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APERTURA DE LA SESION

Se abre la sesion a las 5:05 p.m., bajo la presidencia del Hon. Claro M. Recto.

EL PRESIDENTE: Léase la lista.

SR. ESCAREAL: Señor Presidente, pido que se dispense la lectura de la lista.

EL PRESIDENTE: ¿Hay alguna objecion? (Silencio.) La Mesa no oye ninguna. Se dispensa la lectura de la lista.

SR. ESCAREAL: Pido igualmente que se dispense la lectura del acta y que la misma se de por aprobada.

EL PRESIDENTE: ¿Hay alguna objecion? (Silencio.) La Mesa no oye ninguna. Aprobada.

El Secretario, lee el orden de asuntos y la Mesa los va refiriendo a los respectivos Comités.

MR. CABARROGUIS: Mr. President.

EL PRESIDENTE: Señor Delegado,

DISCURSO DEL SR. CABARROGUIS

MR. CABARROGUIS: Mr. President and Gentlemen of the Convention: In addressing you this afternoon, I surely feel the fact that I am unworthy to speak before a learned and august Body such as this Convention, knowing as I well know that my educational qualifications in the matter of constitution making are inadequate. I realize fully that many of the legal talents and luminaries of the Philippine Islands, such as Senators and Representatives, high government officials, presidents of universities, deans of colleges, justices of the Supreme Court, constitutional lawyers and great jurists, bankers, economists, financiers, etc., are present in this Body. Having this in mind, I confess, I repeat, I cannot in any way be able to measure up to what should be expected of a Member of the Constitutional Convention. Modest and short as I may be in my personal qualifications, yet I took the courage of availing myself of this singular and rare opportunity to bring to you a matter of great importance which, I believe, should be made a salient feature of the Constitution for the reason that it involves the economic structure of the nation, the very life, prosperity and general welfare of our people.

Students of history have from time to time given the opinion that most wars of modern times were caused by the economic rivalry of the belligerent nations. All wars were mostly for the survival of the fittest. It is a survival to establish economic supremacy. Our main problem in the Philippine Islands today and in the future is not

altogether a matter of Constitution making. It is more a matter of economics. We might be able to draft an ideal constitutional law for the Philippine Islands, and embody in it the most beautiful human thoughts to guarantee individual rights, but beautiful and ideal as these may be, yet if the economic stability of the country is unsafe and unsound, all these efforts exerted in the drafting of such an ideal Constitution will all collapse and turn to nothing but bubbles.

I would like to call your attention to the present precarious economic conditions of the Philippine Islands, much more precarious and delicate if not altogether alarming when the Government of the Commonwealth will begin its transitory life in accordance with the Tydings-McDuffie Law.

Permit me to make a passing review of the economic conditions of the country. I will begin to present you the conditions of our local products. Our total export annually is more or less P200,000,000, 72% of which is sent to the United States free of duty. When the Government of the Philippine Commonwealth begins to operate, sugar will be subject to duty beginning from the 6th year until the expiration of the transition period, after which full duty shall be imposed. If we then have to pay the necessary tariff duty, which is 2 1/2 cents for every pound, we will be required to pay P6.36 for every picul of sugar at the expiration of the transition period. The cost of production of sugar in the Philippine Islands is around P5.64, and the transportation from the Philippines to the United States is P1.24, a total of P6.88. The cost of production and transportation, if added to the duty, will be equal to P13.24. The market price of one picul of sugar in the United States is currently about P7.00. If the price of a picul of sugar in the United States market is P7.00 and the cost of production including transportation and duty to place a picul in the United States market is P13.24, it means a net loss of P6.24 for every picul. In other words, under the Philippine Commonwealth Government, and upon the advent of our Philippine Republic, if no adjustment in the tariff laws governing sugar is passed by the Delegates of the United States giving as a preferential schedule, our sugar industry is sure, as the sun rises the next morning, going to be ruined. You can then imagine the effect of this loss of 72 % of our total export trade on the taxes of our government. It would mean also a collapse, if not a total loss, of the capital invested in sugar in the amount of P500,000,000.00. The effect of this would be tremendous upon the life of our Philippine Commonwealth and upon our people.

Let me go to another product. Our export of copra, including coconut oil, is 12% of our total export. At the end of the transition period under the Tydings-McDuffie Law, our coconut industry will be absolutely wiped out in the same way as sugar, simply because the tariff duties in full shall then be in force. This is true because for every ton of oil sent to the United States at the end of the transition period the cost will be, more or less, P30.00. The same is true of cordage, our export of which amounted to almost P4,000,000.00 in 1929 but was reduced to 1,300,000.00 in 1932 due to the slump of prices. Going further, it takes the amount of P320.00, more or less, to place one ton of cordage in the American market at New York, and the price per ton in that City is, more or less, P310.00, a loss of P10.00 per ton at the end of the transition period. Our cordage business will be wiped out because nobody would engage in the business at that much loss per ton. The same is true of abaca. Abaca export in 1926 amounted to P64,000,000.00, in round figures, but in 1932 it went down to F10,000,000.00. The loss will be similar to that of cordage; consequently, our abaca business will not survive after the transition period.

Our cigar industry business likewise is going to be hard hit if not altogether wiped out by the advent of the Philippine Republic. Cigars manufactured at a cost of P2.80 per unit, if made to pay the duty of P18.70, will not be able to stand competition because a quantity which is produced at that much—P21.50, including duty—will sell in the United States for only around P5.00, which means a loss of P16.50 to the local dealer or manufacturer. There is no way, therefore, for the dealer and manufacturer of cigars in the Philippine Islands to be able to proceed in this business after the transition period.

Then we have the dessicated coconut which, in 1928, amounted to P7,500,000 as an export but was reduced to P3,200,000 in 1932. Practically 99 % of this export goes to the United States. If we then pay the import duty, which is equal to 1-3/4 cents per pound, as required by the Tydings-McDuffie Law, it will be impossible for the dessicated coconut industry to survive after the transition period. Even at the present time, when dessicated coconut is duty-free in the United States, it can hardly stand. How much less will it be when the duty is in force!

The conditions of our local agricultural products, therefore, are such that we have to ponder seriously with a view to averting the possibilities of economic ruin when our complete and absolute independence comes. We have to face the situation as we go forward. The fall of our crops or products and their possible elimination from the United States market which is practically sure, according to statistics and possibilities of the future as presented by the economic graphs of the past and the present, will cause the political structure of the country to topple down because the finances of our government would then become lean and practically nil. We can imagine what the situation will be if our government does not even have sufficient and necessary funds to pay its own officials and absolute expenses. There will be no funds for public works, for sanitation, for maintenance of peace and order, etc. However beautiful it may be, the Constitution will surely fall by its own weight if we cannot support it with the force and might of the peso. Our taxes will be reduced to probably only 25% of the total now being collected. Our local sales and exports will be reduced to the minimum, and consequently the sales and export, as well as import taxes will be reduced likewise. All other sources of revenues will be directly affected by the ruin of our export crops. Unless our government, therefore, takes this matter seriously and finds means and methods by which we can manufacture and improve our products before sending them abroad, we can rest assured that the collapse is right ahead, immediately upon the advent of our Philippine independence. It is going to be a chaos. An armed revolution or maybe an anarchy is going to come, not independence. Our people will be utterly poor. They cannot support the independence. We then shall realize that our labors in drafting a Constitution failed to meet and provide for one of the most impending contingencies of the future.

Not only the condition of our products is so precarious and serious, as I have already stated, but also that of our trade, at home and abroad, a very negligible portion of which is ours. Take, for instance, our local trade—that is, the wholesale and retail business. Our retail sales amounted to P1,200,000,000.00 in 1929 but it amounted only to about P600,000,000.00 at the end of the year 1932. It is painful to state and admit the absolute fact that 85% of our retail sales in the Philippine Islands is in the hands of the Chinese, 10% in our hands, and 5% in the hands of other foreigners. The Japanese of recent date have started to seize a good portion of the local trade heretofore handled by Chinese. The fact that we only have a

negligible portion of our local trade is absurd, but it is the truth. There is something peculiar in these figures because the Chinese, numbering only 30,000, more or less, including men, women and children, control 85% of the retail sales in the Islands as against 10% which belongs to us, numbering 12,500,000. The proportion is absolutely anomalous, and it is incontrovertible evidence that we, as a people, are practically helpless in the matter of our local trade.

I would make special mention of the rice industry in the Philippine Islands. In 1932, according to figures of the Bureau of Commerce and Industry, the rice business was practically in the hands of the Chinese. Ninety per cent of this business was Chinese and the rest in the hands of Filipino merchants. That is true even up to this time, with probably a very slight change. The fact that our local trade is practically in the hands of the Chinese shows that we have to use every possible and reasonable effort, while we are trying to become an independent people, to free ourselves from this apparent economic bondage. We might call it slavery, if you please. This reminds me that sometime in 1924, when the Chinese were ordered to close their doors to avoid the furious mob, the Filipino elements of this city had to beg the Chinese to open their stores because our population was going to starve. If the obtaining conditions of our local trade, as I have already stated and made manifest before you, continue during and after the transition period, we can be sure that our so-called Philippine independence may become only a myth, a dream, a bubble which may burst any time with the little force of a breeze. Fifty thousand Chinese, as against 12,500,000 Filipinos, to control 85% of our local or retail trade in the amount of P1,200,000,000.00! It is absolutely alarming. It looks absurd, but it is the stark reality. We are mere consumers. The figures are true and eloquent. They are a nightmare to our own economic life as a people. Here is where we should direct half of our time in our effort to save the country from the foreign octopus holding the greater portion of our local trade.

Going further, Mr. President, I would like to call attention not only to our local trade but also to our foreign trade. The total of our export in 1932 was about P190,000,000.00, 87% of which was sent to the United States. Our export trade is practically in the hands of our import trade; our share in export and import in the Islands is negligible. Our foreign shipping, according to the figures furnished me by the Bureau of Commerce and Industry, shows a net entry tonnage in 1933 of a total of about 6,500,000 but the portion belonging to the Filipino business out of this volume was only 147,000, which is but 2-1/3%. The rest, 97-2/3%, belongs to foreign hands. The outgoing tonnage amounted to 5,600,000, and our share was nothing more than about 7,000, which is but 1/10% of one per cent or a proportion of one tenth ours out of every thousand tons of foreign merchants.

The foregoing facts and figures should make us stop and think what will be the future of the Philippine Islands. Mr. President and Gentlemen of this Convention, I feel nervous and pessimistic. Economic and financial collapse or catastrophe, if you please, may befall the country if we are not going to set in motion early enough a sort of definite economic plan by which we might be able to avert the coming of that gloomy, chaotic, and terrible picture of the future of a free and independent Philippines.

When I make this statement, I do not, however, admit that we are completely incapable of guiding our own destiny as a people, in spite of these apparently insurmountable difficulties. We have yet many remedies if we are only determined,

willing and courageous enough to face the situation. Right next door, Japan, as a powerful nation, annually needs cotton worth P350,000,000 which she imports mostly from India. With mutual and sympathetic understanding with the Empire of Japan, the Philippine Islands, as a tropical country proven to be capable of producing good cotton before the advent of American sovereignty in these Islands, especially the Ilocos regions, may be able to supply this Japanese need; and then, also with mutual and sympathetic understanding, as heretofore, with the United States, we can, with more reason, continue, as we should forever continue, our trade relations with her.

I especially call your attention to the fact that the United States alone is importing silk in the amount of P740,000,000 annually, 24% of which comes from Japan. The production of silk in the Philippines is no longer a matter of experiment. It has long been proven to be a success since the year 1870, during the incumbency of Governor-General Vargas. Quite a good quantity of silk was produced in Cagayan Valley and in Malate of this city, but the tobacco monopoly, which was then apparently more profitable, drove out our new industry. Since then the silk industry has been considered a product of the past in the Philippine Islands.

In this connection, I wish to inform you that when I was in the Province of Davao from 1926 to 1929, I often visited a Japanese by the name of Matsuda who was making a living out of sericulture in the yard of his house. At one time I saw him feeding and tending the silkworms, and, in the course of my frequent visits, I was more than convinced that silk production in the Philippine Islands would turn out to be the major industry of our entire population. It could be made an industry of all kinds of people, from young children to old men and women, including the lame and the blind. On a hectare of land there is every possibility of producing two to eight thousand pesos worth of silk, according to figures arrived at and based on scientific study and experiment by old man Matsuda for a period of 14 years.

I would like to make it plain and lasting in your minds that if Japan is strong, great, and respected by the powers of the world today, it is because of her economic progress, a great portion of which is directly traceable to the production of silk, which is sold to foreign nations, especially to the United States. If we could supply even a portion, if not all, of the P740,000,000 worth of silk imported by the United States, we would have more than enough to do, to busy ourselves with, making it unnecessary to have further time for other industries. The annual cotton needs of Japan in the amount of P350,000,000 plus the silk demand of the United States in the amount of P750,000,000 are the greatest market possibilities of the Philippine Islands. China may in the future be a market for the Philippines, but we have been losing in our trade with China in the amount of more or less than ten million pesos annually, in the same way that we are losing in our trade with all other nations except the United States.

I would also call your attention to the fact that we have every possibility and facility to produce agricultural products to meet the demand of our own speedy economic expansion and financial stability. We also have, to a greater extent and maybe more progressive in its scope, the mining industry. Our gold mines in Benguet are proving to be one of the richest in the world today. Gold abounds not only in Benguet but also almost everywhere else in the Philippine Islands. Nueva Vizcaya is now proving to be one of the greatest possibilities of the gold mining regions. Bulacan has its Apo Mining Co.; the Bicol region its Paracale; Surigao, Zamboanga, Abra, etc., have their