

MARIANO UY CHACO SONS, PLAINTIFF AND APPELLANT, VS. THE INSULAR COLLECTOR OF CUSTOMS, DEFENDANT AND APPELLEE.

G.R. No. 7618. March 27, 1913

Ponente: TRENT, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-7618/>

TRENT, J.:

This is an appeal by Mariano Uy Chaco Sons from a judgment of the Court of First Instance of Manila confirming a decision of the Collector of Customs to the effect that white lead manufactured in a bonded warehouse in the United States from pig lead imported from Spain without the payment of duty is not entitled to free entry into the Philippine Islands.

This case was submitted upon the following agreed statement of facts:

"That the white lead referred to in the above-entitled proceedings was imported into the Philippine Islands directly from the United States in one bottom without transshipment en route; that same was produced in the United States from pig lead imported into the United States from Spain, and that no duty was paid upon said pig lead upon its importation into the United States, notwithstanding the fact that the tariff law of the United States in force at the time of its importation imposed a tax thereon; that same was put into a bonded warehouse upon its arrival in the United States, and was then subjected to what is known as the 'Dutch' or 'Stack' process. This consists in putting the pig lead into a building constructed for the purpose, in tiers or layers of the said lead pigs, spent tanbark, and boards; in the layers of spent tanbark are certain earthenware pots containing acetic and other acids; the acids in a short time corrode the metallic lead through and through, causing it to turn white in color; the white lead was then ground and mixed with linseed oil, and in this condition imported into the Philippine Islands; no duty was paid upon any of the foreign material imported into the United States, and which was used in the production of the white lead as imported into the Philippine Islands."

The duty prescribed by the United States Tariff Law of 1909 was not applied to the pig lead in question because the importers took advantage of the provisions of section 23 (quoted post) of the said law. This section permits of the importation of foreign materials for the manufacture of articles in the United States without the payment of duty, provided the finished article is exported directly to foreign countries or to the Philippine Islands, such manufacturing process being made under strict supervision of the Secretary of the Treasury, to whom an account must be rendered of the disposition of all such foreign material. The white lead which is the subject of this controversy was manufactured under these conditions, and the pig lead entering into its composition thereby escaped the imposition of the duty prescribed for that article by paragraph 182 of the United States Tariff Law. It is now to be decided whether the manufactured article is to be admitted into the Philippine Islands free of duty under the above facts.

Section 5 of the United States Tariff Law, which was first relied upon by the appellant to show that the shipment in question should be admitted free of duty, reads in part as follows:

"That in consideration of the exemption aforesaid, all articles, the growth, product, or manufacture of the United States, upon which no drawback of customs duties has been allowed therein, shall be admitted to the

Philippine Islands from the United States free of duty."

The appellant now relies also upon section 12 of the Philippine Tariff Law of 1909, which reads in part as follows:

"That all articles, except rice, the growth, product, or manufacture of the United States and its possessions to which the customs tariff in force in the United States is applied and upon which no drawback of custom duties has been allowed therein, going into the Philippine Islands shall hereafter be admitted therein free of customs duty when the same are shipped directly from the country of origin to the country of destination."

It is now claimed by the appellant that both these provisions of law are consistent and harmonious, and by the appellee that they are inconsistent and that section 12 must prevail because the Philippine Tariff Law of which it is a part was passed subsequent to the United States Tariff Law.

It is a well-recognized rule of construction that a statute repeals prior enactments in so far as the same are inconsistent and irreconcilable with it. That is, if by no construction can the provisions of both stand together, the later Act must prevail as expressing the latest will of the Legislature. Both Acts were approved on August 5, 1909, the United States Tariff Law at 5.05 p.m., to take effect the following day; and the Philippine Tariff Law at 5.08 p. m., to take effect after sixty days. The Philippine tariff was therefore subsequent both as to the time of passage and the time of taking effect. This Act further contains a repealing clause (sec. 27) reading in part as follows:

"That all existing decrees, laws, regulations, orders, or parts thereof, inconsistent with the provisions of this Act, are hereby repealed * * *."

If there be as a matter of fact any repugnancy between the provisions of section 5 of the one and of section 12 of the other, the latter must unquestionably prevail. If, as is contended by the appellant, the two sections are not only harmonious and consistent, but section 12 (so far as the issues of this case are concerned) is practically a reenactment of section 5, the authority for our decision must nevertheless be found in section 12, as this case has arisen since the latter took effect. Upon either argument section 12 is the current law on the subject.

It is urged by the applicant that the clause "to which the customs tariff in force in the United States is applied" (this clause will hereafter be referred to as the "to which" clause) in section 12 qualifies the word "possessions" and restricts the meaning of that word to those possessions of the United States where the United States Tariff Law is operative. On the other hand, it is contended by the appellee that the clause "to which the customs tariff in force in the United States is applied and upon which no drawback of customs duties has been allowed therein" limits the word "articles." It will be noted that this construction includes the "to which" clause relied upon by the appellant. In other words, the question is as to whether the "to which" clause limits the word "possessions" or the word "articles."

On first impression, the grammatical construction appears to require that the "to which" clause must modify "articles," since it is apparently joined to the "upon which" clause by the conjunction "and," and it is conceded that the latter clause must necessarily modify "articles." But after a careful examination of the meaning the section would have upon this construction we are convinced that it cannot possibly be correct. We are led to this conclusion by two reasons. First, because the section as it would then stand would prevent the admission into the Philippine Islands free of duty of those articles of American growth, product, or manufacture of purely domestic origin. For it must be considered that this construction of the section imposes two conditions upon an article which would enter the Philippine Islands free of duty: (1) It must be an article of American growth, product, or manufacture "to which the customs tariff in force in the United States is applied;" and (2) "upon which no drawback of customs duties has been allowed." The tariff in force in the United States is not applied to any article of purely domestic origin. And in the preamble of the Philippine Tariff Law it is provided that all goods entering

the Philippine Islands must pay duty except as otherwise specifically provided. As American articles of purely domestic origin would fail to comply with the first condition, it would be unnecessary to consider whether they could comply with the second. It is hardly necessary to say that this result was not contemplated by Congress, and that this customs tariff has now been in force for a matter of years, during which time no attempt has ever been made to levy tribute upon articles, wholly of American growth, product, or manufacture. It appears that by the merest chance, the inadvertent insertion of the word "and" permits of a construction, perhaps grammatically correct, whereby a clause which the draftsman intended should modify some other word appears to modify "articles," a possibility not contemplated when the section was prepared. The result such a construction would entail as shown above is the most convincing evidence that such a construction did not occur to the author of the section or to any member of the Legislature.

For the purpose of illustrating some further remarks, we quote the pertinent portion of section 12, italicizing the words which are not found in the similar clause of section 5:

"That all articles, except rice, the growth, product, or manufacture of the United States and its possessions to which the customs tariff in force in the United States is applied and upon which no drawback of customs duties has been allowed therein * * *

Clearly, by the addition of the words "and its possessions" it was desired to further extend the privilege of free entry into the Philippine Islands of American articles by including not only what might be called the United States proper, but something additional. So the words "and its possessions" were added to avoid any doubt that it was the intention of Congress that not only articles from the mainland should be permitted to enter the Philippine Islands free, but also articles from other territories within the jurisdiction of the United States. But had Congress stopped there (as they who favor the construction which we have disapproved would have had it do), the term would still be too indefinite to say exactly what was meant. "The United States and its possessions" is itself a comprehensive term. The necessity of defining exactly what was meant by this expression in a tariff act, where the greatest precision is necessary, undoubtedly appealed to the framers of this clause. Unrestricted, the phrase "the United States and its possessions" would include the Philippine Islands themselves, as well as the Islands of Guam and Tutuila, which were meant to be excluded. But if we allow the "to which" clause to modify "possessions" all ambiguity immediately disappears. We are then told that articles of American origin coming from the mainland or from any territory under the jurisdiction of the United States, to which the tariff in force in the United States is applied, are to be admitted free, provided only there is no drawback of customs duties. We have only to turn to the United States Tariff Law of 1909, which is the customs tariff in force in the United States, to ascertain what possessions of the United States are referred to in section 12. The preamble of that Act provides that it (the Act) shall apply to the United States and all of its possessions except the Philippine Islands and the Islands of Guam and Tutuila. Used in this way, the "to which" clause performs not only a useful but a necessary function in order to clear up the uncertainty as to what is meant by the term "United States and its possessions." What more appropriate way could be devised in which to define exactly how much of that territory was to be included in the term for the purposes of section 12?

Again, it will be noted that the words "is applied" are used in the "to which" clause, while in the "upon which" clause the verb is "has been allowed." Now, while we are ready to concede that the United States Tariff is applied to every article of American growth, product, or manufacture containing foreign material in the sense that the tariff was applied to the foreign material contained in such article upon its importation into the country, we cannot assent to the statement that the tariff is applied to the finished article which seeks entrance into the Philippine Islands; the tariff spends its force when the foreign material contained in the finished article enters the country as raw material, and has nothing further to do with it. Certainly, if the two clauses should be read together and modify "articles," it would be a more logical arrangement and tend to greater purity of diction to have the verb in

the "to which" clause in the past tense also. In point of time, the application of the tariff to the article occurs before a drawback of duties, and there is therefore more reason to place the verb of the "to which" clause in the past than there is for expressing the action of the "upon which" clause in the past.

By adopting the second construction, we remove the unseemly absurdity of the first, which would force articles of strictly American origin to pay duty upon entering the Philippine Islands. The most ardent advocate of the first construction would scarcely insist that such was the intention of Congress, nor could he well deny that such is the literal meaning of the section if that construction be given it. These considerations lead us to reject the proposition that the "to which" clause modifies "articles" and to hold that it modifies "possessions." If it be asked what disposition is to be made of the copulative "and," we answer that it may be disregarded as surplusage, or it may be held that there is an ellipsis of the words "which are" preceding "the growth, product, or manufacture of the United States and its possessions." In the latter case, a relative clause is provided and allows the conjunction "and" to perform the function of uniting it to the "upon which" clause. We are of the opinion that the most that can be said against the construction of the section which we have adopted is that a more appropriate setting might have been found for the object sought to be attained.

The real difficulty of this case now presents itself. The section as we think it should be read has exactly the same meaning, with a slight enlargement of the territory from which articles, except rice, may be shipped to the Philippines for free entry, as section 5. That is, it admits articles of American growth, product, or manufacture upon which no drawback of customs duties has been allowed. American articles wholly of domestic origin cannot possibly labor under the disqualification of a drawback of United States customs duties, as none are ever assessed. American articles made wholly or in part of foreign materials—which foreign materials enter the United States without the payment of duty by reason of their being on the free list—may enter the Philippines free of duty for the same reason. And American articles made wholly or in part of foreign materials, which foreign materials paid the regular duty upon entering the United States, may also enter the Philippines free, provided they can show that no drawback of the duty collected has been allowed. But the shipment of white lead, which is the subject of this controversy, although in one sense an article of American manufacture, is not comprehended within any of these three classes. Nevertheless, it has been argued that under the construction of the section we have adopted it must be admitted free into the Philippine Islands because it is not laboring under a drawback of United States customs duties. We admit the force of this argument without subscribing to it. This white lead belongs to that class of articles manufactured within the territorial limits of the United States under the provisions of article 23 of the United States Tariff Law. That article reads as follows:

"SEC. 23. That all articles manufactured in whole or in part of imported materials, or of materials subject to internal-revenue tax, and intended for exportation without being charged with duty, and without having an internal revenue stamp affixed thereto, shall, under such regulations as the Secretary of the Treasury may prescribe, in order to be so manufactured and exported, be made and manufactured in bonded warehouses similar to those known and designated in Treasury Regulations as bonded warehouses, class six: Provided, That the manufacturer of such articles shall first give satisfactory bonds for the faithful observance of all the provisions of law and of such regulations as shall be prescribed by the Secretary of the Treasury: Provided further, That the manufacture of distilled spirits from grain, starch, molasses or sugar, including all dilutions or mixtures of them or either of them, shall not be permitted in such manufacturing warehouses.

"Whenever goods manufactured in any bonded warehouse established under the provisions of the preceding paragraph shall be exported directly therefrom or shall be duly laden for transportation and immediate exportation under the supervision of the proper officer who shall be duly designated for that purpose, such goods shall be exempt from duty and from the requirements relating to revenue stamps.

"Any materials used in the manufacture of such goods, and any packages, coverings, vessels, brands, and

labels used in putting up the same may, under the regulations of the Secretary of the Treasury, be conveyed without the payment of revenue tax or duty into any bonded manufacturing warehouse, and imported goods may, under the aforesaid regulations, be transferred without the exaction of duty from any bonded warehouse into any bonded manufacturing warehouse; but this privilege shall not be held to apply to implements, machinery, or apparatus to be used in the construction or repair of any bonded manufacturing warehouse or for the prosecution of the business carried on therein.

"No articles or materials received into such bonded manufacturing warehouse shall be withdrawn or removed therefrom except for direct shipment and exportation or for transportation and immediate exportation in bond to foreign countries or to the Philippine Islands under the supervision of the officer duly designated therefor by the collector of the port, who shall certify to such shipment and exportation, or lading for transportation, as the case may be, describing the articles by their mark or otherwise, the quantity, the date of exportation, and the name of the vessel: Provided, That the waste material or by-products incident to the processes of manufacture in said bonded warehouses may be withdrawn for domestic consumption on the payment of duty equal to the duty which would be assessed and collected, by law, if such waste or by-products were imported from a foreign country. All labor performed and services rendered under these provisions shall be under the supervision of a duly designated officer of the customs and at the expense of the manufacturer.

"A careful account shall be kept by the collector of all merchandise delivered by him to any bonded manufacturing warehouse, and a sworn monthly return, verified by the customs officers in charge, shall be made by the manufacturers containing a detailed statement of all imported merchandise used by him in the manufacture of exported articles.

"Before commencing business the proprietor of any manufacturing warehouse shall file with the Secretary of the Treasury a list of all the articles intended to be manufactured in such warehouse, and state the formula of manufacture and the names and quantities of the ingredients to be used therein.

"Articles manufactured under these provisions may be withdrawn under such regulations as the Secretary of the Treasury may prescribe for transportation and delivery into any bonded warehouse at an exterior port for the sole purpose of immediate export therefrom.

"The provisions of Revised Statutes thirty-four hundred and thirty-three shall, so far as may be practicable, apply to any bonded manufacturing warehouse established under this Act and to the merchandise conveyed therein."

It will be noted that the most stringent precautions are required to be taken to prevent the possibility of articles imported under the provisions of this section being disposed of in the home market. One of the obvious advantages of the section is that it allows the American manufacturer to compete with the manufacturer of any other nation in the markets of the world, without allowing him to injure the business of those who manufacture for domestic consumption. Yet, the result, if we accede to the proposition that articles so manufactured are admitted free into the Philippines under section 12, is not only to afford these bonded manufacturing warehousemen a better market in the Philippine Islands than is allowed to foreign manufacturers, but to give them a preference in that market over those American industries which manufacture the same article of materials which have paid duty. And this advantage over legitimate manufacturers may be greater than might at first be supposed.

That it is not possible for a manufacturer to dedicate his factory to the business of manufacturing articles in bond and at the same time produce the same article in the same plant for home consumption is made apparent from the conditions of section 23. And we would hesitate to say that there are no American manufacturers except those engaged in the bonded manufacturing business who are interested in the Philippine Islands as a market for their wares. It is clear that under the proposed exemption from Philippine customs duties of articles manufactured in bond, those American manufacturers who are not conducting their business under bond are placed at a distinct

disadvantage in competing with their bonded brothers in the Philippine market. If the manufactured article (white lead in this case) produced under bond in the United States is to be allowed free entry into the Philippines, it is subject to no duty at all. The only intermediate expense between the mines in Spain and the market in the Philippines is the manufacturing process. This, we may assume, is equal to the cost of the same process in a factory not bonded. Yet the latter must pay the duty required by the American tariff on the raw material in addition to the expense entailed by the manufacturing process before he can offer the manufactured article for sale in the Philippine market. We ask, Why this discrimination at the expense of legitimate American industries, which should have the first opportunity in the home markets?

An examination of the reciprocal free trade arrangement between the United States and the Philippine Islands as provided in the United States Tariff Law may throw further light upon the object of Congress in perfecting it. By section 5 of its own customs tariff, the United States remits the duty upon certain articles coming from the Philippine Islands. In the same section, and "in consideration" for the exemptions provided, it is set forth that all articles of American growth, product, or manufacture upon which no drawback of customs duties has been allowed in the United States shall be admitted to the Philippines free of duty. These articles entering the United States free from the Philippines may and doubtless do affect, to some extent, the home producer. He is required to meet in equal competition articles over which, before the passage of that Act, he had a distinct advantage. But a balsam was afforded him for this hurt by giving him a greater market for his own goods. Did the bonded manufacturer object when it was proposed to allow Philippine goods to enter the United States free? And was the "in consideration" proviso tacked on to the concessions made to Philippine goods for his benefit? Decidedly not. It was immaterial to him if the United States was flooded with Philippine goods under the exempting clause. Such an event would not affect his business in the least. Yet he would claim the benefit without assuming the burden. But he would go still further, and claim an advantage over him who carries the burden. We cannot believe that it was the intention of Congress to so discriminate in his favor.

But counsel for appellant says:

"The appeal to the principle of protection as a guide to construction is proper, but it must not be forgotten that protection is supposed to be for the benefit of labor. The system of manufacture in bond is a system which is consistent with the protective principle in this, that it gives extra work to labor. Under this law raw material may be imported free and after benefiting from a liberal application of American labor, be exported again. In the present case the American policy would seem best subserved by the liberal application of American labor to imported lead which was afterwards reexported. If the American workman is to get the full value of his work it would also seem good policy to give for the product of his pure labor a free market in the Philippines. It is certainly arguable that Congress was sufficiently solicitous for the welfare of the American workman to enact this policy into law, and that they have actually done so. No one supposes Congress intended to foster the nonexistent "infant industry" of white lead manufacture in the Philippine Islands."

While the bonded manufacturing business is without doubt a benefit to American workmen and does not derogate the principle of protection, this business cannot be said to render any active assistance to that principle. It is a neutral element, which neither strengthens nor weakens the principle appealed to. While it has a tendency to increase the number of manufacturing establishments, and thus creates a demand for additional labor, it has no effect whatever upon domestic consumption, which requires just as many factories and just as many workmen as though the bonded manufacturing business did not exist. In any event, its effect upon American labor must be the same as its effect upon American manufacturers. If articles manufactured under bond be given preference in the Philippine market, they will, as has been shown, have an advantage over legitimate home industries in that market. The output of such industries will consequently not be so large, and as a result less work will be afforded the workmen in such industries. If this be protection, it is synonymous with discrimination; but that discrimination

protects cannot be admitted. It is doubtful if the bonded manufacturing business logically comes within the purview of a protective tariff. At least, that section 23, which gives it being, could as well be a part of the internal-revenue law of the United States as a part of its customs tariff is certain, since this section provides equally for a remission of the internal revenue tax or of the customs duty, as the case may be. It finds no place in the Philippine Tariff Law, which is as avowedly and completely protective as the United States Tariff Law. Yet the privilege of conducting such a business is not wanting in the Philippine Islands; it is granted by Act No. 1782 of the Philippine Legislature.

When we examine the restriction placed upon the free entry of American merchandise into the Philippine Islands, i. e., that there shall be no drawback of customs duties thereon, we find further indication of the view Congress took upon this question. A drawback of customs duty presupposes a collection of customs duty, and a customs duty can only be collected upon imports. If it was considered undesirable to allow goods which had paid the regular duty but which had later accepted a drawback to enter the Philippines under the free trade arrangement, would it be consistent with that ruling to allow goods which had paid no duty at all to so enter? By section 25 of the United States Tariff Law, articles manufactured in the United States containing foreign material are entitled to a drawback of all the customs duty paid upon such foreign material, less 1 percent, upon the exportation of the finished article. That this is the drawback which is placed under the ban by section 12 can hardly be questioned. Congress decided that when such articles had accepted the drawback to which they were entitled under section 26 of the United States Tariff Law; they should not be entitled to free entry into the Philippines. If it would be against the will of Congress to admit articles into the Philippines which had accepted a 99 per cent drawback of customs duty, is it reasonable to suppose that that body nevertheless intended to admit into the same territory the same articles which had paid no duty at all? Articles which in one sense were suffering a 100 per cent drawback of duty? While strictly speaking, it is perhaps incorrect to say that articles manufactured under bond receive a drawback of customs duties because the tariff is, as a matter of fact, never applied, the actual result is the same as though it had been applied. Indeed, the definitions which we have been able to find of this word as applied to customs duties would seem to indicate that it includes those articles manufactured under bond. In *United States vs. Passavant* (169 U. S., 16; 42 L. ed., 646) the court said:

"A drawback is a device resorted to for enabling a commodity affected by taxes to be exported and sold in the foreign markets upon the same terms as if it had not been taxed at all."

The difference, at best, is highly technical, and there is no substance to it. If articles of American manufacture which still have to their credit 1 per cent customs duties upon the foreign material contained therein are to be denied free entry into the Philippine Islands, there can be no justification for construing section 12 so as to allow articles which have paid anything less than 1 per cent that privilege.

Again, section 5 provides that the internal-revenue taxes ordinarily collected in the United States are not to be collected when the articles upon which they are applicable are shipped to the Philippine Islands, but that such articles shall be subject to the internal-revenue law of that country. As to merchandise of purely American origin, then, Congress places the manufacturer who is not bonded upon the same plane with him who is bonded. As to both, the obligations imposed by the internal-revenue law are discharged by the shipment of the merchandise to the Philippine Islands. Yet it is urged that as to customs duties the bonded manufacturer is exempt, while the manufacturer not under bond is required to pay them.

Section 5 also provides that Philippine goods entitled to free entry into the United States shall be exempt from internal-revenue taxes in that country, but shall be subject to the internal-revenue taxes of the United States. By the remission of the internal-revenue taxes in the country of origin and the prohibition against articles laboring under a drawback of customs duties, both countries are thrown open to the producers of each to the extent that

free trade is allowed. Obviously, if an article were subject to the payment of internal-revenue tax in the country of origin as well as in the country of destination, it would be handicapped in obtaining a market; and by accepting a drawback of customs duties it would have an advantage over the same article produced in the country of destination. The whole intention of Congress as reflected in the various provisions of this section was to give an article allowed free entry from the Philippines into the United States, or vice versa, an equal opportunity—not an unequal opportunity either to its advantage or disadvantage—with articles produced locally, so far as the general revenue laws of the country in which it was sold were concerned.

But there is another side to this question which addresses itself to us with peculiar earnestness. The Philippines were provided by Congress with a separate revenue tariff. The political relations of the United States and the Philippine Islands alone would have made it impossible for both countries to operate under the same tariff. No doubt considerations arising from the different requirements of the two countries would have also made it inconvenient if not impracticable to confer the same tariff upon both. This may be inferred from the difference in the free lists of the two tariffs. But one of the chief objects of both the United States Tariff Law and the Philippine Tariff Law was to raise revenue for the support of the respective governments. Inducements of mutual advantage were sufficient to overcome this object as to articles of home production. But where these inducements were wanting, for what purpose should the avowed object of either tariff be defeated? A distinct loss in revenues would occur to the Philippine Government were articles manufactured in bond to be admitted free of duty. How great this loss would be we can only conjecture. But theoretically, at least, it would throw the Islands open to the producers of the whole world. Every article imported into the Philippines and from which revenue is obtained for the support of our Government could escape the payment of this revenue by simply being subjected to a manufacturing process under bond in the United States. Not only would this pro tanto deprive the Philippine Government of its revenues and make its revenue tariff a "vain and useless thing," but in exact proportion to the magnitude of such a movement it would deprive the United States of a preferential market in the Philippines, which was the "consideration" for the exemption from duty coming into the United States of certain Philippine products.

We are urged that where an ambiguity arises in a revenue law, all doubt must be resolved in favor of the taxpayer. But does this mean an ambiguity of grammar merely, or does it mean an ambiguity as to what the intention of the lawmaker was? The clearest language may be perverted from its original meaning by metaphysical reasoning. As is said by Chief Justice Marshall, "the intent of the legislature is the law." This is not a case of doubt as to the intention of the legislature. No particular effort has been made in the present case to demonstrate that it was the intention of Congress to admit such articles as this shipment of white lead into the Philippine Islands under the provisions of section 12. In fact, we find in the record the statement by a representative of the appellant company: "It may be that Congress intended that articles manufactured from foreign raw materials in the United States upon which no duty was paid should pay duty in the Philippine Islands, but the law does not so state."

There is ample authority for excluding from the operation of general language cases which are inconsistent with the legislative purpose. The Act of February 26, 1885, prohibited the "importation and migration of foreigners and aliens under contract or agreement to perform labor in the United States." The Supreme Court of the United States, while admitting that the general language used would prohibit the immigration of a minister of a religious denomination under contract to exercise his calling, held, in *Trinity Church vs. United States* (143 U.S., 45,7), that this was a case not within the meaning of the Act and that the Act did not, therefore, extend to it. But the principle invoked in that decision of the United States Supreme Court is too well recognized to require discussion, and the review of authorities therein presented is comprehensive. In the case of *Jones vs. Guaranty, etc., Co.* (101 U.S., 622, 626; 25 L. ed., 1030, 1034) the principle is sententiously stated as follows:

"A thing may be within a statute but not within its letter, or within the letter and yet not within the statute. The intent of the lawmaker is the law."

In the present case, Congress was considering the vast bulk of American merchandise when it enacted section 5 of the United States Tariff Law and section 12 of the Philippine Tariff Law. It was not intended that such language should be so construed as to make for discrimination between American manufacturers and to provide an avenue of ingress into the Philippines of every article dutiable under the schedules of the Philippine Tariff Law without the payment of duty. We are of the opinion that nothing short of a specific provision in the said tariff law would justify a court in holding that articles manufactured under bond in the United States-should be admitted into the Philippines free of duty.

But it may be said that the white lead which is the subject of this controversy is not open to the objection of diminishing the revenues of the Philippine Islands because the raw material contained in the manufactured article would not have been subject to duty in the Philippines had it come direct from Spain. While this is true, it is still open to the objection that it would discriminate between American manufacturers. Nor is it any the less true that no distinction can be made between bonded manufactured articles, the raw material of which might enter the Philippine Islands under the free list, and such articles, the raw material of which is subject to duty. If one such article be admitted, all must be admitted. The pig lead contained in the manufactured article lost its identity upon being subjected to the manufacturing process in the United States, and also its right to free entry into the Philippine Islands. The tariff deals not with any past condition or form of an article, but its condition or form upon entering the country. As well could it be argued that any other manufactured article containing material which, in the raw, is on the free list, is entitled to free entry into the Philippine Islands.

Judgment affirmed, without costs. So ordered.

Arellano, C. J., Torres, and Moreland, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.