

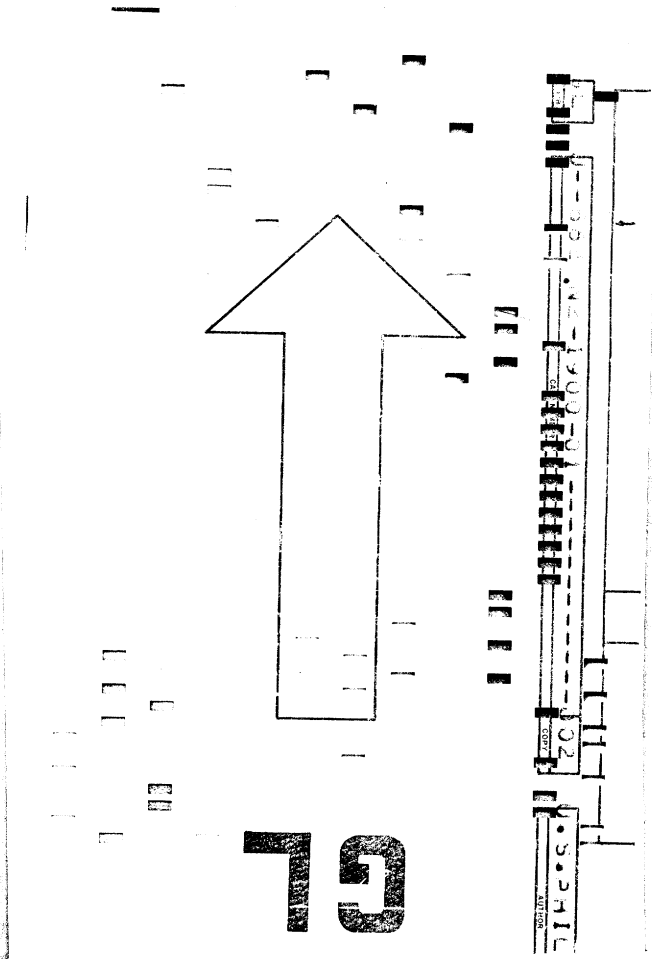
Report of the United States
Philippine Commission to the
Secretary of War

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REPORT

OF THE

UNITED STATES PHILIPPINE COMMISSION

TO THE

SECRETARY OF WAR

FOR THE PERIOD

FROM DECEMBER 1, 1900, TO OCTOBER 15, 1901.

PUBLISHED BY THE DIVISION OF INSULAR AFFAIRS,
WAR DEPARTMENT.

DECEMBER, 1901.

PART 1.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1901.

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The illustrations in Appendix J are from photographs taken by Dr. P. L. Sherman, jr. The remaining illustrations, both in the text and in the Appendices, are from photographs by Commissioner Worcester.

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.

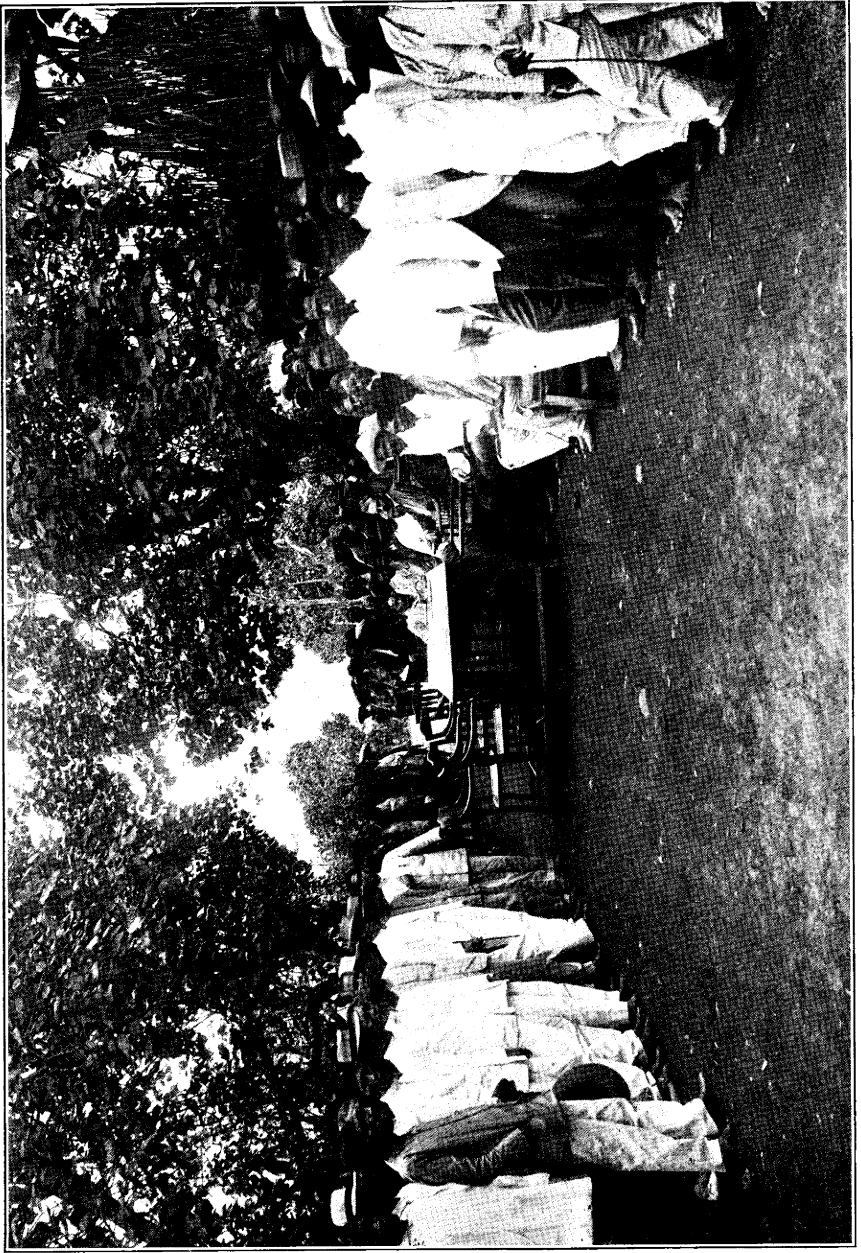
The collapse of the insurrection came in May, after many important surrenders and captures, including that of Aguinaldo. Cailles, in Laguna, surrendered in June, and Belarmino, in Albay, on July 4.

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

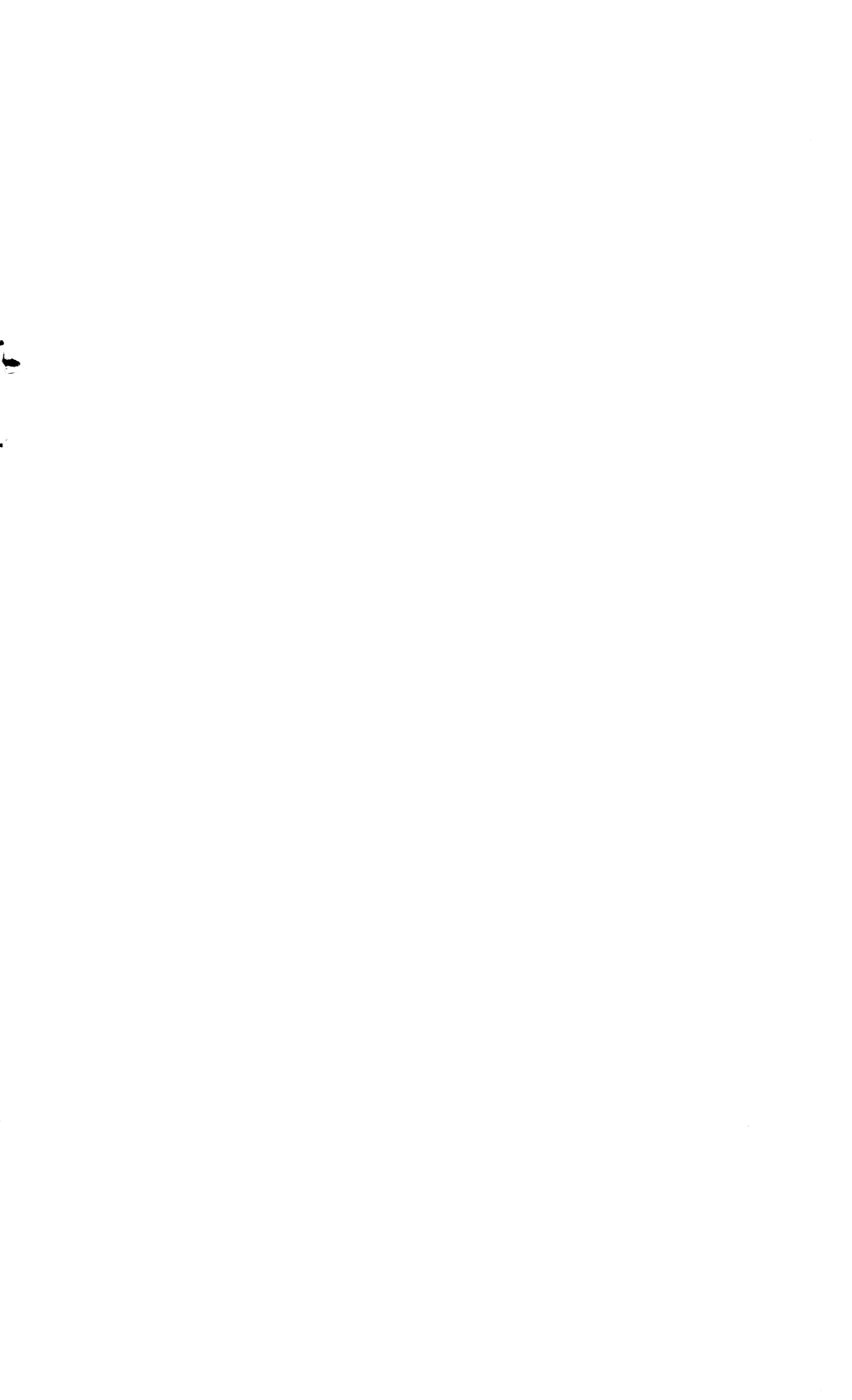
Tayabas adjoining Batangas in the mountain region are affected by the disturbances in Batangas. In Mindoro also, a thinly settled and almost unexplored island, there are insurrectos. Our troops did not occupy it until August of this year, but they now have driven in to the unhealthy and trackless forests 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.

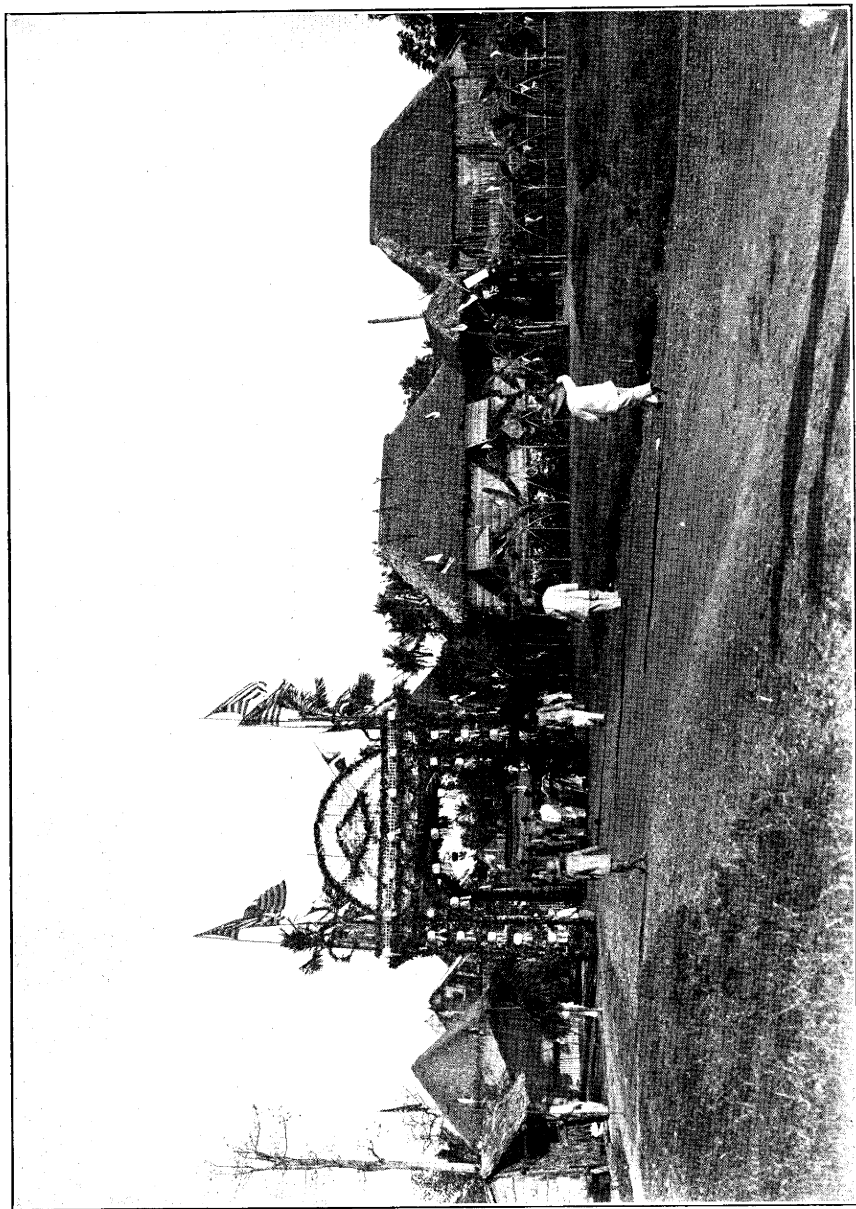
Outside of the five provinces named there is peace in the remainder of the archipelago. This remainder includes 30 organized provinces and all the districts of Mindanao, the Jolo Archipelago, Paragua, Lepanto, Bontoc and Nueva Vizcaya, Principe and Infanta. All insurrectos have surrendered, and in most 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-

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PUBLIC SESSION OF THE COMMISSION AT CERVANTES. ILOCANOS IN FOREGROUND, ISORROTES IN BACKGROUND.





TYPICAL ARCH OF WELCOME, ERECTED IN HONOR OF THE COMMISSION AT MASBATE.

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.

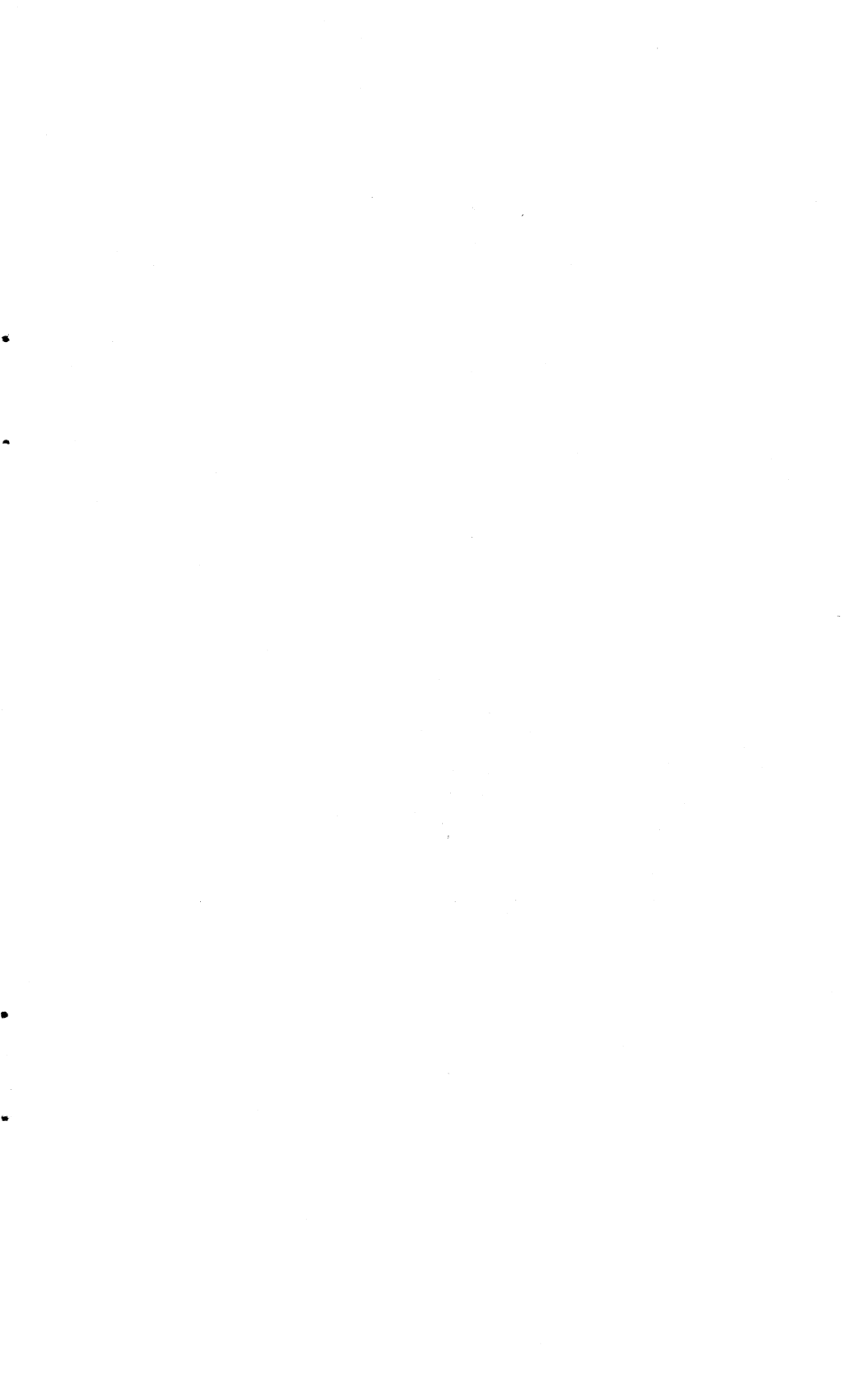
The general provincial law provides for a provincial government of five officers—the governor, the treasurer, the supervisor, the secretary, and the fiscal, or prosecuting attorney. The governing board is called the provincial board, and includes as members the governor, the treasurer, and the supervisor. 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.

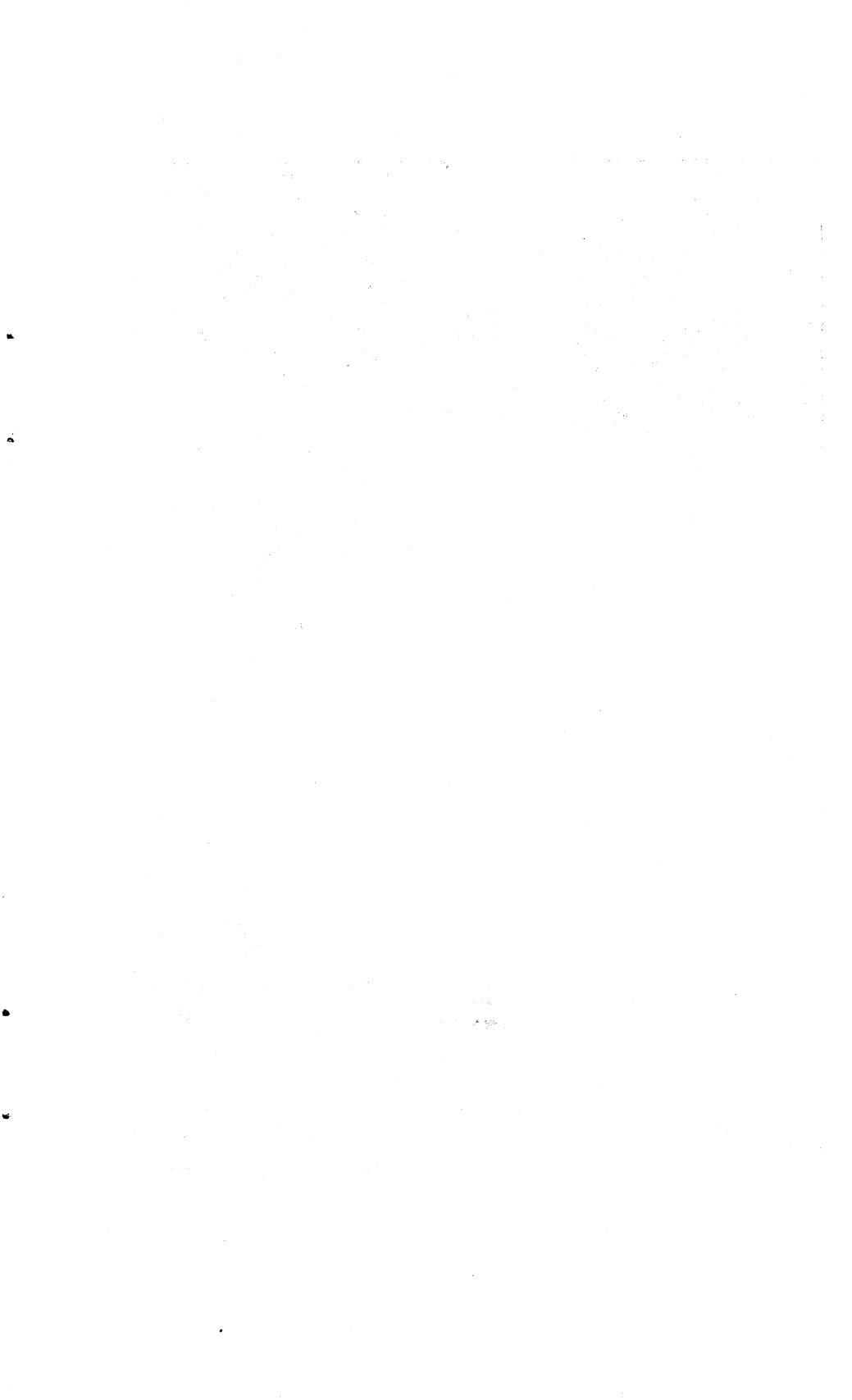
The commission reached the conclusion that it would aid in the pacification of the country; would make the members of that body very much better acquainted with the country, with the people, and with the local conditions, and would help to educate the people in American methods, if the commission went 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:

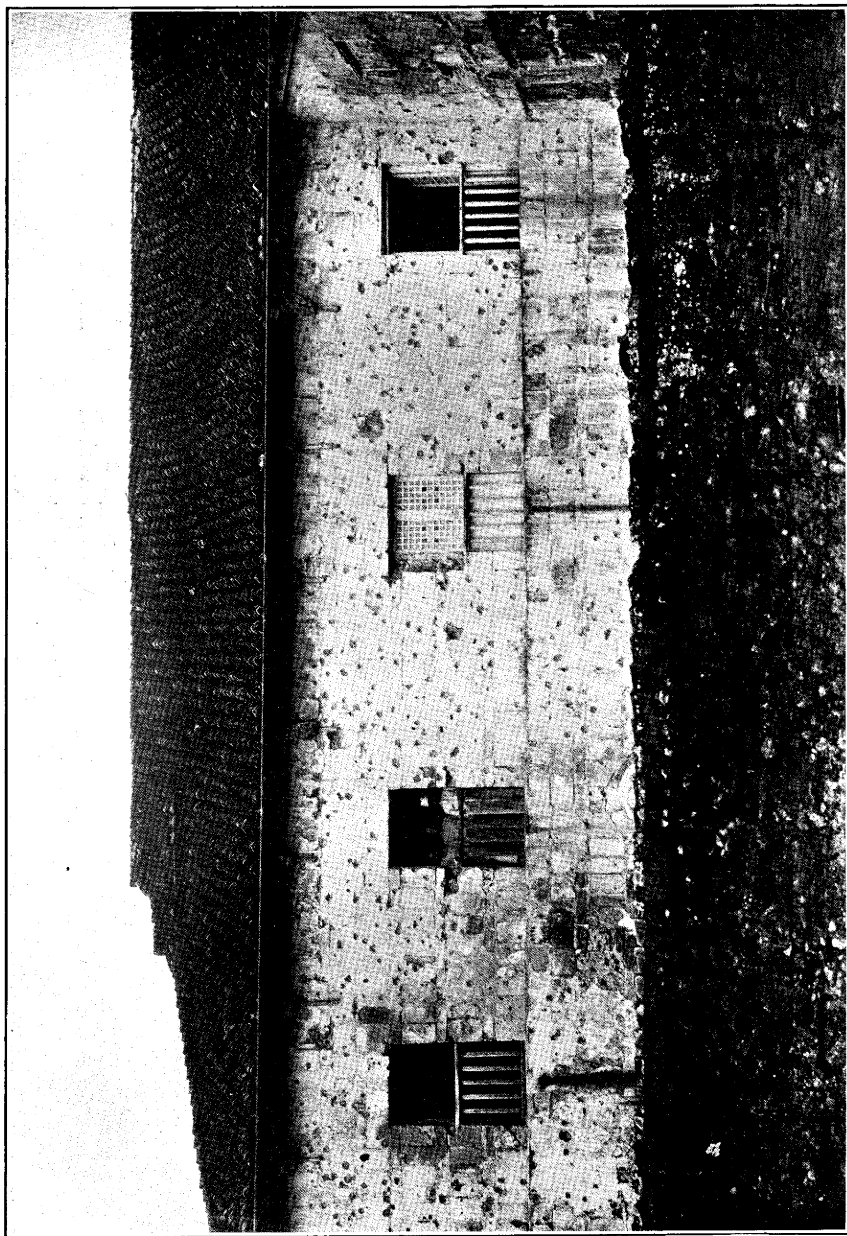
Province.	Date of visit.	Province.	Date of visit.
Pangasinan.....	February 15-16.	Bohol.....	April 19-20.
Tarlac.....	February 18.	Leyte.....	April 21-22.
Bulacan.....	February 26-27.	Albay.....	April 25-26.
Bataan.....	March 1-2.	Ambos Camarines.....	April 27-28.
Tayabas.....	March 12-13.	Sorsogon.....	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.





NINETY-FOOT BAMBOO FLAGSTAFF, LUCENA. TAYABAS.





WALL OF CONVENTO IN WHICH COMMISSION MET THE PEOPLE OF TAYABAS, LUZON, SHOWING EFFECTS OF RIFLE FIRE DIRECTED AGAINST SPANISH TROOPS WHO WERE BESIEGED IN THIS BUILDING FOR FIFTY-EIGHT DAYS.

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.

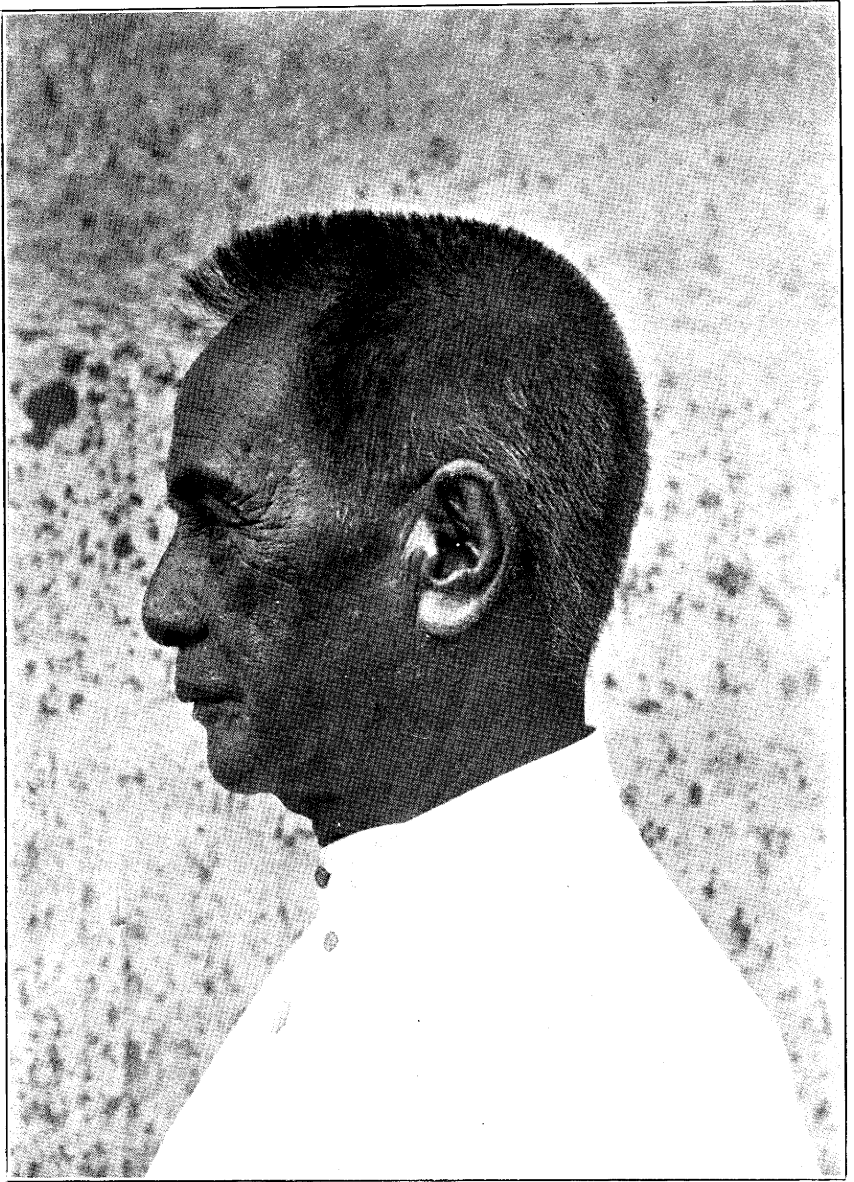
At the last session the act framed in accordance with the discussion was passed and the appointees were announced, and, if they were present, were immediately sworn in. There were in the party on the southern trip the wives of the commissioners and the wives of some of the secretaries, as well as a number 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.

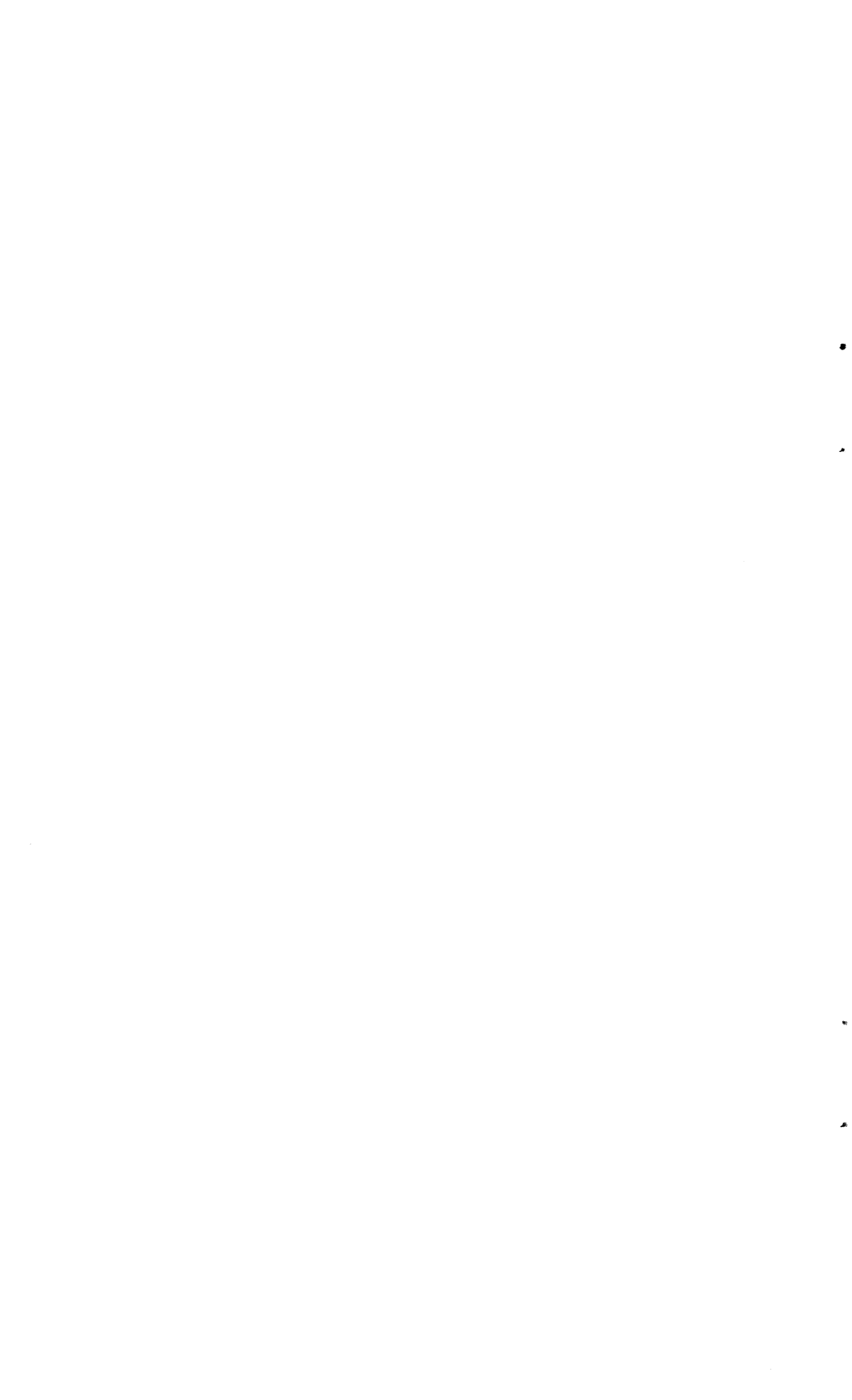
The reception which was accorded the commission by the educated people and the common people alike was most gratifying. It is easy to discredit the sincerity of such manifestations, and it must be admitted that an oriental people like this are much more demonstrative, and love to show their feelings 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



SEÑOR JOSÉ SERAPIO, GOVERNOR OF BULACAN.



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,

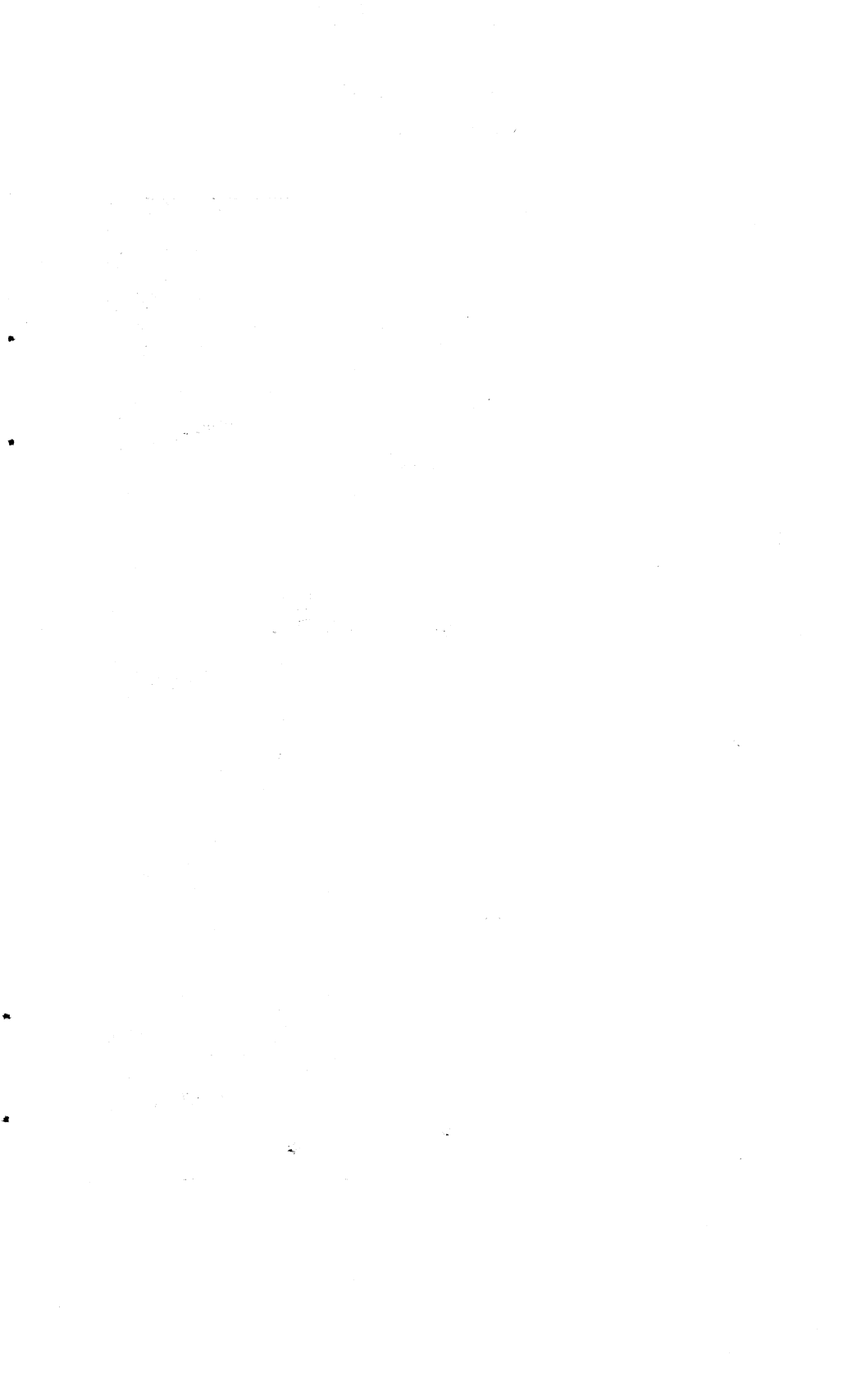
of course, it would be years before they could be completed. Meantime, provision should be made for homestead disposition and public auction sale of the lands, with a provision for a preliminary survey at the expense of the applicant, the land obtained to be held subject to a reconfirmation on the completion 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.

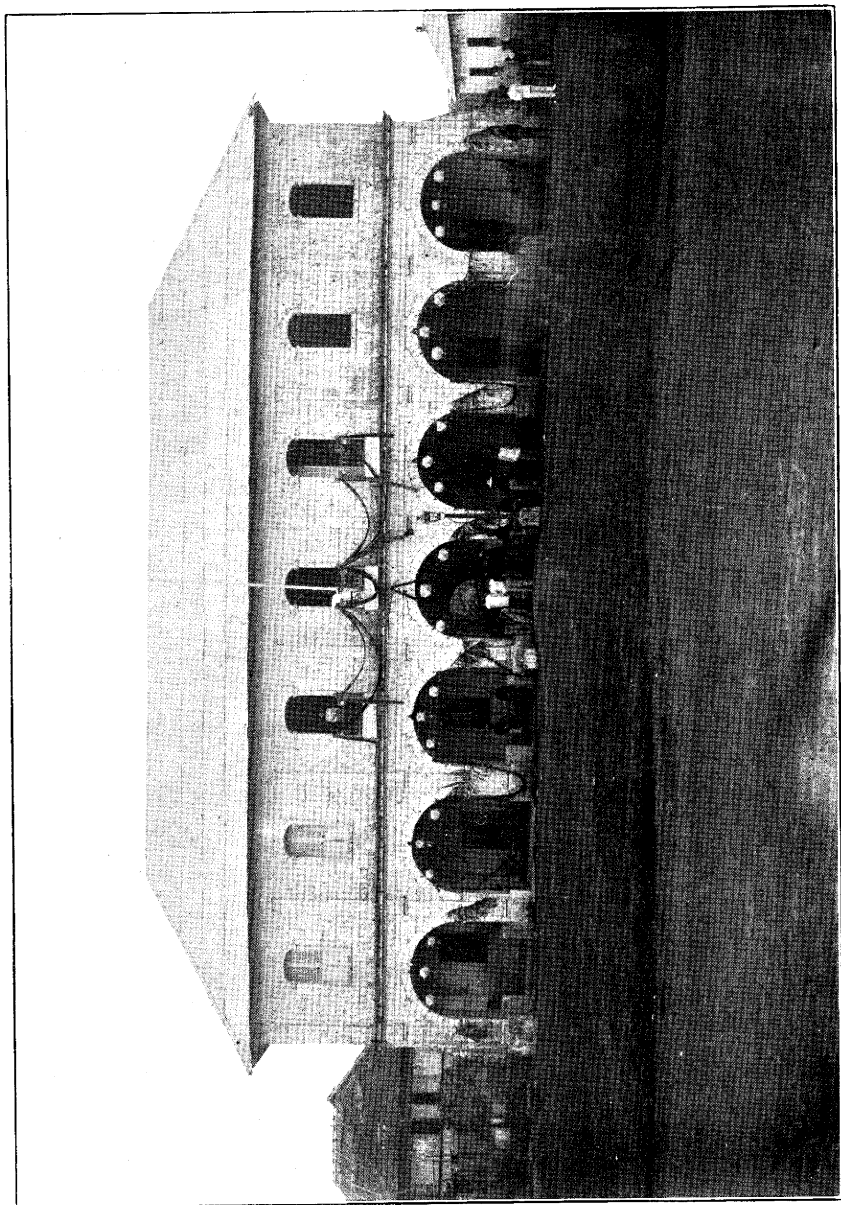
Persons in possession of land and actually cultivating the same for a number of years ought to be given an opportunity to perfect their titles. The difficulties likely to attend the disposition of the public domain in these islands are set forth in a paper prepared by our commissioner of public lands, 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.

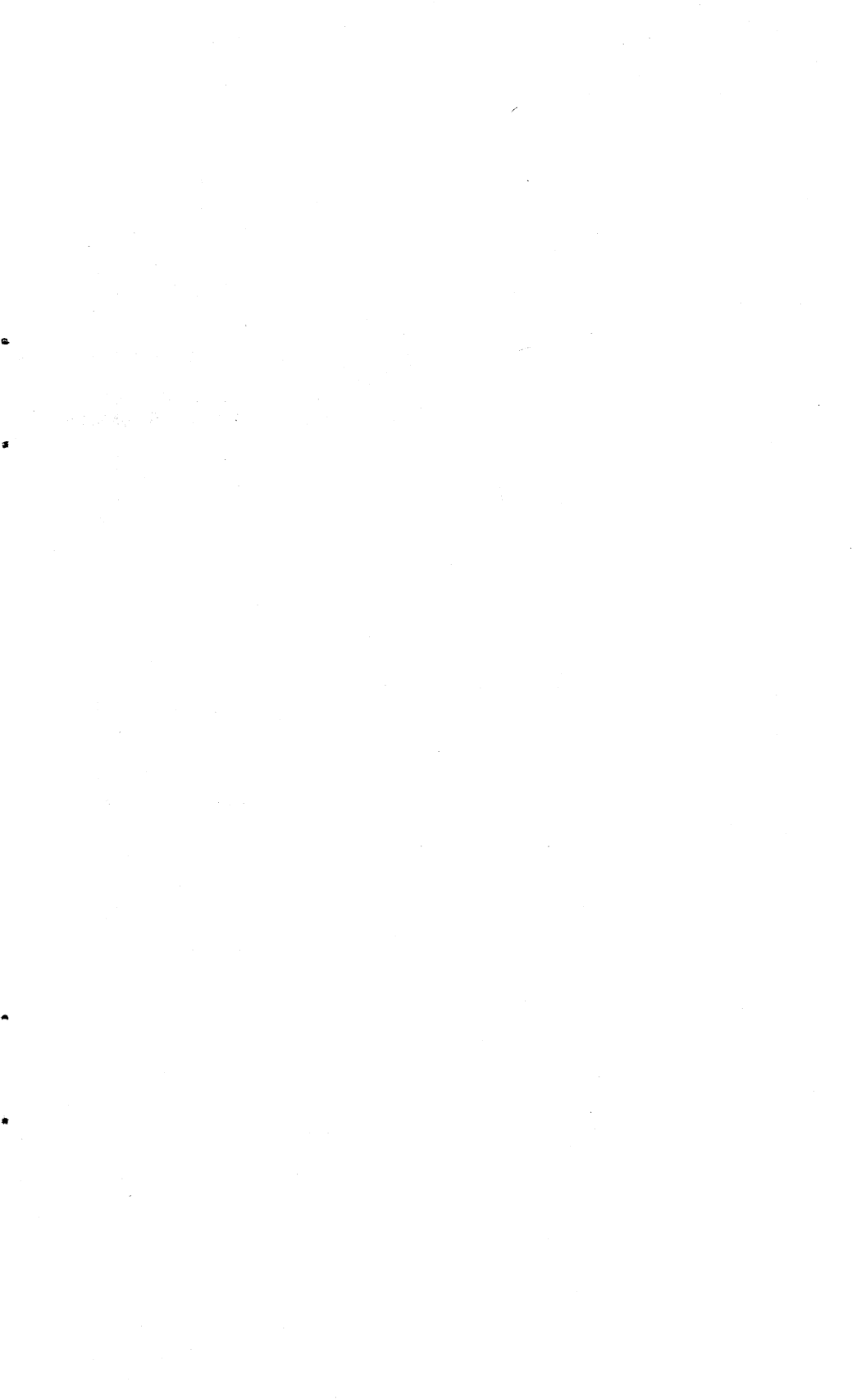
MUNICIPAL GOVERNMENTS.

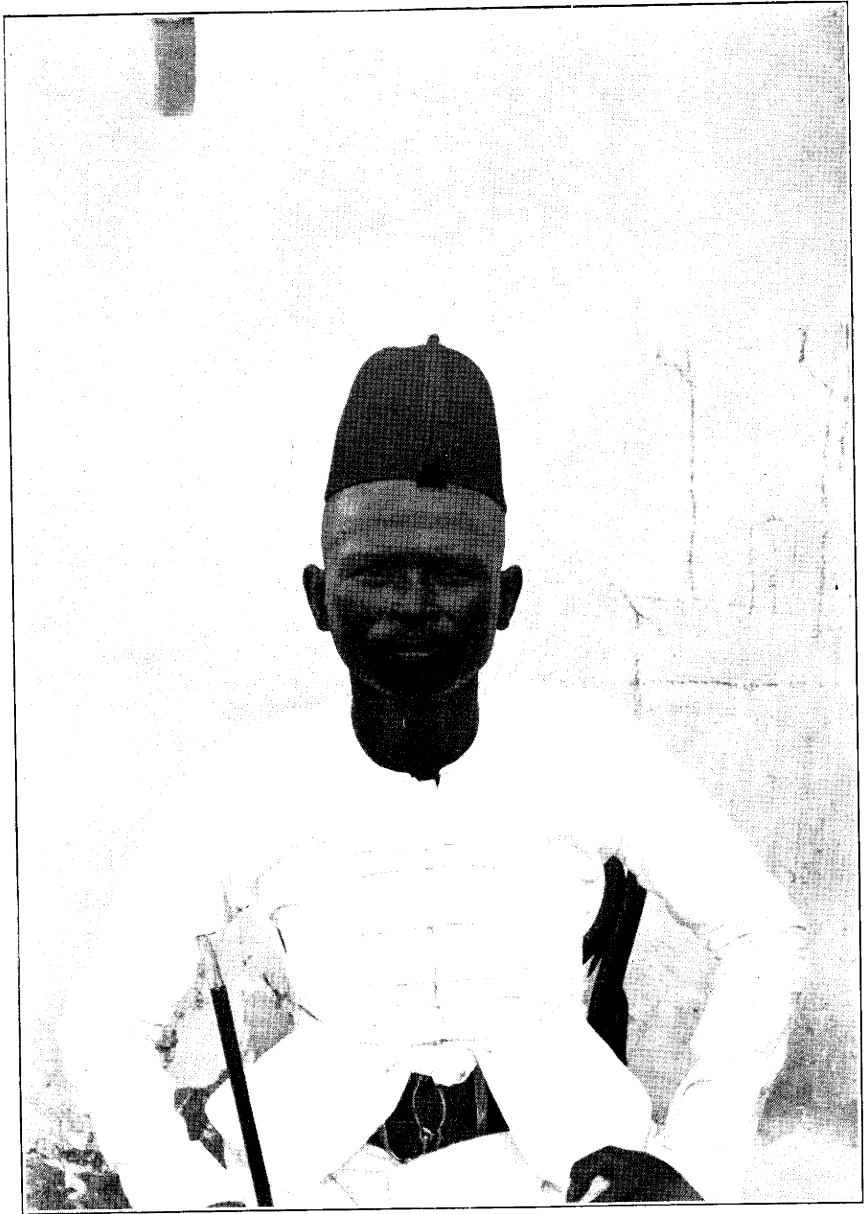
The municipal code was enacted on January 21, 1901. It had been the plan of the commission to organize the municipalities of the several provinces and then proceed in each case to the establishment of a provincial government; but conditions were improving so rapidly at





" PRESIDENCIA," OR MUNICIPAL BUILDING, CÁDIZ.





TULAWE, CHIEF OF MORO POLICE, JOLO.

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

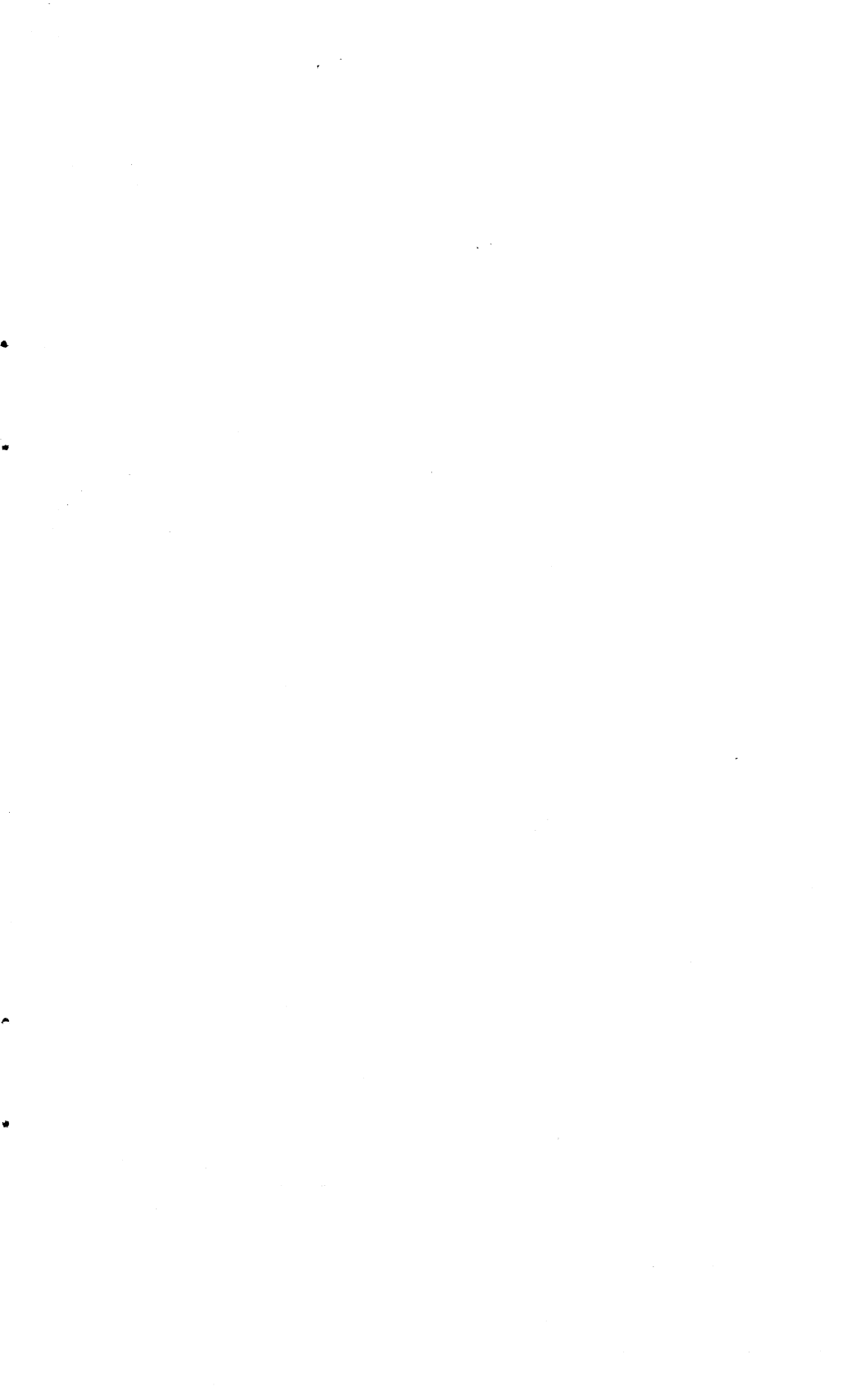
conditions have again become normal the municipalities will be able not only to meet their necessary current expenses, but to make important and much-needed municipal improvements.

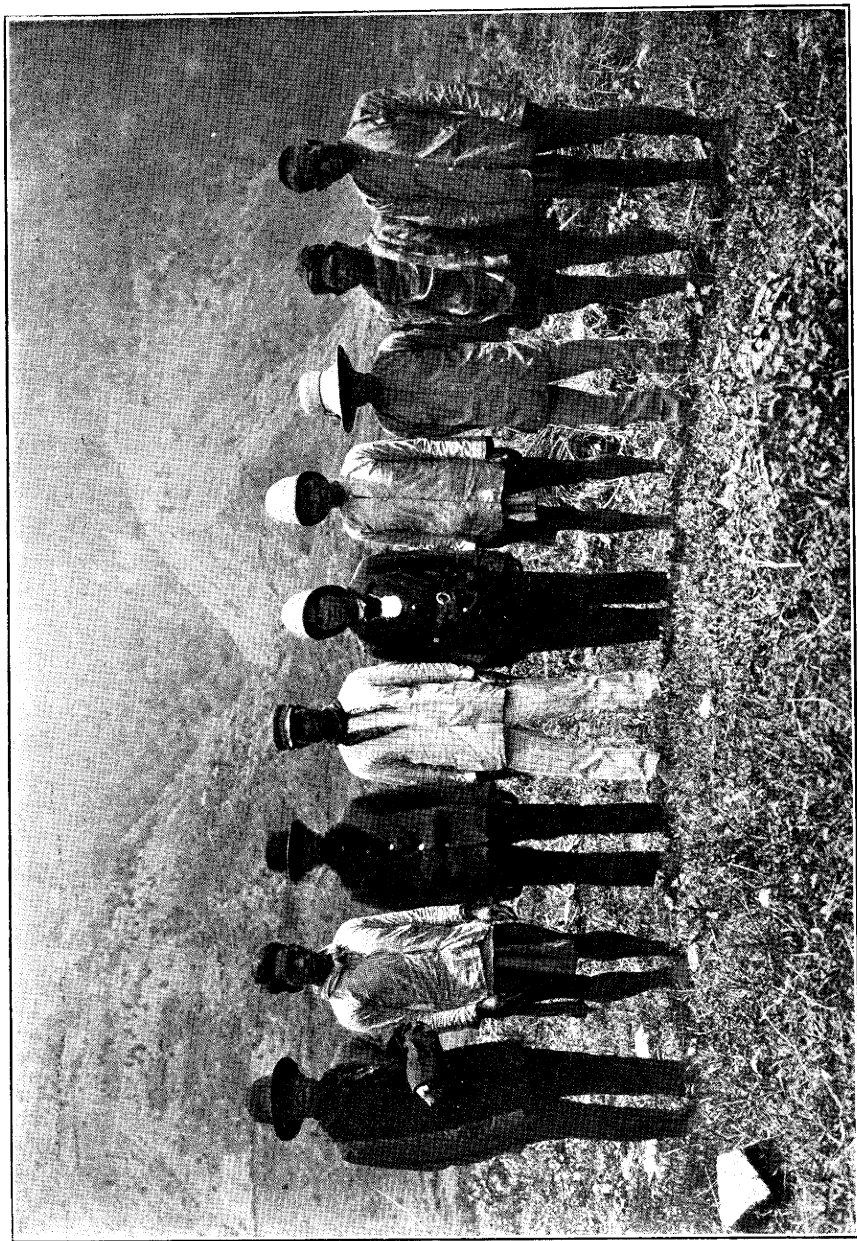
An attempt has been made to ascertain the proportion of qualified electors to inhabitants in the towns thus far organized. Difficulties of communication have rendered this effort only partially successful. Returns have been received from 390 municipalities, showing a total population of 2,695,801 and 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.

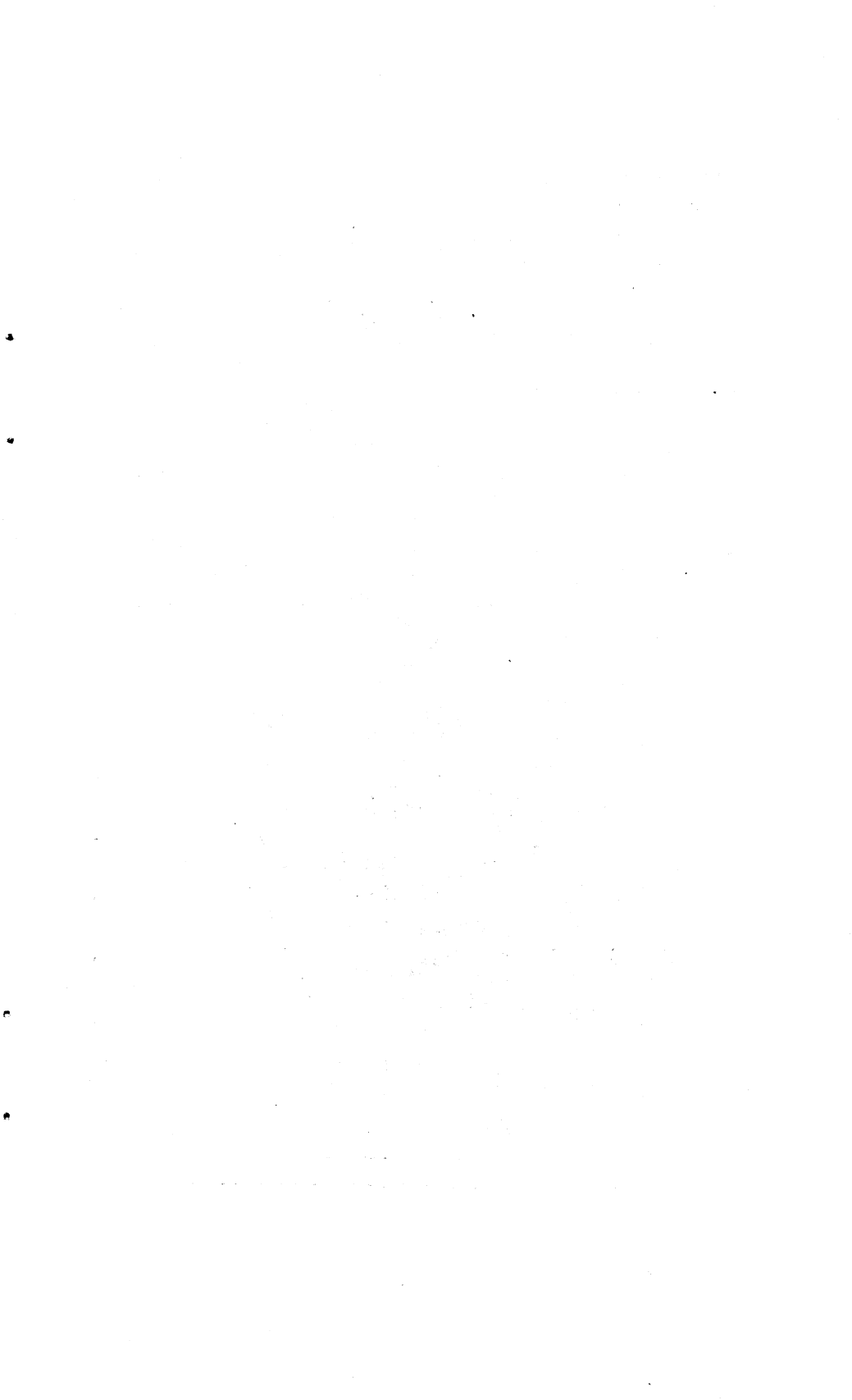
On the whole, it may safely be said that the people have received the municipal code in a most friendly spirit, have taken a commendable interest in its provisions, and in the majority of cases have attempted in good faith to carry them out.

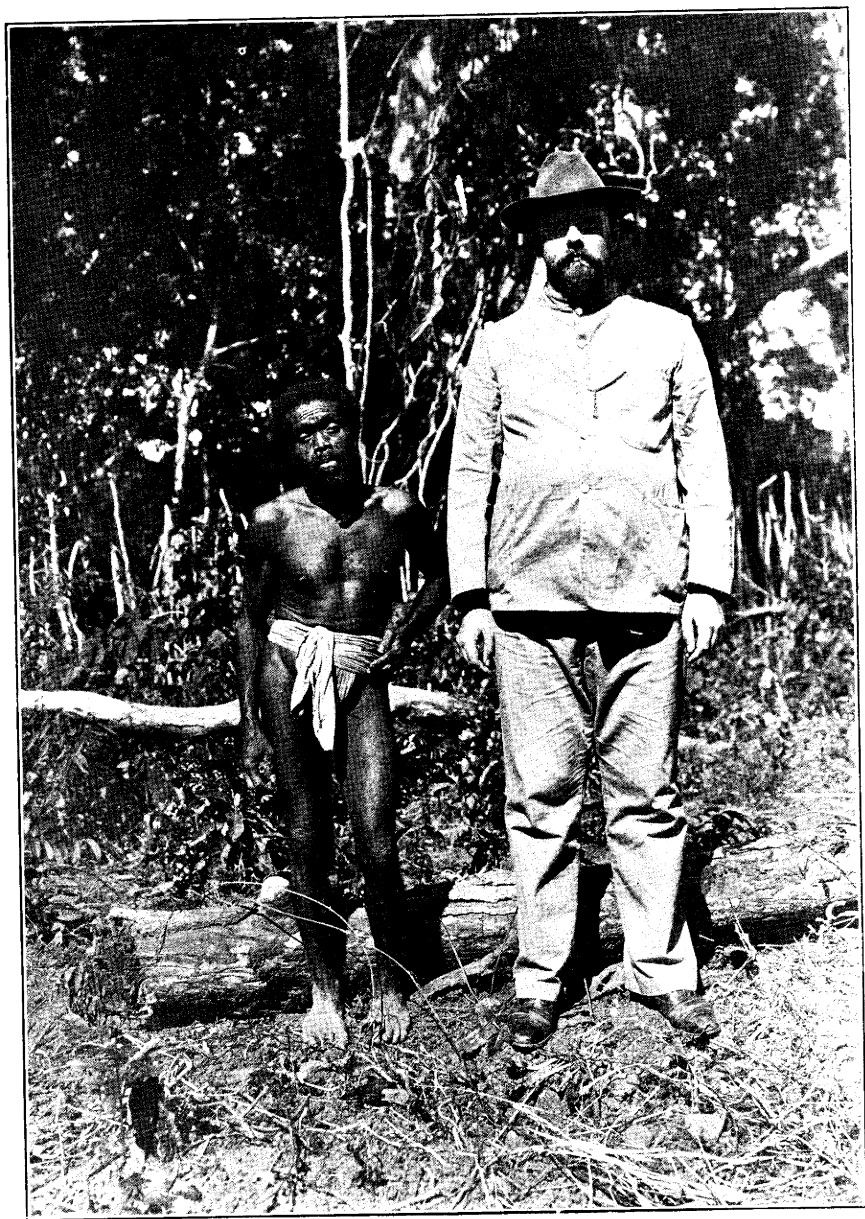
Numerous petitions have been received for authorization to create new municipalities. A pueblo under the Spanish régime corresponded rather to a township or a county than to a "town," in the ordinary acceptation of that term. It often embraced an area of many square miles, through which were scattered 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



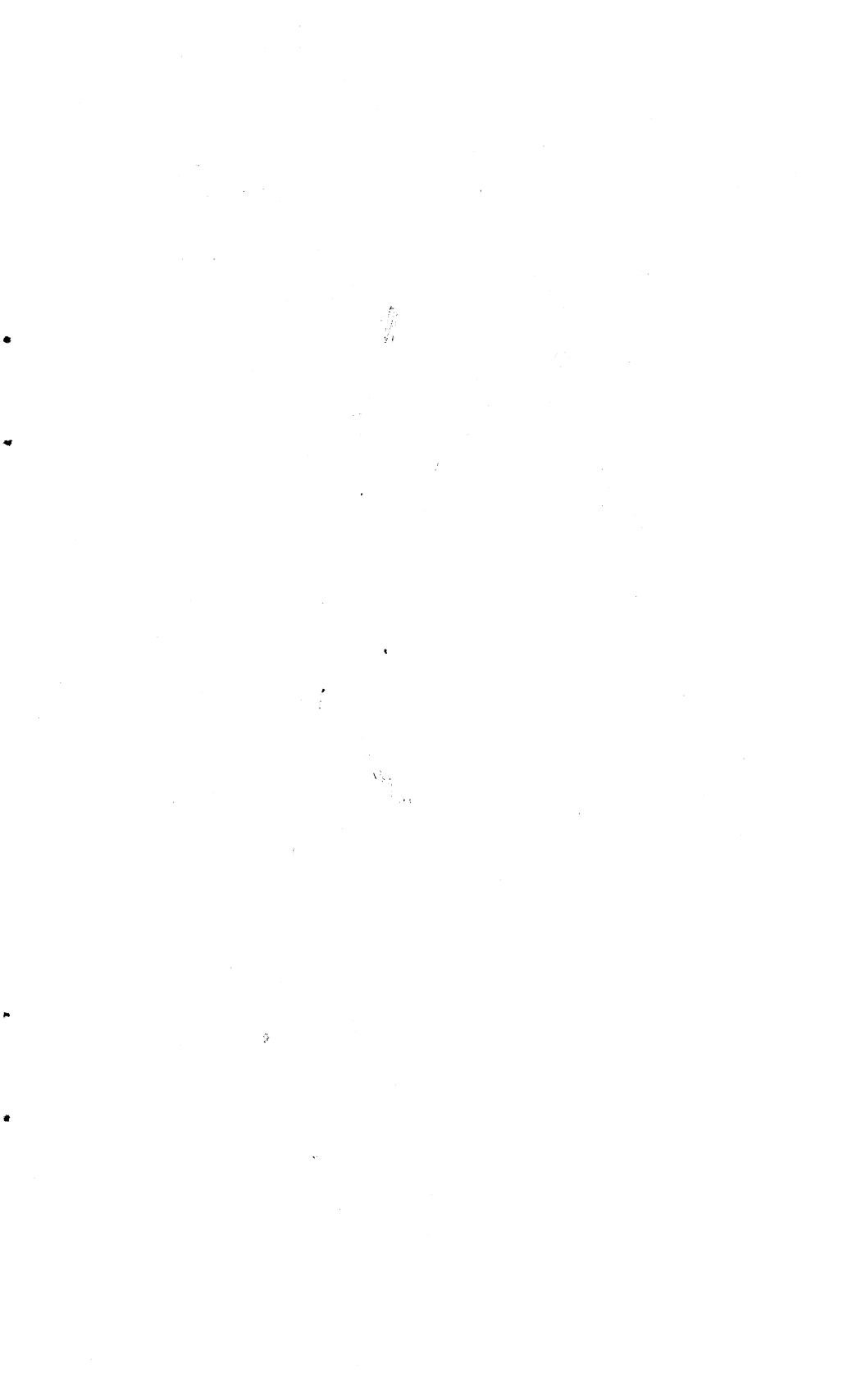


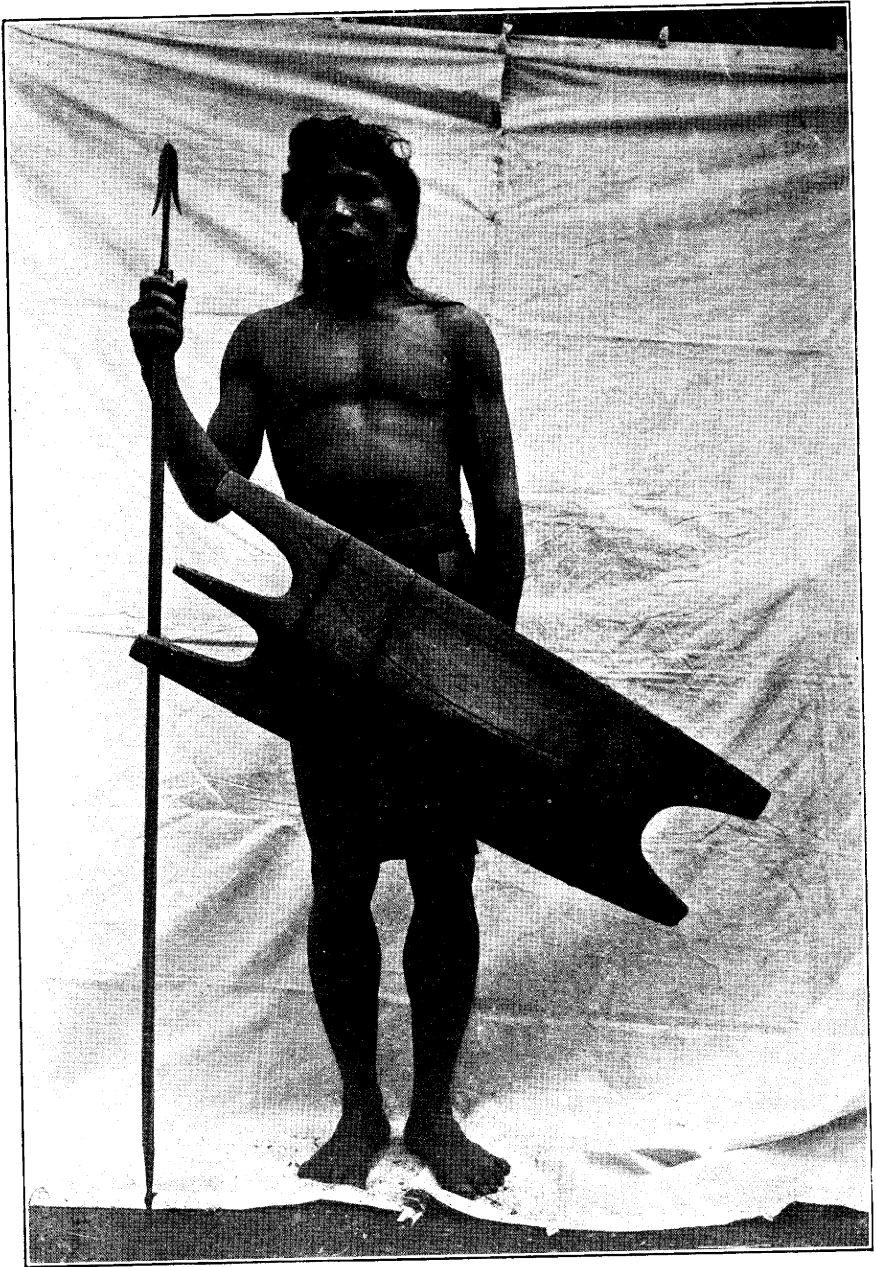
THE IGORROTE HEADMEN OF BUGIAS, BENGUET ; AN IGORROTE CONSTABLE IN THE CENTER.





A NEGRITO, MARIVELES, BATAAN, SHOWING RELATIVE SIZE.





AN IGORROTE WARRIOR, BONTOC.

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.

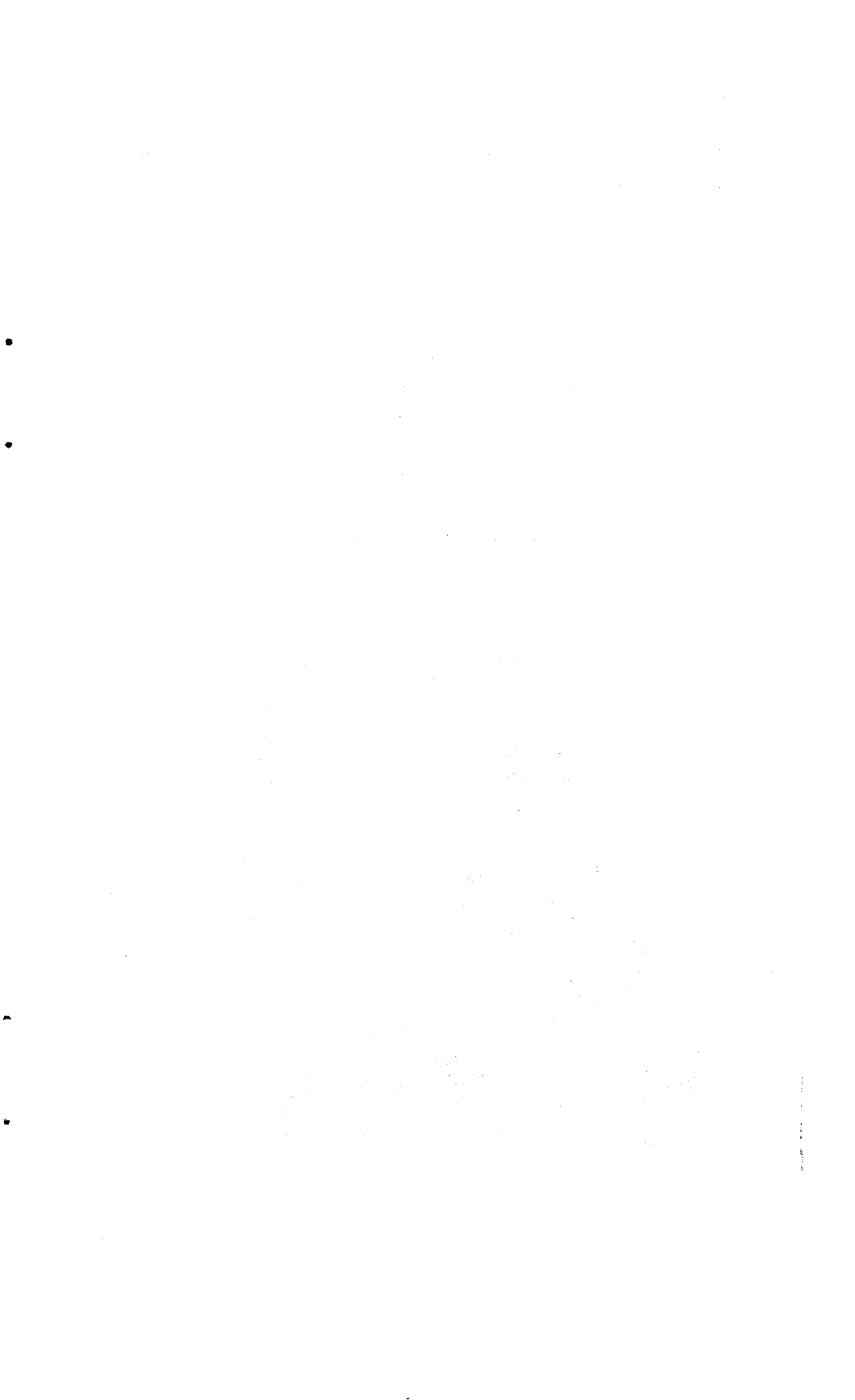
In each of the several Benguet settlements visited after leaving Trinidad the headmen were called together and a frank discussion was had with them as to the practical workings of the municipal act under which they are organized. The conclusion was reached that the meas-

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.

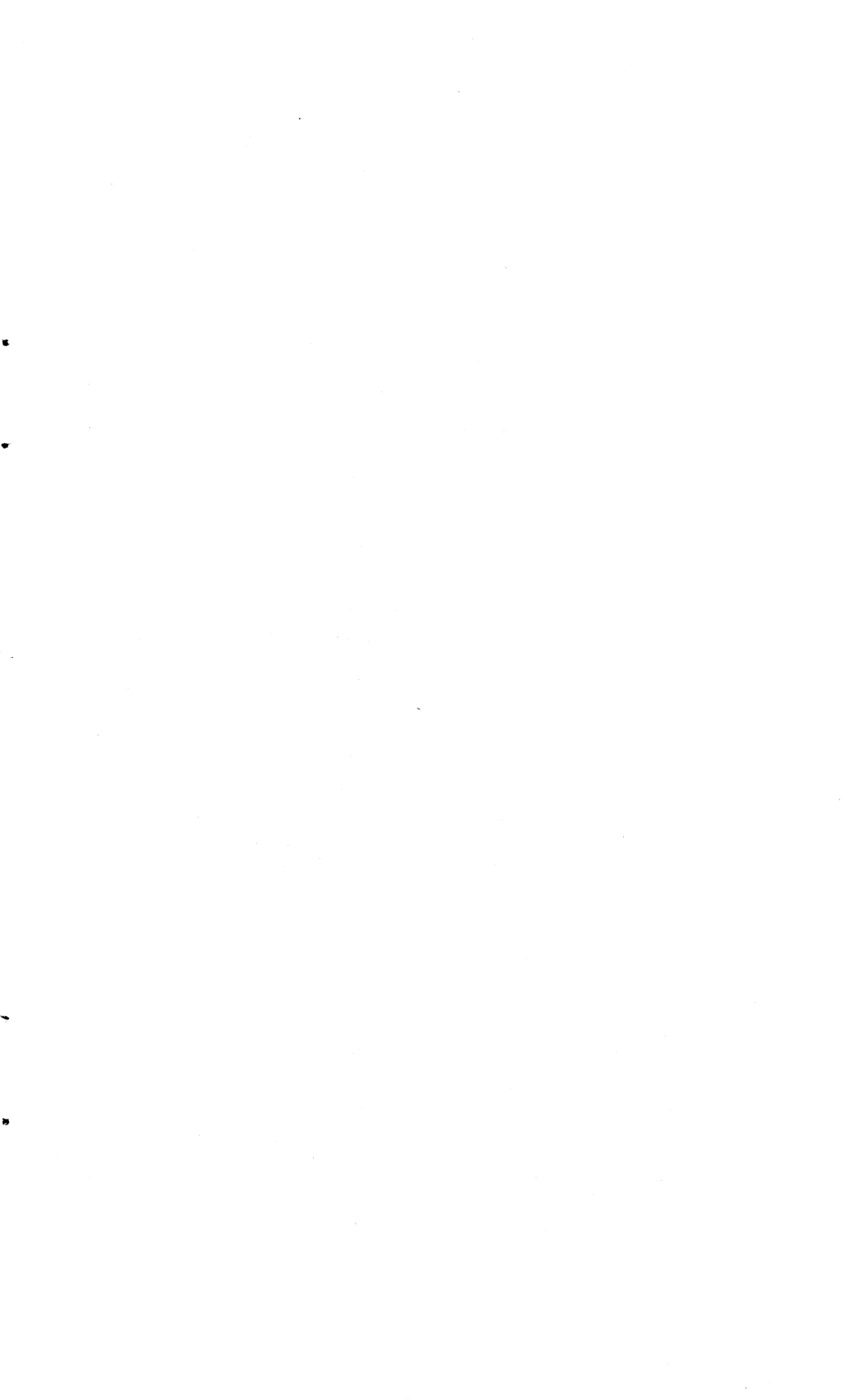
The chief obstacle in the way of further progress has been the personal differences which arose between the provincial governor and the provincial secretary, which were intensified by isolation from the outside world, and culminated in the resignation of both officials. The resignation of the provincial 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

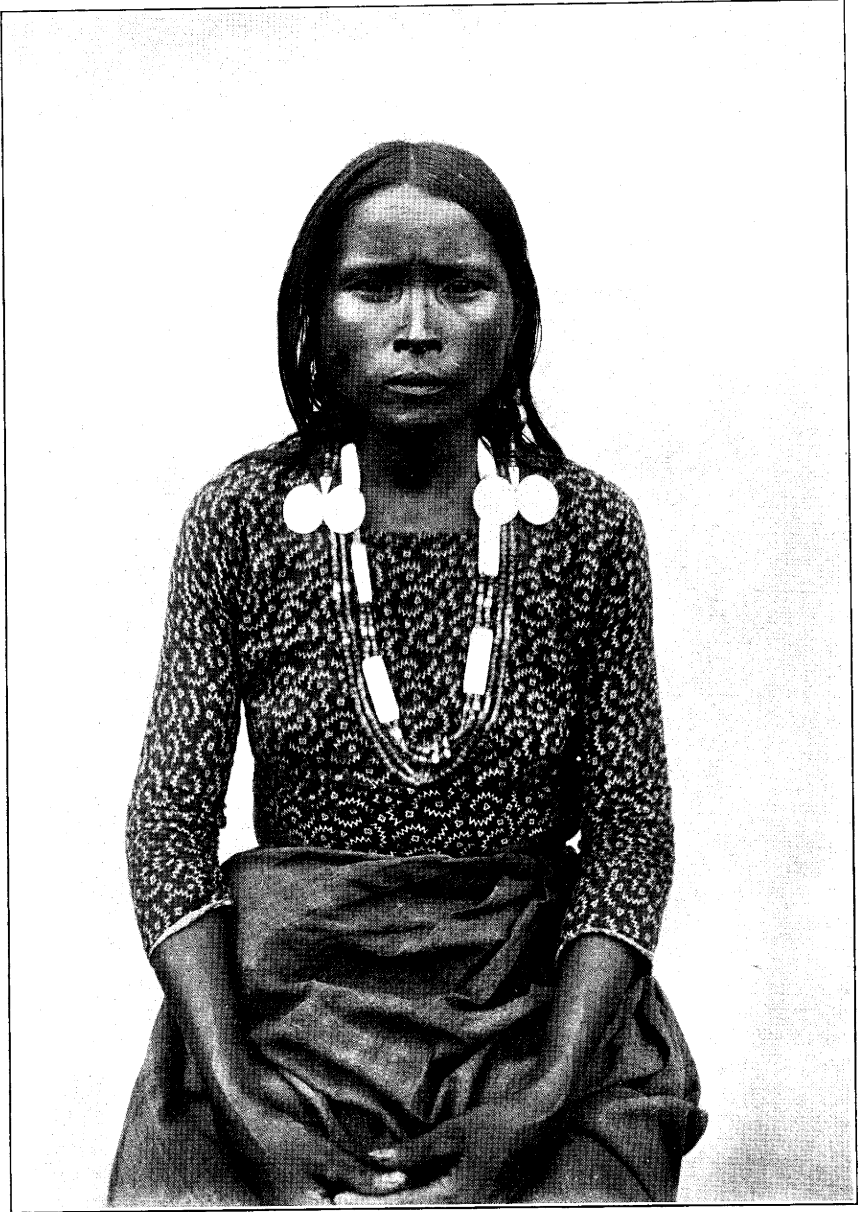




A KALINGA.

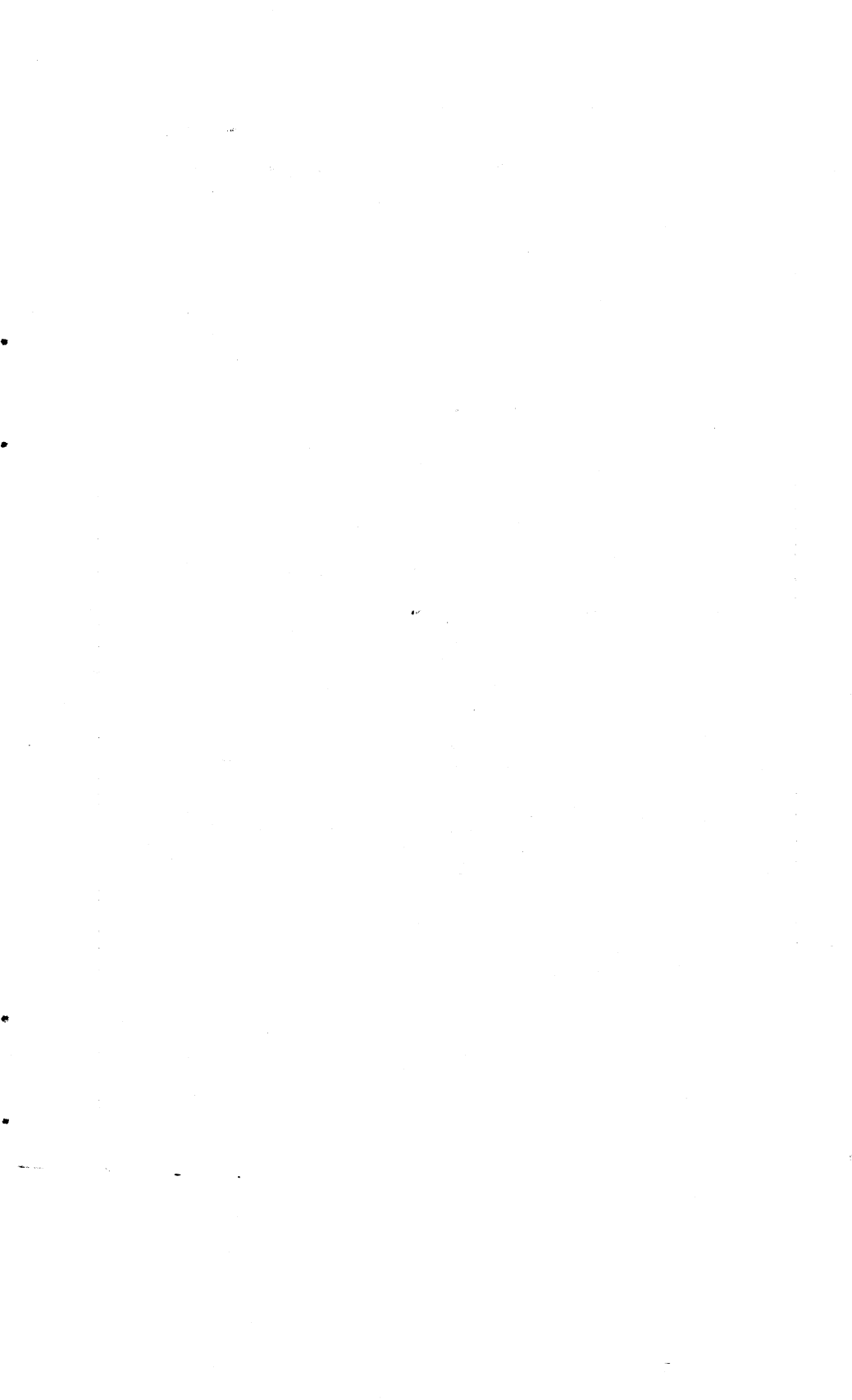
Photograph taken at Tuguegarao, Cagayan Province.

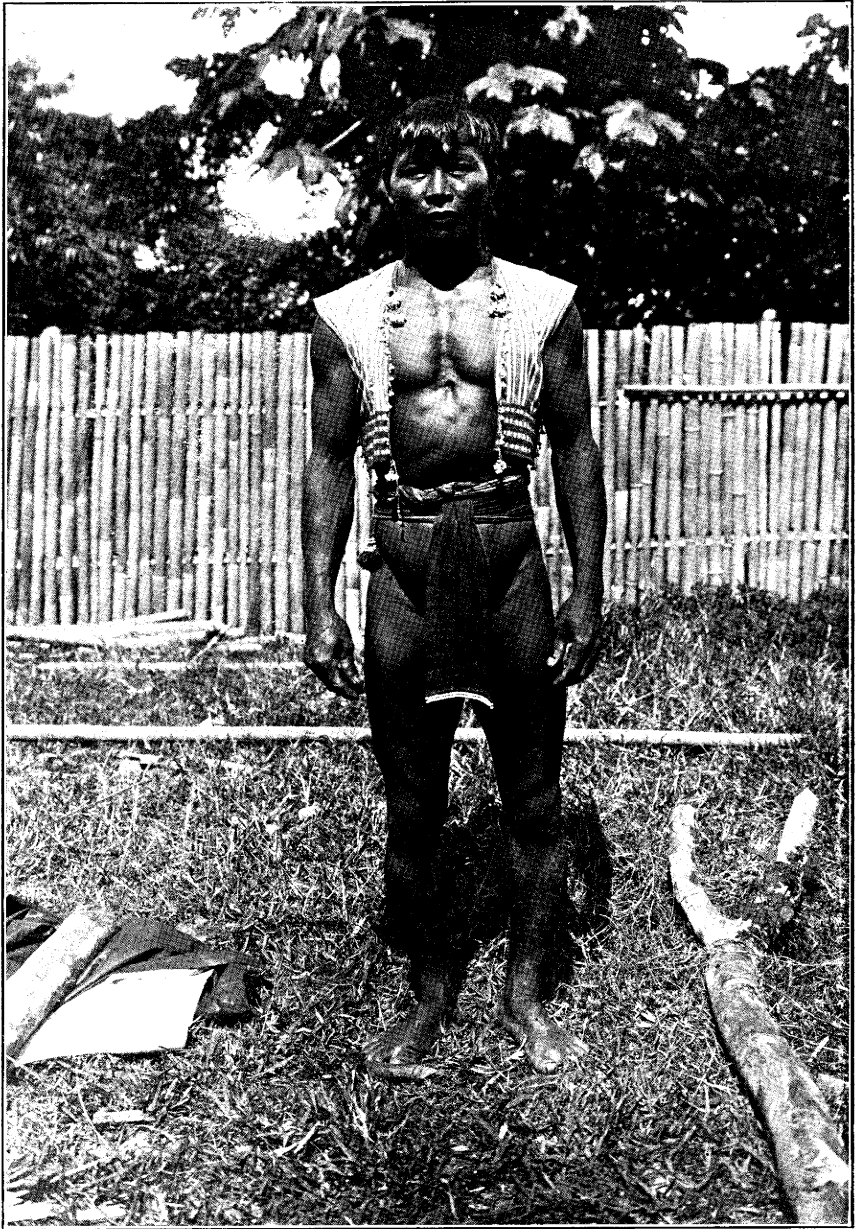




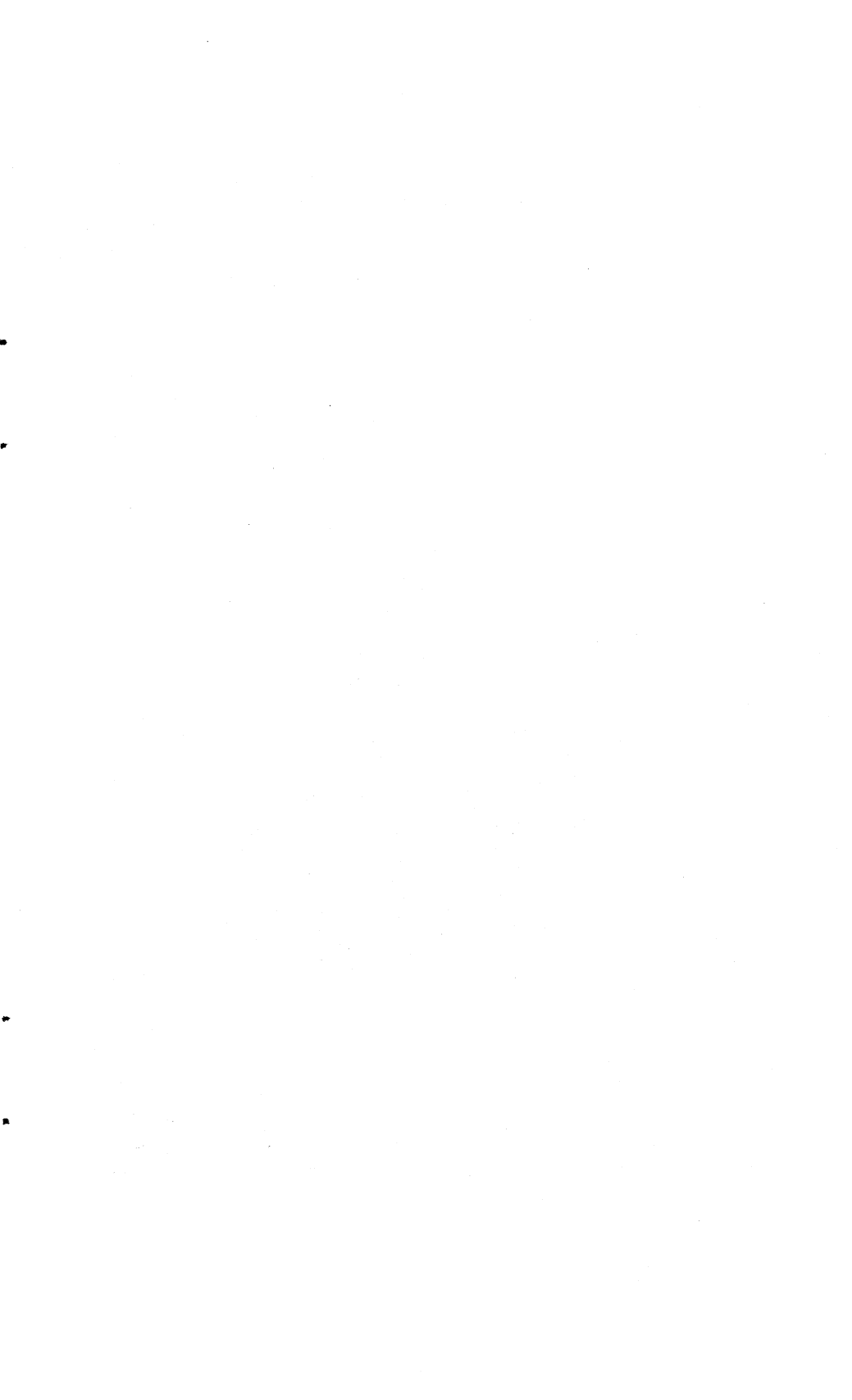
A KALINGA WOMAN.

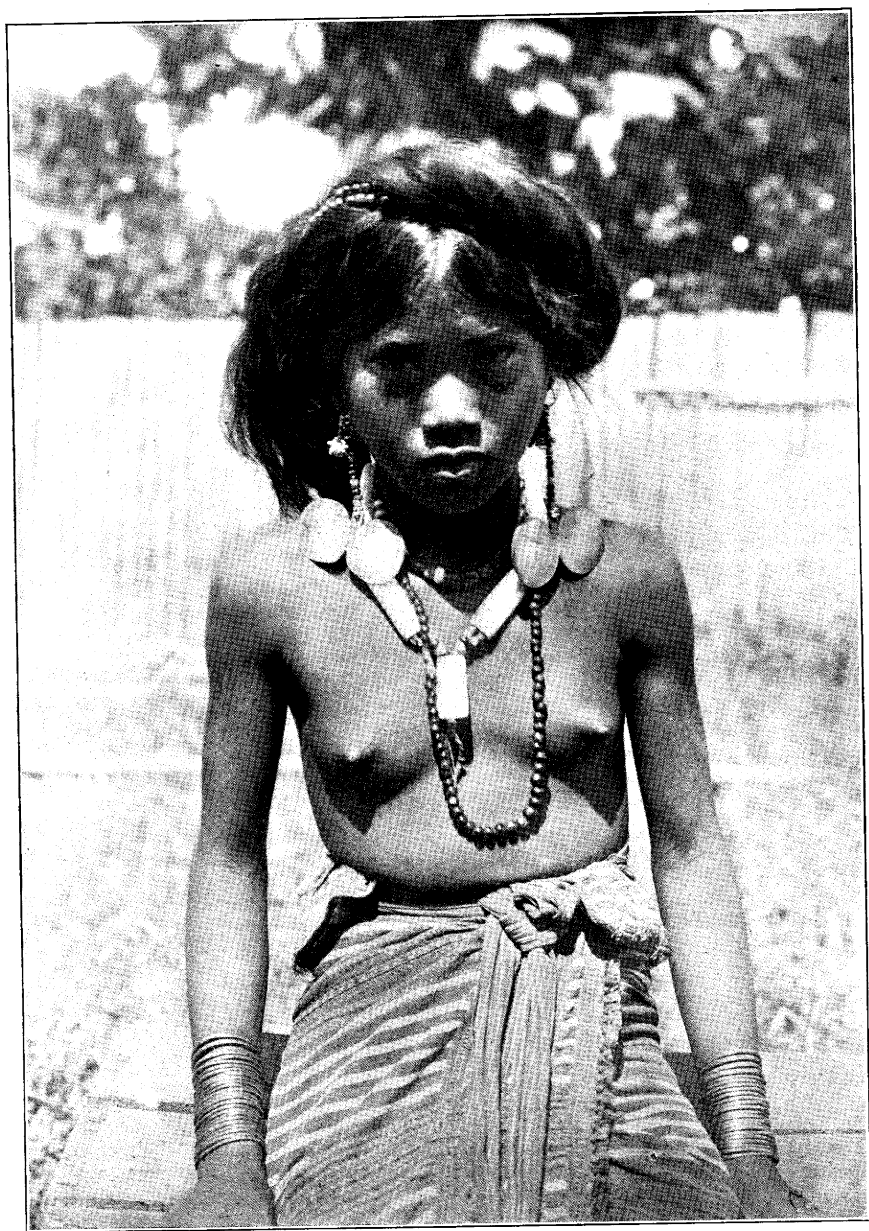
Photograph taken at Tuguegarao, Cagayan.





A CHIEF OF THE GADDANES.
Photograph taken at Hagau, Isabela.





A GADDAN GIRL.

Photograph taken at Ilagan, Isabela.

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 Isabel 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 Tucuran, 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.

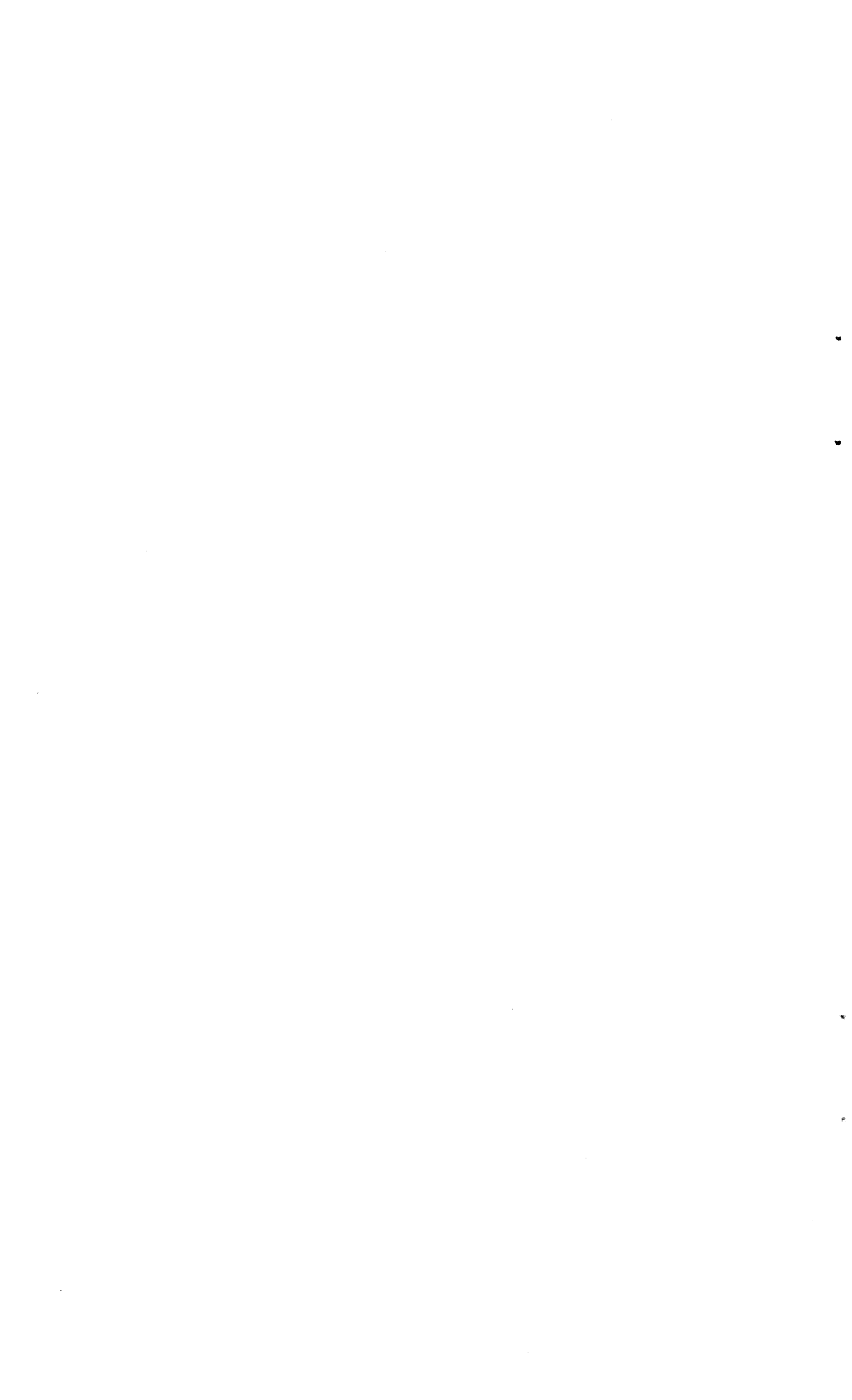
With the exception of Misamis, there are no Moros in any province where civil government has been established. An act has been passed forbidding prospectors to visit that portion of Misamis which they inhabit without the written permission of the military commander of the Department of Mindanao and Jolo.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

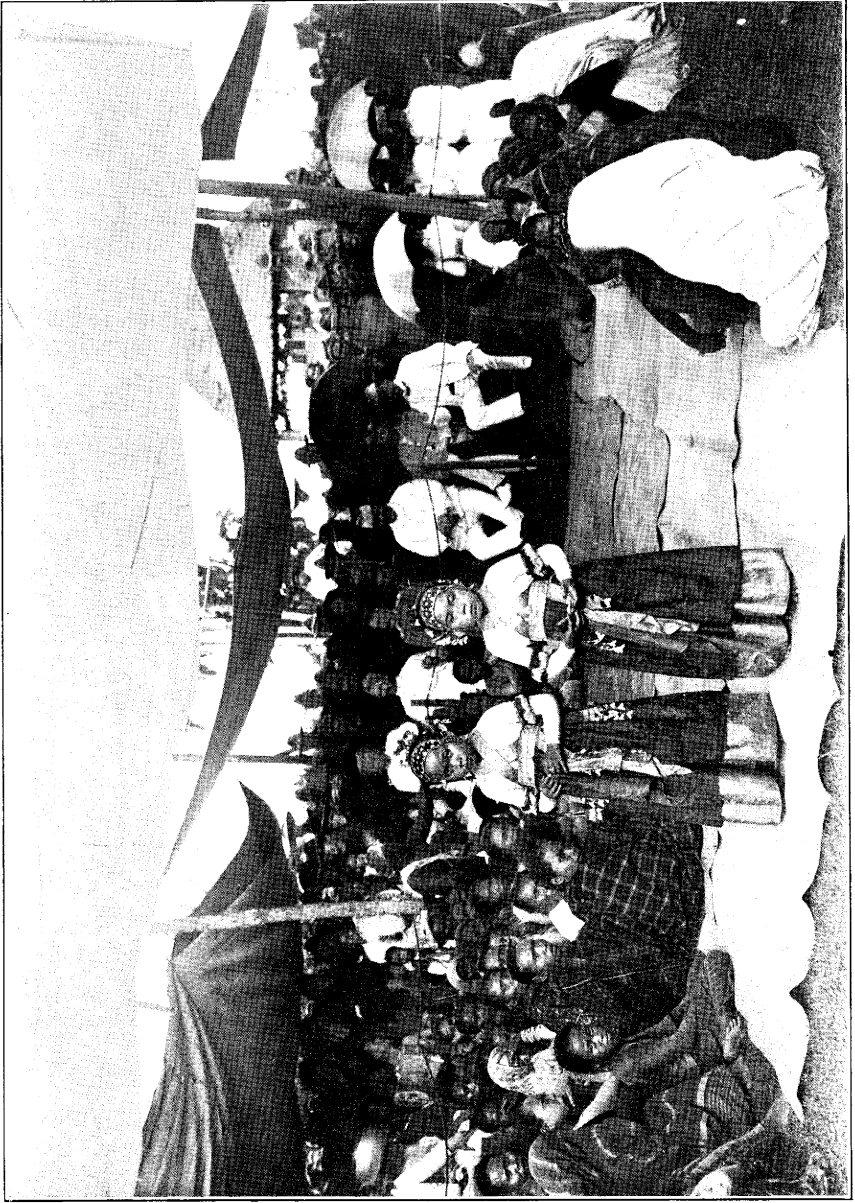
The problems presented by these non-Christian peoples are neither few nor insignificant. Some of them, like the Tinguianes in Abra, are possessed of a very considerable degree of civilization, while others, like the Negritos of Bataan, have been definitely proved incapable of any considerable advancement. 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

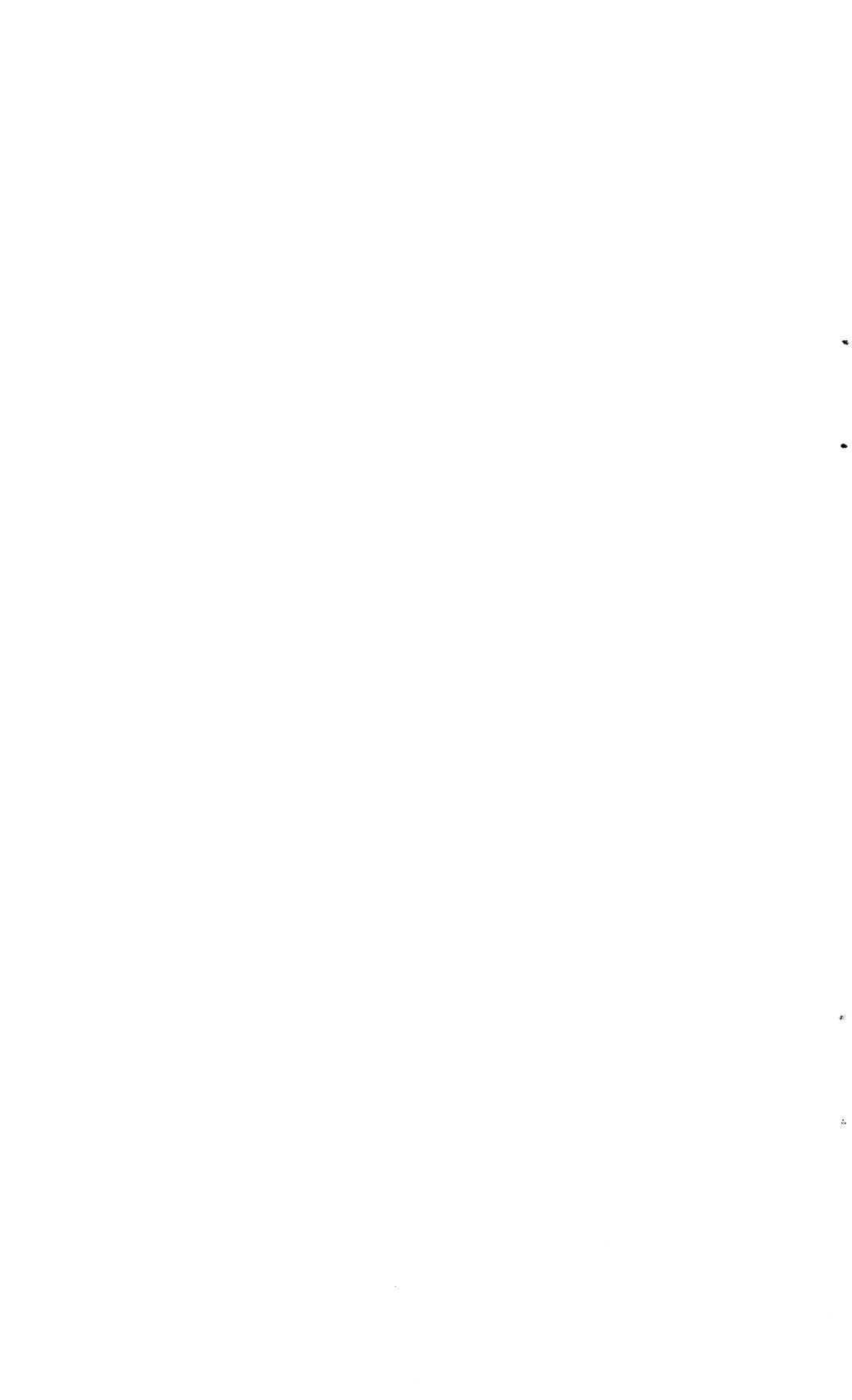


MORO DATOS, DAVAO.





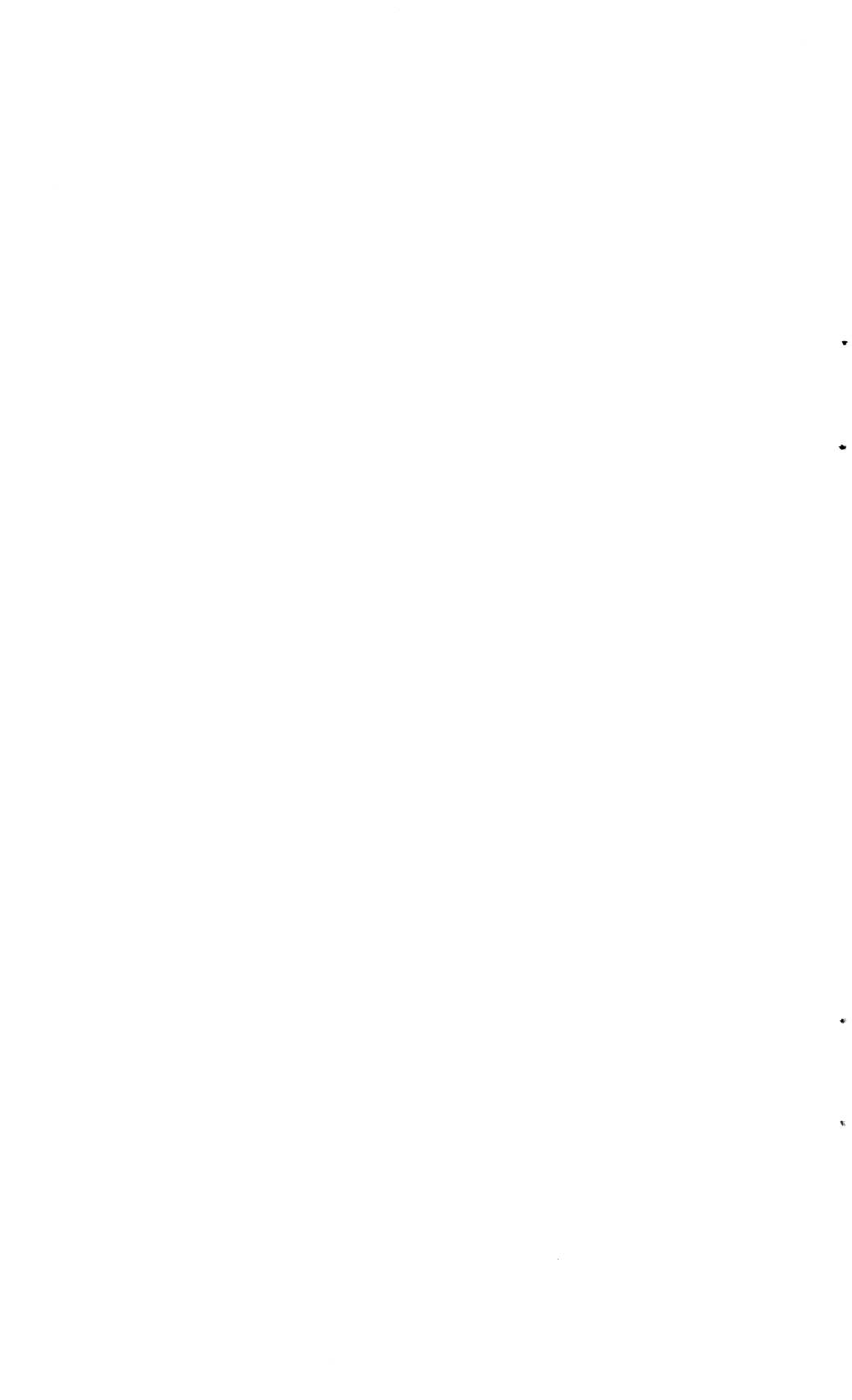
MORO DANCING GIRLS, COTABATO.

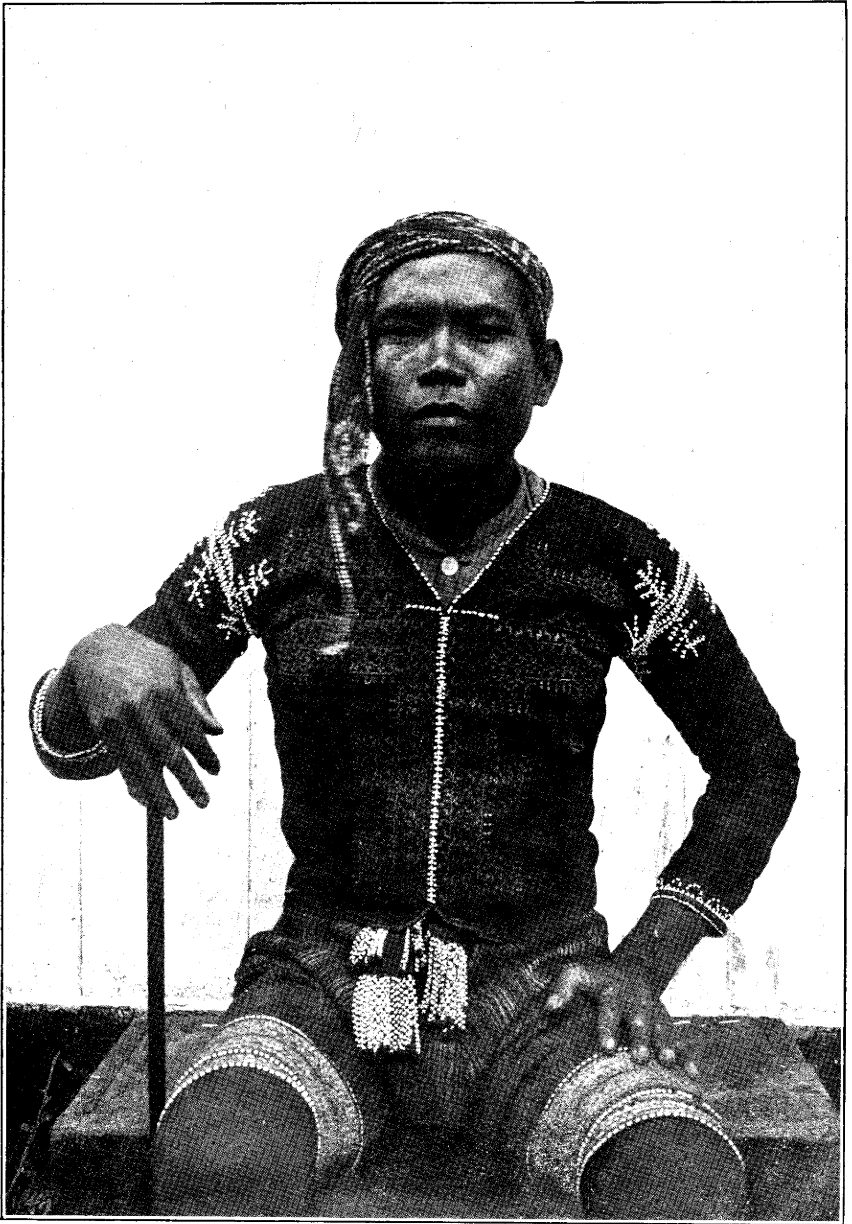




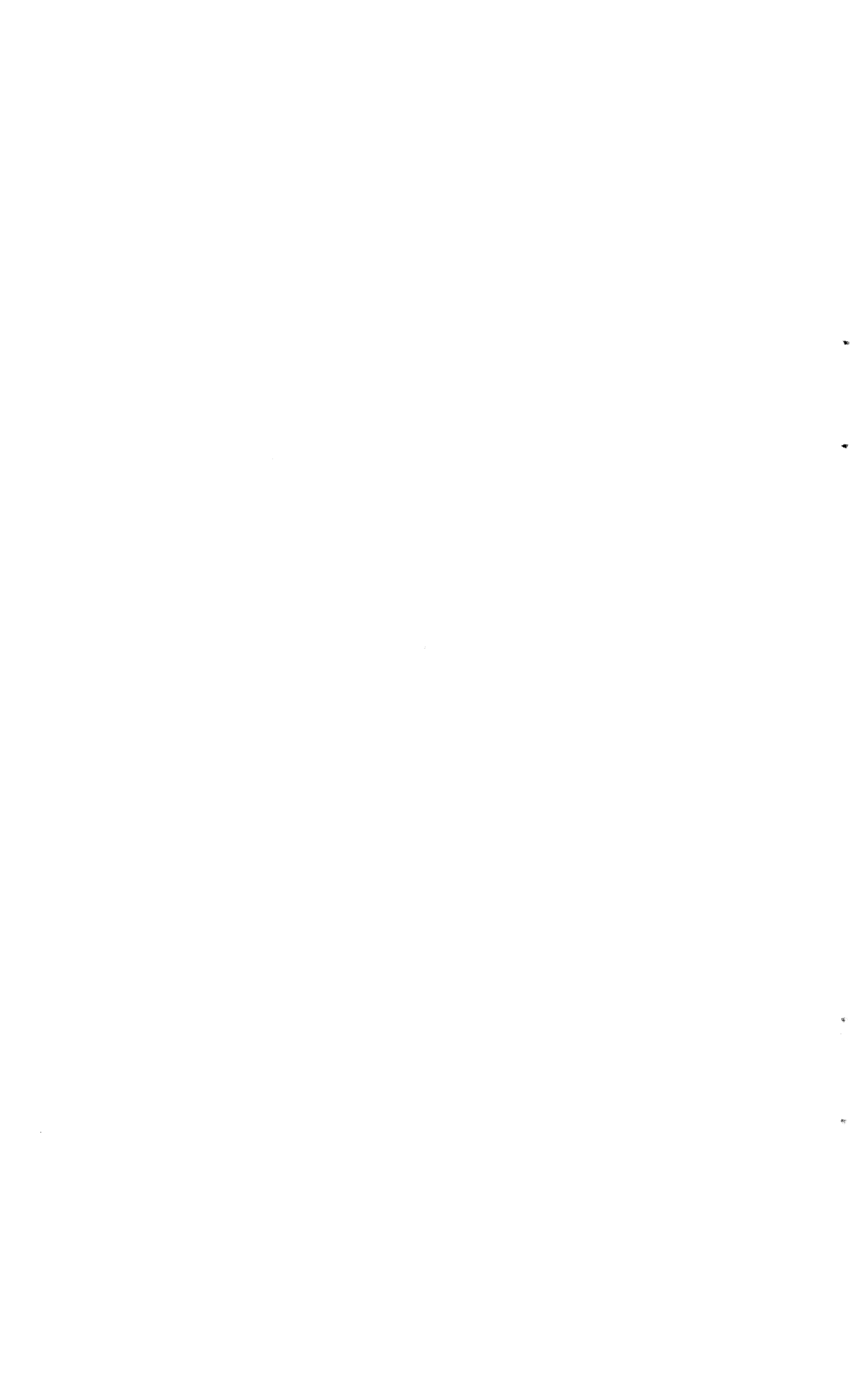
DATO TAUG, AT COTABATO (STANDING).

A man dressed for the "Moro-Moro" dance sitting at the right.





CHIEF OF THE TAGACAOLOS.
Photograph taken at Davao, Mindanao.



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.

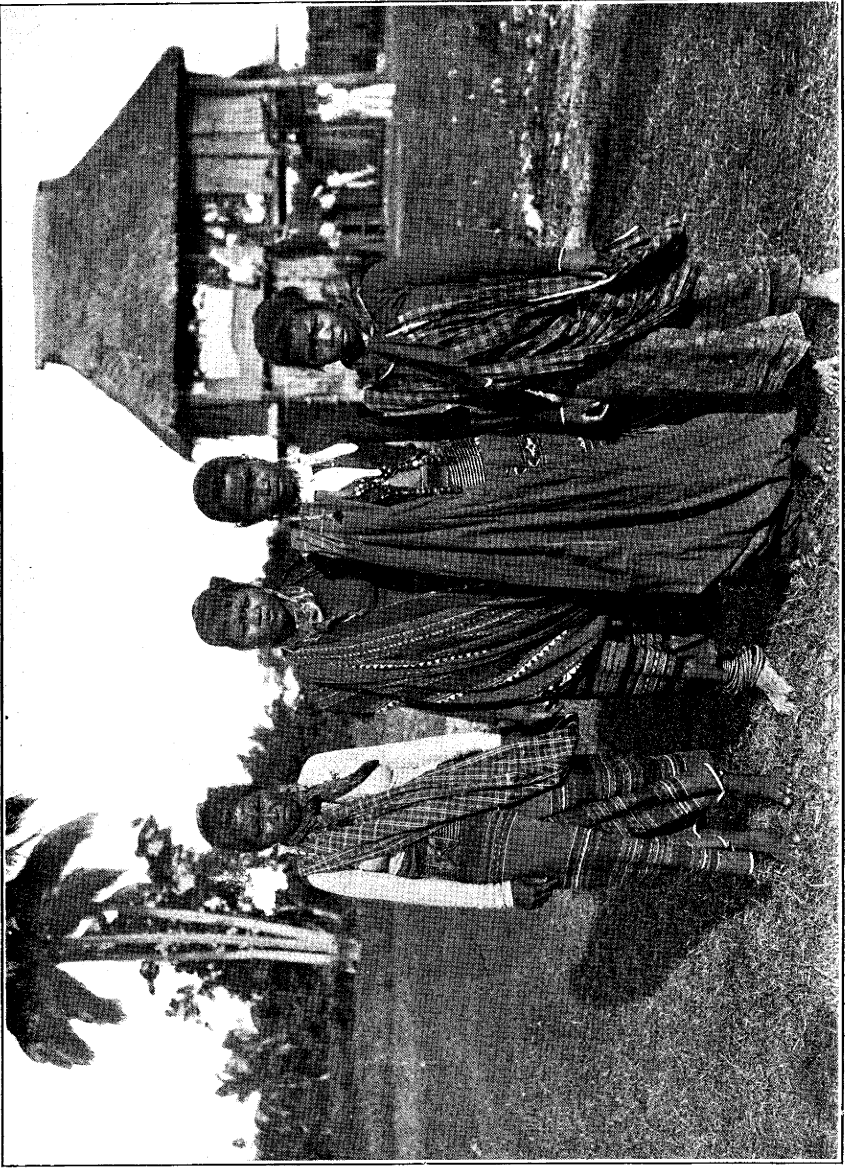
An attempt at the present time to use force in securing the liberty of Moro slaves would inevitably provoke a fierce conflict with a brave and warlike people, and, so far as the slaves themselves are concerned, would meet with little appreciation. If, on the other hand, the refusal on the part of the 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 Indonesian 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 without resort to violent measures. A practical result of the intercourse between Moros and Americans has already been seen in the proclamation of Dato Mandij abolishing slavery among his people in the district 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.

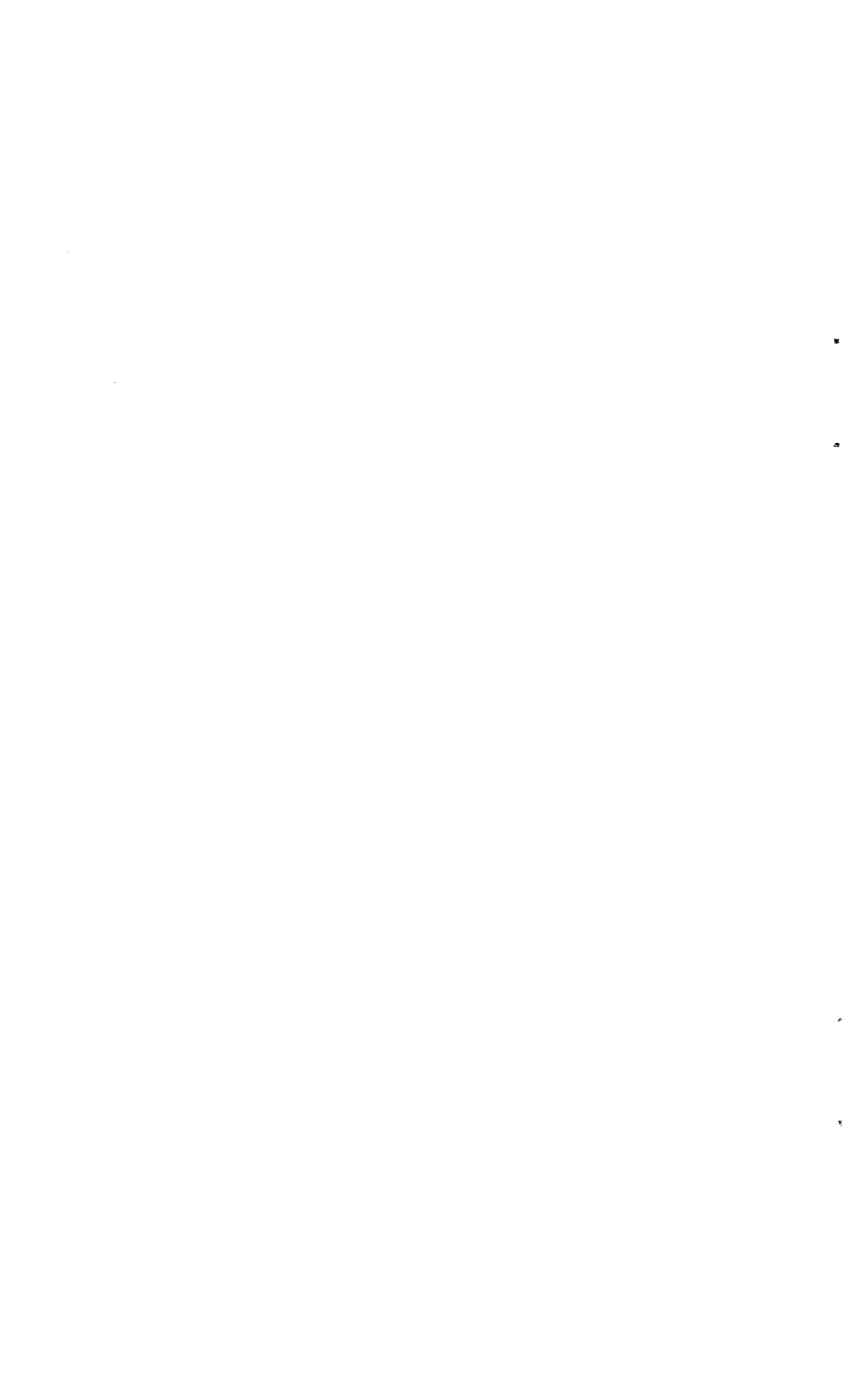
It is evident that, if we are not to fail in our duty toward the savage or half-civilized Philippine peoples, active measures must be taken for the gathering of reliable information concerning them as a basis for legislation, and an act has therefore been passed by the commission creating a bureau of 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 prosperity. This bureau has the further duty of investigating and reporting upon the practical operation of all legislation with reference to non-Christian peoples.

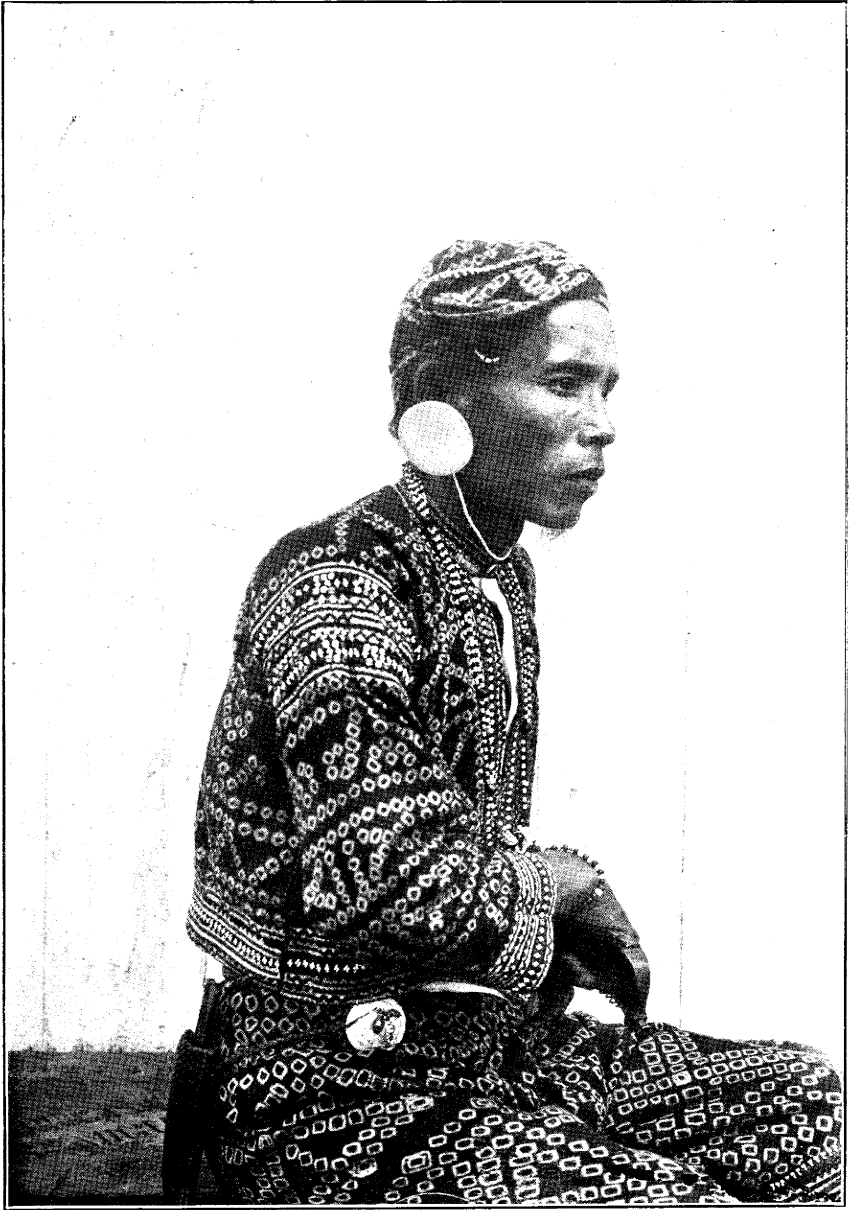
FORESTRY.

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, varying 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. Timber could be had so advantageously from the Government, that it was hardly worth while for private individuals to seek to acquire forest lands.

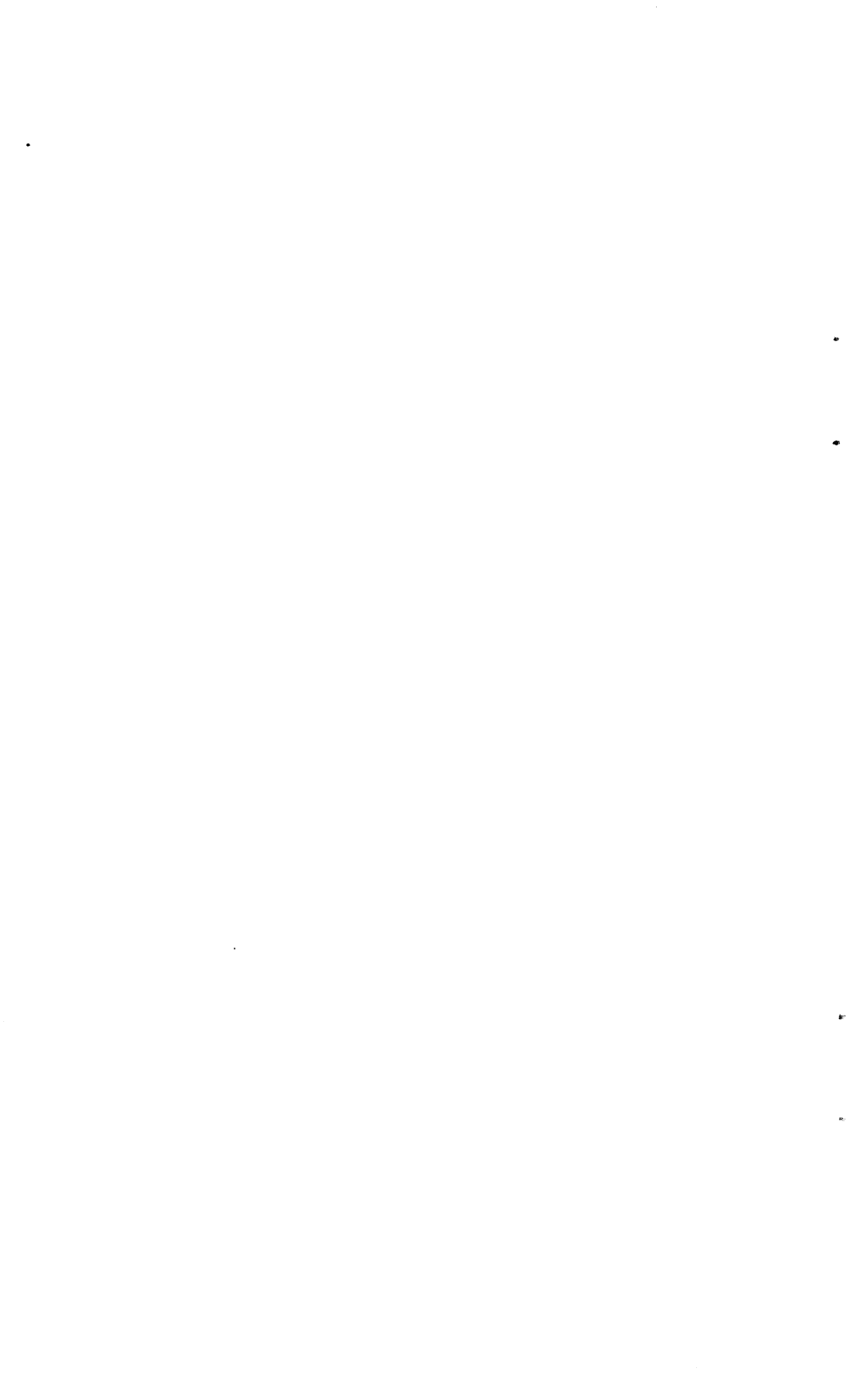


TIRURAY DANCERS, COTABATO.



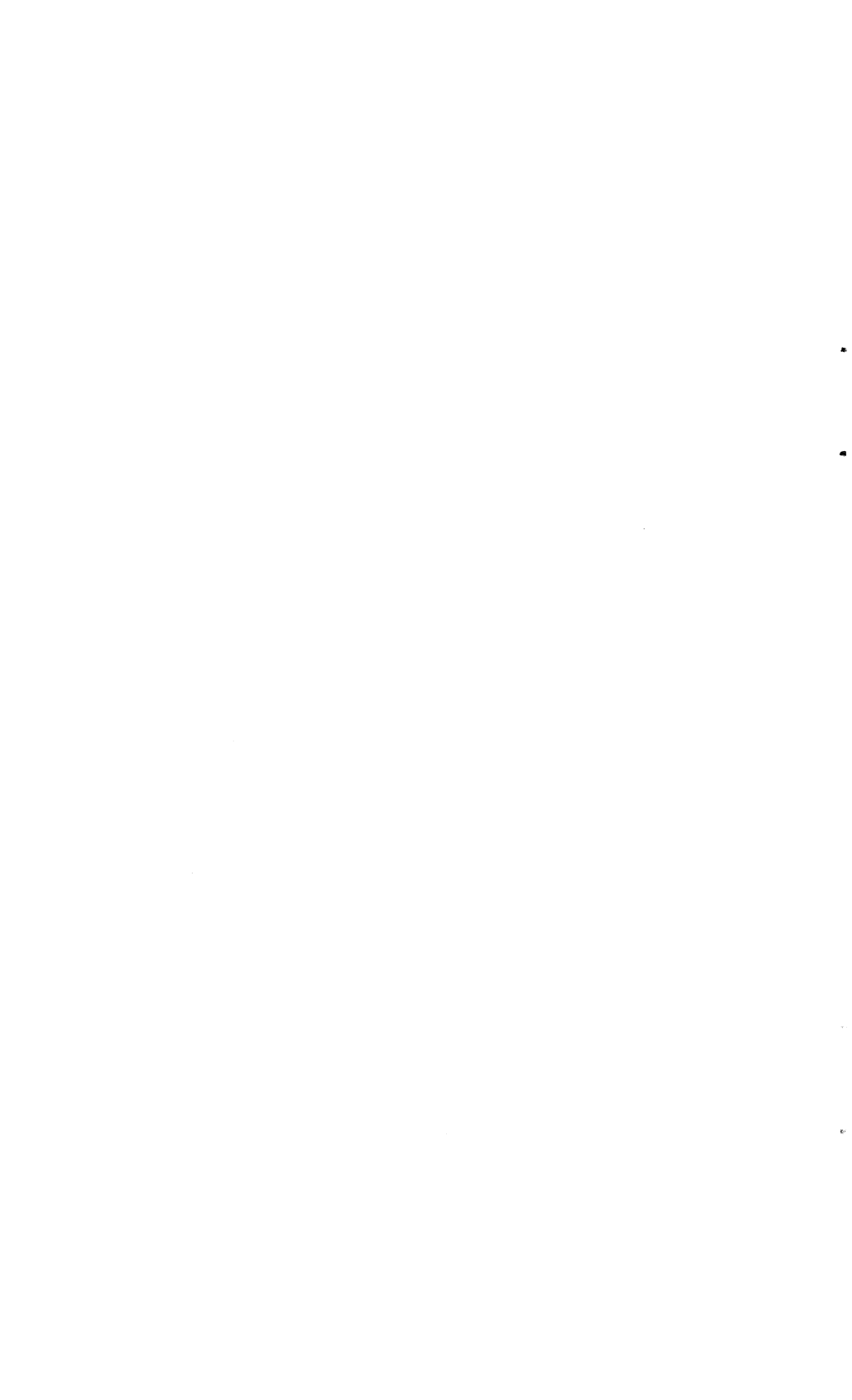


CHIEF ATTOS, OF THE BAGOBO TRIBE, DAVAO.



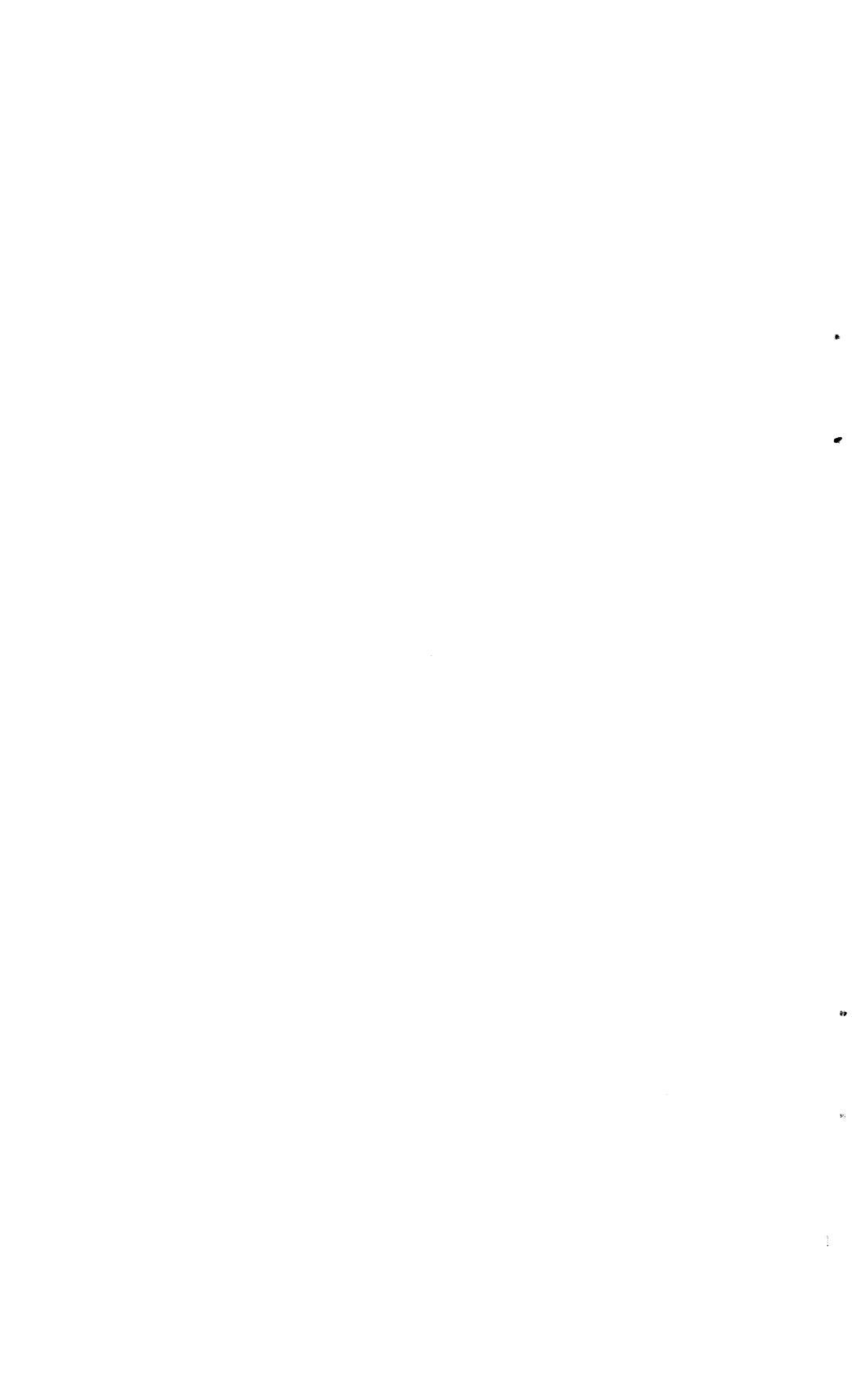


WIFE OF CHIEF ATTOS, OF THE BAGOBOS, DAVAO.





AN ATÁ, DAVAO.



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 transshipped 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 experiments 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 Moro datos 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.

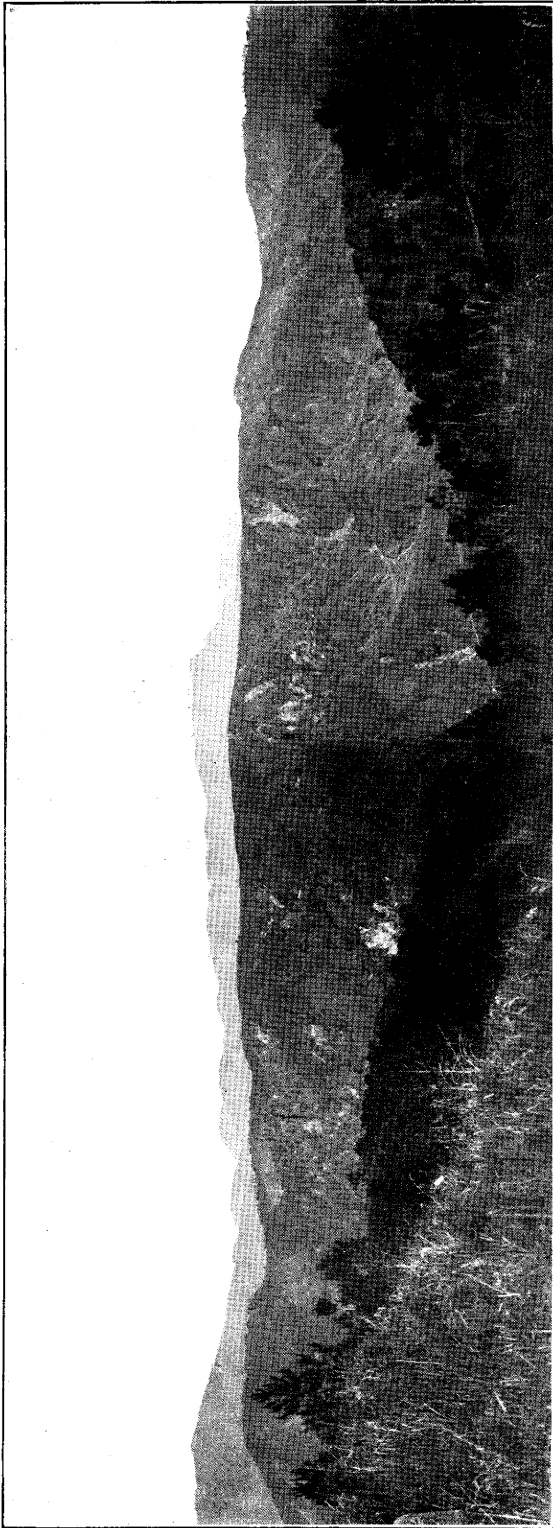
For a full account of the operations of the forestry bureau during the past fifteen months, including number of officials and their salaries, number of licenses, amount of forest products cut or otherwise obtained under them, an account of private woodlands, and the recom-

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.

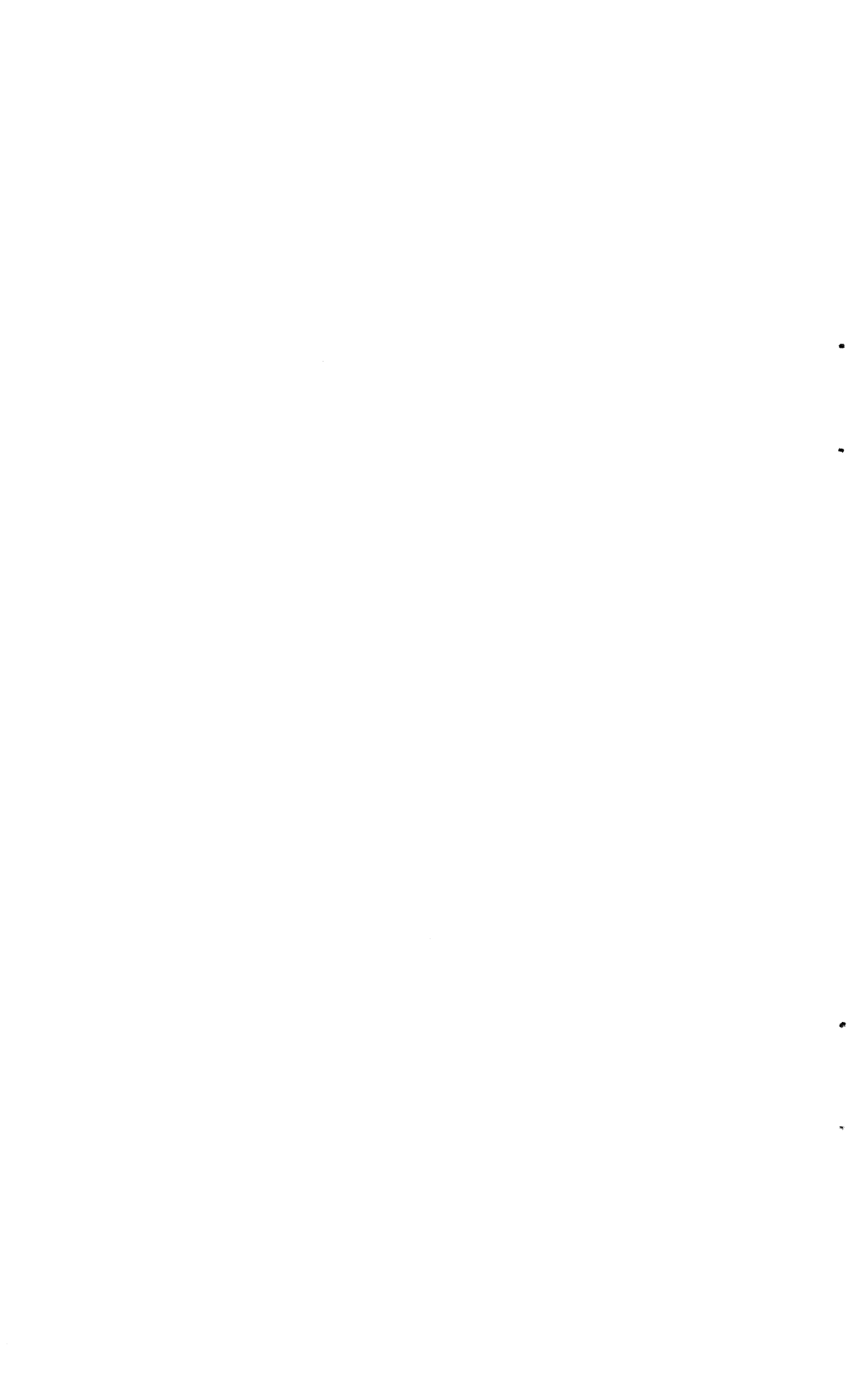
MINES.

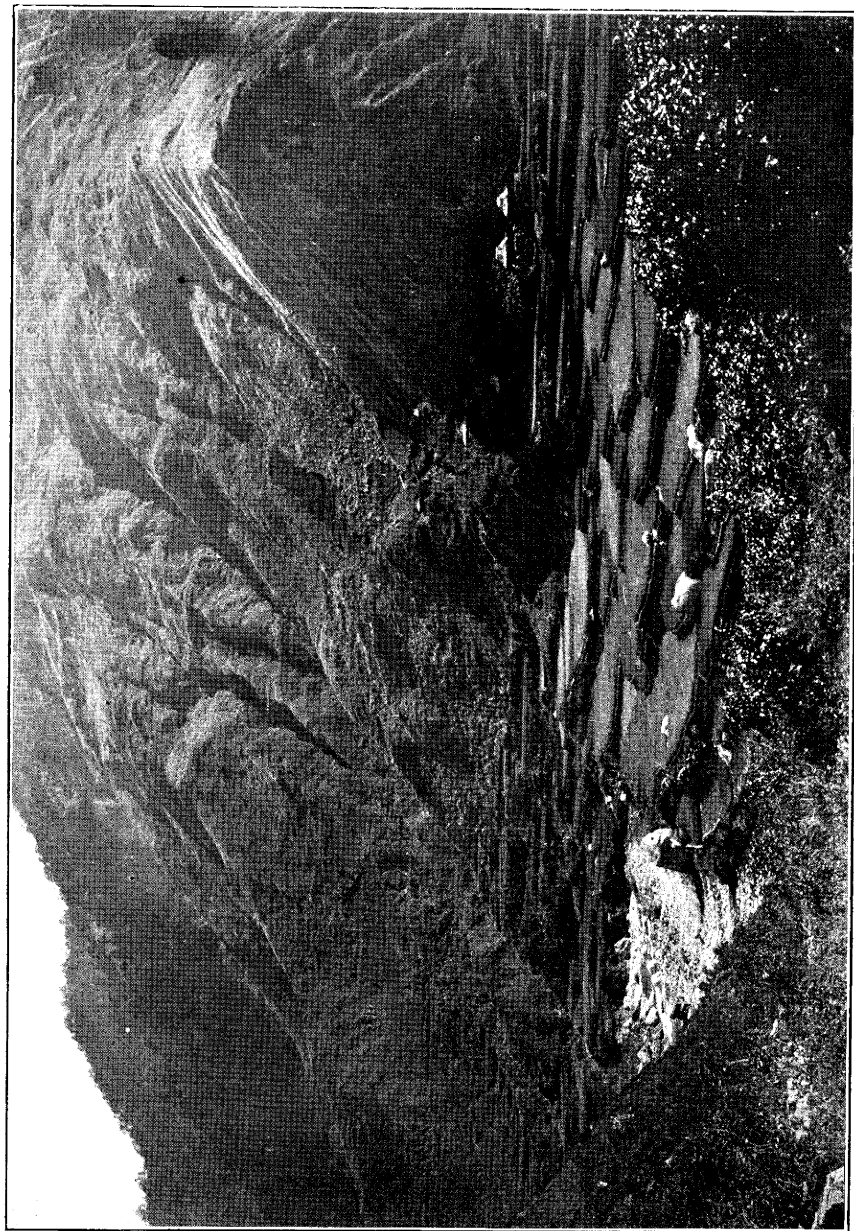
The limitations upon mining operations have been even more strict than those upon the work of the lumbermen. It has been considered by the commission that the Spanish mining laws ceased to be of effect with the downfall of the Spanish sovereignty. The direct necessity for the development of the mineral 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

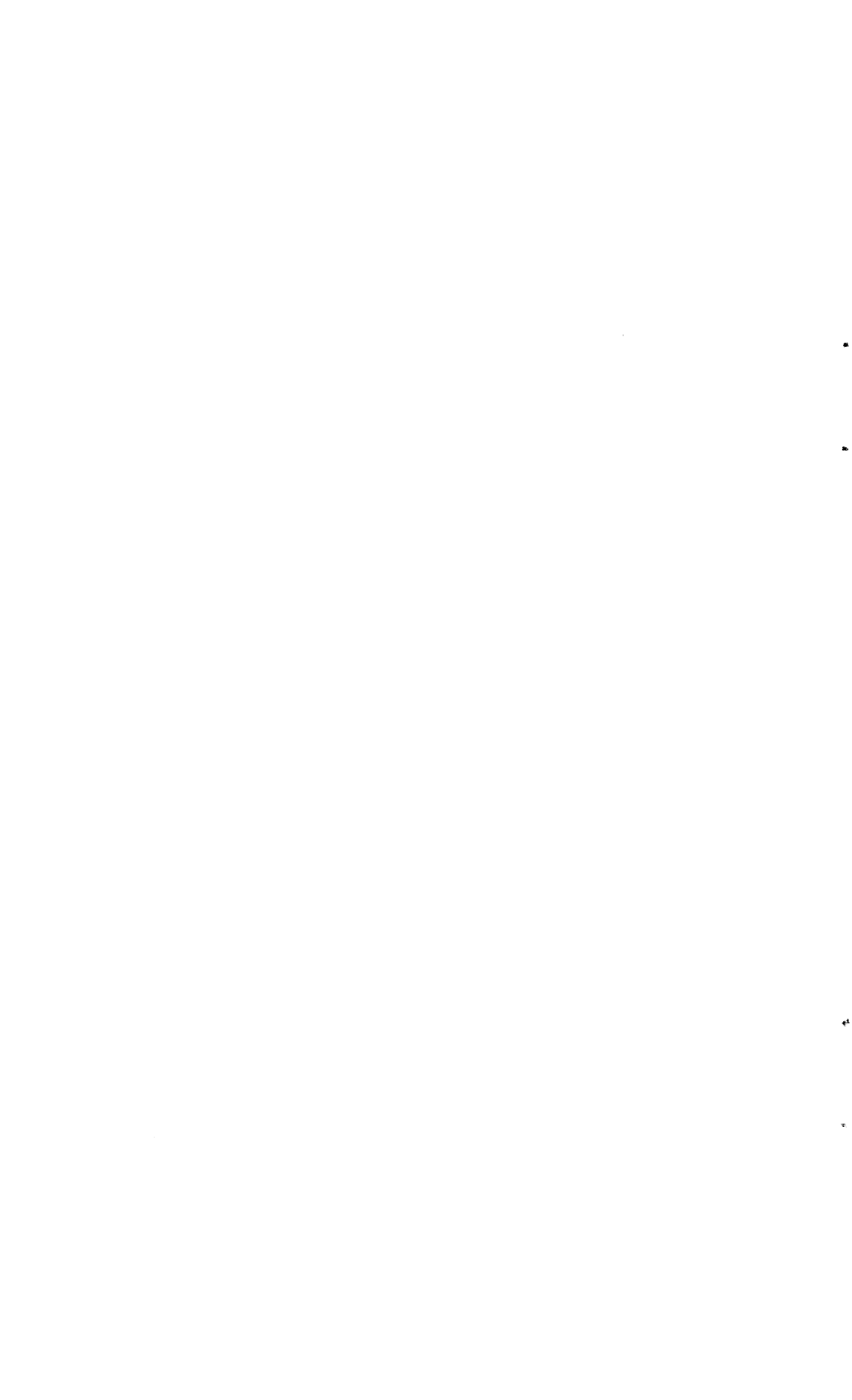


MINERAL REGION IN LEPANTO IN WHICH THE SUYOC AND MANCAYAN MINES OF COPPER AND GOLD ARE LOCATED.





IGORROTE RICE-TERRACES, KABAYAN, BENGUET.



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.

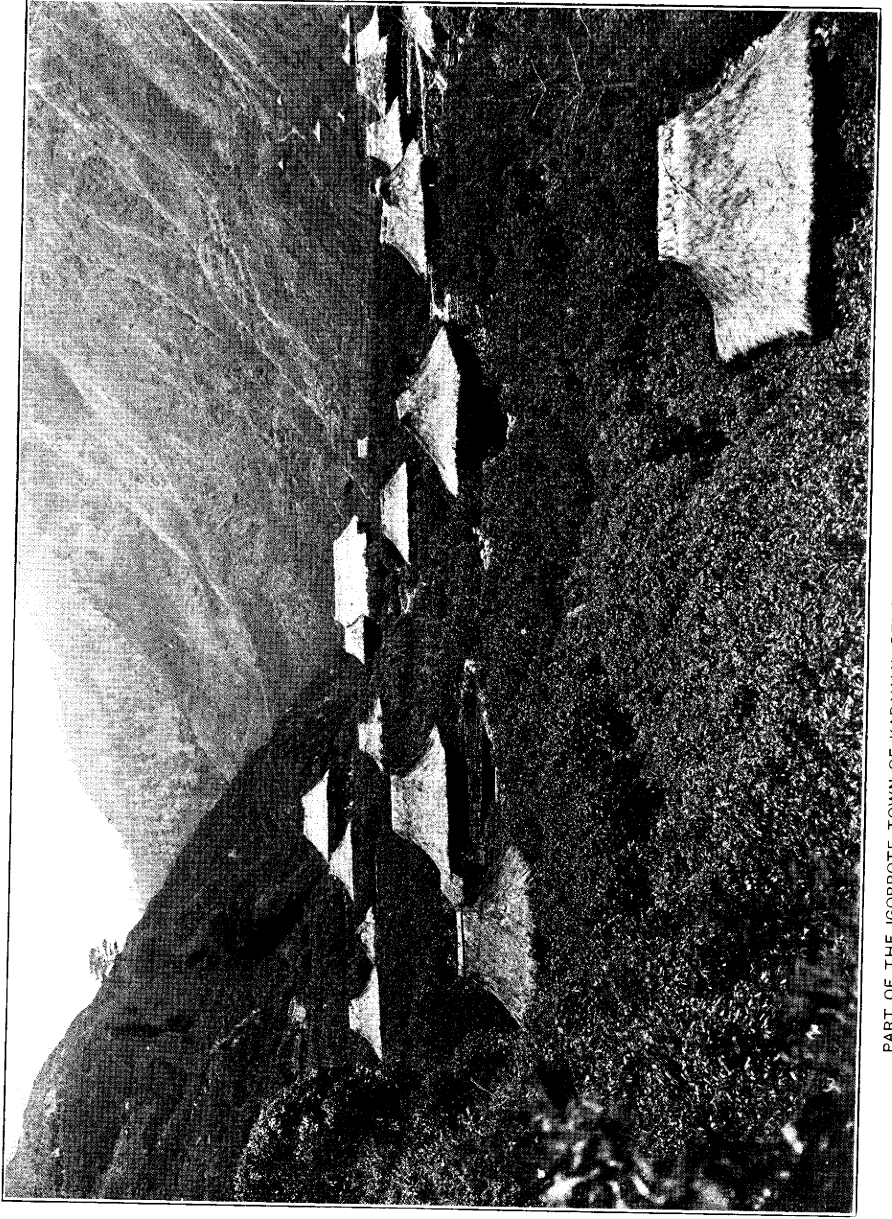
A bureau of agriculture to conduct investigations and disseminate useful information with reference to the agricultural resources of the islands, the methods of cultivation at present in vogue and the possibility of their improvement, the practicability of introducing new and valuable agricultural products, 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.

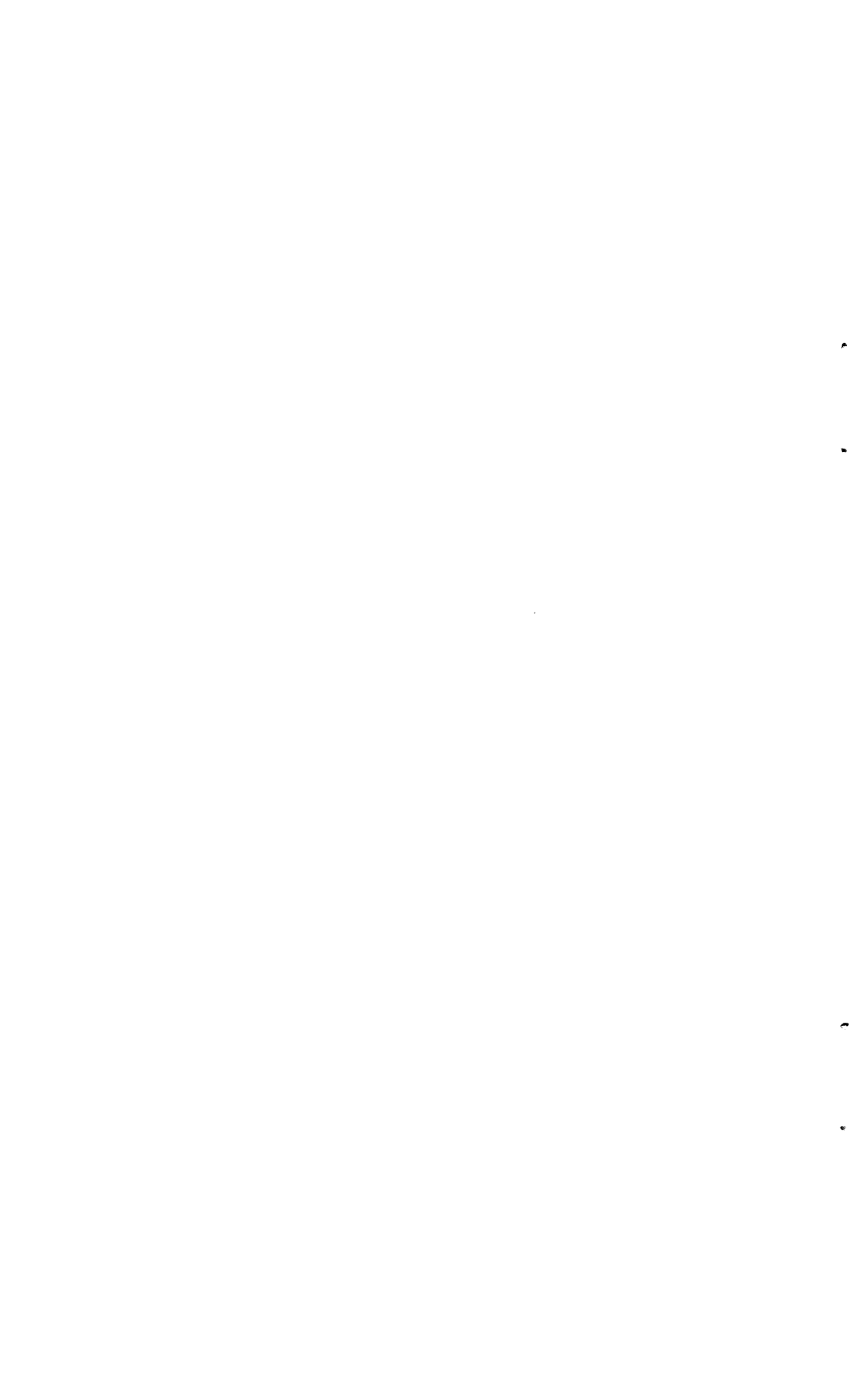
Marine and fresh-water fisheries afford a very important source of food supply for these islands. The only legislation thus far enacted with reference to fisheries is contained in the municipal code, and authorizes municipalities to levy taxes upon the privilege of fisheries within their respective jurisdictions.

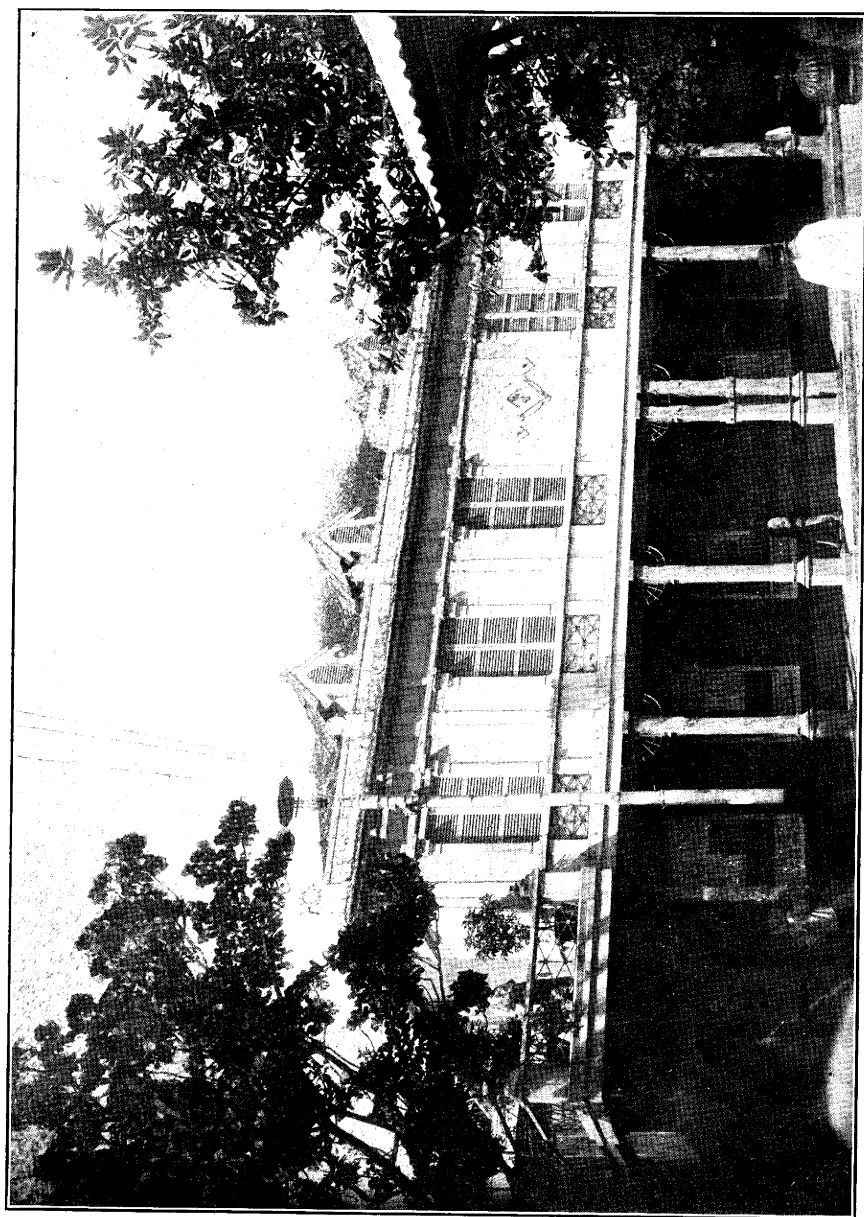
WEATHER BUREAU.

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 unfailingly 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.

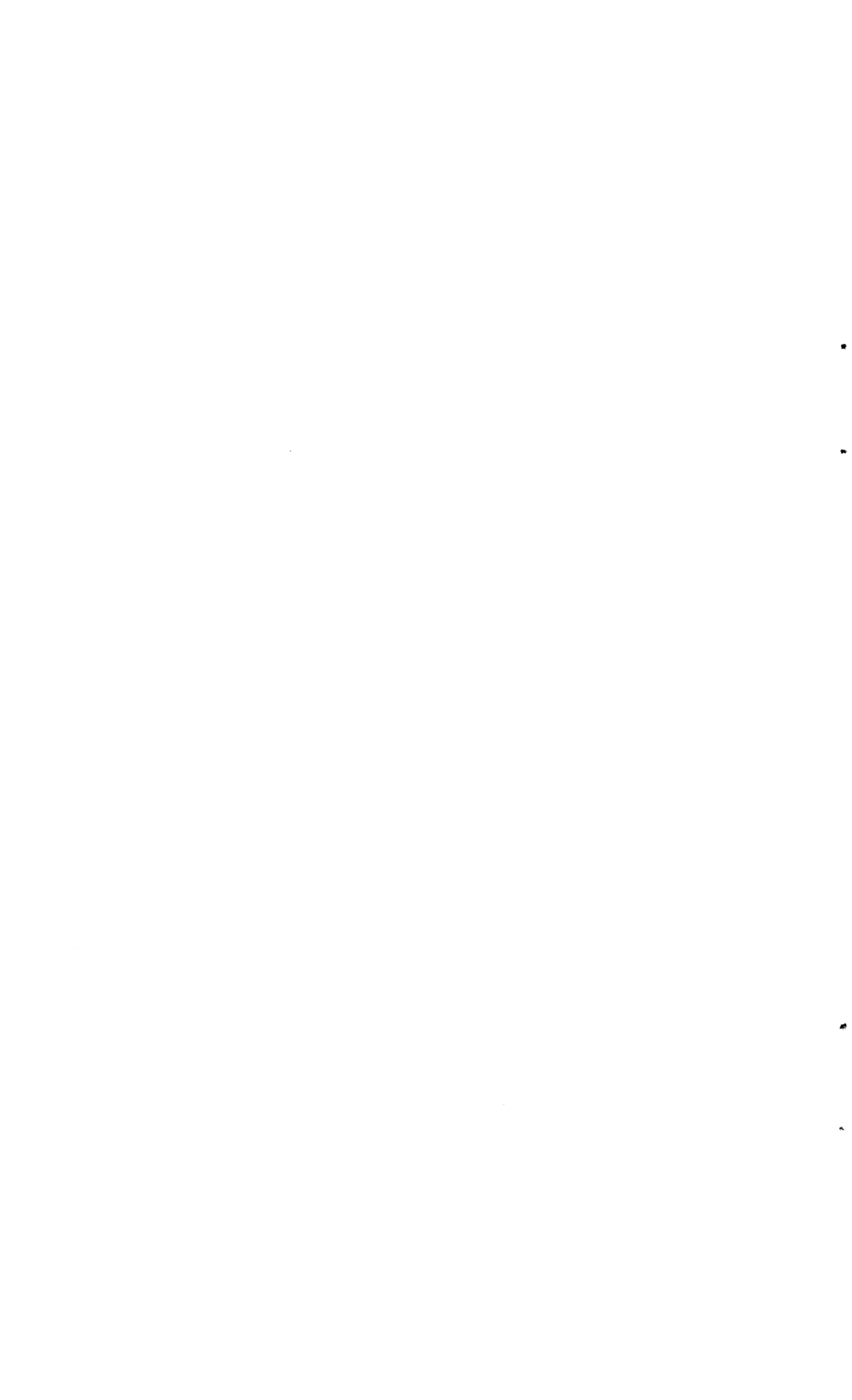


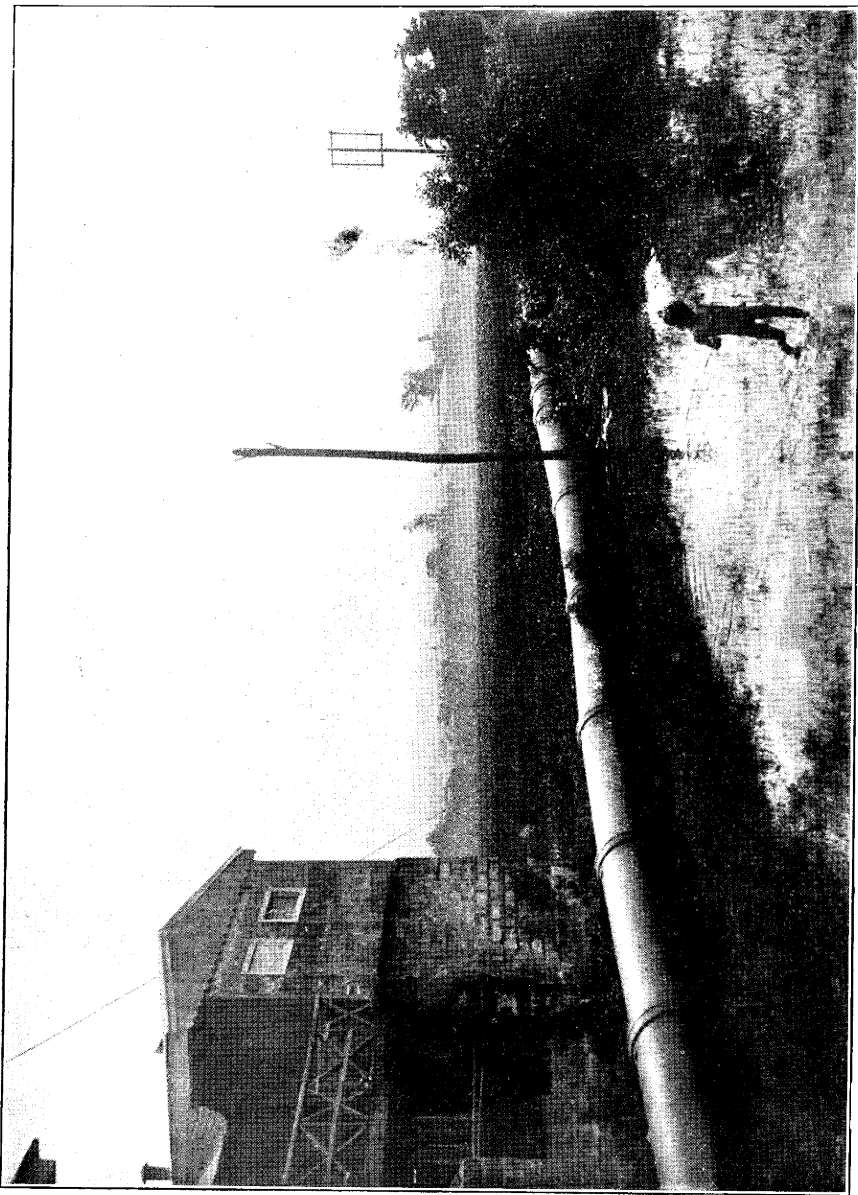
PART OF THE ISORROTE TOWN OF KABAYAN, BENGUET ; HOUSES SURROUNDED BY COFFEE BUSHES.



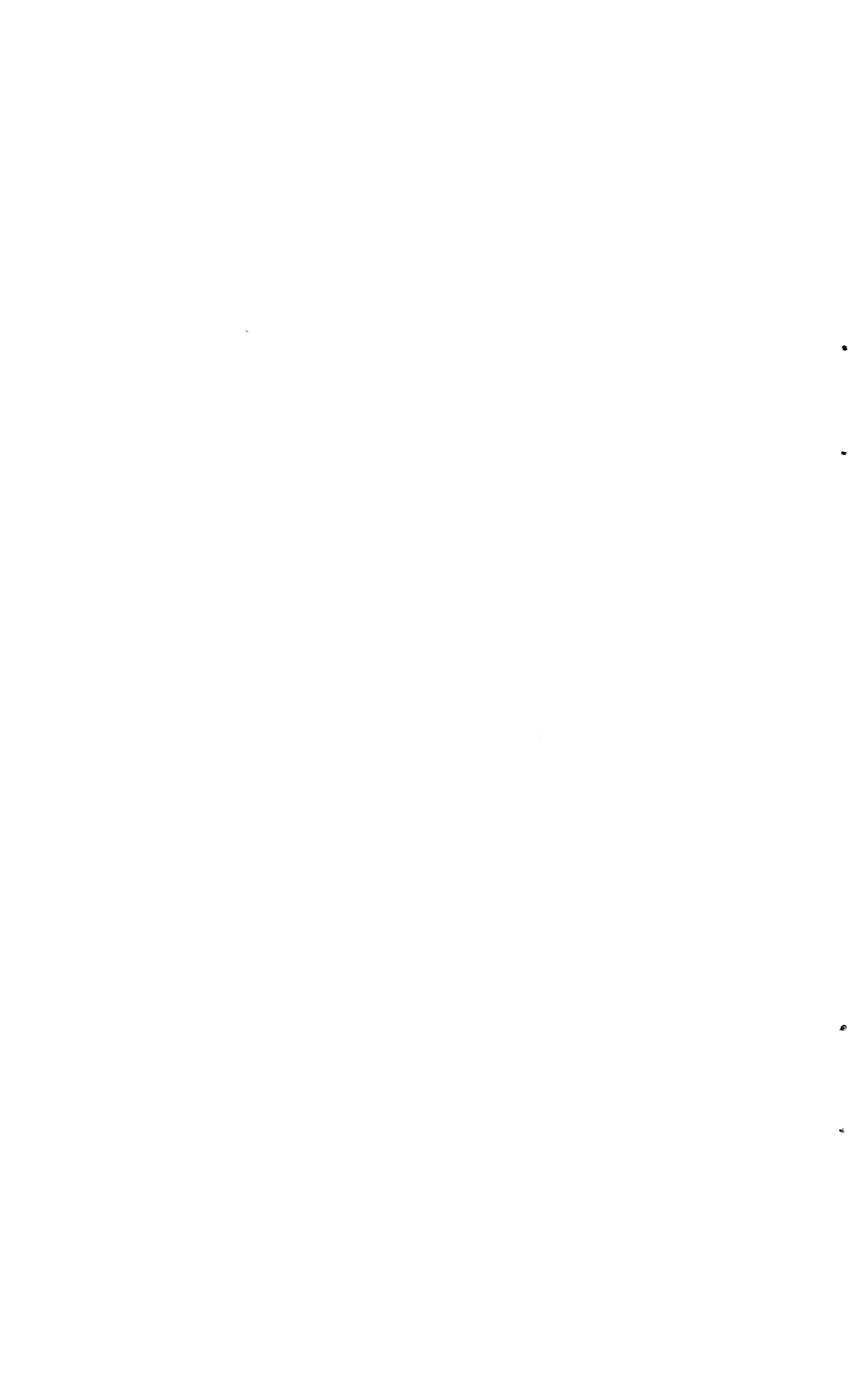


LOCUSTS RISING FROM A ROOF IN THE SAMPALOC DISTRICT, MANILA.





SWARM OF LOCUSTS SETTling ON A RICE FIELD IN THE SAMPALOC DISTRICT, MANILA.



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 Palovina (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-

ticable 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."

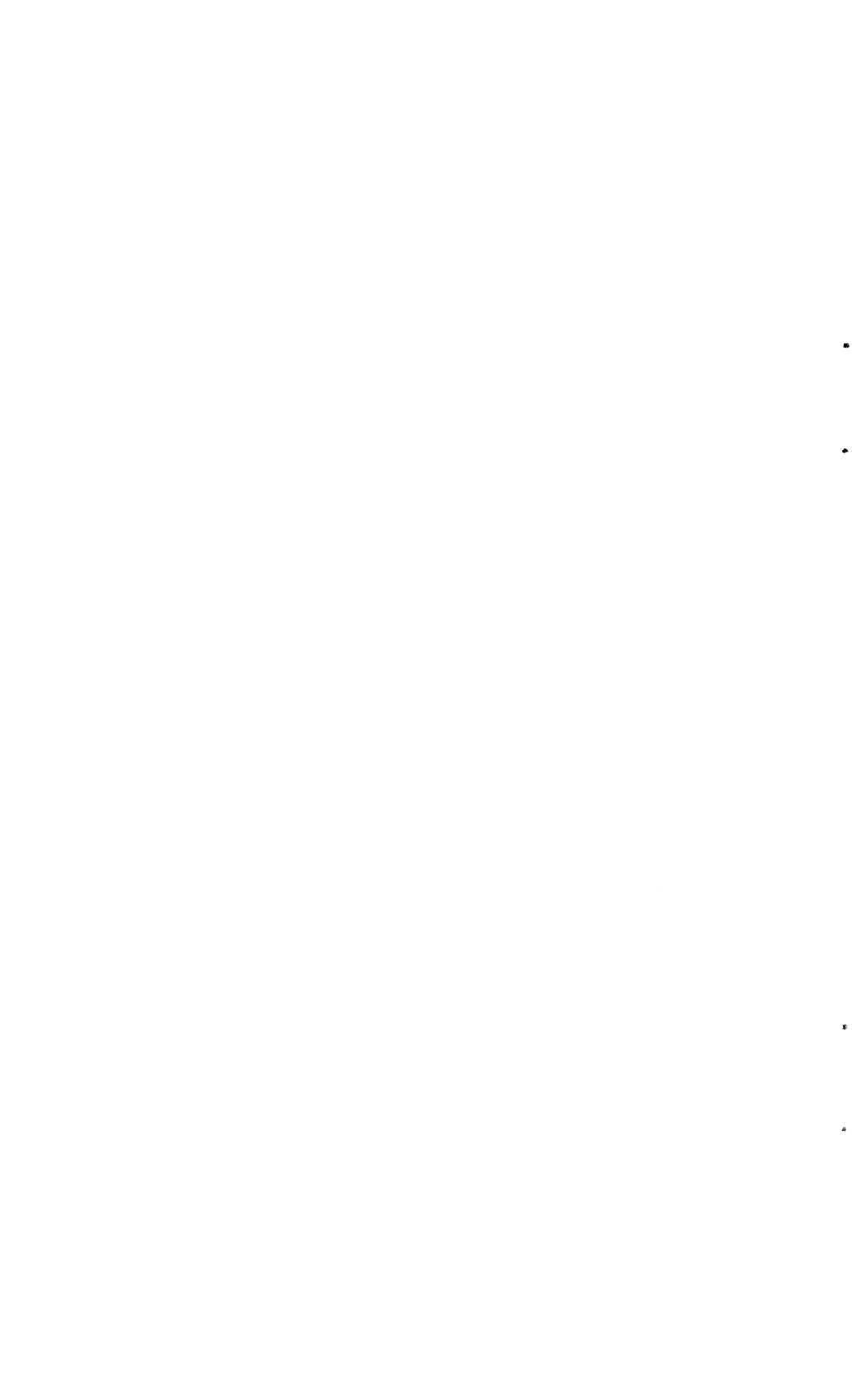
RAILROADS.

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



A MEMBER OF THE TRIBE KNOWN AS BILANES.
Photograph taken at Davao, Mindanao.



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-

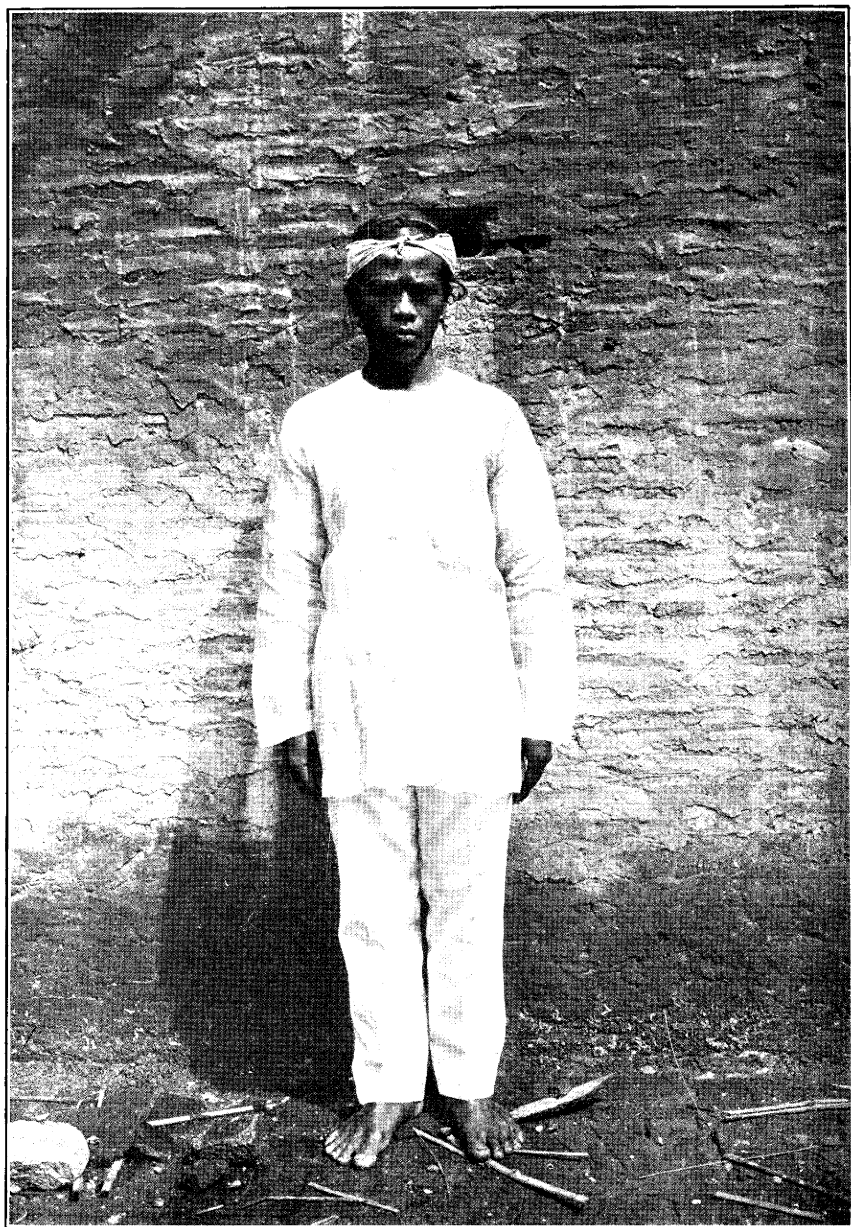
trate and open up the interior of the great islands of Luzon and Mindanao, and thereby make possible the development of their great natural mineral, timber, and agricultural wealth. Considering the topography of these two islands, railroads should be located not only with reference to present returns 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.

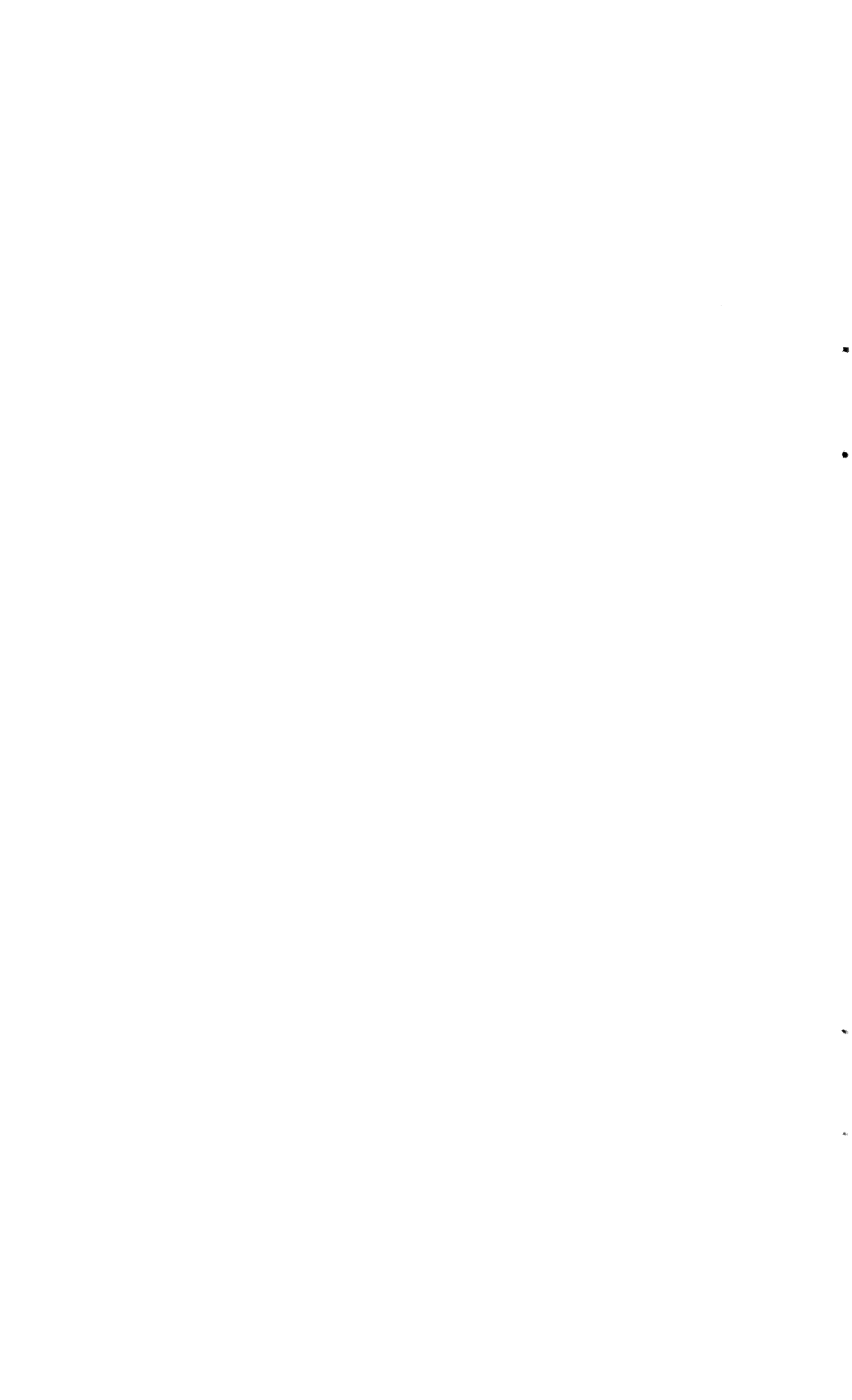
As stated in our last report, the island of Mindanao, with an area of something more than 36,000 square miles, except along its littoral, is practically terra incognita. Observations made of the country along its coast, short excursions inland, and the reports from Jesuit missionaries and a few Americans 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.

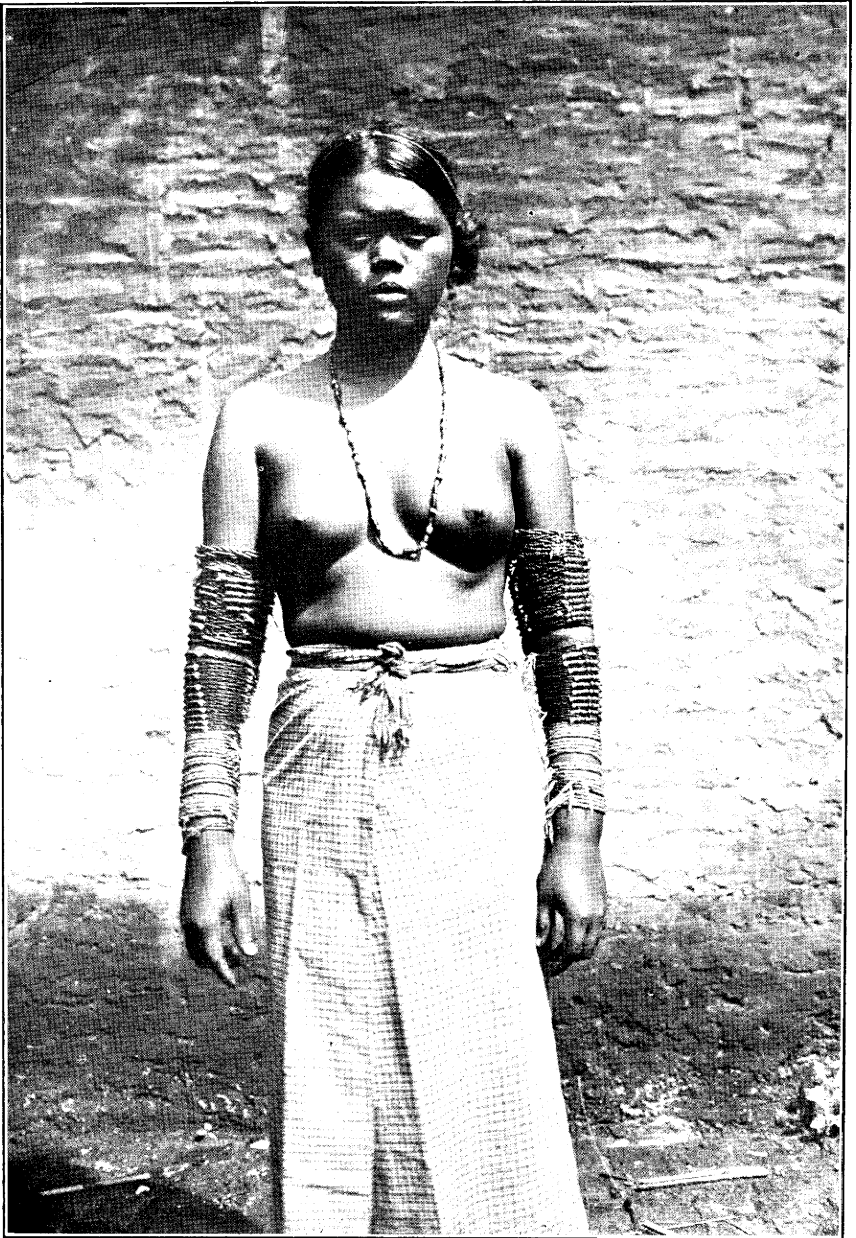
It is not to be expected, from what has already been said, that railroads in this island could at once be made profitable, and that capital, without some special inducement or guaranty, could be made available for their construction.

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,



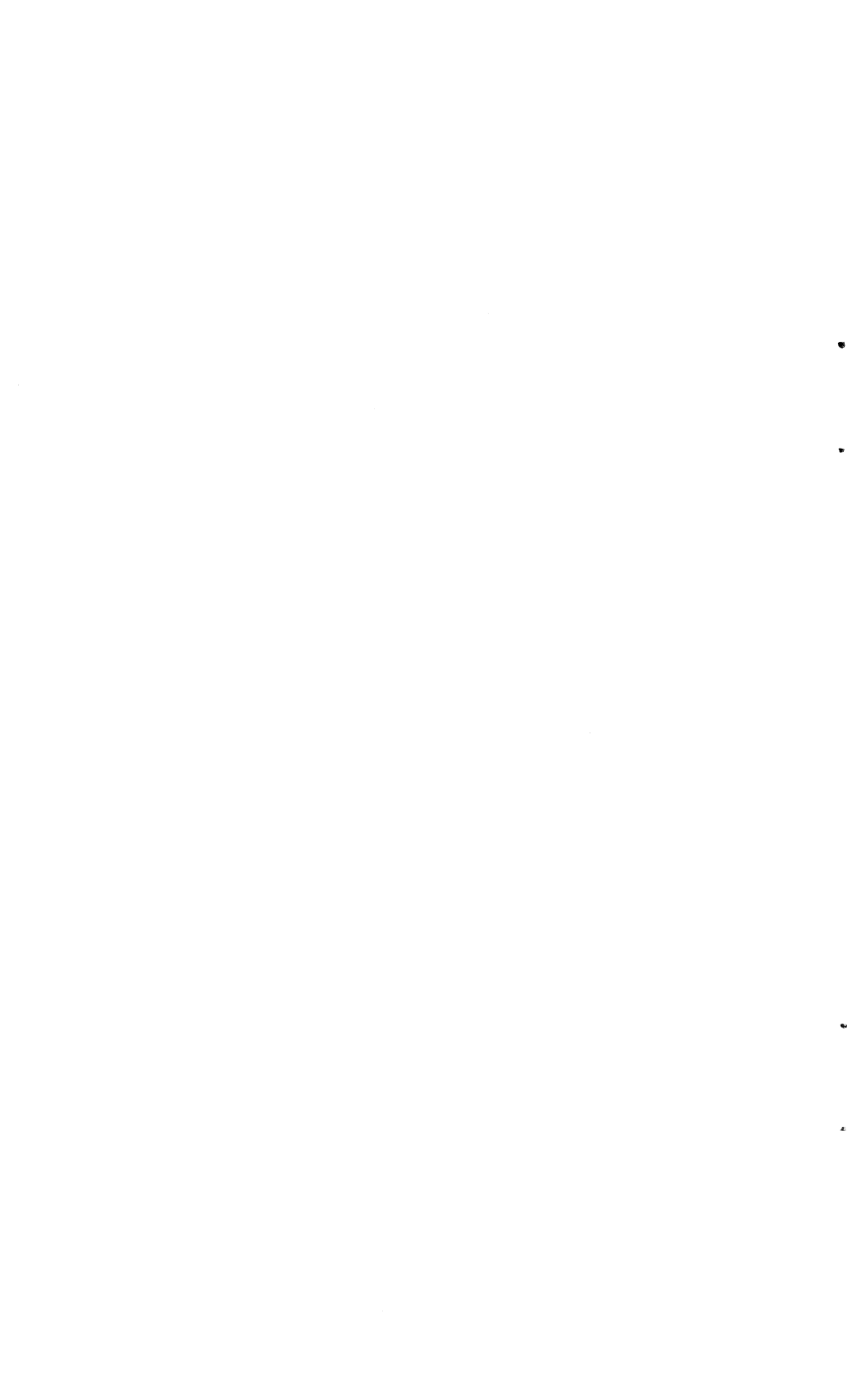
A MEMBER OF THE TRIBE KNOWN AS TINGUIANES.
Photograph taken at Bangued, Abra.





A WOMAN OF THE TRIBE KNOWN AS TINGUIANES.

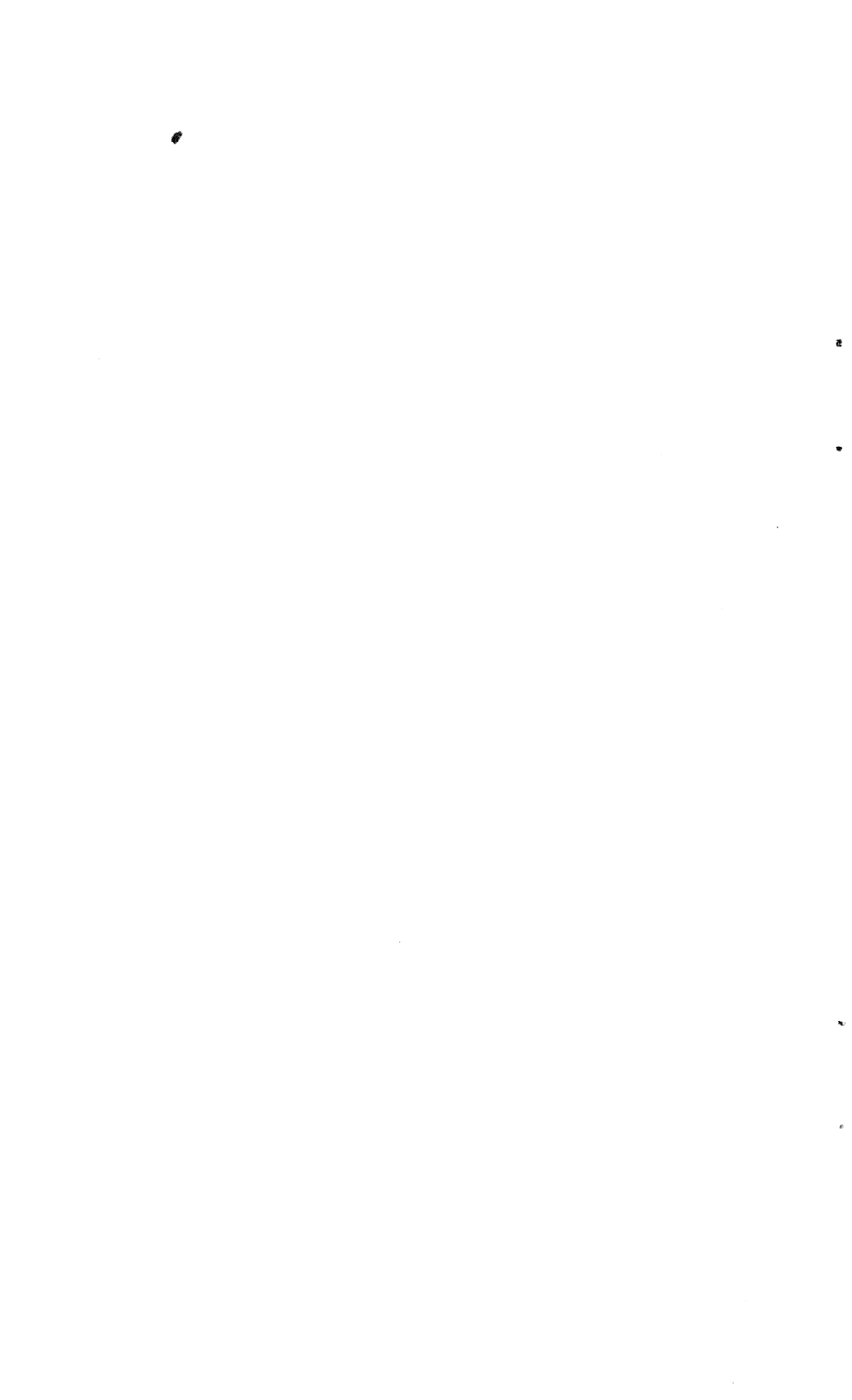
Photograph taken at Bangted, Abra.





A TINGUIAN WOMAN.

Photograph taken at Bangued, Abra. Swelling of the wrists caused by tight armlets.



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.

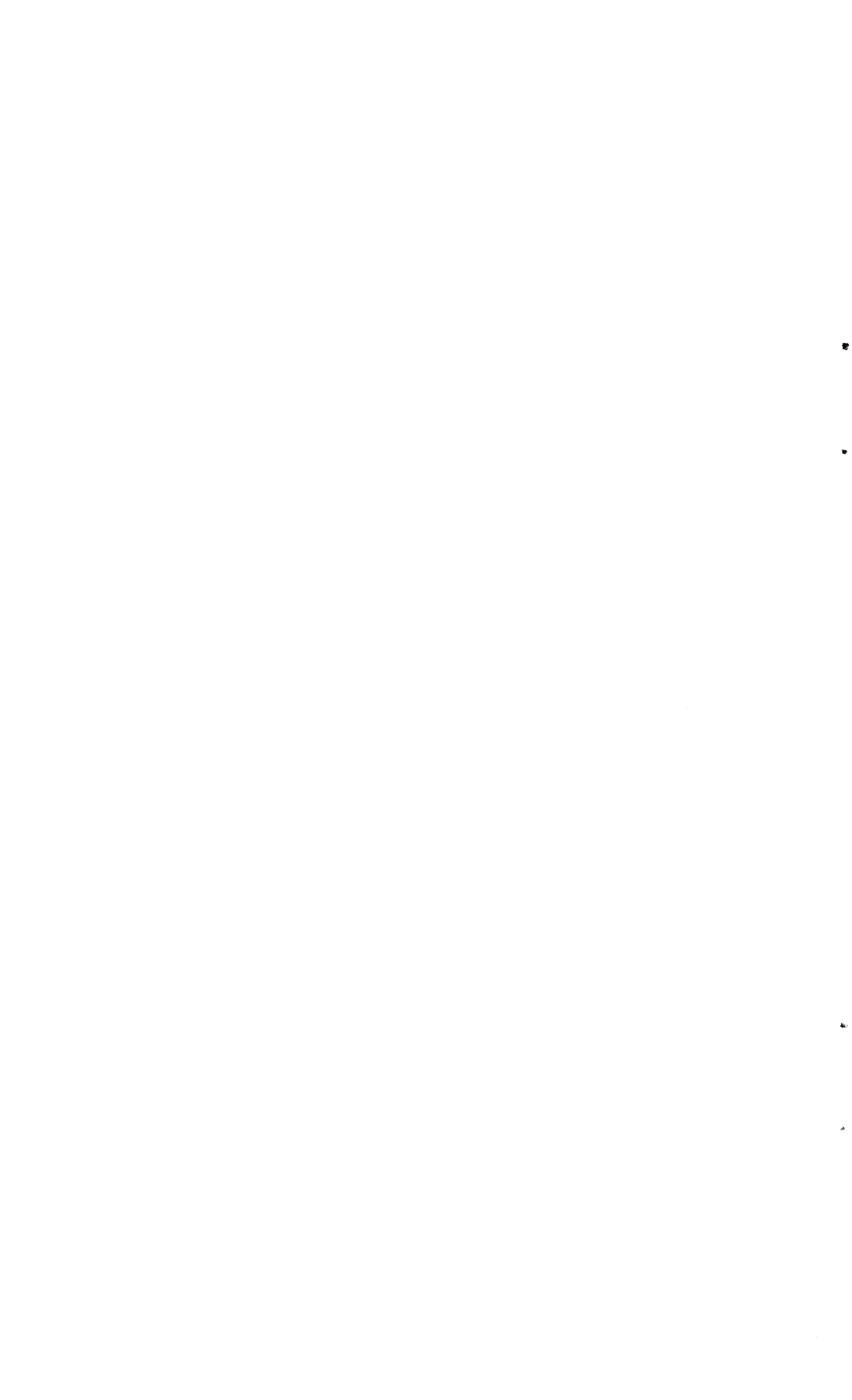
Experience, moreover, in the United States has shown, when this policy has been pursued, even when surrounded with most elaborate and stringent conditions, and there has been a failure to comply with the obligation to build their roads for one reason or another, that years have elapsed and prolonged 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

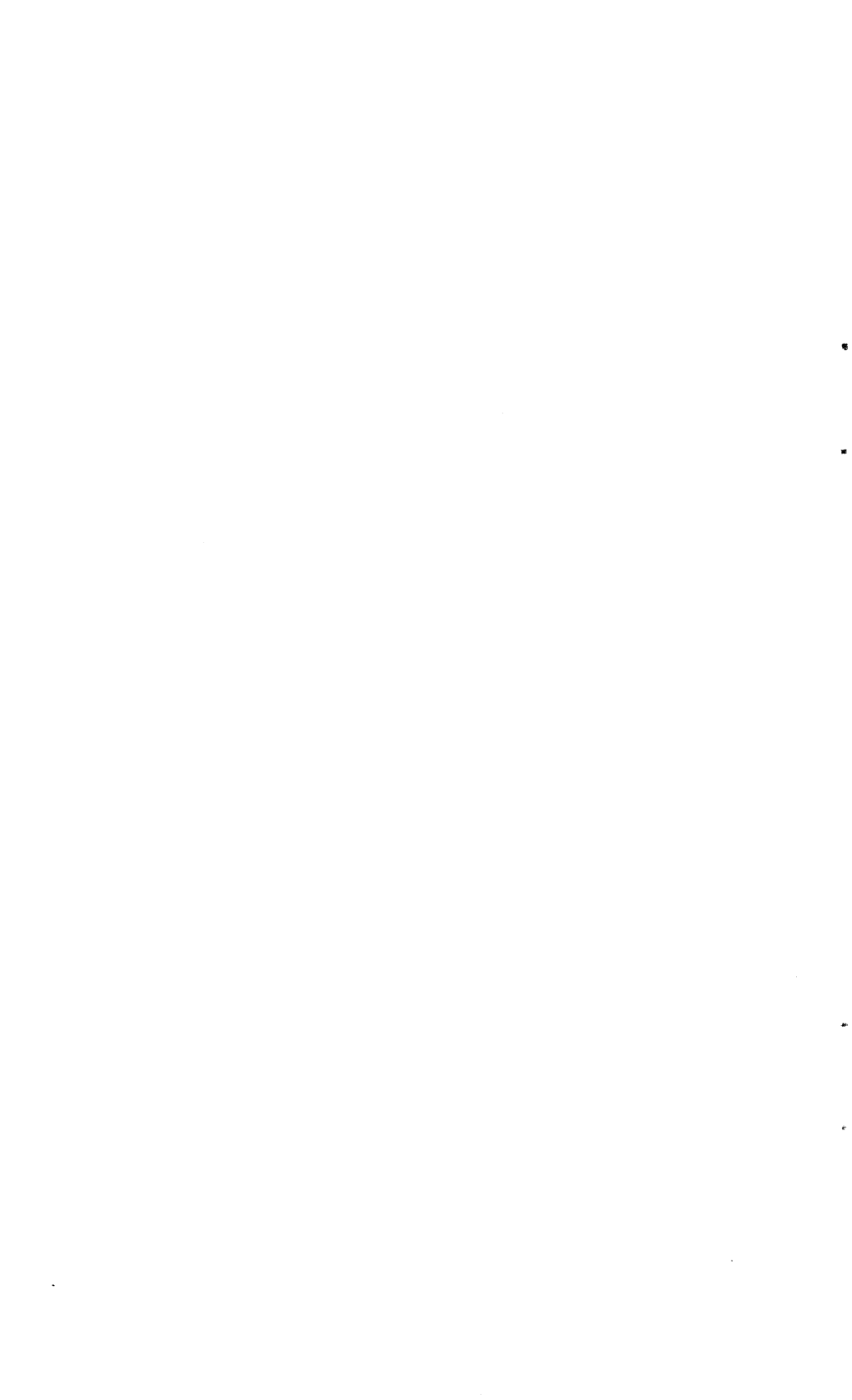


DIANSIG, CHIEF OF THE KALAGANES.
Photograph taken at Davao, Mindanao.





A HEADMAN OF THE SAMALES TRIBE, GULF OF DAVAO.



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.

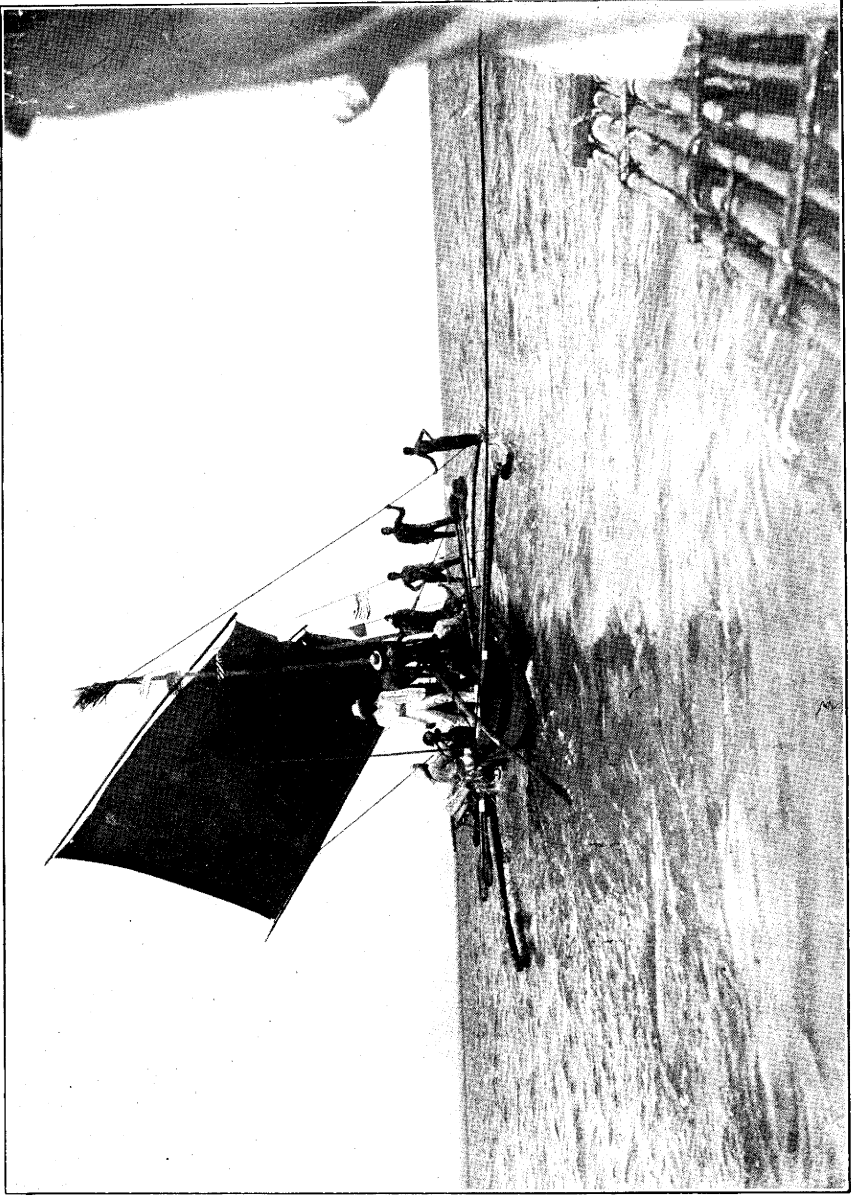
In recommending that it be given power to grant franchises, make donations of land or guarantee interest, as above set forth, it should not be understood that the commission would in every case and without exception exercise all of the powers thus vested in it. The aim of the commission would be to secure 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.

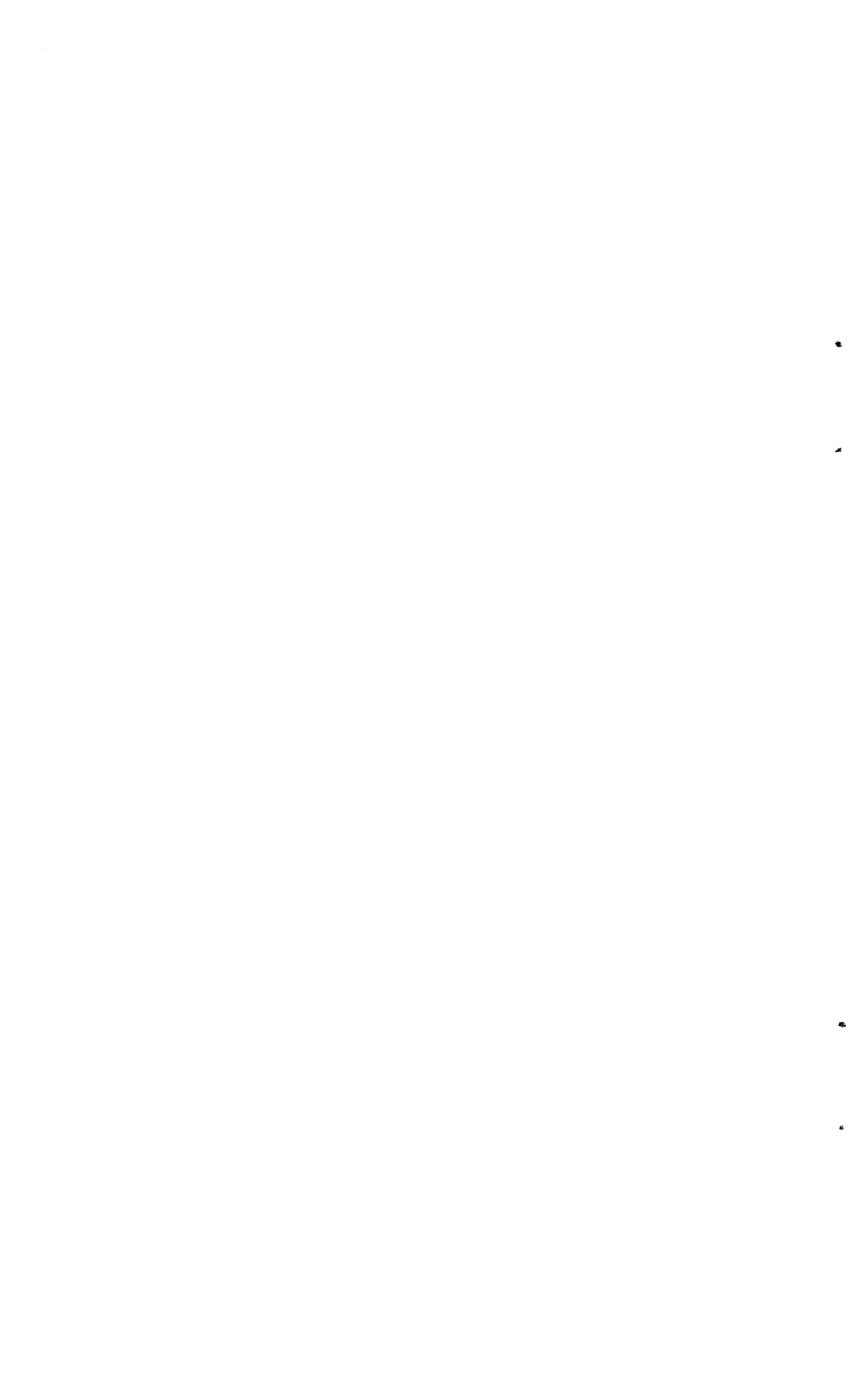
The difficulties of communication between the various points in the islands, already referred to, is a serious obstacle to the efficient administration of all branches of the Government. When it is considered that in some cases a month or more, in others weeks, and in nearly every case days, must elapse in going from Manila to the various provincial capitals, and vice versa, the extent of this difficulty can, in a measure, be understood.

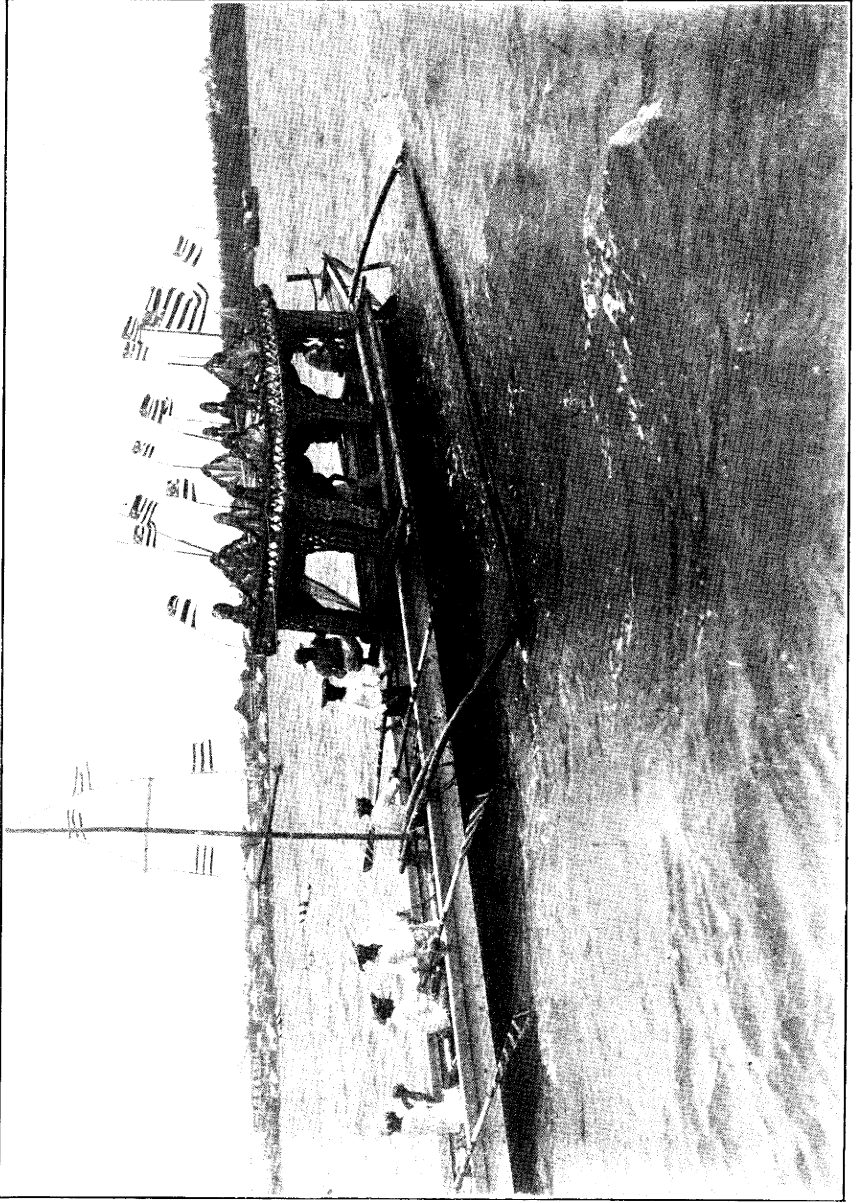
It is almost impossible, under such conditions, for the various departments of the insular government to keep in touch with their subordinates and intelligently direct their operations, while their remoteness and inaccessibility tend to generate in them a lack of that sense of immediate responsibility 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

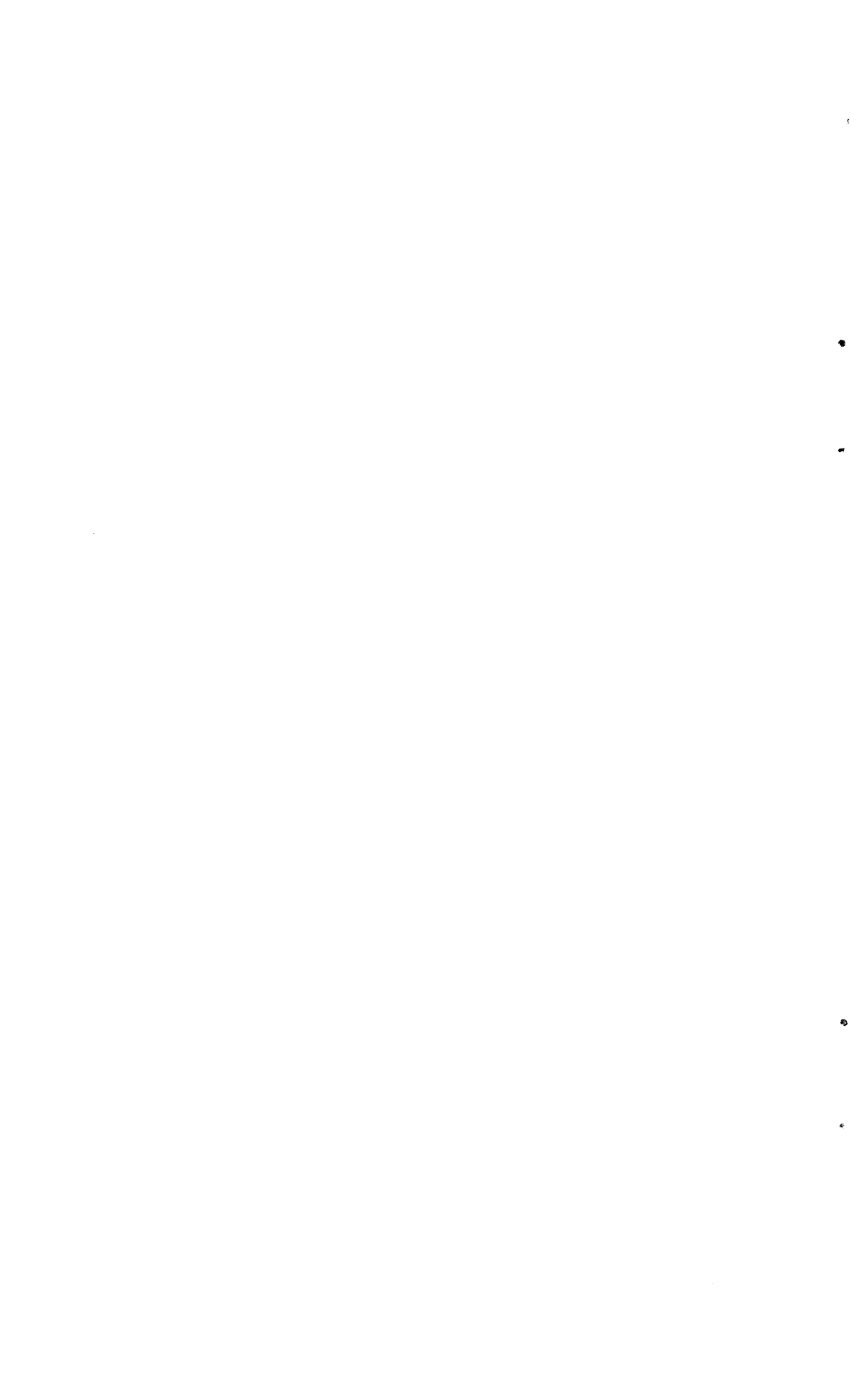


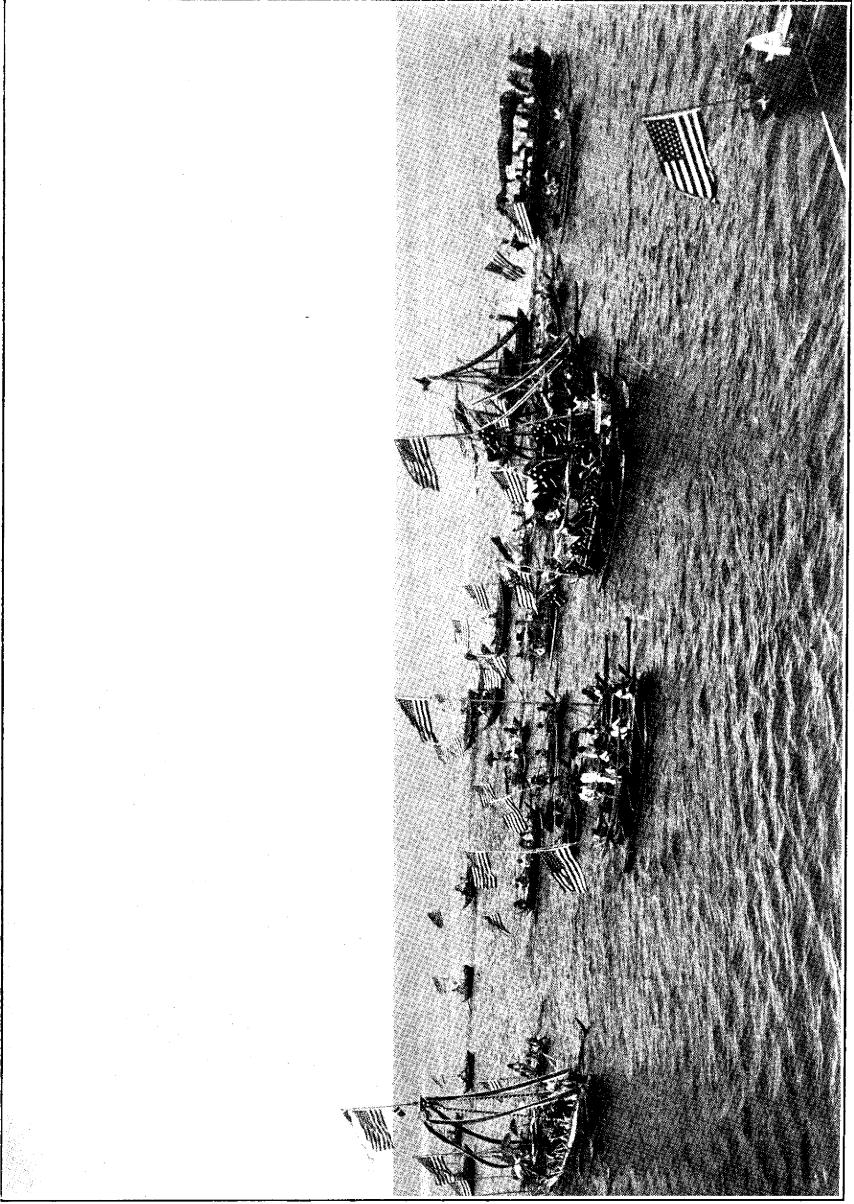
NATIVE SAILBOAT TOWING BARGE CONTAINING COMMISSION TO THE BEACH AT BALANGA, BATAAN.



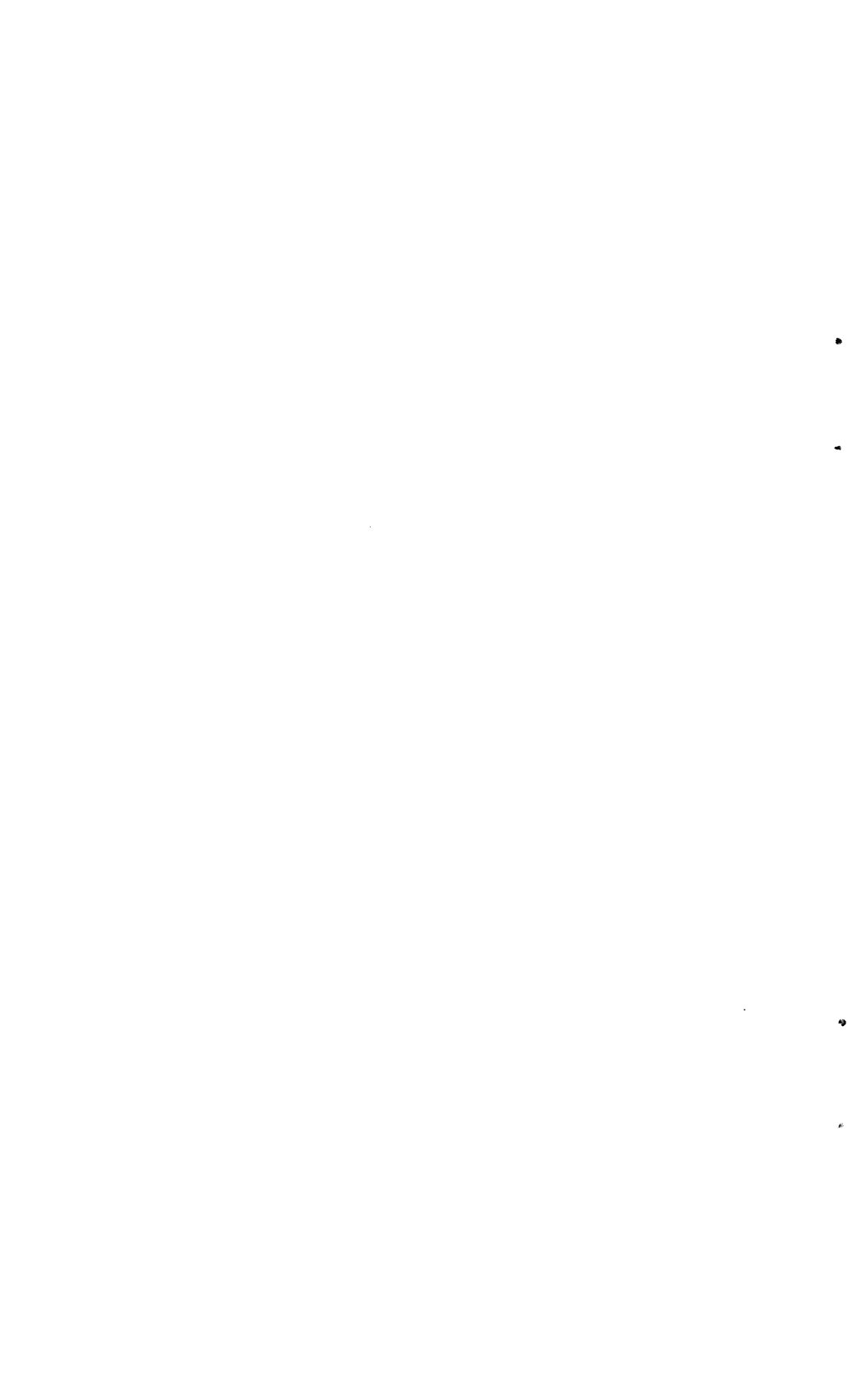


BARGE IN WHICH THE COMMISSION WAS LANDED AT BACOLOD, WESTERN NEGROS.





FLEET OF MORO BOATS COMING OUT TO MEET THE COMMISSION AT JOLO.



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 2½ feet draft, be provided, one to run on the Cayan 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.

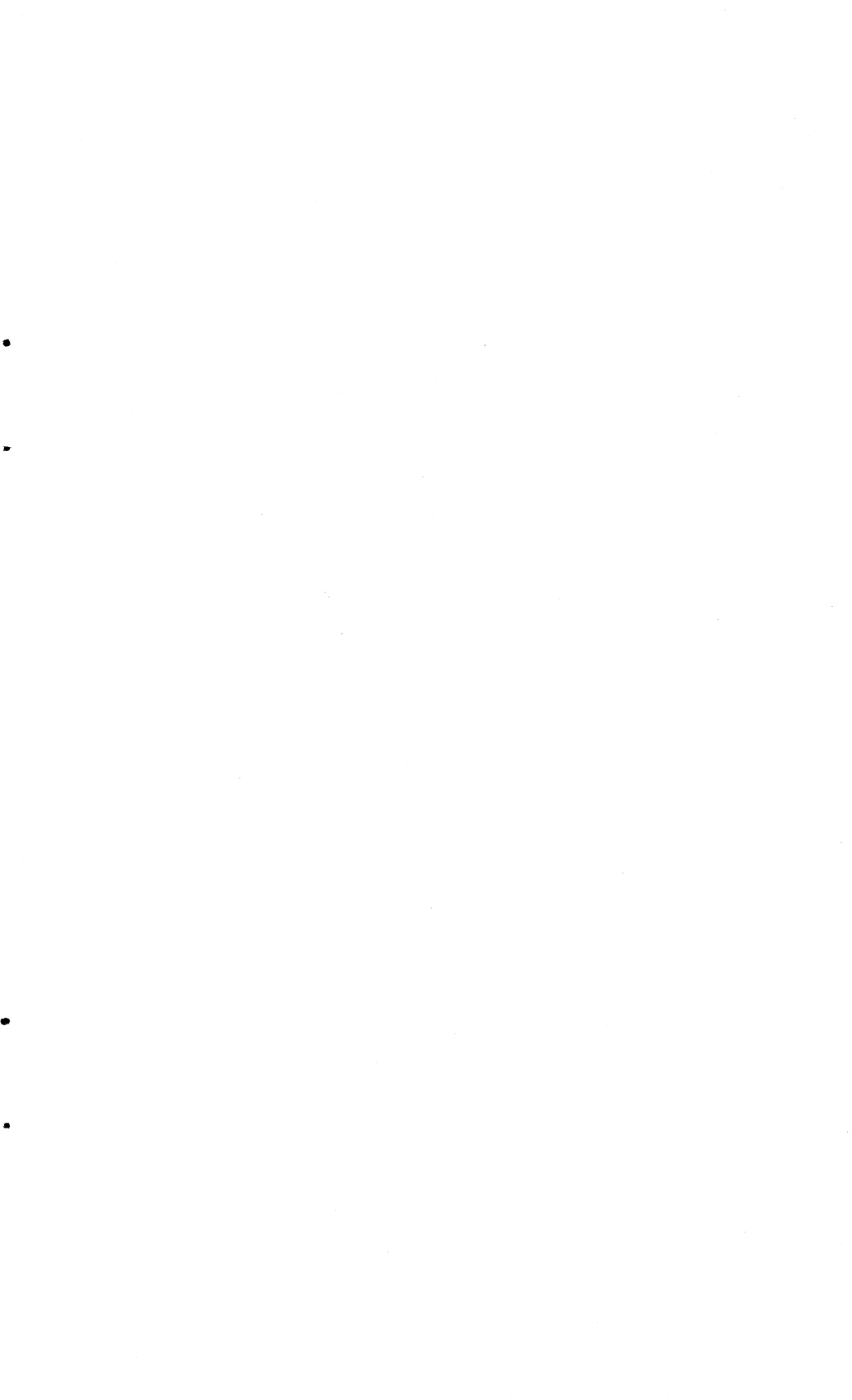
The commission, after carefully considering this report, was impressed with the soundness of its conclusions, but inasmuch as the programme was rather an ambitious one and involved the outlay of a

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.





MEMBER OF THE GUIANGA TRIBE.
Photograph taken at Davao.

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."

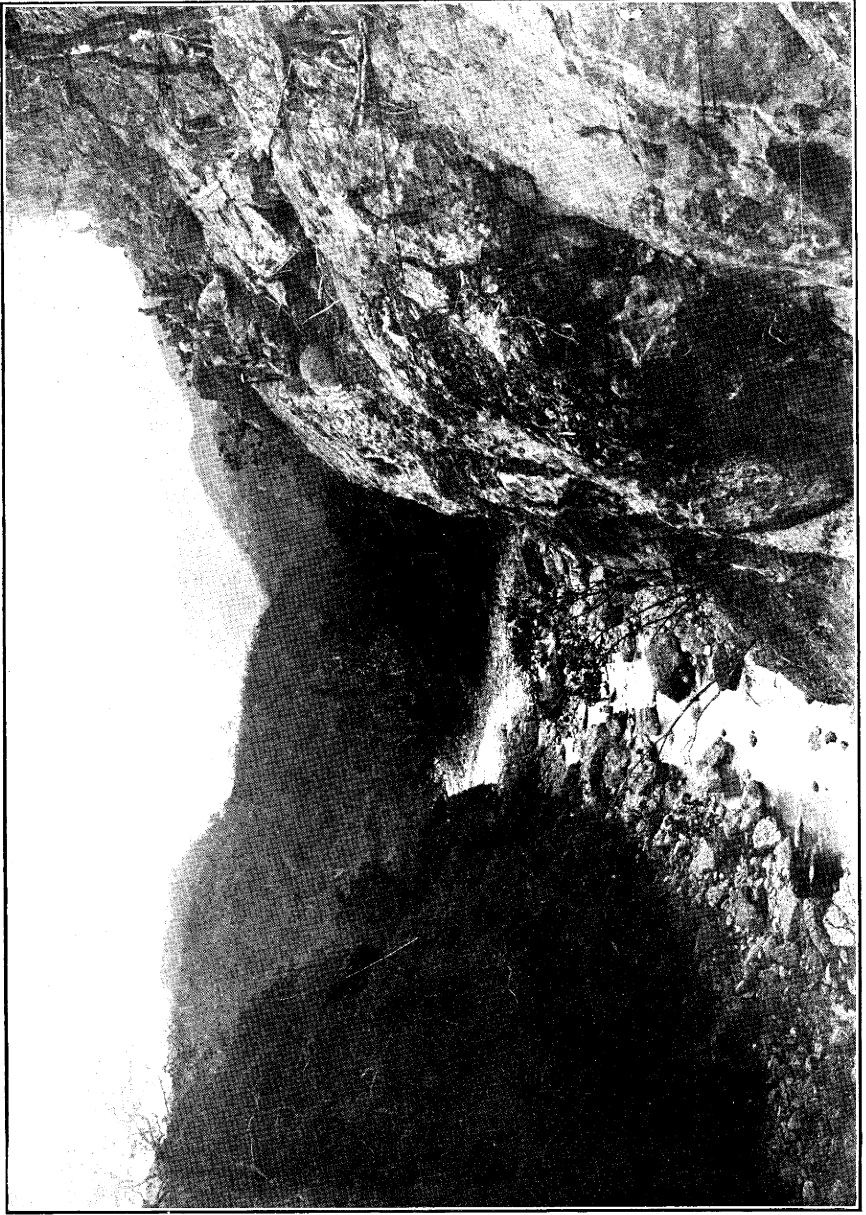
HIGHWAYS.

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.

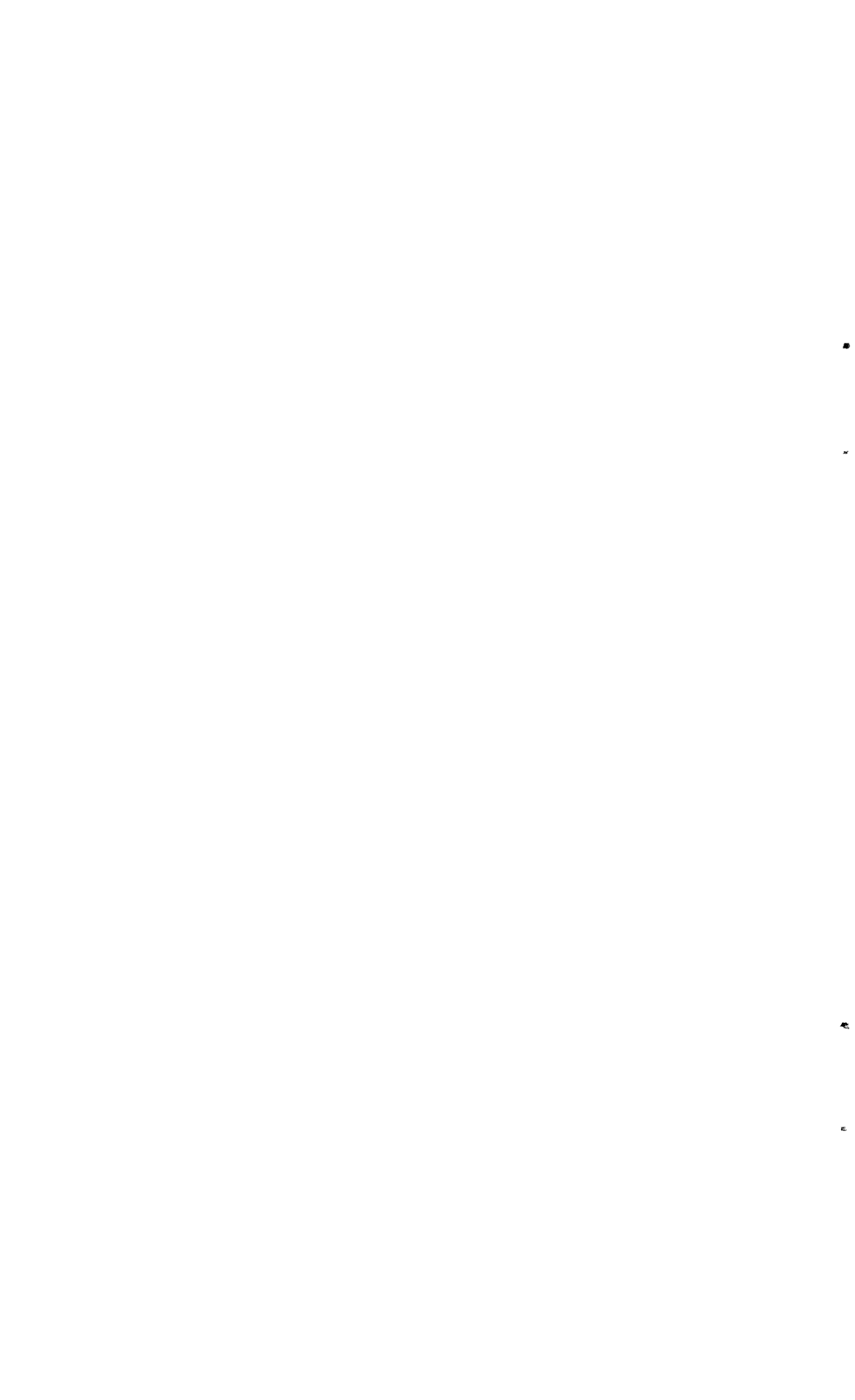
It will be seen by an inspection of act No. 83, which provides the machinery for the organization of provinces, and which has already been explained, that it is contemplated that the general work of road construction shall be left to the direction of the supervisor of each province, who by the law is 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



ROCK WORK IN THE BUED RIVER VALLEY ON THE BENGUET ROAD.



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 munici-

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 1 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	1,536,622.16	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	2,145,654.37	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	1,364,288.41	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	3,436,391.69	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	4,188,659.35	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.....	890, 229. 86

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).	Items.	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	
						87,500	486,500
Building and illumi- nation	21,300	12,000	\$1,100	{ \$20,000 41,000 }		95,400	95,400
Water supply and sewers	30,000	35,000				65,000	65,000
Public instruction ...	77,000	2,300	10,500			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	
						1,950	56,500
City assessor and collector	52,000	9,000				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 necessities 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 necessities 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 Compañia 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.

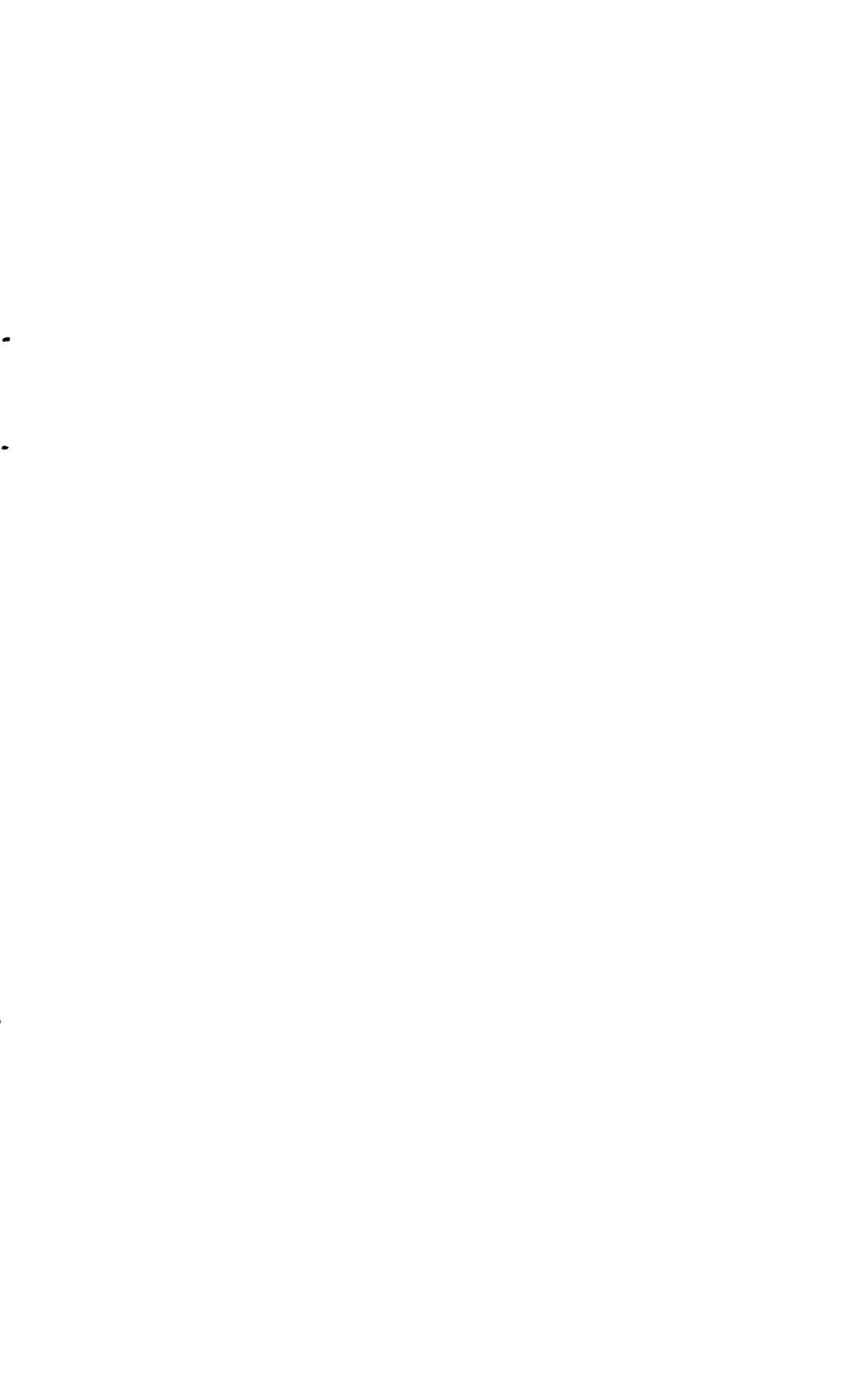
It is proposed to make use of the facilities presented in the public printing office to supplement the work of the trade school in training Filipinos so that they may be profitably employed in cooperating with American workmen in the different departments under the supervision of the public printer, 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-



ICORROTE SCHOOLBOYS, KABAYAN, BENGUET.



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 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 Crisolago.

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 BB, 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 CC 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 DD. 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.

LETTER TRANSMITTING DRAFT OF A MINING LAW FOR THE PHILIPPINES.

MANILA, *November 6, 1901.*

SIR: The commission begs to transmit to you herewith a draft of the mining law which it recommends for the Philippine Islands. It should accompany the report of the commission, already forwarded, as an exhibit.

As was stated in the report, it was deemed advisable to use the draft of the mining code prepared by the chief of the mining bureau as a basis of public discussion, in order to draw out the views of those persons who are at present most vitally interested in the development of the mineral wealth of this archipelago, so that, before making final recommendation, the commission might have the benefit of their opinions.

With very few exceptions, the miners and prospectors at present in these islands are American citizens, and with hardly a dissenting voice their representatives urged that the mining laws of the United States be put in force here, in so far as they are applicable. The arguments brought forward by them have convinced the commission that this should be done.

As the mining laws of Congress are embodied in numerous acts, a considerable number of the provisions of the Revised Statutes are necessarily inapplicable here; and as others require modification in the names of the officers designated to perform certain duties, in dates, or in other minor details, it seemed desirable that a draft combining all of the essential provisions of the United States statutes, with the minor modifications deemed necessary, should be prepared, rather than that the commission should make a general recommendation to the effect that the United States laws be put in force here so far as they are applicable.

Those prospectors who had located claims in accordance with the provisions of the United States laws were at first strongly inclined to urge the insertion of a section providing for the recognition of their claims. This would, however, in the opinion of the commission, necessarily open the question as to the validity of claims attempted to be located subsequently to April 11, 1899, in accordance with the provisions of Spanish law, and would, it is believed, lead to endless litigation which would tie up for an indefinite period considerable tracts of mineral land, and which would greatly retard the development of the mining industry. It is believed that little, if any, hardship will be worked upon persons who have made bona fide discoveries, if all claims of whatsoever sort attempted to be located subsequently to April 11, 1899, and prior to the date of such Congressional action as may be taken, are ignored. If it is generally known here that Congress is likely to act, bona fide discoverers of mineral are almost certain to be in possession of their claims at the proper time, and will, therefore, be able to follow out the necessary procedure to obtain patents therefor.

It has been the intention of the commission to avoid modifying the United States statutes except in the particulars above mentioned and in the following instances:

The provisions of section 2324 of the Revised Statutes authorizing the miners of each mining district to make regulations not in conflict with the laws of the United States or with the laws of the State or Territory in which the district is situated, governing the location, manner of recording, and the amount of work necessary to hold possession of a mining claim subject to certain requirements of law, have been modified by providing that the commission, or its successors, shall have this power, subject to similar limitations. It is believed that no necessity will exist for the making of such regulations in the Philippines by miners, and that the commission can examine the regulations in force in the several States, make such modifications therein as special conditions here may require, and publish regulations at the time the mining law is promulgated here which can be put in force throughout the entire archipelago.

It will be noted that the references in the United States statutes to homestead rights are retained in the draft herewith submitted. This is done in the hope that Congress will either pass a homestead law for the Philippines or authorize the commission to do so.

The provisions of sections 2330 and 2331 of the Revised Statutes, as to the size of placer claims that may be located by individuals, are in seeming contradiction, and it has therefore been deemed best to revise these sections in accordance with the rulings that have been made under them rather than to leave the text unchanged.

A somewhat difficult question is raised by the Spanish concessions, complete and incomplete. The number and nature of these concessions have been given in the first report of the commission.

As regards the completed concessions, the commission considers that the United States is bound to recognize them, and that their owners should be allowed to continue to exercise with reference to them the rights conferred by the provisions of Spanish law. Where proceedings are to be had for the cancellation of such concessions, however, it seems to the commission that they should be in the courts rather than before the chief of the mining bureau, as the Spanish law provides. It is difficult to foresee how much litigation will result in connection with these completed claims. Should it be considerable in amount, the creation of a special court to deal with it might be desirable.

It will be noted that the commission has inserted a provision compelling owners of completed Spanish concessions to mark the corners of their boundaries with permanent monuments within ninety days after the promulgation of the proposed act in the Philippine Islands. It is believed that this provision will work no injustice and that it should be adopted in the interest of honest American prospectors, who would gladly keep off the territory covered by these concessions if it were marked in such a way that they could do so. At present there is nothing on the ground to show the location of these concessions, but the holders of them, while refusing to mark their boundaries, make frequent complaints that they are being trespassed upon, *although such complaints are often delayed until the alleged trespassers have struck mineral in place.*

As to the incomplete Spanish concessions, it seems to the commission that no property rights are involved, and that they may therefore be left out of account. If this is done, it will greatly simplify matters

here and will prevent a serious clog upon the development of the mining industry. During the last days of Spanish sovereignty proceedings were begun looking toward the securing of concessions covering a large part of the known mineral lands of the Philippines. While the proceedings had were, in many instances, illegal or fraudulent, and while few, if any, of the persons interested in such claims have fulfilled the requirements of Spanish law so as to establish any legal rights with reference to them, still if these claims were recognized in any way they would constitute a certain source of endless litigation.

Very respectfully,

WM. H. TAFT.
DEAN C. WORCESTER.
LUKE E. WRIGHT.
HENRY C. IDE.
BERNARD MOSES.

The SECRETARY OF WAR,
Washington, D. C.

AN ACT to promote the development of the mineral resources of the Philippine Islands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that:

SECTION 1. *Mineral lands reserved.*—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. 2. *Mineral lands open to purchase, under certain conditions as to citizenship.*—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 and purchase, and the land in which they are found to occupation and purchase, by citizens of the United States, natives of the Philippine Islands, and persons who have, under and by virtue of the treaty of Paris, acquired the political rights of natives of the Philippine Islands.

SEC. 3. *Length of mining claims upon veins or lodes.*—Mining claims upon 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, may equal but shall not exceed one thousand five hundred feet in length along the vein or lode; but no location of a mining claim shall be made until the discovery of the vein or lode within the limits of the claim located. No claim shall extend more than three hundred feet on each side of the middle of the vein at the surface, nor shall any claim be limited by any mining regulation to less than twenty-five feet on each side of the middle of the vein at the surface, except where adverse rights existing on the date of the passage of this act render such limitation necessary. The end lines of each claim shall be parallel to each other.

SEC. 4. *Proof of citizenship.*—Proof of citizenship under this act 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. 5. *Locator's right of possession and enjoyment.*—The locators of all mining locations heretofore made or which shall hereafter be made on any mineral vein, lode, or ledge situated on the public domain, their heirs and assigns, where no adverse claim exists at the date of the passage of this act, so long as they comply with the laws of the United States, and with the laws and local regulations of the Philippine Islands not in conflict with the laws of the United States governing their possessory title, shall have the exclusive right of possession and enjoyment of all the surface included within the lines of their locations, and of all veins, lodes, or ledges throughout their entire depth the top or apex of which lies inside of such surface lines extended downward vertically, although such veins, lodes, or ledges may so far depart from a perpendicular in their course downward as to extend outside the vertical side lines of such surface locations. But their right of possession to such outside parts of such veins or ledges shall be confined to such portions thereof as lie

between vertical planes drawn downward as above described, through the end lines of their locations, so continued in their own direction that such planes will intersect such exterior parts of such veins or ledges: *Provided*, That in working a blanket ledge the locator or possessor of a mining claim shall be restricted to that portion of such ledge which lies inside of the surface lines of the claim extended downward vertically. And nothing in this section shall authorize the locator or possessor of a vein or lode which extends in its downward course beyond the vertical lines of his claim to enter upon the surface of a claim owned or possessed by another.

SEC. 6. *Owners of tunnels, rights of.*—Where a tunnel is run for the development of a vein or lode, or for the discovery of mines, the owners of such tunnel shall have the right of possession of all veins or lodes within three thousand feet from the face of such tunnel on the line thereof, not previously known to exist, discovered in such tunnel, to the same extent as if discovered from the surface; and locations on the line of such tunnel of veins or lodes not appearing on the surface, made by other parties after the commencement of the tunnel, and while the same is being prosecuted with reasonable diligence, shall be invalid; but failure to prosecute the work on the tunnel for six months shall be considered as an abandonment of the right to all undiscovered veins on the line of such tunnel.

SEC. 7. *Regulations made by the United States Philippine Commission or its successors.*—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: The location must be distinctly marked on the ground, so that its boundaries can be readily traced. All records of mining claims hereafter made shall contain the name or names of locators, the date of location, and such a description of the claim or claims located, by reference to some natural object or permanent monument, as will identify the claim. 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 where a person or company has or may run a tunnel for the purpose of developing a lode or lodes owned by said person or company, the money so expended in said tunnel shall be taken and considered as expended on said lode or lodes, and such person or company shall not be required to perform work on the surface of said lode or lodes in order to hold the same. Where such claims are held in common, such expenditure may be made upon any one claim; and 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 co-owners to contribute his proportion of the expenditures required thereby, the co-owners who have performed the labor or made the improvements may, at the expiration of the year, give such delinquent co-owner 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 co-owners 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. 8. *Patents for mineral lands, how obtained.*—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 of the province wherein the land claimed is located, or, if there is no provincial secretary, in the office of the adjutant-general of the commander of the military department wherein such land 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 or claims, 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 adjutant-general, 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 this application, or at any time thereafter, within the sixty days of publication, shall file with the provincial secretary or adjutant-general 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 adjutant-general 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 or military department wherein 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. 9. *Affidavit of citizenship or nationality, before whom made.*—Applicants for mineral patents, if residing beyond the limits of the province or military department wherein the claim is situated, may make any oath or affidavit required for proof of citizenship before the clerk of any court of record or before any notary public of any province or military department of the Philippine Islands, or any other official authorized by law to administer oaths.

SEC. 10. *Adverse claim, proceedings on.*—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 affidavit 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 adjutant-general of the commander of the military department, as the case may be, 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 adjutant-general of the commander of the military department, as the case may be, to the secretary of the interior for 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 or military department 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

adjutant-general of the commander of the military department, as the case may be, 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 adjutant-general of the commander of the military department, as the case may be, 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. 11. *Description of vein claims on surveyed and unsurveyed lands.*—The description of vein or lode claims upon unsurveyed 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. 12. *Conformity of placer claims to surveys—Limit of placer claims.*—Claims usually called "placers," including all forms of deposit, excepting veins of quartz or other rock in place, shall be subject to entry and patent, under like circumstances and conditions and upon similar proceedings as are provided for vein or lode claims; but where the lands have been previously surveyed by governmental authority the entry in its exterior limits shall conform to the legal subdivisions of the public lands.

SEC. 13. *Entry of lands valuable for building stone.*—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. 14. *Entry of lands containing petroleum or other mineral oils.*—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. 15. *Maximum of placer location.*—No location of a placer claim shall exceed one hundred and sixty acres for any association of persons, irrespective of the number of persons composing such association, and no such location shall include more than twenty acres 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. 16. *Conformity of placer claims to surveys.*—Where placer claims are 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 with 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 forty acres shall remain such fractional portion of agricultural land may be entered by any party qualified by law for homestead purposes.

SEC. 17. *Evidence of possession and working that is necessary to establish a right to a patent.*—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 to the issuance of a patent.

SEC. 18. *Proceedings for patent for placer claim—Placer claims embracing lode claims.*—Where the same person, association, or corporation is in possession of a placer claim and also a vein or lode included within the boundaries thereof, application shall be made for a patent for the placer claim, with the statement that it includes such vein or lode, and in such case a patent shall issue for the placer claim, subject to the provisions of this act, including such vein or lode, upon the payment of five dollars per acre for such vein or lode claim, and twenty-five feet of surface on each side thereof. The remainder of the placer claim, or any placer claim not embracing any vein or lode claim, shall be paid for at the rate of two dollars and fifty cents per acre, together with all costs of proceedings; and where a vein or lode, such as is described in sec-

tion three, is known to exist within the boundaries of a placer claim, an application for a patent for such placer claim which does not include an application for the vein or lode claim shall be construed as a conclusive declaration that the claimant of the placer claim has no right of possession of the vein or lode claim; but where the existence of a vein or lode in a placer claim is not known, a patent for the placer claim shall convey all valuable mineral or other deposits within the boundaries thereof.

SEC. 19. *Chief of the Philippine insular bureau of public lands to appoint deputy mineral surveyors.*—The chief of the Philippine insular bureau of public lands may appoint as many competent deputy mineral surveyors as shall apply for appointment 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 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 or military department 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 adjutant-general, as the case may be, 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. 20. *Verification of affidavits.*—*Contests as to mineral or agricultural character of land.*—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 adjutant-general. 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 of at least once a week for thirty days in a newspaper, to be designated by the provincial secretary or the adjutant-general of the military department, as the case may be, as published nearest to the location of such land, 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 the provincial secretary or adjutant-general of the military department shall require proofs that such notice has been given.

SEC. 21. *Intersecting veins.*—When two or more veins intersect or cross each other, priority of title shall govern, and such prior location shall be entitled to all ore or mineral contained within the space of intersection; but the subsequent location shall have the right of way through the space of intersection for the purposes of the convenient working of the mine. And where two or more veins unite, the oldest or prior location shall take the vein below the point of union, including all the space of intersection.

SEC. 22. *Patents for nonmineral lands.*—*Mill sites.*—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 five acres, 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. 23. *Conditions of sale that may be made by the United States Philippine Commission, or its successors.*—As a condition of sale, the United States Philippine Commission, or its successors, 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 Commission is hereby further empowered to fix the bonds of deputy mineral surveyors.

SEC. 24. *Vested rights to use of water.—Right of way for canals and ditches.*—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. 25. *Patents subject to vested and accrued water rights.*—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. 26. *Land districts and officers, power of Commission to provide.*—The United States Philippine Commission, or its successors, are 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 or military officers, shall be had before the proper officers of such land offices.

SEC. 27. *Entry of coal lands.*—Every person above the age of twenty-one years, who is a citizen of the United States, a native of the Philippine Islands, or who has acquired the rights of a native of the Philippine 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 or adjutant-general, have the right to enter any quantity of vacant coal lands of the Philippine Islands, not otherwise appropriated or reserved by competent authority, not exceeding one hundred and sixty acres to such individual person, or three hundred and twenty acres to such association, upon payment to the provincial treasurer or the collector of internal revenue, as the case may be, of not less than ten dollars per acre 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 twenty dollars per acre 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 forty or one hundred and sixty acres in conformity with the rules and regulations governing the public-land surveys of the United States in plotting legal subdivisions.

SEC. 28. *Preemption of coal lands.*—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: *Provided*, That when any association of not less than four persons, severally qualified as above provided, shall have expended not less than five thousand dollars in working and improving any such mine or mines, such association may enter not exceeding six hundred and forty acres, including such mining improvements.

SEC. 29. *Preemption claims of coal lands to be presented within sixty days.*—All claims under the preceding section must be presented to the proper provincial secretary or adjutant-general 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. 30. *Only one entry allowed.*—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 twenty-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. 31. *Conflicting claims.*—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 under the United States system of public-land surveys, to include as near as may be the valuable improvements of the respective parties. The United States Philippine Commission, or its successors, are authorized to issue all needful rules and regulations for carrying into effect the provisions of this and the four preceding sections.

SEC. 32. *Salt and saline lands.*—Whenever it shall be made to appear to the secretary of any province in the Philippine Islands, or, if there is no provincial secretary, to the adjutant-general of the commander of the military department including any province, that any lands within the province or department are saline in character, it shall be the duty of said provincial secretary or adjutant-general, under the regulations of the United States Philippine Commission, or its successors, 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 adjutant-general 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 the United States Philippine Commission, or its successors, and sold to the highest bidder, for cash, at a price of not less than one dollar and twenty cents per acre; 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 one dollar and twenty cents per acre, in the same manner as other lands in the Philippine 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 the secretary of the interior.

SEC. 33. *Grants of lands to provinces or corporations not to include mineral lands.*—No act granting lands to provinces or corporations to aid in the construction of roads, or for other 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. 34. *Perfected Spanish concessions.*—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 11, 1899, 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 ninety days 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 exploration and purchase under the provisions of this act.

SEC. 35. *Mining rights acquired only under this act henceforth.*—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. 36. *The Commission empowered to establish a mining bureau.*—The United States Philippine Commission, or its successors, are hereby empowered to establish a mining bureau, which shall discharge the duties prescribed for the "Inspección de Minas" by the laws in force in the Philippine Islands prior to April 11, 1899, with reference to all perfected Spanish concessions, and shall discharge such further duties, not in conflict with the provisions of this act, with reference to the mineral wealth and the development of the mining industry in the Philippine Islands, as the United States Philippine Commission, or its successors, may provide: *Provided*, 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.

SEC. 37. *When act takes effect.*—This act shall take effect on its passage.

APPENDIX A.

A HISTORY OF THE FEDERAL PARTY, BY DR. T. H. PARDO DE TAVERA.

THE FEDERAL PARTY.

The political event of greatest importance next to the organization of the Filipino revolutionary government and the outbreak of hostilities with the United States has undoubtedly been the establishment of the Federal party—the first to be born and develop in the Philippines under the protection of law and in accordance with the new right of freedom of association and of the press which the Government of the United States has guaranteed to the natives of the archipelago.

In view of the greatly disturbed condition of the country after the 4th day of February, 1899, it was not easy to foresee when a political party could be formed, and it appeared impossible to arrange a peace proposition which would induce the Filipinos to acknowledge American sovereignty. A policy of government based principally upon the most absurd intolerance which had obtained in the Philippines for more than three centuries until the arrival of the Americans, has established in the minds of the Filipinos the deep-rooted conviction that an alien sovereignty could come with no other object in view than an iniquitous exploitation and that it could be maintained by no other means than a selfish and absorbing government founded upon civil intolerance, religious medievalism, and inexorable military power—the triple alliance which the previous government relied on.

The successes of the Union Army in the war convinced the Filipinos that there was a superior force which would annihilate them; but these successes could not prevent the people—bleeding and without strength—from tenaciously continuing a suicidal struggle to escape the new slavery which they so greatly feared, even though it were at the cost of death.

An attempt was made as far back as the outbreak of hostilities in February, 1899, to organize a party that would accept American sovereignty, for the purpose of securing peace and permitting the Filipinos enjoying it to petition the United States, through lawful channels, for all those rights and liberties they wished to obtain.

The Filipinos knew the United States only through the proclamations, speeches, and ordinances of the Spanish authorities, and through the articles published in the Spanish press, all of which tended to convince them that the sovereignty of the United States would endanger not only their liberty, but also the civilizing influences of religion, and even their families. They also diffused the idea of the absolute weakness and impotency of the United States to make war on the Filipinos.

Such was the true reason for the great lack of confidence felt toward the United States and of the absolute certainty which the Filipinos

harbored of being able to vanquish their great rival in an armed conflict.

It was necessary, in order to secure peace, to patiently and confidently await the time when facts would prove to the Filipinos the error of their judgment. The lesson taught by experience was long and, unfortunately, at the cost of the ruin of the country and the loss of a large number of human lives.

Certain abuses committed by men representing authority among the Filipinos and the unsettled conditions and injustice that prevailed in their territory showed the impossibility of the organization of an independent government. The triumph of the American arms made them realize that the accusation of cowardice brought against the Americans and generally disseminated throughout the country during Spanish rule was an absurd slander, and, finally, the conduct of the Americans after their victories showed them that their acts did not reveal cruel and wicked men, as had been affirmed by the Spanish military, civil, and ecclesiastical authorities in official documents.

Of the principal civil chieftains of the insurrection some voluntarily surrendered, while others were captured by the forces of the Union. Some of the generals were already in Manila and had acknowledged the sovereignty of the United States. This circumstance favored the work done with the purpose of convincing the people that peace was an absolute necessity and that it would be the origin and beginning of a period of justice during which the cause of liberty would attain those rights which it would be impossible ever to acquire by the force of arms.

The people in arms received the advice which was sent them by their friends in the city with the most profound contempt, supposing it to have been dictated and inspired by fear, under the threats of the authorities. The civil and military commanders who surrendered or sought the protection of American sovereignty had, upon their arrival in Manila, an opportunity of communicating directly with the members of the Commission and of observing in person that the state of affairs was actually far different from what they had supposed when in the field. They themselves wrote to those who persisted in their hostile attitude, informing them of the true situation. Little by little they so convinced their friends and comrades that they, too, began to return to the towns, and there was spread throughout the country, if not an absolute confidence in, at least a more favorable idea of, the Americans and less mistrust of their policy.

It appeared to some at this time that the opportune moment had arrived to organize a political party, and thereupon the preliminary labors for the construction of our platform were begun.

Messrs. Buencamino, Dr. Frank S. Bourns, Ner, Arguelles, Dancel, Fabie, Yangco, Torres, Arellano, and others, full of faith and confidence in their success, went to work and were able to complete their labors in time to call a meeting for December 23, 1900. At said meeting, presided over by Mr. Florentino Torres, the manifesto of the Federal party was read and its platform given out, and thus was the Federal party organized.

Without wishing to cast aspersions upon the good faith of anyone, lack of confidence in the brilliant success at once achieved by the party was perhaps natural, since at that time Manila was under a military government, and it was not strange that suspicion should be harbored that many of those that joined the party did so in order not to appear

as enemies of the American Government. But the real influence of the party and the sincerity of its adherents was soon made evident, not only by the rapidity of its growth in the provinces, but also by the more significant fact that the surrender of many Nationalists with their arms was followed by their acknowledging the sovereignty of the United States and their declaration that they abandoned armed warfare by reason of the efficacious influence of the Federal party which they joined.

In order to organize committees in the pueblos, delegates with adequate instructions were sent to the provinces, but so great was the effect produced by the new party that in a great many of the pueblos committees had been formed before the arrival of the delegates; in fact, new and enthusiastic adherents were gathered in spontaneously from every quarter.

The first demonstration of material importance made by the party was held when the Civil Commission made a trip through the Provinces of Pampanga, Tarlac, and Pangasinan, where, due to the unity of purpose of the party, a large group of persons, representing the most distinguished elements of those provinces, for the first time made a public expression of their sympathy, confidence, and adherence to the sovereignty of the United States. Such demonstrations were of great value, for, besides revealing in the Philippines a new sentiment, they served to convince the rest of the Filipinos that it was already possible, without endangering life, to express allegiance to the new sovereignty. Terror had reigned in those very provinces until a short time prior hereto, because natives who had shown they were partisans of the Americans, and who expressed their ideas in public, were cruelly assassinated in their own homes or kidnapped with their families, to be sacrificed in a manner as cruel as it was barbarous.

On February 22 last the "Americanista" sentiments of the Federals were in evidence in Manila, when a memorable demonstration was held on the Luneta drive, where more than 7,000 people, belonging to all classes of society, applauded the name of Washington and paid homage as sincere as it was enthusiastic to the American flag. In all the pueblos of the archipelago where the party had been organized demonstrations of the same nature took place, this being the first time that enthusiastic public demonstrations of friendly sentiments toward the United States had been held.

During the trips afterwards taken by the Commission to the two most obstinately rebellious provinces—Bulacan and Bataan—it was observed that the triumph of the Federal party had brought about peace and confidence on the part of their inhabitants. It was also seen when the Commission traveled over the other provinces for the purpose of establishing civil government that the adherents of the party did everything in their power to facilitate the work of the Government and to diffuse among the Filipinos the sentiments of confidence which they themselves bore toward the United States.

Although it is true that in some of the provinces the committees had been rapidly organized and had been successful in calming the general lack of confidence of the people, in others not a few difficulties had to be overcome because some misguided men were diffusing ideas calculated to excite mistrust.

The Spanish press of Manila is making a systematic opposition to the Federal party and a short time ago inaugurated a campaign of slander directed against its adherents, but they have been able to

create only an atmosphere openly hostile toward the Spaniards, which will undoubtedly increase.

The Federal party is constantly laboring to show to the Filipino people that nothing will benefit them as much as an unconditional adoption of American civilization, in order that they may at the proper time constitute a State similar to others of the Union. This is the final purpose of its platform, which clearly explains the aspirations of the party, which are, briefly, as follows: A steadily increasing autonomy, the separation of church and state, representation of the Philippines in the Federal Congress, and the adoption of the American Constitution, culminating at last in the admission of the islands as one of the States of the Union.

Peace being secured, all the efforts of the party will be directed toward the Americanization of the Filipinos and the spread of the English language, so that by this medium the American spirit may be infused, its principles, political usages, and grand civilization adopted, and the redemption of the Filipino people be radical and complete. Such a work will not be easy. The old rule has inculcated habits and customs that can not easily be changed, but in the same manner as the Filipinos have been taught by experience that they were deceived in supposing and in believing the slanders they heard against the Americans to be true, so will they again be taught by experience that the progress and civilization of the country lies in a complete adoption of the American spirit.

Habit, the traditional spirit of backward countries, and a mistaken idea of their own history, are the motives that lead some Filipinos to stubbornly insist upon the preservation, as useful and glorious, of a rickety form of civilization bequeathed by the former sovereignty. However, common sense will not be long in showing, when their passions have somewhat calmed, that the past has fallen because it only represented the miserable vestiges of a senile and incomplete civilization. It is only now that the Filipinos can say that for the first time an opportunity has been granted them of having a true civilization in their midst, guided by a nation practically capable of civilizing and extending to others the benefits of its institutions and its customs.

The Filipino people is ardently desirous of education; it thirsts for justice, and it was only through the fear of a perpetuation of the era of abuse and oppression which characterized the old sovereignty that it was impelled to a tenacious resistance against the sovereignty of the United States. When the Government of the United States shall have organized public education, and when the organization of justice shall give complete satisfaction to all who demand the defense of their rights, then will it be possible to see the true sentiments that our people harbor to the new sovereignty.

The Federal party has confidence in America and in the Filipinos, because its adherents are sure that America, sooner or later, will grant to the Filipinos all the rights enjoyed by the natives of the Columbian continent; it is also confident that the Filipinos, within a short space of time, when they understand their best interests, will enter, without suspicion or reserve, upon the road which the Federal party will show them. Inspired by the American spirit, adopting the English language, reading and thinking as Americans, the universal belief is that it will be demonstrated to the Republic of the United States, sooner or later, that the Filipinos are worthy and able to form a part of their federation. Such are the hopes harbored by the founders of the

Federal party, and such has been the policy which they have followed since its organization.

The history of the American people, the peculiar fitness of the Filipinos for civilization, and a study of the events that have occurred in the Philippines since 1896, permit an assurance that the Americanization of the Philippines will be more rapid than the greatest optimists believe, and that as a consequence the triumph of the ideals of our Federal party is a certainty.

This memory is accompanied by a statement to date showing the organization of the committees, day by day, since January last. There are many committees in the provinces of whose existence there is no official record in the office of the secretary of the party.

A note of the approximate number (which can be taken as the exact minimum number) of the adherents of the party, a résumé of the surrenders of armed men that have taken place through the negotiations of the party, the allocution addressed to the Filipino people by Archbishop Nozaleda, and the proclamation of the Spanish Governor-General of the Philippines, as well as other documents wherein those opinions to which we have alluded in regard to the American people are expressed, are also annexed.

T. H. PARDO DE TAVERA.
BENITO LEGARDO.
JOSE R. DE LUZURIAGA.

Table of the committees of the Federal party organized in the Philippine Archipelago, 1901.

[Prepared from data furnished by the secretary of the party.]

Provinces.	January.	February	March.	April.	May.	June.
Albay			8			
Ambos Camarines		4	4			
Antique		1	1			
Abra		1				
Bulacan	5	13	3			
Bataan	9					
Batangas	1	1	8			
Bohol			1			
Cebu	1		2	5		
Cavite		5	1			
Capiz		11	3		1	
Cagayan			13			1
Ilocos Norte		1	11			
Ilocos Sur			3			3
Isabela			1			
Iloilo			1			
Jolo				1		1
Laguna	1	8	4	3		
Leyte		1	1			
Manila	15	12				
Morong	1	13				
Marinduque	4	1				
Mindanao				2		
Nueva Ecija		1			1	
Negros			1			
Pampanga	16	6				
Pangasinan	3	22	2			
Sorsogon		1				
Samar		1	1	1		
Tarlac	2	6	1	3		
Tayabas		5	5			
Union		2	1			
Zambales	5	6	10			
Total	63	122	86	12	2	5

TOTAL MEMBERSHIP OF THE FEDERAL PARTY.

According to the records in the office of the secretary of the party, the total number of members of the Federal party throughout the archipelago amounts to 150,000.

MANILA, May 17, 1901.

SURRENDERS DUE TO THE EFFORTS OF THE FEDERAL PARTY.

MONTH OF JANUARY.

24.—Señor M. Roxas reports by telegraph that Maj. Moises Abueg surrendered at Palauig (Zambales) with 17 rifles and 8 bolos.

26.—The committee of Samal (Bataan) presents the guerrilla leader Mariano Siasat, who surrenders 21 rifles. The same committee turned in 13 more rifles in February.

MONTH OF FEBRUARY.

7.—The committee of Bigaa (Bulacan) presents Capt. Basilio Bayan.

11 and 13.—The same committee arranges the surrender of three lieutenants.

11.—As a result of the efforts of the committee of Subig and of the delegates of the party in the province of Zambales, the surrender of 2 captains, 1 lieutenant, and several soldiers with 4 rifles takes place.

14.—The committee of Hagonoy (Bulacan) arranges the surrender of Capt. Maximo Angeles, of Torres' brigade, with 110 rifles. The committee of Mabalacat (Pampanga) presents 1 captain, 12 soldiers, and 4 officers, with 4 revolvers and 23 rifles.

16.—The committee of Pineda (Manila) presents 1 captain, 2 soldiers, and 6 rifles.

17.—The committee of San Marcelino (Zambales) inaugurates its work with the surrender of 1 captain, 5 soldiers, and 5 rifles.

MONTH OF MARCH.

2.—The committee of Naic (Cavite) arranges the surrender of 1 lieutenant-colonel, 1 captain, 2 lieutenants, and 13 soldiers with their rifles: all join the party. Through the mediation of the delegate, Señor L. Joaquin, there surrender at Siniloan (Laguna) the following insurgent officers: One president, 1 vice-president, 1 captain, and 1 chief of police. The committee of Santa Maria (Bulacan) presents 1 captain with 1 rifle and several civil officers with 2 rifles.

4.—The committee of Sta. Cruz de Malabon (Cavite) brings about the surrender of 1 major, 2 lieutenants with their rifles, and some soldiers with 1 revolver. The committee of Bulaan (Sorsogon) presents the insurgent leader Punes with 200 armed soldiers.

6.—The committee of Obando (Bulacan) presents 1 local president. The committee of Maragondon (Cavite) presents 1 captain with 1 revolver. The committee of Subig (Zambales) reports by telegraph the surrender of 4 soldiers, 26 rifles, and 1 revolver, with ammunition.

10.—The committee of Quisao (Morong) arranges the surrender of 11 soldiers with 7 rifles.

11.—Señor P. Cuajunco, of the committee of Maragondon (Cavite), arranges the surrender of Col. Mariano Riego de Dios with several officers and 100 rifles. The committee of Vigan (Ilocos Sur) brings about the surrender of 1 major, 1 captain, 3 lieutenants, and 4 soldiers, with 2 carbines and 2 revolvers.

13.—The committee of Bolinao (Zambales) presents 32 insurgents. The committee of Bacoor (Cavite) turns in 4 rifles. At the organization of the committee of Villasis (Pangasinan) three of the members surrender 3 rifles, 1 revolver, and 1 shotgun.

15.—The committee of Mobo (Masbate) presents 8 soldiers, 1 rifle, and 25 rounds of ammunition.

16.—The efforts of the committee of Nasugbu (Batangas) result in the surrender of 1 captain and several soldiers, with 36 rifles and 2 revolvers.

17.—The committee of Lian (Batangas) presents 2 officers, 22 rifles, and 2 revolvers. The committee of Cabangan (Zambales) presents 4 officers.

18.—The committee of Tuguegarao (Cagayan de Luzon) reports by wire the surrender of Chief Fuggan and his men as the result of the efforts of said committee. The committee of Masbate reports the result of its work, consisting in the surrender of 11 soldiers, 12 rifles, 4 revolvers, and of the revolutionary governor of mentioned province, Señor Claro Pimental. The committee of Obando (Bulacan) presents 1 captain and 1 soldier.

20.—The committee of Baobang brings about the surrender of 1 major, 15 officers, 50 enlisted men, 21 rifles, 2 revolvers, and 800 rounds of ammunition. The committee of Apalit (Pampanga) arranges the surrender of 1 major, 2 officers, 4 enlisted men, 5 rifles, and 2 revolvers.

21.—Señor Dancel and the committee of Mariquina (Manila) negotiate the surrender of the insurgent colonel, Hermogenes Bautista, and an adjutant of General Geronimo, the Japanese subject Tomvilla.

24.—Delegate Dancel reports by wire the surrender of 1 lieutenant-colonel, 1 major, 2 captains, 1 sergeant, and 8 privates.

25.—The committee of Apalit (Pampanga) arranges the surrender of 1 lieutenant-colonel, with 4 rifles and a quantity of ammunition.

26.—The committee of Pasig (Manila) presents 2 officers and 2 rifles. The provincial committee of Balanga presents 5 men, 1 gas-pipe cannon, 10 rifles, 2 revolvers, 120 cartridges, and a large quantity of powder.

27.—The committee of Nueva Caceres (both Camarines) obtains the surrender of 2 majors, with their officers and enlisted men.

15.—As a result of the negotiations established by Señor Ner, of the board of directors of the Federal party, who was assisted by Señor Jose del Rosario and the committee of San Francisco de Malabon (Cavite), the surrender takes place of Lieutenant-General Trias, with 2 colonels, 1 lieutenant-colonel, 5 majors, various civil officers and employees, and 1,500 armed soldiers.

28.—The committee of Tarnate (Cavite) turns in 2 rifles. The committee of Nueva Caceres presents the major, Alejandro Nobleza.

29.—Delegate Dancel and the committee of San Mateo succeed in arranging the surrender of Gen. Licerio Geronimo with his entire command; he joins the party.

30.—The committee of Calaca (Batangas) presents 1 captain, 1 lieutenant, 1 sergeant, 2 corporals, and 14 privates, with 17 rifles. Delegate Mariano Lopez, of the Federal party, obtains the surrender of Lieut. Col. Cipriano Lopez and of the troops which operated in Balayan, Calatagan, and San Jose (Batangas); they turned in 113 rifles, 12 revolvers, and ammunition.

30.—The committee of San Juan del Monte (Manila) presents a lieutenant, a citizen of said town.

31.—The committee of Pililla (Morong) presents a captain, 1 corporal, and 9 privates, with 10 rifles. The party succeeds in bringing about the surrender of Col. Teodoro Gonzalez, 10 officers, and 40 soldiers, with rifles.

MONTH OF APRIL.

1.—The committee of Pasig presents 1 lieutenant and 3 soldiers, with 2 rifles.

4.—Subsecretary Carruncho, of the committee of Pasig, presents 2 officers, 2 civilians, and 1 rifle.

7.—The committee of San Isidro (Nueva Ecija) negotiates the surrender of General Sandiko.

8.—The committee of Malolos arranges the surrender of 1 major, 3 officers, several soldiers, and 13 rifles. A commission of the committee of Zambales, composed of Senores Jose Crisostomo, Potenciano Lesaca, Juan del Fierro, Teodoro Raymundo, and Vicente Posados, terminates the negotiations for the capitulation of Colonel Arco, who surrenders with Lieutenant-Colonel Alba, 2 majors, 5 captains, 17 officers, 200 rifles, 1 cannon, 2 gas-pipe cannons, and 2 American prisoners.

9.—The committee of Dinalupijan (Bataan) surrenders 4 soldiers, with rifles. The committee of Hermosa (Bataan) surrenders 2 insurgents, with rifles.

10.—Negotiations of the committee of Balanga (Bataan) result in the surrender of the guerrilla leader Pedro Corpus, with 12 enlisted men, 6 rifles, 1 revolver, and a large amount of ammunition.

12.—The committee of Mandaloyon (Manila) presents 1 lieutenant-colonel, 1 major, 4 officers, 1 corporal, and 1 sergeant, with 2 rifles and 2 revolvers. The committee of Mabitac (Laguna) presents 1 lieutenant.

13.—The committee of Cebu reports that the committee of Sibonga in that province arranged the surrender of 80 armed insurgents. The committee of Tuguegarao wires that they induced a captain to surrender with his entire command.

15.—The committee of Pasig presents 1 second lieutenant. The committee of Dinalupijan (Bataan) obtains the surrender of 13 insurgents with 7 rifles. Negotiations of the committee of Mabalacat (Pampanga) result in the surrender of Maj. Jose M. Tison, with 1 lieutenant, 16 soldiers, and 10 rifles.

17.—The committee of Hermosa (Bataan) arranges the surrender of 1 lieutenant, with 14 soldiers, 9 rifles, 1 revolver, and 565 rounds of ammunition.

19.—The committee of Olongapo (Zambales) surrenders 2 lieutenants and 19 soldiers, with rifles.

20.—The committee of Imus (Cavite) presents 1 lieutenant.

22.—The committee of Dinalupijan (Bataan) surrenders 3 insurgents, with 5 rifles. The committee of Obando (Bulacan) negotiate the surrender of various civil officers of the insurgents. The committee of Dinalupijan (Bataan) turns in 3 rifles.

23.—The committee of Iloilo reports the surrender of Quintin Salas with his entire command, said surrender being the result of the efforts of the committee.

24.—Col. Juan Dayrit surrenders with 2 officers and 16 soldiers, with their rifles, through the mediation of the committee of Mabalacat (Dampanga).

25.—The committee of Olongapo brings about the surrender of 1 lieutenant and 14 soldiers, with 10 rifles. Surrender of Col. Bonifacio Morales with his entire command and 40 rifles, due to the mediation of Senores Gonzales and Guzman, members of the committee of Tondo.

26.—General Torres surrenders after negotiating with the committee of Malolos.

27.—P. Aglipay surrenders at Laoag (Ilocos Norte) Delegate Telesforo Ejercito mediating. The special delegate, Ignacio Villamor, arranges the surrender of Maj. Juan Villamor with his entire command. Aforementioned special delegate secures the surrender of Col. Blas Villamor with his entire force.

28.—The committee of Dinalupijan (Bataan) presents Lieut. Col. Romulado de Leysan with 1 major, several officers, and 21 rifles. The committee of Lipa (Batangas) reports the surrender of General Katigbac and Colonel Calao with all their men. Surrender of Colonel Cabibis with his entire command in the province of Capiz, with 190 rifles; this surrender was negotiated by Senor Simeon Mobo, of the board of directors of the committee of Banga (Capiz).

MONTH OF MAY.

1.—Delegate Ejercito arranges in Laoag (Ilocos Norte) the surrender of several officers and soldiers with their rifles.

8.—Surrender of the generals, Tinio and Natividad, with 2 lieutenant-colonels, 5 captains, 4 first lieutenants, 9 second lieutenants, and 3 officers of the military administration, with 353 rifles, reloading machines, and numerous ordnance stores.

9.—Surrender in Tuguegarao (Cagayan de Luzon) of the Nationalist, Capt. Jaime del Prado, with 2 lieutenants and 60 soldiers.

12.—Surrender of Colonel Astilla, with 400 rifles, 18 cannon, and 20,000 rounds of ammunition.

24.—Surrender of Chiefs Raymundo C. Jecial and Idelfonso Villareal with all their command, at Anagdanan, Isabela de Luzon.

MONTH OF JUNE.

10.—Surrender at Cabilga (Samar) of several chieftains (civil and military) of the insurrection.

24.—Presentation of General Cailles, at Santa Cruz de la Laguna, with his staff, officers and civilian officers and troops at his command, with more than 300 rifles, the general and his most distinguished officers becoming adherents of the party.

MONTH OF SEPTEMBER.

21.—Presentation at Daet (Ambos Camarines), of Maj. Isodoro Martinez, together with Capt. Bernardo de la Cruz, 23 soldiers, 23 rifles, and 1 revolver.

Translation—From *La Voz Española*, a Manila afternoon newspaper, dated May 12, 1898.

ALLOCATION OF ARCHBISHOP NOZALEDA.

The most excellent and illustrious archbishop of Manila has given out to his diocessans the following beautiful allocation, that needs no comments, because the grace of the ideas and thoughts treasured therein and the holy purpose which it contains do not admit of comment.

TO THE FAITHFUL.

The North American fleet appeared at dawn upon the fateful day to this our country, my beloved sons, lording it over our beautiful bay to accomplish in a few moments and in spite of the heroism of our sailors the destruction of our ships, and to succeed in planting in one of our strongholds, the blessed soil of the fatherland, the enemy's flag. Ye know who it is that, full of pride, thus trampling upon our rights, seeks to overwhelm ye, and ye also know what his purposes are. He is the foreigner who wishes to subject us to his harsh yoke; he is the heretic who wishes to tear us from our religion and to snatch us from the maternal bosom of the Catholic Church; he is the insatiable trader who desires to enlarge his fortune with the ruin of Spain and its possessions.

Poor Spain, if the invader should succeed in his purpose. Poor Filipinos, the day that the North American establishes a permanent government here. Unfortunate Indians,

subjugated by the people who lack the Catholic faith of Spain, who have not the maternal blood, nor the noble magnanimity, nor the community of interests and of history, dating back to more than three centuries, nor the mixture of blood that circulates through the veins of many of us, who in a hundred glorious deeds have shed it to our common defense, united by a common brotherhood, the sons of the mother country and of the colony. Soon we will see an insuperable barrier established between ye and your vainglorious masters. No longer will there be for you employment nor office nor any participation whatsoever in the government and administration of the pueblos. Ye will become a separate group in civil life, ye will be villified as pariahs, exploited as miserable colonists, reduced to the condition of laborers, aye, and even to that of beasts and machines, fed with a handful of rice or of corn, which our lords will throw in your faces as daily ration, so that he may not be deprived of the product of your sweat, while he will be regaled as a prince, with the fruits and treasure of an estate that is yours and not his. Ah, and this is not all, nor the worst, for ye will soon see your temples in ruin or converted into Protestant chapels, where oh, sorrow, the God of eucharist is not enthroned and where the Virgin Mary, our sweetest mother, has no pedestal. The cross will disappear from your cemeteries, the crucifix from your schools, as also the ministers of the true God who made ye Christians in baptism, who have so many times absolved ye from your sins, who have united ye in holy matrimony, who should minister unto thee, console and assist ye in your last hour, and thereafter when ye are dead apply the last rites of the holy church. Ye, perhaps, with heroic faith and valor, will continue within your hearts being Catholics as before or firmer than heretofore, who can tell. But what would become of the flesh of your flesh, your tender sons, especially after they had been fatherless, in the midst of a Protestant nation, Protestant legislation, faith, teachings, and customs, and the free exhibition and propaganda of vice and error? Ah, what will prevent there being within a period of half a century no more Christian practices or beliefs in all this country, nor that not one should be left here who would make a sign of the Saviour's cross upon his forehead. Poor Filipinos, unhappy in this life and unhappy in eternal life.

Fortunately, beloved Filipino people, at the roar of the enemy's cannon and at the shouts of alarm and at the watchword of your governors, ye have understood all the risk that ye run. As one man ye will prepare your defense, and as one heart ye will lift your prayers to Heaven. This, this is certainly the only way of salvation. To arms! and to prayer as one man! To arms! because the Spanish people, though debilitated, when wounded in their patriotism and the defense of their religion, are capable of most glorious deeds. Let us pray, then, for even the strong and those who have justice on their side must remember that it is always a God who gives the victory, for it is not prayer alone, nor is it alone the battle—military effort and the help of God combined. God and his angels and saints be with us, for if it so came to pass, who can vanquish us?

Moreover, to the end that prayer may become more general in concord and more efficacious, it has appeared to us an inspiration from on high the idea of consecrating the sacred heart of Jesus throughout all the Philippine Archipelago, and to offer it when we shall have seen ourselves free from our present tribulations, worship of an exceptionally devout and magnificent sort upon the day when the church shall celebrate that feast, on Friday next after the Corpus Christi, the 17th of next June, or some other date, if that were impossible and should be considered more timely to postpone it. By this and aside from the private consecration of these islands, which we have already made on the first Friday of this month upon offering to God in the holy mass the sacred body of Jesus Christ, we did so, not only in our own name and that of our other diocesan prelates, but also in that of the most excellent governor-general, who, no less fervent Christian than prudent patriot and great military commander, awaits from God and now offers to God a triumph through the mediation of the deific heart, and thus interpreting the desires of the mass of the people of the islands, that is everywhere so devout, and invoking the intercession of all the patron saints of the islands and principally of the sovereign queen of all, the most Holy Virgin of the rosary.

In the deep-rooted hope of solemnizing very soon this consecration and offertory, for the present deprived from us, we give to all beloved sons our benediction in the name of the Father, of the Son, and of the Holy Ghost.

FRIAR BERNARDINO, *Archbishop of Manila.*

MANILA, *May 8, 1898.*

[Translation.—Extra Gazette of the 23d of April, 1898.]

OFFICE OF THE GOVERNMENT AND OF THE
CAPTAIN-GENERAL OF THE PHILIPPINES.

SPANIARDS:

Between Spain and the United States of North America hostilities have broken out. The moment has come for us to show the world that we have courage to spare to conquer those who, feigning to be loyal friends, have taken advantage of our misfortunes and have exploited our magnanimity by the use of means that cultured nations hold to be base and unworthy.

The North American people, made up of all social excrescences, have exhausted our patience and have provoked a war by their perfidious machinations, by their unloyal acts, by their attempts upon the rights of peoples and upon international convictions. The struggle will be short and decisive. The God of victories will grant unto us one that is brilliant and complete, as reason and the justice of our cause demand. Spain, that has the sympathy of every nation, will come out triumphant from this new trial, humiliating and dumfounding the adventurers of those States who, without homogeneity and without history, only offer to humanity shameful traditions and the spectacle of legislative chambers wherein there appear united insolency and defamation, cowardice and cynicism.

A fleet, manned by foreigners without instruction and without discipline, is about to come to this archipelago with the wild purpose of taking away from you all that implies life, honor, and liberty. The North American sailors pretend to be inspired by a courage of which they are incapable, and they appear to look upon as a feasible enterprise the substitution of the Catholic religion, which you profess, by that of Protestantism; to treat you as tribes refractory to civilization, to possess themselves of your riches as if the right of ownership were unknown to you; to seize, in a word, those among you whom they may consider useful to man their ships, or to work their lands and carry on their industries.

Vain designs! Ridiculous boasting!

Your indomitable bravery will suffice to prevent them from daring to attempt, much less to realize them. Ye will not consent, no, that the religion which ye profess be scoffed at, nor that impetuous feet shall desecrate the temple of the true God, nor that unbelief shall demolish the sacred images which ye adore. The aggressors shall not profane the tomb of your fathers; they shall not satisfy their impure passions at the cost of the honor of your wives and daughters; they shall not seize the property that your self-denial has accumulated to maintain your lives; they shall not realize, no, none of those crimes begotten of their wickedness and avarice, because your valor and your patriotism suffice to frighten and overwhelm those people, who, calling themselves civilized and cultured, have resorted to the extermination of the aborigines of North America without making the effort to bring them to civilization and progress.

Filipinos, prepare for the struggle. For, united under the protection of the glorious Spanish flag, always covered with laurels, we will fight with the conviction that victory will crown our efforts, and we will answer the intimidation of our enemies with the decisive action of the Christian and the patriot at the shout of "Viva España!"

AUGUSTIN, *Your General.*

MANILA, *April 23, 1898.*

I certify that the above is a true copy taken from the Manila Gaceta on file in these archives.

M. DE IRIARTE,
In Charge of Archives.

MANILA, P. I., *October 10, 1901.*

[Translation.—From El Español, a Manila newspaper, issue of April 29, 1898.]

NORTH AMERICA.

It is not my practice to attack the weak; it is just the contrary; but when the weak takes undue advantage of the kindness with which he has been treated, it is well to call a halt and tell him.

You are of obscure origin; your principal nucleus has been formed out of soulless beings—the refuse of Europe. You have become, apparently, a cultured nation, but you have always kept at the bottom a fund of perversity. Your ideas can not get beyond trade and profit, and every means is legitimate so long as it enables you to reach your purpose; shame has never reddened your cheeks. Where there is no

heart there can be no good and you are lacking it. You are the assassins of thousands of tribes of red skins, and the Mississippi has flowed red with the blood of your victims, for your diplomacy has been that of the dagger, poison, and the stake. You do not know the rights of the individual, you have no other law but egotism, no other belief than that in money; for filthy lucre you will sacrifice everything, you will sell absolutely everything. You call yourself the focus of civilization when you are but a few brands of the fire built in that cavern called the American Union. You are going to measure arms with a nation as noble as it is great and generous, and whose sublime history is lost in the night of time. The world admires it because it is the land one people of which made ancient Rome tremble and has ever been admired and respected even to the present time for its valor and nobility. Your infamous traffic with your most worthy brethren of the Cuban brush, Maceo, Guillermon, Araggueren, and other traitors who ought to have been hanged as many times as they have been forgiven; that traffic, I repeat, the world has knowledge of and the stain of ignominy covers your face as the mask covers every villain who commits a crime with cowardly impunity, because his cowardice prevents him from doing otherwise. Your ships, manned and stupidly handled by hands that tremble when they grasp the sword, if they should happen to come in front of our noble sailors, will feel like the prostitute who trembles with fear when she faces a virgin, and will flee with fear, for no being can be brave whose conscience is stained.

It is a great sacrifice to have to speak to you in such language, people of the Union, but I do not do otherwise through the fear that you will not understand me if I use a more correct one.

Our soldiers will go to Washington, and when this shall have happened, which will be very soon, I advise you to gather up the cast-off sandals of our soldiers and that you press them to your face, and mayhap in this manner you may absorb some of the dignity that exudes even from the feet of a Spanish soldier.

Be not afraid. A large indemnity and a promise from you that in the future you will be decent people will put an end to the conflict.

Your advisor,

F. J. CEBALLOS.

APRIL 26, 1898.

[Translation.—From *La Voz Española*, Manila, April 25, 1898.]

CATHOLIC ALLOCUTION.

Yesterday there was distributed among the guards of honor and the Brotherhood of the Most Holy Virgin of the Rosary a touching allocution, by order of the archbishop of this diocese, that we have the pleasure of reproducing, as the protection of the Queen of Heaven is to-day more essential than ever before.

The allocution is as follows:

“My beloved brethren in the Lord and in our most Holy Mother Mary:

“The time has arrived when it is necessary for you to show with special enthusiasm your steadfast Catholic faith, your fidelity to the fatherland, and your sentiments of tender devotion toward the Most Holy Virgin, in whose Brotherhood of the Rosary you are inscribed, and whose guards of honor you proclaim yourselves with holy joy.

“This day, April 25, war is already declared, and it is possible that at this very time the navy and army of our heroic and Catholic Spain is punishing in distant lands the villainy of a people who, having for a long time abused our nobleness of heart, have obstinately turned a deaf ear to reason and have dared to insult our flag and to violate the most sacred rights of our greatly beloved Spain.

“We do not know with certainty if the war will reach the archipelago, this beautiful portion of the Spanish fatherland. It may well come to pass, perhaps in a short time, and in view of this we must all be prepared to manfully struggle as Christians and Spaniards, and to die, if necessary, for the holy cause of loyalty.

“To fight for one’s country is to fight for God, as He wishes that we sacrifice ourselves for it, and orders us that without hesitation and conditions we defend the society whose sons we are when it is attacked and insulted. To die for one’s country is equivalent to dying for virtue; it is also to die for God, for the Holy Maccabees have said: ‘It is better to die than to see our country and our temples trampled under foot.’

“Be good of heart, then; be brave and have confidence. Our cause is just, is great, is most holy. The North Americans are heretics; they are a people who have destroyed the Indian races that populated their territory; they are a people who have no true God, accepting every sort of religion and false worship; they are a people who against all reason and right believe that they can violate our divine

religion, our laws, our property, and our honor, and wish to renew, perhaps in this land, their cruelties and murders of the aborigines, destroying the holy and civilizing work of Spain.

* * * * *

(Here follows an exhortation to prayer.)

CONVENT OF SANTO DOMINGO DE MANILA,
April 23, 1898.

By order of my prelate, Fray Zacarias Lizárraga, chaplain of the rosary and director of the guard of honor of Mary.

[Translation.—From *El Español*, Manila, April 28, 1898.]

The archbishop of Manila, apostolic administrator of the diocese of Jaro, to his diocesans.

[Quodcumque Vouleritis petetis et fiet vobis. (Joan 15.-7.)]

In these moments of trial it is our duty to inform ye, beloved sons, that your faith exacts from you the compliance with two duties—to pray and to fight.

A heterodox people, possessed by the blackest rancor and all the abject passions that heresy engenders, purposes to attack us. They hate in us that which we most value—our religion, the religion of our fathers, left to us as a most precious legacy, that we are obliged to maintain intact, even at the cost of our lives. If for the evil of our sins God should permit the intentions of the aggressor to prosper, the desolation and ruin of our people would be complete; soon would they see the heartrending spectacle of their temples razed, the altars of the true God profaned, and our religion swept away by the diversity of sects that the heretic banner protects; the peace of our homes and all the wealth of our people, united and ennobled by the practices and teachings of the Christian faith, would completely disappear, impelled by the implacable hatred that our enemies profess for the religion and races differing from its own.

But no; the Lord will not permit the arrogance of our enemies to triumph. Our cause is that of justice and of religion; we will therefore have God with us. And if God favors us, who can stand before us? Let the enemy put his trust in his fleets and treasures; we, beloved sons, guided by the light of faith, place our trust in God, who loves justice and abhors iniquity, who humbles the proud and exalts the humble, and gives victory as He wills, scoffing at the plans of human presumption. For it is not the number of combatants, nor their warlike armament that decides the battle, but the courage of the heart that descends from on high. *De caelo fortitudo est.*

Therefore, prostrated before the God of Armies, we will raise our voice in humble prayer to heaven, saying with the prophet: Lord, come to our help; hasten to succor us; renew to-day the prodigies that Thou hast worked in the past for our fathers. They went to Thee full of faith and hope, and Thou didst listen to their vows. Over them Thou didst extend Thy powerful arm and saved them. Strong in the faith of Thy word they fought, a few against many, and won the glorious victory.

Lepanto and the Sea of Mindoro are witnesses. There the proud fleet that threatened Christianity succumbed. Here was the pride of the heterodox nation that sought with sectarian fury to humble the Spanish flag and at the same time disseminate among these people the errors of heresy, humbled. Here and there the brave soldiers of the faith battled with armies very superior in numbers that, notwithstanding, were beaten by our men, who were transformed into so many heroes by the sovereign strength with which God had inspired them, as a recompense for the virtue of their holy prayers. Spain prayed, Filipinos prayed, our soldiers prayed. When the standards of Mary were unfurled on the ships of Lepanto and on the improvised galleons of Cavite confidence knew no bounds. The prayer of the rosary raised to heaven by the hands of Mary was the sure earnest of victory. For that reason, after the triumph of the Virgin of the Rosary she was proclaimed the Virgin of Victories. Facts so persuasive of the efficacy of prayer will be sufficient, beloved sons, we do not doubt, to prevent you from hearing with indifference the call that we have made upon you to pray. At all times the obligation of prayer is incumbent upon all.

* * * * *

(Here follows a long exhortation to prayer, in which the faithful are told that the Lord will not desert them in their hour of tribulation.)

May it be the will of the Lord, in whose thrice holy name I do bless ye, to confirm in your hearts feelings of faith and piety.

FRAY BERNARDINO, *Archbishop.*

MANILA, *April 28, 1898.*

APPENDIX B.

[Published separately under the following title:]

“PUBLIC LAWS AND RESOLUTIONS PASSED BY THE UNITED STATES PHILIPPINE COMMISSION. DIVISION OF INSULAR AFFAIRS, WAR DEPARTMENT.”

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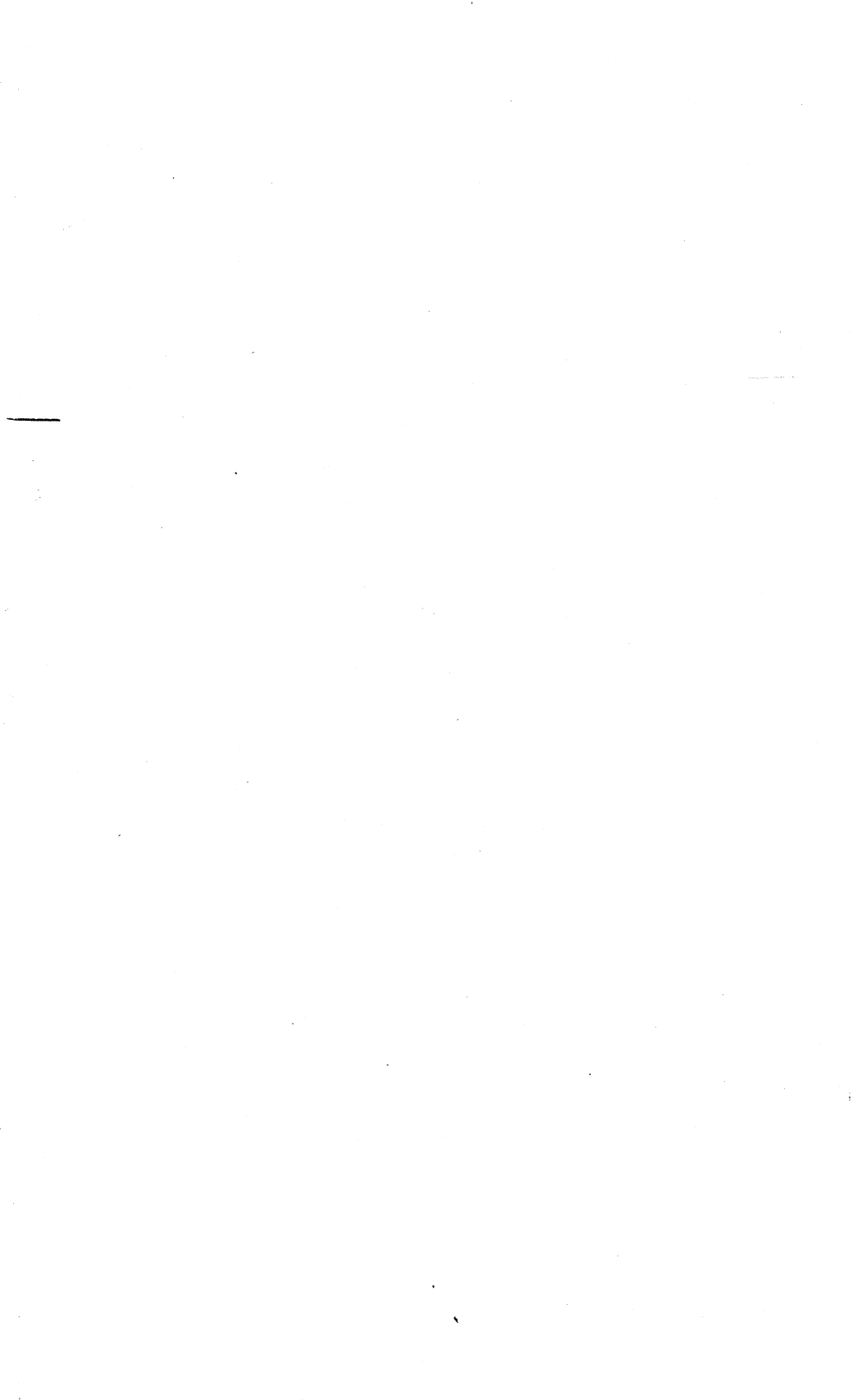
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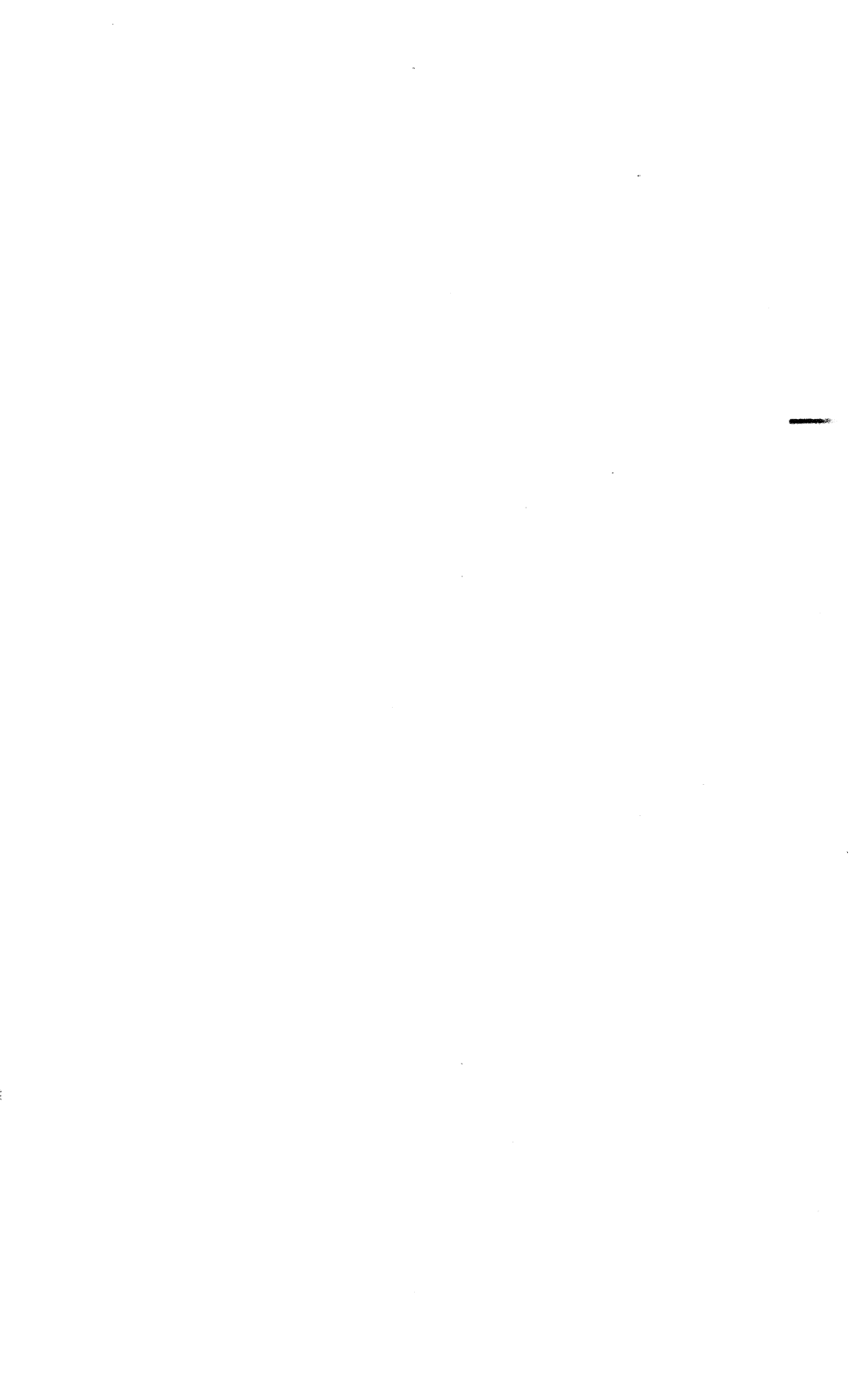
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