# Treasure Islands

By Jay Lovestone

IN the warm waters of the Southern Pacific ten thousand miles away from the United States there lies a gorgeous group of more than seven thousand islands, islets, rocks, shoals and reefs—the Philippines. Of these isles and islets only four hundred and sixty-two have a surface of a square mile or more. The American flag waves proudly over the forty-five provinces that make up the Philippines, covering a total area of about 120,000 square miles—an area practically equivalent to the size of Italy.

These islands are indeed a great prize that has fallen into the lap of American capital. This dependency of "ours" has sixty-one thousand square miles of commercial forests and eleven thousand square miles of non-commercial forests. The Philippines offer unlimited natural resources and boundless possibilities for industrial development. Their mineral wealth is tremendous. Their agricultural resources, especially in the development of cocoanut, hemp, sugar, tobacco, rubber, coffee and pineapples, are unbounded. Only fourteen thousand square miles have to date been touched by the plow. The Valley of Cotabato alone can produce enough rice to feed the whole present population of the islands. The possibilities for waterpower development are immeasurable. Fully developed, the Islands can hold sixty to seventy million people.

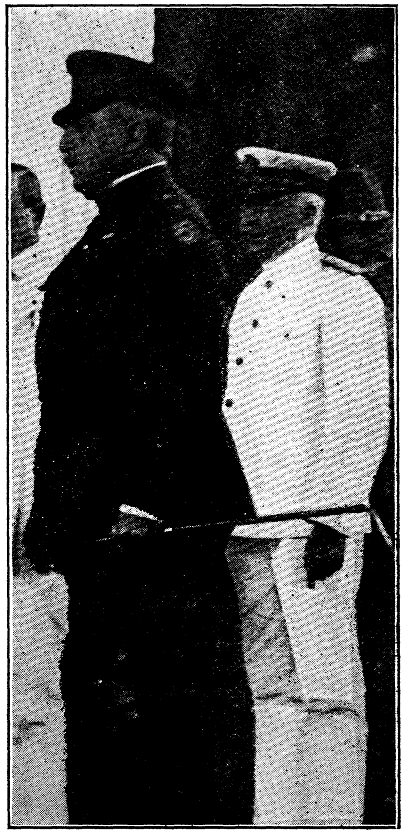
Despite four hundred years of bitter struggle against foreign oppression, the Filipinos have grown rapidly in number. There are today close to eleven million Filipinos, of whom over 500,000 are of the non-Christian tribes, mainly the Mohammedan Moros living principally in the Sulu Archipelago and certain parts of Mindanao.

Some have called the Philippines the "Ireland of the Far East." American military and naval experts and capitalist investors have made these islands such. To them this group of islands is the Achilles Heel of America. They always point a finger of scorn at Japan when the demand for Philippine independence is made. The "Peace of the Pacific," an American edition of the British "Freedom of the Seas," the balance of power in the Far East, the safety of the country from Japanese guns, and the dignity of America as a world power—all mask the gigantic interests of American Imperialism. And the recent British fortification of Singapore has given additional zest to our imperialist rulers in their "tightening up" on the Philippines.

## The Struggle for Independence

Though the American administration of the Islands has been more efficient than the Spanish, the Filipinos have not lost love on their Yankee exploiters. The natives felt that they had nothing to say about the deal in which "Marcus Aurelius" Hanna's puppet, President McKinley, purchased them from the poor beaten Spaniards, for $20,000,000. It took an American army of 80,000 waging almost three years of exasperating warfare to wear the Filipinos down into submission to Dollar Democracy.

The Filipinos are all opposed to annexation by America. Since the defeat of the heroic Aguinaldo army, however, the Filipinos have settled down to working their way gradually to national freedom. Today the Filipinos have no voice in foreign affairs. Through the influence of the 12,000 Filipino University graduates, most of whom have had schooling abroad, the natives have become fully appreciative of the importance of foreign affairs. But what hurts the Filipinos most is that in the final disposition of their natural resources, such as timber, mining concessions and public lands, they must first secure permission of the Commander-in-Chief of the American Naval and Military forces—the President of the United States. Finally the Supreme Court has ruled that the Filipinos can enjoy such rights as the American Congress is willing to give them.



**Leonard Wood, Governor-General of the Philippine Islands**

With the enactment of the Jones Act the Filipinos have been given a limited measure of self-government. There is a Filipino Legislature and Senate: besides, there is a Council of State chosen from the representatives of the people. This Council advises the Military Governor-General on all public questions, recommends measures to the Legislature, prepares the budget and determines the policy of Departments. The Governor-General presides over the Council but a Filipino is the vice-president.

## General Wood Sent to the Philippines

After Wood failed to buy the Republican presidential nomination, Harding, upon his election in 1920, made him Governor-General of the Philippines. Our late President had good reasons for making the appointment. First of all, the Governor-Generalship of the Philippines afforded Wood an opportunity to repay in valuable concessions the powerful tobacco, mining, railway, sugar, and oil and banking interests who had lavishly financed the General's Presidential campaign in 1920. Secondly, General Wood's record itself was the best argument to the American imperialists for his being sent to the Philippines. Wherever there has been trouble in the United States, wherever force and violence were needed to settle an economic conflict for the employers, Wood has been the capitalist arbiter. In the miners' struggle in West Virginia, in the 1919 steel strike in Gary, in the race riots in Omaha, and in Cuba, it was General Wood's policy of the mailed fist that carried the day for the employing class. Lord Cromer, the British imperialist agent who struck terror into the hearts of England's colonial peoples, has said: "General Wood's work in Cuba was the best colonial work of the century."

On the very first moment of his arrival General Wood ran true to form. He signed the notorious Forbes report which laid down the imperial dictum that a stable government in the Philippines is a government that is one hundred per cent efficient and that the Filipinos, not yet having such a government, were therefore not entitled to independence. His headquarters at the Malacanang Palace resemble more a headquarters of the chief of staff of an invading army than those of even a foreign colonial administrative staff. Governor-General Wood is surrounded by military officers who are his advisers instead of the native Filipinos elected for this purpose.

The military Governor-General Wood has succeeded in winning the undivided hatred of the entire population and of all the political parties. The overwhelming majority of the natives consider his regime to be an outright military dictatorship in the interests of the foreign capitalists. In his hands even the very limited measure of self-government accorded the Filipinos in the Jones Act has become a dead letter. General Wood has with unfailing regularity passed over the heads of the departments and has submitted bills to the Philippine Legislature without even consulting the heads of departments. Matters have taken such a flagrant turn in violation of the rights of the natives that even Colonel Johnston, an Army officer who is a member of his military staff, has prepared bills. All of this high-handed conduct in utter disregard of the wishes of the Filipinos has been pursued simply through a great display of military power in the interest of American investors. Manuel Roxas, speaker of the Philippine House of Representatives has thus summed up the situation: "He (Wood) has sought to establish a Colonial despotism worse than that which has cursed our country for the last ten generations."

The policy of our imperialists as pursued by General Wood was calculated to pay no attention to the desires and opinions of the natives. Recently the matter came to a head when the American Military Governor-General reinstated a Secret Service Agent, Conley, who had been legally suspended from office. Behaving in his characteristic military fashion, Wood went over the heads of the Secretary of the Interior and the Mayor of Manila, under whose jurisdiction such a reinstatement properly came. The Filipinos were enraged at this brazen violation of the partial autonomy granted them by the Organic Act of 1902. The military cabinet goaded Wood on. They said: "The whole Philippines need an object lesson. Now is the time to show them who's who." Forthwith the Filipino members of the Council of State and the Filipino Secretaries headed by Senate President Manuel L. Quezon jointly presented their resignations to Wood. In his letter of resignation President Quezon said: "It is a protest against encroachments by the Governor-General upon the constitutional rights already enjoyed by the Filipino people, and against the usurpation of powers in direct violation of existing laws."

This incident served as the spark to set alight a blaze of protest that is sweeping the country like a prairie fire. The Filipino legislators went on strike; they refused to serve any longer as the mask to hide the ugly imperialist dictatorship. General Wood accepted their resignations.

A few days before these resignations, several provincial and municipal governments, mainly in sections visited by typhoons and locusts, petitioned that the penalty for delinquency in the payment of the land tax be remitted. In spite of the recommendations of the Secretary of the Interior and the insistance of Speaker Roxas and Senate President Quezon, General Wood was adamant in his refusal to accept their plan of remission. This merely served to aggravate the Filipino popular distrust and hatred of the Military Governor.

That the present situation is fraught with serious possibilities can be seen from the following estimate of the Filipinos by Francis Burton Harrison, who governed the Islands for seven years: "A sense of injustice must never be allowed to gain headway among these people; all of their past history shows that they are slow to formulate such sentiments, and slower to give them outward expression, but that the accumulation of grievances quietly gathering through the years will eventually result in a sudden explosion."

The Filipinos are bent on making steady headway in their campaign for national independence. They look upon General Wood's regime as an attempt to turn the hand of the clock of progress backwards. In the words of Quezon: "The masses understand that the issue revolves around certain fundamental principles of government which cannot be sacrificed. Ours is but a most pacific protest against what we consider to be an attempt to curtail the autonomous powers that we now enjoy."

On July 23rd the situation became even more acute. The Philippine Commission of Independence, representing all the political parties, unanimously passed resolutions upholding the resignations of the members of the Council of State and the Filipino Department Secretaries and demanding that General Wood be immediately dismissed from office and that a Filipino be given his place in the meanwhile. In these resolutions the Filipinos most emphatically protested against American imperialism in this fashion:

"This is a national issue, having behind it the unqualified approval and support of the whole people... and we declare, finally, that recent incidents clearly show that immediate independence is the only satisfactory solution of the Philippine problem."

A special parliamentary mission is coming to Washington to take the whole case up with the President. In view of the powerful interests behind General Wood there is very little likelihood of the military governor being reversed. Whether our Secretary of War will employ the military and naval forces at his disposal to break this strike of the Philippine cabinet is still a matter of conjecture. But one thing is certain in the whole matter; the Filipinos are struggling for ultimate complete national independence, and in this struggle they will fight to the end to maintain their limited rights, won through centuries of fighting against Spanish and American imperialism.

In his maiden speech to the Philippine legislature General Wood laid down the iron law that the Filipino government "must get out of business and stay out."

The Filipino government is far ahead of the United States government in the successful operation and ownership of public utilities. It has fine steam railroads and seven thousand miles of the best macadamized roads in the world. The Manila city government owns the street railways and the gas and electric plants. In order to meet the need for coal during the war the National Coal Company was established with the Government as the chief stock-holder. Also, in order to help more effectively the general economic development of the country and to thwart the high prices brought on mainly by foreign capitalists, the government has organized the National Development Company, capitalized at $25,000,000.

It is this policy of the Filipino government going into business and interfering with the profits of American capitalists that has driven General Wood to desperation. Addressing the American Chamber of Commerce in Manila last May, General Leonard Wood let the cat out of the bag in his definition of a stable government. The Governor-General said: "The Filipinos are rapidly approaching a stable government, as I define a stable government, namely a government under which foreign capital invests at ordinary rates of profit."

Here we have the real cause of the present conflict in the Philippines. The government owns and operates railroads, cement factories, sugar centrals, banks, coal mines, and telegraph and radio systems. Before the government took over the railroads the foreign capitalists rendered very poor service and charged terrific rates. The fact that in 1918 the government railroads made a profit of $10,000,000 which did not go into the pockets of the American investors irritated our General considerably.

Wood attempted to force the Filipinos to lease the Manila railroad to J. G. White and Co., of 37 Wall St., New York, for a period of ten years. As a matter of fact Wood had the contract all prepared for the Filipinos to sign. The Associated Press had even carried a dispatch to the effect that the transfer had already been made. Next day, however, the cables brought forth the news that this announcement was premature. Quezon and Osmenas, then speaker of the House, who were on the Board of Directors with Wood, refused to be browbeaten by the General and the deal fell through.

Then Wood went ahead and tried to force the government to close up its sugar centrals, and hand them over to private American corporations. The Filipinos protested vigorously against this manoeuvre. Were it not for the fact that the Filipinos had a majority on the Board of Control these sugar centrals would today be de-nationalized and in the hands of American capitalists. According to House Speaker Roxas the Filipinos saw in these efforts to denationalize the sugar centrals an attempt to put foreign capital in a position where the national aspirations of the Filipino people would be killed forever.

The American Rubber interests are also angling for huge concessions. But Quezon's answer to all of Wood's endeavors to facilitate the acquisition of extensive tracts of land by private interests has been that the policy of his government is to preserve these lands not only for the present but also for the future generations. Previously Quezon had prevented Forbes and Worcester from handing over such enormous tracts of land to Wall Street. Pursuing this policy, acting Director of Labor Hermenegildo Cruz also recommended: "that public lands located in Mindanao which are already surveyed and subdivided be reserved partly for agricultural colonies and partly for homesteads and not be allowed to be acquired by companies which are planning to establish industrial enterprises therein."

In his plan to put the Philippine National Bank out of business, Governor-General Wood has already closed a number of its branches. Ninety-two per cent of the Bank's stock is owned by the government. How rapidly this bank has grown can be seen from the fact that in 1916 its deposits were 20,000,000 pesos while in 1918 they were 230,000,000 pesos. Should Wood succeed in closing this bank, Philippine commerce and the Philippine people will be almost completely at the mercy of foreign capitalists. In resigning from the managership of the National Bank because of Wood's dictatorial tactics and sabotage Mr. E. W. Wilson, an American of high standing in banking circles, said: "It was a hard grind to work against the policy of General Wood, who has been constantly working for the liquidation of the Bank and doing much harm to the interests of the institution."

Thus serving his masters back home, Wood vetoed sixteen bills of the Legislature. One of the bills that he vetoed carried an appropriation of a ten year university program. This desperately disappointed the Filipinos; they saw in it an act of ugly effrontery which completely unmasked the hypocritical American capitalist boasts about educating the Filipinos. To the natives this tyranny denying them the right to spend their own money voted by their own legislature showed what a hollow mockery self-government is when it is granted by American Imperialists.

Manual Roxas perhaps estimated General Wood's attitude most accurately when he declared: "As to the development of our natural resources, the Governor has sought to denationalize our national economic organizations, accepting advice from those American interests that want to come here and exploit our organizations on a large scale."

But it is not only the Government-owned institutions that have been Wood's target for attack. The Filipino private interests have also come in for their share. In the sugar, hemp, and cocoanut oil business there is a large representation of native Filipino capital. The biggest oil factories in Manila are purely Filipino in capital and management. The Compania Mercantil de Filipinos is a strong competitor of foreign export and import houses. The majority of the cigar and cigarette factories of Manila are owned by Filipinos. From 1910—1920 the Filipino capital invested increased 2000 per cent.

**General Wood's Son, Osborn, is there with flowers on.**

As spokesman for American capital, General Wood is on his hind legs to check this development. The zeal with which the native capitalists are defending their interests against the encroachments of foreign capitalists is adding fuel to the nationalist flame, which blazes with an intensity not seen before in years.

## Who is Behind Wood

The present conflict in the Philippines brings into bold relief the connection between government and finance. We have here a sordid picture of the menial services rendered to the powerful industrial and financial interests by the government.

Perhaps the most outrageous and brazen example of how the big capitalist parties and governments are agencies of the employing class is shown in the following incident. Prior to the Republican convention of 1920 the National Committee appointed several sub-committees to deal with the pressing questions of the day. It appointed as chairman of the subcommittee on Insular Domains and Possessions of the Advisory Committee on Policies and Platforms, John M. Switzer. This Mr. Switzer was chosen by the Republican Party to lead in the formulation of the Nation's policy towards the Philippines. Incidentally it happens that the same Mr. Switzer is heavily interested in the Philippines. He is Vice President and Director of Anderson Meyer and Co., Ltd., the Pacific Commercial Co., and the South Seas Pacific Co. He is President and a Director of the United States Pacific Co., Inq., and a Director of the Pacific Development Corporation engaged in industrial and commercial development in the Orient. The latter corporation is one of the three members of the American banking group which together with Chinese financial interests founded the Chinese American Bank of Commerce. The Bankers Trust Co. of New York and the Chase National Bank are the real powers behind this group.

Galen L. Stone, who is chairman of the Pacific Development Corporation, is a codirector of the Atlantic Gulf and West Indies Steamship Lines with Henry Hornblower of the firm of Hornblower and Weeks, Boston bankers and brookers. This is the same Mr. Weeks who is our Secretary of War, under whose orders General Wood is carrying out his present Philippine policy, and who is to make the recommendations on the Filipino conflict to President Coolidge, himself a man of the Boston Bankers.

Among the other mighty American industrialists and financiers interested in the Philippines is John H. Pardee. He is President, Vice President and Director of 14 huge corporations. His interests are largely railway power, sugar and cement. Pardee is president and director of the Cayuga Cement Corporation, J. G. White Management Corporation, Eastern Pennsylvania Railroad Co., Southern Utilities Co., Associated Gas and Electric Co., and the American Electric Railway Association. He is vice-president and director of the Helena Light and Railway Co., the Manila Electric Railroad and Lighting Corporation, the Mantanzas-American Sugar Co., the Philippine Railway Co., and the Sheffield Co. One of his codirectors of the Philippine Railway Co. is Cornelius Vanderbilt.

J. G. White is another American capitalist heavily interested in the Philippines and in the Orient. He is president vice-president and director of at least 20 cement, sugar, railway, public utilities and securities corporations. He is president and director of J. G. White and Co., the Engineering Securities Corporation, the Investors Securities Corporation, and the Mantanzas-American Sugar Co. He is also chairman of the Finance Committee of the J. G. White Engineering Corporation and J. G. White Management Corporation. Mr. White was second vice-president and director of the Merchants Association of N. Y. in 1922. He is also a Director of the Associated Gas and Electric Co., the Cayuga Cement Co., the Columbia Railway Gas and Electric Co., the Eastern Pennsylvania Railway Co., the Helena Light and Railway Co., the Manila Electric Railway and Lighting Corporation, the Manila Suburban Railways, the Philippine Railway Co., the General Securities Corporation, the Southern Utilities Co., the United Light and Railway Co., and the Central Sugar Corporation.

On the Board of Directors of the Central Sugar Corporation is Mr. L. I. Sharp who is vice-president of the International Banking Corporation, which is owned by the National City Bank of New York. It has offices in Manila and Cebu in the Philippines. H. T. S. Green, who is the President and General Manager and a member of the Board of Directors of this firm, is also a Director of the Philippine Railway Co.

Through this connection and interlocking directorate of financiers and industrialists made by the National City Bank—the most powerful bank in America today—the Rockefeller and Morgan interests are drawn into the Philippines. Cyrus H. McCormick, William Rockefeller, Percy A. Rockefeller, J. A. Stillman and Joseph P. Grace, as directors of the National City Bank through their ownership of the International Bankers Corporation, thus have a strangle hold on the Philippines.

Another American capitalist interested in the Philippines is Charles M. Swift, who is president and director of the Manila Electric Co., the Manila Electric Railway and Lighting Corporation, the Nepigon Mining Lands Co., and the Philippine Railway Co. Mr. Swift is also a director of the Detroit United Railways.

Finally, W. C. Proctor, another director of the National City Bank, who contributed and advanced $721,000 to Wood's presidential primary campaign is now seeking heavy cocoanut oil concessions in the Philippines. General Wood, being Governor of the Philippines will not forget Mr. Proctor for his past services. Mr. Proctor is a director of the Proctor and Gamble Co., the well known soap manufacturers, and therefore comes in close touch with cocoanut oil—in which the Philippines are rich.

Another heavy contributor to Wood's campaign funds was J. B. Duke, the tobacco king. Mr. Duke is president and director of the Southern Power Co., director of the United Retail Stores Corporation, the Union Bleaching and Finishing Co., the Morristown Trust Co., and the Imperial Tobacco Co. of London. He is also chairman of the Board of Trustees of the British American Tobacco Co., Ltd.

Mr. Rufus L. Patterson, also one of Wood's financial mainstays in the 1920 primaries, is President and a director of the American Machinery and Foundry Co., the Automatic Packing and Labeling Co., the International Cigar Machinery Co., and the Standard Tobacco Stemmer Co. Mr. Patterson is a director of the Atlantic Lobos Oil Co., Durham Duplex Razor Co., and the Wahlstrom Tool Co.

Tobacco is of course one of the leading products of the Philippines.

H. H. Rogers, son of the late Standard Oil Magnate, was quite generous with his money in financing Wood's presidential aspirations. He is a director of the Atlantic

Coast and Electric Railway Co., Electric Transport Co., Mechanics and Metals National Bank, Virginia Railway Co., New Jersey Industrial Chemical Co., and the United States Industrial Alcoholic Co.

There are numerous distilleries in the Philippines.

Wm. Loeb, Jr., formerly private secretary to Roosevelt, was also one of Wood's godfathers. He is president and director of the Albany and Southern Railroad, and the Yukon Gold Co. He is chairman of the Board of Trustees of the Yukon-Alaskan Co. He is vice-president and director of the American Smelters Securities Co., the American Smelting and Refining Co., the New River Collieries Co. Mr. Loeb is a director of the Chile Exploration Co., the Connecticut Light and Power Co., the Federal Mining and Smelting Co., and the United States Zinc Co.

Guggenheim interests are heavily represented in the above corporations, and mining concessions are among the most valuable sought for American capitalists by General Wood in the Philippines.

Small wonder that Harding appointed Wood Governor-General of the Philippines; there could be no better way in which Wood could repay his financial friends. And smaller wonder still that in the light of the character of the investments of his friends Wood is trying to force the Filipinos to give up their natural resources to these American capitalist supporters of his.