529 |
| Rattan | <i>Pounds.</i> 20, 685 | <i>Pounds.</i> 230, 758 |

Gratuitous licenses, 1903.

| | | |
|----------------|-----------------|---------|
| Timber | cubic feet... | 153,029 |
| Firewood | cubic meters... | 1,125 |

From private estates, 1903.

| | | |
|----------------|-----------------|---------|
| Timber | cubic feet... | 353,759 |
| Firewood | cubic meters... | 51,270 |
| Charcoal | do..... | 9,304 |

IMPORTS AND EXPORTS OF FOREST PRODUCTS.

There were imported into the Philippine Islands during the fiscal year ending June 30, 1903, 113,483 cubic feet of timber on commercial liners; 6,841,207 board feet, free entry for Government use, and 4,746 tons of timber, free entry for Government use. There were exported 87,000 feet, board measure.

EXPENSES OF FORESTRY BUREAU.

During the fiscal year ending June 30, 1902, the expense of conducting the forestry bureau was \$61,967.25, United States currency, and the revenue collected amounted to \$348,073.08 Mexican. During the fiscal year ending June 30, 1903, the operating expenses amounted to \$96,202.36, United States currency, and the revenue collected to \$527,414.85 Mexican.

We may look forward with confidence to a steady increase in the revenues derived from forest products, and at the same time to actual improvement in the forest areas where active lumbering operations are carried on.

For further information with reference to the work of the forestry bureau, and for the recommendations of Mr. Gifford Pinchot, Chief of the Forestry Bureau of the United States, reference is made to the second annual report of the chief of the forestry bureau, which is appended hereto and marked Appendix E.

THE MINING BUREAU.

During the past year the work of getting the Spanish mining records so arranged and indexed as to make them thoroughly accessible has been practically completed. This difficult undertaking has been carried out in a way which reflects the greatest credit on the chief of the mining bureau and his associates. The records, which were originally in seemingly hopeless confusion, have been made so accessible that any desired document can be found immediately.

The chief of the mining bureau, who was absent on leave at the time of my last annual report, did not return to Manila until January 26, 1903, while Mr. McCaskey, the assistant chief, left on leave of absence on May 1, 1903, and has not yet returned. The bureau has, therefore, been short-handed throughout the greater part of the year.

Bulletin No. 3, entitled "Report on a Geological Reconnaissance of the Iron Region of Angat, Bulacan," has gone through the press and has been distributed. It contains a large amount of practical information of value to prospective miners or investors, and it is hoped that its publication may stimulate the development of the important

deposits of iron ore at Angat, especially as the assistant chief of the bureau has now demonstrated that there are several coals produced in the Philippine Islands which will coke.

REORGANIZATION OF THE MINING BUREAU TO FACILITATE FIELD WORK RECOMMENDED.

In view of the fact that the records of the mining bureau are now in satisfactory condition, and that the administrative work with reference to titles to mining claims has been transferred to the bureau of public lands, both the chief and the assistant chief of the mining bureau strongly recommend that the bureau be reorganized in such a way as to permit of its effectively carrying out reconnaissances of the important mineral regions of the Philippines, in order that accurate information of value to the prospector, the miner, and the capitalist may be made available and the development of the mining industry may be stimulated. I heartily concur with these gentlemen as to the wisdom of the proposed reorganization.

ACTIVE MINING OPERATIONS BEGUN.

With order reestablished throughout the archipelago active mining operations have been begun at several different points with good hope of success. Promising coal mines are being developed on the island of Bataan, both by private capital and by the United States Government. Active work has also been done on the gold deposits of Mambulao and Paracale, in Ambos Camarines, and upon several gold-mining claims in the province of Benguet. The mining bureau has stimulated much of this work by investigations and reports which showed that it might be undertaken with good hope of substantial pecuniary returns. There is every indication that we are entering upon an era of active development of the mineral resources of the archipelago, which should bring prosperity to a number of regions the inhabitants of which are at present poor and obtain a livelihood with comparative difficulty.

It is gratifying to note the statement in the report of the chief of the mining bureau that in spite of the fact that the number of prospectors has greatly diminished during the past year new discoveries and locations have been more numerous than in any previous year, and the amount of development work done has also been much larger.

MINERALOGICAL MAP OF THE PHILIPPINES.

The mining bureau has completed a map of the archipelago, showing the mines and mineral deposits of proven value. It should be of assistance to all persons interested in the mineral wealth of the Philippines.

RECOMMENDATIONS OF CHIEF OF MINING BUREAU.

Among the recommendations with which the chief of the mining bureau closes his report is one that the present mining law be so amended as to enable more than one claim to be located by the same individual or association of individuals upon a lode or deposit. I very heartily indorse this recommendation.

As development progresses it becomes more and more evident that a number of the more valuable gold deposits of the Philippines will prove to be of low grade. Their development will involve the use of expensive plants, and if the necessary capital is to be secured it must be possible to obtain title to larger tracts than can be located as single claims under the present law.

The chief of the bureau also recommends that authority be given for the free use of timber required in mining, subject to reasonable regulations and restrictions to prevent waste. I am unable to see why there is any more reason for granting free use of timber required in mining than for making a similar grant in the case of timber required for railroad or house construction, and disapprove this recommendation.

FIELD TRIPS.

The assistant chief of the bureau, having acted for the chief of the bureau during the absence of the latter official, has rendered a separate report for the period of his incumbency. In addition to carrying on the extensive correspondence which resulted from the taking effect of the act of Congress of July 1, 1902, the assistant chief performed his regular duties as mining engineer and conducted field trips to the Calamianes, Cuyos, and Paragua groups of islands and to the coral island of Apo, west of Mindoro, during which there was secured a considerable amount of interesting information relative to the geology of these little-known regions, which has been embodied in a report.

ADDITIONS TO COLLECTIONS.

Substantial additions have been made to the geological and mineralogical collections of the bureau during the past year. The present building does not afford adequate facilities for storing these collections, much less for exhibiting them. I am of the opinion that a wing should in the near future be added to the new building of the bureau of government laboratories sufficient in size to afford adequate accommodations for the mining bureau and the forestry bureau. I have requested the insular architect to prepare plans for, and estimate the cost of, such an addition to this building.

PLAN FOR EXHIBIT AT THE LOUISIANA PURCHASE EXPOSITION.

The assistant chief of the bureau has prepared plans for a mineral exhibit at the Louisiana Purchase Exposition. These plans have been adopted by the exposition board, and, so far as practicable, have been carried out by collectors employed by that body.

For further information relative to the work of the mining bureau during the past year, reference is made to the annual report of the chief of the bureau (Appendix F) and to the report of the assistant chief of the bureau which accompanies it.

BUREAU OF GOVERNMENT LABORATORIES.

The Government has been fortunate in retaining throughout the year the services of Dr. Paul C. Freer, superintendent of government laboratories, under whose able administration the bureau has been

brought to a high degree of efficiency and usefulness. Further extension of leave was at first refused him by the authorities of the University of Michigan, but upon the request of the Secretary of War was finally granted. He has continued wisely to direct the somewhat complicated affairs of his bureau and to render valuable service as a member of the insular board of health. Permission was granted him to return to the United States in order to secure employees for the bureau and attend to private affairs, but at the last moment an emergency arose in connection with the purchase of cattle for the Government at Shanghai, and he was sent there to investigate and report.

The Commission has shown its appreciation of his services in a substantial way by increasing his salary to \$6,000.

OPENING OF LABORATORIES TO THE PUBLIC.

The bureau of government laboratories has rendered very important service not only to the insular government but to the public at large during the past year. While the law under which this bureau was organized provided that all biological and chemical work for the insular government should be performed by it, there was originally no thought of its doing work for private persons, nor was there any provision of law under which such work could be done.

It eventually became evident, however, that it was desirable to place many of the facilities afforded by the bureau at the disposal of the general public. There was no other place where adequate means existed for making diagnoses which involved the use of high-power microscopes or necessitated pathological investigations, nor where chemical work of the simplest sort, other than mineral assays, could be performed. Moreover, many of the assays made by private persons proved so unreliable as to suggest deliberate intention to deceive on the part of those who made them. It was felt that the development of the mineral resources of the islands would be stimulated if it were possible for miners, prospectors, and other interested persons to secure reliable government assays, and that no harm could come from placing the facilities for chemical and pathological work, which the laboratories afforded, at the disposal of the general public. Legislation was accordingly adopted authorizing the superintendent of government laboratories to prepare, subject to my approval, a list of fees to be charged for different kinds of work. The list was prepared and published, and a steadily increasing amount of work for private persons is now being done.

The policy which has been inaugurated, with reference to the chemical and biological laboratories, has not yet been extended to the serum laboratory; in fact, it has not yet been feasible to so extend it, as the products of this laboratory have been required by the government as rapidly as they could be produced. When the plant at present contemplated has been established and manufacture is well under way, a slight additional cost will enable the laboratory to supply serums and prophylactics to outside persons, thereby making it possible for them to obtain products of great value which they are now wholly unable to secure. A revenue sufficient to support the serum laboratory might ultimately be derived from this source. A small beginning has already been made by the authorization of the sale of antirinderpestic serum to private persons in Shanghai. I am of the opinion that, in the

interest of the public and the laboratory as well, this policy should be continued and extended to other products of the laboratory as the supply may from time to time warrant.

BUILDINGS.

The new building for the bureau, for which an excellent site was secured on the exposition grounds, is approaching completion and should be ready for occupancy about July 1, 1904. Meanwhile the rapidly increasing work of the bureau has necessitated the renting and equipment of a large dwelling house, where the biological work is now performed and the library stored. The original building is now entirely given up to chemical work.

THE SERUM LABORATORY.

The most important change in the bureau during the year was the transfer to it on January 30, 1903, of the serum laboratory of the board of health, the incorporation of the former vaccine institute with the serum laboratory, and the appointment of Dr. James W. Jobling as director of the new laboratory thus established. Doctor Jobling, with his customary energy, at once began to push the work of obtaining a herd of serum animals free from all disease. He quarantined all new animals admitted to the laboratory, improved the vaccine virus by a fresh importation from Japan, and obtained a regular and sufficient supply of small animals for purposes of experimentation. Under his able management the foot-and-mouth disease, which has been a source of endless annoyance in connection with the serum work, disappeared. Systematic care and proper feeding of cattle produced conspicuous improvement in their condition, and since the 1st of February there has never been any lack of excellent vaccine virus and rinderpest serum. The herd of immune cattle has been increased to about 80 animals, and new animals are added as opportunity offers. Nine hundred thousand doses of vaccine virus have been prepared during the past six months, and some 4,000 cubic centimeters of Shiga prophylactic serum for use in immunizing against bubonic plague have been prepared and delivered to the insular board of health.

The work of preparing antiseptic serum, the need of which has long been recognized, has also been inaugurated, and the laboratory now has on hand 5 horses which are rapidly being brought to a point where they will yield a serum of good efficiency. Eight hundred cubic centimeters have already been prepared.

The work of the serum laboratory has been carried on in the face of very serious practical difficulties, which it would be tedious to enumerate. Great credit is due to Doctor Jobling and his subordinates for the unvarying success with which obstacles have been overcome.

The work of caring for animals imported by the government while at Manila prior to distribution, which was taken from the bureau of agriculture and given to the serum laboratory, has been very satisfactorily performed by laboratory employees.

The work of inoculating cattle in the provinces against rinderpest, wherever the disease has appeared, has been considered of the first importance, and every available man has been made use of for this

purpose, including, as previously stated, employees of the serum laboratory, of the insular board of health, and of the bureau of agriculture.

The scientific force of the serum laboratory has been insufficient for carrying on so large a volume of work, especially in view of the fact that Dr. John G. Snee, a skilled veterinarian in the employ of the insular board of health, who had been practically detailed to the serum laboratory, was of necessity sent to Shanghai to meet an emergency which arose there in connection with the purchase of carabaos for the insular government, and has remained there on duty.

The carrying on of systematic investigations would still further increase the efficiency of the laboratory and decrease the cost of manufacturing its products. Thus far the energies of its employees have of necessity been almost exclusively directed to routine work, but a materially increased force has been authorized. When the newly created positions have been filled, the routine work can be carried on to much better advantage than at present, and opportunity will also be afforded for the carrying on of much-needed research.

The transfer of the serum laboratory to the bureau of government laboratories and the incorporation with it of the vaccine institute has resulted in economy of administration and improvement in the products manufactured, notably in the case of vaccine virus. The laboratory has been extraordinarily successful in the manufacture and use of antirinderpestic serum, securing, by the simultaneous inoculation method, almost complete immunity against rinderpest and losing a very low percentage of the animals inoculated. It is doubtful whether so great success in immunizing against rinderpest has ever been obtained elsewhere, and the manufacture of the necessary serum has made it possible for the government to take up vigorously the work of immunizing all horned cattle remaining in the islands and all that are imported, and to inaugurate upon a large scale the restocking of the islands with carabao. As the rehabilitation of agriculture is absolutely dependent upon the provision of an adequate supply of draft animals, the importance of this result will be readily appreciated.

The facilities on the San Lazaro grounds for the proper care of serum animals and of other valuable animals during inoculation have been greatly improved and increased, but all changes there are necessarily of a temporary nature, in view of the fact that the insular board of health will ultimately need all of the ground at present occupied by the serum laboratory for contagious-disease hospitals. The distance of the San Lazaro estate from the site of the new laboratory building is, in any event, such as to necessitate the transfer of the serum work to some other conveniently situated place at the time the new laboratory building is occupied. A suitable site has been secured from the municipal board of Manila in the district of Paco. When the new building is ready for occupancy the serum work will be transferred to it and to this plot of ground. Vaccine work, and all of the work connected with the preparation of serums involving the use of horses or small animals only, will be conducted at the main laboratory building, and, in fact, serum of every sort will be prepared, packed, and shipped there, but the stalls for immune animals from which antirinderpestic serum is made, the operating room for bleeding them, a barn for feed and supplies, and a building for the watchman, which will also afford suitable facilities for caring for fresh blood, will be established on the Paco site.

LIBRARY.

The working library has been considerably increased during the past year. A list of the more important publications which are, or soon will be, on hand is contained in the annual report of the superintendent of government laboratories. There is great need of additional literature covering the field of industrial chemistry, especially in view of the fact that the chemical laboratory has been opened to the public. Adequate literature on veterinary medicine and surgery is also imperatively needed, veterinary work having sprung into great prominence on account of the large importations of cattle by the government and the necessity for caring for animals injured on the voyage, and for safeguarding the islands against the introduction of new cattle diseases by the animals imported. Hemorrhagic septicæmia has already been introduced from Hongkong, as previously stated. Fortunately the disease was promptly recognized, and precautions were taken which proved effective in preventing its spread. Its occurrence serves to emphasize the importance of having on hand necessary literature so that other new diseases may be dealt with as promptly and effectively.

NEW APPARATUS AND SUPPLIES.

Additional apparatus and supplies have been received as rapidly as they could be installed or used. Some large apparatus, including a vacuum distilling plant, extractors, and other appliances intended for use in working up essential oils, rubber, gutta-percha, etc., can not be installed until the new building is available, and the ordering of them has therefore been delayed.

ASSAY WORK.

The assay work of the bureau has necessarily thus far been done in the building of the mining bureau with rather insufficient facilities, but an adequate outfit has been ordered and will arrive quite as soon as space for its installation is available.

GAS SUPPLY.

The machine for furnishing a supply of gas by the destructive distillation of cocoanut oil in a red-hot iron retort has worked so satisfactorily that the same kind of apparatus, with a larger tank capacity, will be used for supplying gas to the new building.

CHARACTER OF CHEMICAL WORK DONE.

The chemical work during the year has involved analyses of suspected counterfeit silver coins; examinations for poison, some of which were made for chemical-legal purposes; investigations of suspected blood stains in murder cases; analyses of mineral and other waters, soils, coals, paints, and alloys. A large amount of assay and analytical work has been done for the exposition board in connection with exhibits to be made at the Louisiana Purchase Exposition. The number of analyses made is more than double that of last year.

Dr. P. L. Sherman was sent on a second expedition to the southern islands to gather material for completing his work on rubber and gutta-percha, and has also made some explorations in the island of Mindoro, which resulted in the discovery of rubber, apparently of superior quality. A complete bulletin on the subject of rubber and gutta-percha in the Philippines will be issued in time for use at the Louisiana Purchase Exposition.

The superintendent of government laboratories, with Doctor Sherman and others, made a trip to Paragua, hoping to find there *Dichopsis gutta*, from which the best gutta-percha is produced. A thorough exploration was made, but neither gutta-percha trees nor rubber vines were found. Gum dammar was, however, found in abundance, and a considerable quantity brought to Manila for study and for exhibition purposes.

Systematic work upon gums and resins will be continued, and promises important results.

A large amount of work has already been done by Mr. Bliss on the so-called "brea," which, it proves, comes from a number of different trees, and from which various essential oils have already been derived.

Two samples of surface mineral oils have been brought to the laboratory, one of which proved to be of such a nature as to warrant recommendation for further investigation and development.

THE BIOLOGICAL LABORATORY.

DIAGNOSTIC WORK.

The diagnostic work performed in the biological laboratory has also steadily increased. Some 7,000 diagnoses have been made during the past six months, and, in addition, thousands of rats and mice have been examined for plague. Four medical-legal cases have been handled, 500 tissues have been prepared for microscopic examination, and a large number of post-mortems have been held. As in the chemical and serum laboratories, time which should have been available for important research work has been greatly encroached upon by the very large amount of routine work necessarily performed, so that important investigations have been delayed or postponed. It is hoped that this difficulty may be met here, as in the other laboratories, in the near future through the augmentation of the working force, for which provision has been made.

ORIGINAL INVESTIGATION.

In spite of the pressure of routine work, Doctor Musgrave, assisted by Messrs. Clegg and Williamson, has carried out an important piece of investigation on surra. His results, which have in part been published in a preliminary bulletin, appear in the appended report of the superintendent of government laboratories. They provide us with adequate information on which to base a quarantine law to prevent the introduction of further cases of this disease, and make plain the measures to which we must resort in order to destroy the widespread infection which now exists. The loss of horses from surra has already been enormous, and energetic measures for its repression should at once be inaugurated along the lines suggested by Doctor Musgrave.

ACTING DIRECTOR APPOINTED.

Doctor Musgrave served as acting director of the biological laboratory from December 15, 1902, to July 15, 1903, during the absence of the director, and very efficiently performed the duties of this office. The director, Doctor Strong, was granted a special leave of absence by the Commission in order to go to Europe for study. He visited the London School of Tropical Medicine; the German School of Tropical Medicine, at Hamburg; the Pasteur Institute, at Paris, and the government civil hospitals at Port Said and Colombo, Ceylon, paying especial attention to recent advances in laboratory methods, technique, and apparatus, and obtaining information with reference to improved methods of dealing with tropical diseases.

At Berlin, having obtained admission to the Königl. Institut für Infektionskrankheiten, he took up special work in immunity in the department of Professor Wassermann, and as a result produced what he believes to be a practicable cholera vaccine. Opportunity has not yet presented itself to give this vaccine a practical test in the Philippines.

ENTOMOLOGICAL WORK BEGUN.

Entomological work has been begun in the biological laboratory by Mr. Charles S. Banks, who was appointed entomologist on December 9, 1902. Mr. Banks's attention has been directed to the insects which destroy or interfere with the growth of the cacao bush. His work, which was begun in the island of Negros, has since been prosecuted in a number of other regions. He has attempted to gather all data on insects affecting the roots, trunk, leaves, flowers, and fruit of cacao bushes, and has secured extensive collections of such predatory insects and samples of their work. His results, which are briefly set forth in Appendix G, will soon be published in a bulletin which it is hoped will be of much practical value to cacao growers.

Subsequently to the appointment of Mr. Banks as entomologist, Mr. J. L. Webb was appointed assistant entomologist, and is now engaged in investigations with especial reference to insects harmful to forest growth and to cut timber.

BOTANICAL WORK.

The botanical work of the government has been transferred to the bureau of government laboratories and a considerable increase in the force of botanical workers has been authorized, including an additional systematic botanist and two field collectors. Satisfactory progress is being made in the study and identification of our tree species and of plants of economic value, but the amount of botanical work which needs to be done is enormous, and with any possible force of workers can not be completed for many years.

SECTIONING WOODS.

Very interesting and important work has been done in the biological laboratory by Mr. J. J. Eaton of the bureau of public instruction, who was engaged as a temporary employee during his vacation to prepare microscopic sections of different woods for the forestry bureau.

Much difficulty was experienced in softening our harder woods so that they could be successfully cut on the microtome, but this was eventually overcome and very satisfactory results were ultimately attained, which will be of great importance to the forestry bureau as affording a means of conclusively identifying timber samples.

MARINE BIOLOGICAL LABORATORY RECOMMENDED.

The superintendent of government laboratories in his report recommends the establishment in the near future of a marine biological laboratory for investigating the marine life, which affords so large a part of the food supply of the islands. Act No. 222, providing for the organization of the executive departments, included among the bureaus of the department of the interior a bureau of fisheries, which was designed to inaugurate and carry on this special line of work. The title used to designate the administrative body charged with this undertaking is a matter of comparatively small importance. While they will involve extensive field operations, they will also involve the employment of laboratory facilities, apparatus, and workers. I am of the opinion that the argument of the superintendent of government laboratories in favor of the establishment of a marine biological laboratory is sound, and that economy and efficiency will be gained by affiliating it with the bureau of government laboratories, as has already been done with the serum laboratory.

The director of such a laboratory might well be made available for appointment as superintendent of government laboratories, and the list of possible candidates for this position thereby increased. This would be a distinct advantage, for this position necessitates not only a high degree of technical proficiency, since its incumbent must be a director of one of the laboratories constituting the bureau, but a high degree of administrative ability as well, and carries with it membership on the board of health for the Philippine Islands. It may well happen that the director of a laboratory is capable of supervising very efficiently the work in his special line, but that he lacks the executive ability necessary to the successful management of the interests intrusted to the bureau of government laboratories as a whole, or that he has both of these qualifications but is without those which would especially fit him for membership on the board of health. Briefly, this position will always be a difficult one to fill, and in filling it it would be better to have four men to choose from than three.

I am decidedly of the opinion that the work of investigating those marine organisms which afford food or furnish articles of commerce should now be inaugurated and pushed, in order that our fisheries may be systematically and wisely developed, and that a satisfactory basis may be afforded for necessary protective legislation. The exhaustion of the Ceylon pearl fisheries should teach us a lesson.

THE GOVERNMENT PHOTOGRAPHER.

During the past year the government photographer has been provided with two assistants and furnished with greatly improved equipment. He has made a large series of valuable negatives which afford a permanent photographic record of conditions at present prevailing among many of the non-Christian tribes of the archipelago and of

their manners and customs. He has also performed a large amount of work for the forestry bureau, the bureau of agriculture, and the custom-house.

WORKING FORCE.

Although the working force of the chemical laboratory, the biological laboratory, and the serum laboratory have been materially increased during the present year, the work has increased more rapidly than have the workers. Much difficulty has been encountered in securing, on short notice, suitable candidates for newly created positions. This has been due in part to ignorance in the United States as to the work of this bureau and the facilities available for carrying it on, and in part to an increased demand for chemists, pathologists, and serum men in connection with industrial chemical work and city health work in the United States. I have taken advantage of the opportunity afforded by my return to the United States on leave to visit the University of California, Leland Stanford University, the University of Chicago, the University of Michigan, Harvard University, the Massachusetts Institute of Technology, Columbia University, the University of Pennsylvania, Johns Hopkins University, and Cornell University, and in conference with professors of chemistry, pathology, veterinary medicine and surgery, and botany, to inform them as to the nature of the work which we are doing and the facilities for it which are, or soon will be, available, and to arrange with them for securing a waiting list of candidates for positions hereafter created. It is therefore hoped that the laboratories may not be so short-handed in the future as they have been in the past.

I found everywhere the keenest interest among scientific men in the work of this bureau, and was gratified to learn that when the new building is completed and properly equipped a number of well-known American investigators will be glad to avail themselves of the facilities thus afforded for carrying on research work.

The superintendent of government laboratories in his annual report calls attention to the fact that in order to obtain suitably collected material in sufficient quantity it has been necessary to employ skilled employees of the chemical laboratory in the field. This difficulty can readily be met by utilizing a very different and less expensive class of men as collectors.

REORGANIZATION OF THE BUREAU NEEDED.

Recent experience in the matter of promptly securing employees of this bureau to meet the demands caused by a rapidly increasing volume of work or by the arising of special emergencies has been such as to make plain the necessity for having constantly available an adequate force of employees, and of knowing as long as possible in advance what new positions are to be created, so that a waiting list of candidates for them may be secured. There is need of change in the clerical force of the bureau in the interest of good administration. The powers and duties of the superintendent should be in some particulars more clearly defined. In short, there has arisen the same necessity for reorganization which has manifested itself in connection with many other bureaus of the insular government which have developed rapidly. A draft of an act providing for such reorganization has been

prepared and submitted to the Commission, and I trust that action may be taken upon it in the near future. In its provision has been made for the accommodation of scientific guests who may wish to visit the Philippine Islands for the purpose of carrying on research work. It is important that the facilities of the laboratories should be made available for such men. This could be done at slight expense, not at all commensurate with the resulting advantages.

For further details relative to the work of the bureau of government laboratories, reference is made to the report of the superintendent of government laboratories, which is appended hereto and marked Appendix G.

THE BUREAU OF PUBLIC LANDS.

The chief of the bureau of public lands reports that frequent inquiries have been made of him during the past year as to the area of the public domain of the Philippine Islands. He states that accurate information on this subject can not be furnished at the present time, because of the lack of a proper system of surveys and of trustworthy data as to Spanish land titles. He, however, roughly estimates the public domain at 61 million acres, of which some 40 million acres are forest land and the remaining 21 million acres are lands not forested, most of which are agricultural in character and will be subject to disposal under the law permitting leasing, sale, and homesteading as soon as the regulations prepared by the Philippine Commission under the law shall have become effective, either through their approval by Congress or through the failure of Congress to act upon them.

LEGISLATION DRAFTED BY THE CHIEF OF THE BUREAU.

At my request the chief of the bureau of public lands drafted rules and regulations relative to the location of mining claims in September, 1902. The draft prepared by him was submitted to a number of practical miners, and certain changes which were suggested by them and approved by him were incorporated. These regulations were then embodied in act No. 624 of the Commission, which was passed on February 7, 1903. This act, as amended by act No. 777 and act No. 859, together with the act of Congress of July 1, 1902, constitutes the existing law with reference to the acquiring of titles to mines on the public domain of the Philippine Islands.

Under these acts there have been presented for record 357 lode claims, 95 placer claims, 6 coal claims, and 141 claims the character of which was not designated, making a total of 599. The distribution of these claims by provinces is as follows: Benguet, 285; Lepanto-Bontoc, 106; Masbate, 60; Surigao, 31; Cebu, 26; Nueva Ecija, 17; Bulacan, 16; Pangasinan, 16; Ambos Camarines, 15; Tayabas, 10; Antique, 5; Mindoro, 4; Abra, 2; Laguna, 2; Bataan, 1; Ilocos Sur, 1; Misamis, 1; Rizal, 1.

The rules and regulations relative to the disposition of public lands required to be prepared by the government of the Philippine Islands by section 13 of the act of Congress of July 1, 1902, were also drafted and embodied in an act by the chief of the bureau of public lands. This act has been carefully considered and somewhat modified by the Commission, and in its modified form will be submitted for public discussion at Manila before its passage by the Commission.

The acts prepared for the Commission by the chief of the bureau of public lands have been very carefully drafted by him after much laborious investigation, and have been of great assistance to the Commission in dealing with the important matters of which they treat.

PLAN FOR GOVERNMENT SURVEYS.

The important work of preparing and recommending to the Commission for adoption a plan for a system of surveys for the islands has been referred to a committee consisting of the chief of the bureau of public lands, an associate judge of the court of land registration, the chief of the coast and geodetic survey of the Philippines, the chief of the mining bureau, and the consulting engineer to the Commission.

SPANISH LAND TITLES.

The work of preparing expedientes relative to Spanish land titles has progressed somewhat slowly during the year, owing to the additional burden imposed upon clerks of the bureau by the necessity of searching for and making certified copies of documents desired by private persons and by other bureaus of the government, and more especially to the death of Mr. Gregorio Basa, chief clerk of the bureau. Mr. Basa was a Filipino who had a very accurate and intimate knowledge of Spanish legislation relative to public lands in the Philippines, and his death is a very serious loss to the bureau.

DRAFT OF INSTRUCTIONS TO DEPUTY MINERAL SURVEYORS.

The chief of the bureau prepared a map of the proposed town for lepers on the island of Culion, and a draft of a manual of instructions to deputy mineral surveyors. He also examined and found incorrect and returned to the company several times a description and plat of the right of way required by the Manila and Dagupan Railway Company for a branch line to Camp Stotsenberg.

ADMINISTRATION OF SAN LAZARO ESTATE.

On December 1, 1902, the chief of the bureau of public lands was appointed administrator of the San Lazaro estate, which formerly belonged to the Spanish Government and became the property of the United States by virtue of the transfer of sovereignty under the treaty of Paris. This estate is the owner of a number of properties in Manila, the proceeds from the rentals of which have been devoted to the maintenance of the San Lazaro Hospital for lepers. The most important of these properties is the Hacienda de Mayhaligue, situated in the northern part of the Santa Cruz district, which includes some 400 acres.

The chief of the bureau of public lands found that the rented portion of this property consisted of about 700 lots in the hands of some 460 tenants, of which number some 400 were subletting their holdings to other tenants in violation of the terms of their agreement with the insular government, and were making in this way a profit of 150 to 200 per cent, while they were paying to the government an amount equal to about $1\frac{1}{2}$ per cent of the assessed value of the estate, so that the government was losing thousands of dollars from rentals paid by

sublessees to its tenants who had no right to receive them. He estimated that by renting directly to the sublessees at twice the rate which the government had previously received for the several lots, the government revenue would be doubled, while at least 90 per cent of the actual occupants of the lots would pay less than they had been previously paying.

On January 1, 1903, he accordingly posted notices requiring all persons owning houses on the estate to pay their land rents directly to the administrator and prohibiting the subletting of lots except in case of lots containing buildings owned by the lessors. Vigorous protests against this action were made by persons who had been subletting their holdings in violation of their agreements, but the chief of the bureau was sustained in his action by the civil governor.

The system of subletting above referred to had resulted in subdividing the blocks of the estate into a large number of irregular lots, which were without systematic arrangement, and many of which did not front upon any street, so that they could be reached only by passing over lots occupied by other persons, and disputes as to right of way naturally arose with frequency.

The chief of the bureau, therefore, set about the preparation of a system of blocks and lots which would give to each tenant a frontage on some street or an outlet to a street through an alleyway, and as a preliminary step caused to be made an accurate survey of the exterior lines of the blocks situated south of the San Lazaro Hospital and of the boundaries of the whole property. At the same time an inspection was made of each lot, the name of the occupant was ascertained, and a new rental roll was made up.

Meanwhile a careful study of the property was undertaken, with a view to the planning of a system of streets which should not only accomplish the ends above mentioned in the thickly settled portion of the estate but should extend over that portion which is as yet largely unsettled and without streets.

Before the details of the proposed system could be worked out the thickly settled portion of the estate was devastated by the great Trozo fire, which destroyed practically every building within an area of 57 acres and rendered 7,500 of the people living on the estate homeless. Lines of demarkation between the several lots in the burnt district were obliterated, and work which had occupied employees of the bureau of public lands for months was completely wiped out. A plan of streets, blocks, and lots was, however, eventually prepared and submitted to the Commission, but that body finally decided in favor of another plan proposed by the city engineer of Manila.

The chief of the bureau of public lands has caused proceedings to be brought against various persons to whom former administrators of the estate had made leases for a period of ten years, in violation of a provision of the civil code which prohibited an administrator from making a lease for a longer period than six years without special authority. These lessees were given opportunity to rerent the properties at a rate in accordance with the uniform system which had been established, and on their failure to do so their contracts were canceled and proceedings were instituted to recover back rent and to eject them from the premises. Should the government win these suits, it is believed that the moral effect will be good on other tenants who have resorted to questionable means to avoid the payment of their rents.

The chief of the bureau of public lands calls attention in his report to an arrangement most disadvantageous to the government, by which parcels of land in the walled city of Manila and elsewhere belonging to the estate are held under contracts known in Spanish law as "censos enfitéuticos." He shows that in one instance the lessee is under obligation to pay to the estate a ground rent of 38.37 pesos per year for property which he is renting for 3,000 pesos per annum, and that the aggregate amount of rentals paid to the estate on property held under these "censos" in the walled city, the assessed value of which amounts to \$30,946.60, United States currency, is 224.36 pesos, or about \$100 United States currency. He very properly suggests that the validity of these "censos" be inquired into; that they be set aside if this can legally be done; and that the owners of the buildings be compelled to pay a reasonable rental for the lots on which they stand.

The chief of the bureau of public lands calls attention to the heavy burden imposed upon him and upon the working force of his office by the administration of the San Lazaro estate, and asks to be relieved of this responsibility for the reason that he can not properly discharge more important duties if he gives to the management of the estate the time which it requires. While commending him very heartily for the energy and efficiency which he has displayed in unraveling the tangled affairs of the estate and in safeguarding the interests of the Government, I am of the opinion that the regular employees of this bureau should not be burdened with this matter, and that if the administration of the estate remains in the bureau it should be carried on by subordinate employees especially appointed for this purpose.

CONGRESSIONAL LEGISLATION NEEDED.

The chief of the bureau of public lands calls attention to the fact that there is no method by which an alien while residing in the Philippine Islands may become a naturalized citizen of the United States or of the Philippines, and that an alien who has taken out his first papers as a naturalized citizen of the United States can not complete his naturalization here, so that men of foreign birth who have enlisted in the United States Army after years of residence in the United States, and who, after faithful service and honorable discharge, have located mining claims here have eventually found that they could not make legal locations of mining claims under existing law. A manifest injustice results, and it would seem that this matter might with propriety be submitted to Congress for remedial legislation.

He also calls attention to the fact that a double standard of measurement for mining claims has been prescribed in the act of Congress of July 1, 1902. It appears from an examination of sections 22, 23, 24, 25, 31, and 39 of this act that the intention of Congress is that lode claims be measured by feet and their contents computed in acres, while sections 43, 44, and 48 of the same act show that placer claims are to be computed in hectares. Sections 13, 14, 15, 18, 43, 48, and 53 indicate that it was the intention of Congress to apply the metric system to the surveying of the public domain and to the location of coal lands thereon. It is respectfully suggested that such a double system would be highly undesirable and that it was probably not the intention of Congress to prescribe it. Certainly all kinds of claims should be surveyed by one standard of measurement. The advantages of the metric

system are too well known to require enumeration, and I recommend that the attention of Congress be invited to this apparent oversight to the end that the use of the metric system in surveying all kinds of mining claims may be legalized.

The chief of the bureau also invites attention to practical difficulties which arose as a result of the provision "that the 'location line' shall govern the direction of one side of the claim, upon which the survey shall be extended according to this act." It is the apparent object of this section to provide that claims shall have their side lines parallel to the location line and shall be of a rectangular form, but section 22 permits a departure from this form in cases where the boundary line of a previously surveyed claim is adopted as common to both claims.

The chief of the bureau shows, by means of a diagram and full explanation, the difficulties which may arise under the provision above quoted, and suggests that it be amended so as to read: "That the side lines of the claim shall be parallel to and the end lines perpendicular to the location line, excepting such portions of the said side lines or end lines as may be formed by adopting the boundaries of previously surveyed claims." He recommends that the above amendment be submitted to Congress, and I concur in this recommendation.

The chief of the bureau also calls attention to the fact that sections 28 and 29 of the act of Congress of July 1, 1902, and sections 12 and 13 of act No. 624 of the Philippine Commission refer to certain circumstances under which mining claims shall not be recorded. He suggests that while the law appears to be very plain as to what these circumstances are, the fact remains that most of the provincial secretaries are not persons of sufficient knowledge or experience to justify placing in their hands discretionary powers in a matter of this kind. It is his opinion that it would be wise for Congress and the Commission so to amend the existing law that nothing shall be allowed to prevent the recording of a mining claim; leaving the requirements of the law as they are, but permitting no one to say whether these requirements have been complied with until the claim reaches the point where an application is made for an official survey with a view to obtaining title. This is the practice in the United States. It results in throwing the responsibility for error on the locator of the claim, and it prevents the improper exercise of authority on the part of the recorder. I am of the opinion that the law might well be amended in this regard as suggested.

I desire to especially commend the untiring energy and the high degree of efficiency which the chief of the bureau of public lands has displayed in the discharge of his duties.

For further details as to the work of the bureau of public lands during the past year, especially as to its operations in connection with the San Lazaro estate, and for a full statement of the reasons for the suggested amendments to the act of Congress of July 1, 1902, reference is made to the annual report of the chief of the bureau, which is appended hereto and marked Appendix H.

THE BUREAU OF AGRICULTURE.

The work of the bureau of agriculture during the past year has been highly satisfactory so far as the preparation and publication of bulletins embodying information likely to be of value to agriculturists is con-

cerned. So far as concerns the establishment and operation of experiment farms, the stock farm, the school of agriculture, and the handling of draft animals imported by the insular government, it has in many particulars been highly unsatisfactory.

The issuing of bulletins containing reliable information with reference to proper culture methods for the growing of crops already raised in the islands and to the introduction of crops not heretofore grown, or with reference to the soils of the several provinces, showing what crops may be grown in given areas to the best advantage, is undoubtedly a matter of great importance to the prospective foreign or American investor in agricultural lands and to the more highly educated Filipinos, who will be likely to read such bulletins and profit by the information which they contain. It is, however, well known that the average Filipino attaches much greater importance to what he sees than to what he reads, if indeed he is able to read, and it is unquestionably true that if the masses are to be reached and agricultural conditions in the islands are to be generally improved it must be by practical demonstrations so conducted as to bring to the attention of the common people the advantageous results following the employment of improved culture methods and modern agricultural machinery. It is in this eminently practical work that the bureau has shown itself to be weak, and improvement in this regard must be had. While it is true that serious obstacles have been encountered in the carrying out of this work, I am of the opinion that the results obtained have not been commensurate with the opportunities presented and the funds appropriated.

CHANGES IN WORKING FORCE.

The working force of the bureau has been augmented during the past year by the appointment of an assistant chief, a director of animal industry, a superintendent of the stock farm, and a director of the agricultural college and experiment station in western Negros. The botanist who was originally an employee of the bureau has been transferred to the bureau of government laboratories, where, under existing provisions of law, all biological work for the insular government and its bureaus is carried on.

The bureau suffered two serious losses during the year. Mr. J. W. Gilmore, the fiber expert, who was doing excellent work, resigned in order to accept a college position in the United States. Mr. Clarence W. Dorsey, the soil physicist, whose work during his comparatively brief sojourn in the islands was admirable, but who had been only temporarily loaned to us by the United States Department of Agriculture, returned to Washington to resume his regular duties. During his stay in the Philippines he secured the data for a bulletin on general soil conditions in the Philippines, and made special investigations into the soils of Union Province, the soils of the forest areas, and the soils of Batangas Province, embodying the results of his work in bulletins of much practical value. Before his return to Washington, Mr. Dorsey prepared plans for continuing soil work. The services of a competent man have recently been secured, and the work will be prosecuted as rapidly as possible along the general lines suggested by Mr. Dorsey. The highly practical nature of this work and the great importance of some of the results which have been obtained in the United

States are too well known to require discussion. It is confidently believed that results of far-reaching importance will be obtained in the Philippine Islands.

WORK OF THE CLERICAL FORCE.

The clerical force of the bureau has been kept busy in systematically arranging its records, translating into English important articles bearing upon agricultural subjects connected with the islands and numerous letters and reports from Spanish-speaking correspondents, and in compiling information relative to the agricultural products of the islands, which has continued to come in in response to circular letters of inquiry.

PUBLICATIONS OF THE BUREAU.

The following bulletins and publications have been issued during the year:

- Cacao Culture in the Philippines, by Wm. S. Lyon; English and Spanish editions.
- Modern Rice Culture, by Wm. S. Boudreau; English and Spanish editions.
- Preliminary Report on the Commercial Fibers of the Philippines, by J. W. Gilmore; English and Spanish editions.
- Cultivation of Tobacco, by Clarence W. Dorsey; English edition.
- Report on the Introduction and Distribution of Seeds and Plants by the Bureau of Agriculture, by Wm. S. Lyon; English edition.
- The Coconut, by Wm. S. Lyon; English edition.
- A Report on the Agricultural Soils of Union Province, by Clarence W. Dorsey; English and Spanish editions.
- Preliminary Report on the Abacá Lands of the Philippines, by Clarence W. Dorsey; Spanish edition.
- Soil conditions in the Philippines, by Clarence W. Dorsey; English edition.
- Botanical work in the Philippines, by Clarence W. Dorsey; English edition.
- Botanical work in the Philippines, by Elmer D. Merrill; English edition.

There has also been published a Spanish translation, by Sixto de Sandejas, of a paper on fungoid diseases of locusts, which first appeared in the Yearbook of the United States Department of Agriculture.

These bulletins and publications contain a large amount of practical information which should be of great use in enlightening the public as to agricultural possibilities in the Philippines and in aiding the more intelligent Filipino agriculturalists to improve their methods of cultivation.

SEED AND PLANT DISTRIBUTION.

The free distribution of seeds and plants to Filipino agriculturalists has been continued upon a considerable scale. This work has been complicated by the fact that seeds deteriorate rapidly during that portion of the year when the air is very damp. A large amount of seed which would not germinate has been distributed by the bureau, and this fact has tended to discourage persons who had become interested in experimentation with American seeds and who went to more or less trouble and expense in planting dead seeds sent to them. Trial grounds for testing seeds have been established at Manila, and the sending out of dead seeds should be carefully avoided.

PROPOSED IMPROVEMENT OF NATIVE FRUITS.

The chief of the bureau, in his annual report, calls attention to the excellence of many of the native fruits and vegetables, the facility with which they may be grown and the certainty of yield, and to the desirability of conducting experiments relative to their improvement. There can be no question as to the desirability of such experiments. I trust that they may be pushed to conclusions and that practical results may be obtained.

EXPERIMENTS IN GROWING COFFEE.

As I have heretofore stated, the coffee plantations of Batangas, which were formerly such a source of revenue to the inhabitants, have completely disappeared as a result of the ravages of borers and of leaf blight. A tract of good coffee land in this province has been secured by the bureau of agriculture, which hopes to rehabilitate the coffee industry in Batangas by demonstrating that immunity from disease and insect pests may be obtained by the selection of vigorous varieties of coffee and the adoption of the best systems of cultivation and treatment. Some time must elapse before the practical value of the experiments which it is proposed to undertake can be demonstrated.

FIBER INVESTIGATIONS.

Probably no country in the world produces a greater number of valuable fiber plants than do the Philippine Islands. The fiber expert of the bureau has prepared for publication a preliminary report upon the commercial fibers of the Philippines, and has also made investigation and report on the abacá (Manila hemp) industry in the islands and the causes leading to the production of inferior fiber. The information furnished on the latter subject was of great value to me in drafting legislation providing for government inspection of abacá intended for export.

EXPERIMENT STATION AT MANILA.

Work at the experiment station at Manila was considerably hampered by the extraordinary drought of the past year and the lack of suitable facilities for irrigation. Tomatoes, onions, lettuce, radishes, lima beans, string beans, eggplant, peppers, okra, sweet corn, peas, sweet potatoes, and beets were, however, successfully grown.

When it is remembered that the vegetables at present consumed in Manila are chiefly imported from China, where cholera and bubonic plague are practically endemic, and where human excreta are used for manuring vegetable gardens, it will be readily seen that the success of this effort to grow vegetables in the vicinity of Manila is important. I am strongly in favor of excluding all vegetables grown in China as soon as an adequate supply can be grown in the islands.

Another important result obtained at this experiment station has been the successful growing of teosinte. Forage is in great demand at Manila, and the price is so high as to be practically prohibitive for the poorer classes. The experiments showed that upon well-fertilized ground with proper management it is reasonable to expect a minimum

of 100 tons of teosinte fodder to the acre per year. The crop actually grown was sold green at \$10 gold per ton, and it seems evident that the culture of this valuable forage plant will bring handsome returns.

Sesamum was also grown with success, both during the dry and during the rainy seasons, the gross value of the seed crop being \$19.80 gold per acre. It is believed that three crops can be grown on a given piece of land during the year. Tobacco from Sumatra seed was also very successfully grown, producing fine wrappers.

GOVERNMENT FARM AT SAN RAMON.

Work on the government farm at San Ramon, in the district of Zamboanga, has been continued during the year. The work upon this, as upon all experiment stations in the islands, has been greatly interfered with during the past year by the drought, which even killed many of the abacá plants. Some additional buildings have been erected on the farm, and the existing plantations of abacá and cocoanuts have been put into shape. The chief of the bureau of agriculture strongly recommends in his report that steps be taken to extend the area under cultivation in cocoanuts on this farm. In this connection it should be said that many months since I requested him to prepare and submit plans for the systematic increase of the cultivated area on this farm. The plans submitted to me in response to this request contemplated the substitution of the present very efficient superintendent, Mr. Havice, who is paid \$1,800 a year, by another gentleman who was to receive \$3,500 per year, but whose services have since been secured for the bureau of agriculture at \$1,500 per year.

These plans, involving as they did a heavy increase in the salary list of the farm and very largely augmented running expenses, were disapproved by me. It should be possible, under the direction of the present superintendent, by suitably increasing the force of laborers, to rapidly extend the cultivated area and within a few years to make this farm pay all of the expenses of the bureau of agriculture.

EXPERIMENT STATION IN BATANGAS.

The land originally chosen for an experiment station in the province of Batangas proved unsuited to this purpose, as it became so dry as to be useless during the hot season, and irrigation was not practicable. Practical demonstrations of the utility of modern agricultural machinery were given on a number of occasions in the province. It was shown, among other things, that a carabao could haul a 6-inch American plow, and as a result every plow of this description in Manila was sold within the next two or three weeks.

On account of the unsuitableness of the tract originally selected I was disposed to direct the discontinuance of experimental work in Batangas, but Capt. D. H. Boughton, treasurer of the war emergency rice fund for the province, strongly opposed such action on my part, promising to turn over to the bureau 25 acres of good land together with the necessary buildings for an experiment station, a windmill to pump water for irrigation, and a paid-up lease on the land for five years. This he did on June 30, 1903. The buildings consist of a dwelling house and office, a stable, and an 80-foot windmill with a

capacity of 3,000 gallons per hour. Important practical results have not as yet been obtained at this station, and indeed ought not yet to be looked for, owing to the shortness of the time which has elapsed since the property was secured.

EXPERIMENTS AT BAGUIO, BENGUET.

On November 13, 1902, I directed that Mr. Thomas Hanley be sent to Baguio, in the province of Benguet, to continue his studies of the agricultural conditions there. Mr. Hanley was subsequently also put in charge of the improvement of the grounds about the buildings of the insular government at Baguio. He developed remarkable ability in handling Igorrote labor, and accomplished wonders in improving the grounds with the very limited appropriation at his disposal for this purpose. He carried on an extensive series of experiments as to the fitness of the soil at Baguio for growing the vegetables and grains of the Temperate Zone. The seeds planted by him germinated readily and grew well for a time, but just at the period when they had to begin to depend upon the soil for nourishment, the young plants, with few exceptions, sickened and died, showing that the soil either contained some injurious element or lacked some essential one. It will now be necessary to make a careful and detailed chemical examination of the soil, which has every outward appearance of being excellent. It is worthy of note in passing that pumpkins, squashes, and cucumbers formed an exception to the general rule and flourished where other vegetables languished.

In view of the fact that the Commission has taken action providing for the establishment of the summer capital of the islands at Baguio, it becomes increasingly important to overcome the difficulty at present experienced in growing vegetables at that place, and further investigations to this end will be conducted.

Meanwhile I have directed the transfer of the experiments to the neighboring Trinidad Valley, distant about 3 miles, where land has been set aside by executive order of the civil governor for this purpose. The provincial inspector, Senor Emigdio Octaviano, has grown there successfully sweet corn, tomatoes, red peppers, endive, beets, turnips, peas, beans, squashes, cucumbers, carrots, spinnach, lettuce, cauliflower, celery, and oats. He informs me that wheat was raised there successfully during the Spanish régime.

The Trinidad Valley is said to be about 500 feet lower than Baguio. The slight resulting difference in temperature could hardly account for the widely different results obtained from experiments in the growing of vegetables in the two localities, and the conclusion seems inevitable that the explanation of the results obtained is to be sought in varying soil conditions. The ground used for experimentation at Baguio was newly plowed. It may be that continued cultivation with the use of suitable fertilizers will result in overcoming the difficulties heretofore encountered. The valley at Baguio has, it seems, always enjoyed a bad name among the Igorrotes as an agricultural region. In any event, the Trinidad Valley contains sufficient land to produce all the vegetables which are likely to be needed by the inhabitants of the city which will doubtless eventually spring up at Baguio.

AGRICULTURAL COLLEGE.

By act No. 512, passed November 10, 1902, the work of establishing an agricultural college was transferred from the bureau of public instruction to the bureau of agriculture, and the government farm known as "La Granja Modelo" in western Negros was set aside as a site for this school and for an experiment station to be conducted in connection with it. I was particularly anxious that the work of establishing this school, which is badly needed, should be pushed. My requests for the submission of plans for the necessary buildings were met by recommendations for the appointment of a portion of the teaching staff for the school. As it did not appear that teachers could be usefully employed prior to the erection of buildings in which they could teach and the gathering of students to be instructed by them, I declined to approve this proposal, and insisted upon the preparation of rough plans for the buildings needed, so that they could be submitted to the insular architect as a basis for finished plans and estimates of cost. After long-continued delay, plans for a main building, to contain laboratories, class rooms, offices, and a dormitory for students, were prepared. Twenty-five thousand dollars have been appropriated for the construction of this building. On March 25, 1903, a director of the experiment station was appointed, in order that he might take charge of the government property on the estate and begin the work of getting land under cultivation. Much valuable time has been needlessly lost in establishing this college.

ANIMAL INDUSTRY.

No work which legitimately falls within the scope of the bureau of agriculture is at present more important than that of animal industry. With the dreadful losses of horned cattle, due to rinderpest; the heavy call for native horses in Manila, which has resulted in draining the provinces of good animals and their transportation to the capital of the islands, where many of them have died from abuse; and the ravages of surra and glanders among the horses of the archipelago, it has become increasingly important to restock the islands with the draft animals to which the Filipinos are accustomed, as well as to introduce new draft animals and improve existing breeds. A stock farm where breeding experiments can be conducted has been established on the island of Culion. Seventy imported calves, 3 American mares, 2 Australian mares, 16 native mares, 6 mules, and 1 Arabian stallion have been sent there. The location selected for this farm seems to be an ideal one, and the animals upon it are in excellent condition. A large number of animals for breeding, for which requisition was made on December 1, 1902, and April 21, 1903, which are to come from the United States, Italy, India, and Java, have not been received, owing to transportation difficulties, but when they arrive experiments of great interest and importance to the islands will be possible.

It should be stated that Dr. Harry H. Dell, who is in immediate charge of the work in animal industry, has, by my direction, given a large part of his time to aiding the board of health and the bureau of government laboratories in the work of inoculating the horned cattle of the archipelago against rinderpest. I deem the pushing of this

work in provinces where rinderpest exists to be of more immediate and vital importance than any other branch of work in animal industry.

Mr. A. J. Washburne, who was appointed manager of the stock farm and who very energetically and capably conducted the preliminary work of establishing it, was on April 9 detailed to accompany the insular purchasing agent to make investigations preliminary to the purchase and importation of carabaos for distribution in the Philippine Islands. Mr. Zalmon K. Miller, expert in farm machinery and farm management, was made acting manager of the stock farm during the absence of Mr. Washburne.

CARE OF CARABAOS IMPORTED BY THE GOVERNMENT.

The work of caring for the carabaos imported at Manila by the government prior to their distribution through the provinces naturally fell to the bureau of agriculture, but the same inability to grapple promptly and successfully with practical problems which has characterized the bureau in dealing with various other important enterprises was manifested to such a degree that, with the approval of the civil governor, I relieved the bureau of this duty and imposed it upon the officers and employees of the serum laboratory, by whom it has been efficiently performed.

GOVERNMENT RICE FARM.

In my last annual report I stated that an experiment station for the growing of rice upon a large scale was to be established near the center of the great rice-producing area extending from Manila to near Dagupan. This statement was based upon the fact that the Commission had committed itself, in a general way, to the establishment of such a farm, in order that the value of modern agricultural machinery and modern culture methods in connection with the rice industry might be demonstrated to the Filipinos. The chief of the bureau of agriculture had submitted figures showing that the establishment of such a farm would be, from a pecuniary standpoint, a profitable investment of government funds, and had informed me that the refusal of suitable lands between Bacolor and Pampanga had been secured upon the basis of payment to the owners of one-fourth of the annual rice crop, this arrangement to continue for two years, with the option of renewing it at the end of that time for a like period.

Some time was lost in securiug from the chief of the bureau satisfactory detailed estimates of the cost of the necessary machinery, seed, draft animals, and buildings. When it was found that 100 mules would be required to carry on the work upon this farm, the Commission hesitated to make the necessary appropriation, on account of the danger of losing the mules from surra. On February 11, 1903, however, act No. 634, authorizing the establishment of a government rice farm, not to exceed 2,000 acres in extent, and appropriating \$63,221 for its equipment and maintenance, was passed by the Commission. It then proved that the provisional arrangement entered into by the chief of the bureau of agriculture with the owners of the tract of land above referred to was not binding upon the owners, who refused to live up to their original agreement.

My first intimation that difficulty had arisen in securing this land came when I received at Baguio, in the province of Benguet, a request that I approve the expenditure of a large sum for the erection of buildings upon a tract of land in the province of Tarlac, which had been selected for the farm. Before approving such expenditure I deemed it advisable to ascertain for how long a period and upon what terms this tract of land had been rented. Inquiry on these subjects elicited the reply that only temporary control of the land had been secured, and developed the further astonishing fact that arrangements had been entered into for leasing it prior to the running of lines to determine whether or not the land could be irrigated, and that the subsequent running of such lines had shown the impracticability of irrigating a sufficient area. The plan of investing heavily in government buildings upon this property, temporarily secured, and unsuited to the purpose for which it was obtained, was therefore disapproved. A certain amount of cultivation, however, was undertaken by Mr. Boudreau, who had been put in charge of the farm, and was carried out by him in the face of many obstacles.

The only important result thus far obtained seems to be that the practicability of using American mules continuously for heavy field work through the months of May, June, and July has been demonstrated, and that while the question of suitable forage for mules is at present a somewhat serious one, corn does well in the Philippine lowlands, cowpeas are likely to succeed, and upland rice makes a superior hay. These three crops supply satisfactory forage for mules, so that the difficulty of feeding them is by no means insuperable.

The chief of the bureau of agriculture in his annual report quotes the recommendation of the superintendent of the rice farm "that steps be taken at once to secure a more suitable location for the farm," and, presumably, approves it. It therefore appears that we are no further advanced in the practical work of establishing a rice farm than we were at the time the appropriation for it was made. The superintendent of the rice farm in his report further says: "After the tract has been located, a thorough survey should be made, and the question of natural or artificial irrigation will have to be considered and cost thereof." In these suggestions, apparently born of recent experience, I emphatically concur.

For further details relative to the work of the bureau of agriculture during the past year, reference is made to the report of the chief of the bureau, which is appended hereto and marked Appendix I.

THE WEATHER BUREAU.

Under the able directorship of the Rev. Jose Algue, S. J., the efficiency of the Philippine weather bureau continues to increase as the extension of telegraph and cable lines and the restoration of peaceful conditions make communication with the several weather stations throughout the islands quicker and less subject to interruption. This bureau is unique in that practically all of its officers and employees, with the exception of the director and three assistant directors, are Filipinos. The employees include first, second, third, and fourth class observers, calculators, clerks, draftsmen, and the mechanics who repair the numerous complex and delicate instruments used in the service, and who even construct such instruments

WEATHER STATIONS.

There are at present established and in operation 7 first-class stations, 11 second-class stations, 23 third-class stations, and 13 fourth-class stations. Gubat, a third-class station in the province of Sorsogon, island of Luzon, is an important addition to the list and will probably soon be telegraphically connected with the central station at Manila.

The suggestion is made by the director of the weather bureau that a cable be extended to the small island of San Bernardino at the Pacific entrance of the San Bernardino Straits, and that a station be erected there, so that warning signals may be displayed for the benefit of vessels coming from America before they enter the interinsular and China seas.

The importance of establishing a station of the weather bureau at Guam, so that information as to the origin and progress of typhoons in the vicinity of that island may be communicated to Manila and that warnings of storms in the track of vessels between Guam and the Philippines may be sent to the former place, has been brought to the attention of the Commission by the director of the weather bureau and that body has resolved that a station should be established at Guam and has taken the necessary steps to that end by opening communication with the naval authorities holding jurisdiction over the island. An observer is ready to be sent there and the station will be established promptly should it prove practicable to make satisfactory arrangements with the naval authorities. It is to be regretted that the Commercial Pacific Cable Company has declined to grant the free transmission of weather reports from Guam to Manila, thus departing from the liberal policy which has been pursued by the Eastern Extension, Australia, India and China Cable Company.

A systematic inspection of the weather stations has been kept up during the past year with beneficial results, as many of the observers are not sufficiently expert to detect inaccuracies in their instruments or to remedy defects when discovered.

NEW INSTRUMENTS.

A new Universal Vicentini's microseismograph and a new ceraunograph have been constructed by the mechanics at the central station, and will be exhibited at the Louisiana Purchase Exposition. A Jordan's sunshine recorder has been sent to the station at Catbalogan for purposes of experimentation. A statoscope, an electric chronograph employed for transmitting official time to the different stations in the Philippines, an actinometograph, and an evaporimetograph have been added to the equipment of the central station at Manila.

CROP SERVICE.

The crop service inaugurated by the weather bureau in 1901 has steadily increased in importance. Information has been received during the past year from 299 municipalities in 33 provinces.

ESTABLISHMENT OF STORM SIGNALS.

On the recommendation of the director of the weather bureau, the necessary appropriation has been made for establishing storm signals

at Zamboanga, Romblon, Catbalogan, Tacloban, Surigao, Jolo, Legaspi, Antimonan, Corregidor, Lucena, and Olongapo. The installation of these signals will materially facilitate the communication of storm warnings to vessels at these important ports.

PUBLICATIONS OF THE BUREAU.

The publications of the bureau during the past year consist of the regular monthly bulletins, and the following separate papers:

The third part of the report of the director of the bureau for 1902, containing the hourly observations of atmospheric phenomena at the Manila central observatory during the calendar year 1902.

The fourth part of the same report, containing hourly magnetic observations in Manila during the same year (in press).

The fifth part of the same report, embodying a résumé of the meteorological observations in branch stations for the calendar year 1902 (in press).

The first of a series of pamphlets on theoretical and practical meteorology, entitled "rain" (la lluvia). The series of pamphlets, of which the one on rain is the first, is intended for the use of observers in the weather stations throughout the islands.

An article on the climate of the Philippine Islands, to be published in the report of the census of the Philippines.

An article by Father Algue, director of the bureau, on the climate of the Philippines.

A very exhaustive article on seismic phenomena in the Philippines, by Rev. Father Miguel Saderra Masó, for publication in the report of the Philippine census.

Finally, a new English edition of Father Algue's very important work on "Baguios," or Philippine cyclones, has been made ready for publication.

EXHIBIT AT THE LOUISIANA PURCHASE EXPOSITION.

Arrangements for an adequate exhibit of the bureau at the Louisiana Purchase Exposition have been perfected, and the bureau has prepared large relief maps of Manila Bay, Taal Volcano and Mayon Volcano, to be exhibited at the exposition. Father Algue will shortly proceed to St. Louis to construct a large relief map of the Philippines on the exposition grounds.

REPAIRS OF INSTRUMENTS.

Owing to the peculiar climatic conditions in the Philippines, a large amount of patient and delicate work is required to keep the numerous instruments of precision at the central station at Manila and at the several provincial stations in good working order. This work is done in an admirable manner by Filipino mechanics, who have kept the instruments at the central observatory in proper condition for work; prepared, checked, and packed all instruments sent to branch stations; and repaired many instruments belonging to branch stations, to the United States Army, the United States Navy, civilian officials and private individuals. More than fifty aneroid barometers and several mercurial barometers have been repaired and rated.

ASTRONOMICAL WORK.

The astronomical department of the observatory has furnished standard time daily by telegraph to all telegraph offices in the archipelago, and by time ball to vessels in Manila Bay; has observed the eclipse of March 28, 1903; has kept up regular observations of solar activity, with drawings of sun spots in connection with magnetic observations; and has rated 39 chronometers. Transits of stars are regularly observed for the purpose of rating the standard pendulum and the chronometers.

MAGNETIC OBSERVATORY.

The work of the magnetic department of the observatory has been materially interfered with during the past year by galvanized-iron roofs upon neighboring stables established for the accommodation of horses used for government transportation. It will probably be necessary either to remove the iron roofs or to locate the magnetic observatory elsewhere.

PROMOTION WITHOUT COMPETITIVE EXAMINATION AUTHORIZED.

During the year the bureau has been authorized by the civil-service board to promote observers, calculators, assistant observers, and assistant calculators who have been more than four years in the service to higher rank without the necessity of competitive or other examination, provided such promotions are not made to positions paying salaries of more than \$900 per year.

The chief of the bureau has been authorized, by act of the Commission, to change the location of weather stations fixed by law, in his discretion, if, as the work of establishing stations progresses, he finds that in some instances places other than those named in the original act providing for their establishment are better suited to the requirements of the weather service.

The first of these authorizations will, it is believed, tend to encourage faithful discharge of their duties by the employees whom it affects. The second was found to be necessary for the reason that variation from the original plan for the establishment of telegraph and cable lines in the archipelago left certain points originally designated as sites for important weather stations without telegraphic communication, and for the further reason that certain other points have been shown by actual experience to be unsuited for weather stations.

For further details relative to the work of the weather bureau during the past year, reference is made to the annual report of the director of the bureau, which is appended hereto and marked Appendix J.

THE ETHNOLOGICAL SURVEY FOR THE PHILIPPINE ISLANDS.

The name of the bureau charged with the duty of gathering information relative to the non-Christian tribes of the archipelago has been changed from "the bureau of non-Christian tribes" to the more fitting designation of "the ethnological survey for the Philippine Islands."

NECESSITY FOR SURVEY.

The policy of spending insular funds for this work has been made the subject of criticism by various persons, among whom were some individuals whose injudicious or culpable actions in dealing with the non-Christian peoples of the islands were brought to the attention of the proper authorities through the activity of employees of the survey.

I am unable to see how the insular government could hope successfully to undertake to protect the wild tribes of the islands from imposition at the hands of civilized Filipino, American, and other residents, or to establish local governments for them, in the absence of accurate and reliable information concerning them and their relations with their neighbors. The desirability of obtaining such information is self-evident and need not be discussed.

TRANSFER OF THE CHIEF OF THE BUREAU.

Dr. David P. Barrows, the chief of the ethnological survey, has recently been appointed general superintendent of public instruction. Although he temporarily retains general charge of the survey, his new duties necessarily consume the greater part of his time. The loss to the survey which must result from this transfer is serious and is greatly regretted by me. Doctor Barrows was peculiarly fitted successfully to carry out this survey, and it will be very difficult to find anyone who can satisfactorily take his place.

WORK OF THE SURVEY.

During the past year a preliminary exploration of all the previously little-known parts of the islands has been nearly completed. It is believed that by the time this report goes to the press field parties of the ethnological survey will have visited practically every non-Christian tribe in the archipelago, and secured the geographical and ethnological data necessary to complete our knowledge as to the number of non-Christian tribes, and the general habitat and more important peculiarities of each of them.

The necessity of securing this information at an early date, and of making necessary preparations for an adequate representation of the non-Christian tribes at the coming Louisiana Purchase Exposition at St. Louis, has kept the employees of the survey almost constantly in the field, and has prevented to a considerable extent the preparation for publication of the scientific results achieved.

The officers and employees, from the chief down, have shown commendable energy and perseverance in pushing their explorations, which have frequently involved no little hardship and danger. The difficulty of their undertaking will be realized when it is remembered that the territory occupied by non-Christian tribes embraces considerably more than half of the superficial area of the archipelago, and is for the most part rugged and without roads or even pony trails.

In September, 1902, a party consisting of the chief and assistant chief of the survey, the government photographer, and Señor Vicente Garcia entered upon an extensive reconnaissance of the tribes inhabiting the mountain region of north-central Luzon. This party started from Ambuklao, in Benguet, visited the old comandancia of Quiapa

(Kayapa), ascended Mount Ugu, the highest peak in the southern part of the Cordillera Central, and entered Nueva Viscaya, going by way of Santa Cruz de Manga to Aritao and Dupax. From the latter point a short trip was made to visit the little known Ibilao, in the mountains to the eastward.

The party then entered the district of Quiangan (Kiangan), in Nueva Vizcaya. In this region the natives were found to be still actively engaged in head-hunting, and progress was made difficult and dangerous by the local feuds. The party therefore turned back and proceeded to Iligan, the capital of the province of Isabela. From this point as a base, the Kalinga villages in the foothills of the Sierra Madre were visited.

The party then worked its way through the Cordillera Central to Bontoc by way of Itaves and the Rio Chico, returning to Baguio, the capital of Benguet, by way of Cervantes, Suyoc, and the Agno River Valley. This trip, involving great physical hardship and no little danger, resulted in the gathering of very interesting and important information relative to the geography of the region traversed and to the character of the great Igorrote family of mountain tribes. A large series of photographs was secured and brief vocabularies of eleven distinct native dialects were made.

In February, 1903, the services of Dr. N. M. Saleeby were secured for the survey. Doctor Saleeby, whose native tongue is Arabic, was a member of the army medical corps, and had been serving for a year and a half among the Moros inhabiting the Rio Grande and Lake Lanao regions in Mindanao, where he had established friendly personal relations with many of the more influential chiefs and priests, from whom he had obtained originals or copies of practically all existing Moro historical, religious, and legal documents, many of which he had translated. Doctor Saleeby was appointed assistant to the chief of the survey and put in charge of the work of the survey which related to Moro affairs. He subsequently gathered much important information relative to the Moros of Jolo and the intrigues which prevail among them. The data gathered by him will be of the greatest importance in establishing effective civil government in the recently created Moro Province.

Beginning in March, the chief of the survey, accompanied by Doctor Saleeby, entered upon a systematic exploration of the Moro country and of the Sulu and Tawi Tawi archipelagoes, Basilan, and southern Mindanao.

The results obtained during the year by the chief of the survey will be published in the form of brief monographs on "The Tribes of the Cordillera Central of Northern Luzon," "Notes on the Ibilao," "Notes on the Mangyan of the Baco River, Mindoro," "The Subanon of Western Mindanao," "The Mohammedan Tribes of the Philippine Islands," and "A Contribution to the Classification of the Races of the Philippines."

To Dr. Albert E. Jenks, assistant chief of the survey, was assigned the duty of making a detailed study of the Igorrotes of Bontoc, who were believed to be as typical of the large group of primitive peoples inhabiting the mountain region of northern Luzon as any tribe which could be selected. Doctor Jenks spent five months in Bontoc, beginning in January, 1903. Mr. Charles Martin, the government pho-

tographer, was detailed to serve with him during three weeks of this period. He has prepared an elaborate and profusely illustrated monograph on the Bontoc Igorrot, which will be published in the near future. He has obtained results which will be of great practical importance in governing this very primitive tribe.

The work of gathering and filing data and information from all available sources concerning the non-Christian tribes of the Philippines has been systematically prosecuted during the past year by Chief Clerk Reed, who has made numerous translations, from Spanish, French, and German, of articles having a bearing on the work of the survey. Mr. Reed also installed a small ethnographical exhibit from the survey at the Hanoi Exposition in Indo-China.

In June, 1903, he was delegated to make a study of the Negritos inhabiting the Zambales Mountains. He secured a large amount of accurate and interesting information concerning this little-known people during his trip, which occupied a number of weeks. Later he carried out a rapid survey of the province of Occidental Negros, ascertaining the character and location of the mountain tribes of that province.

The survey has been fortunate during the past year in having the services of Messrs. Miller and Folkmar, both of whom are doctors of philosophy in anthropology, in preparing the ethnological exhibit for the Louisiana Purchase Exposition.

Doctor Miller has made a trip across Mindoro with the primary object of obtaining ethnologic material from the Mangayan tribe, but the portion of the island traversed was found to be almost uninhabited.

Doctor Miller subsequently visited the country in the vicinity of Bulalacao, in the same island, but his work was interrupted by malarial fever, which necessitated his return to Manila.

In August he went south to Surigao, in Mindanao, to study the Negrito inhabitants of that province and to ascend the Agusan River, where he encountered Manobos and Mandayas.

Doctor Folkmar has been continuously occupied with physical anthropometry in Bilibid Prison, measuring some 800 individuals, among whom were represented all of the Christianized Filipino tribes, and taking 4 photographs of each of about 400 individuals.

A number of collectors have also been delegated to visit different regions in the archipelago and obtain information for the survey and material for the Louisiana Purchase Exposition.

Several very valuable contributions to our knowledge of the non-Christian tribes of the islands have been made during the past year by Filipino and other volunteer workers. Among these may be mentioned:

The Ifugaos, by Señor Wenceslao Valera, Bayombong, N. V.

The Buquidnones of Oriental Negros, by Señor Santiago Gonzales.

The Negritos of Cagayan, by Señor Pedro Daña.

Manguianes, by Señor Servulo Leuterio, Calapan, Mindoro.

Negritos of Bataan, by Señor Vicente Rodriguez.

Tinguianes, by Señor Emeteru Molina, Dolores, Abra.

For further information relative to the work of the ethnological survey and for an interesting account of the conditions which prevailed under the Spanish régime in territory inhabited by non-Christian tribes, as well as for an admirable summary description of the pagan

tribes of the Philippines, reference is made to the annual report of the chief of the survey, which is appended hereto and marked Appendix K.

NOTE.—It should be noted that the chief of the survey has in his report employed a “reformed spelling” in writing the names of the tribes to which he has referred, and in some instances has departed so far from the spelling employed by Spanish authorities, and by the Commission in its laws, as to cause danger of confusion in the mind of the reader. His report would have been improved by the addition of a list of the tribes mentioned therein, showing the names used by him and the equivalent names heretofore employed for the same peoples.

Very respectfully,

DEAN C. WORCESTER,
Secretary of the Interior.

The PHILIPPINE COMMISSION,
Manila, P. I.

REPORT OF THE SECRETARY OF COMMERCE AND POLICE.

The honorable the PHILIPPINE COMMISSION:

I have the honor to make the following report of the operations during the last twelve months of the various bureaus of the department of commerce and police.

BUREAU OF PHILIPPINES CONSTABULARY.

It became obvious to the Commission at an early period in its administration that after the suppression by the Army of the insurrection considerable time must elapse before the ordinary police force of the municipalities of the Archipelago could be relied on to maintain order.

The people of the islands under the Spanish régime were always more or less subjected to the incursions of bands of ladrones, or gangs of robbers, who preyed upon the peaceable and industrious masses and when pursued found refuge in the jungle and mountain fastnesses. It was to be expected that after more than four years of insurrection these bands would be increased rather than diminished. It was inconsistent with any proper idea of civil government that the military forces should be used for the purpose of suppressing this evil. Aside from this consideration, the expense involved in their use was very great, and, besides, the soldier was ill-adapted by his training to perform the functions of a policeman. To meet the requirements of the situation, therefore, it seemed necessary to organize a constabulary force directly responsible to the civil governor.

It was believed that after the suppression of the insurrection a constabulary organization could be created from the natives of the islands, commanded by Americans, who would be efficient and reliable in the maintenance of peace and order, and as a result the Philippine Constabulary, pursuant to legislation enacted by the Commission, was organized in accordance with these views.

In the beginning the employment of natives for such a purpose was regarded as a dubious experiment. There were prophets of evil who did not hesitate to foretell disaster as the result of such a course of procedure. It was asserted, both by friendly and unfriendly critics, that the native would prove cruel, inefficient, and disloyal. A careful study, however, of oriental peoples, and especially of the Filipino people, caused the Commission to conclude that these fears were groundless, and that under American direction and leadership they would not only prove reliable, but, in addition, could be made far more effective for service to be performed than even a greater number of American soldiers. It seemed plain to the Commission that the

American people would be adverse to a policy which eliminated the native Filipino as a factor in maintaining order. Not only did the consideration of expense cut a most important figure, but, in addition, continued occupancy of the islands under a purely military régime, in which the Filipinos were to have no part, seemed wholly opposed to American ideas. In short, it was believed that unless the Filipinos themselves could be largely utilized in this and all other branches of the government, American administration must prove an expensive and mortifying failure.

The plan evolved by constabulary act No. 175 of the Commission for the organization of the constabulary contemplated—

First. That Americans should, as a general rule, be in command of the constabulary forces to be organized in the provinces and that non-commissioned officers and privates should be Filipinos; and

Second. That each province should furnish its quota of men, whose operations ordinarily were to be confined to their province.

This latter principle involved a departure from the rule which had invariably controlled the English in their colonial possessions and the Spaniards in their dealing with the Filipinos, their policy having been to utilize native troops and constabulary in other sections than that from which they were drawn, thereby taking advantage of supposed tribal prejudices and, as it was believed, removing the tendency to disloyalty or inefficiency which would exist when dealing with their own immediate friends and neighbors. The Commission, however, thought that as against these possible disadvantages there were substantial benefits to be derived from pursuing the opposite course. It was believed that with proper treatment there need be no fear of treachery, that there was a great advantage in having the police operating in a particular province familiar with its terrain and the people living therein, and finally that in view of the fact that these people were kinsmen and neighbors of the constabulary there would be absent that disposition to abuse and oppression, which has always been found to exist when native military or constabulary forces were operating among strangers and often hereditary enemies.

We believe that events have proven the soundness of the views entertained by the Commission. The past year has fully tested the constabulary organization and has demonstrated both its theoretical and practical soundness. The men have proved obedient, loyal, and brave. They have been almost constantly engaged in cleaning up the provinces of cattle thieves and highway robbers. These bands have not, as a rule, been formidable, and almost without exception may be described as ordinary marauders.

The people of the islands have been sorely tried during the past year by an epidemic of cholera, the loss of their draft animals by rinderpest and other cattle plagues, and, finally, the crops in many provinces have again and again been destroyed by locusts. The effect of all this upon a people just emerging from more than five years of insurrection can be readily understood, especially when it is remembered that even under ordinary conditions these robber bands have always existed and that the mass of the people are ignorant and credulous and can be easily cajoled or intimidated by the leaders of these bands. Besides, there has been left over as a legacy of the insurrection a few insurrecto officers of more or less ability and shrewdness who are unwilling to sink back into the obscurity from which they had emerged during the

insurrection and address themselves to peaceful vocations, but prefer to continue secret intriguing and fomenting disturbances in a small way.

While in a large majority of the provinces life and property have been safe and peace and order have prevailed, as a result of the conditions above referred to, several instances have occurred when organized bands of considerable magnitude have sprung into existence. Some of them have claimed to have a political object, others to establish some strange and fanatical religious creed, and still others without any apparently well-defined purpose except to live without labor upon the peaceful, the inoffensive, and the industrious.

We have had two or three new popes, several alleged Sons of God, and Virgin Marys, together with here and there a leader who claimed charm-working powers and ability to make his followers proof against bullets. As a rule, however, they have been able to accomplish nothing beyond the creation of momentary local disorder, and have been killed or captured by the constabulary.

The only bands which have been in the least formidable have confined their operations to the provinces of Rizal, Cavite, Albay, Iloilo, Cebu, Surigao, and Misamis.

In the province of Rizal, one San Miguel, an ex-insurrecto general who had never surrendered, having a number of guns left over from the insurrection, was enabled to gather a considerable following in the mountains and surprised two small detachments of constabulary and scouts stationed in remote barrios and possessed himself of their guns, and with them added to his effective strength. Colonel Scott, first assistant chief of constabulary, however, promptly took the field against him and by well-directed operations succeeded in bringing him to bay and killed him, together with about 60 of his followers, and captured and dispersed the remainder.

In the province of Cavite, Felizardo and Montalon, two ladrones who were outlaws during the Spanish times, have from time to time given trouble. The constabulary of the province have frequently come into collision with them and the bands they have been able to organize, and have killed, captured, or dispersed them, but the leaders have so far succeeded in evading arrest and are now concealed in the remote mountains of that province. It is believed to be only a question of time when they will be killed or captured.

In the province of Albay three ex-insurrecto officers, Ola, Toledo, and Sarria, having also some 40 or 50 guns which had never been surrendered, managed to surprise a small detachment of constabulary stationed in the town of Oas and captured their guns, about 40 in number; they also procured a few additional guns belonging to the municipal police in several of the towns. Albay is one of the richest provinces in the islands, producing as it does about one-fourth of the hemp crop. These outlaws inaugurated a reign of terror. In many of the towns the municipal authorities, generally the wealthiest men in the community, were so intimidated as to prefer to submit to the exactions of these bandits rather than oppose them. They were enabled to live off of the people without difficulty. The province is largely mountainous and covered with a heavy growth of abacá and timber.

It was exceedingly difficult for the constabulary to come in contact with these outlaws, the latter receiving information from the people of the towns of the movements of the former, and thereby being enabled readily to evade them. As this was an intolerable state of

things, which could not be prolonged without immense damage to the province, it was determined to draw in the people from the remote and outlying barrios pursuant to the provisions of Act No. 781, which authorizes this step, and thereby cut off the source of supplies of the outlaws. This course was pursued and the people of a number of the municipalities were concentrated within certain defined zones which were large enough to enable them to work at hemp making and obtain food supplies. They were thus concentrated for several months. Wherever necessary, rice was furnished them for work done, so that sickness or suffering from hunger was prevented. The result of this policy was, that a few weeks since, these outlaws, having been unable to obtain supplies and being constantly kept on the run by the constabulary and scouts concentrated in the province, were forced to come in and surrender themselves and their arms. The inhabitants of the province who had been thus concentrated were permitted to return to their homes.

The effect of these operations was, temporarily, largely to reduce the output of hemp and thereby inflict considerable loss upon the province. Albay is now entirely quiet and order prevails; while the temporary loss occasioned by reduction of the hemp output was very considerable, the effect of the energetic methods pursued has been undoubtedly, most beneficial, and it is believed will be permanent in character. The people are now busily engaged in gathering hemp and preparing it for market and a larger amount is being brought into the towns for sale than ever before in the history of the province. It may be further stated that nearly all the outlaws are either dead or in Bilibid prison.

In the province of Iloilo there have been several roving bands engaged in cattle stealing on an extensive scale and raiding remote and unprotected villages. They have, however, been gradually killed or captured through the energetic course of the constabulary.

In the province of Cebu there was an organization of what is known as Pulujanes, a combination of religious fanatics and ladrones that assumed considerable proportions and succeeded in repulsing a small band of constabulary who first attacked them, killing Lieutenant Walker, their commander. Lieutenant-Colonel Taylor, assistant chief of constabulary, however, speedily concentrated a force of constabulary and attacked and completely routed them, killing many of them and capturing or dispersing the remainder. There have been no other disturbances of any sort in Cebu.

Serious disturbances also occurred in the provinces of Surigao and Misamis, island of Mindanao. These two provinces are the most remote in the Archipelago. While inhabited principally by Christian Filipinos the great majority of them are extremely ignorant and inclined to fanatical superstition. They come in close touch on their southern boundary with the Moros and other non-Christian tribes.

In the latter part of March there was quite a large number of men charged with crime confined in the provincial jail at Surigao, and among them one Concepcion, a bandit of some local note, who succeeded in effecting their escape and fled to the adjacent mountains. Captain Clark, senior inspector of constabulary of the province, seems to have been careless and unsuspecting of any danger of attack from them. However, Concepcion and his men came into the town of Surigao undetected, and while the constabulary were at dinner, rushed the

cuartel, where there were only a couple of guards stationed, and thus secured all the arms of the constabulary. The town people of Surigao took no part with Concepcion. Captain Clark, who was at his house some 200 yards away, at once proceeded to the scene, although only armed with a revolver, and shot two of the assailants, but was in turn himself cut down and killed. This gave the attacking force about 150 weapons—rifles, shotguns, and revolvers—and left the town and province without any effective force of constabulary, as the latter with their commander killed and themselves disarmed could offer no resistance. The provincial treasurer, Captain Kelly, and a few other Americans who were in the provincial building, with such arms as they could secure stood off the outlaws, who by that time had complete possession of the town, and the telegraph office being in the provincial building were able to telegraph to Manila and Cebu an account of what had happened. There was an army post at Iligan, in the adjoining province of Misamis, a comparatively short distance from Surigao. The civil governor, on receipt of information of what had happened and in view of the proximity of military forces to the scene, requested that the military commander of the district take charge of matters and proceed to suppress disorder, and accordingly General Lee and afterwards General Wint took control of affairs, placing Colonel Meyer, Eleventh Infantry, U. S. Army, in immediate charge and command. In the meantime Lieutenant-Colonel Taylor, of the constabulary, began rapidly to throw constabulary detachments into Surigao, so that within forty-eight hours after the disaster there was quite a number of soldiers and constabulary in position to take the field, which they did at once and began a systematic search and pursuit of outlaws which resulted in the killing or capturing of most of them in short order. Nearly all of the captured weapons were recaptured. There was at this time quite a feeling of dissatisfaction and unrest in both of the provinces of Misamis and Surigao at the time of these occurrences, due to the taking of the census and the prevalence of the idea among the ignorant that their property was being scheduled in order to tax or confiscate it. As soon as the town of Surigao was captured, as above detailed, a small band of the people of Misamis took the field under one Flores, but he was also soon disposed of by the military forces.

The events thus narrated chronicle the most serious disaster which has happened to the constabulary since its organization. It could not have occurred but for the overconfidence and consequent carelessness of the senior inspector who, however, did all that a brave man could do to repair his mistake by the sacrifice of his life.

I have thus given a brief epitome of the most serious instances of resistance to constituted authority which have occurred during the past year. With perhaps the exception of San Miguel, in Rizal Province, none of them had the slightest political significance. Of all the leaders who have figured as above, San Miguel was the only one who did not have a previous record as an ordinary robber and most of them were fugitives from justice. San Miguel claimed to be, and doubtless was, the head of a movement semipolitical in character and which had its source in the plotting of a few reckless and unscrupulous men living in the city of Manila and who were leaders in the Nacionalista party, having for its ostensible object the ultimate independence of the Filipino people through "peaceful methods," what-

ever that may mean. Probably the real director of the movement was Dr. Dominador Gomez, a Filipino physician, a Spanish subject married to a Spanish woman, who had been a surgeon in the Spanish army until a few months before, when he left Madrid, as has been alleged, under a cloud, and came to the Philippine Islands, passed the custom-house under an assumed name, looking for trouble. No better type of a professional agitator and blatherskite could well be found. He at once posed as a friend of the laboring man and became the successor of Isabella de los Reyes, who had been sent to jail for unlawful practices in connection with a labor organization of which he was the founder and head. Gomez also became the president of the Nacionalista party and started a newspaper called *Los Obreros*. Thus equipped, he was ready for business; proceeded to enroll members of his so-called labor organization, not only in Manila, but throughout the provinces, and to levy contributions, all of which went into his own pocket without question or supervision by anyone.

He and his colleagues began making speeches, writing articles, and presenting seditious plays to the natives, tending to stir them up again to the point of insurrection. He was in communication with San Miguel, Felizardo, and Montalon, of the outlaws already referred to, and encouraged them to continue resistance. It finally became necessary to arrest and prosecute him for these seditious actions and utterances, and also for misappropriation of money belonging to the labor union of which he was the head. He was convicted and sentenced to imprisonment for a term of four years, and is now being tried upon still another charge. This determined action by the authorities, together with the operations of the constabulary, put an end to this so-called political movement, if it can be thus dignified.

While the labors of the constabulary during the year have been constant and arduous, as has been shown, it must not be inferred from what has been said that there has been any considerable or formidable disorder except in the provinces above specifically referred to; on the contrary, the fact is that in the large majority of the provinces peace and order have prevailed unbroken and life and property have been safe, probably as much so as in most sections of the United States. American officials and private individuals have gone about the country generally unarmed and without molestation. At the time of this writing the islands are perhaps more quiet than ever before in their history. The speedy killing or the arrest and punishment, through the medium of the courts, of outlaws and other violators of the law it is believed has already produced a most beneficial effect and has borne in upon the minds of those likely to in the future depart from the paths of peace the knowledge that such a course is both unprofitable and dangerous. Perhaps the most important result of these operations has been the encouragement it has given the conservative and law-abiding people, who are in the majority, to denounce offenders and aid in their apprehension. Heretofore they have been inclined to compound with violators of the law and quietly submit to their depredations, but now, appreciating the vigorous efforts of the government for their protection, are giving valuable assistance. In many instances they have organized volunteer associations and have gone out with the constabulary acting as guides, and in some instances take themselves the initiative against the *ladrones* and kill or capture them. I am glad to say that this spirit is steadily growing and when it becomes general,

ladronism, which has so long been the curse of this people, is at an end. In the course of their operations the constabulary have gathered in nearly all of the firearms which had not theretofore been surrendered by the insurrectos and which still remained in the hands of lawless men. The details of the operations of the constabulary will be found set out in full in the accompanying report of Brig. Gen. Henry T. Allen, chief of the Philippines Constabulary, and of Colonels Scott, Baker, Bandholtz, and Taylor, assistant chiefs.

The act of Congress approved January 30, 1903, authorized the detail of companies of scouts to cooperate with the Philippines Constabulary when detailed for that purpose by the commanding general upon the request of the civil governor, and to be under the command for tactical purposes of the chief and assistant chiefs of the Philippines Constabulary, who are officers of the United States Army. This act was timely and its effect has been most beneficial. The Philippine Scouts are all Filipinos commanded by Americans selected from non-commissioned officers of the Regular Army or from civil life, and form a part of the general military establishment in the islands. As a result it was possible to supplement, wherever necessary, the constabulary with these scouts or such of them as were needed.

Maj. Gen. George W. Davis and James F. Wade, the division commanders, have invariably, upon the request of the civil governor, detailed scout companies for work with the constabulary. There have been thus detailed during the year 29 companies of Philippine Scouts, who have been under the command of the chief and assistant chiefs of the constabulary. They are entitled to their full share of credit for whatever has been done in bringing about the present very satisfactory conditions as to peace and order.

Some opposition has been manifested in military circles to this act of Congress which thus places the scout companies under the control of the chief and assistant chiefs of the constabulary. It has been asserted that the act is, to say the least of it, unadvisable and is in some ways a reflection upon the army officers ordinarily having these scout companies under their command, and that if the scouts were needed for the purpose of maintaining order they should be under the control and direction of the commanding officers of the department and their subordinates.

General Davis, in his report covering the period of military operations in the Philippines from October 1, 1902, to July 26, 1903, voices this sentiment, as follows:

It is greatly regretted that political considerations seemed to require the captains, field officers, and generals of the forces here to occupy the mortifying position which the execution of this law involved, viz, to be forbidden to lead into action the troops of their command whom they had organized, instructed for years, brought to a high state of efficiency, and whose material wants, under other leadership, they must still supply.

It does not seem to me, however, that this view of the matter is sound. In the first place, the act of Congress gives the rank of brigadier-general and colonel, respectively, to the chief and assistant chiefs of the constabulary, detailed for that duty from the Regular Army. The responsibility and importance attached to these positions well warrant the rank thus given. Their detail is made by the Secretary of War. It is not perceived why, when the public interest demands it, a temporary detail of Philippine Scouts, for service under these con-

stabulary officers, is in any way a reflection upon the general officers who, prior to the detail, commanded them. It is simply a temporary transfer of command from one Regular Army officer to another. Whatever of value there is accruing by reason of the services of the scouts inures to the credit of the Army. The Philippine Scouts have only a company organization, they have never had a battalion or regimental formation except that several of the companies have been thrown into a battalion under the command of Major Carrington, U. S. Army, to be sent to the Louisiana Purchase Exposition at St. Louis. The chief and assistant chiefs of the constabulary are officers of mature age much senior in rank to the officers immediately in command of scout companies. Upon what principle the latter have any just cause for complaint is not perceived, as they still remain in command, nor is it easy to see upon what principle the general officer who commanded these scouts prior to the detail is subjected to any indignity, unless it be that of taking them from his command and placing them under another officer of equal rank. If when thus detached these companies were to be held together en masse or in large bodies and engaged in ordinary military operations there might be some force in the objection to their being thus detailed; but this is not the case, as they are used like the constabulary, in small detachments for police purposes. It is the exception that either a scout or a constabulary officer has under his immediate command as many men as a full company. It would therefore be impossible for the general of the division or his subordinate generals, from whose command these scouts are temporarily taken, to command them unless the whole constabulary force in a given district were turned over to them. If this were done, chief and assistant chiefs of constabulary might, with far more propriety, insist that they were being suspended as to their functions and thus discriminated against. Undoubtedly if there were anything like a general uprising which called for the intervention of the military forces the scouts would be under the command of their own officers, and doubtless also the entire constabulary would be placed under the direction of the division commander; but this is not the situation. There has not been at any time or in any instance anything more to deal with than a local band of outlaws, generally few in number and easily disposed of when overtaken. It has been more a question of guarding remote outlying towns and barrios against the raids of these marauders and of overtaking and killing or capturing them as speedily as possible. While the constabulary forces alone are adequate to perform this duty it could be done very much more expeditiously and economically by the two bodies acting in cooperation. Prior to the passage of this act, on several occasions the chief of constabulary in order to meet an emergency had concentrated in several of the provinces a considerable constabulary force, but thus to concentrate constabulary involved bringing detachments from various other provinces more or less remote; transportation is expensive and slow. To be able to call upon scout companies, stationed near any particular locality in which there is need, for reinforcing the local constabulary force is simply to aid the civil authorities in properly and cheaply suppressing disorder. Congress doubtless had this in view when it enacted the law complained of.

Again, it is to be observed that it would be misleading and therefore objectionable if every time a scout company were needed the civil governor were required to certify to the commanding general of the

division that he was unable with the force at his command to maintain order in any given locality, and that he required the aid of the military forces for this purpose; and it would be especially objectionable if as a condition precedent to the detail of a scout company it were necessary to turn over a large section of constabulary to a military commander and suspend all the ordinary functions of civil government in the disturbed district. The moral effect of such a course would be disastrous, in that it would indicate the inability of the civil authorities to cope with any situation of real difficulty and its complete dependency upon the military arm. It would have a tendency to produce the impression that the civil authorities have no confidence in the native police and dañò not rely upon them in any emergency, thereby destroying their morale, and, what would be still more disastrous, convincing the mass of the people of our entire lack of faith in them and in their willingness to cooperate with us in maintaining order.

TELEGRAPH DIVISION.

Act No. 461, enacted September 12, 1902, provided for the organization of the telegraph division of the bureau of Philippine Constabulary. Logically, as this division is engaged in the transmission of intelligence, it would seem to belong to the bureau of posts, but consideration showed that it would be necessary, if it were so placed, to incur a much greater expense than if placed in the bureau of constabulary, as the latter was in a position to use, for the purposes of transportation of material, maintenance, etc., its ordinary machinery with little increased expense, while, had it been placed under the bureau of posts, an independent organization for this purpose would have been necessary.

As an aid to military operations during the period of insurrection it was found necessary to construct telegraph and telephone lines through the instrumentality of the Signal Corps of the Army, connecting army headquarters at Manila with nearly every municipality in the islands in order that the military authorities might be in touch with the numerous detachments of troops garrisoning these municipalities or engaged in operations contiguous thereto. Some 8,000 miles of wire and cable were thus laid. As peace was established and the garrisons of these outlying municipalities were drawn into larger stations, many of the established telegraph and telephone lines became no longer useful from a military standpoint and were abandoned. They were, however, of much value, indeed indispensable, for the proper carrying on of the civil which succeeded the military government and also for commercial uses. The telegraph division was therefore organized to meet these requirements. It has been engaged in taking over and repairing these lines from the Signal Corps as fast as has been practicable considering available resources.

The expressed purpose of the military authorities has been to turn over all the telegraph and telephone lines of the islands to the insular government, but the latter, owing to its inability to obtain skilled operators, has up to this time been able, through the telegraph division, to assume charge of only about 1,900 miles of telephone lines with 155 offices, and 553 miles of telegraph and cable lines with 23 offices. Owing to the immense demand for competent telegraph operators in the United States it has been almost impossible at anything like reasonable prices to obtain needed American

operators to take the place of the men of the Signal Corps. Even had American operators been procurable the expense would have been beyond our means. In view of these conditions, and also its general policy in that regard, the insular government, contemporaneously with the organization of the telegraph division, through the bureau of education, organized schools of telegraphy at Manila, Iloilo, Vigan, and San Isidro for the training of native operators. These schools have done and are doing satisfactory work, and from them 18 natives have already graduated and are now on duty in the telegraph division. This number will be steadily and rapidly increased, as the schools are largely attended. At the same time that the students are being instructed in telegraphy they are also being taught the English language. The natives take readily to work of this character, and it is believed from this source of supply will be drawn in the not remote future an adequate supply of telegraph operators at moderate cost, who, under the direction of skilled American inspectors and chiefs of division, will be able to give a satisfactory service.

CIVIL SUPPLY STORE.

The bureau of constabulary has also imposed upon it the duty of running a supply store, through which is furnished not only the constabulary forces, but also all civil employees of the government outside the city of Manila. This is rendered necessary by reason of the inability of American provincial officers, school-teachers, and other civil servants in the provinces to obtain such food as they had been accustomed to and which is essential to their health and comfort. While there is no natural relation between this service and the legitimate duties of the constabulary it was deemed advisable to place it in this bureau for economic reasons. The constabulary bureau had already organized and in operation a commissary for the supply of its own men, and the addition of the duty of furnishing supplies to other government officials involved a comparatively small increase of labor and expense upon the constabulary supply division.

BUREAU OF COAST GUARD AND TRANSPORTATION.

This bureau, created by Act No. 266, has under its control lighthouse maintenance and construction, and is also charged with the duty of operating a fleet of small government vessels called coast guard cutters, 17 in number. These vessels are used in transporting insular, provincial, and municipal officials and employees, government supplies, carrying the mails, and preventing smuggling. The bureau has also under its control, in so far as relates to the selection of officers and crew, the furnishing of supplies and keeping in repair a number of small seagoing launches, used by the constabulary and provincial officials in the performance of their duty.

One of the principal difficulties with which the Commission has had to contend has been the lack of means of speedy and cheap communication between the various towns and islands of the Archipelago. Internal communication in the larger islands is slow and difficult because of lack of railroads and highways, and between the islands because of irregularity and uncertainty in the movements of merchant vessels. The great mass of the population at present is found along the coast

line, the interior of the islands being as a rule sparsely populated. This is not due to any lack of fertility in the soil of the interior, or in its lack of suitability for cultivation and habitation, but solely to the difficulties of transportation and intercommunication; nor will there be any substantial change in this regard until the larger islands are opened up through the medium of railroads. The Commission, therefore, appreciating the importance and, indeed, the absolute necessity of having some means of easy and reliable communication with all coast points in the islands, determined to purchase a sufficient number of small vessels for that purpose.

The bureau was organized immediately after the passage of the act with Commander (now Captain) A. Marix, U. S. Navy, in charge.

After careful study of the requirements of the situation, both as to the number and character of the vessels needed, it was determined to purchase 10 single-screw composite vessels having a length of 148 feet; beam, 28 feet; maximum draft, $9\frac{1}{2}$ feet; minimum draft, 8 feet; displacement, 400 tons; deck house for the accommodation of 12 passengers, to be of hard wood; hull to be of teak wood sheathed with copper, and an economical speed of 10 knots; and 5 vessels having twin screws; length, 138 feet; beam, 24 feet; maximum draft, 8 feet; minimum draft, $7\frac{1}{2}$ feet. They were all to have steel frames, teak hulls, and copper sheathing, with accommodations for passengers. Each of these vessels was to have a freight-carrying capacity of about 150 tons, and to be able to keep the sea in any weather.

After soliciting bids in the United States, Japan, and China, contracts were let for the 10 first-named single-screw vessels to Farnham, Boyd & Co., shipbuilders, Shanghai, they being the lowest and best bidders; and for the five twin-screw vessels contracts were let to the Uraga Dock Company, near Yokohama, Japan.

The Commission would have much preferred to give these contracts to American shipbuilders, but the only bid received from that quarter was about twice as high as from Farnham, Boyd & Co. and the Uraga Dock Company, a difference so great as to impel the Commission, notwithstanding its preference for American shipbuilders, to let the contracts as stated.

Farnham, Boyd & Co. delivered the vessels which they had agreed to build in due course. They were on the whole very satisfactory, being built upon an admirable model, were very substantial, and considerably faster than the contract required. We were not so fortunate with the Uraga Dock Company. Although highly recommended as competent and reliable shipbuilders, events did not justify their reputation.

The insular government selected an inspector of reputed capacity and integrity to be on hand during the construction of the vessels to see that they came up in every particular to contract requirements, which were specific and rigid. He, however, proved to be either incompetent or faithless, and, indeed, both. He was induced by the company to accept as up to contract requirements two of the vessels which were first completed. When they arrived in Manila it was found that their model was not good; that the vessels trimmed badly, being down by the head, and as a result were unable to make the contract speed in anything like a heavy sea; and also drew too much water. There were other minor defects which need not be enumerated. The other three vessels were still in course of construction. Pursuant to the con-

tract partial payments had been made at certain stages of completion of the vessels on the certificate of the inspector. When the defects above referred to were discovered there had been paid on the five vessels an aggregate sum of \$214,789.79. We held, however, as a guarantee of faithful performance the check of the company for \$31,000. The inspector who was thus derelict was discharged and a competent man put in his place. Investigation showed that the three vessels which were in the course of construction, by reason of the faultiness of their model and other defects, would not come up to contract requirements, nor would they meet the purpose for which they were especially designed, although they would have doubtless proven fairly good vessels with some minor changes and modifications.

In view of all this the Uraga Dock Company was notified that the three remaining vessels would not be accepted nor would we pay any further sums of money until they were delivered in Manila for trial and shown to be up to contract, and that unless this was agreed to we should insist on canceling the contract. The company sent one of its chief officials to Manila for conference. He claimed that the most vital of the defects complained of were due to changes made in the original plans by verbal direction of Captain Marix and our inspector, and consequently that they were not to blame in the premises. We became satisfied that the vessels could not be made to fully answer our purpose, and for reasons which need not be here further detailed and enumerated, we were indisposed to continue the contract. Finally, after considerable negotiation, as litigation in Japan, under all the circumstances, seemed unprofitable and dubious, it was decided that it was in the public interest to make a final settlement of the matter, which was done by agreeing that the insular government should be released from obligation to take the three remaining vessels, then partially completed, the company to surrender to us the certified check for \$31,000, which was held by the insular treasurer, and to retain all moneys which had been paid.

The net result of this transaction was the loss of about \$30,000 to the insular government, but it was believed, all things considered, better to pocket this loss rather than continue the contract. One of the main inducements to this course was the urgent need which we had for suitable vessels and the consequent importance of placing an order for them elsewhere.

Accordingly the insular government placed another contract with Farnham, Boyd & Co., for five vessels of the same class and type as the first ten which had proven so satisfactory. All these vessels have now been delivered and are being operated along routes and upon schedules so arranged as to give a regular service at short intervals to all points in the Archipelago. Through their instrumentality the insular government and the various bureaus thereof are able to keep in fairly close touch with all points in the islands, however remote; they furnish transportation for government mails and freight and quick transfer from one point to another when necessary of detachments of constabulary and other government officials and employees, and besides are valuable for coast-guard purposes in preventing violations of the customs law. They have proven especially useful during the last few months in the distribution of government rice. Each of these vessels has a small armament consisting of a Gatling and Colt rapid-firing gun, together with a number of small arms, so that they can be util-

ized if needed in suppressing disorder. They have cost in the aggregate \$1,057,000 and involve an annual outlay in their operation and maintenance of about \$500,000. They have proved to be a wise investment, both from the standpoint of economy and efficient administration and indeed are indispensable.

LIGHT-HOUSE DIVISION.

The light-house division of the bureau, during the greater part of the year under the immediate direction of Capt. Henry Jervay and later under the direction of Capt. Spencer Cosby, U. S. Army, in addition to looking after the existing light-houses, has been engaged in making extensive repairs and improvements upon those already established by the Spaniards and has begun the construction of several other light-houses where they are imperatively needed. Besides many new minor lights have been set up and buoys and beacons located where necessary.

The report of Commander J. M. Helm, U. S. Navy, chief of the bureau of coast guard and transportation, is attached hereto and gives in detail the history of the operations of his bureau.

BUREAU OF POSTS.

There has been a steady increase in the business of this bureau during the past fiscal year. On July 1, 1902, there were only 90 post-offices in the entire islands. During the year there have been established 149 new post-offices and 30 have been discontinued, a net increase of 119. A money order business is transacted in connection with the post-offices at all important points. This bureau has been much hampered by the lack of satisfactory transportation and its inability to procure reliable postmasters at remote points where the business is small and the compensation nominal. The establishment of the coast guard and transportation lines above referred to, however, has done much to remove the first of these difficulties, and there has been a steady improvement in the promptitude with which mails are delivered; the second of these difficulties remains, but is being overcome as far as possible by utilizing American school-teachers or reliable Filipinos wherever available.

While much remains to be done in the matter of post-office extension and the delivery of mails at interior points, all things considered, the postal service has been efficiently conducted, and is being and will be extended as rapidly as possible. It costs the government for the fiscal year about the sum of \$250,000 and its receipts were about \$150,000, thus showing a deficiency of about \$100,000.

The report of C. M. Cotterman, director of posts, is hereto attached and gives the requisite detailed information as to the operations of his bureau during the year.

BUREAU OF ENGINEERING.

This bureau was created on the 8th of January, 1903, by Act No. 584, and is under the immediate direction of the consulting engineer to the Commission. It has charge of reconnaissances, examinations,

surveys of rivers and harbor improvements, construction of sewers, waterworks, and other public works requiring engineering skill excepting the construction of public buildings, and excepting also the harbor improvements of the port of Manila. It is also given general charge and supervision of all provincial supervisors in so far as relates to the laying out and construction of roads, bridges, and other engineering works. It has made a survey of the harbors of Cebu and of Iloilo with a view to extensive permanent improvements. At this time Cebu and Iloilo are the commercial centers to which the greater part of the commerce of the Visayan Islands and the northern coast of Mindanao gravitates. These islands are important both for their size and natural resources. They produce hemp, sugar, and copra in very considerable and steadily increasing quantities and are capable of great development.

Cebu and Iloilo are ports of entry to and from which foreign vessels come and go in considerable number. They are growing in population and business and their customs receipts are steadily increasing. At present in both of these harbors vessels of large tonnage are compelled to lie off at considerable distance from the shore, which makes it necessary for all freight to be lightered in taking on and discharging cargoes. This causes much expense and delay and constitutes a heavy burden upon commerce, and is a serious drawback to the prosperity of the islands.

As a result of the survey and soundings made in the harbor of Cebu a plan has been prepared for building a concrete masonry wharf about 2,500 feet in length which may be extended from time to time as the needs of commerce demand. Considerable dredging is necessary along its front and the material will be deposited behind the masonry wall, and thereby about 13 acres of very valuable land will be reclaimed which will belong to the insular government. This land will be subdivided, upon a proper plan, into streets and lots, and the latter will be sold and utilized for business purposes. The proceeds of sales will pay a large portion of the money expended in construction. When this improvement is completed vessels of 23 feet draft will be able to lie alongside the wharf in safety and load and unload their cargoes. Bids for doing this work have already been advertised and will be shortly opened and contract awarded.

The city of Iloilo is located on the river of the same name, which empties into the channel separating the island of Guimaras from the island of Panay. This port has heretofore ranked as second in importance in the Archipelago. Now vessels of about 12 feet draft only can enter the river at high tide and are always liable to ground on the bar at the mouth of the river. Larger vessels are compelled to anchor in the channel a mile or more from town. The scheme of improvement for this harbor involves confining and deepening the channel of the river by means of dikes and dredging, and also contemplates proper provision for suitable walls and docks. Advertisement for bids for the doing of this work has also been made and the contract will doubtless be awarded at the same time as that of Cebu.

An appropriation of \$350,000 has been made by the Commission for the harbor of Cebu and \$150,000 for the harbor of Iloilo. It is not supposed, however, that these sums will be adequate to complete the improvements contemplated.

PANSIPIT RIVER IMPROVEMENT.

Surveys have also been made looking to the improvement of the Pansipit River, which flows from Lake Taal, in the province of Batangas, a distance of about 6 miles, where it empties into the China Sea at the towns of Taal and Lemery. It is contemplated to deepen this river so as to permit boats of at least 6 feet draft to pass from Lake Taal to the sea. The lake itself is a considerable sheet of water, and its watershed contains several hundred square miles of fertile and beautiful country. At present the only outlet for this section is by means of ordinary roads, which are extremely rough, and, indeed, are little more than mere trails. The improvement of the harbor of Batangas, which is the capital of the province, and the construction of a wharf to which vessels of a considerable draft may come are also being provided for.

Batangas Province prior to the insurrection was perhaps the wealthiest province in the islands. It has suffered, however, very severely from the destruction of its coffee plantations, from the misfortunes of war, and loss of horses and cattle by disease. While the intended improvement of the Pansipit River would be well warranted because of its value as an internal improvement, it will be at this time of an especial benefit to the masses of the people of Batangas, as it will furnish them a much-needed means of livelihood. These works will be paid for out of the Congressional relief fund.

TARLAC AND PAMPANGA RIVERS.

The consulting engineer has also taken up the subject of overflow of the Tarlac and Pampanga rivers running through the provinces of the same name in the island of Luzon. The region lying along and contiguous to the banks of these streams is densely populated and very fertile. During the rainy season there are frequently disastrous overflows from the rivers. It is thought probable that by means of dikes and levees this overflow may be prevented. Nothing, however, has been accomplished beyond a preliminary survey of the sections involved, which will be followed by a topographical survey and estimate of cost of the work necessary to accomplish the end in view.

BENGUET IMPROVEMENT WORK.

The work of building the road from Pozorrubio, in the province of Pangasinan, to Baguio, in the province of Benguet, has now been in progress for more than two years. Much has been said in our former reports concerning the importance of this road as furnishing an easy and convenient passage to the highlands of Benguet. The Commission has already had constructed a sanitarium at Baguio where invalid civil servants may recuperate, and is determined to make further appropriations for the construction of government buildings and residences for government officials and employees, for occupancy during the heated season. At present access to Baguio is very difficult and involves a journey of several days, much of it over rough mountain trails. The road now in course of construction will make access comparatively easy, especially if, as is contemplated, a steam or electric railroad is constructed thereon.

The first survey of this road was made nearly three years ago by Capt. Charles W. Meade, Thirty-sixth U. S. Infantry, who at the time of his selection for this duty was acting as city engineer of Manila under appointment of General MacArthur, then military governor. The result of the survey as made by him showed that the road could be built at a cost of about \$3,000 per mile upon easy grades and that there were no serious engineering difficulties to be overcome. Believing this report to be reliable, the Commission had Captain Meade assigned to take charge of this work and made the appropriation which he stated was adequate. After the exhaustion of the first appropriation, however, it was discovered that his estimate of cost was much too small and that it would probably require twice the sum originally estimated to complete it, and the Commission again made the necessary appropriation. After a large amount of work had been done on the road along the line originally projected, and when an early completion seemed in sight, we were much disappointed to find that owing to the shifting character of the soil and rock through which it ran the route as surveyed was impracticable. In several places where the road ran along the shoulders of the mountains, when heavy rains fell, loose rock and soil would slide down upon it and the bottom of the road itself would frequently drop out into the valley below. More careful investigation disclosed that this was due to the fact that the mountains themselves were composed of a mass of small broken rock mixed with volcanic mud which when cut into in building the road caused the downward movement above mentioned. It was found also upon investigation and after experiment that this could not be prevented even by building heavy retaining walls, because the roadbed itself when saturated by heavy rains would and did give way, carrying the retaining wall with it. The original error made by Captain Meade in underestimating the cost of the road, as stated above, was perhaps not remarkable. At the time he made his first estimate labor conditions were exceedingly unsettled, and the difficulties experienced in transportation of food and other supplies necessary for carrying on the work were very great. The most serious error, however, he committed was in not making a more careful exploration as to the character of the rock and soil through which the line of road was projected. Had he done this the impracticability of his route would have been made manifest. The original route, as surveyed by Captain Meade and thereafter abandoned for the reasons stated, will not, however, be entirely useless, as it opens up a very pretty mountain country. In this embarrassing situation the question was presented to the Commission as to whether it should permanently abandon the project of building the road or proceed along another line. The Commission was indisposed to adopt the first alternative, and therefore directed Mr. J. W. Beardsley, consulting engineer to the Commission, who came to us highly recommended and who, as his subsequent work has demonstrated, is a careful, conscientious, and thoroughly equipped civil engineer, to make a careful survey. This he did, and reported that it was feasible to build a substantial road along the banks of the Bued River above the flood line, but that this route involved the expenditure of at least a million dollars, as much of the way ran through solid rock. The Commission determined that notwithstanding the great outlay of money involved the accruing benefits warranted the expenditure, and directed the work

to proceed. It has been prosecuted under many difficulties, both in the matter of procuring labor and competent supervising engineers.

The duties of the consulting engineer were so exacting as to make it impossible for him to devote his time to directing operations. Realizing the necessity of having an engineer of skill and energy in charge, some six months since, the civil governor asked for and procured the detail of Maj. L. W. V. Kennon, Tenth U. S. Infantry, and placed him in charge. He came highly recommended as an engineer of skill, experience, and energy, having had much engineering experience in tropical countries. Since he has taken charge he has fully justified his selection and is now engaged in pushing the work forward successfully and rapidly and it is hoped and believed will complete it within the next twelve months. He is constructing the road upon comparatively easy grades and of proper width so that it may be used either as an ordinary highway or as the roadbed of an electric or steam road. He now has about 3,000 men engaged upon the work, 2,500 of whom are Filipinos.

I do not hesitate to recommend that the Commission should ultimately establish rail connection between Dagupan, the northern terminus of the Manila and Dagupan Railroad, and Baguio. The distance between these two points is about 55 miles. The road between Dagupan and Pozorrubio, a distance of about 30 miles, presents no engineering difficulties. It would run through a beautiful and fertile agricultural country now dotted with rice paddies and villages, the traffic from which would make the building of the road to this point fairly profitable. The road from Pozorrubio to Baguio, for the most part, would run along the valley of the Bued River and through a country practically uninhabited until it reached Baguio at an elevation of nearly a mile above the lowlands. This, as will be seen, involves a steady climb of about 4,500 feet in a distance of about 25 miles. The Bued River, along which the road will run, has a heavy fall and a very considerable volume of water and would furnish the means of procuring proper power for the operation of an electric line from Pozorrubio to Baguio.

It seems reasonably certain that there are valuable deposits of gold and copper in the Benguet Mountains, which probably can be profitably worked as soon as reasonably cheap transportation for machinery, supplies, etc., can be furnished miners. If we are not mistaken in this, the road ought to be self-supporting and will be an important factor in the development of the mineral resources of this section. Aside from this, however, it is believed that if the plans of the Commission are carried out there would be a very considerable increase in the population of Benguet Province. There are several fairly rich valleys in the neighborhood of Baguio, and all the mountains are covered with a growth of grass, upon which cattle flourish.

Prior to the insurrection the Igorrotes, who are the only inhabitants of this region, were the owners of considerable herds of cattle, and it is believed that cattle raising would be engaged in on an extensive scale so soon as means of communication were furnished with Manila and other centers of population. As matters stand to-day, there is quite a large trade in importing cattle from China to be slaughtered and sold in the Manila market.

The Commission, by Act No. 926, has provided for the laying out of

town sites and the sale of lots, having in mind especially the laying out of a town at Baguio, and it is thought that with a ready and comfortable way to reach Baguio there would spring up a town of considerable proportions which would contribute largely to the support of the road; but the prime consideration for its construction lies in the importance of making accessible this beautiful pine-wood mountain country with its running streams of pure water and its ideal climate. Experience has shown that white men, born in and accustomed to colder climates, live and flourish there to as great a degree as in California or other sections of the United States. Experience further shows that when enervated by long-continued living in the lowlands, or when suffering from dysenteric and other tropical diseases, if they resort to Benguet they quickly recuperate. It would be unquestionably, in the long run, by far the most economical if, for at least four months during the hot season of each year, this place could be the official seat of the government, easily accessible to government employees and to Americans and Europeans engaged in business here. It would be a thorough solution of the health problem in so far as it relates to living in the islands. The wealthier Filipinos are also much interested in the development of the Benguet project, and will doubtless erect summer homes there instead of going to Japan and other more northern countries during the heated season, as heretofore.

Maj. Gen. George W. Davis, shortly before surrendering command of the Division of the Philippines, visited Benguet and selected a location containing 700 acres for a military reservation, which is an ideal site. If comfortable quarters and barracks were erected thereon for officers and men, it would be wise to keep in garrison at that point at least one-third of the American troops stationed in the islands. By shifting a portion of those stationed in the lowlands to Baguio for a proper period, and the reverse, the term of duty of troops in the Philippine Islands could be much extended and a consequent saving made in the cost of frequent transportation to and fro of troops from the United States to the islands and from the islands to the United States. Moreover, the Government would not so frequently suffer the loss of service and efficiency of its employees on account of the effects of a tropical climate. In adopting such a plan as this we would be but following the course pursued by the English in India and other tropical countries with such eminent success.

ELECTRIC POWER FOR MANILA.

The bureau has also had under its direction, pursuant to acts of the Commission, the investigation of the falls of certain small rivers in the provinces of La Laguna and Bulacan in order to develop power for transmission to Manila and neighboring cities and towns. Preliminary surveys have already been made of the falls of the Angat River in the province of Bulacan and of the Dilitinan, Lamot, and Calarayan rivers in the province of La Laguna, with this end in view. The first of these rivers is about 35 miles and the others are about 50 miles from Manila. A careful topographical survey is now being prosecuted so that certain and accurate information may be obtained. Already it has been ascertained that from fifteen to twenty thousand horsepower can be derived from these sources. So far no serious engineering difficulties have been encountered, and it is believed that a completion of

power plants and conduits for the transmission of power to Manila will not be more expensive than in the case of similar plants in the United States.

Manila and all other cities of the Archipelago using coal find their source of supplies in Japan and Australia. These coals are of an inferior quality, and yet they range in price, at wholesale, from \$5 to \$7 gold a ton and sometimes even higher. This is a heavy burden upon all manufacturing enterprises. With the introduction of cheap electrical power removing this obstacle, it is believed that a great impetus will be given manufacturing enterprises and to the construction of electric railroads and other plants in Manila and throughout the large and densely populated territory adjacent thereto. As soon as complete and definite information upon this subject is secured the Commission will probably grant one or more franchises for the development of this power. A number of foreign capitalists, having large interests in the islands, have already made application for a franchise to develop the water power of the Angat River above referred to, and several other inquiries and tentative propositions from other responsible sources have been received. It seems assured that there will be no difficulty in procuring all the capital necessary to develop these enterprises. It would probably be most to the public interest if a franchise were granted to one strong company with restrictions and requirements as to the furnishing of power to all applicants and upon a reasonable schedule of rates.

HIGHWAYS.

The bureau pursuant to the various acts of the Commission, has also been engaged in surveying several highways in the islands of Luzon, Cebu, Negros, Leyte, and Panay, which are of more than local or even provincial importance and which are either too expensive for the provinces in which they are to be located to construct, and which connect towns in the different provinces.

The details of these projects need not here be set forth, inasmuch as they are fully explained in the report of Mr. J. W. Beardsley, chief of the bureau, which is attached hereto and made a part of this report.

BUREAU OF COAST AND GEODETIC SURVEY.

The work of this office has been vigorously prosecuted during the past year. A very considerable amount of field work has been done. A number of surveys of the more important harbors and gulfs along the coast of Luzon and the southern islands have been completed. A continuous topographic survey, with triangulations, has been carried on along the northern coast of Luzon, from San Fernando to Cape Bojeador and eastward along the northern coast of Luzon. A triangulation has been carried across Manila Bay, locating prominent points about the bay, the islands at the entrance, and hills and mountains in the neighborhood. The work of determining the latitudes and longitudes of important base points has been continued throughout the year. Quite a number of places have been determined. Magnetic observations at twelve places have been made to supply needed information for charts. Tidal observations have also been taken at 14 stations, and at Manila this record has been continued throughout the year.

Sailing directions and notices to mariners have been prepared, printed, and distributed from time to time. The work of chart preparation has been pressed forward and charts have been distributed to masters of vessels and others interested. The report of the assistant of the United States Coast and Geodetic Survey in charge of this bureau will be found hereto attached, giving a synopsis of the work of the bureau for the past year.

Respectfully submitted.

LUKE E. WRIGHT,
Secretary of Commerce and Police.

SECOND ANNUAL REPORT
OF THE
SECRETARY OF FINANCE AND JUSTICE.

DEPARTMENT OF FINANCE AND JUSTICE,
Manila, P. I., November 6, 1903.

GENTLEMEN: I hereby submit a report on matters, legislative and executive, pertaining to the department of finance and justice in the Philippine Islands, during the period from September 30, 1902, to September 1, 1903.

The statistics herein contained will be those prior to the last named date, except when otherwise stated.

ADMINISTRATION OF JUSTICE.

At the date of the first annual report from this office to the Commission, November 1, 1902, a complete judicial system had been inaugurated throughout the whole Archipelago, mainly under legislation enacted by the Philippine Commission during the year 1901. That system has continued in successful operation during the period of this report, and has in the main met the reasonable expectations of the public, and has completely vindicated the wisdom of the new departures involved in the reorganization of courts and judicial procedure. Experience has shown that some modifications in the system were necessary, particularly in relation to the salaries of judges and geographical boundaries of the several judicial districts, and accordingly some changes have been made in those respects which will be referred to hereinafter.

The civil business in the courts has increased as the commercial interests of the islands have become more settled and well established, and the courts have been able to furnish satisfactory tribunals for the speedy and just termination of such controversies. The accumulation of old litigation which remained upon the dockets at the termination of the Spanish régime has been very largely closed up, and the business in the courts, civil and criminal, is now mainly current in distinction from the disposition of arrears of old business. There has been a very large amount of criminal business to occupy the attention of the courts, some of it growing out of the defalcations of receiving or disbursing officers employed by the insular government, or by private persons, firms, or business corporations, and more of it growing out of the disturbed conditions incident to the recovery from several years of warfare and the prevalence of bands of ladrones or robbers in various sections of the Archipelago. In the prosecution of

minor offenses, the provincial fiscals have been able to cope successfully with the situation, aided largely by supervisors of fiscals sent out from Manila. In more important prosecutions the attorney-general, the solicitor-general, and subordinates in the office of the attorney-general have rendered efficient and valuable services. The judges, both native and American, have performed their duties in a very satisfactory manner, and convictions have been secured in nearly every case where justice required conviction. Adequate penalties have been imposed. Justice is administered evenly, uniformly, honestly, expeditiously, and ably throughout the islands. It is not too much to say that the new judicial system has been one of the greatest benefits that has been conferred upon the islands by the American Government, and that it has brought home to the Filipino people an abiding conviction that in the courts is to be found a safe and reliable protection against all unjust invasions of person or property.

The fiscals or prosecuting officers in the provinces, with one exception for a portion of the year, have all been Filipinos.

The justices of the peace are substantially all natives. It has been found very difficult in many of the municipalities to find persons who are competent to perform the duties of that office, and there have been a very large number of justices of the peace who have resigned their positions, owing in part to incapacity to perform their duties, but more owing to the burdensomeness of the duties required of them under the Spanish procedure and the small compensation provided by law for their services. Under the existing procedure in preliminary hearings of criminal prosecutions before justices of the peace all testimony offered must be reduced to writing in full and be read over to and signed by the witness. This often requires in important cases many days of investigation and a large amount of writing. In the press of other work the Commission has not yet been able to enact a new code of criminal procedure. A draft of such a law was long ago made by Commissioner Wright, and will be acted upon as soon as possible. After its enactment the most burdensome requirements that are now imposed upon justices of the peace will be largely removed, and, with perhaps some other modifications of the justice system, it is thought the difficulties will be overcome.

NEW LEGISLATION RELATING TO THE SUPREME COURT AND COURTS OF FIRST INSTANCE.

In the transition from military to civil government it was found that certain judgments and sentences of provost courts and military commissions which had been confirmed by order of the proper military commander, whereby persons had been finally convicted of crime, had not been executed, and could not be executed by order of the military authorities, because such authorities had ceased to have power to direct the execution of such sentences. To meet this difficulty Act No. 865 was passed on the 3d day of September, 1903, authorizing the civil governor to direct the attorney-general to present to the court of first instance having territorial jurisdiction over the place where such crime was committed a record of the proceedings, showing the conviction and sentence of the defendant in such proceedings and the confirmation thereof, when necessary, and praying that the defendant be brought before the court to show cause why the sentence should not be exe-

cuted by order of the court of first instance, and authorizing the court of first instance in such case where it appeared that the military court had jurisdiction and that the sentence had not been executed and the defendant had not been pardoned or amnestied, to direct the execution of the sentence in whole or in part, as the law might require.

On the 5th day of September, 1903, Act No. 867 was passed making new provisions for leaves of absence of the judges, and for the terms and places of holding the supreme court, and for a rearrangement of the judicial districts and the times and places of holding the courts in each province, and for creating two additional districts and providing judges for them, and revising certain provisions of law as to the special terms and the perfecting of bills of exceptions, and providing more fully as to the traveling expenses of judges, fiscals, and clerks. It is unnecessary to state in full the provisions of the act referred to. Its more important provisions may be thus summarized: It authorizes a suspension of the sessions of the supreme court and of the courts of first instance from the 1st of May to the 1st of July of each year, this period being known as the court vacation. During the court vacation one judge of the supreme court and one judge of the court of first instance for the judicial district of Manila are required to be present in Manila, one of the four judges at large to remain in the islands subject to the call of the governor, and five of the other judges of the court of first instance outside of the district of Manila to remain on duty in their respective districts, and for the alternation of the judges so to remain on duty, their selection to be made by the governor, on recommendation of the chief justice. The assignment of judges for vacation duty is to be so arranged that no judge shall be assigned for vacation duty more than once in three years. The judges of the supreme court and of the courts of first instance not assigned to vacation duty may spend their vacation either in the islands or abroad; they receive full pay during the periods of vacation and leaves of absence. Liberal provision is also made for the payment of the traveling expenses of a judge and his family, who is appointed to the Philippines bench while residing in the United States, from his place of residence to Manila. In such cases also, after three years' service, a judge is entitled to transportation for himself and family from Manila to his place of residence in the United States upon his retirement from the service. Two additional districts having been created by the act, two new judges of the court of first instance were likewise thereby authorized. Under the law as it before existed some of the judges of the courts of first instance received but \$3,000 salary, some \$3,500, some \$4,000, some \$4,500, some \$5,000, and those in Manila \$5,500, per annum. Under the new law the minimum salary is \$4,500, payable to the judges at large and to the judges of six districts; \$5,000 is the salary now fixed for judges in all the remaining districts outside of the city of Manila. The new division of the judicial districts required some changes of times for holding courts, and the act makes the necessary provision for that contingency. The law authorizes the judge to make preliminary interlocutory orders at any place within his district, and to sign final judgments in certain cases after he has left the province in which the court was held. It likewise makes special provision for fiscals and prosecutors in the newly created mountain district and in the Moro Province. It provides for the appointment by the attorney-general, subject to the approval of the secretary of finance and

justice, of necessary clerks, deputy clerks, stenographers, typewriters, interpreters, translators, escribientes, and messengers needed for the proper transaction of the business of the courts, and the determination of the number of such employees that may be necessary in the several courts, and the salaries to be paid to them.

THE COURT OF CUSTOMS APPEALS, AND NEW LEGISLATION RELATING THERETO.

The court of customs appeals, as organized by the provisions of the customs administrative act, consisted of the secretary of finance and justice, ex officio president of the court, a judge of the supreme court to be detailed by the governor for that purpose, and a third judge to be appointed by the governor, with the advice and consent of the Commission; the third judge likewise to act as clerk of the court. This court had jurisdiction of all appeals from rulings of the collector of customs, and also of all criminal prosecutions for violations of customs laws. Whenever the court was not occupied in hearing customs cases the third judge was by law assigned to act as judge of the court of first instance in judicial districts where his services might be needed. During the period of this report that judge, Hon. Amasa S. Crossfield, was engaged more than half the time in holding terms of courts of first instance under special detail, or in taking testimony under appointment by the supreme court. The court of customs appeals during the year passed upon 318 appeals from the decision of the collector of customs, involving the power and authority to collect duties upon imports; 84 appeals relating to the power and authority to levy duties and wharfage charges upon exports of products of the Philippine Islands going direct to the United States for consumption therein; 73 appeals relating to classification of imported merchandise for the purpose of determining the proper tariff to be imposed; 18 appeals from the administrative imposition of fines, etc., by the collector of customs; 11 appeals relating to the right of concessionaries of the Kingdom of Spain to import merchandise without the payment of import duties; 10 original criminal prosecutions, 11 cases brought before the court under the immigration laws, and 12 special proceedings. Final judgments were entered in all but 17 of the cases referred to within the year, and the remaining 17 have nearly all been disposed of since September 1.

The special report of Judge Crossfield of the proceedings of that court is hereto annexed and marked "Exhibit 1."

While the court of customs appeals as organized under the customs administrative act furnished a convenient tribunal for the speedy determination of all controversies arising under that act, yet complaints were made that it was undesirable that judicial and administrative powers should be so far mingled as to require the secretary of finance and justice to act as a member of that court, that the system of administrative fines to be enforced by the collector of customs, without right of appeal to the courts in certain cases, constituted a taking of property without due process of law, and that there ought to be a right of appeal from the judgment of that court to the court of last resort in the Philippine Islands, from which cases might be carried to the Supreme Court of the United States in cases where other provisions of law warranted such action. The Commission deemed the complaints to be of

such character that all reason therefor ought to be removed by legislative action. Thereupon Act No. 864, entitled "An act to amend Act Numbered Three hundred and fifty-five, known as the Philippine customs administrative act, by changing the membership of the court of customs appeals, providing for appeals in criminal causes and for certificates of appeal in other customs cases where there is a division of opinion between the judges of the court, and specifying powers of collectors of customs in cases of fine and forfeiture, and for other purposes," was enacted on September 3, 1903. The salient features of the new legislation are:

First. That the court of customs appeals shall consist of two judges, to be appointed by the civil governor, with the advice and consent of the Philippine Commission, with a compensation of \$4,500 per annum each.

Second. That the court shall have concurrent jurisdiction with courts of first instance to consider all criminal prosecutions under the customs administrative act, the immigration laws of the Philippine Islands, including the act of Congress approved March 3, 1903, entitled "An act to regulate the immigration of aliens into the United States," the Chinese exclusion act, and the customs and navigation laws, the court first taking jurisdiction thereof to retain exclusive jurisdiction of the prosecutions thus begun.

Third. That there shall be a right of appeal to the supreme court in every criminal case in which the penalty of imprisonment or a fine exceeding 600 Philippine pesos, exclusive of costs, is adjudged against the defendant; in other cases the judgment of the court of customs appeals being final.

Fourth. That before any collector of customs shall administratively subject any vessel, animal, merchandise, or other property to the satisfaction of a fine, penalty, confiscation, or forfeiture, he shall notify the owner of the vessel, animal, merchandise, or other property, or the agent in possession, in writing, of the fact that a violation of the customs administrative act, or of any customs, navigation, immigration, or exclusion act was charged, and give to such person an opportunity to be heard in reference to the offense charged, and shall fix, in writing, the fine or penalty which in his judgment ought to be imposed, issuing, at the same time, a warrant for the detention of the offending vessel, animal, merchandise, or other property, and shall fix the bond, after the giving of which, with sufficient sureties, the property may be released. If the owner or agent desires to pay the fine fixed, or the value of the property seized for confiscation or forfeiture, the collector may receive the amount in compromise of the liability; but if the person is not satisfied so to do, he may appeal to the collector of customs for the Philippine Islands, who is given authority to reverse, modify, or approve the action of his subordinate, and likewise to accept a compromise as aforesaid. If no compromise is effected, the collector of customs for the Philippine Islands, upon notice from the person affected that he will not consent to a compromise, must file a record of all the proceedings in the court of customs appeals, which, after due notice to the owner or agent in possession of the property, shall adjudge as to whether the fine, penalty, confiscation, or forfeiture ought or ought not to be enforced, and to make proper orders for the enforcement thereof if such is the judgment of the court. The remedy thus provided is strictly one in rem against the property seized. But such

proceedings shall not affect the right to proceed criminally against the party offending. In case no owner or agent can be found or appears to claim the property, notice may be given by publication. The action of the court of customs appeals in this class of cases is made final whenever the fine, penalty, confiscation, or forfeiture might not, under the statute or under the appraisement and estimate fixed by the collector, exceed \$2,000. In all other cases under this provision an appeal may be taken by the owner of the condemned or confiscated property to the supreme court of the islands.

Fifth. The court is given jurisdiction to determine all appeals from the decision of the collector of customs for the Philippine Islands in regard to the payment of duties, fees, charges, and exactions, to the court of customs appeals, and the decision of the court of customs appeals thereon is made final, except in cases where the two judges of the court of customs appeals shall disagree as to any decision, and except also in cases where the secretary of finance and justice shall certify that the public interests require a reexamination of certain questions arising therein by the supreme court, in each of which cases the supreme court is given jurisdiction to consider and decide the questions, and issue a mandate according to its decision to the court of customs appeals to enter judgment in accordance therewith.

Sixth. One judge shall constitute the court for trial of all criminal cases, as is the case in courts of first instance; in all other cases, appeals, or questions before the court of customs appeals, the court must consist of two judges.

Seventh. The judges of the court of customs appeals may be required to perform the duties of judges of courts of first instance in any province in the islands, or in the city of Manila, when directed in writing by the civil governor so to do.

Under this act the civil governor, with the advice and consent of the Commission, has appointed Hon. Amasa S. Crossfield, of Minnesota, and Hon. Felix M. Roxas, of Manila, judges of the court of customs appeals, and they have entered upon the performance of their duties. Judge Crossfield, prior to his appointment, was the regular judge of the former court of customs appeals, and Judge Roxas had been serving successfully for more than two years as judge of the court of first instance.

THE COURT OF LAND REGISTRATION.

It was stated in the first annual report of this office that a law had been prepared by Commissioner Ide for the registration of land titles under the Torrens system, so-called. The theory of the law, its importance, probable usefulness, and machinery for practical operation, were set forth in that report, and need not be here repeated. The law was enacted, as No. 496, on November 6, 1902, to take effect January 1, 1903. It provides for a special tribunal, to be called the "court of land registration," consisting of two judges to be appointed by the civil governor, with the advice and consent of the Commission, one to be termed "judge of the court of land registration" and the other "associate judge" thereof. The salary of the judge is made \$5,000 per annum and that of the associate judge, and for any associate judge that may subsequently be appointed \$4,000, with a clerk receiving a salary of \$2,500, and such other subordinate employees as are necessary for the practical working of the court. It has jurisdiction

throughout the Philippine Islands and is made a court of record. A single judge may hold sessions of the court. Registrars of deeds are provided for each of the provinces and for the city of Manila. So many examiners of titles as may be necessary are to be appointed by the civil governor, with the advice and approval of the Commission. Their salaries, as well as those of registrars, shall be fixed by the Commission in proportion to the amount of business and responsibility of their several offices to which appointments may be made. Appeals from the judgments and decrees of the court of land registration may be had to the court of first instance after final determination by the court first named, and such causes may pass from the court of first instance to the supreme court in the same manner as other causes pending in the court of first instance. When the only determinative question in regard to a title is purely one of law the case may be reported directly from the court of land registration to the supreme court for final decision. Persons desiring to take the benefit of the act must apply in writing for registration of title, describing the premises sought to be brought under the act. Upon filing of the application, together with a plan of the land and all muniments of title filed therewith, it is referred to one of the examiners of titles, whose duty it is to make thorough investigation of the records and all the facts in the application and file a report thereon, with a certificate of his opinion concerning the title. If the opinion of the examiner is adverse to the applicant, he is given a reasonable time in which to elect to proceed further or to withdraw his application. If the opinion of the examiner is favorable, or if the applicant, after an adverse opinion of the examiner, elects to proceed further, due notice is given by publication and otherwise to all persons claiming an adverse interest in the land, or in any way opposed to its registration, to appear before the court at a time and place stated, and show cause why the petition for registration should not be granted. At the time and place appointed the court proceeds to such action as the facts warrant, after hearing the parties and other evidence, and examining all the documents in the case, including the report of the examiner of titles. The court is not bound by the report of the examiner of titles, either when there is or is not an appearance to contest the title. If the court finds at the hearing that the applicant has title, and that the title is a proper one for confirmation, a decree of registration and confirmation is entered, and such decree binds the land and quiets the title thereto against all the world, including the insular government and all branches thereof, subject, however, to the right of any person deprived of any land or interest therein by decree of registration obtained by fraud, to file in the court of land registration a petition for review within one year after the rendering of the decree, provided no innocent purchaser for value has acquired an interest. But any person injured by such decree in any case may pursue his remedy by action for damages against the applicant or any other person for fraud in procuring the decree, and he likewise may have recourse against the assurance fund hereinafter mentioned. Immediately upon entering the decree of registration, a certified copy, under the seal of the court, is sent to the registrar of deeds for the proper province or city in which the land lies, who transcribes the same in a registration book, which constitutes the original certificate of title, all certificates being numbered consecutively, and an exact duplicate

thereof is issued to the owner and constitutes his unassailable title. Land once registered under the act forever remains registered land, the registration being binding upon the applicant and all successors of title. The owner's duplicate certificate is made conclusive evidence in all courts as to all matters contained therein. Subsequent to registration registered land may be dealt with by conveyance, mortgage, lease, or other voluntary instrument, but such instrument operates only as a contract between the parties and evidence of authority to the registrar or clerk of deeds to make registration. The fact of registration is the operative act to convey and affect the land. Upon the conveyance in fee a new certificate may be issued to the purchaser, the old one being canceled. All incumbrances upon the land by way of mortgage, lease, or otherwise, must be indorsed upon the back of the original certificate and the duplicate in each case, so that the original certificate and duplicate shall at all times show the exact state of the title and obviate all necessity for further investigation. Registered land remains liable to attachment under process or liable to an execution or to liens of any kind attaching to real estate by operation of law and to the ordinary laws of descent, right of partition, and right of taking the same by eminent domain; but all such attachments, levies, liens, acquisition of interest by descent, partition, or taking by eminent domain are required to be registered and indorsed upon the original certificate and the duplicate thereof. Similar provisions are made for cases of bankruptcy, insolvency, and analogous proceedings. Upon the registration of land the owner is required to pay to the registrar of deeds one-tenth of 1 per cent of the assessed value of the real estate, on the basis of the last assessment for municipal taxation, as an assurance fund. This fund is paid into the treasury of the Philippine Islands and kept securely invested, upon the approval of the civil governor, and any person who, without negligence on his part, sustains loss or damage through any omission, mistake, or misfeasance of the clerk of the court, registrar of deeds, or of any examiner of titles, or of any deputy or clerk of the registrar of deeds in the performance of their respective duties under the provisions of the act, and any person who is wrongfully deprived of any land or any interest therein, without negligence on his part, through the bringing of the same under the provisions of the act, or by the registration of any other person as owner of such land, or by any mistake, omission, or misdescription in any certificate or owner's duplicate, or by any erroneous cancellation, and who by the provisions of the act is barred from bringing an action for the recovery of the land, may bring in any court of competent jurisdiction an action against the treasurer of the Philippine Islands for the recovery of damages, to be paid out of the assurance fund. If the assurance fund should at any time prove insufficient to meet the amount called for by judgments against it, the deficiency is to be made up from any funds in the treasury not otherwise appropriated. In case of such payment, the insular treasurer is subrogated to all the rights of the plaintiff against any other parties or securities. Adequate provisions are made for the issuing of new duplicate certificates in case the original one is lost or destroyed, or if, under certain circumstances, they can not be produced for other reasons. The act provides a scale of fees for registration and imposes penalties for perjury or fraud in relation to any of its provisions. It is made applicable to all public lands belonging to the Government of the United States or to the government of the

Philippine Islands that are alienated, granted, or conveyed after its enactment. As to lands not brought under the operations of the new system, the existing system is continued in force, the act not being made compulsory at present except as to public lands.

The act likewise changes the notarial system that has heretofore existed in the islands and substitutes, substantially, the American notarial system. Under the Spanish system all conveyances of land and interests therein were public documents, the solemnities pertaining thereto to be executed before a notary public, who retained in his protocols the original of such instruments and delivered to the parties only certified copies thereof. Under the land registration act all notaries public in the islands and all other officers and persons having in their possession notarial books, records, protocols, archives, and other documents are required immediately to deliver the same to the chief of the bureau of archives, who is hereafter to be the permanent custodian thereof. The act provides a system of forms for conveyances, mortgages, leases, releases, and discharges affecting lands, whether registered under the act or unregistered, and provides that conveyances made in accordance with those forms shall be as effective to convey, encumber, lease, release, discharge, or bind the lands as if made in accordance with the more prolix forms heretofore in use. The forms are simple, easily understood, and very concise. Their use greatly diminishes the expense of dealing in lands.

Under this act, Hon. Simplicio del Rosario, of Manila, was duly appointed judge, and Hon. D. R. Williams, of California and of the Philippine Islands, who had had considerable experience in investigation of land titles in Mexico, associate judge. Judge Rosario is an excellent lawyer, residing in Manila, who has long been one of the registrars of deeds for a portion of the city of Manila. Judge Williams was a member of the bar of the State of California, and has resided in the Philippine Islands since June, 1900, serving for a time as private secretary to Commissioner Moses, and subsequently as assistant secretary and secretary to the Philippine Commission. He has a thorough knowledge of the Spanish language, aside from his legal attainments.

Upon the organization of the court in February it prepared and published forms, blanks, and books of all kinds for its procedure and for use in the records of the registrars of deeds. It adopted rules and regulations, caused them to be printed in the Spanish and English languages, and distributed to all judges and clerks of the courts of first instance, all attorneys in the islands, and to each registrar of deeds. Up to the 1st day of September, 1903, 144 applications for registration had been filed with the court, from 19 provinces and from the city of Manila, covering property with a value of \$1,314,963.20 U. S. currency, exclusive of the land set apart as civil or military reservations. The number of applications in the brief time that the court has been available for the transaction of business indicates that its provisions are being more rapidly availed of than has usually been the case in other countries where the system has been introduced. Fifty applications originating in the city of Manila have been finally determined by the court, and others are pending decree. An appeal has been taken upon one case, adverse claims having been filed in 18 cases. Under subsequent provisions of law, the court of land registration is authorized to pass upon the titles of all occupants of lands set apart for

military reservations. Under the last-named act the military commander of the Division of the Philippines has filed certifications as to lands set apart for military reservations at Corregidor, Mariveles, Los Baños, Punta Calumpán, Tacloban, Calbayog, Lucena, Nueva Caceres, Iloilo, Angeles, Pasay, Zamboanga, Ormoc, Daraga, Salomague, and San Fernando. Notices have been issued for service upon all parties interested in such land, in order that it may be brought under the operation of the land registration act. By subsequent action of the Commission, land desired to be reserved by the civil government for public use may be certified to the court of land registration for its determination of title. Thirty-six certifications for civil reservations have been received by the court from the civil governor, 34 of the same being lands reserved for light-house purposes, one for the island of Batan and one for Baguio, province of Benguet, where the summer capital of the insular government is expected to be established. All persons claiming an interest in the lands set apart for military or civil reservations are required to file their claims within sixty days from the notice of such certification. A large amount of work of the character last indicated will devolve upon the court.

The operations of the act, of course, are not thoroughly understood by natives, and to enable them more thoroughly to comprehend their rights and the advantages of the system, articles explaining the act have been published in the daily papers, in both English and Spanish, and in the Official Gazette. Blank forms have been mailed to all provincial treasurers, as well as instructions. Circulars have been addressed to the banks, calling attention to the greater security for mortgage loans offered by registered lands. The operation of the act is facilitated by the fact that proposed purchasers of lands often refuse to take a title until it has been registered. This consideration will in time tend largely to increase the work of the court. The work of the court is made difficult by the multiplicity of "royal decrees," by which titles have been acquired, the lack of a proper system of registration, the loss of the greater portion of the land records, and the fact that the public domain has never been surveyed and has been occupied by the people for generations; but the fact that it offers an avenue by which an absolute and guaranteed title can be evolved from the general uncertainty now prevailing offers to capital a consideration that must form the basis for any considerable investment. From the results that have thus far been attained, it is apparent that there is a wide field of usefulness for the court of land registration, and that ultimately the law will prove to have been a measure most conducive to the development of prosperity and the security of investment in the islands.

The report of the judges of the court of land registration for the period from February 1 to September 1, 1903, is hereto annexed and marked "Exhibit 2."

ATTORNEY-GENERAL'S OFFICE.

The attorney-general and solicitor-general have transacted a large amount of business during the period covered by this report. Their services have been efficient and valuable. During the year, the assistant attorney-general, John W. Haussermann, resigned to enter the practice of his profession in the city of Manila, and he was succeeded by W. L. Goldsborough, formerly city attorney of the city of Manila.

The report of the attorney-general covering the period from September 1, 1902, to September 1, 1903, is hereto annexed and marked "Exhibit 3."

During the year 453 written opinions have been furnished in the office of the attorney-general; 193 cases in the supreme court in which the attorney-general or solicitor-general appeared have been disposed of by brief, and 84 by motion. Six hundred and twenty-one petitions for pardons have been passed upon, and 151 appointments of employees in the bureau of justice have been made. The work of the courts is likewise summarized in the report. In the supreme court decisions have been written and opinions filed in 376 cases, petitions for extraordinary relief in 22 cases, and 19 petitions for writs of habeas corpus have been disposed of. In the court of first instance in the city of Manila, during the fiscal year 1903, 473 civil cases were filed, 476 civil cases were decided, 75 civil cases were dismissed on motion of plaintiff, and 442 civil cases were pending at the close of the fiscal year. During the same period 367 criminal cases were filed, 269 were decided, 103 dismissed on motion of the prosecutor, leaving still pending 82 cases. In the courts of first instance in the provinces, during the fiscal year 1903, 2,430 civil cases were filed, 1,316 were decided, 290 were dismissed on motion of the plaintiff, and 1,733 are pending. During the same period 5,520 criminal cases were filed, 4,125 were decided, 1,634 dismissed on motion of the prosecution, and 1,684 are pending.

CRIMINAL CODE.

The new criminal code prepared by Commissioner Wright has not yet been enacted, owing to the press of other business resting upon the Commission. It ought, however, to be stated that since September 1, 1903, and prior to the date of this report, the proposed code has been brought up for public discussion in open session of the Commission, and public hearings have been held for many days. The Filipino lawyers mainly opposed the enactment of the new code on the ground that it changes the theory of the law which has been long in operation in the islands. The American lawyers who appeared before the Commission mainly advocated the new code, as being in harmony with modern rules of law and with the systems prevailing in the United States. Final action has not yet been taken. It will undoubtedly be the purpose of the Commission to adhere so far as may be practicable to the existing code, eliminating all those provisions of that code which pertain to the sovereignty of Spain and to the union of church and state, and to the rigid restriction of discretion on the part of judges, to the right of private individuals to control and compromise criminal prosecutions, or to use them for the purpose of blackmailing and extortion. It is believed that a code can be enacted within a short time now, in view of the valuable suggestions received upon the public hearing, that will meet the reasonable desires of both of the advocates of the new and the old code.

CODE OF CRIMINAL PROCEDURE.

The new code of criminal procedure referred to in the last report of this office as having been prepared by Commissioner Wright has not yet been enacted by the Commission, owing to a press of other business. It is believed that it will be acted upon early in the year 1904.

CHANGES IN THE PERSONNEL OF THE COURTS.

Since the date of the last report from this office, two vacancies have occurred in the office of judge of the supreme court. Hon. James F. Smith, one of the judges of the supreme court, was on the 1st day of January, 1903, appointed to the Philippine Commission, to succeed Commissioner Bernard Moses, resigned. To fill the vacancy in the supreme court thus made, Hon. John T. McDonough, of New York, was appointed by the President of the United States, in accordance with the provisions of the act of Congress, entitled, "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes." Judge McDonough was formerly secretary of state of the State of New York, but had not seen prior service in the Philippine Islands. On the 23d day of May, 1903, Hon. Fletcher Ladd resigned his position as one of the judges of the supreme court to return to his home in the States on account of illness in his family. Judge Ladd had acquired a thorough knowledge of the Spanish language and of the civil law prevailing in the islands, and had proven himself to be a thoroughly scholarly, able, and useful judge. His retirement from the service is greatly regretted. A telegram just received announcing Judge Ladd's death is the cause of profound sorrow to all who knew him in these islands. To fill the vacancy thus created, Hon. E. Finley Johnson, of Michigan, was appointed by the President on the 8th day of June, 1903, and has since entered upon the duties of his office. Judge Johnson had served as judge of the court of first instance in the Philippine Islands for more than two years at the time of his promotion, and by efficient and faithful service had merited the promotion which he received. Hon. Lyman J. Carlock, judge of the eleventh judicial district, died of cholera on the 20th day of April, 1903, while in the performance of his duty in the island of Bohol. Judge Carlock had acquired a thorough knowledge of the Spanish language, and a knowledge of the local dialect, aside from the legal attainments which he possessed at the time of his entering upon the duties as judge. He had become greatly interested in the people, and had proven a true friend to them, and had won their affection and regard. His death is a very serious loss to the interests of good government in these islands. He lost his life in the interest of his country as truly as though he had died upon the battlefield. Judge W. H. Pope, of the twelfth judicial district, by reason of tuberculosis, was compelled to leave the islands and seek to restore his health in a drier climate. The retirement of Judge Pope is likewise a distinct loss. He was one of the best of the judges of the court of first instance. By his geniality, courtesy, kindness, and interest in the people he had made himself a source of wide usefulness here. His qualities have since been recognized by the President of the United States by appointing him as a judge of the supreme court for the Territory of New Mexico. On the 1st day of April, 1903, Judge Isidro Paredes, of the first judicial district, resigned, and was appointed assistant to the solicitor-general, which position he now holds.

To fill the vacancies thus created in the courts of first instance, and also the new offices made by provision for two additional judicial districts by Act No. 867, the following appointments have been made:

Hon. Julio Llorente, of Cebu; Hon. John C. Sweeney, of Tennessee;

Hon. Dionisio Changeo, of Manila; Hon. Charles H. Burritt, of Montana; Hon. Miguel Logarta, of Cebu, and Hon. A. E. McCabe, of Michigan. Judge Llorente was a lawyer of distinction, and had held important positions under the Spanish régime, had been one of the judges of the supreme court of the Philippine Islands during a portion of the time of military government under American authority, and had served for a considerable period prior to his appointment as governor of the province of Cebu, and subsequently, at great personal risk to himself, as governor of the province of Samar. Judge Sweeney came to the islands in the year 1902, after an active practice of his profession for more than twenty-five years, and served for a time as prosecuting attorney for the city of Manila, prior to his appointment as judge of the court of first instance. Judge Changeo had served for a considerable time as an assistant prosecuting attorney for the city of Manila prior to his promotion. Judge Burritt has been in the Philippine Islands since 1898, having served in the Volunteer Army of the United States during a portion of the time as lieutenant, and subsequently as chief of the mining bureau, where he had performed efficient service. Judge Logarta, prior to his appointment, served as fiscal for the province of Cebu. Judge McCabe has been in the islands since the year 1898, having served as a lieutenant in the United States Volunteer Army, and subsequently as assistant chief of the forestry bureau, and after that time had been engaged for a time in the practice of his profession in Manila with the firm of Hartigan, Marple, Solignac, McCabe & Gutierrez.

INSULAR COLD-STORAGE AND ICE PLANT.

During the fiscal year 1903 substantially the whole of the cold-storage space available in the insular cold-storage and ice plant was occupied by the military authorities under a contract entered into between the civil government and the military authorities, by virtue of which $3\frac{1}{2}$ cents per cubic foot per month was paid by the Army for cold-storage space. The price of $3\frac{1}{2}$ cents per cubic foot per month was a very low one, and resulted in making a great saving to the Army in the expense it had before that time incurred in the use of refrigerating ships for that purpose. The price was fixed, in connection with the probable earnings of the plant from the sale of ice, upon the theory that the plant ought to receive, after making a reasonable allowance for depreciation, a fair return upon the amount of the capital invested. Under the operation of that contract the total revenue received by the plant during the fiscal year 1903 from the Army for cold storage was \$179,076.60. There was likewise received from the United States Navy for a small amount of space available for it \$3,592.44. During the same period the plant has received for ice sold to the United States Army and Navy \$66,096.57, and for ice sold to all others, including civil institutions, civil employees, military and naval officers, and cash sales, \$78,604.76. It received additional revenues from other sources, mainly for power furnished for electric lights, for distilled water, and for rent of launches, \$4,823.80, making a total revenue of \$332,194.17. The total expenditures for the same period were \$198,338.83, leaving an excess of revenues over expenditures of \$133,855.34, which would be a more than satisfactory revenue, provided any reasonable allowance had been made for depreciation of the plant, but no such allowance was made.

Ordinarily, managers of manufacturing plants make an allowance of 10 per cent for depreciation in the plant per annum. If such an allowance were made in the present case, which manifestly ought to be made in view of the actual and manifest depreciation in the machinery and the whole land and water transportation plant, the net income would have been very small and would furnish no reasonable return upon the amount invested. That an allowance for depreciation is indispensably necessary in a country like this, subject to earthquakes, is even more manifest.

By virtue of a contract made between the Army and the civil government for the fiscal year 1904, the amount of cold storage rented by the Army is materially diminished, while its rate of rental per cubic foot per month is the same. The result is practically a reduction of \$60,000 per year in the amount that will be received by the plant for cold-storage space. The cold-storage space not taken by the Army has remained unutilized and unproductive. It is believed that the price per cubic foot now paid by the Army is inadequate in view of the smaller space which it occupies and the diminished returns made to the insular government.

The report of the operations of the plant for the fiscal year 1903, coupled with an additional report for the months of July and August, 1903, prepared by Capt. L. S. Roudiez, Twenty-fifth Infantry U. S. Army, who was superintendent of the plant down to September 1, 1903, is hereto annexed and marked "Exhibit 4." Upon an inspection of the total earnings of the plant for the months of July and August, 1903, as shown by said report, it appears that the total revenues for cold storage and ice and miscellaneous sources, amounted to \$51,820.86 United States money, and the total expenditures to \$40,675.51, making the excess of revenues over expenditures of \$11,145.35 for two months. The total excess of revenues over expenditures for the whole fiscal year 1904, on the same basis, would be six times that amount, or \$66,872.10, a sum which is hardly large enough to cover allowance that ought to be made for depreciation in the plant, to say nothing of any income upon the investment. The sales of ice have been gradually increasing, owing to the increased consumption by reason of a larger number of civil employees, the larger number of civil institutions that use ice, and larger cash sales at the plant. This last item, "cash sales at the plant," could be increased if it was the policy of the government to enter into competition with private establishments. Such not being its policy, it is not probable that that source of revenue can be very much increased over its present amount, but in the hands of private owners could be largely increased. It is believed that the Army can well afford to pay a larger price per cubic foot for cold-storage space than is now paid, and still secure much more profitable results than by any other means. During the latter portion of the fiscal year 1903 the ice-making facilities were taxed to the full limit. The capacity of the plant for making ice can be very largely increased by the expenditure of practically \$10,000 more, United States money, and such expenditure is recommended to enable the plant to be more productive and to meet the demands made upon it. It is not probable that the demands for ice will ever be less than at present; the probability is that those demands will increase. The ice-consuming habit seems to have become thoroughly fastened upon the inhabitants of Manila and the surrounding country, and it is improbable that that

habit will relax its hold. Several inquiries have been made during the year in regard to a possible sale of the plant. The land whereon the plant is situated is so valuable, and the plant, in the hands of a private individual or corporation, can be made so much more profitable than in the hands of the government, that it is believed, as stated in the last report from this office, that the entire property, including transportation equipment, ought not to be sold for less than \$1,000,000 United States money.

CURRENCY.

The evils resulting from the rapid fluctuations in the value of the Mexican silver dollars and Spanish-Filipino currency in the islands were fully set forth in the last annual report from this office. It was there stated that between January 1 and October 25, 1902, the insular government had sustained an aggregate loss of \$956,750.37½, measured in gold dollars, by reason of shrinkage in the value of the silver in the treasury. That loss still continued to increase by the successive changes in the official ratio between local currency and gold until the aggregate loss reached the sum of \$1,615,562.38 on June 30, 1903. During the latter portion of the fiscal year 1903, however, the official ratio had been made such that large sums of United States money had been paid into the treasury instead of local currency, so that the amount of local currency steadily diminished and of United States money steadily increased. The value of silver in the markets of the world commenced to rise in February, 1903, and has continued to rise, with more or less fluctuations, down to near the 1st of November, 1903, the date of this report. But the amount of local currency remaining in the treasury during the period of the rise in price of silver was so small compared with what it had been during the period of depreciation in the price of silver that but a very small portion of the losses caused by the depreciation were recouped.

During the period last referred to there was another source of loss to the treasury in the fluctuating currency. The official ratio between the two currencies was maintained at such a rate that very little Mexican or local currency came into the treasury in payment of public dues, it being more profitable to pay in United States money than in local currency; but as the assets of the government were largely in local currency it necessarily made its payments in local currency, and at the official ratio. This resulted in a materially larger number of Mexican dollars being paid out to satisfy the government's current liabilities than would have been paid out had the official ratio and the commercial ratio been the same. From this source there was a large loss to the treasury.

The following are the ratios in effect during the fiscal year 1903 between Mexican or local currency and money of the United States:

From July 1 to 7, 1902, the ratio existing was \$2.27 Mexican currency for \$1 of money of the United States; July 7 to September 23, \$2.35 to \$1; September 23 to October 26, \$2.40 to \$1; October 26 to November 12, \$2.46 to \$1; November 12 to November 23, \$2.50 to \$1; November 23, 1902, to January 25, 1903, \$2.60 to \$1; January 25 to March 11, \$2.66 to \$1; March 11 to April 4, \$2.60 to \$1; April 4 to May 1, \$2.55 to \$1; May 1 to May 14, \$2.50 to \$1; May 14 to June 30, \$2.45 to \$1.

To meet the manifest and universally acknowledged hardships of an

unstable currency, disastrous alike to all business interests and to the government, the Congress of the United States on the 2d day of March, 1903, passed an act entitled "An act to establish a standard of value and to provide for a coinage system in the Philippine Islands," whereby a system of a new currency was authorized by Congress, substantially in accordance with the recommendations made by the Commission in each of its three reports. The beneficial effect of the new legislation by Congress was immediately felt in business circles. While it was impossible for the new system to be put into immediate operation, yet the fact that such a system was to be in force in a short time restored confidence to business men to a very large degree, and enabled the government to make its forecast of income and expense with more certainty. The beneficial and steadying effects of the new law were felt almost from the moment of its approval by the President of the United States. Arrangements were immediately made, through the Bureau of Insular Affairs at Washington, for the purchase of silver and other metals for the new coinage and for the coinage of the same at the mints of the United States, and for the preparation of the silver certificates authorized by the act of Congress referred to, through the Bureau of Engraving at Washington. The designs which were accepted for the new coins were made by Señor Melecio Figueroa, a Filipino, and are very attractive. The purchases of silver for the new coinage undoubtedly contributed to the increase in the market value of silver, though other causes operated to produce that result. The price of silver steadily advanced from 49.1 cents per ounce in New York on March 26, 1903, when the insular government commenced to purchase, to 59.5 cents per ounce on or about November 1, 1903, when the Government ceased such purchases, it being then considered that the amount already coined and to be coined from silver and other metals purchased down to that date, coupled with the Spanish-Filipino coins and United States money in circulation in the islands, would furnish a sufficient circulating medium for all the demands of business until the commerce of the islands should increase. Down to November 1, 1903, 11,707,005 ounces of silver had been purchased for the new coinage, at a cost of \$6,317,460.63, averaging 54.108 cents per ounce. Metals for minor coins had been purchased at a cost of \$86,042.01. From the metals so purchased there had been coined and shipped to Manila down to November 1, 1903, 14,500,000 Philippine pesos, half pesos to the value of ₱1,550,000, 20-centavo pieces to the value of ₱1,070,000, 10-centavo pieces to the value of ₱510,000, 5-centavo pieces to the value of ₱362,500, 1-centavo pieces to the value of ₱79,200, and half-centavo pieces to the value of ₱54,550. Of the currency so coined ₱14,543,650 in all, including subsidiary and minor coins, had been received in Manila up to and including October 31. On October 31 there were likewise in transit to Manila, ₱1,560,000 in pesos, ₱1,000,000 in half pesos, ₱500,000 in 20-centavo pieces, ₱60,000 in 10-centavo pieces, ₱70,000 in 5-centavo pieces, ₱20,800 in 1-centavo pieces, ₱16,800 in half-centavo pieces, making an aggregate of ₱3,227,600 in transit. This makes a total of ₱17,771,250, in value of Philippine currency, received and in transit on October 31. A large portion of the minor coins so received have been stored in the insular treasury, but deposits have likewise been made in the local banks that are legal government depositories, and have by them been placed in circulation to a greater or less extent. The insular government has likewise, since the 1st of

August, 1903, distributed the Philippine pesos in payment of all its civil employees, and in payment of its other obligations so far as practicable.

Early in the inauguration of the new system a question of great practical importance arose as to what should be done with the Mexican and Spanish-Filipino coins in the islands. Strong pressure was brought to bear by the local banks and other dealers in currency to induce the Commission to enact a law to prohibit the further importation of Mexican dollars or impose a heavy tax upon such importation and agreeing to take up or redeem all the Mexican currency in the islands at a fixed valuation. It was urged that the Government, under those circumstances, might well redeem all the existing local currency, both Mexican and Spanish-Filipino, at a uniform ratio of 1 peso of the new currency for 1 peso of the old. The result of such action would necessarily have been to have given an immediate fictitious value to the local currency then in the islands and to enable the banks and others who might get possession of it to obtain a much larger price than its true and actual value. The result likewise would have been to have imposed upon the Government a great expense by reason of paying a fictitious value for the local currency in the islands, probably largely in excess of the whole profits that may be made from seigniorage on the new coins. It was also probable that the demonetization of the Mexican coins would tend of itself rapidly to expel them from the islands, and that the danger of their importation was not then imminent. After careful consideration it was determined that the ordinary laws of supply and demand should be allowed to have full sway, for the present at least, and that the Mexican dollars should be allowed to flow wherever the current naturally tended to take them, and that the Government should not redeem them, or any part of them, at any time or at any price. The result so far has demonstrated the wisdom of this conclusion. For some time before the inauguration of the new system the fact that it was to be inaugurated in connection with other large causes had tended to produce a constantly accelerated flow of Mexican dollars out of the islands. From January 1 down to March 1, 1903, and before the act of Congress had passed, the exportation of Mexican dollars amounted to approximately 1,600,000 pesos, and the importation of them to approximately 1,200,000 pesos. From that date down to the 1st day of August, when the new currency began to be put into circulation, the exports of Mexican dollars amounted to approximately 11,400,000 pesos and the imports to approximately 251,000 pesos. From the 1st day of August to the 1st day of November, 1903, the export of Mexican dollars amounted to 4,766,900 pesos and the imports to 774,707 pesos, including a small amount of Spanish-Filipino money. The importations and exportations of Mexican dollars from the 1st day of January to the 1st day of November, 1903, aggregated approximately 17,767,000 and 2,225,000, respectively, leaving a net excess of exports over imports amounting to approximately 15,541,000, which is approximately the amount of the new coinage that has been introduced into the islands. So that the currency available in the islands has not been at all diminished by reason of the export of Mexican.

It is impossible to estimate with any exactness the number of Mexican dollars still left in the islands. Mr. Jones, manager of the Hongkong and Shanghai Banking Corporation at Manila, estimates that not

more than 4,000,000 pesos Mexican are still remaining in the islands. Other estimates are much higher. The amount of such coins in all the banks and in the insular treasury on the 1st day of October, 1903, was much less than 1,000,000 pesos. There was no record of the amount of such coins in the islands at any time. Nearly all of them were introduced in violation of Spanish law, and therefore, necessarily, no record was made thereof. The Mexican dollars were the coinage of a foreign country, in part unlawfully introduced into the islands, and the insular government manifestly owes no duty in regard to them. Other considerations pertain to the Spanish-Filipino coins. They were issued by authority of the government that controlled the Philippine Islands and are in the hands of the residents of these islands. They are not used in Asiatic countries, so that it is impracticable to export them to those countries, as is done with the Mexican dollars. It was considered that good faith and fair dealing required that the insular government should on some just basis redeem the Spanish-Filipino coins, and it is proposed to take such action at an early date upon a basis to be hereafter determined. This basis, however, will not be in excess of the commercial value of Mexican dollars, and after a reasonable time will probably be the bullion value of the coins. The Spanish-Filipino coins that are in the insular treasury are already being transported to San Francisco to be coined into new Philippine coins in the mint there located. The official ratio between United States money and local coins, both Mexican and Spanish-Filipino, for payment of public dues has been maintained at \$1 of United States money for \$2.30 of the local coins since August 1 to the 1st day of November, 1903. This ratio was an artificial one, and gives to the local currency materially less than its commercial value. The result has been that very little of it has been paid into the treasury for payment of public dues during that period. On the 23d day of October, 1903, the civil governor issued a proclamation, in accordance with the act of Congress of March 2, 1903, providing that Mexican dollars would not be received for public dues after the 1st day of January, 1904. After that date another date will doubtless be fixed after which the Spanish-Filipino coins will not be received in payment of public dues, but between the dates of January 1, 1904, and the date when Spanish-Filipino coins become demonetized, the ratio between United States money and the Spanish-Filipino coins for payment of public dues ought to be a fair commercial ratio, so that such coins will come into the treasury in payment of public dues, and they ought, upon coming in, to be there retained and shipped from time to time to San Francisco, to be recoined into the new Philippine coins. During the same period provision ought also to be made for their redemption by the treasurer at the official ratio, irrespective of whether they are or are not tendered in payment of public dues. It will require considerable time to get in the Spanish-Filipino coins, the amount of which is estimated at between 11,000,000 and 15,000,000 pesos, to expel the Mexican pesos, and to introduce the new Philippine coins throughout the remote provinces. The number of Philippine pesos, subsidiary and minor coins deposited in the banks and by them put into circulation, and put into circulation by payment directly from the treasury for salaries, wages, and other obligations of the government, is as follows, prior to the 1st day of November, 1903:

On October 31 there were held in the vaults of the treasury ₱9,517,004.22, and in circulation ₱5,026,645.78, of which last amount

₱3,246,473.50 consisted of money held in the vaults of the four principal banks of Manila. The aggregate of these two items, ₱9,517,004.22 and ₱5,026,645.78, is ₱14,543,650, the total number at that time received in the islands.

In accordance with the provisions of said act of Congress steps were immediately taken to secure the printing of the new silver certificates, such certificates, lacking only the seal and numeral, having been received in the islands up to and including October 30 to the amount of ₱5,000,000. The work of printing the numerals and seals upon them was immediately begun under the direction of the treasurer, and their disbursement, in exchange for silver pesos deposited in the treasury, commenced on the 28th day of October, 1903. From that date and during the first week in November about ₱400,000 of them were placed in circulation. They form an exceedingly convenient means of exchange and relieve the burdensomeness of making payments in the heavy silver coin, either old or new, and come as a great relief for business men and all others who have occasion to receive or pay out money.

The act of Congress above referred to, and likewise the act of Congress approved July 1, 1902, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," provided in general terms the safeguards that might be employed to make certain the maintenance of the parity of the Philippine peso with gold. To put those provisions of the act of Congress into effect, and to supply such other means as were deemed necessary for maintaining the parity between the new currency and gold, and to supply the necessary machinery for issuing and safeguarding the issuing of silver certificates, the Commission on the 10th day of October, 1903, passed act No. 938, entitled "An act constituting a gold-standard fund in the insular treasury to be used for the purpose of maintaining the parity of the silver Philippine peso with the gold-standard peso, and organizing a division of the currency in the bureau of the insular treasury through which such fund shall be maintained, expenditures made therefrom and accretions made thereto, and providing regulations for the exchange of currencies and for the issue and redemption of silver certificates," which for brevity in this report is termed the "gold standard act."

That act provides for the creation of a "gold-standard fund," to be used for the purpose of maintaining the parity of the silver Philippine peso with the gold-standard peso provided in the act of Congress approved March 2, 1903. It states that all funds in the insular treasury which are the proceeds of the certificates of indebtedness issued under said act of Congress, all profits of seigniorage made in the purchase of bullion and coinage therefrom, all profits from the sale of exchange by the insular government between the Philippine Islands and the United States, and all other receipts in the insular treasury accruing from the exercise of its functions of furnishing a convenient currency for the islands shall constitute a separate and trust fund. It can not be used to pay any of the expenses of the insular government except those connected with the purchase of bullion and the coinage of the same, those which are incident to the transportation of such money to the Philippine Islands from the place of coinage, putting of the money into circulation, including the preparation and issue of the silver certificates, and the carrying out of such financial transac-

tions as may be authorized by law to maintain the circulation of the new currency and for the maintenance of the parity of value between the silver Philippine peso and the subsidiary and minor coins with gold, with the proviso that there may be withdrawn from the gold-standard fund such amount as the Philippine Government may deem proper to pay the principal and interest of the certificates, or any part of its indebtedness incurred under section 6 of the act of Congress of March 2, 1903. There is created in the bureau of the insular treasury a division of currency, the chief of the division to be appointed by the civil governor, with the advice and consent of the Commission, at an annual salary of ₱6,000. It is made the duty of the chief of the division of currency to examine the books of the treasurer and auditor, to make report of the funds in the treasury which are to constitute the gold-standard fund and to be segregated as such, and to make his report thereof to the treasurer. If the treasurer and auditor concur in the recommendations so made, a segregation shall be made in accordance with that report on the books of the treasurer and auditor. In case of any difference of opinion between the chief of the division of currency, the treasurer, and the auditor, the method of segregation is to be finally determined by the secretary of finance and justice. After the segregation has been effected, all receipts for moneys coming into the treasury that ought to be deposited to the gold-standard fund shall be submitted to the chief of the division of currency for his initialing and proper notation of the same. When any money is to be withdrawn from the gold-standard fund, or transferred from the treasury in Manila to a depositary elsewhere, or vice versa, the warrant or draft or telegraphic transfer of the same, must state specifically that it is from the gold-standard fund, and shall be initialed and noted by the chief of the division of currency. No transaction in the treasury with reference to the coinage of money, the circulation, the maintenance and preservation of the gold-standard fund, the maintenance of the parity, or the issue and retirement of silver certificates shall take place until first submitted to the chief of the division of currency. It is made his duty to keep a set of books dealing solely with the financial operations of the government in coinage and currency matters, and in the administration of the gold-standard fund, and to make a monthly statement of the same to the insular treasurer and to the secretary of finance and justice. But the actual custody and control of all insular funds, including the gold-standard fund, remains in the insular treasurer as heretofore, and he is responsible for the same, the duties of the chief of the division of currency to be performed under his supervision.

For the purpose of maintaining the parity of the Philippine silver peso with the Philippine gold peso, which latter is the theoretical standard, under the act of Congress referred to, and of keeping the currency equal in volume only to the demands of trade, five special provisions are made. The treasurer is authorized—

First. To exchange at the insular treasury for Philippine currency offered in sums of not less than ₱10,000, or United States money offered in sums of not less than \$5,000, drafts on the gold-standard fund deposited in the United States or elsewhere, charging a premium of three-fourths of 1 per cent for demand drafts, and 1½ per cent for telegraphic transfers, and to direct the depositaries of the funds of the Philippine government in the United States to sell upon the same

terms and in like amount exchange against the gold-standard fund in the Philippine Islands. The premium to be charged for drafts and telegraphic transfers may be temporarily increased or decreased by orders of the secretary of finance and justice should the conditions at any time existing, in his judgment, require such action.

Second. To exchange at par, on the approval of the secretary of finance and justice, United States paper currency of all kinds for Philippine currency, and the reverse.

Third. On like approval, to exchange for Philippine currency United States gold coin or gold bars in sums of not less than ₱10,000 or \$5,000, charging for the same a premium sufficient to cover the expenses of transporting United States gold coin from New York to Manila, the amount of such premium to be determined by the secretary of finance and justice.

Fourth. To withdraw from circulation until paid out in response to demands made upon it, in accordance with the provisions of the act, Philippine currency exchanged and deposited in the treasury.

Fifth. To withdraw from circulation United States paper currency, and gold coin and gold bars received by the insular treasury in exchange for Philippine currency, until the same shall be called out in response to the presentation of Philippine currency, or until an insufficiency of Philippine currency shall make necessary an increased coinage, in which event, for the purpose of providing such coinage, the coin so obtained shall become part of the gold-standard fund.

The insular treasurer and the treasurers of the several provinces are authorized to exchange Philippine pesos on demand for the subsidiary and minor Philippine coins, and the reverse, in sums of ₱10 or any multiple thereof.

The issue and redemption of silver certificates is to be conducted under the immediate supervision of the chief of the division of the currency, and his books are to contain detailed accounts of the issue and redemption thereof. The treasurer is authorized to issue silver certificates, upon receiving deposits of the standard Philippine pesos, in accordance with regulations fully provided in said act, which are designed to secure safety in the preparation of the plates, engraving, printing, and circulation thereof. The more important safeguards in this respect are that when the silver certificates have been entirely completed, cut, counted, and placed in proper bundles, they shall be deposited in the reserve vault, there to remain until required for circulation, and not to be considered while so remaining in the vault as available cash for the government, and shall not appear as such on the books of the treasury, although the treasurer shall be responsible for the same as money; that from time to time the treasurer shall withdraw such amount of silver certificates from the reserve vault as may be required to meet the demands for their purchase in accordance with the provisions of section 8 of the act of Congress of March 2, 1903. All certificates so withdrawn from the reserve vault are to be thereafter treated as cash available for the Government, and the pesos received in exchange for the silver certificates sold are to be deposited in the reserve vault and held for the payment of the certificates on demand, and shall constitute a trust fund to be used for no other purpose. Certificates mutilated or otherwise unfit for circulation, when paid into the insular treasury, shall not be reissued, but retained for future destruction, with safeguards in the act fully provided.

The theory of the act of Congress referred to and of the gold-standard act passed by the Commission is substantially that a gold-standard circulating medium may be maintained at a parity with gold without any large use of a gold currency by the aid of the means provided for maintaining the parity between the two currencies. The essential elements of the system are based upon the maintenance of a reasonable gold-standard fund, the rigid restriction of the amount of new coinage so as to meet only the demands of commerce, the retirement of a sufficient amount of such coinage whenever it shall become apparent that there is more in circulation than the demands of commerce require, the issuance of more of the new currency whenever it becomes apparent that there is a shortage of such currency in circulation, and the furnishing of reasonable facilities for the conversion of gold coin or other money of the United States into Philippine currency, or the reverse, as the demands of commerce may require. The theory and system are substantially the same as those adopted by the British Government to maintain the parity of the rupee in India; by the Japanese Government to maintain the parity of the yen in Japan, and by the Dutch Government to maintain the parity between the silver coins in circulation and the gold standard in Java. The new currency system about to be inaugurated in the Straits Settlements is based upon the same theory. An attempt to introduce the same system upon a much larger scale, and particularly with reference to a silver coinage, but a gold standard, for Mexico and a coinage that shall circulate throughout the Empire of China has been under consideration during the past year largely through the instrumentality of commissions appointed by the United States Government and by the Republic of Mexico. The Philippine government is so largely interested in this question, in its larger sense, particularly as it relates to the neighboring country of China, that \$10,000 in money of the United States has been appropriated from the insular treasury toward the payment of the expenses of that Commission in its work in China.

Among other things provided by the act of Congress approved March 2, 1903, for maintaining the parity of the value of the silver Philippine peso and the gold Philippine peso was one authorizing the issue of temporary certificates of indebtedness bearing interest at a rate not exceeding 4 per cent annually, payable at periods of three months or more, but not later than one year from the date of issue, in denominations of \$25 or some multiple thereof, redeemable in gold coin or any lawful money of the United States, according to the terms of issue prescribed by the insular government, with a provision that the amount of such certificates outstanding at one time shall not exceed \$10,000,000, money of the United States, and that such certificates shall be exempt from the payment of all taxes or duties of the government of the Philippine Islands, or any local authority therein, or the Government of the United States, as well as taxation in any form by or under any State, municipal, or local authority in the United States or the Philippine Islands, the proceeds of such certificates to be used exclusively for the maintenance of the parity, and for no other purpose, except that a sum not exceeding \$3,000,000 at any one time may be used as a continuing credit for the purchase of silver bullion in execution of the provisions of the act. In pursuance of this authority the insular government on the 23d day of March, 1903, authorized the sale of \$3,000,000 of such certificates, in one year, payable in gold

coin or money of the United States. These certificates were sold through the Bureau of Insular Affairs at Washington, at a premium of 2.513 per cent. The rate of interest being 4 per cent, and the time which they were to run being one year, after deducting the premium, the net interest paid would be 1.487 per cent. The money realized in this transaction was deposited to the credit of the gold-standard fund, with the Guaranty Trust Company in New York, which paid at the rate of $3\frac{1}{2}$ per cent per annum for the use of the money. It therefore resulted, inasmuch as the money remained for a considerable period on deposit with the Guaranty Trust Company, that the interest received from that deposit more than paid the interest above stated that the Government must pay upon the certificates, so that the transaction cost the Government less than nothing, and was an actual source of profit.

On the 25th day of August, 1903, \$3,000,000 more of the certificates, to run for the same period and to bear the same rate of interest, were sold at a premium of 2.24 per cent, and the proceeds were deposited with the Guaranty Trust Company at New York. The last issue of bonds sold at a slightly lower price than the first, because of a greater stringency in the money market of New York at the time of the second sale. The special reasons for the exceedingly favorable terms upon which the certificates were sold were, first, the entire safety of the certificates; second, the fact that they were made exempt from taxation; and, third, that the Secretary of the Treasury of the United States authorized their deposit by national banks as security for deposits of United States funds held by the banks. The last circumstance gave to them an especial value.

These two transactions probably are unique in the history of Government loans, in that the Government has actually made a profit out of its debts.

The facts in regard to the passage of the gold-standard act, and the introduction of the new currency have been brought down substantially to November 1, 1903, so that as much light as practicable may be thrown upon the workings of the new currency and upon the progress that has been made upon its inauguration.

Mr. E. W. Kemmerer, who was an instructor of economics in Purdue University, at Lafayette, Ind., and had made a special study of finance and currency, has been brought to the islands to aid in the establishment and maintenance of this new system, and was duly appointed to, and now occupies, the position of chief of the division of currency created by the gold-standard act.

The opinion is confidently entertained by this office that no single step has been taken since American occupancy that will ultimately redound more to the business interests and prosperity of the islands, of its people and business men, than the successful inauguration of the new system of stable currency.

It is not to be anticipated that the new currency or United States currency can immediately supplant the use of the old. The moment that silver commences again to fall in value, the intrinsic value of the existing local coins diminishes and the more desirable they become for the use of the exporter and the large purchaser who employs native labor or buys native commodities. Selling his goods in the foreign markets of the world upon practically a gold basis, the gold which he receives will enable him to purchase more of the depreciated coin

with which to pay his employees or to purchase commodities in the interior. The habitual price of commodities and of labor being fixed in local currency, is not materially affected by the change in the world value of that local currency. So that it will always be advantageous to the class of purchasers and exporters mentioned to make use of the cheaper currency in payment instead of the better one, and it is difficult to provide, except by extremely drastic legislation, measures that will prevent such use, to a certain extent, of the existing coins. It is not certain that it is in the interest of the commerce of the country that such steps should be taken now, if at any time. The new currency upon a fixed and stable basis will have all the qualities of a legal tender, will be receivable for public dues, will be the official money of the country, can be converted at the Treasury at a moment's notice into gold money of the world, and possesses such superior elements and advantages that all commercial transactions can be based upon it with safety and certainty, and Government forecasts can be made with all the advantages of an absolute gold currency. The great economic law that where a good currency and a debased one exist side by side, both having debt-paying capacity, the bad currency drives out the good, has little application to the situation here. Such local currency as may remain in use in the islands will have no debt-paying capacity, except in fulfillment of special contracts payable in that commodity only, and will not be money in any technical sense of that term. It will be a commodity pure and simple. It will not be a case of poor money driving out good money, because the only money will be good money. Nor is it feasible for the new coinage to be driven out to other countries by the local currency, because the Philippine currency is not a coin in circulation in other countries, and will there be available only for reexportation to the Philippine Islands, or for bullion, and for bullion purposes it will not be worth its current value in the Philippine Islands, unless the market price of silver should increase to a very marked degree and for a much larger percentage than appears within the range of probability. On the whole, it seems now almost certain that the new system, with a uniform gold standard, will be the actual basis throughout the Philippine Islands and in general use therein within a comparatively few months.

It ought to be remarked that since the Philippine government has announced that it is out of the market for the purchase of silver the market price of silver has gradually fallen, owing in part to that announcement. At the same time the outflow of Mexican dollars from the islands has substantially ceased, because it is no longer profitable for purposes of exportation. It is not impossible that some may be imported in the near future.

BANKS AND BANKING.

Since the last report from this office no new banks have been established in the islands by any governmental authority, nor have new offices been opened by American or other foreign banking institutions. The funds belonging to the insular government have been more largely retained in the treasury during the fiscal year 1903 than before that time, but the funds not so retained in the treasury vaults have been distributed between the Chartered Bank of India, Australia and China, the Hongkong and Shanghai Banking Corporation, the International Banking Corporation of Connecticut, and the Guaranty Trust Company of New York, at New York and Manila, all authorized

depositories for funds of the United States Government and for the government of the Philippine Islands. At the close of the fiscal year 1903 funds belonging to the insular treasury were distributed as follows:

| | Philippine currency. | U. S. currency. | Local currency. |
|--|-------------------------|-----------------|--------------------|
| In the insular treasury | | \$1,141,304.02 | |
| Chartered Bank of India, Australia and China | \$492,489.24 | 363,523.11 | \$138,001.88 |
| Hongkong and Shanghai Banking Corporation | 476,839.77 | 745,690.92 | 167,737.09 |
| International Banking Corporation | 465,555.24 | 735,840.60 | 177,785.43 |
| Guaranty Trust Co.: | | | |
| At New York | | 1,586,873.49 | |
| At Manila | 499,787.40 | 682,528.99 | 213,971.93 |

The so-called "American Bank" was organized in the city of Manila during the fiscal year 1902, with a paid-up capital of \$25,000, which has not been increased up to the present time. That corporation was formed as a corporation by voluntary association under the Spanish laws, no new general corporation laws having been passed by the Philippine Commission, and no charter having been granted to the American Bank by the Commission. Its status as a legal corporation is doubtful, in view of the fact that the granting of franchises is deemed to be an act of the sovereign power, and that the present sovereign power has never sanctioned or authorized the granting of any franchise to the American Bank, or to any other corporation formed after the American occupancy by virtue of existing Spanish laws.

In the former report from this office a recommendation was made that Congress be urged to provide for a banking system in the Philippine Islands, or specifically to authorize the Commission to establish such system, with the right to authorize the issue of bank notes. The Congress has legislated upon the subject of currency in the Philippine Islands without providing for the creation of banks of issue. It is doubtful whether the recommendation made in the former report ought now to be renewed. Since the date of that report provision has been made for the institution of a wholly new currency system for the islands, including the issue of silver certificates by the treasurer in exchange for Philippine pesos deposited in the treasury for their redemption. While the new silver certificates are not legal tender in the payment of ordinary obligations, though they are receivable for public dues, and are not bank notes, nor money in the ordinary sense of those terms, yet they form a convenient means of exchange in ordinary commercial transactions, and perform to some degree the functions of ordinary paper currency. It is probably advisable that the workings of the new system should be observed for a time before asking for further legislation in that respect. It is possible that the new silver certificates, coupled with a large amount of United States paper currency which is now in circulation in the islands and is legal tender, together with the amount of bank notes that are in circulation issued by the Spanish-Filipino bank, will furnish all the facilities for the present that are needed. It is, therefore, recommended that Congress be not asked to legislate at its coming session in regard to the establishment of banks of issue.

THE TREASURY.

The insular treasury has continued during the past year under the control of the same faithful and efficient treasurer who has been at its

head since the organization of civil government. All his accounts, as well as the accounts of practically all receiving and disbursing officers in the islands, have been thoroughly audited in the office of the auditor, through whose zeal, firmness, accuracy, and ability enormous sums have been saved to the government, while, at the same time, it is believed that all just claims have received fair and reasonable recognition. Want of efficiency in the office of the auditor would have resulted in hopeless confusion in view of the large number of inexperienced receiving and disbursing officers necessarily employed, the uncertainties of means of communication by which funds are received or transmitted, and the difficulties arising from a fluctuating currency used side by side with a stable one. Happily the difficulties arising from the cause last named will hereafter be largely eliminated, and the other two causes are being more and more effectively dealt with as time goes on.

The several amounts in the treasury at the end of the fiscal years 1901, 1902, and 1903 were as follows, stated in money of the United States at the ratios existing on each of the several dates: On June 30, 1901, \$6,222,912.78; on June 30, 1902, \$5,995,006.49½; on June 30, 1903, \$10,633,693.13.

The several sums available for appropriations at the close of the fiscal years referred to are as follows, local currency being reduced to United States money on the bases above stated: June 30, 1901, \$3,919,420; June 30, 1902, \$3,999,426.47; June 30, 1903, \$6,849,321.28.

It will be observed that both the amount in the treasury and the amount available for appropriations were materially larger at the close of the fiscal year 1903 than at the close of either of the prior fiscal years referred to. But such a statement without explanation would be misleading. During the fiscal year 1903 more or less of the financial operations above referred to in this report for the establishment of the new coinage system were undertaken, and money was borrowed upon the certificates in accordance with the provisions of the act of Congress in that behalf, and the proceeds of the sale of the first set of certificates went to swell both the amount in the treasury and the amount therein available for appropriations. In order to comprehend the true financial condition of the government at the close of the fiscal year 1903 it will be necessary to segregate all the items relating to the establishment of the new currency system from the other items in the treasury and available for appropriations, as well as to consider certain other items of an extraordinary nature that during the fiscal year 1903 have gone to increase the sum available for appropriations.

The \$3,000,000 appropriated by Congress for the relief of the Philippine Islands by the act approved March 3, 1903, is involved in the statement above given, from which large appropriations have been made for the purposes contemplated by the act of Congress. Eliminating all transactions, both debit and credit, relating to the new currency system and likewise the whole of the \$3,000,000 Congressional appropriation and the items that have been appropriated out of that fund by act of the Commission from the computation, and confining the inquiry to regular sources of income and ordinary and extraordinary appropriations, it appears that the true amount available for appropriations at the end of the fiscal year 1903 was \$2,173,931.28, money of the United States.

It will be observed that this sum is little more than one-half the sum that was available for appropriations at the close of the fiscal

year 1902. In addition to the sum available for appropriations at the close of the fiscal year 1902 there came into the Treasury during the fiscal year 1903 very large repayments from appropriations before that time made. The shrinkage in the sum remaining available for appropriation therefore absorbed not only nearly one-half of the surplus available at the close of the fiscal year 1902, but likewise the whole amount of the repayments referred to. There will doubtless be more or less repayments from appropriations made in the fiscal year 1903, available for use during the fiscal year 1904, but the sum thus to be made available will doubtless be materially less than in the previous year, because as time goes on appropriations are more carefully scrutinized by the Commission and excessive appropriations are eliminated, the appropriations becoming constantly more nearly the amount actually required for expenditures.

It is apparent, therefore, that a very large inroad was made upon the available surplus during the fiscal year 1903, and that a like inroad another year would leave very shallow water under our financial ship. While it is true that the purpose of a surplus is to provide needed general improvements, yet it is not considered wise to run too near the bottom at any time. There are always liable to be special emergencies by great conflagrations, earthquakes, incursions of epidemic diseases, and failure of crops, that must be met by large appropriations temporarily, and it is indispensable that there should be always available a reasonable surplus to meet such emergencies, particularly in view of the fact that Congress has not authorized the insular government to issue bonds or incur indebtedness, except in very special instances, none of which would meet the emergencies above stated. It is believed that there should be the utmost economy practiced in all parts of the Government, and that appropriations should be kept clearly within visible and certain revenue. During the fiscal year 1903 there were turned back into the Treasury the sum of \$1,027,753.44 from appropriations that had been made during that fiscal year, clearly indicating that the appropriations in many cases had been excessive. The policy of making excessive appropriations is deemed inadvisable, and it is thought to be far more desirable to bring the appropriations down to the indispensable needs of each bureau, meeting a deficiency, if such necessarily occurs, by a deficiency appropriation bill.

The total receipts and disbursements (expressed in U. S. currency) of the insular government during the fiscal year ending June 30, 1903, were as follows:

RECEIPTS.

Ordinary revenues, fiscal year 1903, exclusive of all refundable items:

| | |
|--|-------------------|
| Customs revenues | \$9, 215, 551. 88 |
| Postal revenues | 145, 702. 53 |
| Internal revenues | 7, 867. 01 |
| Miscellaneous revenues— | |
| Notarial and judicial fees..... | 50, 190. 06 |
| Insular cold-storage and ice plant | 330, 038. 56 |
| The insular treasurer | 37, 711. 32 |
| The Philippine Commission..... | 1, 146. 09 |
| Department of commerce and police | 74, 509. 91 |
| Department of the interior | 63, 569. 37 |
| Department of public instruction | 32, 922. 82 |
| Unassigned service | 5, 262. 82 |
| | <hr/> |
| | \$9, 964, 472. 37 |

Extraordinary revenues, exclusive of all refundable items:

| | | |
|--|----------------|-------------------------|
| Sale of gunboats to the U. S. Government..... | \$208, 819. 67 | |
| Seized funds (including funds seized in prior fiscal years covered into the general fund under authority of Act 608) | 289, 470. 38 | |
| Cable concessions | 69, 291. 92 | \$567, 581. 97 |
| City of Manila | | 1, 542, 675. 96 |
| | | <u>12, 074, 730. 30</u> |

DISBURSEMENTS.

Ordinary expenditures, fiscal year 1903:

| | | |
|--|-----------------|--------------------------|
| U. S. Philippine Commission..... | \$124, 835. 36 | |
| The executive..... | 460, 380. 89 | |
| Department of finance and justice..... | 1, 451, 180. 72 | |
| Department of the interior..... | 764, 416. 94 | |
| Department of commerce and police..... | 2, 619, 251. 09 | |
| Department of public instruction..... | 1, 780, 759. 33 | |
| Unassigned service..... | 313, 337. 35 | |
| | | <u>\$7, 514, 161. 68</u> |

Extraordinary expenditures other than refunds and loans:

| | | |
|--|-----------------|-------------------------|
| Public works | 2, 041, 963. 52 | |
| Contributions to provinces other than refunds and loans..... | 69, 999. 72 | |
| Public health, sanitary and other preventive measures..... | 357, 229. 03 | |
| The Philippine census..... | 554, 433. 31 | |
| The Louisiana Purchase Exposition..... | 66, 757. 64 | |
| Lumbang fire claims..... | 4, 641. 23 | |
| | | <u>3, 095, 024. 45</u> |
| City of Manila | | 1, 947, 929. 93 |
| Total..... | | <u>12, 557, 116. 06</u> |

Summary fiscal year 1903, including revenues and expenditures of the city of Manila.

[Values expressed in U. S. currency.]

| Item. | Debit. | Credit. |
|---|-------------------------|-------------------------|
| Ordinary revenues, exclusive of all refundable items..... | \$11, 506, 535. 47 | |
| Extraordinary revenues, exclusive of all refundable items..... | 568, 194. 83 | |
| Ordinary expenditures..... | | \$8, 992, 139. 54 |
| Extraordinary expenditures..... | | 3, 564, 976. 52 |
| Excess of ordinary and extraordinary expenditures over ordinary and extraordinary revenues..... | 482, 385. 76 | |
| | <u>12, 557, 116. 06</u> | <u>12, 557, 116. 06</u> |

In the foregoing statement all receipts and disbursements by reason of the new currency system and on account of the Congressional relief appropriation of \$3,000,000 are excluded.

Of the total receipts, \$9,215,551.88 came from customs duties, and that sum is 87.5 per cent of the total receipts of the government, excluding from the computation all items relating to the new currency system and the \$3,000,000 Congressional relief fund.

Included in the receipts of the government for the fiscal year 1903, and therefore contributing to the balance available for appropriations June 30, 1903, were the two following items:

| | |
|---|---------------------|
| Seized funds turned into the general fund..... | \$267, 663. 26 |
| Sale of gunboats to the United States Government..... | 208, 819. 67 |
| Aggregating | <u>476, 482. 93</u> |

These items are not revenue in any proper sense, and like items will not hereafter contribute to the income of the government. The seized funds have been carried as special deposits under the terms "seized funds in the insular treasury" down to the latter part of the fiscal year 1903, and by virtue of Act No. 608 of the Commission they were turned into the general fund, and no longer appear in the statement of the treasurer or auditor as seized funds. The gunboats referred to had been purchased during the military régime out of insular funds, and passed over to the United States Navy. By act of Congress the sum stated, \$208,819.67, was appropriated to reimburse the insular government for them, and that sum takes the place of a claim that had before existed against the Government of the United States, and is considered to be a final adjustment of that matter between the insular and the United States Governments.

The sums above stated are all in money of the United States.

The following tabulation shows in brief form the total receipts and withdrawals in the insular treasury during the fiscal year 1903:

| Character of item. | United States currency. | Mexican currency. |
|---|-------------------------|----------------------|
| RECEIPTS. | | |
| Balance due government July 1, 1902 | \$1,256,850.90 | \$10,755,613.15 |
| Deposits on account of— | | |
| Customs revenues | 5,428,357.31 | 9,185,104.12 |
| Postal revenues | 103,358.46 | |
| Internal revenues | 29,750.48 | 448,547.49 |
| Miscellaneous revenues | 433,544.51 | 511,965.77 |
| E. E. A. and C. Tel. Co., Visayan concession | 5,686.38 | 71,876.98 |
| Seized funds turned into general treasury | 14,269.78 | 673,497.46 |
| Sale of gunboats to U. S. Government | 208,819.67 | |
| Repayments to appropriations | 130,735.65 | 3,614,187.65 |
| Sales of rice, emergency fund | 42,271.12 | 848,507.31 |
| Sales of rice, insular purchasing agent | 10,661.85 | 1,219,922.04 |
| Sales of supplies | 223,956.89 | 3,243,915.40 |
| Refundable export duties | 243,834.14 | 681,076.23 |
| Philippine pesos coined from bullion purchase | 1,600,000.00 | |
| Sale of bonds and premium thereon | 3,075,390.00 | |
| Relief fund voted by Congress | 3,000,000.00 | |
| Surplus, customs auctions sales (sec. 283, act No. 355) | 4,154.49 | 5,673.04 |
| Outstanding liabilities | | 233.99 |
| Invalid money orders | 5,637.76 | |
| Province of Rizal (sec. 5 (g), act No. 426) | 304.47 | 1,588.91 |
| City of Manila | 634,778.11 | 2,309,464.04 |
| Currency received in exchange for equivalent in other currency | 136,938.91 | 2,832,955.70 |
| Balance due treasurer June 30, 1903 | | 539,269.39 |
| Total debit | 16,589,115.88 | 36,943,378.67 |
| WITHDRAWALS. | | |
| Accountable warrants | 4,273,348.27 | 32,882,330.66 |
| Settlement warrants | 217,628.06 | 3,705,977.26 |
| Postal covering in warrants | 103,358.46 | |
| Currency given in exchange for the equivalent in other currency | 1,140,978.00 | 355,070.75 |
| Balance due government on June 30, 1903 | 10,853,803.09 | |
| | 16,589,115.88 | 36,943,378.67 |

Attention has been called to some of the items of receipts that are not liable to reappear in any subsequent year.

Attention should be likewise called to some of the items of disbursement for the fiscal year 1903 that may be regarded as not likely to recur and as extraordinary in their character, as well as to the large amount that has been expended during that period for public improvements of a permanent character.

The largest single item of an extraordinary character was \$582,187.36 for the Philippine census. There has been expended toward the St.

Louis Exposition \$66,436.09. There were likewise loans to the provinces amounting to \$95,966.36, and payments and contributions to provincial governments of \$162,800.97. There is also included in the expenses the sum of \$2,213,179.69 for what are considered permanent improvements. Among the important permanent improvements are the improvement of the harbor at Manila, construction of the Benguet road and other important insular roads and bridges, construction and equipment of a government laboratory, payment for boats for the coast guard and transportation service, large additions to the customs house at Manila, and expensive public improvements in the city of Manila, properly chargeable to that city although paid from the insular treasury, as are all appropriations for the city of Manila.

The matters relating to the expenditure of the \$3,000,000 Congressional appropriation for the relief of the Philippine Islands are not entered into in detail in this report, because that expenditure has been under the immediate direction of the civil governor, and it is understood that his report will cover all necessary details in that respect.

Attention is invited to the effect upon insular revenues of the act of Congress of March 8, 1902, relating to articles shipped from the Philippines to the United States. It was doubtless the purpose of that act of Congress to furnish relief to the insular treasury by providing that the duties collected upon imports from the Philippines into the United States should be returned to the insular treasury; but Congress likewise provided that of the export duties collected in the Philippine Islands on products shipped to the United States and there entered free of duty, the amount charged as export duty should be refundable from the Philippine revenues. The total amount collected in the United States as customs duties on exports of the Philippine products from the islands from March 8, 1902, when the act was passed, down to August 31, 1903, was \$298,662.04. Of this sum \$40,000 has been reserved by orders of the Secretary of the Treasury of the United States to pay for the expenses of collection; but it is respectfully urged that under the act of Congress the expenses of collection are not chargeable against the fund. The act of Congress makes no such provision; it creates a special trust fund out of the duties so received, and directs their return to the insular treasury, and it is considered that the trust fund in its entirety ought to be paid over to the insular treasury. During the same period the amount of export duties collected in the Philippine Islands on Philippine products shipped to the United States, and there entered free of duty under the provisions of the said act of Congress, was \$415,421.97 in United States money and \$657,602.91 local currency. Reducing the amount of local currency to U. S. currency at the existing ratio of 2.30 for 1 the total amount is \$701,336.28 U. S. currency. This money is practically all refundable from the insular treasury, upon proper proof being furnished that the articles so exported to the United States were consumed therein. Deducting the amount collected in the United States as aforesaid from the amount of refundable export duties collected in the Philippine Islands there remains a balance of \$442,674.24 U. S. currency, by which amount the insular treasury is poorer than it would have been if Congress had not made the legislation referred to. The only real effective manner in which the Congress of the United States can aid the insular revenues and aid the Filipino people by tariff legislation, is by an entire removal of or a great reduction in the duties imposed

in the United States upon products of the Philippine Islands imported therein, and a repeal of that portion of the act of Congress which provides for a refund from the Philippine revenues of amounts collected in the islands as export duties on products shipped to the United States and there entered free of duty. The market thus opened to the people of these islands would give a greatly needed stimulus to industry here, and thereby largely increase the producing capacity of the people and their ability to live in a better manner, to pay a sufficient amount of taxes to carry on the government properly, and to buy the products of the manufacturers of the United States in greater measure. The two industries that need this help and consideration more than any others are the sugar and tobacco interests. It is believed that a reduction of the tariff upon those articles produced in the Philippine Islands and imported into the United States to 25 per cent of the Dingley tariff would furnish such a degree of relief as would enable our producers to continue their production, and thereby greatly to promote the interests of all the inhabitants of the islands, without the possibility of producing formidable competition in the United States. This subject is not discussed at length in this report, because it is understood that it will be presented more fully in the report of the civil governor to the Commission, but the discussion is entirely pertinent and vital to the question of insular revenues.

SEIZED FUNDS AND SPECIAL DEPOSITS.

Acting under the authority of the act of Congress approved July 1, 1902, Act No. 608 was passed on the 30th day of January, 1903, under the provisions of which the "Seized funds and special deposits" that have heretofore appeared under that heading in the treasurer's statement were converted into cash, so far as was practicable, and turned into the general fund of the treasury. The total sum thus realized during the fiscal year 1903 was \$267,663.26, and since that date \$131,582.88, which latter sum will appear in the financial statement for the fiscal year 1904.

The auditor's report, containing a detailed statement of all receipts and disbursements of every department of the government, is hereto annexed and marked Exhibit No. 5.

INSULAR BUDGET.

Since the organization of substantially all the bureaus of the insular government that are deemed necessary for its efficient operation it has become practicable to pass regular appropriation bills but twice a year, one covering substantially the first half of the fiscal year, from July 1 to January 1, and the other remaining half, from January 1 to July 1. But aside from these regular appropriation bills special acts have been necessary making appropriations for specific purposes not foreseen at the time of the enactment of the regular appropriation bills. Deficiency appropriation bills have also been necessary to meet unanticipated calls from the various bureaus. Appropriation bills for the first half of the fiscal year 1904, regular, special, and deficiency have been enacted, so that it is practicable to determine the sums appropriated for one-half of that fiscal year. By the regular appropriation bill (act No. 807) passed in July, 1903, the sum of \$4,216,165.50 was appropriated for the regular service of the insular government for the first half of the fiscal year 1904. By subsequent acts further appropria-

tions were made for expenses for the first half of the fiscal year 1904, as follows—

| Number of act. | Amount appropriated. | Number of act. | Amount appropriated. |
|----------------|----------------------|----------------|----------------------|
| 821 | \$18,699.00 | 826 | \$2,500.00 |
| 854 | 72,000.00 | 852 | 10,000.00 |
| 870 | 528.90 | 860 | 666.66 |
| 887 | 1,276.80 | 801 | 969,015.00 |
| 896 | 570.00 | 892 | 1,000.00 |
| 905 | 1,090.00 | 1010 | 378,959.70 |
| 927 | 1,500.00 | 1011 | 115,117.82 |
| 990 | 503.82 | | |
| 810 | 132.80 | Total | 1,573,560.50 |

making a total of \$5,789,726, money of the United States for ordinary expenses in the first half of the fiscal year 1904.

During the first half of the fiscal year loans have been made to provinces which will probably not be able to repay them, as follows:

| | |
|--|---------|
| Act No. 972, province of Paragua..... | \$3,000 |
| Act No. 963, province of Zambales..... | 2,500 |

Making a total of..... 5,500

for this class of expenditure which ought to be treated as current expenditures, owing to the poverty of the provinces referred to and the improbability of repayment. This sum might properly be added to the above statement of ordinary expenditures for the first half of the fiscal year, making a total of ordinary expenditures for the first half of the fiscal year 1904 of \$5,795,226, money of the United States. Estimating that the regular expenses will be substantially the same for the second half of the fiscal year, the result will be that the total regular expenses for the fiscal year 1904 will be \$11,590,452.

Included within the foregoing statement are appropriations for the regular expenses of the city of Manila.

There have likewise been appropriated during the first half of the fiscal year 1904 for extraordinary expenses, the following sums, stated in money of the United States; such appropriations when made in local currency having been reduced for the purposes of this statement to money of the United States at the authorized ratio at the time of making the appropriation:

| No. of act. | | U. S. currency. |
|-------------|---|-----------------|
| 794 | Survey of road from Naguillian to Baguio | \$7,500.00 |
| 824 | Exposition board | 375,000.00 |
| 801 | Interest on certificates of indebtedness | 60,000.00 |
| 798 | Insular purchasing agent | 100,000.00 |
| 831 | Public works, improvements, etc. | 873,148.00 |
| 840 | Purchase of instruments, etc. for weather bureau | 8,066.50 |
| 845 | Improvement of grounds of Malacañan Palace | 7,000.00 |
| 946 | Repairs to school buildings at Cervantes, province of Lepanto-Bontoc | 400.00 |
| 835 | Benguet road | 238,575.00 |
| 852 | Repairs to wharves at Zamboanga, Iligan, Purang, and Jolo | 10,000.00 |
| 858 | Special deposit No. 29, for the province of Sorsogon | 4,357.06 |
| 873 | Survey of wagon road from Naguillian to Baguio | 2,000.00 |
| 880 | Refund to province of Tayabas, deposit made in insular treasury in 1900 | 1,063.50 |
| 886 | Repairs to walls along the Pasig | 5,460.00 |
| 893 | Rizal Monument | 15,000.00 |
| 912 | Completion of wharf at Jolo | 2,100.00 |
| 918 | Wagon road from Pasacao to Nueva Caceres, province of Ambos Camarines | 25,000.00 |
| 920 | Construction and repair of roads and bridges | 84,000.00 |
| 923 | Repair of quartermaster launch Philadelphia for forestry bureau | 4,650.00 |
| 937 | Expense of monetary commission | 10,000.00 |
| 981 | Purchase of the Oriente Hotel | 293,478.26 |
| 949 | Suppression of epidemic diseases, and care and support of lepers, province of Oriental Negros | 1,550.00 |
| | Total | 2,128,348.32 |

Likewise for extraordinary expenses for the city of Manila there was appropriated by Act No. 830, for public works and permanent improvements, the sum of \$351,648, and by Act No. 808, for purchase of lands and so forth, \$26,653.98, making a total of \$2,506,650.30, money of the United States, appropriated from the insular treasury for extraordinary purposes for the first half of the fiscal year 1904. The estimates for the second half of the fiscal year 1904 have not yet come in, so that it is impossible to make an intelligent forecast as to what the demands will be for extraordinary expenditures during that period. Certain other loans, which are fully detailed in the auditor's report, have been made to other provinces, but these will doubtless be repaid in time and can not, therefore, be considered as expenditures of the insular government in any proper sense.

Many of the extraordinary expenditures above referred to are in the nature of investments, and there is permanent and tangible property to represent them; such as the Oriente Hotel, which has been purchased for much needed office room; improvement of the harbor at Manila; completion of wharf at Jolo; surveys and construction of road to Baguio; repairs to wharves at Zamboanga, Iligan and Parang; construction and repair of school buildings in various provinces; purchase of new instruments for the weather bureau; and large general improvements. Extraordinary expenditures similar to these will constantly be necessary and can not be disregarded in making estimates. The appropriation for the exposition board is, undoubtedly, much larger than will be necessary for the second half of the fiscal year; but the interest on certificates of indebtedness will certainly be as large for the remainder of the year as for the first half. Large appropriations will likewise be necessary for the completion of the Benguet road. Appropriations for the Rizal Monument will not again recur; nor will the expense of the monetary commission.

If the estimate were to be based upon the theory that the total amount required for extraordinary expenses for the fiscal year should be double the amount for the first half of the fiscal year, or \$5,013,300.60 money of the United States, the summary would be as follows:

| | |
|---|-----------------|
| Total estimates, ordinary expenditures..... | \$11,590,452.00 |
| Total estimated extraordinary expenditures..... | 5,013,300.60 |

Total estimated expenditures for fiscal year 1904..... 16,603,752.60

The revenues of the insular government from all sources as deposited, aside from refundable collections during the first five months of the fiscal year 1904, ending November 30, 1903, including the city of Manila, amount to \$4,776,745.26. Using as a basis the revenues last cited it is estimated that the revenues for the fiscal year 1904 will be as follows:

| | |
|---|-----------------|
| From all departments of the insular government proper..... | \$10,374,018.31 |
| From the city of Manila..... | 1,090,170.31 |
| From the city of Manila land taxes, 1903 (1½ per cent on \$37,000,000), less credits..... | 506,832.82 |
| One-half land tax, 1904, due and payable before July 1, 1904 (1 per cent on \$37,000,000)..... | 370,000.00 |

Making a total of..... 12,341,021.44

Showing an apparent deficit of \$4,262,731.16 on deducting receipts from appropriations.

Included in the revenues for the five months above referred to are

\$131,582.88 received from the sale of seized copper coins, which had before remained as special deposits in the treasury, and the sum of \$185,443.75, for customs receipts for Philippine goods imported into the United States and passed over by the United States authorities to the Guaranty Trust Company in New York to the credit of the insular government.

In the statement of revenues collected, the refundable export duties collected in Manila on exports to the United States are not included, nor in the statement of expenditures is anything included for such refunding of export duties; such export duties appearing upon neither side of the account need not be taken into consideration in framing the budget for the year. Nor are receipts or disbursements by reason of the new currency system and money borrowed upon certificates taken into consideration, except that the interest upon such certificates is to be considered as a disbursement. On the other hand, interest received from the deposit of insular funds with the Guaranty Trust Company of New York, should be included among the revenues of the insular government proper when proper statements of the amount thereof shall have been received.

But the foregoing statement probably involves an excessive estimate of disbursements. The appropriations for permanent improvements and extraordinary expenditures already made during the fiscal year 1904 are very large. It is impracticable for the insular government to continue appropriations for those purposes on the same basis, nor is it necessary to do so at present. The appropriations that are to be expended under the direction of the bureau of architecture are very largely undrawn, and must continue so for a considerable period, because the chief of that bureau has not available men to superintend and carry on the work of construction, and further appropriations for that bureau ought not to be made till the bureau is more nearly abreast of its work.

Assuming that no further appropriations for general improvements will be made, except by the city of Manila, during the fiscal year, and that the expenditures for those purposes by the city of Manila will be as stated in the estimate made by the municipal board in its report for the current year, and that the basis of income will be substantially as above stated, the estimate will be as follows:

| | |
|--|-----------------|
| Total of regular expenditures for the fiscal year 1904 for the insular government, including the city of Manila..... | \$11,590,452.00 |
| Total appropriated for extraordinary expenses during the first half of the fiscal year..... | 2,506,650.30 |
| Estimated appropriations for extraordinary expenditures for the city of Manila for the second half of the fiscal year..... | 200,000.00 |
| <hr/> | |
| Total appropriations for the year..... | 14,297,102.30 |
| Total estimated revenues for the year, including the city of Manila..... | 12,341,021.44 |
| <hr/> | |
| Showing an apparent deficit of..... | 1,956,080.86 |

Attention, however, should be drawn to one other asset. The statements of the auditor show that down to November 30, 1903, there were on the books of his office \$1,376,284.58 United States currency of appropriations undrawn on account of the fiscal year 1903 and prior years. A considerable portion of this amount will not be required, and will be turned back into the treasury; but that portion of those appropriations which is devoted to the construction of public works is

continuous and will not be returned. It is estimated that there ought to be \$1,000,000 of the appropriations referred to returned to the treasury. Deducting \$1,000,000 from the apparent deficit shown above, would leave an actual probable deficit amounting to \$956,080.86.

The books of the auditor likewise show that, although more than five months of the fiscal year 1904 have elapsed, there is yet on the books of this office, exclusive of the gold-standard appropriations, the sum of \$5,392,784.68 U. S. currency undrawn on account of the fiscal year 1904. The two facts last stated indicate quite clearly that excessive appropriations have been made, and suggest the wisdom and necessity of cutting more closely appropriations for ordinary expenses and the avoidance of making large appropriations for public works long in advance of the necessity for their use. Until estimates are submitted upon more favorable bases, it will be impracticable to make valuable estimates of proposed expenditures for the year.

BUDGET OF THE CITY OF MANILA.

The aggregate of expenses, ordinary and extraordinary, for the city of Manila for the first five months of the fiscal year 1904 was \$835,551.92. Assuming that the aggregate of expenses, ordinary and extraordinary, for the whole year would be in the same proportion, the total for the year would be \$2,005,324.56, all figures indicating sums in money of the United States. The estimate of the aggregate expenses for the fiscal year made by the municipal board is \$2,420,663.

The aggregate of receipts deposited by collecting officers of the city of Manila for the same five months was \$457,355.92. Thirty per cent of the expenses of the city of Manila are borne by the insular government, and that 30 per cent for the year amounts to \$601,597.36, based upon a total expenditure of \$2,005,324.56. The estimate of collections from all sources of revenue for the fiscal year 1904 is \$1,974,486.98, based upon the collections that have been made during the five months aforesaid, and upon the estimate of the sum that will be received during the year for land taxes, land taxes for the fiscal year 1904 in the city of Manila having in no part been collected down to this time. Adding to the collections of revenues from all sources the sum of \$601,597.36 to be contributed by the insular government, the total available resources of the city of Manila for the year would amount to \$2,576,084.34. From all of which it appears that the income of the city of Manila will be sufficient to meet its ordinary and extraordinary expenses for the fiscal year 1904.

The law provides for reimbursement to the insular government by the city of Manila for advances made for installing the "pail system," which advances must be considered in further estimates. The pail system is purely a local sanitary measure, and not only does the law provide that the expense thereof should be borne by the city of Manila, but it would be an injustice to the other portions of the Philippine Islands to pay such expenses from the revenues of the general government. The finances of the city are now in such condition that the reimbursement ought immediately to be made, and it is recommended that the treasurer be directed to cause the adjustment of the expense referred to. Some portion of the plant of the pail system has been destroyed by fire, but this loss should fall upon the city, in the same way that the destruction of any other property would fall upon it, and not upon the insular government.

THE CUSTOMS SERVICE AND THE TARIFF.

The term customs service in the Philippine Islands embraces many functions that would be performed by separate bureaus in the United States, but which are here carried on under the direction of the collector of customs for the Philippine Islands. In addition to regular customs work the collector of customs has charge of the duties pertaining to navigation, steamboat-inspection service, revenue-cutter service, immigration, supervision of fisheries (so far as fishery rights in harbors are concerned), registration of Chinese, and the supervision of pilots and their associations throughout the islands.

Attention was called in the report from this office to the Commission, made one year ago, to the expense of bringing imported merchandise from steamers in the harbor to the custom-house and wharves, and of landing them and placing them in the proper warehouses, and of the delay in such operations, owing to the insufficient character of the lightering and landing facilities and the method of carrying on that business, and from sorting the cargo on board the incoming steamers in such way that each owner might receive his own merchandise in his own cascos or lighters, or cascos and lighters engaged by him for that purpose. Steamers had been subjected to great demurrage by the delay incident to that process and to the insufficient landing facilities at the custom-house. Since the date of that report, however, large relief has been obtained in regard to the matters complained of. The custom-house has been greatly enlarged and improved at an expense of \$75,000 U. S. currency, whereby the original amount of office room has been nearly doubled and suitable quarters have been provided for the insular surveyor's division, as well as for the marine-hospital service, branch telegraph office, and branch post-office, with money-order department. The personnel employed at the custom-house office has been increased and improved in organization during the year, and the duties formerly performed at the office of the captain of the port have been assigned to the collector of customs, and the office of the captain of the port has been abolished. The congestion of steamers, lorchas, cascos, and other craft in the Pasig River has been largely relieved, so that the dispatch of goods at the custom-house wharf has thereby been greatly facilitated. The "running check system" in the discharge of vessels has been more and more used until it has become the established rule. By that system the cargo is discharged into either lighters or cascos and transported to the custom-house wharf or other wharves immediately from the hold of the vessel without sorting on board, the sorting being all done upon the wharves. The system has resulted in much quicker dispatch of vessels lying in the harbor, which is a very important matter for mail and regular coasting steamers. On September 23, 1903, Act No. 897 was passed making appropriation for the purchase and operation of the "Arrastre" plant for unloading, conveying, and delivering imported merchandise at the Manila custom-house, and making provision for the operation of that plant under the direction of the collector of customs of the Philippine Islands. The operation called "arrastre" consists in the receiving of imported goods at the customs wharves from the lorchas, cascos, or lighters in which the same have been brought from the steamers to the customs wharves and transporting the same by tramways or other facilities to the proper customs warehouses. This oper-

ation had been performed before that time by a private firm. It was considered highly undesirable that the steam cranes and derricks for unloading goods upon the customs wharves and the tramways should belong to private individuals and be operated by them. It was particularly objectionable at Manila in view of the fact that the owners of the arrastre plant were likewise the largest owners of cascos, lorchas, and lighters for bringing the goods to the customs wharves from the steamers, and the charge was often made, justly or unjustly, that importers who did not employ the owners of the arrastre plant to do their lightering were discriminated against so that their goods were greatly delayed in landing and their demurrage expenses were made much larger. Under the provisions of Act No. 897 the government undertakes to perform the arrastre operations at actual cost, so that importers are furnished the best of facilities and all extortionate charges or discrimination are rendered impossible.

The effect of these various changes has been greatly to facilitate the discharge of imported cargoes at Manila, and to diminish the delay, expense, and difficulty before experienced in that line. It is believed that the facilities now existing are substantially adequate for the needs of the port until such time as the new harbor improvements shall have been completed. At that time a new custom-house and storehouses will be constructed on the new ground being made by the harbor-dredging operations, and the whole business will be transferred substantially from the Pasig River, where it is now carried on, to the new water front.

The change that has been made in the status of the court of customs appeals has been heretofore commented on in this report and need not further be dealt with at this time.

Much complaint has been made that the charges for interisland transportation for freight and passengers were excessive, and that a combination had been made among the various persons and corporations engaged in that traffic to maintain the excessive rates of charge without competition. Under the law as it existed, down to November 17, 1902, no foreign vessel was entitled to engage in the local coastwise trade. The trade was all in the hands of certain local persons and corporations who were abundantly fortified in their situation by the provisions of the law aforesaid. Accordingly, on the date last stated, the Commission passed Act No. 520, called the "coastwise trade act," which permitted any vessel, foreign or otherwise, to obtain a special coastwise license and to engage in the local trade upon the payment of certain taxes and compliance with certain other conditions. Under this act eighteen vessels, most of them of small tonnage, have secured licenses, four of them sailing vessels bearing the United States flag, and one a steamer bearing the United States flag; the others are Norwegian, German, or Japanese. The act also makes illegal any agreement between masters, owners, or agents of vessels engaged in the coastwise trade to fix, increase, or maintain rates of transportation for passengers or merchandise, or to divide the coastwise trade and business of these islands for the purpose of restraining and avoiding competition. The act also authorizes the civil governor to appoint a commission authorized to classify vessels, merchandise, and passengers for the purpose of carriage in the coastwise trade, and to fix the maximum rates to be charged thereunder for the transportation in the several classes of vessels of the various classes of merchandise and

passenger's from one point to another in the Philippine Islands, and provides that the maximum rates thus fixed must be reasonable and established only after a public hearing of all common carriers involved. So far no appointment of a commission has been made and the combination or agreement aforesaid has been dissolved, and freight and passenger rates have been lowered to some extent, to the benefit of the commerce of the islands.

On May 29, 1902, the Commission passed Act No. 780, providing for the examination and licensing of applicants for the position of master, mate, patron, and engineer of seagoing vessels in the Philippine coastwise trade and prescribing the number of engineers to be employed by such vessels. In pursuance of this act a board on Philippine marine examinations was convened in July, 1903, for the examination of such masters, mates, patrons, and engineers as presented themselves, and 186 licenses were issued. Section 7 of that act reads as follows:

On and after August first, nineteen hundred and three, every applicant for license as master, mate, patron, or engineer of a Philippine coastwise vessel shall be a citizen of the United States or of the Philippine Islands: Provided, however, That any citizen or subject of any other country who may be acting as master, mate, patron, or engineer of any Philippine coastwise vessel at the time of the passage of this act may, upon application to the insular collector of customs, be granted a certificate of service, which shall authorize him to continue to act in the Philippine coastwise trade as such master, mate, patron, or engineer, as the case may be, upon his making proper showing to the board hereinbefore created, either by the presentation of a properly authenticated license from some other recognized maritime country satisfactory to the board or by such other evidence of competency and good character as the board in its discretion may deem sufficient.

It is also provided that he shall have seen at least two years' service in the coastwise trade of these islands under the American flag and that he shall take the following oath:

I hereby solemnly swear that I acknowledge the sovereignty and authority of the United States in the Philippine Islands and of the government constituted by the United States herein, and that while in the islands I will support and maintain the same, and that I will not at any time hereafter while in these islands or while serving under this license at any place aid, abet, or incite resistance to the authority of the United States or of the government established by the United States in these islands, and that I take this oath voluntarily, without any mental reservation whatsoever. So help me God.

Under this section 142 certificates of service have been issued.

Many subjects of the Kingdom of Spain who had been acting as master, mate, patron, or engineer of Philippine coastwise vessels prior to the passage of the act above mentioned have declined to submit evidence of competency and good character, in accordance with the provisions of said section 7, claiming that under the provisions of the treaty of Paris, whereby the Philippine Islands were ceded by the Kingdom of Spain to the United States, they are protected in the pursuance of their regular employments and vocations without having new and additional burdens imposed upon them, and that by the provisions of said section 7 they are placed upon a parity with citizens or subjects of other countries which had no treaty stipulations with the United States. Their rights in this contention have not as yet been permanently determined. It is probably advisable that there should be a judicial determination thereof, and such steps will probably be taken as will enable them to continue in the performance of their duties without submission to further examination, provided the court shall hold that they are entitled so to continue.

By act No. 787, passed on June 1, 1903, organizing the Moro Province, the legislative council of that province is authorized to provide by regulations for the use, registration, and licensing of boats of Moro or pagan construction of less than 10 tons' measurement, and that the gross amount of customs receipts collected within the province, less the cost of their collection, shall constitute a special fund to be expended, in the discretion of the legislative council of the province, for provincial, district, and municipal purposes.

The imports and exports to and from the ports of Iloilo and Cebu show a large increase during the past year. For the purpose of improving the harbor of Iloilo the Commission has appropriated the sum of \$150,000, and for the purpose of improving the harbor and port at Cebu the sum of \$350,000 has been appropriated. It is expected that these improvements will be executed as soon as the proper contracts can be let.

Under the act of Congress of March 8, 1902, whereby all export duties upon produce of the islands imported into the United States and there consumed are to be refunded to the exporters, there has been a great increase in the amount of hemp shipped from these islands to the United States in order to obtain a refund of the duties paid on its exportation here. The following table will show the increase in that trade and the stimulus that has been given to it by the act of Congress referred to:

Tons of hemp exported from the Philippine Islands to the United States direct.

| Year. | Tons. | Year. | Tons. |
|-----------|--------|-----------|--------|
| 1898..... | 7,965 | 1901..... | 30,336 |
| 1899..... | 25,713 | 1902..... | 57,693 |
| 1900..... | 20,304 | | |

For the first nine months of 1903 there were 46,156 tons of hemp exported. At the same rate of export for the last quarter of 1903, the total exportation for the year would be 61,541 tons.

The effect of this act, as before shown in this report, has been very materially to diminish the revenues of the islands. It has at the same time doubtless enabled consumers in the United States to obtain their hemp at a lower price than they ever obtained it before. This result is in a sense an exploitation of the islands for the benefit of the hemp consumers in the United States. These consumers and dealers in the United States obtain an advantage over consumers and dealers in Manila hemp in other parts of the world, but that advantage is obtained at the expense of the revenues of the insular government. It would be largely to the benefit of the islands to have that provision of the act of Congress repealed, unless compensation be provided by reduction of the duties imposed upon other products of the islands imported into the United States, so that their production may be stimulated here by opening to our people in the islands the large markets of the United States on a favorable basis. It is not deemed equitable that the insular revenues should be discriminated against in the manner that they are under the provision of the act of Congress as to hemp without adequate compensation in the manner indicated. It has already been demonstrated by experience, as elsewhere stated in this report, that the

features which were introduced into the act of Congress intended to be compensatory are not compensatory in any proper sense and are entirely inadequate.

Detailed statistics in regard to all imports and exports into and from the islands during the period covered by this report, the countries from which such imports have come and to which such exports have gone, and the quantities and classes of goods imported and exported, the values thereof, and the ports of the islands at which such imports and exports have been made, the items of receipts and expenditures at the several ports, as well as the number of Chinese arriving at and departing from the several ports, licenses and certificates of protection issued at the different entry ports of the islands to coastwise vessels and the tonnage of each class thereof, and the list of vessels engaged in trade between the Philippine Islands and foreign ports, together with the names and flags thereof, and lists of open coastwise ports and sub-ports in the Philippine Islands, will be found in the special report of W. Morgan Shuster, collector of customs for the Philippine Islands, hereto annexed and marked "Exhibit No. 6."

For purposes of comparison, attention is invited to the following statement of the values of imports and exports into and from the Philippine Islands for the five fiscal years ending June 30, 1903, represented in United States currency, gold and silver coin included:

| Year. | Imports. | Exports. |
|------------|-----------------|-----------------|
| 1899 | \$13,637,417.00 | \$16,041,302.00 |
| 1900 | 23,043,856.00 | 21,736,440.00 |
| 1901 | 32,818,411.00 | 26,431,262.00 |
| 1902 | 41,072,738.00 | 27,157,087.00 |
| 1903 | 35,099,842.00 | 39,674,328.00 |

Government free entries are not included in the foregoing statement.

It will be observed that there has been a gradual increase in the imports each succeeding year until the year 1903, when there was a falling off of practically \$6,000,000, due in part to the decreased purchasing power of the islands, owing to the industrial depression caused by rinderpest, locusts, and the ravages of cholera; and more largely to the fact that there were imported during that year less than \$2,000,000 Mexican, while during the year 1902 there were imported \$8,652,648 Mexican. On the other hand it will be observed that there has been each year an increase in exports from the islands, and for the fiscal year 1903 the exports for the first time exceeded the imports. This increase in exports is accounted for in part by the high price for hemp and the large exportations thereof, as well as by the increased exportation of copra and raw sugar, and the exportation of \$5,977,741 Mexican. Of articles of import, rice includes a far larger value than any other commodity. The large importation of rice is almost wholly the result of depressed agricultural conditions. Its importation ought to be less in future years as the producing capacity of the islands increases. In fact, no rice ought to be imported. The islands are entirely capable of producing all the rice that is needed for consumption in them, besides a large amount for export.

The chief articles of import into the Philippine Islands, in the order of values imported, are rice, cotton goods, opium, flour, illuminating oil, beer, bituminous coal, cocoa, and refined sugar. England still

controls a large proportion of the import trade in cotton goods. No reason is apparent why that trade should not be secured by the United States, and greatly extended and increased.

Experience has demonstrated that there are inequalities in the existing tariff which might be corrected without impairment of the revenues and with advantage to the general commercial interests of the islands. In order that such inequalities may be effectively demonstrated, the civil governor has appointed a commission of representative business men and of employees in the customs service for the purpose of making investigation and report upon this whole subject. That commission is now engaged in public hearings, at which all importers and dealers and the public generally are invited to express their views; its report will soon be available, and it is not considered desirable to make any recommendations upon this subject until that report is at hand.

On March 27, 1903, the Commission passed Act No. 702, regulating the registration of Chinese persons in the Philippine Islands for the purpose of carrying into effect the provisions of section 4 of the act of Congress approved April 29, 1902, relating to the exclusion of Chinese from the United States and its insular possessions. By said Act No. 702 the registration was intrusted to the collector of customs for the Philippine Islands, and he was directed to employ for that purpose the personnel of the Philippine customs service, the provincial and military officers therein provided, and such other persons as might be necessary. In accordance with the provisions of this law, the collector of customs proceeded to prepare regulations for the registration of Chinese persons in the Philippine Archipelago, with forms of applications and certificates, and appointed the necessary registrars and deputies. Down to October 8, 1903, less than 30,000 applications for registration had been received from Chinese persons residing in the city of Manila. It was contemplated that the work of registration would be completed by the 29th day of October, 1903, but on the latter date it was found necessary to extend the period within which the registration should be completed two months more. The number of Chinese to apply for registration is much smaller than had been anticipated by many people. The Chinese themselves are not favorable to the registration and manifestly prefer to take their chances of subsequently proving that they are citizens of the Philippine Islands, having been born here, and are therefore not subject to registration or deportation, than to make the direct admission required by the registration. The sentiment of the community likewise is not favorable to the discovery of unregistered Chinese. Business men of the islands are generally of the opinion that the Chinese-exclusion laws are more drastic and rigid than the needs of the islands require, and that no conditions exist here demanding the rigid enforcement of those laws in the same manner in which they are enforced in the United States. The collector of customs, however, has enforced the laws so far as was practicable. Some evasions have occurred, and Chinese not entitled to admission have in some instances succeeded in gaining entrance to the islands, but the number of such illegal entries is comparatively small, and they present no question of large importance. It is very apparent that the number of Chinese now in the country is not sufficiently large to constitute any menace to the peace or industries of the country.

Some difficult questions have arisen under the so-called "contract-labor laws" of the United States, which are extended to the Philippine Islands by act of Congress of March 3, 1903. An expert accountant, who had come to the islands for the purpose of serving in one of the banks under a contract for a period of service, was denied admission by the collector of customs for the Philippine Islands on the ground that he was a contract laborer within the meaning of the law and was not entitled to admission under any of the exceptions stated in the law. The case was taken to the supreme court of the islands on habeas corpus. The right of the collector to exclude him was assailed, not only upon the ground that he was within the excepted classes and therefore entitled to admission, but also upon the ground that under the act of Congress of March 3, 1903, the administration of that act had been placed under the Department of Labor and Commerce of the United States, and that consequently the collector of customs for the Philippine Islands had no jurisdiction whatever to admit or exclude the accountant, and that he was, therefore, unlawfully restraining the accountant from his liberty. The insular supreme court has decided the second question in favor of the collector, a majority of the court holding that while the act of Congress of March 3, 1903, extended the provisions of substantive law therein enacted to these islands, it did not extend the machinery therein provided to these islands, and that, therefore, the control of the whole machinery was within the competence of the insular government, which has intrusted the collector of customs with that duty. The minority of the court held that the whole act of March 3, 1903, including the machinery for its enforcement, was extended to the Philippine Islands, but that until the new machinery therein provided should be set in motion the officials before that time authorized to perform these duties and engage in the active performance of them could lawfully continue to perform their duties and execute the law. The result in either view, therefore, was that the collector was not acting without authority. The question of facts as to whether the accountant came within the expected classes named in the act of Congress the court has reserved for further hearing; but upon the subject of the future construction of the act of Congress as to the extension of all the machinery therein provided to the Philippine Islands, this government has great interest. It is believed to be especially undesirable that the Department of Labor and Commerce, or any other department of the United States, should interfere with the administration of laws in the Philippine Islands. Such an interference would result in confusion, conflict with authority, duplication of officials, and division of responsibility. Two sets of officials would be at work under different authorities in the harbors of the islands dealing with incoming vessels and Chinese and other passengers on board and with matters of quarantine and customs. The policy of the Government of the United States heretofore has been to make the government of the Philippine Islands responsible for every branch of the administration throughout the whole archipelago, and to impose upon it the obligation of enforcing the laws and of furnishing the appropriations and machinery necessary for the carrying out of the laws. This has been true of the whole customs service, the whole postal service, the quarantine service, and every other branch of the government. It is considered extremely undesirable that that policy shall be departed from and a new one inaugurated. The whole gov-

ernment reports now directly to the Secretary of War, who likewise has authority in the matter of all military forces stationed in the islands. All conflict of authority is thereby avoided and one central ruling power has tended to uniformity of action and the securing of the very best results. In view of the divided opinion of the insular supreme court upon the actual meaning of the act of Congress of March 3, 1903, in this respect, it is recommended that the ambiguity be cleared by legislation of Congress, and that Congress be asked to declare expressly that the machinery for enforcing the exclusion act in the Philippine Islands shall be operated by the insular authorities as heretofore, and that if the act as now standing is not capable of such construction, it be so amended as to secure that result.

Attention is invited to that portion of the report of the collector of customs which treats of the coastwise laws, and reads as follows:

COASTWISE LAWS.

The coastwise shipping laws of the islands have been for some time past, and still are, in an unsatisfactory condition. This fact, coupled with the natural uncertainty on the part of possible investors of new capital as to the date and form of permanent legislation on the subject, has done much to retard the development of what may be termed "the arteries of commerce in the Philippines."

Shortly after the American occupation of these islands on July 8, 1899, the War Department issued tariff circular No. 81, publishing an Executive order, dated July 3, 1899, prescribing the form and rules of issuance for "Certificates of protection" and the flag of the United States to vessels in the Philippine Islands.

This order restricted the right to engage in the coastwise trade of these islands to vessels bona fide owned by a citizen of the United States residing in the Philippine Islands, or a native inhabitant upon his taking the oath of allegiance, or a resident of the islands who had become a citizen thereof by virtue of the Treaty of Paris.

Under this order a number of private individuals, firms and corporations, domiciled here and actually owning and operating a considerable proportion of the available coasting vessels would have been prevented from continuing in that trade.

So great was the exigency requiring that such vessels should continue in the coasting trade that no close investigation into the bona fides of transfers of such vessels, where made from the then owners to citizens of the United States or of the Philippine Islands, and where the transferees took out certificates of protection, was deemed wise by the military government. To have excluded vessels obtaining certificates of protection in this manner would have brought disaster to the business of the islands and have done great damage to their inhabitants. The result, however, of the leniency with which the transfers mentioned were regarded by the military authorities is that many of the large coasting vessels now engaged in trade under the flag of the United States would have much difficulty in establishing by evidence their rights to this privilege under the terms of section 117 of the Philippine customs administrative act hereinafter quoted.

The Spanish commercial laws of these islands regulating the formation of corporations or companies are decidedly different from those in the United States, in that the laws here permit the incorporation of a body of foreigners resident in these islands.

Shortly after the undersigned assumed charge of this bureau over two years ago, strict instructions were issued that no certificates of protection should be granted to any vessel not bona fide owned by one of the three classes of individuals mentioned in the original Executive order of July 3, 1899, and subsequently embodied in section 117 of the Philippine customs administrative act.

No reason has since appeared for departing from those instructions.

The following extract from a special report previously rendered by this office explains the present conditions in regard to the local coastwise trade:

"* * * It is clear, however, that whatever subsequent action might be taken by either the legislature or the judicial branch of the Government, the President intended to limit the 'protection and flag of the United States' to such foreign-built vessels as precedent in similar cases, such as the Territories of Alaska and Hawaii, showed him would be the only vessels to which Congress would grant American registers.

"Viewing the matter in this light, the Executive order of July 3, 1899, is very clear and exact in its terms; it needed no liberal interpretation in order to be understood and obeyed. It took what is probably the only stand in the matter of granting

American registry which Congress would affirm, and any deviation from the exact and provident terms of that order could only be excused on the grounds of a strictly military necessity. As it is, that order has been for over two years and is being to-day violated by what has been termed a 'broad and liberal interpretation' thereof. That the present condition of trade in these islands urge and advise such a measure nobody will deny, but that the present situation of the insular government as to the Philippine coastwise trade is a safe or satisfactory one nobody dare affirm.

The President's order granted the protection and flag of the United States 'on the high seas and in all parts'—in other words, any place on the face of the globe where a vessel could go. Under these conditions the necessity of safeguarding this privilege and restricting it to owners of vessels owing allegiance to the United States is only too apparent. This was the precise effect of a fair interpretation of the order in question. Any pretended construction by which, in the guise of a corporation, a body of persons owing allegiance to a foreign power were granted the protection and the flag of the United States completely nullified and derogated this reasonable and clearly expressed intention."

In the light of subsequent experience, however, and especially in view of the evident hesitation which has existed on the part of American capital to invest in local shipping interests during the past two years, it seems imperative that the vessels actually engaged in the coastwise trade at this time should be permitted to continue therein.

To this end the following statement of the law and prevailing conditions is given:

Section 3 of the act of Congress approved March 8, 1902, states that until July 1, 1904, the provisions of law restricting to vessels of the United States transportation of passengers and merchandise directly or indirectly from one port of the United States to another port of the United States shall not be applicable to foreign vessels engaging in trade between the Philippine Archipelago and the United States, or between ports in the Philippine Archipelago.

The question of what action, if any, will be taken by Congress affecting this trade after the 1st of next July is therefore of vital interest to ship owners and agents both here and in certain portions of the mainland territory.

For the purpose of discussion, it is convenient to consider the question in two parts:

(1) The general or technical coastwise trade, or rather what will become such, in case these islands are made a great coasting district of the United States after July 1, 1904; and (2) the purely local coastwise trade—i. e., between ports in the Philippine Islands.

It is believed that in all legislation affecting these two phases of the question, they should be considered as separate and distinct, since the conditions involved differ widely and the effects of a change in the present laws would be correspondingly varied.

At the present time both the trade between these islands and the mainland territory of the United States and the trade between ports in these islands are open to the vessels of the world, irrespective of flags or owners. The protection and flag of the United States is, however, limited to the vessels mentioned in section 117 of the Philippine customs administrative act, which reads as follows:

"SEC. 117. Collectors of customs may issue a certificate of protection entitling the vessel to which it is issued to the protection and flag of the United States in all ports and on the high seas, if the vessel is owned by—

"(a) A citizen of the United States residing in the Philippine Islands;

"(b) A native inhabitant of the Philippine Islands upon taking the oath of allegiance to the United States;

"(c) A resident of the Philippine Islands before April 11, 1899, hitherto a subject of Spain, upon abjuring his allegiance to the crown of Spain and taking the oath of allegiance to the United States;" and to vessels or other craft built in the Philippine Islands or in the United States and owned by citizens of the United States or by inhabitants of the Philippine Islands, "which vessels are engaged in lighterage or other exclusively harbor business," under section 3 of the act of Congress above referred to.

Act No. 520 of the Philippine Commission, however, by its terms permits strictly foreign vessels to engage in the Philippine coastwise trade only until July 1, 1904.

In the absence of prior legislation, therefore, the local coastwise trade of these islands will of necessity be carried on in the vessels at present operating under section 117 of the Philippine customs administrative act above set forth. It has already been shown that these vessels are inadequate to the present demands of trade, as well as utterly insufficient to handle the steadily growing water commerce of these islands.

A list of the licensed vessels of all kinds at present in these islands, giving their rig, gross tonnage, date, and place of construction, is hereto attached, marked "Appendix E."

These vessels are almost without exception foreign built. The largest ones, belonging to the most important lines, are owned by Spanish or British subjects, either individually or in firms or corporations. A number of the small steamers are owned by citizens of these islands.

It will be admitted without question that eventually the coastwise trade of these islands should be carried on only in American or Philippine bottoms (including those now here which may be given American registry), and only by citizens of the United States or Filipinos. Just how soon that result can be accomplished will depend largely upon the commercial prosperity of the Philippines and the readiness of American capital to come here.

Meanwhile it is believed that some comparatively permanent policy and legislation should be adopted to meet the existing situation and encourage the investment of capital and local shipping.

In seeking a base for immediate legislation by Congress on this subject, it may be safely premised that no course should be adopted which will place any additional burden in the way of freights on Philippine products shipped either locally or to the mainland territory for some years to come. For a similar reason no law should be passed which will appreciably increase the freight rates from the mainland territory to these islands.

Cheap and adequate transportation between the mainland territory and these islands and between Philippine ports is vitally necessary to successful development here.

At the present time the greater part of the freight traffic between the Philippines and New York is carried on in foreign bottoms. So far as indications go, any law which prevented the continuance of that trade in foreign bottoms until an equal tonnage of cheaply operated American freighters are actually available to take up that trade and maintain healthy rate competition would result in a decided increase over the present rates of freight. This additional burden would fall upon the already weakened resources of these islands, and such a result would be more than lamentable from every standpoint.

The tonnage plying between these islands and the Pacific coast is about equal to the present freight supply, and no change in the present law seems advisable so far as trans-Pacific routes are concerned.

It is therefore earnestly recommended that the present laws, so far as they permit foreign bottoms to trade between these islands and the mainland territory of the United States, be not changed for a period of at least five years from July 1, 1904, and that positive legislation to that effect be had by Congress at an early date.

With regard to the vessels at present operating in the Philippine coastwise trade, under the certificate of protection and the United States flag, granted by section 117 of the Philippine customs administrative act, hereinbefore set forth, it is believed that early legislation should be had by Congress, granting American registry to such vessels as actually possess certificates of protection on the date of the passage of such a law, provided that said vessels are bona fide owned on that date wholly by—

- (1) Citizens of the United States;
- (2) Citizens of the Philippine Islands;
- (3) Jointly by both;
- (4) A corporation created under the laws of any of the States of the United States;
- (5) A corporation or company duly constituted under the existing laws of the Philippine Islands, provided that at least three-fifths of the entire stock shall be at all times owned by citizens of the United States or citizens of the Philippine Islands, or jointly by both; and provided, further, that all transfers of stock, by way of mortgages or otherwise, shall be at once registered in the books of the corporation and company concerned and in the records of the custom-house nearest the head office of said corporation or company.

Provisions similar to those in the United States navigation laws should be made for the enrollment of certain vessels and the licensing of those employed only in river or bay work.

Such a law should also provide for the granting of American registry to vessels subsequently entering the local trade, provided that said vessels were built in the United States or the Philippine Islands and are owned by one of the classes of persons or corporations mentioned above.

A provision in effect that vessels built in the Philippine Islands would be required to pay only one-half of the regular license fees and other maritime charges would tend to encourage the establishment of shipyards and docking plants, which are greatly needed here.

To the end that all trade between these islands and the mainland territory may in the course of a few years be carried on in American and "Americanized" bottoms, it is believed that the Pacific army transport service should be greatly reduced, if not entirely abolished, and that all Government freight and passenger traffic should be given, under regular contracts, to commercial lines plying that course.

A similar policy in regard to the interisland army transport service would do much to assist in extending the Philippine merchant marine.

These recommendations of the collector of customs are approved so far as they relate to needed legislation by Congress. While it is true that the interisland coastwise trade ought to be carried on in vessels owned by citizens of the United States or of the Philippine Islands, and while such will undoubtedly be the ultimate condition, yet for the immediate present vessels so owned are not available, and if the existing law is enforced on and after July 1, 1904, the Philippine Islands will be in the condition of having all the arteries of commerce within them immediately cut; the whole life of interisland trade would be destroyed. It is exceedingly important that action should be taken upon this matter by the Congress of the United States at its present session, otherwise it is difficult to see any method of maintaining the interisland business life after July 1, 1904.

On September 9, 1903, the Commission passed Act No. 875, providing for the collection of duties on goods, wares, and merchandise imported into the islands for use of the insular, provincial, or municipal governments. The primary purpose of this act was to place goods imported for the purposes stated upon a par with goods imported by local dealers and contractors, so that such dealers and contractors might bid on fair terms for the government business, and might thus be able to carry larger stocks than heretofore. It is probable that this result will follow from the legislation referred to. The effect upon actual insular revenues and disbursements will not be important. The customs revenues will necessarily be larger than heretofore, but the increase will be paid out of the insular treasury. This legislation was not intended as a revenue-producing measure.

The work of the bureau of customs has been well performed under the direction of the efficient head of that bureau.

INTERNAL REVENUE.

The report of Mr. Albert W. Hastings, acting collector of internal revenue for the Philippine Islands, and city assessor and collector for the city of Manila, is hereto annexed and marked "Exhibit No. 7." It covers the period from September 1, 1902, to August 31, 1903. During that period the collector of internal revenue had jurisdiction for collections of revenue over the city of Manila, the island of Mindanao (with the exception of the provinces of Surigao and Misamis), and over the whole of the Jolo Archipelago, internal revenue in other provinces being collected by the provincial treasurers and devoted to provincial and municipal purposes in accordance with law. In the island of Mindanao and in the Jolo Archipelago, officers of the Army and Marine Corps have performed the duties of collectors under detail for that purpose. This arrangement was very unsatisfactory, because the officers so detailed were not relieved from their military duties and were frequently changed in connection with the changes of troops, so that it was difficult for the collector of internal revenue to keep closely in touch with them and to receive seasonable notice of changes that

were made. The collector has, however, performed his duties as thoroughly and efficiently as was practicable under the circumstances.

Since the organization of the Moro province, the duties of the collector of internal revenue are confined mainly to the city of Manila, aside from supplying revenue stamps to all provincial treasurers, making forestry collections, and rendering opinions in matters pertaining to the imposition and collection of industrial and stamp taxes for all parts of the islands.

The following is a summary of the internal-revenue stamps handled through the office of the collector of internal revenue during the period stated, values being given in Mexican or local currency:

| | |
|---|------------------------|
| On hand September 1, 1902 | \$895, 929. 07 |
| Received from printers | 338, 102. 00 |
| Received from other offices | 14, 951. 95 |
| Total | <u>1, 248, 983. 02</u> |
| Invoiced to office of city assessor and collector | 177, 059. 20 |
| Invoiced to other offices | 85, 469. 30 |
| Condemned and destroyed by committee appointed by acting executive secretary March 16, 1903 | 226, 900. 37 |
| Balance on hand August 1, 1903 | 759, 554. 15 |
| Total | <u>1, 248, 983. 02</u> |

The percentage of expenses to collections, including the city of Manila, has been approximately 6 per cent. Included in the expenses have been the preparation and furnishing of internal-revenue stamps for the city of Manila and for the provincial governments of the islands, without charge.

The total revenue collected in the island of Mindanao and the Jolo Archipelago for the year was \$41,006.10 Mexican and \$3,319.29 United States currency; the total disbursement for the year in the same territory was \$2,802.69 Mexican currency and \$1,268.32 United States currency. The total of forestry collections during the same period, stated in money of the United States, local currency being reduced to money of the United States at the official rate of exchange when collected, was \$93,748.86.

A draft of a new internal-revenue law has been prepared by Commissioner Ide and is in readiness for submission to the Commission; but the Commission has not yet had time to consider the law. The draft repeals more or less of the existing industrial taxes and substitutes in their place a general system of taxation based largely upon the internal-revenue system of the United States, with some important modifications suited to local conditions, and modeled in part upon the new system of internal-revenue taxation that now supplies practically all of the revenue for the operation of the Government in the island of Porto Rico. If enacted, the new law will make a large increase in the available revenue of the insular government and will make a uniform system throughout all the islands, not subject to the varying rules of municipal councils. The law is considered to be a very important one, in view of the fact that ultimately it is most probable that the tariff barriers between the United States and the Philippine Islands will be more largely broken down and commercial intercourse be less hampered than at present by customs duties. But it is impossible to abolish customs duties on imports coming into the islands at present, because the insular government is so largely dependent upon those

duties for all its revenues. The new system ought to furnish other sources of revenue so as to make the abolition of duties in whole or in part more feasible.

FINANCIAL CONDITION OF THE PROVINCES AND MUNICIPALITIES.

The following summary will show the general financial condition of the provincial and the municipal governments. It does not, however, make a complete statement of all the financial resources of the municipal treasuries on account of the fact that certain minor license taxes are paid directly to the municipal treasurers and do not appear in this statement:

SUMMARY SHOWING FINANCIAL CONDITION OF PROVINCES.

Province of Abra (organized August 19, 1901).—Balance on hand July 1, 1902, \$4,157.59 U. S. currency; provincial and municipal taxes collected, \$6,504.96 U. S. currency and \$17,402.58 Mexican currency; payments from insular treasury by warrant, \$13,556.96 Mexican currency, of which sum \$12,550 was insular loans and the balance refunds; balance in the treasury June 30, 1903, \$362.08 U. S. currency and \$6,448.60 Mexican currency.

Albay (organized April 26, 1901).—Balance on hand July 1, 1902, \$24,929.93 U. S. currency; provincial and municipal taxes collected, \$53,280.75 U. S. currency and \$212,300.80 Mexican currency; refunds by warrant from insular treasury, \$29.77 U. S. currency and \$2,685.22 Mexican currency; balance in the treasury June 30, 1903, \$3,154.46 U. S. currency and \$4,782.15 Mexican currency.

Ambos Camarines (organized April 27, 1901).—Balance in treasury July 1, 1902, \$33,900.83 U. S. currency; provincial and municipal taxes collected, \$15,290.99 U. S. currency and \$104,896.23 Mexican currency; refunds from insular treasury by warrant, \$41.90 U. S. currency and \$16,520.94 Mexican currency; balance in the treasury June 30, 1903, \$1,857.34 U. S. currency and \$28,031.40 Mexican currency.

Antique (organized April 13, 1901).—The office of treasurer was consolidated with that of supervisor February 10, 1903. Balance on hand July 1, 1902, \$5,311.42 U. S. currency; provincial and municipal taxes collected, \$14,842.30 U. S. currency and \$32,647.11 Mexican currency; receipts by warrant from insular treasury, \$94.38 U. S. currency and \$12,507.01 Mexican currency, of which sum \$12,250 was an insular loan, the balance being refunds; balance in the treasury June 30, 1903, \$139.15 U. S. currency and \$6,024.08 Mexican currency.

Bataan (organized March 2, 1901).—Balance in treasury July 1, 1902, \$6,151.42 U. S. currency; provincial and municipal taxes collected, \$6,029.79 U. S. currency and \$29,390.98 Mexican currency; refunds from insular treasury by warrant, \$6,468.35 Mexican currency, balance in the treasury June 30, 1903, \$158.59 U. S. currency and \$3,319.06 Mexican currency.

Batangas (organized May 2, 1901).—Balance on hand July 1, 1902, \$12,216.64 U. S. currency; provincial and municipal taxes collected, \$34,476.93 U. S. currency and \$63,263.99 Mexican currency; receipts by warrant from insular treasury, \$10,034.58 U. S. currency and \$38,945.48 Mexican currency, of which sums \$10,000 U. S. currency and \$38,250 Mexican currency were insular loans, the balance being

refunds; balance in the treasury June 30, 1903, \$4,183.47 U. S. currency and \$32,961.56 Mexican currency. Owing to the depressed condition of agriculture due to war, rinderpest, cholera, and locusts this province was exempted from payment of land taxes for 1902 by Act No. 457, and by Act No. 907 the payment of the 1903 land taxes was postponed until January 1, 1904.

Benquet (organized November 23, 1900).—This province is supported entirely by insular appropriations. Balance in the treasury July 1, 1902, \$1,884.88 U. S. currency; received by warrant from insular treasury, \$25,604.23 Mexican currency; balance in the treasury June 30, 1903, \$5,305.88 Mexican currency.

Bohol (organized April 20, 1901).—Balance in treasury July 1, 1902, \$23,072.17 U. S. currency; provincial and municipal taxes collected, \$15,280.62 U. S. currency and \$80,589.50 Mexican currency; refunds by warrant from insular treasury, \$2,649.64 Mexican currency; balance in the treasury June 30, 1903, \$7,172.02 U. S. currency and \$11,402.89 Mexican currency.

Bulacan (organized February 27, 1901).—Balance in the treasury July 1, 1902, \$17,982.14 U. S. currency; provincial and municipal taxes collected, \$52,464.21 U. S. currency and \$113,596.66 Mexican currency; receipts by warrant from the insular treasury, \$5,319.20 U. S. currency and \$5,137.34 Mexican currency, \$5,000 U. S. currency being an insular loan and the balance refunds; balance in the treasury June 30, 1903, \$1,726.44 U. S. currency and \$22,291.95 Mexican currency.

Cagayan (organized September 1, 1901).—Balance in the treasury July 1, 1902, \$34,142.49 U. S. currency; provincial and municipal taxes collected, \$46,707.32 U. S. currency and \$98,033.98 Mexican currency; refunds by warrant from insular treasury, \$8,462.94 Mexican currency; balance in the treasury June 30, 1903, \$10,135.67 U. S. currency and \$43,539.54 Mexican currency.

Capiz (organized April 15, 1901).—Office of the treasurer was consolidated with that of supervisor February 10, 1903. Balance on hand July 1, 1902, \$19,401.73 U. S. currency; provincial and municipal taxes collected, \$22,685.44 U. S. currency and \$65,396.72 Mexican currency; refunds by warrant from insular treasury, \$7.70 U. S. currency and \$1,131.48 Mexican currency; balance in the treasury June 30, 1903, \$85.83 U. S. currency and \$3,263.24 Mexican currency.

Cavite (organized June 11, 1901).—Balance in the treasury July 1, 1902, \$13,131.82 U. S. currency; provincial and municipal taxes collected, \$44,851.97 U. S. currency and \$80,609.89 Mexican currency; receipts by warrants from the insular treasury, \$66.51 U. S. currency and \$50,639.31 Mexican currency, of which sums \$50,000 Mexican currency was an insular loan and the balance refunds; balance in the treasury June 30, 1903, \$6,506.74 U. S. currency and \$37,589.66 Mexican currency.

Cebu (organized April 18, 1901).—Balance in the treasury July 1, 1902, \$30,981.04 U. S. currency; provincial and municipal receipts, \$74,135.45 U. S. currency and \$235,580.05 Mexican currency; refunds by warrant from insular treasury, \$4,338.09 Mexican currency; balance in the treasury June 30, 1903, \$7,156.60 U. S. currency and \$32,908.42 Mexican currency.

Ilocos Norte (organized September 1, 1901).—Balance in the treasury July 1, 1902, \$12,217.57 U. S. currency; provincial and municipal

taxes collected, \$20,717.96 U. S. currency and \$114,649.32 Mexican currency; refunds by warrant from insular treasury, \$4.23 U. S. currency and \$3,424.29 Mexican currency; balance in the treasury June 30, 1903, \$2,344.48 U. S. currency and \$35,525.27 Mexican currency.

Ilocos Sur (organized September 1, 1901).—Balance in the treasury July 1, 1902, \$14,467.36 U. S. currency; provincial and municipal taxes collected, \$44,776.82 U. S. currency and \$134,089.53 Mexican currency; refunds by warrant from insular treasury, \$199.39 U. S. currency and \$2,614.64 Mexican currency; balance in the treasury June 30, 1903, \$902.58 U. S. currency and \$19,099.32 Mexican currency.

Iloilo (organized April 11, 1901).—Balance in the treasury July 1, 1902, \$30,018.05 U. S. currency; provincial and municipal taxes collected, \$59,504.83 U. S. currency and \$244,721.25 Mexican currency; refunds by warrant from the insular treasury, \$921.16 U. S. currency and \$22,350.74 Mexican currency; balance in the treasury June 30, 1903, \$2,754.19 U. S. currency and \$14,090.01 Mexican currency.

Isabela (organized September 10, 1901).—Balance in the treasury July 1, 1902, \$9,518.29 U. S. currency; provincial and municipal taxes collected, \$16,400 U. S. currency and \$50,652.26 Mexican currency; refunds by warrant from insular treasury, \$7,340.38 Mexican currency; balance in treasury June 30, 1903, \$667.92 U. S. currency and \$8,992.54 Mexican currency.

Laguna (organized July 1, 1902).—Transfer from collector of internal revenue, Laguna Province, to provincial treasurer, \$3,941.89 U. S. currency; provincial and municipal taxes collected, \$14,817.70 U. S. currency and \$72,386.51 Mexican currency; refunds by warrants from insular treasury, \$10,213.70 U. S. currency and \$1,553.27 Mexican currency; balance in the treasury June 30, 1903, \$12.30 U. S. currency and \$20,498.02 Mexican currency. On account of the distressed condition of the people of Laguna they were exempted from payment of the 1902 land tax, and by Executive Order No. 78 of September 8, 1903, the time of payment without penalty of the 1903 land tax was extended to February 1, 1904.

Lepanto-Bontoc (organized May 28, 1902).—This province is almost entirely supported by appropriations from the insular treasury. Provincial and municipal taxes collected, \$267.61 U. S. currency and \$1,742.23 Mexican currency; receipts by warrant from the insular treasury, \$6,815.30 U. S. currency and \$44,335.98 Mexican currency; balance in the treasury June 30, 1903, \$12,410.20 Mexican currency.

Leyte (organized April 22, 1901).—Balance in the treasury July 1, 1902, \$38,834.76 U. S. currency; provincial and municipal taxes collected, \$40,094.33 U. S. currency and \$227,231.25 Mexican currency; refunds by warrant from insular treasury, \$110.87 U. S. currency and \$10,983.20 Mexican currency; balance in the treasury June 30, 1903, \$98.75 U. S. currency and \$42,969.07 Mexican currency.

Marinduque (organized May 1, 1901).—Island of Mindoro added June 23, 1902. Abolished as a separate province, the island of Marinduque being attached to Tayabas Province and the island of Mindoro being organized into a separate province November 10, 1902. Balance in the treasury July 1, 1902, \$3,537.04 U. S. currency; provincial and municipal taxes collected to November 10, 1902, \$8,352.68 U. S. currency and \$2,166.79 Mexican currency; receipts by warrant from insular treasury (being insular appropriations for general expenses of the province), \$17,572.67 Mexican currency; transferred to

treasurer of Mindoro Province, \$69.20 U. S. currency and \$1,887.65 Mexican currency; transferred to the treasurer of Tayabas Province, \$254.41 U. S. currency and \$22 Mexican currency.

Masbate (organized March 18, 1901).—Balance in the treasury July 1, 1902, \$12,876.86 U. S. currency; provincial and municipal taxes collected, \$5,771.91 U. S. currency and \$22,608.47 Mexican currency; refunds by warrant from the insular treasury, \$13,882.06 Mexican currency; balance in the treasury June 30, 1903, \$61.47 U. S. currency and \$4,771.72 Mexican currency.

Mindoro (organized November 10, 1902).—Transferred to provincial treasurer of Mindoro upon separation from province of Marinduque, \$69.20 U. S. currency and \$1,887.65 Mexican currency; provincial and municipal taxes collected, \$638.50 U. S. currency and \$18,859 Mexican currency; receipts by warrant from the insular treasury, \$5.53 U. S. currency and \$44,102.41 Mexican currency, of which sums \$6,500 Mexican currency was an insular loan, \$34,725 Mexican currency was appropriated from the insular treasury for general provincial expenses, \$130 Mexican currency was a gift to non-Christian tribes, and the balance refunds; balance in the treasury June 30, 1903, \$1.40 U. S. currency and \$4,791.02 Mexican currency. January 1, 1904, was fixed by the act organizing the province as the date when the 1903 land tax should become delinquent.

Misamis (organized May 15, 1901).—The office of the treasurer was consolidated with that of the supervisor February 10, 1903. Balance in the treasury July 1, 1902, \$10,495.70 U. S. currency; provincial and municipal taxes collected, \$18,918.94 U. S. currency and \$70,467.96 Mexican currency; refunds by warrant from the insular treasury, \$33.79 U. S. currency and \$7,959.73 Mexican currency; balance in the treasury June 30, 1903, \$845.23 U. S. currency and \$9,770.52 Mexican currency.

Nueva Ecija (organized June 11, 1901).—Balance in the treasury July 1, 1902, \$6,730.37 U. S. currency; provincial and municipal taxes collected, \$23,902.45 U. S. currency and \$54,853.80 Mexican currency; receipts by warrant from the insular treasury, \$3,124.05 U. S. currency and \$21,479.89 Mexican currency, \$3,000 U. S. currency and \$15,300 Mexican currency of which sums being insular loans; balance in the treasury June 30, 1903, \$2,349.19 U. S. currency and \$16,183.15 Mexican currency.

Nueva Vizcaya (organized January 28, 1902).—Balance in the treasury July 1, 1902, \$2,193.82 U. S. currency; provincial and municipal taxes collected, \$13,369.40 Mexican currency; receipts by warrant from the insular treasury (insular appropriations for the general expenses of the province), \$34,576.41 Mexican currency; balance in the treasury June 30, 1903, \$9,467.70 Mexican currency.

Occidental Negros (organized April 20, 1901).—Balance in the treasury July 1, 1902, \$51,086.72 U. S. currency; provincial and municipal taxes collected, \$46,389.78 U. S. currency and \$111,763.58 Mexican currency; refunds by warrant from the insular treasury, \$475.13 U. S. currency and \$8,653.42 Mexican currency; balance in the treasury June 30, 1903, \$745.86 U. S. currency and \$5,284.33 Mexican currency.

Oriental Negros (organized May 1, 1901).—The office of the treasurer was consolidated with that of the supervisor May 26, 1903. Balance in the treasury July 1, 1902, \$20,889.38 U. S. currency; provincial

and municipal taxes collected, \$34,382.91 U. S. currency and \$64,609.62 Mexican currency; refunds by warrant from the insular treasury, \$1,820.59 Mexican currency; balance in the treasury June 30, 1903, \$954 U. S. currency and \$14,676.40 Mexican currency.

Pampanga (organized February 13, 1901).—Balance on hand July 1, 1902, \$58,012.18 U. S. currency; provincial and municipal taxes collected, \$48,571.50 U. S. currency and \$146,062.37 Mexican currency; balance in the treasury June 30, 1903, \$21,890.01 U. S. currency and \$59,386.51 Mexican currency.

Pangasinan (organized February 18, 1901).—Balance in the treasury July 1, 1902, \$30,705.60 U. S. currency; provincial and municipal taxes collected, \$66,072.79 U. S. currency and \$285,350.83 Mexican currency; refunds by warrant from the insular treasury, \$323.97 U. S. currency and \$3,879.36 Mexican currency; balance in the treasury June 30, 1903, \$176.26 U. S. currency and \$30,577.48 Mexican currency.

Paragua (organized June 23, 1902).—Provincial and municipal taxes collected, \$623.41 U. S. currency and \$13,405.47 Mexican currency; receipts by warrant from the insular treasury \$14,981.90 Mexican currency, of which sum \$13,350 Mexican currency was insular loans and the balance refunds; balance in the treasury June 30, 1903, \$2,262.46 Mexican currency.

Rizal (organized June 11, 1901).—Balance on hand July 1, 1902, \$29,300.14 U. S. currency; provincial and municipal taxes collected, \$27,616.96 U. S. currency and \$55,925.62 Mexican currency; receipts by warrant from the insular treasury, \$298.47 U. S. currency and \$7,188.25 Mexican currency, of which sums \$2,600 Mexican currency was an insular loan and the balance refunds. Balance in the treasury June 30, 1903, \$1,398.24 U. S. currency and \$1,609.64 Mexican currency.

Romblon (organized March 16, 1901).—Balance in the treasury July 1, 1902, \$2,835.62 U. S. currency; provincial and municipal taxes collected, \$3,529.83 U. S. currency and \$29,681.59 Mexican currency; refunds by warrant from insular treasury, \$50.54 U. S. currency and \$2,928.19 Mexican currency. Balance in the treasury June 30, 1903, \$78.11 U. S. currency and \$2,613.49 Mexican currency.

Samar (organized June 17, 1902).—Provincial and municipal taxes collected, \$25,069.87 U. S. currency and \$168,145 Mexican currency; receipts by warrant from the insular treasury, \$2,553.19 U. S. currency and \$35,142.16 Mexican currency, of which sums \$2,553.19 U. S. currency and \$25,000 Mexican currency were insular loans and the balance refunds. Balance in the treasury June 30, 1903, \$1,166.81 U. S. currency and \$94,209.54 Mexican currency. The act organizing the province of Samar exempted the people thereof from paying the 1902 land tax, and the 1903 land tax did not fall due until after the close of the fiscal year.

Sorsogon (organized April 30, 1901).—Balance in the treasury July 1, 1902, \$23,281.13 U. S. currency; provincial and municipal taxes collected, \$35,422.42 U. S. currency and \$114,298.97 Mexican currency; refunds by warrant from insular treasury, \$105.63 U. S. currency and \$8,459.47 Mexican currency. Balance in the treasury June 30, 1903, \$8,443.10 U. S. currency and \$1,359.64 Mexican currency.

Surigao (organized May 15, 1901).—Balance in the treasury July 1, 1902, \$9,888.45 U. S. currency; provincial and municipal taxes col-

lected, \$8,171.59 U. S. currency and \$46,282.34 Mexican currency; refunds by warrant from insular treasury, \$1,296.74 Mexican currency. Balance in the treasury June 30, 1903, \$66.49 U. S. currency and \$2,702.64 Mexican currency.

Tarlac (organized February 18, 1901).—Balance in the treasury July 1, 1902, \$18,175.43 U. S. currency; provincial and municipal taxes collected, \$33,649.79 U. S. currency and \$101,621.41 Mexican currency; refunds by warrant from the insular treasury, \$13.45 U. S. currency and \$8,935.76 Mexican currency. Balance in the treasury June 30, 1903, \$10,156.56 U. S. currency and \$27,105.25 Mexican currency.

Tayabas (organized March 12, 1901).—Balance in the treasury July 1, 1902, \$26,612.60 U. S. currency; provincial and municipal taxes collected, \$65,491.18 U. S. currency and \$148,002.85 Mexican currency; refunds by warrant from the insular treasury, \$14.43 U. S. currency and \$38,515.20 Mexican currency. Balance in the treasury June 30, 1903, \$9,165.20 U. S. currency and \$37,345.20 Mexican currency.

Union (organized August 15, 1901).—Balance on hand July 1, 1902, \$11,286.62 U. S. currency; provincial and municipal taxes collected, \$14,608.73 U. S. currency and \$56,598.54 Mexican currency; receipts by warrant from the insular treasury, \$75.08 U. S. currency and \$18,209.05 Mexican currency, of which sums \$15,960 Mexican currency was an insular loan and the balance refunds. Balance in the treasury at the close of the fiscal year, \$2,863.34 Mexican currency.

Zambales (organized August 28, 1901).—The office of the treasurer was consolidated with that of the supervisor February 10, 1903. Balance on hand July 1, 1902, \$11,428.64 U. S. currency; provincial and municipal taxes collected, \$9,346.52 U. S. currency and \$54,433.38 Mexican currency; refunds by warrant from the insular treasury, \$5.49 U. S. currency and \$6,951.37 Mexican currency. Balance in the treasury at the close of the fiscal year, \$826.41 U. S. currency and \$2,820.96 Mexican currency.

The balances in the provincial treasuries at the close of the fiscal year shown in the foregoing statement relate solely to provincial funds, municipal funds on deposit with provincial treasurers and amounts due to municipalities not being taken into consideration.

The report of the auditor for the fiscal year 1903 shows that the total collections in the provinces for provincial and municipal purposes aggregated \$1,078,259.85 U. S. currency and \$3,601,060.50 Mexican currency, aside from the aggregate of advances from the insular treasury as refunds, loans, and direct appropriations, amounting to \$40,937.44 U. S. currency and \$581,149.69 Mexican currency. At the close of the fiscal year there were in the provincial treasuries cash balances of provincial funds aggregating \$107,890.60 U. S. currency and \$745,046 Mexican currency, and cash balances due the various municipalities aggregating \$17,834.97 U. S. currency and \$185,109.66 Mexican currency.

HENRY C. IDE,
Secretary of Finance and Justice.

The PHILIPPINE COMMISSION.

SECOND ANNUAL REPORT
OF THE
SECRETARY OF PUBLIC INSTRUCTION.

MANILA, P. I., *November 15, 1903.*

The PHILIPPINE COMMISSION:

The secretary of public instruction begs leave to submit to the honorable the Philippine Commission, the second annual report of the work accomplished during the year ending October 15, 1903, unless otherwise stated, by those bureaus of the insular government under the executive control of the department of public instruction.

PUBLIC INSTRUCTION UNDER SPANISH RULE.

The history of the development of education in the Philippines is not at all uninteresting to the investigator if he enters upon its study with an impartial mind and a disposition to judge the results achieved by contemporaneous rather than present standards. It has been contended that the Filipino people had some educational advancement long before the first Spaniard set his foot in the Archipelago, but the proofs adduced to justify this conclusion rather prove the existence of relics of a decadent or dead civilization than the survival of a living and progressive one. Some of the tribes may have had alphabets, and here and there among them individuals might be found who could read and write, but the assertion that any of the peoples of the islands had advanced so far as to develop a literature is not sustained by any convincing evidence. If a literature, even of the simplest or plainest kind, ever existed in the Philippines prior to the advent of the Spanish, not a vestige of it now survives, and it is doubtful if an alphabet was extensively known or utilized by any of the Filipino tribes except the Moros. Among the Moros the Arabic alphabet was known and used from a time probably contemporaneous with their advent, and it is possible that their piratical invasions and settlements, having communicated to the gentler tribes of Luzon and the Visayas some information that thoughts and ideas could be conveyed by an orderly arrangement of conventional signs, gave rise to the tradition of an early literary advancement out of all proportion to the real state of the case. Writings may have existed at the time of the Spanish invasion, but in all probability they were of Moro origin, and could hardly be called literary productions if the Moro documents extant are to be considered as fair samples of the writings of more primitive times. From all the evidence at hand it seems no more than just to conclude that learning made no real progress among the peoples of the Archipelago until after Spanish occupation, and that

the first Spanish explorers encountered on their arrival not the beginning of a new intellectual advancement, but at most the inert remnants of a remote civilization of which the Filipinos may once have formed a part.

The first expeditions sent out by Spain to the Philippine Islands, subsequent to their discovery by Magellan in 1521, evidently had no other object in view than the exploitation of the islands, and were moved by no purpose beneficial to the inhabitants of the newly discovered territory. In fact, they seem to have been inspired by no higher motive than gain and aggrandizement, and it is consequently not hard to understand how the first hardy adventurers of Spain speedily lost the confidence and good will of the people, which had been temporarily gained by gifts of little price and specious promises of no higher value. The conflicts which soon arose between the strangers and many of the chiefs united the various tribes against the common enemy, and Spain's first attempts to colonize the Philippines resulted in miserable failures.

In this contingency, Philip II, King of Spain, had recourse to the influence of religion, which up to that time had never failed the country in its plans of spiritual conquest and colonization. Urdaneta was called from his convent to take joint command with Legaspi of the fourth expedition to the Philippines, and large powers were given to him and the missionaries who accompanied him in dealing with the people. Fair treatment and the salutary restraint of Urdaneta on the excesses of the soldiery soon gained for the newcomers a place in the affections of the inhabitants, which quickly produced an accord advantageous alike to Spain and the dwellers in her new discoveries. From the very moment of their arrival, the missionaries, animated by the spirit of Christian zeal, sought to impress upon their new charges the truths of Christianity and to wean them from a fetich worship which hardly rose to the dignity of a religion. The bells, the lights, the touching chants of the church, the rich robes of the priestly service, the solemn and dignified demeanor of the celebrant, the rough soldiery that bent the knee in homage to the cross, and the pathetic history of the God-Man all appealed to the simple people of the Philippines. Their predispositions and emotions were favorable to the Christian cult, but, after all, nothing more than faith by impression had been created, and in order to produce faith by conviction a deeper knowledge of the new religion was required. It was necessary, therefore, to give some history of its foundation, of its beliefs and the reasons for them, of its mysteries, of its forms of worship, of the sacraments and their foundation, of the life and works of the holy men who died in the faith, and of the thousand and one things which go to make up the hold of religion on the souls of men, whether civilized or savage. To do this it was necessary to instruct native catechists, and to teach them to read and understand the catechism, that they in their turn might aid in spreading the light among their own people. This was the first real beginning of education in the Philippine Islands. At this period education had not reached among European peoples the importance it has now, and, while there were great universities in Spain, and the monastic orders were at once the source and refuge of instruction, it could not be said that even in Spain any considerable portion of the community, high or low, understood how to read or write. The missionaries, therefore, had no idea at first of creating in the Far East an educated and refined people. Their object was to make a good, not

a learned, people, and consequently only so much instruction was imparted as was necessary to aid them in their work and to accomplish the purpose they had in view. Only such schools were established as the exigencies of religious instruction required, and no attempt was made to found schools of a more pretentious character until 1585, when Philip II ordered that a college should be established, under the direction of the Jesuits, for the instruction of the Spanish children of Manila in morals and Latin. The college so ordered to be founded was called St. Ignatius, but was not opened for the reception of students until 1595. The number of Spanish children who attended was small, and the purpose of the foundation was soon broadened so as to admit native children to the advantages extended to those of Spanish parentage.

Pursuing their policy of keeping pace with the advancement of the students, the Jesuits added to the curriculum in 1601 a course of philosophy, and four years later the study of scholastic theology. The progress of this institution was so great that in 1621 it was raised to the grade of a pontifical university, and in 1653 the full dignity of a royal university was conferred upon it. The University of St. Ignatius continued in existence until May 17, 1768, when, the Jesuits having been expelled by royal decree of Charles III, the institution ceased to exist and the building and furniture became the property of the state.

In the same year in which he directed the establishment of the College of St. Ignatius, Philip II ordered the founding of a college and seminary for the purpose of the study of Latin, the sciences, and *buenos costumbres*, but this order was not carried into effect for want of necessary funds, and it is doubtful if the hopes of the King of Spain in that regard would have ever been realized if it had not been for the testamentary disposition of Don Esteban Rodriguez de Figueroa, who bequeathed to the institution in 1610 a very considerable property, which made it possible to accomplish the royal wishes manifested twenty-six years before and to found the college and seminary of San José. With the expulsion of the Jesuits this institution fell into the hands of the King of Spain, who thereafter exercised the patronate, direction, and administration of the college through a rector and administrator appointed by the governor-general of the islands. In 1875 the college was converted into a school of medicine and pharmacy and placed in charge of the father rector of the University of Santo Tomas, who was empowered to appoint an administrator to collect the rents and care for the assets of the trust properties of the college.

The College of Santo Tomas came into existence about the year 1611, and was established by the Order of St. Dominic for the purpose of giving gratuitous instruction to the sons of poor families. This college was the forerunner of the University of Santo Tomas, which was created in 1614 and confirmed as a royal pontifical university by royal decree of Philip IV in 1623. The colleges and schools of secondary instruction were more or less preparatory schools for this university and by it all were virtually ruled and controlled. The present attendance on the university is about 350.

These foundations of learning were followed by the establishment of the Royal College of San Juan de Letran in 1640, and thereafter, for two hundred and nineteen years, nothing further seems to have been done to meet the demands for advanced instruction of boys and young

men, if the creation of a nautical school in 1620 and an academy of drawing and painting in 1845, the results of private lay enterprise, are excepted.

In December, 1859, the Jesuits returned to the Philippines and gave a new impulse to education by establishing, with the aid of the city of Manila, a municipal school called the "Ateneo de Manila." The Ateneo not only furnished primary instruction, but also gave to its students a course in mathematics, chemistry, physics, natural history, French and English. It began with 33 pupils, became a college in 1865, and has instructed since 1859 over 26,000 pupils. It now has an attendance of nearly 1,200 pupils. The Society of Jesus likewise founded in 1865 a normal school for the training of teachers in order to carry out the policy of the Spanish Government with reference to primary instruction. Although this school furnished a comparatively small number of teachers considering the attendance, as a school it was a success from the beginning. It is still in existence, has the best school building in the islands, and enjoys an attendance of some 600 pupils.

In addition to these places of learning established for boys, schools for girls were established as follows:

| Name. | Year of foundation. |
|--|---------------------|
| Santa Isabela..... | 1632 |
| Santa Catalina..... | 1696 |
| Beaterio de San Ignacio..... | 1699 |
| Santa Rosa..... | 1750 |
| Escuela de Maestras..... | 1864 |
| Colegio de la Inmaculada Concepcion..... | 1868 |
| Colegio de San José de Jaro..... | 1872 |

Asuncionistas, about 1890.

Beginning with 1872 and continuing until about 1890 seminaries were established for the education and training of priests in the archdiocese of Manila and the diocese of Nueva Segovia (Vigan), Cebu, Jaro, and Nueva Cáceres. Schools of secondary lay instruction were also established at Guinobatan in 1890, and at Bacolod, Negros, in 1892.

The following figures show the enrollment in some of the educational centers for the year beginning 1886 and ending 1887:

| | |
|--|-------|
| Universidad y Colegios de Sto. Tomas y Letran..... | 1,985 |
| Academias de Náutica, Pintura y Contabilidad..... | 644 |
| Ateneo Municipal..... | 273 |
| Escuelas privadas de Latinidad..... | 833 |
| Escuela Normal de Maestros..... | 443 |
| Seminario Conciliar de Manila..... | 52 |
| Seminario Conciliar de Nueva Segovia..... | 418 |
| Seminario Conciliar de Cebú..... | 304 |
| Seminario Conciliar de Jaro..... | 400 |
| Seminario Conciliar de Nueva Cáceres..... | 660 |
| Total..... | 6,012 |

A study of the enrollment in the University of Santo Tomas, and in the colleges of Santo Tomas and San Juan de Letran, reveals the interesting fact that the total matriculation of 1,985 was made up of 123 peninsular Spaniards, 93 insular Spaniards, 180 Spanish mestizos, 1,381 Filipinos, and 208 Chinese mestizos.

Primary instruction was confined to the schools and colleges in the

city of Manila, and until 1863 no attempt whatever was made to put rudimentary instruction within the reach of the great mass of the school population. In 1863 Spain recognized the urgent necessity of giving greater educational opportunities to the people of the islands, and by royal decree made provision for the development and perfection of a proper system of primary instruction. The decree declared that the want of an organized system of primary instruction had not only prevented the acquisition of the Spanish tongue by the people, but had perpetuated among them an ignorance which was a stumbling block in the way of their advancement and a barrier to their proper appreciation of the beneficent intentions of the Government and its constituted authorities. It, therefore, directed the organization of a normal school in the city of Manila, and the creation of at least one primary school for boys and one for girls in every pueblo in the islands. Primary schools were placed under the inspection of a commission composed of the civil governor, the archbishop of Manila and 7 members, and the attendance of children between the ages of 7 and 13 was made compulsory.

The course of studies prescribed for primary schools was as follows: (1) Christian doctrine, notions of morality, and sacred history; (2) reading; (3) writing; (4) Spanish; (5) arithmetic, comprising whole numbers, common fractions, decimals, denominations, and notions of the metric system; (6) geography and Spanish history; (7) notions of agriculture; (8) urbanity; (9) vocal music. Geography, Spanish history, and agriculture were omitted from the course in girls' schools.

The scheme of primary instruction provided by Spain was adequate for the purpose of furnishing a fairly good measure of preliminary education, but the want of proper administration by the local authorities, the lack of interest in primary studies not directly related to the moral training and religious instruction of the pupil, the ridiculously small salaries paid to teachers, the selection of instructors incapable of teaching Spanish and more in need of instruction than capable of imparting it, and the distance of the barrios and villages from the larger centers of population where the primary schools were usually located, all united to bring at least partial failure when complete success should have been the result of the well-intended efforts of the Government. In 1886, twenty-three years after the issuance of the royal decree directing the organization of the system of primary instruction, 1,052 primary schools for boys and 1,091 for girls had been established, an average of a little more than one school for each sex per pueblo. The enrollment was somewhere in the neighborhood of 200,000, but the attendance did not average more than 40 or 50 pupils to the school. Christian doctrine, reading, writing, some historical geography, addition, subtraction, and multiplication usually marked the limits of primary instruction.

PUBLIC INSTRUCTION SINCE AMERICAN OCCUPATION.

When the treaty of Paris made it certain that the sovereignty of the islands would be transferred from Spain to the United States, almost the first work undertaken by the military in their exercise of civil authority was to reestablish the schools which the insurrection against Spain and the war between Spain and the United States had practically closed throughout the Archipelago. This work was in thorough accord

with the policy of attraction marked out by President McKinley, and was offered to the Filipino people as the first earnest of the good intentions of the United States and of the serious purpose of the administration to benefit and advance the inhabitants of the possessions acquired as the result of the conflict with their former sovereign. Even after the insurrection broke out against the United States the plan of giving to the Filipino children the advantage of free public instruction was never abandoned, but was adhered to wherever circumstances permitted and conditions were at all favorable to the building up of a school. Of course, instruction in time of such great public disturbance was necessarily imperfect and desultory, yet it served the purpose in many localities of bridging the way to the hearts of parents and operated as a restraining influence to prevent them from becoming active participants in a movement with which many of them undoubtedly sympathized. The American soldier, acting in the rôle of an instructor of a people in arms against his country, was an object lesson which, while it did not serve to convince the insurgents of the error of their ways, at least caused many of the better element among them to soberly inquire of themselves whether, after all, the United States might not have the welfare and well-being of the Filipino people very much at heart.

With the advent of civil government came the creation of a system of public instruction, and to Professor Moses and Doctor Atkinson, men skilled in the work, is due the great credit of giving to the islands an educational organization which, all prophecies to the contrary, has met with a success beyond expectation. After a careful canvass of the entire situation and after satisfying themselves that there was an earnest desire to acquire a knowledge of English, Professor Moses and Doctor Atkinson cut loose from all established traditions and made English the language of the schools. Men and women trained in the profession of teaching were brought from the United States and without understanding a word of Spanish or of the local dialects they set to work to impart information in an unknown tongue. At first blush the prophets of failure would seem to have had some ground for their prognostications, yet experience proved to a demonstration, that to teach in a language unknown to the pupils was not only not an impossible task, but that nothing more was required for that purpose than an intelligent return to first principles and the systematic use of methods employed by all mankind in giving or acquiring information under similar conditions. The fact that the pupils did not understand the instructor and that the instructor did not understand the pupils may have retarded general instruction for a little while, but it more than compensated for that disadvantage by making English the dominant and controlling study of the curriculum. Object lessons, frequent repetitions, and constant use of English in the school room quickly gave to the children a working vocabulary, and after that the students themselves, moved by the pride of newly acquired knowledge, smoothed the path to free communication between teacher and pupil.

In many of the pueblos, not to say many of the provinces, after five years of American occupation, there is more English spoken than Spanish, and this, in my humble opinion, is the most hopeful sign of a speedy and general understanding by the Filipinos of the real purposes of the American Government and of their rights, duties, and liberties under the rule of their new sovereign. Lack of a common

language was one of the fruitful sources of trouble for Spain; it was one of the principal causes which precipitated the insurrection against our own country, and it is the one obstacle to-day to a complete understanding of our motives and purposes in the islands. If, therefore, the bureau of education accomplishes nothing more than to make English the tongue commonly spoken and commonly used by the people of the archipelago, it will more than have justified its existence and all the expense it has incurred.

ORGANIZATION.

The islands are divided into 35 school divisions under the immediate charge of as many division superintendents, who are responsible to the general superintendent at Manila for the public schools in their respective jurisdictions. As a general rule each province constitutes a school division. In some school divisions, however, such as Albay and Sorsogon, Cagayan and Isabela, Ilocos Sur and Abra, Iloilo and Antique, and Pampanga and Bataan, two provinces have been united for the purpose of constituting a division. In all, 681 municipal and 384 barrio primary schools have been established. As a rule, American teachers are assigned to duty in the municipalities of the greatest importance in the division, and native teachers to barrios and municipalities of lesser consequence.

In addition to the primary schools, a nautical school for the preparatory training of mariners, a trade school for instruction in useful trades and mechanical arts, a normal school for the proper training and instruction of native teachers, and 38 secondary schools have been organized. The normal school has an attendance of 323, the nautical school 113, the trade school 119, and the secondary schools 6,340. Twenty-five of the graduates of the nautical school are employed as captains and mates on steamers and sailing vessels engaged in the coastwise trade, and receive salaries ranging from \$60 to \$275 a year and found, together with a promise of advancement as they obtain more practical experience. Besides the instruction given in the trade school in various useful trades, special instruction in every branch of the printer's and allied trades is given to apprentices in the bureau of public printing, and practical training in fine carpentry, staining, polishing, cabinet work, and wood carving is given in the forestry bureau. Neither the bureau of public printing nor the forestry bureau is under the control of the bureau of education, yet the work accomplished by them in training students as craftsmen and artisans should receive mention in this place as a portion of the work of instruction promoted and carried on by the insular government. In many of the secondary schools industrial work of various kinds is made a feature and, while no great progress has up to this time been made in that direction, it is felt that with proper organization and suitable appliances and equipment this kind of educational work will meet with the hearty response of the youth of the country, especially in the case of useful trades where deftness, delicacy of touch, and faithful imitation are required.

THE TEACHING FORCE.

The teaching force in the islands is made up of 691 American and 2,496 native teachers. The total number of American teachers at the

beginning of the last school year was in the neighborhood of 926, but owing to resignations, sickness, expiration of term of service, and other causes this number at the end of the school year suffered a net reduction of 203, which has been increased at the date of writing this report by an additional loss of 32. All the American and about 150 of the native teachers are paid out of insular funds. Native teachers not on the insular pay rolls are paid by the municipalities, except such as are paid by the provinces while on duty in the provincial schools. The appropriation bill for the first half of the present fiscal year fixed the salaries of teachers payable out of insular funds as follows:

Secondary teachers.—Seven at \$1,800 each; 27 at \$1,500 each; 2 at \$1,400 each; 1 at \$1,380; 13 at \$1,350 each; 3 at \$1,320 each; 2 at \$1,300 each; 15 at \$1,200 each; 1 at \$900

Elementary teachers.—Thirty at \$1,500 each; 14 at \$1,400 each; 7 at \$1,380 each; 27 at \$1,350 each; 20 at \$1,320 each; 34 at \$1,300 each; 2 at \$1,275 each; 1 at \$1,256, 3 at \$1,250 each; 333 at \$1,200 each; 16 at \$1,140 each; 22 at \$1,100 each; 19 at \$1,080 each; 3 at \$1,020 each; 211 at \$1,000 each; 101 at \$900 each; 1 at \$780; 2 at \$750 each; 3 at \$720 each; 21 at \$600 each; 20 at \$480 each; 40 at \$360 each; 40 at \$300 each; 30 at \$240 each.

Special teachers.—One at \$2,000, teacher of botany; 1 at \$2,000, teacher of drawing and art; 1 at \$2,000, teacher at trade school; 1 at \$1,500, in charge of nautical school; 3 at \$1,200 each, teachers at nautical school; 1 at \$650, teacher at nautical school.

The full number of teachers, however, for which provision was made by the appropriation bill was not engaged, and the amount appropriated will be considerably more than the salary expense actually incurred. The annual salaries of native teachers paid by the municipalities range from \$180 to \$360 Mexican currency. For work in the provincial schools the provinces pay native teachers monthly salaries of \$50 to \$75 Mexican currency. Native teachers on the insular pay rolls receive from \$240 to \$750 gold annually.

Many American teachers have complained that the salaries paid are insufficient, taking into consideration their service in a tropical climate, the cost of living, and the inconveniences, not to say hardships, suffered by them in meeting conditions entirely different from those to which they were accustomed at home. My own opinion is that the salaries paid are not inadequate, and that, giving full weight to all the burdens imposed on teachers by their new environment, the compensation received by them more than favorably compares with that allowed in many of the States of the Union where the climate is certainly no better than that of the Philippines.

It is noted, however, that as most of the teachers adjust themselves to their surroundings and make acquaintances among the people they develop an active interest in their work, which reduces the difficulties of new conditions to proper proportions, and the disposition to complain of their compensation is not so pronounced.

Some dissatisfaction was also created by the impression which had gained a foothold among the American teachers that their transportation to the United States on separation from the service would be provided by the Government. Some insisted that representations to that effect had been made to them prior to their departure from the United States, and the free use of the transport service by the insular government for the benefit of teachers confirmed in most of them the idea that the Government was in duty bound to furnish them with the means of returning to the homes from which they were taken. In view of all the circumstances it was thought wise to furnish transportation to San Francisco to all teachers leaving the service at the

end of the last school year, and as the civil government was no longer able to avail itself of the army transport service the sum of \$15,000 was appropriated to meet the necessary expense. Since then a law has been passed giving to all civil employees free transportation to San Francisco on separation after three years of faithful service, and it is thought that future misunderstandings on this account will not occur.

Experience has demonstrated, at least to my satisfaction, that the present plan which gives to the division superintendent the power to employ native teachers and to fix their salaries, and no authority whatever to oblige municipalities to make the necessary appropriation or to pay the salaries fixed, is a mistake and must be changed sooner or later. American teachers were made a charge on the insular treasury, for the reason that the salaries of such teachers were beyond the financial ability of the municipalities, or even of provinces, to pay. It was believed, however, that the payment of native teachers was not beyond the ability of provincial and local governments, and that at least that responsibility should be imposed upon them if for no other purpose than to give them a strong financial interest in the success of the schools. The event has shown, however, that while it may be safely said that 90 per cent of the municipalities take a deep and abiding interest in education, their lively sympathy does not always go to the extent of providing the necessary means to pay the expenses. In some municipalities the failure to pay the monthly stipend of native instructors was due to lack of funds to pay anyone, but in others the disposition seemed to be to meet every municipal obligation except that incurred to teachers. The school fund, in my opinion, should be expended only on the approval of the division superintendent, and in no event should other calls be honored on the fund unless there is sufficient money actually on hand to meet the salary demands for the year. In the interest of retaining many good Filipino teachers, and as an incentive to others to endure the existing conditions in the hope of future promotion, the insular government made provision for the payment of the salaries of 150 native teachers out of insular funds, and this number will be increased by the end of the calendar year to 200.

ATTENDANCE.

In the months of September, October, November, and December of last year there was a very notable diminution in the attendance on the public schools. This was caused, to a great extent by the prevalence of cholera and smallpox and the almost countless misfortunes and discouragements which assailed the whole body of the people after six years of war and public disturbance. To some extent the decrease in attendance was also due to the fact that the novelty of the American schools had worn off, and that there was a suspicion that the schools were to be used as an insidious means of undermining and destroying in the child its belief in the religion to which the parents adhered. Moreover, many of the teachers were entirely new to the work, and confronted at the beginning of their labors with the great difficulty of making themselves understood. Their flagging interest and discouragement, often manifested by open impatience, immediately resulted in apathy on the part of the students and consequent loss of attendance. At the beginning of the present school year, however, the cholera

and smallpox had fairly worn themselves out; the people had become more accustomed to their misfortunes and troubles; the policy of non-interference in religious matters by the Government had weakened in a marked degree the suspicion that there was to be interference by teachers with the religion of the children; and teachers, revived by two month's vacation, came back to their labors with renewed energy, and above all with the confident hope that a little perseverance and patience would finally overcome their difficulties. The consequence was a pronounced increase in both the enrollment and attendance from the very beginning of the year, and the enrollment and attendance have gone on steadily increasing in practically every province with but one or two exceptions. In the divisions of Pangasinan, Tarlac, Rizal, Oriental Negros, Manila, Pampanga-Bataan, Laguna, and Bulacan, the increase in enrollment has been most decided and gratifying, as the following table of enrollment for the months of September and October of this year will show:

Enrollment of public day schools.

| Division. | September. | October. | Gain. |
|-----------------------|------------|----------|-------|
| Pangasinan | 8,737 | 10,730 | 1,993 |
| Tarlac | 3,966 | 5,253 | 1,287 |
| Rizal | 4,745 | 4,994 | 249 |
| Oriental Negros | 5,131 | 7,303 | 2,172 |
| Manila | 4,567 | 4,887 | 320 |
| Pampanga-Bataan | 8,030 | 8,735 | 705 |
| Laguna | 3,701 | 4,197 | 496 |
| Bulacan | 8,878 | 10,559 | 1,681 |
| Total gain | | | 8,903 |

While the same extraordinary advance has not been made in all the provinces, the increase in attendance in the provinces just mentioned is typical of the great interest taken in the schools and of the steady advance, which has suffered no diminution or backset since June last.

The Christian population of the islands as given by the last census is 6,967,011, and the school population is roughly estimated at 1,424,776, of which 182,202 have been enrolled in the day schools and 11,429 in the night schools, making a total of 193,731 who have been brought within the sphere of educational influence. The actual average attendance on day schools is 131,371 and on night schools 8,595, making a total attendance of 139,966, or about 73 per cent of the enrollment. The number enrolled in proportion to the whole school population is small, yet when it is considered that an average of less than 700 American teachers has brought about this result in two years' time, during part of which cholera ravaged the islands, causing the death of more than 150,000 of the inhabitants, the achievement is not disappointing.

Since the submission of his report, the general superintendent has prepared and submitted to this office a table carrying the more important items of statistical information of his bureau down to the month of September. This table, which is given in full in Exhibit A, shows the Christian population and number of towns of each province as shown by the census lately taken, the number of American teachers, the number of native teachers, the enrollment and attendance by

provinces in schools under American teachers, the enrollment and attendance by provinces in schools under native teachers, the total enrollment and attendance by provinces, and an estimate of the school population by provinces. The totals as shown by the table are as follows:

| | |
|---|-------------|
| Christian population..... | 6, 967, 011 |
| Number of towns..... | 934 |
| Number of towns with American teachers..... | 338 |
| Number of American teachers..... | 691 |
| Number of native teachers..... | 2, 496 |
| Enrollment in towns under the supervision of American teachers, exclusive of night schools..... | 123, 147 |
| Attendance in towns under the supervision of American teachers, 75 per cent of enrollment..... | 92, 627 |
| Enrollment in towns not under the supervision of American teachers, exclusive of night schools..... | 59, 055 |
| Attendance in towns not under the supervision of American teachers, 65 per cent of enrollment..... | 38, 754 |
| Total enrollment, exclusive of night schools..... | 182, 202 |
| Total attendance, 72 per cent of enrollment..... | 131, 371 |
| Total estimated school population..... | 1, 424, 776 |
| Percentage of estimated school population now enrolled in the schools (exclusive of night schools)..... | 13 |

RELATIONS OF AMERICAN TEACHERS TO THE PEOPLE.

When the insurrection against the United States was definitely ended and the insurgents were forced to submit to the inevitable, their submission did not bring with it any particular good will to those whom they had so lately regarded as enemies. Neither the American soldier nor the Filipino insurgent would make or was disposed to make the first advance to a better state of feeling. The blood of the insurgents had been shed and they, in their turn, had shed that of the American soldier. Conditions, therefore, were not at all favorable on either side for the creation of an era of good feeling or the burying of the dead but well-remembered past.

The first decided break after the insurrection in the mutual sentiment of estrangement between Americans and Filipinos came with the advent of civil government and the initiation of a policy of attraction coupled with just, firm, and merciful treatment. Apart from the personal attitude of the members of the Civil Commission and the influence of an impartial judiciary, which dealt out justice to Filipino and American alike, this policy was brought home to the people in no inconsiderable degree by the disinterested devotion and unselfish work of the American teacher. From the beginning the relations of the American teacher to the people have, as a rule, been pleasant and agreeable. Even in provinces where there was more or less disturbance and ladronism, the almost sacred regard in which the teacher was held exempted him from violence, and I know of none who came to grief except four teachers who were killed while traveling in the mountains where their status was unknown—one who was mistaken for the provincial treasurer and stabbed to death to secure the money which it was thought he carried, one who lost his life while leading an armed party against the ladrones, and one who was robbed of his watch and money, but not otherwise molested.

So clearly have the people manifested their predilection for the

American instructor that a failure on his part to maintain a warm local interest in the success of his school may be usually attributed rather to some cause personal to himself than to any popular sentiment against the school.

SCHOOLHOUSES.

One of the great obstacles to the growth of the school work in the islands has been the lack of proper school accommodations. Since the beginning of the year, however, considerable activity has been manifested in the construction and repair of school structures, generally in those towns where the land taxes have been collected. Many school buildings have been completed during the year, quite a number are under construction, and plans for others are in course of preparation. In some of the municipalities where there was a lack of funds to pay labor, the timbers for buildings have been cut and the buildings constructed by voluntary labor, and sometimes by the students themselves. In needy provinces, where an additional food supply was required, division superintendents have availed themselves of the rice purchased out of the Congressional relief fund in order to relieve the distress, and at the same time secure improved school accommodations. Great interest is taken by the provinces in the provincial schools, many of them applying to the insular government for loans in order to secure the erection of edifices appropriate for the purposes of secondary instruction. In some few cases the competition by municipalities to secure the site of the provincial school has been very intense, and through this rivalry some provinces have been enabled to secure valuable and adequate sites and such liberal contributions from the people that the necessity of applying to the insular government for aid has been avoided.

MORO PROVINCE.

The act of the Commission providing for the organization and government of the Moro Province passed June 1, 1903, practically legislated out of existence the school division of Mindanao and Jolo. Dr. N. M. Saleeby, a man well acquainted with the Moro people, their language and customs, was appointed superintendent of the school system in the new province and charged with the general supervision of all school matters in that jurisdiction. Out of the school division of Samar and Leyte two school divisions were created by act No. 917, and Henry S. Townsend, the former superintendent of the division of Mindanao and Jolo, was transferred to the new school division of Samar. B. B. Sherman, former division superintendent of the united provinces, was left in charge of the division of Leyte.

Under the act creating the Moro Province all reports of its division superintendent are required to be made to the provincial governor, copies of such reports being forwarded to the general superintendent of education. The American teachers located in the former division of Mindanao and Jolo were transferred to the new division, which has assumed the responsibility for the payment of their salaries from and after October 1 of this year. All school supplies in the original division have been also turned over to Doctor Saleeby, the present division superintendent.

THE WORK ACCOMPLISHED AND THAT WHICH REMAINS TO BE DONE.

Since the organization of the bureau of education, a little more than two years ago, one of its principal objects has been the creation of a system of primary instruction so extensive as to place within the reach of every child of school age in the islands the means of obtaining at least the rudiments of an education. It is useless to think that this result can be obtained through the medium of American instructors only. To place one American teacher in every important municipal and barrio school in the islands would require at least seven times the number of teachers now in the service, and would involve an expense which could not be borne. If the smaller centers of population are to be reached at all they must be reached by a corps of instructors born in the country, able to resist the insidious influence of a tropical climate, acquainted with the habits, customs, and language of the people, and carefully trained for the work by American teachers. Holding this opinion, the bureau of education has established in Manila a well equipped normal school, and has encouraged secondary schools in the practice of selecting bright pupils to aid and assist in the instruction of their fellow-students. A system of provincial normal institutes has been established, where every year during the vacation time the local force of teachers, American and native, including aspirantes, is brought together for a course of advanced study and mutual improvement. During this present calendar year normal institutes were held in 30 provinces, with an enrollment of more than 5,000. Some time is given every day by American teachers to the instruction of their Filipino assistants. From all this it is hoped that the native contingent will soon be brought up to the standard of modern instructors, and that a force of Filipino educators amply sufficient to supply this demand for primary teachers will be created.

Besides all this, the Civil Commission has provided for the sending of 100 Filipino students to the United States for four years of study and experience in American schools. The students selected were placed in charge of Professor Sutherland, who for the time being has assigned them to various secondary and grammar schools in southern California in order to avoid the rigors of an eastern winter and to perfect his charges in English before finally entering them at the various colleges and universities selected for their education. From this body of students, and from the other sources of supply already established in the islands, it is confidently hoped that a corps of Filipino teachers, thoroughly acquainted with our educational methods, will be developed to take care of primary instruction and to aid in supervisory work now almost wholly confided to Americans.

Next in importance after the creation of a supply of native teachers comes instruction in useful trades and the mechanical arts and sciences necessary for the industrial development of the country. A trade school has therefore been established in Manila, and lately industrial and trade instruction has been made a feature of many of the provincial and secondary schools. This branch of instruction is, as has been already stated, in its infancy, and while no great progress has been made, it is confidently believed that besides giving to the islands a supply of educated Filipino artisans and mechanics, it will compel a due regard and respect for the dignity of labor. Of course no attempt

will be made to force any pupil from his natural inclination for one pursuit rather than another, but ample opportunity will be given to every student to follow the vocation for which he is best adapted and to avoid the career for which he is unsuited or unfit.

CHANGES OF SUPERVISORY PERSONNEL.

On December 31, 1902, Prof. Bernard Moses, secretary of public instruction, and Dr. Fred W. Atkinson, general superintendent of education, retired from the service, and the writer and Dr. Elmer B. Bryan were appointed to succeed them, respectively. Doctor Bryan, however, was compelled to resign his position in August of the present year on account of illness. The estimation in which he was held and the value the Government placed on his services is best shown by the following resolutions adopted by the Commission on his retirement:

The president presented the resignation of E. B. Bryan, general superintendent of education, in the words following:

"Acting upon the advice of my physician, I have the honor to tender my resignation as chief of the bureau of education, effective at the expiration of my accrued leave. I hope to leave Manila on the *City of Peking* August 13. The secretary of public instruction has the matter of leave under consideration. The necessity of giving up this piece of work to which I hoped to devote many years is the greatest disappointment of my life. I wish to thank you for your kindly consideration and encouragement at all times." Whereupon, on motion, it was

Resolved, That the Commission learns with great regret of the necessity for Mr. Bryan's resignation, and wishes to express to him its appreciation of his very hard work and of his most efficient service, both as superintendent of the normal school and as general superintendent of education, and sympathizes deeply with him in his disappointment at not being able to continue the work for which he was so admirably fitted and in which success certainly lay before him.

* * * * *

And be it further resolved, That a copy of this resolution be sent to Doctor Bryan, with the expression of the hope on the part of the Commission that on returning to America he will find health and another opportunity for the exercise of his most useful talents, which will be much missed in these islands.

Dr. David P. Barrows, the present general superintendent, then the chief of the bureau of non-Christian tribes, and formerly superintendent of schools for the city of Manila, was immediately appointed to succeed him.

APPROPRIATIONS, EXPENDITURES, AND UNEXPENDED BALANCES.

The following shows the appropriations and the expenditures of the bureau of education during the fiscal year ending June 30, 1903:

| | Amount appropriated. | Amount expended. | Unexpended balances. |
|---|----------------------|------------------|----------------------|
| For salaries and wages, office force of general superintendent | \$39,810.00 | \$33,144.54 | \$6,665.46 |
| For salaries and wages entire teaching force | 1,348,558.33 | 1,036,524.57 | 312,033.76 |
| For transportation | 34,508.37 | 28,237.32 | 6,271.05 |
| For school furniture and supplies | 125,000.00 | 17,584.97 | 107,415.03 |
| For contingencies | 14,285.00 | 12,942.21 | 1,342.79 |
| Total | 1,562,161.70 | 1,128,433.63 | 433,728.09 |
| Amount returned to the treasury | | 294,086.17 | ..... |
| Difference occasioned by expression in United States currency of amounts paid in Mexican currency | | 3,261.665 | 297,347.835 |
| Amount remaining on hand | | | 136,380.255 |

For more detailed information concerning the public schools during the past year, reference is made to Exhibit A, which is hereto attached and made a part of this report.

BUREAU OF ARCHITECTURE AND CONSTRUCTION OF PUBLIC BUILDINGS.

The exigent demand for proper office and building accommodations for the various bureaus, coupled with the necessity of making many important public improvements of a permanent character, has about doubled the work of the bureau of architecture and construction of public buildings during the past year.

OFFICE PERSONNEL AND OTHER EMPLOYEES.

The chief of bureau, 1 master builder, 1 superintendent of construction, 2 engineers, 1 disbursing officer, 7 draftsmen, 4 clerks, 1 storekeeper, 2 stenographers, 1 janitor, and 1 messenger constitute the office force of the bureau. The actual work of construction, alteration, and repair falling within the province of the bureau, on the average is carried on by 357 skilled and unskilled laborers under the supervision and control of the chief of bureau, the master builder, the superintendent of construction, and 6 English-speaking foremen. Two Chinese, 12 Japanese, and 343 Filipinos make up the full number of skilled and unskilled laborers at present employed. The average number of laborers employed a year ago was 150, of whom 97 per cent were Chinese.

WORK OF THE BUREAU DURING THE YEAR.

A commodious second story was added to the old storeroom, a building 50 feet wide and 75 feet long, and the bureau is now comfortably housed in the addition, which is provided with all the facilities necessary for the preparation of plans, detail drawings, and other necessary preparatory work. A sanitarium, 5 cottages, and a stable to shelter 40 horses were erected at Baguio. The making of a summer capital at Baguio is now in contemplation, and plans for substantial government buildings at that place have been submitted to the Commission. A substantial addition has been made to the custom-house, and the old custom-house is in process of refitting and remodeling.

Plague, cholera, and smallpox hospitals, provided with electric lights, sanitary plumbing, proper drainage, and other modern conveniences, have been constructed for the board of health. The hospitals are single-story structures arranged on the pavilion plan. San Lazaro Hospital has been provided with a proper water supply of 14,000 gallons capacity, the plumbing in the building has been carefully overhauled, cement floors laid in the kitchen and in the dining room for natives, the roofs repaired, and the old buildings renovated in many other particulars too numerous to mention. The building for the bureau of government laboratories is now practically inclosed, and will be ready for occupancy by May next. Five small houses, a 75-stall stable for serum cattle, and 400 running feet of shelter for animals used for scientific purposes have been constructed for the use of the serum institute. The civil hospital has been furnished with septic tanks and 1,200 feet of 12-inch pipe laid to connect them with the estero of Sampaloc. For the insular cold-storage and ice plant a cot-

tage for the engineer, a harness shop, dispensary, and quarters for employees, and a stable for 18 horses have been erected. Galvanized-iron tanks to give a sufficient water supply have been installed at the bureau of public printing, and the premises have been inclosed with a fence of brick and iron. A stable with storage rooms for feed, harness, wagons, and farm implements, and a water tower and tank fitted with a gasoline engine and pump for irrigation purposes, have been completed for the bureau of agriculture at its experiment station near Singalong. The building occupied by the bureau of coast guard and transportation has been thoroughly renovated, furnished with new water tanks, repainted, and rewired for electric lighting.

The ayuntamiento, like many other government buildings, after many years of neglect fell into such a state of disrepair that the government was compelled to expend \$5,026.39 in order to preserve the structure and put it in proper condition. Among other things the building has been completely rewired to comply with city ordinances, the roof has been renewed in many places, stairways taken out, additional rooms provided, and the decayed wooden flooring on the ground floor removed and tiling substituted. The half-finished hospital building purchased by the city of Manila from private parties has been strengthened and remodeled to meet all the purposes of a modern city hall. In addition to all this work, repairs and additions have been made to the exposition buildings, the timber-testing laboratory, the intendencia building, the Malacañan Palace, and the Santa Potenciana building. Appropriations have been made for stables for the transportation in charge of the insular purchasing agent, for a new vault for the insular treasury, for the machine shops and warehouses for the bureau of coast guard and transportation, for an agricultural college building at La Carlota, for workshops at Bilibid prison, for 13 coal sheds at the various coast-guard coaling points, for a new paper warehouse at the bureau of public printing; and it is expected that the bureau of architecture and construction of public buildings will be kept reasonably busy during the time which yet remains of the present fiscal year.

The expenditures actually made by the Bureau during the year ending August 31, 1903, are as follows:

| | |
|--|-------------|
| Salaries and wages..... | \$23,796.51 |
| Contingent expenses..... | 2,442.11 |
| Transportation..... | 986.28 |
| Building supplies and laborers..... | 54,183.55 |
| Public printing office..... | 1,998.12 |
| Government laboratories..... | 24,690.48 |
| Treasury vaults..... | 10,250.26 |
| Exposition buildings..... | 6,524.27 |
| Insular cold-storage and ice plant..... | 18,414.62 |
| New custom-house..... | 64,910.85 |
| Old custom-house..... | 7,601.32 |
| Casemates and buildings, constabulary..... | 327.79 |
| Bureau of agriculture..... | 2,576.32 |
| Semaphore signal station..... | 734.29 |
| Malacañan Palace..... | 1,150.00 |
| Storeroom and offices, bureau of architecture..... | 8,212.05 |
| Lumber yard, bureau of architecture..... | 1,600.00 |
| Forestry bureau..... | 300.00 |
| Shed for insular purchasing agent..... | 204.60 |
| Sanitarium and cottages, Baguio, Benguet..... | 15,878.08 |
| Civil hospital..... | 1,880.80 |
| Intendencia building..... | 630.00 |

| | |
|---|---------------------|
| Smallpox Hospital, board of health..... | \$2,525.00 |
| San Lazaro hospital and serum institute, board of health..... | 5,852.83 |
| Temporary laboratory, calle Iris..... | 679.90 |
| Temporary laboratory and serum station..... | 1,200.00 |
| Agricultural and industrial school, Baguio..... | 491.14 |
| Board of health morgue and crematory..... | 3,618.32 |
| Coast guard and transportation..... | 798.59 |
| Total actually expended | 264,458.08 |
| Due and unexpended: | |
| Claim of Albert Bryan..... | 6,149.79 |
| Henry D. Woolfe..... | 265.50 |
| Campbell..... | 9,663.53 |
| La Electricista..... | 550.00 |
| Supplies from United States, not delivered..... | 30,729.91 |
| Deficiency appropriation..... | 1,317.79 |
| Total due and unexpended | 48,676.52 |
| Appropriated for public works and maintenance of public buildings.... | 321,225.79 |
| Work done by bureau..... | \$59,914.34 |
| Work done by contracts..... | 127,566.94 |
| Turned into general fund..... | 5,000.00 |
| Loss to appropriation account, changes in rate on money and property..... | 3,675.29 |
| Paid insular purchasing agent for property..... | 41,076.61 |
| ..... | 237,233.18 |
| Balance of appropriation for public work and maintenance of public buildings | 83,992.61 |
| Total amount appropriated for bureau | 350,430.79 |
| Total actually expended | \$264,458.08 |
| Due, but not expended | 48,676.52 |
| Total expended and incurred..... | 313,134.60 |
| Balance of appropriations to credit of bureau | 37,296.19 |

For additional information concerning the work completed and now in progress by the bureau of architecture and construction of public buildings, reference is made to Exhibit B, hereto attached and made a part of this report.

BUREAU OF PUBLIC PRINTING.

This bureau is organized not only to do the printing work of the government, but also to give to Filipino young men a thorough course of instruction in the printing and allied trades.

The American force employed is 65, and is made up of the public printer, 49 instructors, 4 clerks, 3 copyholders, 1 foreman in charge of laborers, 2 checkers and assistants in warehouse, 1 cutter, and 4 watchmen. One hundred and fifty-seven Filipinos are also employed, of whom 4 are clerks, 25 are craftsmen, 33 are junior craftsmen, 44 are apprentices, 27 are helpers, 17 are laborers, and 7 are messengers or drivers. Besides the permanent force, 1 American instructor, 1 American copyholder, 4 Filipino craftsmen, 13 Filipino junior craftsmen, 1 Filipino apprentice, and 6 Chinese carpenters are temporarily employed.

Act No. 650, enacted on March 3 of this year, gave authority to the bureau to employ as many apprentices as might be permitted by

the secretary of public instruction, and made provision for the payment of a small compensation to such apprentices as might be engaged. The apprentices are obliged to take a civil-service examination, and are divided into six classes. Original appointments are made to the sixth class, and the term of service and rate of compensation in each of the classes are as follows:

| Class. | Term of service. | Daily compensation. |
|--------------|-------------------------|---------------------|
| Sixth | At least 3 months | 20 cents gold. |
| Fifth | At least 6 months | 30 cents gold. |
| Fourth | At least 9 months | 40 cents gold. |
| Third | At least 6 months | 60 cents gold. |
| Second | At least 6 months | 80 cents gold. |
| First | At least 6 months | 110 cents gold. |

The promotion or reduction of an apprentice from one class to another is in the discretion of the public printer and is based on the civil-service efficiency and rating of the apprentice. The whole term of apprenticeship is three years, on the completion of which the apprentice is rated as a junior craftsman. Each native craftsman in the bureau at the end of three years' honest, faithful, satisfactory, and continuous service is entitled to receive extra compensation as follows: Ten cents for each full day served at a daily wage of not less than 60 cents, 20 cents for each full day served at a daily wage of not less than \$1.20, and 30 cents for each full day served at a daily wage of not less than \$1.60; provided, however, that one year's accumulated extra compensation may be paid, on approval of the secretary of public instruction, at the conclusion of two years' continuous service. The time served by native craftsmen as second-class and first-class apprentices is counted as a part of the three years' continuous service for which extra compensation is allowed. The rules of the printing office require all apprentices and junior craftsmen to attend night schools, and any willful disobedience of the regulation results in the separation of the offender from the service. At first some of the American instructors were not disposed to lend their aid in instructing apprentices, but prompt disciplinary measures and a frank expression of the purpose of the government to make a specialty of teaching young Filipinos useful trades brought about a change of sentiment and a corresponding progress in the work of fitting apprentices and others for every branch of the printer's trade.

The 44 apprentices now in the service are assigned as follows: Composing room 8, bindery 11, press room 14, foundry 6, photo-engraving room 4, power plant 1. Two apprentices have been advanced to class 4 and 14 to class 5.

The value of the product of the printing plant from July 1, 1902, to June 30, 1903, based on Remaley's scale of values, was \$221,960.10, and the cost of operation \$171,572.80, leaving \$50,387.30 as the gross excess of product over cost of operation. Deducting \$12,000, rental value of the premises, and \$14,150.66, 10 per cent for deterioration of the equipment, the net excess would be \$24,236.64. Remaley's scale of values for printing is less than the price paid for printing and binding by the civil and military governments to commercial houses prior to September 15, 1901.

The following table shows the value of the printing and binding and other work done by the bureau for each department of the govern-

ment and others during the fiscal year 1903, the printed stock on hand, the salaries and wages paid, the stock and other supplies expended, the charges for freight, transportation, etc., the total value of equipment, the estimated deterioration, the allowance made for rental value of premises, and excess of product over total cost of production:

Statement showing cost of operating the bureau of public printing during the fiscal year 1903 as compared with the product.

CREDITS.

| | | |
|---|---------------------|----------------|
| Printing and binding authorized by civil governor (Requisition A) | \$50, 218. 75 | |
| Work for other than civil government..... | 4, 655. 21 | |
| | <u>54, 873. 96</u> | |
| Printing and binding authorized by the Secretary of— | | |
| Interior (Requisition B)..... | 15, 727. 61 | |
| Commerce and police (Requisition C)..... | 20, 401. 10 | |
| Finance and justice (Requisition D)..... | 97, 775. 07 | |
| Public instruction (Requisition E)..... | 29, 618. 65 | |
| Printing for bureau of public printing (sec. 9, Act 296)..... | 1, 406. 15 | |
| | <u>31, 024. 80</u> | |
| Printed stock on hand June 30, 1903..... | 1, 628. 05 | |
| Miscellaneous receipts for other than printing and binding..... | 529. 51 | |
| | <u>221, 960. 10</u> | |
| Total product | | \$221, 960. 10 |

DEBITS.

| | | |
|---|---------------------|---------------------|
| Salaries and wages | 115, 444. 02 | |
| Printing paper expended | 29, 927. 19 | |
| Supplies other than printing paper expended..... | 21, 098. 98 | |
| | <u>51, 026. 17</u> | |
| Additional charges (freight, transportation, insurance, etc., and insular purchasing agent 10 per cent) | 5, 102. 61 | |
| | <u>56, 128. 78</u> | |
| | | <u>171, 572. 80</u> |
| Excess product..... | | 50, 387. 30 |
| Fair wear and tear on the equipment: | | |
| Paid by Jester, 1902 | 124, 182. 75 | |
| Paid by Jester, 1903 | 12, 385. 25 | |
| Paid to insular purchasing agent, 1902 | 2, 932. 32 | |
| Paid to insular purchasing agent, 1903 | 2, 006. 31 | |
| | <u>141, 506. 63</u> | |
| Total equipment | 141, 506. 63 | |
| 10 per cent for fair wear and tear..... | 14, 150. 66 | |
| Allowance for rent | 12, 000. 00 | |
| | <u>26, 150. 66</u> | |
| Excess product over all..... | | 24, 236. 64 |

The printing done under the heading "civil governor" includes all printing done for the Philippine Commission (\$8,292.75), the executive bureau (\$13,042.35), the Philippine civil-service board, the insular purchasing agent, the office of the improvement of the port, the exposition board, the Benguet wagon road, and the city of Manila, with all its various departments.

The printing done for the department of the interior includes that done for the office of the secretary of the interior, the board of health for the Philippine Islands, the quarantine service, the forestry bureau, the mining bureau, the weather bureau, the bureau of public lands,

the bureau of agriculture, the ethnological survey, the government laboratories, the civil hospital, and the civil sanitarium at Benguet.

The printing done for the department of commerce and police includes that done for the bureau of posts, the signal service, the Philippines Constabulary, the bureau of prisons, the office of the captain of the port, the bureau of coast guard and transportation, the coast and geodetic survey, and the bureau of engineering.

The printing done for the department of finance and justice includes that done for the office of the secretary of finance and justice, the insular treasurer, the insular auditor, the customs service (\$35,920.70), the bureau of internal revenue, the insular cold-storage and ice plant, and the bureau of justice. The largest item in the printing bill of the department of finance and justice is that of the insular treasurer (\$53,146.30). This is due to the fact that all printing for the provinces and municipalities is ordered by the insular treasurer, who is charged with the value of the product and makes his collections through the provincial treasurers.

The printing done for the department of public instruction includes that done for the office of the secretary of public instruction, the bureau of education, the bureau of architecture and construction of public buildings, the bureau of public printing, the bureau of archives, the census bureau, the official gazette, and the Philippine museum of ethnology, natural history, and commerce.

For further details as to the work of the bureau of public printing reference is made to the very complete report of the chief of the bureau (Exhibit C) hereto attached and made a part of this report.

BUREAU OF ARCHIVES, INCLUDING THE BUREAU OF PATENTS, COPYRIGHTS, AND TRADE-MARKS.

The working force allowed to the bureau of archives is made up of 1 chief of bureau, at \$3,000 per annum, 1 clerk at \$1,600 per annum, 2 clerks at \$1,400 per annum each, 1 clerk at \$600 per annum, 2 clerks at \$480 per annum each, 1 clerk at \$360 per annum, 1 clerk at \$300 per annum, 3 clerks at \$240 per annum each, and two employees at \$150 per annum each.

The personnel allowed to the bureau of patents, copyrights, and trade-marks, which was placed under the immediate direction of the chief of the bureau of archives by an act of the Commission dated April 8, 1903, is made up of 1 clerk at \$1,400 per annum, 1 clerk at \$1,000 per annum, 1 clerk at \$600 per annum, and 1 employee at \$150 per annum.

The bureau of archives is still engaged in the examination and classification of 5,000 volumes of records, documents, and papers filed by the different branches of the government during the Spanish régime. This work has been interrupted by four removals of the bureau, and the consequent confusion and disorder resulting therefrom has greatly increased the exacting labor of classification and orderly arrangement.

Under and by virtue of act No. 496, enacted November 6, 1902, the notarial protocols of all the notaries in the islands, comprising 2,251 bound volumes, have been filed with the bureau. In view of the fact that during the insurrection many papers evidencing title to property were lost, and not a few registries of titles destroyed with all they contained, these protocols are now records of the first importance, and the duty of preserving, verifying, and arranging them for convenient reference demands the greatest attention and care. Patent, trade-

mark, trade-name, and copyright papers are now filed in the bureau of archives, and it is contemplated by the proposed corporation law to make the bureau the file repository of all corporate documents and records. When the law requiring the registry of marks and brands of large cattle is put in operation the responsibilities of the office will be further increased.

Almost since the inception of civil government there has been more or less dispute between the civil and the military authorities as to the ownership and right of possession of certain lands and properties within the municipal jurisdiction of the city of Manila. In view of these differences the honorable the civil governor directed the chief of the bureau of archives to carefully examine the records in his possession and to make a full and complete report of all documents and papers touching the title to the lands and properties in dispute. The chief of the bureau has made a most careful investigation of the whole matter and has submitted a special report as to the ownership of the "Arroceros" and the "Aguadas" properties, which were more particularly the subjects of contention. This report accompanies the general report of the chief of the bureau.

The expenditures of the bureau of archives for the year ending August 31, 1903, amount to \$9,167.21 United States currency, and the receipts to the sum of \$439.22 United States currency, being fees received for copies of documents and certificates of correctness in accordance with the act of the Commission dated March 3, 1903.

The bureau of patents, copyrights, and trade-marks, placed, as above stated, under the direction of the chief of the bureau of archives, during the year ending August 31, 1903, received the sum of \$1,176.85 for the filing of applications for patents, copyrights, and trade-marks, and expended the sum of \$1,080 for necessary clerical assistance and running expenses.

For further and more detailed information concerning the bureau of archives and its work special reference is made to Exhibits D and D 1 hereto attached and made a part of this report.

AMERICAN CIRCULATING LIBRARY.

The American Circulating Library Association of Manila was established in the spring of 1900, and by means of gifts of books and without any considerable expenditure of money on its part was enabled to establish a library of 10,000 volumes. The primary object of the library association was to furnish to soldiers and sailors in the Philippines and to American residents in the city of Manila entertaining reading and the means of obtaining useful knowledge during their leisure hours. In March, 1901, it was found that the expense of maintaining the library was somewhat greater than the resources of the association would permit, and as a result, in conformity with the law enacted by the Commission for the purpose, the institution was transferred to the government for the uses and purposes for which it was founded. In accordance with the law providing for the transfer, the library was placed under the control of a board of trustees consisting of 5 members, who were charged with the care and custody of the books and property of the library, the duty of providing necessary quarters for its accommodation and the general management of the institution. The library may now be regarded as a public circulating library. There

were on hand 21,750 books on August 31, 1903, of which 4,116 were received during the year ending on that date. The number of books issued was 20,579, and the number of new cards issued 4,701.

The library is at present established at No. 70 calle Rosario, from which place it is proposed to transfer it to more commodious quarters in the Oriente Building, recently purchased by the government. It is not expected, however, that these quarters will prove adequate to the growing demands of the library, and it seems certain that the government will be compelled to erect either a special structure for its use or provide proper accommodations for it in a museum building, the erection of which has been suggested.

The following is a statement of the total regular appropriations and regular disbursements, revenues, and petty expenditures of the library for the fiscal year ending June 30, 1903:

| | |
|------------------------------|--------------|
| Regular appropriations | \$7, 644. 98 |
| Regular disbursements | 6, 700. 75 |
| Revenues | 2, 756. 93 |
| Petty expenditures | 702. 94 |

It is provided by act of the Commission that all revenues from the library shall be deposited with the insular treasurer to be expended for the purchase of books and pamphlets for the library.

MUSEUM OF ETHNOLOGY, NATURAL HISTORY, AND COMMERCE.

The museum of ethnology, natural history, and commerce was established by act of the Commission of October 29, 1901. The museum created by this act was placed temporarily under the immediate direction of the chief of the bureau of non-Christian tribes, now the ethnological survey. All collections made by the museum, as well as its files of commercial correspondence, periodicals, etc., together with the clerk in charge, were transferred in January of this year to the exposition board. Since that time all collections have been made with a view of aiding the exposition board in making a proper Philippine exhibit at the exposition to be held at St. Louis in 1904. It is provided by act of the Commission that on the conclusion of the St. Louis exposition a committee designated by the civil governor shall select from the exhibits owned by the Philippine government all articles which, in the opinion of the committee, it would be wise and not too expensive to reship to Manila for use in a permanent museum, together with all the property, effects, and exhibits of the museum of ethnology, natural history, and commerce shipped to St. Louis. Several exhibits from foreign exporters have been received by the commercial museum, including one sent by the Japanese Government filling 86 cases and valued at more than 5,000 yens, which has recently arrived and is now in possession of Mr. Shiley, the clerk in charge, who has been retransferred from the exposition board to the museum for duty. Until suitable quarters are provided for renting or the erection of a suitable museum, those exhibits of the museum which have not been sent to St. Louis will be placed in the Oriente Building. It will be necessary for the government to provide a building to accommodate the large number of exhibits which will be returned to the islands for the purpose of creating a permanent institution. Several scientific gentlemen connected with the various bureaus of the government have suggested to the Commission the advisability of constructing a proper edifice in which to house not only exhibits representing the

ethnology, natural history, commerce, industries and resources of the islands, but also the circulating and reference libraries of the government. This matter has been submitted to the Commission and is now under consideration.

For further information in regard to the museum, special reference is made to the report of Dr. David P. Barrows, marked "Exhibit E."

BUREAU OF STATISTICS.

The operations of the bureau of statistics, established in September, 1900, were practically suspended from March, 1901, to August of the present year, when the bureau was finally abolished by Executive Order in accordance with a previous act of the Commission. Mr. Manuel Xerez Burgos continued in charge of the office until its abolition, when he was transferred to the office of the Official Gazette. Up to the time of his transfer Mr. Burgos was engaged in the compilation of comparative statistical tables of the population of the islands from information obtained from the principal census taken during the Spanish rule, and in the preparation of a number of other statistical reports asked for by officers of the census just completed.

CENSUS BUREAU.

Reference to the establishment of this bureau was made in the report of the secretary of public instruction for the year 1902. The census was taken as of March 2, 1903, in accordance with the proclamation of the civil governor issued in pursuance of section 16 of act No. 467 and was practically completed in most of the provinces by April 15. The census returns began to arrive in Manila about May 1, and from that date to August 1 the entire office force was engaged in the preliminary examination of the schedules, which were shipped to Washington on the U. S. army transport *Sherman*, which sailed from Manila on August 20.

In the prosecution of the census work, the provisions of the census law and its modifications have been carefully followed, and it is believed that the data collected will prove of much interest and value to the Government. As no compilations of the data collected, except a rough count of the population, have been made, it is not practicable to give any accurate statement of the returns in this report; neither is it possible to make an accurate statement of the disbursements, as the accounts of all the disbursing officers have not as yet been closed. It can be said, however, that the total expense of the census will be well within the sum appropriated for the fiscal year ending June 30, 1903, amounting to \$684,689, and that there will be a considerable surplus.

On August 29, 1903, it was provided that the services of the director of the census in the compilation and tabulation of the census returns and the preparation of the report of the census were to be continued in Washington upon the same terms as those upon which he served in the Philippine Islands, and that the two assistant directors of the census were also to be continued in Washington until the completion of the census report at the rate of \$300, United States currency, per month each. The compensation of these assistant directors while in the Philippine Islands was \$720 per month each. Authority was also given to the director of the census to take with him to Washington as his assistant Lieut. T. B. Taylor, U. S. Army, and two secretaries upon the same terms as were in force as to their employment in the Philip-

pine Islands. This act provided further that the chief clerk and disbursing officer was to be continued in office in the Philippine Islands until the 15th day of November, 1903, for the purpose of settling up delayed accounts and to receive and forward to the director at Washington schedules and other documents relating to the census. It was, however, found necessary to extend the time of office of this officer from month to month until the odds and ends of the census work in the islands have been finally finished, in view of the fact that he found it impossible to complete the payment of enumerators and special agents in 20 or more provinces by November 15, and of the further fact that reports from different sources are still out and the mortuary schedules will not be received until February or later, and when received will have to be verified, classified, corrected, and packed according to census districts and municipalities.

The rough count of the population, showing Christian and non-Christian inhabitants separately, is as follows:

| Province. | Population. | | |
|--------------------------|-------------|----------------|-----------|
| | Christian. | Non-Christian. | Total. |
| Abra | 37,830 | 13,396 | 51,226 |
| Albay | 235,798 | 632 | 236,430 |
| Ambos Camarines | 234,090 | 3,528 | 237,618 |
| Antique | 133,716 | 2,733 | 136,449 |
| Basilan | 1,331 | ..... | 1,331 |
| Bataan | 44,431 | 1,376 | 45,807 |
| Batangas | 258,208 | ..... | 258,208 |
| Benguet ..... | ..... | 23,023 | 23,023 |
| Bohol | 268,128 | ..... | 268,128 |
| Bulacan | 222,551 | 545 | 223,096 |
| Cagayan | 143,419 | 13,029 | 156,448 |
| Capiz | 223,560 | 6,729 | 229,289 |
| Cavite | 134,287 | ..... | 134,287 |
| Cebu | 655,469 | ..... | 655,469 |
| Cotabato ..... | ..... | 35,107 | 35,107 |
| Dapitan | 17,331 | 6,423 | 23,754 |
| Davao | 20,458 | 45,187 | 65,645 |
| Iligan ..... | ..... | 13,663 | 13,663 |
| Ilocos Norte | 177,149 | 2,169 | 179,318 |
| Ilocos Sur | 171,788 | 7,727 | 179,515 |
| Iloilo | 403,462 | 5,078 | 408,540 |
| Isabela de Basilan ..... | ..... | 28,858 | 28,858 |
| Isabela de Luzon | 69,056 | 3,290 | 72,346 |
| Jolo | 1,273 | 50,119 | 51,392 |
| Laguna | 148,840 | 77,385 | 226,225 |
| La Union | 127,966 | 8,946 | 136,912 |
| Lepanto-Bontoc | 2,413 | 70,466 | 72,879 |
| Leyte | 386,951 | ..... | 386,951 |
| Mackar | 33 | ..... | 33 |
| Malabang ..... | ..... | 3,650 | 3,650 |
| Manila | 220,553 | ..... | 220,553 |
| Marinduque | 51,801 | ..... | 51,801 |
| Masbate | 44,045 | ..... | 44,045 |
| Mindoro | 35,294 | 7,286 | 42,580 |
| Misamis | 138,327 | 21,702 | 160,029 |
| Negros Occidental | 305,743 | 1,045 | 306,788 |
| Negros Oriental | 186,397 | 16,578 | 202,975 |
| Nueva Ecija | 132,267 | 670 | 132,937 |
| Nueva Vizcaya | 16,073 | 46,493 | 62,566 |
| Pampanga | 221,746 | 973 | 222,719 |
| Pangasinan | 397,632 | 3,145 | 400,777 |
| Paragua | 28,960 | 10,454 | 39,414 |
| Rizal | 146,169 | 2,208 | 148,377 |
| Romblon | 52,858 | ..... | 52,858 |
| Samar | 265,512 | 693 | 266,205 |
| Siasi Group | 297 | 24,265 | 24,562 |
| Sorsogon | 120,123 | 41 | 120,164 |
| Surigao | 95,714 | 3,007 | 98,721 |
| Tarlac | 135,397 | 1,161 | 136,558 |
| Tawi-tawi Group ..... | ..... | 14,545 | 14,545 |
| Tayabas | 151,610 | 2,163 | 153,773 |
| Zambales | 100,955 | 3,165 | 104,120 |
| Zamboanga ..... | ..... | 23,530 | 23,530 |
| Total | 6,967,011 | 605,188 | 7,572,199 |

THE OFFICIAL GAZETTE.

The Official Gazette has been in existence a little more than one year, having been established by act of the Commission on September 2, 1902. The office force provided for the Gazette consists of an editor at \$1,800 per annum, one clerk at \$720 per annum, two clerks at \$600 per annum each, and one clerk at \$300 per annum. It is printed at the Government printing plant in English and Spanish, and is at present issued to 2,182 subscribers, of whom 1,028 are officers of the insular government, on the "free list," 989 provincial and municipal governments, and 165 private persons. Laws of the Commission, executive orders, such decisions of the supreme court and court of customs appeals as may be designated by the judges, proclamations of the civil governor, resolutions of the Commission, opinions of the attorney-general, circular letters, orders, notices, etc., of the different bureaus are presented to the subscribers of the Gazette within a week after they are ready for publication. The price of the Gazette has been fixed by law at \$6 U. S. currency per annum, or 15 cents per single copy. Provincial and municipal governments are required to subscribe for at least one copy weekly, and by this means are enabled to follow more closely the operations of the central government. On March 5, 1903, the editor was authorized by the Commission to make exchanges of the Gazette with similar periodicals with a view to collecting and placing on reference file useful information on political, social, and economic questions, and a number of publications of the Orient are now received regularly. Extracts from reports of bureau chiefs and other government officials on different subjects of interest and value to provincial and municipal officials and other subscribers will be printed from time to time in the Gazette. The Gazette is by law made a part of the public records of each provincial and municipal government, so that in each municipality and province there will always be a continuous record of necessary information for ready reference.

The following are the appropriations for and the receipts and expenditures of the Gazette during the fiscal year ending June 30, 1903:

| | |
|-------------------------------|------------|
| Amount of appropriations..... | \$3,000.00 |
| Receipts | 3,303.76 |
| Expenditures | 2,704.22 |

The total cost of printing the Gazette from the date of its establishment to June 30, 1903, as returned by the public printer, was \$9,690.

For details in regard to the Official Gazette, reference is made to the report of the editor attached thereto, marked "Exhibit F," and made a part of this report.

Respectfully submitted.

JAMES F. SMITH,
Secretary of Public Instruction.

EXHIBIT A.

REPORT OF THE GENERAL SUPERINTENDENT OF EDUCATION FOR THE PHILIPPINE ISLANDS FOR THE PERIOD SEPTEMBER 1, 1902, TO SEPTEMBER 30, 1903, WITH ACCOMPANYING REPORTS AND PAPERS.

AIMS OF PRIMARY EDUCATION IN THE PHILIPPINES.

MANILA, P. I., *September 15, 1903.*

SIR: I have the honor to submit the annual report for the bureau of education for the Philippine Islands, which is the third annual report to be made by the general superintendent since the introduction of an American public-school system in these islands.

Within the past year the public schools' work has twice suffered the loss of a general superintendent. In December last Dr. Fred W. Atkinson, after two and one-half years' service in this capacity and after having organized the public-school system practically as it stands to-day, resigned his position in order to return to the United States and continue there his profession as a public educator, which was interrupted by his acceptance of duty here. He was succeeded by Dr. Elmer B. Bryan, then principal of the Manila Normal School, who, to the great disappointment and regret of every one interested in education, was obliged, by serious ill health, to resign his position August 13 last. The undersigned was appointed to succeed him, and has been in charge of the work only a few days over one month.

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 definite purposes in introducing this educational system are unique in the history of colonial administration. Professedly, openly, and with resolute expectation of success, the American Government avowed its intention through public schools to give to every inhabitant of the Philippine Islands a primary, but thoroughly modern edu-

cation, to thereby fit the race for participation in self-government and for every sphere of activity offered by the life of the Far East, and to supplant the Spanish language by the introduction of English as a basis of education and the means of intercourse and communication. Almost as impossible as such great results may have looked and still look to the outsider, and thoroughly as they have been the objects of criticism, the Bureau of Education and the Philippine Government is more thoroughly committed to this policy now than at any time during the past five years, is more certain of success, and is almost able to demonstrate by the results already achieved that the ends early set up can and will be reached.

It is the general character and reasons for this system of primary schools which I wish to discuss in this first part of my report.

Such an educational plan would never have been practicable had it not been in fact the demand of the Filipino people themselves. Thoroughly American as our school system is, it represents the ideas which theoretically command the desires of the Filipino. His request was for free, secular schools, open to all inhabitants and teaching the English tongue and the elementary branches of modern knowledge. His struggle with Spain had sufficed to convince him that he was limited in thought and action by a mediæval system which is no longer recognized as of binding force in the modern world, and this feeling has caused his prompt acceptance of whatever appeared to him or was presented to him as of modern type. The Filipino is essentially a radical. Contrary to what has been stated of him, he is one of the least conservative types of mankind. In readiness to seize the new, to welcome change, and in ambitious pride, he is closer to the Japanese than any other nationality.

The last half century of Spanish rule brought to the Filipino people great changes that made possible the striking revolutionary events of the last seven years. The race made a great advance between 1860 and the end of the century—an advance due primarily to the enlightened efforts of the liberal element in Spanish political life. The reactionary policy which followed the fall of republican government in Spain and the Cavite revolution of 1872, which aimed to suppress the rapidly rising ambitions of the Filipino people, has greatly obscured the intelligent and deserving efforts made by the liberal element in the Spanish administration toward developing both the mental and spiritual interests of these islands. As a matter of fact, for nearly forty years Spain's policy in these islands was one of reform. A serious and disinterested policy strove to remove the economic hindrances which had so long checked the development of the Archipelago, and to enlighten and elevate the race. We see the first of these changes in the opening of Manila to foreign trade in 1837. This was the beginning of the advancement of the islands, and was followed by the development of the commercial products which have made the Philippines famous—hemp, tobacco, sugar, and copra. An almost uninterrupted era of economic prosperity followed down to the end of Spanish rule. The Philippines received many governors of liberal political ideas, conspicuous among whom was Claveria, 1844 to 1849. From his governorship we may date the final relief of the islands from Moro piracy, the reform of Philippine administration, and the beginnings of the great changes in the aspirations of the Filipino people themselves.

But of equal importance with any other change was the opening of education to the Filipino. Previous to the middle of the last century there was, practically speaking, no education among the Filipinos. The famous collegiate institutions of this city, which date almost from the foundation of Manila itself, were designed, not for the Filipino, but for the children of the Spaniard and mestizo. Education in the parishes had been left solely to the direction of the cura-párroco, or village friar, and was limited to elementary religious teaching. But, in 1860, a system of public primary instruction was established by the famous Spanish minister of war and colonies, O'Donnell. A primary school for boys and one for girls was decreed for each pueblo of the Archipelago. In these schools instruction was to be given in the Spanish language. A superior commission of education was formed, consisting of the governor, the archbishop, and seven other members added by the governor himself. Spanish plans work out into actual results very slowly, and it took years to fully realize the ideas which appear in these first orders and decrees, but at the end of Spanish rule practically every pueblo in the Philippines had its two public schools for boys and for girls, with Filipino teachers who had been educated in the Spanish language and elements of knowledge, and on every little plaza or town square there stood, along with the tribunal, the jail, and the far more pretentious and older church and convent, public buildings for schools. These schools by no means conformed, however, to American ideas of a public educational system. In the first place, they were hopelessly inadequate to give enlightenment to the entire population. Filipino pueblos are in reality townships or districts that sometimes extend over many square miles of country, and contain scores of small hamlets or barrios scattered at considerable distances from the centro de población. It does not seem to have been the Spaniards' effort or intention to educate the children of these obscure and humble hamlets. Buildings at the center, while sometimes well constructed, were small and usually employed not more than one man and one woman teacher. Forty to 60 pupils in each is certainly not underestimating the school attendance in the towns whose population varies from 8,000 to 20,000 souls. The result was that these schools gave to the children of Filipinos of means, who could afford to build and maintain homes in the town center, an opportunity for elementary education and a preparation to pass to the more pretentious colegios of important cities and, above all, of Manila.

The result, combined with the economic changes that were taking place, was in some ways unfortunate. The continually rising plane of material prosperity which followed the opening of foreign commerce and the development of new commercial products was participated in by only one class of the Filipinos themselves. This was the old petty aristocracy, the class known anciently among the Tagalog as the "majarlica," who became under the Spanish administration the principales of the pueblo and who are to-day known by such quaint designations as "gente ilustrada" or "pudientes." This class it is that not only has monopolized the great gains in material prosperity, but such enlightenment and education as well as the race has gained. The result has been more sharply than ever to divide society among the Filipinos into two well-differentiated classes—a very small number of educated, who own rich haciendas, buildings, and other sources of wealth, who live in beautifully built houses adorned with the artistic

woods of the islands, who speak the Spanish language, who have possessed themselves of the charm and grace of Spanish manners, and who seldom fail to attract and delight the guest that with unflinching hospitality they receive into their homes. This class is, however, but the merest fraction of the race itself—ten to a dozen families, usually, in towns of from ten to twenty thousand people. The rest of the population, the *tao*, have been left in an unchanged condition of ignorance and poverty, and their dependence upon and submission to the dominance and control, both economic and intellectual, of the “*gente ilustrada*” has been continually accentuated by each added gain acquired by the wealthy class.

In the second place, the Spanish school system, though founded and supported by the Government, was never secular in character. The Spanish friar, who was the *pueblo* curate, was always the local inspector of the school, and not only directed its conduct but determined the subjects which should be taught. In the brief and imperfect course of primary instruction which was given in these little schools church catechism, church doctrine, and sacred history were emphasized almost to the exclusion of the other subjects which are necessary to fit the Filipino child for his position in life, whether it be humble or fortunate. This, however, was not the sole unfortunate effect of this arrangement. Whatever may be said in praise of the work of religious orders in these islands, it can not be denied that their attitude during the last fifty, and particularly the final thirty years of their influence here, was excessively hostile toward the enlightenment of the Filipino. They actively sought to debar the Filipino from any sort of modern knowledge, from gaining a position of independence and self-respect, and from entrance into any kind of leadership of his own race. It was, in fact, this obstructive and reactionary policy on the part of the class that most immediately affected their lives that provoked the Filipino into open hostility and rebellion. Thus, while we find much to commend in the public school system established by the excellent O'Donnell over forty years ago, it is apparent that it neither gave opportunity to the little child of the humble fisherman and husbandman, nor did it lift the Filipino toward that truth, the knowledge of which makes free.

In building up here an American system of public schools, we necessarily form our purposes with a view to the failures of the past, and this previous experience compels us to adopt certain ideals which may be briefly stated at this point.

In the first place, American schools must be public and secular. Very grave doubts were at first entertained whether it would be possible to maintain here a system of schools which did not give religious instruction and which did not place dependence upon the assistance of the Church. The government, in its opening efforts, was gravely advised and admonished that the Filipino would support no form of instruction that was not primarily Roman Catholic in character. There has been no case of greater misrepresentation. The experiment of secular public schools in these islands is now nearly three years old, and the result is seen that the Filipino father, while with few exceptions, sincerely desirous that his child shall be trained in a knowledge of those religious precepts and ceremonies which have for centuries formed the only higher life of the great mass of this population, is nevertheless equally desirous that his intellectual advance should be unaffected by ecclesiastical control, and that the instruction

of the church shall be separate from that of the school. This choice is becoming more marked with every succeeding month, and has practically done away with any effective opposition on the part of church authority.

In the second place, the public schools of these islands must be open to all upon a purely democratic basis. This is a point in which, perhaps, there has been more difficulty experienced than with the preceding. The cultivated man among the Filipinos, while fairly bursting with protestations of his patriotic solicitude for the advancement of his more humble countryman, is in reality frequently contemptuous of their illiteracy and poverty and actually opposed to any enlightenment which will loosen his own hold over them. The greatest danger at present menacing the success of our schools is that, pleased with the capacity and cleverness of the youth of the cultivated class, and desirous of forwarding his success along the higher levels of education, we may forget the primary and essential importance of educating the child of the peasant. If we fail here we will fail precisely as our predecessors did. The public welfare and public security demand here, as perhaps nowhere else in the world, primary education for all classes. The race lends itself naturally and without protest to the blind leadership and cruel oppression of its aristocracy. This is what the Spaniard called "caciquismo," and which every measure and plan of the government of these islands should aim to destroy.

In the third place, and as a necessary corollary to the above, our public school system should be adequate to the population. It is not so at the present time. We have only begun to reach the population of the barrios. We have succeeded in reestablishing schools, with perhaps four and five times as large an attendance, in the town centers where the Spaniards conducted them. We have placed these schools on an English basis, but we have not yet sufficiently extended this instruction to the hamlets and little settlements which lie back in the woods and along the esteros, sometimes a dozen miles from the center of the town. It is in these rural spots that the great mass of the population finds its home. These are the centers of ignorance, the resorts and recruiting ground for the ladrones, and they perpetuate the ignorance and poverty of the race, which has remained constant for three hundred years. The greatest need of our schools at the present time is Filipino teachers with enough knowledge of English and school methods and enough missionary spirit to go out and labor in these barrios under the supervision of an American teacher.

The Christian population comprises, according to the published results of the recent census, nearly 7,000,000 souls, or nine-tenths of the entire population of the Philippines. They occupy, however, hardly more than three-sevenths of the total superficial area of the Archipelago, albeit this includes nearly all of the fertile coastal plains and river valleys and the greater part of the islands susceptible of much agricultural development and able to support large numbers.

This population has multiplied very rapidly within recent decades. The development of productive agriculture and export trade has created a rapid increase of the population in all parts of the islands affected by this material prosperity. The Christian population is three times what it was a century ago and fourteen times as great as it was when the Spaniards first Christianized their ancestors.

As is well known, this Christian population, while of common

Malayan origin and possessing a culture in most respects the same, is divided into a considerable number of tribes or nations (to use the Spanish term—*naciones*).

So much has been written and affirmed of the similarities or distinctions between these tribes, and the subject has borne so intimately upon the work of the bureau of education, that a brief statement seems in place in regard to these different groups or tribes which the policy of the American Government favors welding into one nation with a common language, a common appreciation of rights and duties, and a common patriotism for their land as a whole.

Beginning with northern Luzon, the valley of the Cagayan, as far south as the confluence with the Magat, and the lower banks of the River Chico are occupied by a Christian race commonly called by the Spanish Cagayanese, but whose dialect for the most part is Ibanag. In southern Isabela, in the vicinity of the town of Echague, is spoken another dialect, called Yogad, while in Nueva Vizcaya, the beautiful but isolated valley of the river Magat, there are two small Christian tribes whose conversion took place much later than the others, and which are known by tribe and language as Gaddang and Isinay. A considerable Iloko population has in recent decades made its way into the sparsely settled valleys of Cagayan and Magat, but these colonists have not ordinarily mingled with the original population, but continue to live in separate barrios or towns and preserve in its purity their Iloko tongue.

The narrow plain along the west coast of northern Luzon, facing the China Sea, is inhabited quite entirely by Iloko (or Ilokanos). Formerly, according to the statements of the Spanish missionaries, who first reduced this language to writing and grammatical form, there was great diversity of vocabulary between separate localities along this coast, and at the present day there are many words of one province unintelligible to another, Ilokos Norte seeming to lead in the highest developments of the language and the dialect there is spoken of by the more southern Ilokos as containing many *terminos profundos*.

The central plain of Luzon, between the broken mountains of the Caraballo Sur on the east and the Zambales Mountain range on the west, contains in small area a very diverse population. In the north are the Pangasinan, around the south end of the Gulf of Lingayen. Some of this tribe have crossed over into Zambales, but the great cape thrust out into the China Sea is largely occupied by another Christian people, speaking a different dialect, called Bolinao. South of the Pangasinan, through the province of Tarlac, occurs a mixed population of Ilokano, Pampanga, and Tagalog, which becomes nearly wholly Tagalog as we go eastward into Nueva Ecija, and becomes solidly Pampanga as we come south on to the lower waters of the great river of this name. The provinces facing Manila Bay are all Tagalog, as well as Batangas, Tayabas, and part of the Camarines. The Zambales coast is curiously divided between Tagalog colonists on the south, Ilokano and Pangasinan on the north, and a small population of uncertain derivation, the Zambaleño, in the center. The southern end of Luzon, with a very broken coast—the center, perhaps, of the hemp industry—is inhabited by Bikol. Mindoro has a sparse population in scattered coast towns of Tagalog. In the central islands we find at least two very different dialects of Bisaya, the western, called Panayano, spoken on Panay and Negros, and the eastern, or Cebuano, spoken on the

islands of Cebu, Bohol, Leyte, and Samar. The Christian population of the little islands of the Calamian group, with Busuanga, speak a separate language called Cuyuno or Calamian. Along the north coast of Mindanao there is, in scattered towns, a relatively small population of Bisaya, who also extend down the east coast and are found in the very old Spanish settlements of Bislig and Caraga; but here there is, in addition, a considerable Christian population, converted in the last half century by Jesuit missionaries from the pagan tribes, known as Mandaya. With the exception of the small Christian settlements, recruited mostly from Bisaya, which are found in southern Mindanao at Davao, Cotabato, Pollok, and Zamboanga, this summary includes, I believe, all of the different tribes and languages which were christianized by Spanish missionaries, and which may be considered to form the Filipino people.

The question has been frequently raised whether these Filipino languages are sufficiently related so as to fuse into one common tongue, and the bureau of education has received its most vigorous criticism in the United States because of its alleged attempt to supplant and destroy what might, in the opinion of absentee critics, become a national and characteristic speech. Such criticisms could only proceed from a profound ignorance of the nature of these languages and the people who speak them. All of these dialects belong to one common Malayan stock. Their grammatical structure is the same. The sentence in each one of them is built up in the same way. The striking use of affixes and suffixes which gives the speech its character is common to them all. There are, moreover, words and expressions identical to them all. A hundred common words could readily be selected which would scarcely vary from one language to another; but the fact still remains that, while similar in grammatical structure, these languages are very different in vocabulary—so different that two members of any two different tribes brought together are unable to converse, or at first even make themselves understood for the simplest steps of intercourse. The similarity in structure makes it very easy for a Filipino of one tribe to learn the language of another, but nevertheless these languages have preserved their distinctions for more than three hundred years of European rule and in the face of a common religion and in spite of considerable migration and mixture between the different tribes. This is as true where different populations border one another as elsewhere. In no case is there any indication that these languages are fusing. The Filipino adheres to his native dialect in its purity, and when he converses with a Filipino of another tribe ordinarily uses broken Spanish. These languages are not destined to disappear or to fuse, nor are they destined to have a literary development.

One has but to examine the literature which has appeared in the last fifty years in each of these tongues to see how unlikely of literary development is any one of them. The masterpiece of Tagalog literature is a satirical poem entitled "Añg Salit ñng Buhay ni Florante," which was composed years ago by a Filipino "filosofo" named Baltazar. It was his professed intention in writing this poem to use the Tagalog language in its purity, and he continually strives to avoid by circumlocution the introduction of words derived from Spanish. His result is not a success, and the poem, while of great interest, promises little for the future of a Tagalog literature. For common intercourse, as well as for education, the Filipino demands a foreign speech. To confine

him to his native dialect would be simply to perpetuate that isolation which he has so long suffered and against which his insurrection was a protest. Opponents of English education find no sympathizer among the Filipino people. The movement seems to be limited for its support to academic circles and partisan periodicals of the United States and to the Congressional halls of the nation. The advantage which the possession of the English language will give him is readily understood by the Filipino, and it is fortunate that the acquisition of the Spanish tongue was largely denied him and that it never won his affection. English is the *lingua franca* of the Far East. It is spoken in the ports from Hakodate to Australia. It is the common language of business and social intercourse between the different nations from America westward to the Levant. It is without rival the most useful language which a man can know. It will be more used within the next ten years, and to the Filipino the possession of English is the gateway into that busy and fervid life of commerce, of modern science, of diplomacy and politics in which he aspires to shine.

Knowledge of English is more than this—it is a possession as valuable to the humble peasant for his social protection as it is to the man of wealth for his social distinction. If we can give the Filipino husbandman a knowledge of the English language, and even the most elemental acquaintance with English writings, we will free him from that degraded dependence upon the man of influence of his own race which made possible not merely insurrection but that fairly unparalleled epidemic of crime which we have seen in these islands during the past few years.

From my own personal observation and conversation with men of wide experience in the events of recent years I believe it is safe to say that in the majority of murders committed during the last five years the murderers, ignorant and debased tools, acted from no other motive than that they were told by those to whom they were economically bound and dependent that they must go and kill such and such men. There is no remedy for this state of society or for *caciquismo* generally except the enlightenment and moral training of this great ignorant mass of the Filipino people.

Another form which criticism frequently takes, not alone in the United States but among Americans in these islands, is that in giving the Filipino this primary education we are impairing his usefulness as a productive laborer, separating him from agriculture and the trades, making every schoolboy ambitious to become an *escribiente*, and filling their minds generally with distaste for rural life and contact with the soil. This is a charge which merits careful examination and which leads to some observation upon the society and industry in the Philippines which this government in the prosecution of its high purposes must consider. American investors and promoters in the Philippines at the present moment are deeply disgusted with the Filipino as a laborer and are clamorous for the introduction of Chinese coolies. They claim that the Filipino hates and despises labor for itself, will not keep a laboring contract, and can not be procured on any reasonable terms for various enterprises in which Americans desire to invest effort and money. When, however, we look a little more closely into the demands of these men, it is apparent, that what they really want here is a great body of unskilled labor, dependent for living upon its daily wage, willing to

work in great gangs, submissive to the rough handling of a "boss," and ready to leave home and family and go anywhere in the islands and to labor at day wages under conditions of hours and methods of labor set by their foreign employers. In other words, what they really want is the proletariat, that social class, the outcome of recent economic changes in Europe and America, which it is the ideal aim of political economists to elevate and absorb, until it shall disappear again in the ranks of independent and self-respecting labor.

Now, the Filipino detests labor under these conditions. It is probably true that he will not work in a gang under a "boss," subjected to conditions of labor which appear to him unnecessarily harsh and onerous. And looking at the matter in a broad sense, I am not sure but that those who have this people's welfare most at heart may congratulate the Filipino on this state of mind. Give him a piece of land to cultivate, especially if he can be assured that it is his own, let him choose for his labor the cool dark hours of the early dawn and evening, let him work in his own way, unharassed by an overseer, and the Filipino will make a fairly creditable showing as a laborer. We must recognize these preferences of his. I believe we should accept them and should seek to develop here in the Philippines, not a proletariat, but everywhere the peasant proprietor. Unfortunately, conditions are unfavorable in many parts of the islands to small land holdings. Property exists in great haciendas or the estates of the religious orders and the population are dependent tenants. But it is the intent of this government to purchase or secure these great properties for the benefit of a peasantry who live upon them, and, in spite of delay in settlement of this essential matter, I believe we may look upon it as one of those pressing necessities in which the American Government will, eventually, have its way. Wherever we find the Filipino the possessor of his own small holding there we find him industrious and contributing largely to the productive industry of the islands. I have in mind one beautiful little valley in the Ilokano country, famous for the quality of its tobacco, where the land-tax collections showed a year ago 2,200 small independent properties in a single municipality.

Now it is with this peasant-proprietor class particularly in mind, and trusting in the outcome of our efforts to greatly increase this class, that we must lay out our course of primary instruction. If he has his small home and plot of ground, the possession of English, the ability to read, the understanding of figures and those matters of business which affect him, and even the knowledge of other lands and peoples will not draw him from his country life and labor. It will, I hope, increase his contentment as it increases his independence, and as it raises his standard of life and comfort and increases his desires it will make him a better producer and a larger purchaser. Just now his mind is influenced by the evil example of his past instructors, who, while they taught him much that was good, taught him also that labor was vile.

But this attitude toward bodily labor which so disgusts Americans with the wealthy and more cultivated class, appears to be not a racial feeling, but a result of Spanish training. If we look at those Malayan tribes which escaped the Spanish civilization—the Igorrotes in the north and the Moros in the south—we find that the man skillful with tool and cunning of hand enjoys additional reputation. Mohammedanism has never despised the artisan or the tradesman, and this may somewhat account for it, but anyway in Mindanao and Sulu one constantly finds

that even the dato, or petty king, may be a famous forger of weapons and spend many hours each day beside his anvil and bellows. I have in mind a salip, or religious leader, on the island of Basilan, whose fame is widespread as a builder of boats. These facts should encourage us to hope for a change of attitude on the part of the people toward learning and practicing manual trades, even though at the present time such teaching has met little favor with the Filipinos, the young elegante of Manila disdaining to soil his fingers with the grip of a tool.

For detailed report upon the present condition and success of the school work, I have the honor to refer to the report of the assistant to the general superintendent and to the reports of the division superintendents, which are appended hereto. Inasmuch as I have so recently returned again to educational work, I have preferred to let their accounts of progress and present conditions form the report upon these matters, and will here do no more than briefly summarize the situation as it stands to-day.

The latest reports obtainable from the provinces show that we have about 2,000 primary schools in operation. These employ the services of about 3,000 Filipino teachers. Instruction is given wholly in English. The only books used are English texts, and the teaching approximates American methods. The subjects taught are English language, primary arithmetic, and primary geography, with supplementary reading in Philippine and American history, and in elementary human physiology. About 150,000 children are to-day receiving instruction in these schools. Schoolhouses are crowded to the very limits of health and efficiency, and Filipino teachers are teaching on an average of 40 pupils.

Yet how far we are from attaining universal primary education may be seen by comparing the above enrollment with the probable school population of a million and a half in the Christianized provinces. The essentials for increasing the scope of our education are more school buildings, especially barrio schools, and a much larger force of Filipino teachers with some English training. The poverty of municipalities, due to the afflictions under which this country is still suffering, retards the building of new schoolhouses and necessarily limits the present extension of our work. School funds are made to go just as far as can be, but reports come in from every part of the islands stating that municipal resources are exhausted. I believe it will be advisable for the insular government to gradually take over the payment of the native teachers, relieving the municipality of this burden and allowing municipal funds to go exclusively toward the erection and the equipment of municipal school buildings.

The second condition which necessarily retards the extension of our educational system is the fact that, in spite of the emphasis which has been laid from the beginning upon the training of Filipino teachers and their instruction in English, the supply of young men and young women equipped for even the most primary work of instruction is far too small. This lack is being met in every possible way—by daily instruction on the part of the American teacher, not only of the Filipino teachers working under his supervision, but also of classes of candidates for teacher's appointment or aspirantes; by normal institutes held in all provinces last year, whose importance will be still further emphasized this coming spring; by the work of the Manila Normal School, which contains to-day an enrollment of over 400 well-advanced

pupils; and by special emphasis upon normal training in the 35 provincial high schools. To properly cover the field we need a force of about 10,000 Filipino primary teachers and at least four times the amount of schoolroom space that we at present possess. This would make possible the primary instruction of 600,000 Filipino children, and this would give to every child in the Christian population of the islands the advantage of four years of primary instruction, to be secured between the ages of 6 and 14. I should consider this the attainment of our large purpose, namely: Universal primary instruction for the Filipinos of all classes and every community.

During the last year high schools have been organized in every school division. The appended list shows their number, location, teaching force, and enrollment. These schools have met the warm support of the people, particularly the more wealthy and educated classes, who regard attendance at an *escuela superiora* or *colegio* as *prima facie* evidence of belonging to the *ilustrada*. The organization of these schools, while not actually called for by the completion on the part of large numbers of students of the primary course, was necessary and justifiable on the ground that the Filipino, in order to support the primary school, had to see before him the opportunity for higher education in the English language. The same consideration further urges us to complete the educational system in the Philippine Islands by the organization of undergraduate collegiate courses and the opening of schools of professional training, so that there may be presented to the Filipino a complete public school system, beginning with the primary schools and leading by successive courses to the completion of a profession.

The statistics upon the American teachers show that our present force is now reduced to 723—a number 200 less than was employed a year ago last spring, previous to the organization of the high schools which have this year drawn from the rural work at least 150 American teachers. Thus, every division feels at the present time a lack of American instructors. We should not, I believe, aim to raise the number to the maximum point of 1,000, but at least 850 are needed in order to adequately supply the demand and will be needed for several years longer, until the Filipino teacher becomes himself competent to guide the instruction and discipline of the schools of his municipality.

It is with great regret that I have to report the death of 14 American teachers within the last year. Their names appear in the brief necrology, which is appended hereto. Medical attendance, which was adequate two years ago, when the Army was occupying a great number of military posts and had a very large force of surgeons in the field, is now very much diminished. Action on the part of the civil government is necessary to supply the present dearth of hospitals, nurses, and physicians.

The assignment of these American teachers has been very unevenly made, as will appear by an examination of appendix. The city of Manila has the maximum number of teachers, 65, or one teacher for every 3,432 of the native population. Leyte and Samar, on the other hand, have no more than one teacher for 27,000 inhabitants; Bohol has only one teacher for 24,000, and Cebu one teacher for every 21,000. A successful basis would seem to be one American teacher for about 7,000 of the native population. More and more, however, the American teachers' duties will have to be those of a supervising teacher and

instructor of Filipino teachers. Some single American teachers have, at the present time, town or towns aggregating 30,000 people scattered in a score or more of hamlets and barrios. For further details of the work, attention is again invited to the appended reports of superintendents of divisions.

Very respectfully submitted.

DAVID P. BARROWS,
General Superintendent of Education.

THE SECRETARY OF PUBLIC INSTRUCTION,
Manila, P. I.



INAUGURAL ADDRESS

BY

HON. LUKE E. WRIGHT,

CIVIL GOVERNOR OF THE PHILIPPINE ISLANDS,

MANILA, P. I., FEBRUARY 1, 1904.

My fellow-countrymen:

In formally assuming the office of civil governor of the Philippine Islands, following the custom which obtains in the United States, I deem it proper briefly to refer to existing conditions and to outline in a general way the governmental policies which, in my judgment, should control in the future. It is peculiarly appropriate on this occasion because, under the Spanish régime, as I am informed, a change of governors-general, as a rule, indicated a reversal of policies theretofore obtaining and a large change in the administrative personnel all along the line. This being the usual course in the past, it is natural that the Filipino people should attach more than ordinary importance to a change of administration. It seems to me desirable, therefore, at the earliest opportunity to emphasize the fact that the wise, humane, and patriotic principles which controlled the administration of Governor Taft will not, at least consciously, be departed from by me.

THE CIVIL COMMISSION; POLICY OF ATTRACTION; RESULTS.

¹ The Commission came to these islands bearing a message of peace and good will from the American people to the Filipino people. The instructions which President McKinley gave us were definite and explicit and were made known to us before we left the United States. We assumed the responsible duties with which he had honored us, fully understanding their tenor and assenting to their wisdom and justice. Whatever differences of opinion may exist as to the soundness of the policy enunciated in these instructions, there can be none among conscientious and honorable men that we were and are fully committed to their execution. We understood fully that while opposition to American authority, when it took the form of an armed insurrection, must be met and put down by the military forces of the United States; at the same time we realized with equal clearness that a true peace could only be established by obtaining the confidence and cooperation of the educated and patriotic Filipinos. We further believed that it was true American doctrine that the people affected by government should have as large a participation in that government

as they were capable of safely exercising in their own interests, and that the fullest opportunity should be given them to test their abilities by actual participation in the administration of their own affairs. It was not believed to be either just or politic to impose upon them a government modeled strictly upon American lines and administered wholly by Americans.

Acting upon these general principles, Governor Taft and his colleagues, from the beginning, have endeavored to pursue a policy of attraction, and at every step have invited and welcomed the advice and assistance of those Filipinos whom they believed competent to be of service in establishing good government here.

It is not my purpose to glorify the work which has been already accomplished by Governor Taft and the Commission. The future must largely determine whether we have wrought well or badly. We perhaps stand too near to the stirring events which have thronged the years of American occupation of these Islands to judge dispassionately the value of what has been accomplished. The substitution of American theories of government and methods of administration for those which had obtained for hundreds of years under the Spaniards has been carried on with the characteristic energy which is the distinguishing feature of the American. And naturally there have arisen differences of opinion as to the wisdom of our course not only among observing foreigners and Americans but among Filipinos as well. There are not wanting critics in the former class who think the Commission has gone too fast and too far; and, on the other hand, there are not wanting impatient Filipinos who, forgetful of what has already been done, complain that we are moving too slowly. This is not the occasion nor am I the proper person to discuss, upon their merits, these differences of opinion. That we have made mistakes I shall not controvert. The man or men, however, who do not make mistakes are only those who accomplish no serious or permanent work. I think, however, we may justly claim at least the benefits of good intentions and honest efforts. It seems to me, furthermore, that when a comparison is made between the situation as it existed three years and a half ago and as it exists now, even the least observant or the most censorious must be struck with the marvelous change for the better. Then there was a blaze of insurrection extending from one end of the Archipelago to the other; to-day general peace prevails. Then life and property were only secure in those towns garrisoned by American troops, who occupied several hundred stations; to-day the number of our troops has been reduced by more than three-fourths, occupy only a few strategic points, and yet with the exception of the occasional depredations committed here and there by insignificant and fugitive bands of ladrones life and property are as secure in these islands as in other well-ordered communities. I do not for a moment pretend that this gratifying change has resulted wholly from the labors of the Commission. Unquestionably in the mere suppression of insurrection the chief credit is due to the efforts of our gallant Army and Navy. But I think I may say, without the imputation of egotism or the desire to unduly exalt the Commission, that but for its efforts to establish in the minds of the intelligent and thoughtful Filipinos a conviction as to the rectitude and benevolence of the intentions of the American people with reference to them, and thereby securing in a multitude of instances their cordial and zealous cooperation in the establishment of

peace and order, these gratifying conditions would not now exist. We have reposed trust and confidence in many Filipinos, and it is but simple justice to say that rarely has that trust and confidence been abused. To-day, pursuant to legislation enacted by the Commission, the Filipinos have in all their local affairs self-government, as Americans understand that term. They are largely represented upon the Commission, in the judiciary, and in all other branches of the government. They constitute the body of the constabulary who have been for the past two years charged with the duty of maintaining order and have done and are doing most faithful and efficient service. They have the benefits of a comprehensive civil-service law which applies equally to them as to Americans. A public school system has been created and is being steadily extended with satisfactory results. When it is considered that so much has been accomplished among a people alien to us in traditions, customs, and languages, I think I may fairly say, in the first place, that we have not wrought wholly in vain; and in the next and most important place, that it furnishes striking evidence of the adaptability and capacity of the Filipinos and warrants us in entertaining high hopes for their future.

FUTURE WORK; RAILROAD BUILDING; AGRICULTURE.

But it is not my purpose to deal further upon this subject nor to produce the impression by what has already been said that the conditions which obtain in these islands to-day are ideal in character. Real work, both for the American and the Filipino lies in the future. Up to this time we have been going through what may be aptly termed a period of political reconstruction. While there has not even as yet been a perfect adjustment on the part of the people to the new order of things, as I have already shown, we have made substantial progress in the right direction. From this time forward our labors must mainly be toward the consolidation, elaboration, and making permanent that which we have established, and the building up and developing the natural resources of the islands. Our first and most obvious need is an improved method of intercommunication among the people. We especially must labor to begin an era of railroad building for Luzon, Mindanao, and several of the large islands of the Archipelago. I do not underestimate the value of schools and other agencies of modern civilization which lead the masses of the people to higher levels of living and thinking, but to my mind, so far as concerns these people, nothing is of so much moment to them as railroads. While without them much may be done, yet any progress must be slow, halting, and unequal. With them we may not only hope for but confidently expect rapid and tremendous improvement. As matters stand, except along that part of the coast line of the islands accessible to vessels, there is practically no incentive offered to labor or production. Having no markets the inhabitants only seek to produce enough to meet their simplest wants. Agriculture under such circumstances is primitive in character and exceedingly limited in extent. The mineral resources of the islands remain undeveloped, and vast forests of valuable timber, almost unexplored and wholly untouched, exist. It is only within a comparatively recent period that we have been in a position to grant franchises for the construction of railroads and other works of internal improvement. We have always

recognized, however, the vital importance of the matter and have from time to time in our reports brought the subject to the attention of the authorities at Washington. When in that city last winter I had occasion to discuss this matter with the President and the then Secretary of War, Mr. Root. Both of them I found to be fully alive to our needs in this regard. The latter arranged several interviews with prominent capitalists and railroad builders in the United States looking to the inauguration of a large railroad system in these islands, and I am informed that, notwithstanding the enormous pressure of other business incident to his position, he has continued to urge upon capitalists at home the advantages of investment in railroads in these islands. While it is somewhat premature to speak definitely, I feel much encouraged in the belief that in the not remote future we may hope for substantial benefits as the result of his efforts. And now that Governor Taft has succeeded him we have a right to feel doubly sanguine in this regard, for his colleagues know, as perhaps few can know, how near to his heart lies the prosperity and happiness of these people.

The importance of developing agriculture can not be overestimated. The people have been sorely afflicted in the last two years by the destruction of their crops by locusts, and to a large extent the loss of their horses and cattle by rinderpest. Through the liberality of the American Congress a large sum was placed at the disposal of the insular government to replace the cattle thus lost and to aid and prevent, as far as possible, suffering among the people. This fund has to a considerable extent been expended in the building of important highways and in the construction of other important public works, thus furnishing a means of livelihood to the people, especially in those sections most seriously affected by the loss of crops and cattle, and also in the purchase of carabaos. It has not in the past been nor will it in the future be the policy of the Government to extend aid to the point of pauperizing the people, but only to relieve their actual necessities by enabling them to earn money by their labor. In a number of the provinces in which rice has heretofore been the principal crop, the people have been recently blessed with a bountiful yield of that cereal. Owing to a lack of cattle there still remains fallow, however, a considerable area of land formerly cultivated. As a result the importation of rice will still be necessary, though not to such an extent as last year. It should be our endeavor to increase the production of this necessity of life by every means in our power, at least to the point of making the islands self-supporting in this regard. The introduction of American agricultural machinery and methods of cultivation is very desirable, and will be of immense benefit. The sugar and tobacco interests, I regret to say, are in a depressed and languishing condition. While what I have said as to rice production applies with almost equal force to them, and much may and must be done for their betterment by the insular government, still the fact remains that we can not hope for any real advance in these industries until they are given entrance to the markets of the United States upon equitable terms, and for this boon we can only appeal to the Congress. Even were this granted, several years must elapse before the sugar and tobacco planters of these islands could hope to produce as much as prior to the insurrection, nor so long as the introduction of Chinese and other contract labor is prohibited as at present, and as doubtless it will be permanently, is there the slightest danger of Phil-

ippine exportation of these articles injuriously affecting prices to producers in the United States. I entertain the confident hope and belief that Congress will not long hesitate in removing the insurmountable tariff barriers which now bar the way to the entrance of these important products.

THE FRIAR LANDS.

Among the last important official acts of Governor Taft was the conclusion of preliminary contracts for the purchase of what is known as the "friar lands." As soon as the necessary examination of titles and survey of these estates can be made, final conveyance will be given and these lands taken over by the Government. They will then be immediately offered for sale at cost price upon long time to the persons who have heretofore occupied them as tenants. Payments will be made in annual installments at a very low rate of interest, thereby enabling the purchasers to become the owners of their holdings by paying a little more than that formerly paid as rent. In this way we hope and expect to settle for all time one of the burning questions in the Filipino mind. In making this settlement the Government has been just, not to say liberal, to the religious orders, and at the same time will confer a substantial benefit upon the occupants of the land. It is believed that the spirit which dictated this transaction will be fully appreciated, not alone by those immediately affected, but will be accepted by the great mass of the Filipinos as a further evidence of the kind feeling and beneficent purpose of the American Government.

CURRENCY.

The Commission perceived in the very beginning that one of the great drawbacks to anything like the permanent prosperity and progress of the islands was the lack of a stable currency. The only circulating medium which the Americans found here was an irredeemable silver currency composed of Mexican and Spanish-Filipino coin. The general tendency of silver has been for many years downward, but with frequent and violent fluctuations in price. The currency in circulation, as a result, rose or fell with the advance or decline of silver. All transactions, and especially those involving credits, were consequently largely speculative; this has been disastrous to all business enterprise. The Commission in its first report to the President urged legislation by Congress which would give to the people a silver currency to which they had always been accustomed but redeemable in gold, thus establishing and fixing a uniform stable standard of values. The Congress of the United States, on the 2d day of March, 1903, passed an act the provisions of which substantially embodied the recommendations of the Commission, and provided for a new coinage of Philippine pesos redeemable at the insular treasury in gold, which, together with the United States gold coin, are declared to be the sole legal tender of the islands after a date to be fixed by the Commission. Pursuant to this act, the insular government, by proper legislation and executive order, has demonetized Mexican dollars and provided for the redemption and recoinage of the Spanish-Filipino currency. It has, however, met with considerable difficulty in immediately retiring the outstanding Mexican and Spanish-Filipino coins, because the great mass of the

people failed to understand and appreciate the real value of the new currency and continued to receive and use in their daily transactions the old upon a parity with the new coins. The difficulty of substituting the new currency for the old has furthermore been increased by reason of the fact that certain business interests have found it to their advantage to buy the hemp, copra, and tobacco produced in the islands in the old coins, which are much cheaper than the new, and thereafter to sell their purchases in foreign markets for gold. The Commission, however, has been thoroughly convinced that there could be no real and genuine business prosperity and progress so long as this state of affairs continued, and has therefore enacted legislation which will, after the expiration of a few months, tend to make unprofitable the use of the old currency and thereby make easy and certain the introduction of the new and stable currency.

The importance of making effective the wise legislation of congress above referred to can not be overstated. In my judgment we can not hope for any large revival of business and improvement in general conditions until we have eliminated this disturbing factor from the business of the islands. It will be the policy of the Commission to bring about this result as rapidly as may be upon the lines which it has already laid down.

FUTURE POLICY.

Did time permit I might enumerate other matters of considerable though minor importance which call for future consideration. Enough, however, has been said to indicate the general lines of policy which it is believed will be pursued by the Government in the immediate future. I can not refrain, however, from saying that the success or failure of the efforts of the representatives of the American Government in these islands must very largely depend upon the attitude of the Filipino people themselves; and, furthermore, that their attitude will in the nature of things in turn be largely affected by the attitude of the Americans in these islands toward the Filipino people. It has been perhaps not extraordinary, in view of past events, that Americans and Filipinos should, to some extent, still stand apart from each other. It seems to me, however, that the time has past, if it ever existed, for an attitude of reserve and distrust. The Americans who are here in these islands with the legitimate and laudable purpose of aiding in their development and at the same time bettering their own fortunes can not fail to see that they can only hope to accomplish their desires by establishing cordial personal and business relations with the people with whom they must necessarily come in contact. This is so obviously true that it does not require elaboration. Aside from this, every consideration of magnanimity and patriotism impels them to such a course. We are strong; the Filipinos are weak. We are justly proud of our institutions and of the benefits and blessings which spring from them. We have assumed control and government of these islands without consulting the wishes of their inhabitants. Are we not then in conscience and honor bound to offer them the best we have to give? In inviting them to participate equally in our common birthright, we do not make ourselves the poorer but therein the richer. We can not ignore the truth that in our relations with this people the Americans here are quite as much on

trial before the civilized world as are the Filipinos. On the other side, every Filipino should turn a deaf ear to the sinister promptings of restless and selfish agitators and demagogues who strive to keep alive prejudices born of the evil passions engendered by war and, following the example of the wisest and most patriotic of their countrymen, should frankly and loyally accept the situation as it is. Nothing can be accomplished that is good by a contrary course. The logic of events is inexorable. True patriotism, under existing conditions, is found in a loyal attitude to the Government. Every intelligent Filipino must realize that his people in their present stage of development are unable to stand alone, and that in the very nature of things they must lean upon some stronger arm. It is suicidal, therefore, to repel the kindly advances made by those in authority or to engage in a policy of obstruction or agitation. There is no reason for antagonism. On the contrary, there is every reason against it. The coming of Americans to these islands to build railroads and other works of public utility, to engage in agriculture, manufacturing, or the mechanical arts can only be of advantage to the Filipino people. There is room in these beautiful and fertile islands for all. The door of equal opportunity should be thrown wide open for all alike—European, American, and Filipino.

CONCLUSION.

And now in conclusion, I desire to express my sincere thanks to the President of the United States for the great honor he has conferred upon me. I am not oblivious that I am succeeding a gentleman who has fairly earned, by his elevated character and high ability as a constructive statesman, the respect and admiration of all men and in addition stands "best beloved" in the hearts of the Filipino people. When I step into his place I have a sobering realization of how wide a space he occupied and how great a vacuum remains. I understand full well the difficulties, the perplexities, and the labor incident to the position. I can only promise to do my best. For a successful issue under that Divine Providence which shapes the destinies of men I must chiefly rely upon the aid of my colleagues and other officials of Government; and last, but not least, upon the sympathetic cooperation of all classes of people who sincerely desire that order, justice, and the reign of law shall be supreme.

INDEX.

| | Page. |
|---|---------------|
| Abra Province: | |
| Financial condition of | 395, 678 |
| Accounting system: | |
| Mentioned | 238 |
| Aglipay, Gregorio: | |
| Movement of | 319 |
| Agriculture, bureau of: | |
| Botanical work | 578 |
| Chief source of wealth | 300 |
| Experiment stations | 598, 599, 600 |
| Fiber investigations | 598, 360 |
| Fruits discovered, new species of | 360 |
| Fruits, grasses, etc., wide fields for the introduction of | 173 |
| Government farm at San Ramon— | |
| Employment of convicts on | 358 |
| Production of cocoanuts, abaca, and cacao | 559 |
| Progress of experiment stations interfered with on account of drought | 599 |
| Government farms and experiment stations abandoned | 358 |
| Government rice farm | 602 |
| Recommendation for the establishment of | 602 |
| Importance of developing | 726 |
| Machinery, importance of introduction of | 726 |
| Opportunities in the Philippine Islands | 362 |
| Present state of | 357 |
| Publication of Farmers' Bulletins | 361 |
| Publications of | 597 |
| Seed and plant distribution of | 597 |
| Vegetables raised at Manila | 598 |
| Rinderpest, epidemic of, effect on | 356 |
| School of agriculture on island of Negros | 418 |
| Seed furnished by United States Department of | 359 |
| Soil investigation | 360 |
| Working force of, changes in | 596 |
| Ahern, Capt. George P.: | |
| Chief of forestry bureau | 341 |
| Investigations made by, in connection with rubber and gutta-percha .. | 171 |
| Albay, Province of: | |
| Conditions in | 34 |
| Financial condition of | 395, 678 |
| Ambler, Hon. Byron S.: | |
| Appointed judge | 373 |

| | Page. |
|---|----------|
| Ambos Camarines, Province of: | |
| Financial condition of | 395, 678 |
| Peace conditions in | 34 |
| Americans: | |
| Desire of, to acquire title to land | 26 |
| Applicants for positions under civil service | 36 |
| American Circulating Library: | |
| Appropriations for | 706 |
| Organization and work of | 428 |
| Volumes contained in | 705 |
| Animal industry: | |
| Condition of | 364, 601 |
| Animals: | |
| Draft, absence of | 481 |
| Inspection of | 566 |
| Quarantine of imported, necessary | 67 |
| Antique Province: | |
| Financial condition of | 395, 678 |
| Arellano, Chief Justice: | |
| Temporary member of civil service board | 38 |
| Architecture and construction, bureau of: | |
| Buildings— | |
| Constructed by | 423 |
| Destruction of, by war | 256 |
| Reconstruction of, ordered | 257 |
| Employees in | 699 |
| Expenditures by | 700 |
| Schoolhouses to be erected by | 423 |
| Training of workmen | 425 |
| Work of | 699 |
| Work of, at Baguio | 424 |
| Archives, bureau of: | |
| Work of | 427, 704 |
| Arrastre: | |
| System described | 666 |
| Ateneo de Manila: | |
| Established | 688 |
| Atkinson, Dr. Fred W.: | |
| Appointed general superintendent of education | 123 |
| Resignation of | 698 |
| Atlantic, Gulf and Pacific Company: | |
| Report of, on Filipino labor | 513 |
| Attorney-general's office: | |
| Business transacted by | 374 |
| Number of opinions rendered by | 374 |
| Work accomplished by | 641 |
| Authorities, board of: | |
| Composed of archbishops and bishops | 42 |
| Duties of | 42 |
| Baguio: | |
| Agricultural experiments at | 600 |
| Buildings erected at | 339 |
| Civil sanitarium at. (See Sanitarium, civil.) | |

| | |
|--|--------------|
| Banks and banking: | Page. |
| American banking facilities recommended | 299 |
| institutions established | 385 |
| Attitude of, toward American money | 106 |
| Authority of Commission over banks | 230 |
| Commercial, and their relation to mortgage loans | 234 |
| Establishment of strong banks recommended | 232 |
| Examination of banking institutions provided for | 226 |
| Interest, high rate of, charged | 33, 231 |
| Laws governing banking | 228 |
| Legal depositories | 233 |
| List of banking institutions in the Philippine Islands | 654 |
| Mortgage banks, necessity for | 233 |
| Depressed state of agriculture | 233 |
| Interest rate of mortgages | 233 |
| National-bank act, modification of, recommended | 230 |
| Notes issued by Spanish Filipino Bank | 229 |
| Principal, and local conditions of | 109 |
| Reports of banks submitted | 227 |
| Security for deposits | 227 |
| Barrows, David P.: | |
| Appointed general superintendent of education | 123 |
| Bataan, province of: | |
| Financial condition of | 395, 678 |
| Batangas: | |
| Experiment station at | 599 |
| Batangas, Province of: | |
| Agricultural work in | 361 |
| Financial condition of | 395, 678 |
| Improvement of conditions in | 34 |
| Organized | 294 |
| Bates treaty: | |
| Reasons for abrogating | 537 |
| Bath houses: | |
| Need of public | 554 |
| Benguet, Province of: | |
| Civil government for | 60 |
| Climate of | 82, 338, 340 |
| Financial condition of | 396, 679 |
| Government of | 157 |
| Health resort in | 81 |
| Meteorological observations | 83 |
| People of, description of | 157 |
| Roads— | |
| Difficulty of construction of | 158, 311 |
| Effort to construct road to health resort in | 27 |
| Estimated cost of | 312 |
| From Dagupan to Baguio | 86 |
| Work interrupted by cholera | 312 |
| Beri-beri: | |
| In Manila | 566 |
| Bilibid prison: | |
| Unhealthful condition of | 562 |

| | Page. |
|--|--------------|
| Bishops: | |
| Americans appointed to the Philippine Islands | 504 |
| Blount, Hon. James H., jr.: | |
| Appointed judge | 373 |
| Bohol, Province of: | |
| Financial condition of | 396, 679 |
| Bonds: | |
| Fidelity | 148 |
| For purchase of friar lands | 502 |
| Issue recommended | 468 |
| Municipal, for public improvements provided for | 455 |
| Philippine government, to be exempt from taxation | 290 |
| Botany: | |
| Work done | 578 |
| Bourne, Edgar K.: | |
| Appointed chief of bureau of architecture and construction | 257, 422 |
| Brannagan, Frank A.: | |
| Appointed treasurer | 141 |
| Brewer, Dr. Isaac W.: | |
| Valuable services mentioned | 335 |
| Bubonic plague: | |
| Campaign against | 79, 177, 325 |
| Decrease in number of cases of | 515 |
| Number of cases in city of Manila | 565 |
| Occurrences of, in Cebu | 515 |
| Prevalence of | 325, 565 |
| Buildings, public. (See Public buildings.) | |
| Bulacan, Province of: | |
| Financial condition of | 396, 679 |
| Cacao: | |
| Production of, in the Philippine Islands | 363 |
| Cagayan, Province of: | |
| Financial condition of | 396, 679 |
| Cagayan Valley: | |
| Necessity for railways in | 90 |
| Calderón, Don Felipe: | |
| Mentioned | 32 |
| Capiz, Province of: | |
| Financial condition of | 396, 679 |
| Carabaos: | |
| Imported by government | 481, 602 |
| Carlock, Hon. Lyman J.: | |
| Death of | 642 |
| Cavite, Province of: | |
| Financial condition of | 396, 679 |
| Peace conditions in | 34 |
| Cebu, Province of: | |
| Financial condition of | 396, 679 |
| Cebu, harbor of: | |
| Appropriation for | 624, 669 |
| Improvements in | 624 |
| Cebu and Iloilo: | |
| Increased business at ports of | 669 |

| Census: | Page. |
|--|--------------|
| Act of Congress providing for taking of | 433 |
| Difficulties encountered in the taking of | 488 |
| Ordered to be taken | 433 |
| Population, rough count of | 708 |
| Scope of work of | 433 |
| Taken under direction of Gen. Joseph P. Sanger | 520 |
| Census bureau: | |
| Appropriations for | 659, 707 |
| Work of | 707 |
| Certificates of indebtedness: | |
| Issued | 652 |
| Chapelle, Archbishop: | |
| Mentioned | 32, 40 |
| Chinese: | |
| Admission of | 291 |
| Opposition to | 512 |
| Always a merchant | 302 |
| Immigration of | 393 |
| Registration of | 671 |
| Cholera: | |
| Appearance of, in Manila | 327 |
| Cases reported on board vessels arriving in Manila | 568 |
| Germes of, in Pasig River | 569 |
| Number of deaths from | 515 |
| Opposition to measures against | 330 |
| Progress of epidemic and number of cases | 333 |
| Result of work in Manila | 331 |
| Church, Catholic: | |
| Mentioned | 32 |
| Description of part taken by, in the pacification of the islands | 39-41 |
| Functions of | 39-49 |
| Church and state: | |
| Separation of | 49 |
| Circulating library. (See American Circulating Library of Manila.) | |
| Civil codes. (See Codes.) | |
| Civil Commission. (See Commission, Philippine.) | |
| Civil government. (See Government, civil.) | |
| Civil governor: | |
| Inaugural address of | 277-281, 723 |
| President of the Commission designated to act as | 140 |
| Report of, for 1902 | 293 |
| for 1903 | 475 |
| Civil hospital. (See Hospitals.) | |
| Civil procedure: | |
| Bill nearing completion | 35 |
| See Codes. | |
| Civil sanitarium. (See Sanitarium, civil.) | |
| Civil service: | |
| Act providing for the maintenance of honest, in the Philippine Islands | 13 |
| Effect of | 13 |
| Applicants for appointment under, rules governing | 14-19 |
| Duties of | 13 |

| | Page. |
|--|--------------------|
| Civil service—Continued. | |
| Employees— | |
| English and Filipino, abilities compared | 147 |
| Filipinos not appointed as stenographers | 147 |
| Importance of, acquiring native dialects | 308 |
| Examinations, where held | 38 |
| Given in Spanish and English | 38 |
| Merit system, principles being enforced | 521 |
| Persons admitted to competitive examinations under | 13, 19 |
| Rules governing applicants | 13, 14 |
| Soldiers and sailors— | |
| Preferred for positions under | 37 |
| Recommendations made by civil service board relative to | 38 |
| Teachers not under rules of | 308 |
| Civil service board: | |
| Activity of | 308 |
| Cooperation with United States Civil Service Commission | 308 |
| Members of, appointed | 13, 38 |
| Residence and salary of | 13 |
| Recommendations made by, concerning soldiers | 38 |
| Rules prepared by, nature of | 13-19 |
| To whom applicable | 13-19 |
| Provisions of | 14-19 |
| Civil supply store: | |
| In charge of constabulary | 620 |
| Climate: | |
| Effect of, upon health | 175 |
| Coal: | |
| Deposits of, in Philippine Islands | 172 |
| Sources of supply and cost of | 629 |
| Coast and geodetic survey, bureau of: | |
| Progress made in work of | 195, 196, 317, 629 |
| Suboffice, establishment of, at Manila | 195, 196 |
| Coast guard and transportation, bureau of: | |
| Difficulties in transportation | 316 |
| Light-house division of | 623 |
| Light-houses constructed by | 317 |
| Vessels purchased | 316, 621 |
| Work and duties of | 190-193 |
| Coastwise trade: | |
| Rates of transportation affecting rice and other commodities | 318 |
| Vessels employed in | 318 |
| Laws relating to interisland trade | 527 |
| trade between United States and Philippine Islands .. | 529 |
| Cocoanuts: | |
| Cultivation of | 362 |
| Code: | |
| Criminal | 375 |
| Criminal procedure | 375 |
| Codes: | |
| Civil— | |
| Laws governing business transactions set forth in | 215 |
| Procedure— | |
| Enactment of | 210-214 |
| Postponed | 641 |

| Codes—Continued. | Page. |
|---|---------------|
| Civil—Continued. | |
| Procedure—Continued. | |
| Habeas corpus included in | 212 |
| Official language of the courts, discussed | 210 |
| Radical departure from Spanish procedure | 212 |
| System of jury trials omitted from | 212 |
| Various provisions of | 213 |
| Criminal— | |
| Enactment of, postponed | 641 |
| Preparation of | 214, 215, 641 |
| Municipal, preparation of | 35 |
| Mining, preparation of | 172 |
| Coffee: | |
| In the islands | 363 |
| Growing of, experiments in | 598 |
| Coinage. (See Currency.) | |
| Cold storage and ice plant: | |
| Capacity of | 217 |
| Cost of, estimated | 216-219 |
| Object of establishment of | 216, 376 |
| Price paid for and space occupied by | 219, 643 |
| Revenues earned | 643 |
| Work performed by | 643 |
| Colleges. (See Education.) | |
| Combe, Dr. F. J.: | |
| Efficient service mentioned | 335 |
| Commerce: | |
| Condition of | 466 |
| Dairy products in demand | 78 |
| Development of, retarded | 673 |
| Goods needed in the Philippine Islands | 74 |
| Market for Philippine products | 73 |
| Modern machinery needed in the Philippine Islands | 75 |
| Commerce and police, department of: | |
| Bureaus under | 142 |
| Consulting engineer | 318 |
| Franchises and corporations, Manila electric street railway | 317 |
| Report of the secretary of | 311, 611 |
| Commissary: | |
| Establishment of civil, for employees | 151 |
| Commission, civil. (See Commission, Philippine.) | |
| Commission, Philippine: | |
| Appointment of members of | 5 |
| Duties of | 5 |
| Appointments made by | 6 |
| Arrival of, in Manila | 3 |
| Assistance rendered to, by Filipinos | 135 |
| Board of commissioners created | 5 |
| Desirability of, to cooperate with military authorities | 5 |
| Duties of | 10, 35 |
| Future work of | 725 |
| Policy of | 723 |
| Future | 728 |

| Commission, Philippine—Continued. | Page. |
|---|------------------|
| Board of commissioners created—Continued. | |
| Railroads, building of, recommended | 257 |
| Report of, to Secretary of War | 5 |
| Results obtained by | 723 |
| Committees of the, list of | 143 |
| Dispatches from | 25, 26 |
| Governments organized by, distribution of powers of | 7 |
| Instruction of the President to, April 7, 1900 | 5 |
| Instructive sessions of | 35 |
| Legislate, exercise of power to | 28 |
| Office of | 5 |
| Powers of | 6 |
| Purposes of | 36 |
| Reports of | 21, 31, 285, 465 |
| Rules and orders of | 6, 7, 9 |
| Rules governing | 5, 6 |
| Transfer of power of government from military governor to | 6 |
| Visit of, to provinces | 134 |
| Work accomplished by | 133, 135 |
| Conant, Charles A.: | |
| Report of | 223 |
| Conditions, peace: | |
| General progress of | 293 |
| Constabulary, Philippines: | |
| Captures made by | 615 |
| Certain engagement mentioned | 615 |
| Civil supply store under supervision of | 620 |
| Cooperation between scouts and, authorized | 617 |
| Desertions from | 313 |
| Employment of natives in | 181, 611 |
| Establishment of | 611, 612 |
| Necessity for the | 182 |
| Provisions of act relating to | 183 |
| Gomez, Dr. Dominador, a professional agitator | 616 |
| Ladrones, ravages of | 613 |
| Number of men enlisted in | 183, 312 |
| Duties of | 313 |
| Organization of bureau of | 612, 183 |
| Telegraph division, act organizing | 619 |
| Work of | 484, 616 |
| Copper: | |
| Deposits of, in Philippine Islands | 172 |
| Copyrights. (See Patents, copyrights, and trade-marks, bureau of.) | |
| Courts: | |
| Admiralty, jurisdiction of | 199 |
| Challenge of judges | 199 |
| Customs appeals— | |
| Judges for, increase in number | 373 |
| Jurisdiction of | 635 |
| Organized | 634 |
| New legislation relating to | 634 |
| Work accomplished by | 634 |

| Courts—Continued. | Page. |
|--|------------------------|
| Established | 197 |
| First instance— | |
| Established | 202 |
| New legislation relating to | 634 |
| Judicial districts | 206 |
| Judiciary, judicial system organized | 369 |
| Jurisdiction of | 202, 203 |
| Justices, organization of | 99 |
| Land registration— | |
| Organized | 636 |
| Methods of procedure in | 637 |
| Salaries of judges of | 636 |
| New legislation relative to | 370 |
| Reorganization of | 200-206 |
| Spanish language, importance of, in | 100 |
| Supreme— | |
| Changes in the personnel of | 642 |
| New legislation relating to | 632 |
| Crimes and treason: | |
| Act defining | 371 |
| Criminal Code. (See Codes.) | |
| Currency: | |
| Banks refused to receive deposits of United States money | 22, 223 |
| Bullion purchased for coinage | 646 |
| Coinage— | |
| Act of Congress relative to | 461 |
| Bullion purchased for | 646 |
| Labors of Charles A. Conant | 223 |
| Manila mint, used for execution of new | 226 |
| Mint, establishment of, at Manila | 458 |
| Proposed new | 223 |
| Provided for by Congress | 458 |
| Purchase of bullion for, recommended | 224 |
| Recommendations of Commission regarding | 223, 224 |
| Subsidiary coins recommended | 226 |
| Coinage of, authorized | 458 |
| System for the Philippine Islands provided for by Congress | 461 |
| System of, proposed | 107, 461 |
| Historical data concerning | 101 |
| System of, Japan and India | 380 |
| Demonetization of Spanish-Filipino coins | 648 |
| Deposits of civil funds in gold and Mexican | 229 |
| Difficulties of accounting | 380 |
| Evils of former currency system summarized | 383 |
| Fluctuating value | 22, 102, 301, 377, 645 |
| Gold— | |
| Deposits of civil funds in | 220 |
| Method of maintaining parity with silver | 650, 652 |
| Reserve fund provided for | 225, 649 |
| Standard recommended | 378 |
| Jenks, Prof. J. W., recommendations by | 381 |
| Kinds of, in circulation | 101, 219 |
| Method of maintaining parity between gold and silver | 650, 652 |

| Currency—Continued. | Page. |
|--|------------------------------|
| Mexican— | |
| Amount of, in Philippine Islands | 647 |
| Demand for, in China | 219 |
| Deposit of civil funds in | 220 |
| Export duties imposed upon | 211 |
| Importation and exportation of | 647 |
| Redemption of | 647 |
| Official ratio— | |
| Frequently changed | 378 |
| In effect during fiscal year 1903 | 645 |
| Silver— | |
| Certificates issued | 651 |
| Fluctuation in value of | 102, 222, 287, 301, 377, 645 |
| Methods of maintaining parity with gold | 650, 652 |
| Spanish-Filipino— | |
| Amount of, in the islands | 647 |
| Importation and exportation of | 647 |
| Redemption of | 647 |
| System established | 727 |
| Customs service: | |
| Administrative act relating to | 372, 391 |
| Coastwise laws | 673 |
| Congested condition of Pasig River | 666 |
| Countries doing business with the Philippines | 247 |
| Direct exportations of hemp to United States | 669 |
| Duties performed by | 666 |
| Expense of lightering at Manila | 666 |
| Export duties | 114 |
| Imports and exports | 670 |
| Importations— | |
| Increase under American control | 116 |
| List of more important articles of | 247 |
| Value of, and duties collected | 115 |
| Improvements on Manila custom-house | 392 |
| Increased volume of business under American administration | 247 |
| Interisland freight charges excessive | 667 |
| Miscellaneous charges | 114 |
| Opening of coastwise ports | 392 |
| Pro rata cost of collecting customs revenue | 392 |
| Registration of Chinese in the Philippine Islands | 671 |
| Smith, Gen. James F., appointed collector of customs | 246 |
| Spurgin, Col. William F., first collector of customs | 246 |
| Vessels engaged in interisland trade | 667 |
| Customs tariff: | |
| Act of Congress relative to | 435 |
| Changes in revised, at Washington | 246 |
| Inequality of schedules | 671 |
| Operations of new law | 390 |
| Reduction on food stuffs | 391 |
| Revision of, ordered | 111, 245 |
| Spanish— | |
| Description of | 111, 116 |
| Tariff at first in force | 245 |

| | Page. |
|--|----------|
| Defalcations: | |
| By Americans | 522 |
| List of defaulters | 523 |
| De Mey, Dr. Charles F.: | |
| Efficient services mentioned | 334 |
| Disbursing officers: | |
| Number of | 528 |
| Disbursements: | |
| For fiscal year 1903 | 658 |
| Dispensary: | |
| Free, Manila | 561 |
| Disturbances: | |
| In the provinces | 489 |
| Dorsey, Clarence W.: | |
| Soil physicist of bureau of agriculture | 360 |
| Dudley, Dr. Frank W.: | |
| In charge of San Lazaro detention camp | 335 |
| Dysentery: | |
| Deaths from | 566 |
| Education: | |
| Aims of | 710 |
| Among Negritos | 415 |
| Appropriation for public instruction | 698 |
| Bureau of— | |
| Changes in personnel of | 698 |
| Work accomplished by, and remaining to be done | 697 |
| Civil service not applied to teachers | 308 |
| Destitute and criminal children, provisions for the instruction of | 129 |
| Industrial | 413 |
| Lack of tools among artisans | 414 |
| Manual labor considered disgraceful | 414 |
| Language of the schools | 412 |
| Filipinos ignorant of Spanish | 412 |
| Importance of acquiring English | 412 |
| Local self-help in educational affairs | 416 |
| Moro Province | 696 |
| Moros, education of | 415, 416 |
| Municipal support of— | |
| Normal students | 411 |
| Schools | 421 |
| Normal instruction provided for teachers | 697 |
| Organization of system | 399 |
| Primary education, aim of | 710 |
| Public instruction under Spanish rule | 685 |
| Ateneo de Manila established | 688 |
| Beginning of education in the Philippine Islands | 686 |
| Early education in hands of the church | 687 |
| Establishment of college of Santo Tomas | 687 |
| Establishment of Royal College of San Juan de Letran | 687 |
| Letters prior to arrival of Spaniards | 685 |
| List of schools and date of establishment | 688 |
| School books, kind of, employed | 710 |

Education—Continued.

Page.

Schools—

| | |
|---|----------|
| Agricultural, establishment of, in Negroes | 128 |
| Agricultural college | 601 |
| Attempt to establish primary system | 56 |
| Attendance | 693 |
| Compulsory | 126 |
| Not compulsory | 418 |
| Buildings, dearth of | 696 |
| Construction of and repairs to | 696 |
| College of San Juan de Letran established | 687 |
| Compulsory attendance upon | 418 |
| Day, enrollment in public | 694 |
| Democracy of public | 714 |
| Division superintendents | 400 |
| English, teaching of, in public | 711 |
| Basis of instruction | 125, 691 |
| Enrollment in day | 694 |
| High, organization of | 720 |
| Instruction in agriculture | 418 |
| Insular support of | 421 |
| Language, English, as the basis | 257, 412 |
| Military, necessity for | 128 |
| Nautical school— | |
| Buildings erected for | 420 |
| Course of studies in | 127 |
| Instructors appointed from the Navy | 421 |
| Report of Philippine Islands Commission relative to | 271, 420 |
| Negritos | 415 |
| Night— | |
| Branches taught in | 126, 419 |
| Classes for women in | 126 |
| Organization of | 419 |
| Pupils enrolled in | 419 |
| Success of | 419 |
| Normal, municipal support of students | 411 |
| Normal institutes held during long vacation | 409 |
| Normal school of Manila— | |
| Attendance | 267, 405 |
| Methods of economy practiced by natives | 268 |
| Opening of, on American plan | 127 |
| Provision for | 258 |
| Number of, established | 408 |
| Primary— | |
| Attendance | 261 |
| Attitude of native teachers toward Americans | 262 |
| Course of study prescribed for | 689 |
| Curricula for | 263 |
| Demand for night schools, salary of teachers | 264 |
| Difficulty of cultivating punctuality | 261 |
| English the language of | 262 |
| Native enthusiasm for education | 262 |
| Necessity for suitable buildings | 263 |
| Number of, in operation | 719 |

| Education—Continued. | Page. |
|---|---------------|
| Schools—Continued. | |
| Primary—Continued. | |
| Support of | 127 |
| Progress of | 517 |
| Provincial, for secondary education | 407 |
| Support of | 421 |
| Pupils enrolled in | 269 |
| Religion in | 258 |
| Secondary instruction in provinces | 407 |
| Condition of provincial population | 408 |
| Spanish system not secular | 713 |
| Support of | 257, 421 |
| System of, recommendations for improving | 139 |
| Work accomplished by | 725 |
| Organization of | 691 |
| Teachers— | |
| American appointed | 270, 399, 401 |
| Assignment of | 258, 261 |
| College for | 406 |
| Filipinos employed as | 402 |
| Force in the islands | 691 |
| Hardships endured by | 402 |
| Instruction given to native | 407 |
| Medical supervision furnished | 260 |
| Number of, employed | 720 |
| Reception of | 259 |
| Relation to people | 695 |
| Salaries prescribed | 257, 692 |
| Sanitary precautions taken | 260 |
| Transportation of | 258 |
| Telegraphy | 421 |
| Pupils enrolled in | 421 |
| Trade School of Manila, appropriation for | 264 |
| Establishment of | 258 |
| Instruction in telegraphy | 265 |
| Necessity for | 128, 265 |
| Under military government— | |
| Educational outlook | 123 |
| Instruction in English | 123 |
| Salaries paid teachers | 123 |
| Schools established by General Otis | 122 |
| Under Spanish rule | 121 |
| Branches taught | 121 |
| Lack of facilities for instruction | 121 |
| Work accomplished in | 697 |
| Work of Jesuits | 688 |
| Edwards, Clarence R.: | |
| Mentioned | 163 |
| Engineering, bureau of: | |
| Appropriations for harbor improvements | 624 |
| Benguet road | 625 |
| Duties of, described | 624 |
| Electric power for Manila | 628 |

| | Page. |
|---|--------------------|
| Engineering, bureau of—Continued. | |
| Harbor surveys and soundings made by | 624 |
| Highways | 629 |
| Pansipit River improvements | 625 |
| Tarlac and Pampanga rivers | 625 |
| Ethnological survey: | |
| Necessity for | 607 |
| Work of | 607 |
| Executive bureau: | |
| Secretary of, report of | 305 |
| Work accomplished by | 549 |
| Expenditures: | |
| Appropriations for extraordinary expenses | 662 |
| For city of Manila, how borne | 389 |
| For public instruction | 698 |
| Governmental estimate of | 662 |
| Revenues, surplus and | 52 |
| See also Receipts and expenditures. | |
| Exports: | |
| From the Philippine Islands | 506 |
| Statistics concerning | 670 |
| See also Imports and exports. | |
| Federal party: | |
| First president of | 140 |
| Organization of | 131 |
| Fergusson, Arthur W., executive secretary: | |
| Excellent work of | 305 |
| Fiber: | |
| Investigations | 598 |
| Filipinos: | |
| Appointed on the Commission | 140 |
| Desire of, to acquire title to land | 26 |
| Educational advantages for, improvement in | 35 |
| Exhibit at St. Louis | 518 |
| Appropriations for | 519 |
| Independence and capacity for, of slow growth | 286 |
| Positions under civil service, applicants for | 36 |
| preference given to | 37 |
| Students— | |
| In the United States | 271, 412, 518, 697 |
| To visit United States | 520 |
| Finance and Justice, department of: | |
| Administration of justice | 369 |
| Bureaus under | 142 |
| Criminal code | 375 |
| procedure | 375 |
| Employees, administration upon estates of civil | 371 |
| Judicial system organized | 369 |
| Natives appointed to the bench | 369 |
| New legislation relating to courts | 370 |
| Registration of land titles | 375 |
| Torrens system proposed | 375 |
| Secretary, report of | 369, 631 |

| Fiscal affairs: | Page. |
|--|----------|
| Financial condition in provinces and municipalities | 395, 678 |
| Insular budget | 238 |
| See also Revenues and expenditures. | |
| Receipts for fiscal year 1903 | 657 |
| Fisheries: | |
| Legislation concerning | 174 |
| Source of food supply | 174 |
| Food conditions: | |
| Supply in the archipelago | 465 |
| Forestry, bureau of: | |
| Agent of, sent to Straits Settlements, Java, and Sumatra | 166 |
| Aid secured for | 342 |
| Amount of timber cut during fiscal year 1901 | 164 |
| Botanical work of | 578 |
| Cablegrams concerning | 163 |
| Charges for cutting timber paid to government | 162 |
| Chief of bureau, inspection of, by | 574 |
| Classification, difficulty of | 343 |
| Collections by | 165 |
| Development of, recommended | 165 |
| Division of inspection— | |
| Employees in | 575 |
| Increase in number of stations under | 575 |
| Employees | 573 |
| Expenses of | 580 |
| Extent of forest lands | 344 |
| Forest management, division of, tracts examined and work done by | 575 |
| Forest observations at Bataan, work on | 579 |
| Increase in working force | 342 |
| Laboratory, timber-testing work of | 577 |
| Land used for | 26 |
| Laws relating to, modification of | 573 |
| License fee for cutting timber | 162 |
| Licenses issued | 343 |
| Regulations governing | 576 |
| Need of steamer to facilitate inspection | 576 |
| Officials, stations of | 165 |
| Price of timber | 342 |
| Private woodlands, area covered by | 579 |
| Products— | |
| Amount of, from public lands | 579 |
| Imports and exports of | 580 |
| Revenues derived from | 72, 346 |
| How collected | 346 |
| Regulations for | 343 |
| Rubber and gutta-percha | 344 |
| Salaries, list of | 165 |
| Sawmills, number of | 343 |
| Special privileges granted to army officers in building roads | 577 |
| Trees, species and groups of | 70, 71 |
| Woods, dyes, investigation of | 579 |
| Identification of, microscopic sections | 578 |
| Workshop of | 578 |

| | |
|--|---------------|
| Franchises: | Page. |
| Act of March 2, 1901, relative to, in the Philippine Islands | 275 |
| Provided for by Congress | 457 |
| Franciscan Order: | |
| Functions performed by provincial | 41-49 |
| Not permitted to own property | 43 |
| Freer, Dr. Paul C.: | |
| Appointed chief bureau of government laboratories | 349 |
| Friars: | |
| As Spaniards, representative of Government of Spain | 41 |
| Attitude of Americans toward | 47 |
| Charges of immorality made against | 44 |
| Correspondence of civil governor relative to lands of | 496 |
| Duties of friar priests | 41 |
| Exempt from trial | 44 |
| Investigation of questions relating to | 40 |
| Witnesses for and against | 40 |
| Land held by, amount of | 43 |
| Language acquired by | 39-49 |
| Mission work of | 40 |
| Native priests under direction of | 40 |
| Number of, in the islands | 39, 503 |
| Diminishing | 467 |
| Orders of | 39 |
| Part taken by, in the pacification of the islands | 39-41 |
| Political importance of | 46 |
| Priests, functions performed by | 41-49 |
| Property rights to be respected | 48 |
| Friar lands: | |
| Acquired by friars | 39-49 |
| Held by friars, amount of | 43 |
| Purchase of | 454, 466, 727 |
| Negotiations for | 501 |
| Area of, amount paid for | 466 |
| Question of sale of, discussed by Commission | 290, 496 |
| Negotiations at Rome concerning | 304 |
| Recommendations of Commission concerning issuance of bonds for purchase of | 148 |
| Value of | 498 |
| Fruits: | |
| Native, proposed improvements of | 598 |
| New species found in Negros | 360 |
| Funds: | |
| Public, corruption in the management of | 56 |
| Relief, disposition of | 466 |
| Realized from sale of gunboats | 659 |
| Disposition of | 659 |
| Seized and special deposits turned into general fund, treasury | 661 |
| Disposition of | 659, 661 |
| Gazette, Official: | |
| Appropriation for | 709 |
| Publication of, authorized | 433 |
| Glanders: | |
| Ravages of, among animals | 357 |

| Gold: | Page. |
|---|---------------|
| Deposits of, in Philippine Islands | 172 |
| Government: | |
| Central, as organized by Commission | 7, 8, 140-142 |
| Appointments to fill offices in | 7, 8 |
| Rules governing | 8, 9 |
| Required qualifications for | 8 |
| Distribution of powers of | 7, 8 |
| Various bureaus under | 140-142 |
| Civil— | |
| Change from military to, strongly recommended | 51 |
| Created in province of Benguet | 60 |
| Officers under | 60 |
| General Order No. 179, July 20, 1901, providing for | 137 |
| Relation between Post-Office Department and insular government | 51 |
| Restricted powers of military government | 50 |
| Transfer from military to | 51 |
| Departments of, act of the Philippine Islands Commission providing for the organization of | 275 |
| Military— | |
| Act No. 173, returning certain provinces to | 139 |
| Transfer of authority from, to civil | 5, 51 |
| Municipal— | |
| Establishment of, recommended | 5, 7, 53 |
| Plan of, formulated by Commission | 7 |
| Organization of, in towns postponed | 53 |
| Translation of order relating to, into different dialects | 53 |
| Filipinos— | |
| Character and analysis of | 145 |
| Political ambition of | 144 |
| Officers of, include both Filipinos and Americans | 143 |
| Theory of formation of | 143 |
| Provincial, bill for organization of, nearing completion | 35 |
| Spanish— | |
| Responsibilities of friars in connection with | 42 |
| Spanish representatives of | 40 |
| Governments: | |
| Civil, act of Congress providing for administration of | 433, 438 |
| Departments of, organization of | 141 |
| Difficulties of communication between | 156 |
| Municipal— | |
| For Moro Province | 534 |
| Municipal code | 154 |
| Amended by Act No. 132 | 155 |
| Number of towns organized under | 155 |
| Petitions for creating new municipalities | 156 |
| Policy of | 728 |
| Provincial— | |
| Act establishing, in Moro Province | 534 |
| Officers of | 133 |
| Organization of | 133 |
| Complaints against land tax | 306 |
| Effect of land taxes in provinces | 306 |
| Progress of | 396 |

| Governments—Continued. | Page. |
|---|--------------|
| Provincial—Continued. | |
| Native governors satisfactory | 307 |
| Supervisors of provinces | 306 |
| Qualifications for electors | 156 |
| Self-sustaining | 155 |
| Shortcomings of municipal officers | 155 |
| Governors, civil. (See Civil Governor.) | |
| Gutta-percha and rubber: | |
| Best qualities, location of | 170 |
| Found in Tawi Tawi and Mindanao | 344 |
| Government monopoly of recommended | 345 |
| Investigations regarding | 171 |
| Native methods of collecting | 345 |
| Samples collected for investigation | 166 |
| Specimens obtained in Straits Settlements, Java, and Sumatra, remarks upon | 167 |
| Trees in danger of extermination | 346 |
| Value of | 345 |
| Harbor improvement: | |
| Appropriation for | 194 |
| Cost of lightering | 92 |
| Manila, chief port, necessary improvements to | 92 |
| Plans for | 92 |
| Results of | 194 |
| Spanish plans for | 194 |
| Havice, George M.: | |
| Appointed superintendent of San Ramon farm | 358 |
| Health, board of: | |
| Cholera— | |
| Germs carried in vegetables to Hongkong | 327 |
| Heavy mortality from | 329 |
| In the provinces | 333 |
| Number of cases | 332 |
| Work for the suppression of | 331 |
| Opposition to | 330 |
| Result of | 331 |
| Progress of | 333 |
| Contagious disease hospital | 324 |
| Diseases peculiar to the Tropics | 78 |
| combated by | 323 |
| Effect of climatic conditions | 175 |
| Epidemics | 325 |
| Bubonic plague | 79, 325, 565 |
| Campaign against rats in Manila | 325 |
| Cases | 325 |
| Deaths from | 325 |
| Examination of water | 555 |
| Failure of native physicians to cooperate | 331 |
| Hospitals and detention camps | 329 |
| Legislation drafted by | 563 |
| recommended by | 322 |
| Medical assistance to natives | 178 |

| | |
|---|---------------|
| Health, board of—Continued. | Page. |
| Organization of | 321 |
| Personnel | 176 |
| Progress of work accomplished by | 551 |
| Provincial and municipal | 322 |
| Organization of | 323 |
| Serum and vaccine institutes | 324 |
| Support of, by courts | 562 |
| Work accomplished by, in city of Manila | 552 |
| Hemp: | |
| Classification of | 508 |
| Exportation of, to United States | 669 |
| Inspection of | 508 |
| Methods of cleaning | 509 |
| Qualities of | 508 |
| Reduction of output due to reconcentration | 614 |
| Highways: | |
| Appropriations for | 196 |
| Construction of | 196, 197 |
| Survey of | 629 |
| See also Railroads. | |
| Homesteads: | |
| New laws regulating lands for, desired | 27 |
| Hongkong junta: | |
| Members of, arrive at Manila | 493 |
| Hospitals: | |
| Contagious disease | 560 |
| For contagious diseases | 560 |
| Improved facilities for treatment of | 560 |
| Insane asylum needed | 560 |
| Need of a general | 560 |
| Hospitals, Civil: | |
| Expense for treatment in | 338 |
| Modern public, urgently needed in Manila | 178 |
| Necessity for | 337 |
| Number of patients admitted to | 570 |
| Number of patients treated | 338 |
| Opening of, to general public | 570 |
| Temporary building used for | 178 |
| Ide, Henry C.: | |
| Appointment of, as Commissioner to the Philippine Islands | 5 |
| Subject to be investigated by, assigned to | 31 |
| Igorrotes: | |
| Education of | 415 |
| Iloilo: | |
| Province of, financial condition of | 396, 680 |
| Port of— | |
| Appropriation for | 624, 669 |
| Improvement of harbor of | 624 |
| Increase of business at | 669 |
| Ilocos Norte, Province of: | |
| Financial condition of | 396, 679, 680 |
| Ilocos Sur, Province of: | |
| Unsettled conditions in | 33 |

| | Page. |
|--|----------|
| Imports: | |
| Chief articles of, into Philippine Islands | 670 |
| Detailed statistics in regard to | 670 |
| Increase in | 670 |
| Imports and exports: | |
| Statistics of | 670, 505 |
| Improvements: | |
| Internal, recommended | 470 |
| Needs for | 53 |
| Permanent amount expended for | 660 |
| Industries: | |
| Activity in | 27 |
| Insane asylum: | |
| Need of | 560, 561 |
| Insular affairs, bureau of: | |
| Created by act of Congress | 460 |
| Printing plant purchased under direction of | 256 |
| Purchase of silver for new coinage | 646 |
| Relations to insular purchasing agent | 309 |
| Insular government. (See Government.) | |
| Insular purchasing agency, bureau of: | |
| Amount of business done by | 309 |
| Duties of | 309 |
| How purchases are made | 309 |
| Importance of the creation of | 142 |
| Relation with Bureau of Insular Affairs, War Department, Washington, D. C. | 309 |
| Insular revenues. (See Revenues.) | |
| Insurgents: | |
| Surrender of | 25 |
| Insurrection: | |
| Act of Philippine Commission defining | 371 |
| Suppression of | 285 |
| Interior, department of: | |
| Bureaus under | 142, 321 |
| Insane asylum, need of | 561 |
| Legislation drafted by board of health | 563 |
| Organization of | 551 |
| Secretary of, report of | 321 |
| Inter-island trade: | |
| Who may engage in | 674 |
| Internal-revenue service. (See Revenues.) | |
| Iron: | |
| Deposits of in Philippine Islands | 172 |
| Isabela, Province of: | |
| Financial condition of | 396 |
| Jesuits: | |
| Educational work of | 688 |
| Johnson, Hon. E. Finley: | |
| Appointed member of the supreme court | 642 |
| Judges: | |
| Amendments to laws affecting | 633 |
| Leaves of absence provided for | 633 |
| Salaries of | 633 |

| Judicial system: | Page. |
|--|---------------|
| Comments on | 203-210 |
| Justices of the peace: | |
| Appointment of natives | 632 |
| Dissatisfaction with system of | 544 |
| Kiggins, Frank M.: | |
| Appoints member of civil service board | 38 |
| Kitasato, Dr. S.: | |
| Valuable information furnished by | 335 |
| Laboratories, government, bureau of: | |
| Assay work of | 586 |
| Biological laboratory— | |
| Acting director appointed | 588 |
| Botanical work performed by | 588 |
| Diagnostic work performed by | 587, 553 |
| Entomological work begun by | 588 |
| Establishment of | 180 |
| Locusts' fungus received by | 354 |
| Marine laboratory recommended | 589 |
| Necessity for | 179 |
| Number of examinations made by | 353 |
| Original investigations in | 587 |
| Work done by | 351, 353, 354 |
| Buildings for use of | 584, 350 |
| Chemical laboratory— | |
| Character of work done by | 352, 586 |
| Chemical work | 352 |
| Establishment of | 180 |
| Work done by | 351, 352 |
| Gas supply of | 586 |
| Investigations with reference to tropical diseases | 350 |
| Library of | 586 |
| Municipal laboratory, Manila | 350 |
| New apparatus and supplies for | 586 |
| Opening of, to public | 583 |
| Serum laboratory— | |
| Antiplague serum prepared by | 351 |
| Report on serum laboratory | 551, 584 |
| Work accomplished by | 349, 584 |
| Timber-testing laboratory, work of | 577 |
| Labor question: | |
| Admission of Chinese opposed | 512 |
| Contract labor of the United States extended to the Philippine Islands | 672 |
| Efficiency of Filipino labor | 513 |
| Importation of Chinese urged | 301 |
| Native labor | 512 |
| Organization of trades unions | 302 |
| Relation to investments of capital | 514 |
| Report on Filipino labor | 513 |
| Skilled labor, difficulty in securing | 151 |
| Unions in Manila | 494 |
| United States labor in competition with Filipinos | 151 |

| | Page. |
|--|----------|
| Ladrones: | |
| "Bandolerismo statute," an act of the Philippine Islands Commission relative to the punishment of | 492 |
| Operations against | 26 |
| of | 488 |
| Laguna, Province of: | |
| Organized | 294 |
| Financial conditions in | 680 |
| Improvement of conditions in | 34 |
| Lands: | |
| Area of, private | 26 |
| Legislation in re public lands needed | 594 |
| Titles— | |
| Provisions for registration | 215 |
| Registration of | 100, 215 |
| Torrens system applicable to Philippine Islands | 216, 375 |
| Spanish | 592 |
| See also Public lands, bureau of. | |
| Languages: | |
| Philippine, varieties of | 716 |
| See also Education. | |
| Laundries: | |
| Need of public | 554 |
| Laws. (See also Codes.) | |
| Coastwise— | |
| Applying to interisland shipping trade and trade between islands and United States | 529 |
| Relating to navigation | 469 |
| Unsatisfactory condition of | 673 |
| Desire for new, on part of natives | 27 |
| Municipal, drafting of new | 54 |
| Regulating rights and obligations of people | 10 |
| Lawshe, A. L.: | |
| Appointed auditor | 141 |
| Leech, John S.: | |
| Appointed public printer | 426 |
| Legal procedure: | |
| Description of Spanish method | 97 |
| New code prepared | 98 |
| Legardo, Benito: | |
| Appointed a commissioner | 140 |
| Legislation: | |
| Drafted by board of health | 563 |
| Recommended by Commission | 471 |
| Lepanto-Bontoc, Province of: | |
| Financial conditions in | 680 |
| Organized | 294 |
| Leper colony: | |
| Appropriation for leper hospital | 341 |
| Leper hospitals in Philippine Islands | 77, 340 |
| Number of lepers in Philippine Islands | 341, 566 |
| Proposed | 340 |
| Work on, in the island of Culion, let to private contractors | 561 |

| | Page |
|--|----------|
| Lepers: | |
| Census of | 177 |
| Location of hospitals for | 177 |
| Number of, in Philippine Islands | 177, 566 |
| Segregation of | 177 |
| Leyte, Province of: | |
| Conditions in | 34 |
| Financial condition of | 397,680 |
| Library, American Circulating, of Manila: | |
| Board of trustees appointed for | 429 |
| Work accomplished by | 428, 429 |
| Number of volumes in | 429, 705 |
| Object of | 428, 705 |
| Licenses: | |
| For cutting timber granted | 576 |
| Lightering: | |
| Expense of, in port of Manila | 666 |
| Light-houses: | |
| Repairs to and improvements on | 623 |
| Liquor traffic: | |
| Cablegrams relating to | 29 |
| In Manila | 62 |
| Regulations of, in Manila | 27, 28 |
| High license, enforcement of | 27, 28 |
| Literature: | |
| Philippine | 716 |
| Loans: | |
| To provinces | 662 |
| Locusts: | |
| Damages to agriculture | 567 |
| Experiments to exterminate with fungus | 177 |
| Heavy losses to agriculturists | 567 |
| Methods adopted for destruction of | 567 |
| Louisiana Purchase Exposition: | |
| Exhibit of weather bureau at | 605 |
| Filipino exhibit at | 518 |
| Lucban: | |
| Captured | 293 |
| Lumber: | |
| High prices of | 37 |
| See also Forestry , bureau of. | |
| Luzon, island of: | |
| Improvement in conditions in | 34 |
| Luzuriaga, José: | |
| Appointed a commissioner | 140 |
| Lyon, Wm. S.: | |
| Mentioned | 363 |
| Mabini, A. P.: | |
| Correspondence with | 484 |
| Death of | 487 |
| MacArthur, Maj. Gen. Arthur, U. S. Army. | |
| Philippine Islands Commission received by | 31 |

| | Page. |
|--|-----------|
| Magnetic Observatory: | |
| Work of | 606 |
| Malaria: | |
| Deaths from | 566 |
| Manila: | |
| Birth rate in | 554 |
| Bridges built | 310 |
| Budget for | 242, 665 |
| Expenses of the city under military control | 242 |
| Estimate of receipts and expenditures for | 243, etc. |
| Building operations in | 545 |
| Charter of | 152 |
| Congestion in populous districts | 558 |
| Death rate in city of | 553, 554 |
| Dispensary, free | 561 |
| Electric power for | 628 |
| Electric street railways authorized | 547 |
| Establishment of American Circulating Library Association in | 705 |
| Experiment station at | 598 |
| Extract from articles of capitulation | 11 |
| Fire department organized | 311, 546 |
| Floating population of | 559 |
| Food shops unsanitary | 559 |
| Foul well in | 556 |
| Government of | 310 |
| Improved water supply and sewerage needed | 152, 544 |
| Improvement of, delayed | 310 |
| Improvements in | 318 |
| Judges for the city of, increased | 373 |
| Salaries of | 373 |
| Liquor traffic in, regulation of | 27, 28 |
| High license, enforcement of | 27, 28 |
| Markets erected | 310 |
| Medical attendance, lack of | 554 |
| Nationality of inhabitants | 152 |
| Population of | 28 |
| Port works | 548 |
| Sanitary conditions of | 176 |
| Inspection of houses in | 552 |
| Sanitary markets of | 559 |
| Sanitation of | 310 |
| Services rendered by observatory | 174 |
| Sewerage system of | 152 |
| Sewer system one of the greatest needs in | 556 |
| Streets repaired | 546 |
| Sunken lands in | 557 |
| Temporary hospital secured for | 178 |
| Urgent necessity for modern civil hospital | 178 |
| Value of taxable property | 311 |
| Women's hospital of | 178 |
| Map: | |
| Mineralogical, of the Philippines | 581 |
| Marinduque, Province of: | |
| Organized | 294 |

| | Page. |
|---|----------|
| Marinduque, Province of—Continued. | |
| Financial conditions | 680, 397 |
| Reverses of United States troops in | 33 |
| Markets: | |
| Sanitary condition of | 559 |
| Masbate, Province of: | |
| Financial condition of | 397, 681 |
| McDonough, Hon. John P.: | |
| Appointed member of supreme court | 642 |
| McKinley, William, President of the United States: | |
| Instructions of, to Commission | 11 |
| McKinnon, Father: | |
| Mentioned | 32 |
| Meacham, Dr. Franklin A.: | |
| Death of | 334 |
| Merchant-Marine Service: | |
| Examinations for licenses to positions in | 668 |
| Military government. (See Government.) | |
| Military operations: | |
| At beginning of 1901 | 131 |
| Mindanao, island of: | |
| Conditions in | 34 |
| Moro tribes in | 160 |
| Characteristics of | 160 |
| Provinces under civil government not inhabited by | 160 |
| Question of slavery among | 160, 161 |
| Necessity for railways in | 90 |
| Mindoro, Province of: | |
| Financial condition in | 681 |
| Mineral lands: | |
| Provisions of law relating to | 444 |
| Mineral resources: | |
| Claims | 68 |
| Coal | 65 |
| Congressional action concerning strongly urged | 172 |
| Copper | 65 |
| Deposits in mountains of Benguet | 627 |
| Deposits in Philippine Islands | 172 |
| Gold | 67 |
| Iron | 67 |
| Need for mining legislation | 67 |
| Undeveloped | 725 |
| Wealth | 64 |
| Mining, Bureau of: | |
| Abstract of Spanish Mining Code prepared | 347 |
| Additions made to museum | 347 |
| Archives and records, indexed | 347 |
| Collections made by | 582 |
| Desire for new laws relating to mining | 27 |
| Exhibit of, at Louisiana Purchase Exposition | 582 |
| Field work accomplished by | 582 |
| Legislation recommended | 348 |
| Louisiana Purchase Exposition exhibit | 582 |
| Mineralogical and geological survey | 347 |

| Mining, Bureau of—Continued. | Page. |
|---|----------|
| Mineralogical map of the Philippine Islands | 581 |
| Operations of the | 581 |
| Recommendations of the chief of | 581 |
| Reorganization of, recommended | 581 |
| Reports prepared by | 347 |
| Reports published by | 580 |
| Work of | 172, 582 |
| Mining: | |
| Changes in laws recommended | 471 |
| Operations begun | 581 |
| Mining law: | |
| Changes suggested in | 290 |
| Misamis, Province of: | |
| Financial condition of | 397, 681 |
| Missionaries: | |
| Activity among early Spaniards | 686 |
| Monetary laws: | |
| Passed by Commission | 105 |
| Morgue: | |
| Completion of new, in the city of Manila | 561 |
| Moro Province: | |
| Bill for government of, drafted | 534 |
| Government of | 534 |
| Slavery among the Moros | 539 |
| Territory included in | 534 |
| Moses, Bernard: | |
| Appointment of, as commissioner to the Philippine Islands | 5 |
| Subject to be investigated by, assigned to | 31 |
| Mudge, J. L.: | |
| Death of | 334 |
| Municipalities: | |
| Financial condition in | 678 |
| Reduction in number of | 541 |
| Municipal code. (See Codes.) | |
| Municipal governments. (See Government.) | |
| Museum: | |
| Bulletins issued by | 430 |
| Collections made for | 430 |
| Ethnology, natural history, and commerce | 706 |
| Gifts to | 430 |
| Object of | 429 |
| Outline of work undertaken | 432 |
| Museums: | |
| Natural history | 706 |
| Natives: | |
| Appointment of, as judges | 369 |
| Desire of, to acquire title to land | 26 |
| Geographical distribution of | 517 |
| Medical assistance to | 178 |
| Native troops and police: | |
| Duties of native troops | 95 |
| England's experience with | 97 |

| | Page. |
|---|------------------|
| Native troops and police—Continued. | |
| Expense of maintaining | 94 |
| Loyalty of native troops | 96 |
| Necessity for | 93 |
| Negritos: | |
| Lack of education among | 415 |
| Negros Occidental: | |
| Financial conditions of | 397, 681 |
| Negros Oriental, Province of: | |
| Financial condition of | 397, 681 |
| New water supply: | |
| Need of | 555 |
| Niederlein, Dr. Gustavo, member of the Filipino exhibit board: | |
| Work of | 519 |
| Night soil: | |
| Disposition of | 558 |
| Non-Christian tribes: | |
| Course adopted by Commission in dealing with | 11 |
| Distribution of | 366 |
| Ethnological material collected | 367 |
| Existence of, in various provinces | 159 |
| Lack of accurate information concerning | 159 |
| Organization of bureau | 366 |
| Passage of act for the creating of bureau of | 132 |
| Duties of | 162 |
| Problems concerning, under consideration | 160, 161 |
| Question of dealing with, under consideration | 57 |
| Rough estimate as to number of | 160 |
| Norris, Hon. William S.: | |
| Appointed judge | 373 |
| Nozaleda, Archbishop: | |
| Mentioned | 32 |
| Nueva Ecija, Province of: | |
| Financial condition of | 397, 681 |
| Nueva Viscaya, Province of: | |
| Financial condition of | 397, 681 |
| Organized | 294 |
| Officers: | |
| Army, substitution of civilians for | 39 |
| Municipal— | |
| Loyalty of, to United States | 34 |
| Provision from public civil fund for wives and children of | 34 |
| Official Gazette. (See Gazette, Official.) | |
| Opium: | |
| Commission appointed to investigate opium question | 521 |
| Franchise, proposed sale of | 521 |
| Habit, spread of | 521 |
| Pacification: | |
| Progress made in | 25, 26, 465, 483 |
| Progress of the work of | 132 |
| Pampanga, Province of: | |
| Financial condition of | 397, 682 |

| | Page. |
|--|----------|
| Pampanga River: | |
| Improvement of | 625 |
| Pangasinan, Province of: | |
| Financial condition of | 397, 682 |
| Pansipit River: | |
| Improvement of | 625 |
| Paragua, Province of: | |
| Financial condition of | 682 |
| Organized | 294 |
| Pardo de Tavera, T. H.: | |
| Appointed a Philippine Commissioner | 140 |
| Pasig River: | |
| Congested condition of commerce on | 666 |
| Patents, copyrights, and trade-marks, bureau of: | |
| Legislation needed | 349 |
| Number of patents filed | 349 |
| Personnel of | 704 |
| Receipts and expenditures of | 705 |
| Pepperman, W. L.: | |
| Member on examining board, United States Civil Service | 38 |
| Perry, Dr. J. C., chief quarantine officer: | |
| Mentioned | 336 |
| Philippine Commission. (See Commission, Philippine.) | |
| Philippine Sugar Estate Developing Company (Limited): | |
| Lands of | 497 |
| Photographer: | |
| Work of | 589 |
| Pinchot, Gifford, Chief of United States Forestry Bureau: | |
| Visit of, in the Philippines | 574 |
| Pope, Hon. William H.: | |
| Appointed judge | 373 |
| Popular assembly: | |
| Suggested, with limited powers | 145 |
| Veto power should be reserved | 146 |
| Posts, bureau of: | |
| Increase of postal business | 623 |
| Post-office extension | 623 |
| Posts, department of: | |
| Increase of money-order business | 315 |
| Postal revenues | 315 |
| Postal service | 193-194 |
| Post-offices— | |
| Number of | 315 |
| Used as a depository for funds | 316 |
| Procedure, Code of Civil. (See Codes.) | |
| Population: | |
| Floating, of Manila | 559 |
| Provinces— | |
| Christian Filipino, conditions in | 540 |
| Population of | 708 |
| Rough count of | 708 |
| President of the United States: | |
| Instructions of, to Commission, April 7, 1900 | 11 |
| Message from, transmitting report of Secretary of War | 23 |

| | Page. |
|--|------------|
| Priests. (See Friars.) | |
| Prison: | |
| Bilibid, unhealthy condition of | 562 |
| Provinces: | |
| Activity of ladrones in | 297 |
| Conditions in Christian Filipino | 540 |
| Deaths caused by cholera | 296 |
| General conditions of | 295 |
| Organization of | 294 |
| Prosperity of hemp provinces | 299 |
| Ravages of rinderpest in | 296 |
| Sanitary conditions in | 568 |
| Public buildings: | |
| Construction and repair of | 422 |
| Public domain: | |
| Change in amount to be acquired, recommended | 289 |
| Extent of | 289 |
| Public health. (See Health, public.) | |
| Public instruction, department of: | |
| Bureaus under | 142 |
| Establishment of | 257 |
| Organization of | 257 |
| Recommendations of general superintendent | 38 |
| Report of general superintendent | 710 |
| Secretary, report of | 399, 685 |
| See also Education. | |
| Public lands: | |
| Americans and Filipinos desiring to acquire title to | 26 |
| Amount of | 49 |
| Amount to be secured by one person | 356 |
| Area of, in Philippine Islands | 26, 49, 50 |
| Certified copies of documents issued relative to | 355 |
| Chaotic condition of title to | 355 |
| Character of, of public land system | 50 |
| Classes of | 26, 49, 50 |
| Condition of records of | 355 |
| Fertility of | 26 |
| Forests | 49 |
| Inquiries relative to | 355 |
| Legislation recommended | 356 |
| Necessity for survey of | 50, 153 |
| sale and settlement of | 153 |
| Spanish land system | 50 |
| Squatters subject to eviction | 49 |
| System of surveys recommended | 355 |
| Title to lands, perfection of | 154 |
| Use of | 26, 49, 50 |
| Public lands, bureau of: | |
| Certified copies of documents issued by | 355 |
| Condition of records | 355 |
| Establishment of | 354 |
| Legislation— | |
| Drafted by chief of bureau | 591 |
| Necessity for Congressional | 594 |

| | |
|---|----------|
| Public lands, bureau of—Continued. | Page. |
| Plan for government surveys..... | 592 |
| San Lazaro estate, administration of..... | 592 |
| Spanish land titles..... | 592 |
| See also Lands. | |
| Public printing, bureau of: | |
| Amount of work performed by..... | 702 |
| Cost of operations..... | 703 |
| Employees of..... | 427, 701 |
| Exorbitant prices charged government for..... | 256 |
| Facilities formerly inadequate..... | 133 |
| Leech, John S., appointment of, as public printer..... | 426 |
| Printing plant purchased for..... | 256, 426 |
| Cost of..... | 427 |
| Report of secretary public instruction relative to..... | 426 |
| System of apprenticeship in..... | 702 |
| Wages paid by..... | 702 |
| Public records: | |
| Archives carried to Spain..... | 255 |
| Books and treasury accounts..... | 255 |
| Custom-house records missing..... | 256 |
| Destruction and loss of records..... | 254 |
| Importance of archives of the Spanish Government..... | 254 |
| Important documents preserved in the provincial capitals..... | 256 |
| Important subjects which are matters of record..... | 254 |
| Transfers of real estate, records of..... | 255 |
| Pulajanes: | |
| Attacks by..... | 488 |
| Purchasing agent: | |
| Office of..... | 533 |
| Work accomplished by..... | 533 |
| Quarantine service: | |
| Importance of..... | 568 |
| Quarantine of imported animals necessary..... | 567 |
| Report of Secretary of Interior on..... | 568 |
| Table showing amount of work done..... | 570 |
| Work accomplished by..... | 336 |
| Railroads: | |
| Absence of highways..... | 88 |
| Cagayan Valley, necessity for railways in..... | 90 |
| Capitalists, interested in the building of..... | 726 |
| Certain powers recommended to be given the Commission..... | 186 |
| Construction of..... | 515 |
| Cost of building in Luzon..... | 186 |
| Manila and Dagupan railways, description of..... | 89 |
| Necessity for..... | 87, 725 |
| In Mindanao..... | 186 |
| Observations by Commission for law concerning..... | 184 |
| Opportunities for building of..... | 185 |
| Projected railway lines..... | 91 |
| In northern Luzon..... | 185 |
| Recommendations relative to concessions for..... | 187 |
| Reconnaissance survey for, in Luzon..... | 514 |

| | Page. |
|---|----------|
| Railroads—Continued. | |
| Special inducement for building required | 186 |
| Territory awaiting development by building of | 89 |
| Receipts and expenditures: | |
| Estimates of— | |
| Annual estimate required | 238 |
| Budget for city of Manila | 238, 661 |
| Difficulty of establishing a system for | 238 |
| Expenditures for the customs service | 239 |
| internal-revenue service | 239 |
| postal service | 239 |
| for all other services | 239 |
| fiscal years, 1901 | 239 |
| 1902 | 241 |
| 1903 | 388 |
| Increase of revenue | 240 |
| Internal-revenue taxation considered | 240 |
| Miscellaneous receipts | 239 |
| Municipal expenses of the city of Manila paid from insular treasury | 240 |
| New bureaus of the government created | 239 |
| Sums appropriated for military expenses | 239 |
| See also Revenues. | |
| Recommendations: | |
| Appeals be granted to Supreme Court of United States in certain cases | 273 |
| Army posts to be erected outside of towns | 272 |
| Authority to issue bonds for the purchase of friar lands | 273 |
| charters to railroads | 274 |
| City of Manila be authorized to issue bonds for municipal improve- ments | 273 |
| Enactment of public-land law | 273 |
| general coinage law by Congress | 274 |
| banking law for the islands | 274 |
| corporation law | 274 |
| Forestry regulations to be continued in force | 273 |
| Mining law be authorized | 273 |
| Organization of government into departments | 272 |
| Power be given to grant municipal franchises | 273 |
| Reduction of United States duty on Philippine Island products | 273 |
| Summary of | 272 |
| Recolletos: | |
| Land acquired by | 43 |
| Reconcentration: | |
| Act of the Philippine Islands Commission relative to | 492 |
| Records. (See Public records.) | |
| Refunds: | |
| Duties collected in the United States on Philippine products | 660 |
| Religion: | |
| Religious freedom in the islands | 504 |
| Religious questions taken up by Commission | 496 |
| Restaurants: | |
| Insanitary condition | 559 |
| Revenues: | |
| Appropriations for improvements | 52 |
| Increase in | 52 |

| Revenues—Continued. | Page. |
|---|----------|
| Collection and disbursement of, effort to create system for | 56 |
| Decrease in | 467 |
| Internal-revenue service— | |
| Certificates of registration (cedulas personales) | 119 |
| Collections, increase of | 248 |
| Collections and expenses, statement of department to October 1, 1901 | 249 |
| Draft of new internal law prepared | 677 |
| Industrial activity, increase of | 252 |
| Industrial licenses, number in force | 252 |
| Industrial taxes, amount of | 251 |
| Land tax | 119 |
| Personnel of bureau of | 248 |
| Receipts of Spanish Government suspended under American occu- pation | 120 |
| Revenue districts, list of | 248 |
| Revenue for the city of Manila | 249 |
| Sources of | 117 |
| Stamp accounts of the internal-revenue office | 253 |
| Stamps handled by the office | 677 |
| Taxes | 119 |
| Urbana taxes | 118, 252 |
| See also Revenues. | |
| Plans of the Philippine Islands Commission relative to, for support of government | 150 |
| Report of the auditor, 1903 | 531 |
| Revenues and expenditures: | |
| Surplus | 52 |
| Rice: | |
| Amount expended for | 476 |
| Crop, failure of | 286 |
| Depressing agricultural conditions affecting | 507 |
| Disposition of | 476 |
| Distribution of | 479 |
| Farm operated by government | 602 |
| High price of | 475 |
| Imported by government of Philippine Islands | 300, 475 |
| Improvements in conditions relating to imports and exports of | 505 |
| Locusts, ravages by | 477 |
| Destruction of | 477 |
| Road work performed at expense of relief fund | 479 |
| Used as the chief food of natives | 286 |
| Rinderpest: | |
| Extermination of, cooperation of bureau of government laboratories and board of health | 552, 556 |
| Prevalence of, in provinces | 177 |
| Prevention of | 566 |
| Ravages of | 286 |
| Rizal, Province of: | |
| Financial conditions of | 397, 682 |
| Roads: | |
| Benguet road, construction of | 625 |
| Surveys made for | 626 |

| | Page. |
|---|----------|
| Roads—Continued. | |
| Benguet road—Continued. | |
| Difficulties encountered in construction | 626 |
| Work done | 516 |
| Romblon, Province of: | |
| Financial conditions of | 398, 682 |
| Roosevelt, Theodore, President United States: | |
| Letter of, transmitting report of Philippine Islands Commission | 283 |
| Root, Elihu, Secretary of War: | |
| Letter of, transmitting report of Philippine Islands Commission | 283 |
| Mentioned | 163 |
| Rubber and gutta-percha. (See Gutta-percha and rubber.) | |
| Samar, Province of: | |
| Financial conditions in | 683 |
| Organized | 294 |
| Salvador, Felipe: | |
| Raids by | 490 |
| Sanger, Gen. Joseph P., director of Philippine census: | |
| Census taken under direction of | 520 |
| Sanitarium, civil: | |
| At Baguio, establishment of constabulary depot at | 571 |
| Change in rates of | 572 |
| Conditions of, at Baguio | 338 |
| Cottages on government grounds at | 572 |
| Employees, reorganization of | 572 |
| Improvement of grounds | 573 |
| New, needed | 573 |
| Work of sanitarium | 573 |
| Sanitation: | |
| Conditions of, in Manila | 176 |
| Conditions in the province | 568 |
| Esteros, plan for improving | 557 |
| Garbage, disposal of | 558 |
| Night soil, disposition of | 558 |
| Sanitary laws | 562 |
| San José College: | |
| Case of | 149 |
| Petition to open, for medical students | 32 |
| Resistance to | 32 |
| San Juan de Dios: | |
| Charity institution, value of | 32 |
| San Lazaro estate: | |
| Administration of | 592 |
| San Miguel, ex-insurgent general: | |
| Death of | 484, 613 |
| Santo Tomas College: | |
| Establishment of | 687 |
| Schools. (See Education.) | |
| Scouts: | |
| Cooperation with constabulary | 491 |
| Detailed to cooperate with constabulary | 617 |
| Organization of | 182 |

| | Page. |
|--|----------|
| Scribner, F. Lamson: | |
| Appointed chief of bureau of agriculture | 359 |
| Secretary of War. (See War, Secretary of.) | |
| Sewer system: | |
| Great need for, in city of Manila | 557 |
| Improvement in | 556 |
| Esteros as an aid to | 557 |
| Sherman, Dr. P. L.: | |
| Investigations of rubber and gutta-percha indus ries | 344 |
| Shuster, W. Morgan: | |
| Appointed collector of customs | 246 |
| Aided in revision of tariff | 246 |
| Silver: | |
| Fluctuations in price of | 287 |
| Silver certificates: | |
| Provision for | 649 |
| Siniloan: | |
| Reverses of United States troops near | 33 |
| Slavery: | |
| Consideration of question of, in Philippine Islands | 162 |
| In the Philippine Islands | 160-162 |
| Smallpox: | |
| Condition of, in Manila | 565 |
| Prevalence of, in the city of Manila | 177 |
| Vaccinations and results from | 565 |
| Smith, Hon. James F.: | |
| Appointed member of the Philippine Commission | 642 |
| Smith, General, governor of Negros: | |
| Mentioned | 32 |
| Sociadad Agricolo de Ultramar: | |
| Lands conveyed to, by Augustinian Order | 497 |
| Society of Jesus: | |
| Educational work of | 688 |
| Southall, Dr. Edward A.: | |
| Praised for faithful service | 335 |
| Sorsogon, Province of: | |
| Financial conditions of | 398, 682 |
| Spanish Government. (See Government.) | |
| Statistics, bureau of: | |
| Abolition of | 707 |
| Transfer of clerks | 432 |
| Work of, suspended | 432 |
| St. Augustine: | |
| Order of, mentioned | 40 |
| Estate granted to | 43 |
| St. Dominic: | |
| Order of, mentioned | 40, 43 |
| St. Ignatius College: | |
| Founded | 687 |
| St. Thomas University: | |
| Petition from director of, for the opening of San José College | 32 |
| Resistance to | 32 |
| Stock raising: | |
| Stock, imported for breeding purposes | 601 |

| | Page. |
|--|----------|
| Strong, Dr. Richard P.: | |
| Appointed director of biological laboratory | 350 |
| Sugar: | |
| Amount of, cultivated | 32, 33 |
| Exports of | 509 |
| Exportations in former years | 510 |
| Cost of production | 510 |
| Growers deprived of markets | 289 |
| Value of, exported from Philippine Islands | 509 |
| Sultan of Jolo: | |
| Failure to comply with provisions of Bates treaty | 538 |
| Sulu, Sultan of: | |
| Interviews of Commission with | 160, 161 |
| Surigao, Province of: | |
| Financial conditions of | 398, 682 |
| Surveys: | |
| Ethnological, of Philippine Islands | 606 |
| Plan for government | 592 |
| Tagalogs: | |
| Disturbances caused by | 33 |
| Tariff: | |
| Law, modification of | 35 |
| Reduction on goods and merchandise imported into United States | 288 |
| of duty recommended | 466 |
| Relations with United States | 152 |
| Recommendations for changes in | 152 |
| Taft, William H.: | |
| Civil governor, mentioned | 163 |
| Designation of, as president of Commission | 5 |
| Extracts from correspondence of | 25 |
| Subject to be investigated by, assigned to | 31 |
| Tarlac, province of: | |
| Financial condition of | 398, 683 |
| Tarlac River: | |
| Improvements | 625 |
| Tavera, T. H. Pardo de. (See Pardo de Tavera, T. H.) | |
| Taxation: | |
| Changes in system of, recommended | 10 |
| Regulations regarding | 59 |
| Provision for moderate, on land and improvements thereon | 55 |
| Opposition to | 55 |
| Rate of, determined by municipal councils | 56 |
| Suffrage extended to people paying | 54 |
| Urbana, imposed on rental value of buildings | 35 |
| Land tax preferred | 35 |
| Tayabas, Province of: | |
| Conditions in, peaceful | 34 |
| Financial conditions of | 398, 683 |
| Organization | 294 |
| Teachers: | |
| Recommendations made concerning, by Superintendent Atkinson | 38 |
| See also Education. | |

| | Page. |
|---|----------|
| Tacson (insurgent leader): | |
| Disturbances caused by | 33 |
| Timber: | |
| Licenses— | |
| For cutting | 576 |
| Telegraphic correspondence concerning | 164 |
| Wealth of, unexplored | 725 |
| Tinio (insurgent leader): | |
| Disturbances caused by | 33 |
| Tiosinte: | |
| Successfully grown | 598 |
| Tipton, W. N.: | |
| Appointed chief of bureau of public lands | 354 |
| Tobacco: | |
| Area cultivated | 173 |
| High duties | 289 |
| Decrease in exportation of | 506 |
| Diminished production of | 512 |
| Towns: | |
| Organization of, postponed | 56, 57 |
| Secretaries appointed for each | 58 |
| Townships: | |
| President of, duties and powers of | 59 |
| Trade-marks. (See Patents, trade-marks, and copyrights.) | |
| Transportation: | |
| Desire for new laws | 27 |
| Interisland, charges excessive | 667 |
| Treason: | |
| Act of Philippine Islands Commission defining crime of | 371 |
| Treasury: | |
| Amount on hand July 1, 1901 | 386 |
| in cash on hand | 235 |
| Budget of the city of Manila | 389 |
| Copper coin in | 237 |
| Customs-tariff receipts | 390 |
| Insular budget | 388 |
| Internal revenue | 393 |
| Loans to provinces | 235 |
| Losses on account of fluctuations in silver | 288 |
| Property purchased by military government | 235 |
| Receipts and disbursements | 386 |
| withdrawals | 659 |
| Seized funds and special deposits | 236, 387 |
| Statement of funds in | 655 |
| Sum available for appropriation | 386 |
| Troops: | |
| Native. (See Native troops.) | |
| Spanish, number of, in islands | 43 |
| Trozo fire: | |
| Loss of property in | 562 |
| Tuberculosis: | |
| Danger of infection from | 177 |

| Union, Province of : | Page. |
|---|----------|
| Financial conditions of | 398, 683 |
| Vaccination: | |
| Progress of | 565 |
| Result of | 565 |
| Vagrancy: | |
| Acts of the Philippine Islands Commission defining and punishing | 495 |
| Vessels: | |
| Spanish subjects serving as officers on | 668 |
| Visayans: | |
| Conditions in | 34 |
| Vital statistics: | |
| Birth rate | 554 |
| Death rate in Manila | 553 |
| different districts of city | 554 |
| Deaths— | |
| Rate of, in Manila and surrounding suburbs | 553, 554 |
| Infant mortality | 553 |
| Caused from lack of medical attendance | 554 |
| From malaria | 566 |
| War, Secretary of : | |
| Dispatches between Commission and | 25 |
| Report of | 25 |
| Water supply: | |
| Improvements needed | 554 |
| Weather bureau: | |
| Astronomical and magnetic work of | 366, 606 |
| Crop service | 366, 604 |
| Difficulties encountered by | 365 |
| Establishment of storm signals | 604 |
| Exhibit at Louisiana Purchase Exposition | 605 |
| Importance of | 174 |
| Magnetic observatory | 606 |
| New apparatus | 366 |
| instruments secured | 640 |
| stations established | 365 |
| Publications of | 605 |
| Repairs to instruments | 605 |
| Reports of | 366 |
| System of stations and equipment provided for | 175 |
| Weather predictions and storm warnings | 365 |
| stations | 604 |
| Wilson, Dr. William P.: | |
| Chairman of Filipino exhibit board | 519 |
| Winslow, Dr. Henry E.: | |
| Valuable services mentioned | 335 |
| Wood, Maj. Gen. Leonard: | |
| Appointed governor of Moro Province | 537 |
| Woodlands: | |
| Private | 579 |
| Woods. (See Forests.) | |

| | |
|---|----------|
| Worcester, Dean C.: | Page. |
| Appointment of, as Commissioner to the Philippine Islands | 5 |
| Subject to be investigated by, assigned to | 31 |
| Wright, Luke E.: | |
| Appointment of, as Commissioner to the Philippine Islands | 5 |
| Inaugural address of | 723 |
| Subject to be investigated by, assigned to | 31 |
| Zambales, Province of: | |
| Financial conditions of | 398, 683 |
| Zeller, Dr. George A.: | |
| Efficient service mentioned | 335 |

O