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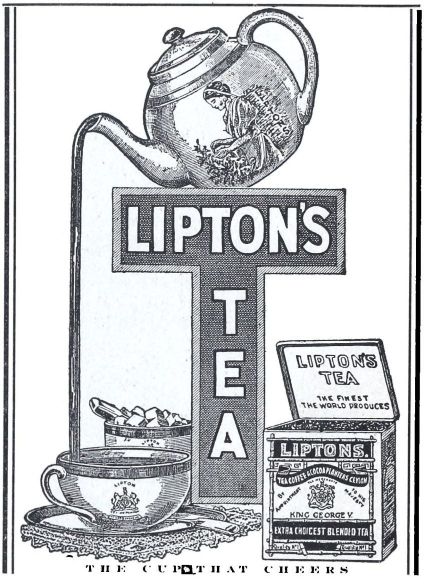

LIPTON'S
TEA
LIPTON'S TEA
THE FINEST THE WORLD PRODUCES
LIPTONS.
KING GEORGE V.
EXTRA CHOICEST BLENDED TEA
THE CUP THAT CHEERS

The White Horse Cellar
Estab 1742
WHITE HORSE
Scotch WHISKY
Quality NEVER Varies

Smoke
LA PERLA DEL ORIENTE
EL ORIENTE
CIGARS
MANILA'S BEST
El Oriente
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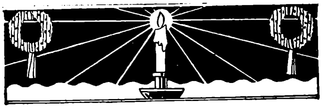

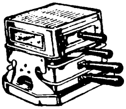

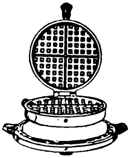

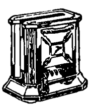

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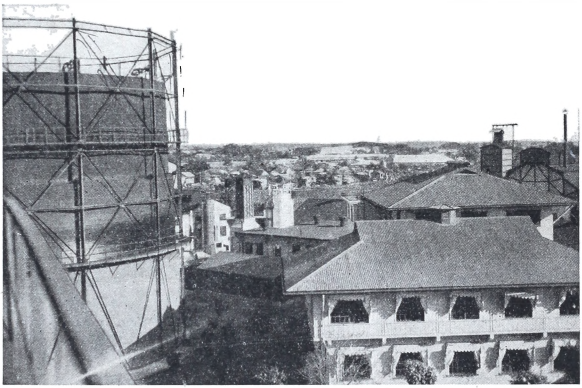
WALTER ROBB Editor and Manager

U. S. Capital in Gas Corporation Well Founded Here

Growth in 21 years from 2,637 patrons to 16,127, and gas consumption multiplied 9 times

The Manila Gas Corporation (capital originally Swiss, now American) got its franchise in June 1912 and opened its service in Manila in November 1913. The present manager, A. Hoyer, was one of the staff hastily got together from projects in Europe to come to Manila and, in the swamps of Paco, erect the plant and begin operation in the very brief period allowed by the franchise. The capital now invested is ₱10,-625,440. On this a satisfactory net earning is effected every year by practice of rigid economy, use of only the best equipment and supplies, and first rate maintenance including at all times a coal supply for at least 3 to 4 months.

Prime soft coal is best for production of coal gas. It commonly comes from Australia but at times is bought as far abroad as England. Presently it comes from Australia. Imported, contingencies advise the keeping of a large supply ahead—more than twice as much as gas companies keep ahead in the United States.



View of Plant and Staff Residences of the Manila Gas Corporation, in Paco, Manila

Because Manila is restaurant minded and most Manilans eat at least a meal a day outside their homes, restaurants and hotels are large buyers of gas. A prosperity deriving from brisk sale of surplus Philippine farm products in overseas markets, 85% in the American market, explains the residential expansion of Manila and the growing household demand for gas in the city and its environs in Rizal province to which the company's franchise extends. As a middle class develops, its members build homes and install lights and gas. The city has an area of 20 square miles. Gas lines 180 miles long supply it, together with the villages of Pasay, Parañaque, San Pedro Macati, Caloocan, San Juan del Monte and San Felipe Neri.

Two huge steel tanks built to the most approved specifications on earthquake-proof foundations supply an ample gas reserve, while the daily production capacity is 70,000 cubic meters or approximately double the daily requirement. Beginning with 2,637 patrons in 1913, 5 years later the company had 4,886 patrons consuming 182,863,000 cubic feet of gas a year. This has now doubled, and the number of patrons trebled. Patrons numbered 16,127 at the end of last year, and gas used during the year was 365,119,000 cubic feet. The rate up to 100 cubic meters is 15.5 centavos per cubic meter; 101 to 400, 14 centavos; 401 to 2,000, 12 centavos, and 10 centavos above 2,000. Rates are governed by the public utility commission.

Coal gas was made exclusively at first, but in 1917 a water-gas plant was installed and now this gas is 2/3 of the supply, coal gas the other 1/3. The water gas residue manufactured into a staple wood preservative. Coke from the coal finds a market, also the tar—this in form of paints as well as tar, among them a prime roofing paint.

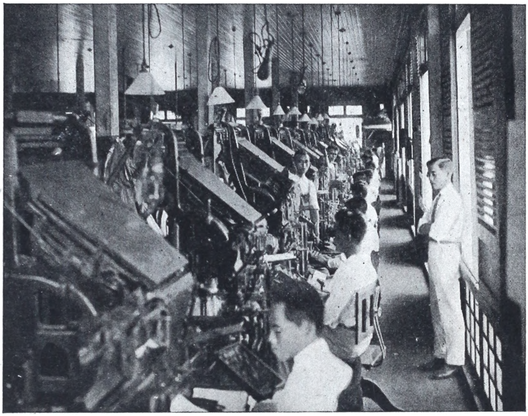
There are several auxiliary power plants at the works, against failure of the power service commonly used — to keep pressure on the mains. One of these auxiliary plants is electric. The company used its own power during 36 hours after the typhoon of October 16, while the general service was disrupted. The spacious grounds of the plant have been filled above flood level, drained and parked; there is no atmosphere of "the gas house district" about the place. Manager Hoyer and other staff members live there in order to be on day and night call, so clean pleasant cottage homes with gardens and lawns nestle wherever ample space is found for them.

Gas stoves and equipment are handled at the plant and in the downtown store. Labor receives first attention, the 450 men on the payroll get some ₱300,000 a year. Hospital arrangements are supplemented with the services of a doctor and emergency dispensary at the plant. The dispensary treats some 900 cases a year, affecting about 300 workmen; the general run of cases being usual ailments, such as fevers, and not accident cases. Basically the dispensary is a welfare project, always available for immediate treatment when accidents occur.

Newsprint Market Here Only In Its Infancy

Much heavier call upon America for paper would come from upping the tariff slightly, still more from inculcation of a common language throughout the islands

One factor of growing significance in Philippine-American trade is newsprint paper. The market is entailed with a free press. Under Spain the Philippine press was closely censored, newspaper publishing in the islands was of no business importance: contents and make-up were of the poorest, polemical matter excepted, when addressed to partisans, and readers and ad patrons were few. From 1899 to July 1902, the military period under the United States, a censorship by the military authorities prevailed. It was liberal except as to engendering opposition to America, the press breathed with less restriction and began to grow.



Courtesy J. P. Heilbronn Co.

U. S. Linotypes in the Philippine Bureau of Printing—founded 34 years ago to do the public printing and comprise a school for the printing crafts. There are 105 linotypes in the islands, and more than 1,000 printing press.

Freedom of the press came with the civil government in 1902. At once there was a market for paper. But in 1900, the total value of newsprint imported into the islands July to December was but ₱131,525; from the United States, ₱23,285; from Germany, ₱24,172; from France, ₱30,234; from Spain, ₱16,886; from the United Kingdom, ₱3,234. Several daily newspapers printed in English were then in existence. Some of them construed freedom of the press liberally, and had their main circulation in the ranks of the army. Taft, establishing the civil régime that was to clear the newspapers' way to fortune, was tormented by what he styled "the *little* lions of the press."

It was the free public schools teaching English to Filipinos as a common language that broke through parochial barriers and gave daily and weekly newspapers widespread circulation with which they could go to advertisers for patronage. Gradually, more radical or more loosely managed American newspapers died, leaving the conservative and aggressively managed *Manila Daily Bulletin* this field, in which it finds some 2/3 of its readers among Filipinos educated in English. Ten years ago, or about that time, Spanish lapsed into a bad second place as a medium for newspapers in Manila: in the provinces it holds out much better, where the circulation of local papers is among the planters and hardly at all among the small owners and the tenant class. In Manila the publishing establishment headed by the wealthy Alejandro Roces, Sr., started the *Tribune* in the morning field: the *Philippines Herald*, under a rival publishing house, came out as the Filipino's afternoon newspaper in English bidding for American and international attention.

Good circulation among these newspapers may be reckoned below 12,000 daily, for any of them. Week-end editions with features the week's news summarized run higher. Circulations are not officially audited, the figures cited are published as a liberal estimate. It is evident that newspaper publishing has far to go in the Philippines, to reach popular circulation; therefore the paper market of the future, if a free press continues, is bound to overshadow the present market as the latter now overshadows the market that existed here at the advent of the American régime.

In other words, the newsprint market here is worth getting hold of. If trade upon tolerable terms continues permanently between the Philippines and the United States, and a common language is established throughout the islands by medium of the schools among a constantly growing class habituated to the appetite for news, the newspaper with a circulation of at least 200,000 daily is loitering with prosperity, just around tomorrow's corner.

One publishing house is, however, tackling the bogie of circulation from another angle. It publishes weeklies in Manila, in the vernacular of various regions of the islands. This is the *Ramon Roces Publications, Inc.*, Ramon being a son of Alejandro, Sr., successful in the daily field with a newspaper in English, as mentioned, one in Spanish, a third in Tagalog. Ramon Roces made his first venture with his Tagalog weekly. It sells for 10 centavos the copy, comes out on newsprint, with 2-color and rotogravure sections, makes a net profit from circulation alone. It has run as high as 70,000 copies weekly, must be doing somewhat less than that now. Another Roces weekly is published in Cebuano, another in Ilongo, each for a different territory in the Bisayas, the middle islands of the Philippines. Another in Ilokano has its main field in the northwestern provinces of Luzon, the Ilokos region. *Stockman and Farmer* printed in English signifies its devotion in its name; it is a monthly of small circulation but creditable appearance and content.

The *Herald* house, Carlos P. Romulo publisher, issues a daily in Tagalog, language of Manila and adjacent provinces. It also has a morning paper in Spanish, and an omnibus sheet, the *Monday Mail*, covering the week in English.

Ramon J. Fernandez publishes dailies in Spanish and Tagalog.

The above are main newspaper groups in Manila, where plants are provided with modern presses and typesetting machines. Newspapers in the provinces offer a small market for flat paper. Some towns, notably Iloilo and Cebu, have English sections in daily papers. But the language which is to be a common tongue for the Philippines has not yet emerged from the ruck of a prolonged competition. English has the advantage of being the language universally taught

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Cotton Piecegoods Philippine Market Won by Japan

With America's domestic policy toward textiles, Japan beats her here and U. S. labor loses $3,000,000 to $11,000,000 a year. **By James Traynor.**

When it is considered that cotton piecegoods represent the largest single import item in this country and that lately the United States has been steadily losing this important trade, the loss of business running into millions of dollars annually, it is not surprising that American mills are greatly concerned. They are not only uneasy about the business that has already been lost but are even more anxious about the future and what promises to be greater losses.

From the time the present tariffs were put into effect in 1909 the U. S. has enjoyed a large share of this business, consistently supplying more than all other countries combined. The value of American textiles has varied between $6,000,000 and $22,000,000 gold per annum, making the Philippines America's largest export market for piecegoods.

American mill labor is much more interested in this market than the mill owners.

It can be conservatively estimated that 50% of the value of cotton piecegoods shipped to the Philippines from the United States is paid to labor, or for every million dollars of business lost American labor loses in wages $500,000. In times of unemployment and government relief neither labor nor the Federal government can afford this loss. To further demonstrate: $500,000 will employ for one year 561 mill workers at the NRA minimum of $17 per week. It is estimated the United States has lost in the past year $4,000,000 in cotton piecegoods business to Japan, which in terms of labor means 2244 American mill hands out of employment. In these days when appeals are heard on every hand for the unemployed in the United States, these figures speak far more eloquently than any comment the writer could make. Japanese competition has for many years been a factor in the Philippine market but it did not become serious until the Spring of 1933 when the New Deal was put into effect and with it the NRA and the devaluation of the dollar. According to statements of the Department of Commerce in Washington total exports of the United States have increased during the Roosevelt administration, but this does not apply to cotton piecegoods shipments to the Philippines.

When President Roosevelt succeeded in raising commodity prices in the United States prices of American textiles became too high to hold their own against Japan. In order to show how American cotton goods have suffered in this market I quote the following figures obtained from the customs reports, showing average percentages of the total cotton piecegoods supplied by the United States for the period 1915 to 1933:

Unbleached, 56%; bleached, 78%; dyed, 52%; printed, 78%.

Compare the above percentages with the following comparative figures for America and Japan for January to September 1934.

	U.S.A.	Japan
Unbleached	59%	26%
Bleached	48%	40%
Dyed	38%	51%
Printed	32%	68%

While for 1934 the United States is slightly ahead of the average in unbleached goods during 1915 to 1933, the other three classifications show an amazing drop. A study of the statistics supplied by the customs will show that practically all the trade lost by the United States has gone to Japan.

The question that naturally arises here is how Japan is able to underquote the United States to such an extent on cotton goods, that she is able to pay a duty and still land goods more cheaply. A combination of reasons makes this possible. Japanese manufacturers claim to be more efficient and are loud in praising their improved machinery which they say weaves faster than any other and therefore more economically. This may or may not be true, but admitting that it is, it could not possibly account for any more than a very small difference as compared to the United States. Another and probably more important reason for Japan's low cost of production is explained by the following statement of a large Japanese exporter which is quoted from an article appearing in *Japan Trade* for September 1934:

"Apropos, mention should be made of the number of looms which a mill hand can tend in this country. (Japan). The installation of automatic looms, aided by frequent improvements on them, has enabled a mill hand to look after from 30 to 40 looms today.... In Japan, the majority (up to 90%) of the operatives in cotton spinning and weaving mills are unmarried girls, mostly in their teens. Young as they are, they are doing just as great a volume of work as, nay, several times more work than, full fledged men heading their respective families in Europe, America and elsewhere. Despite these kinds of mill work not requiring much technical experience and skill. The mill hands in Europe, America and elsewhere consist of high skilled male operatives who are engaged in the work for many years, or even for generations, using more than necessary skill and each tending only one-sixth or one-seventh of the number of looms a female operative can look after in Japan. Here is found no small waste. Meanwhile, the female operatives in Japan need not earn funds on which their families have to live, but only those for their marriage paraphernalia."

The girls referred to, according to the same article, are from 14 to 19 years of age, work 2 hours a day for 7 days a week. Their wages are in the vicinity of $2.50 per week, plus secondary grade tuition and medical treatment. Compare these labor costs with the minimum of $17 per week of 36 hours paid American mill workers who do, according to the above mentioned article, several times less work per hour.

While Japanese mills are so organized as to keep labor costs at a ridiculously low level, American mills have had actually to increase their labor costs because of the NRA code. In addition, American prices are high in comparison with Japan because of the exchange rate.

The devaluation of the dollar, plus cotton crop control, increased the price of cotton from 5 cents to 12 cents plus per pound. This increase in the price of cotton, plus the labor increases caused by the NRA raised the prices of manufactured goods from 30% to 40%. The peso being tied up with the dollar was devaluated to the same extend as the dollar so that no benefit was gained in the purchasing power of the peso in the United States market. On the other hand, the yen was also devaluated, instead of the yen being worth a peso it is at present worth about 60 centavos or a gain for the peso in purchasing power in the Japan market of about 40%. The increase in American prices of from 30% to 40% plus the gain in the purchasing power of the peso as against the yen of about 40%, was much more than the tariff protection afforded American goods in the Philippines.

When the present tariff schedules were worked out in 1909 the main competitor of the United States for the cotton piecegoods business of the Philippines was England. At that time exchange rates were not subject to radical changes through devaluation, and Japan's cotton industry was in its infancy and hardly promised to become the important factor that it is today. England is no longer a serious competitor, having been replaced by Japan with its low costs of production and devaluated yen. With the increased costs in the United States the present tariff laws do not give American goods the protection they were designed to give and in order to rectify this the various

(Please turn to page 27)

The Electrical Equipment and Sundries Market Here

Filipinos buy by far the larger part of such manufactures . . . General Electric is the oldest company in the field

American trade in electrical equipment and sundries in the Philippines was founded 35 years ago by Frank L. Strong. Strong had been an engineer officer with Dewey's fleet. He resigned his commission to establish himself in business in Manila, oldtimers recall that he built the government ice and cold storage plant—his first big project. He was the agent of the General Electric Company; he acquired many other prime agencies, of machinery, engines, supplies, etc., and incorporated his business in 1907. The site is now that of the American Grocery, calle Echague. In tessellated tile, the threshold long bore the name: Frank L. Strong, M.E.

From the outset of the American régime, demand for electric current grew. It was reported in 1900 that new lights were on the streets, that Manila would soon be "one of best lighted cities in the world." The concession was held by a company called *La Electricista*. Its resources were short of the demand, and in 1905 its interests were taken over by the Manila Electric Railway and Light Company, now the Manila Electric Company, which acquired the franchise for operating electric trams in addition to manufacturing and distributing current.

The electric company's investment has since become the largest permanent American investment in the Philippines, such has been the growth of demand for its services. It serves about 100 towns on Luzon besides Manila; and beyond its lines, both on Luzon and throughout the islands, local plants are numerous. A transformation was wrought in all the sugar-cane regions of the islands with the establishment of sugar *centrals* to replace the open-kettle mills: all the new mills had abundant power, and began, as they continue, furnishing light and power lavishly to their communities.

Similarly lumber mills, coconut oil and desiccated coconut factories, local ice plants and factories, such as the few existing, create demands for electric lights and household appliances. This at once influences municipalities, for whose benefit franchises for electric plants are granted by the legislature. The American company's rates are consistently lowest.

Few were the Filipinos who were customers for lights and appliances in the early years of Frank L. Strong's business here. But their number grew. At his death, in San Francisco in 1917, his General Electric agency, a plum many were reaching for, fell to the islands' leading commercial house, the Pacific Commercial Company. General Electric has now opened its own office in Manila, but maintains important marketing arrangements with the Pacific Commercial. A large section of the company's store, the American Hardware and Plumbing Company, calle Echague, is given over to the electrical department.

Other stores devoted to electrical wares are similarly pretentious. The Manila telephone directory lists 23 electrical engineers and contractors, 22 electrical supply businesses, centrally located among which, in the heart of the Escolta, is the store of the Manila Electric Company itself. At some of these stores at least, more than 4 customers in 5 are Filipinos; even the demand for electric refrigerators is chiefly among Filipinos. The prosperity these demands manifest derives from trade with the United States. Loss of that trade, or its very appreciable curtailment, would therefore hamper seriously, if not actually jeopardize, a prime trade and industrial interest of the American people in this market; and through securities widely held, the blow would be felt throughout the United States.

Here is an illuminating list from last year's Philippine imports:

Batteries valued at ₱169,566; from the United States alone, ₱160,943; duty on foreign batteries, ₱1,102.

Dynamos valued at ₱182,383; from the United States alone, ₱92,433; duty on foreign dynamos, ₱11,628.

Fans valued at ₱13,485; from the United States alone, ₱11,182; duty on foreign fans, ₱304.

Flashlights and parts valued at ₱119,554; from the United States alone, ₱93,064; from Japan, ₱2,863; from China, ₱23,627; duty on foreign flashlights and parts, ₱5,127. More than 90% of this trade is with Filipinos, certain dealers report.

Heating and cooking apparatus valued at ₱69,739; from the United States alone, ₱62,545; duty on foreign heating and cooking apparatus, ₱1,188.

Bulbs and tubes valued at ₱367,665; from the United States alone, ₱139,965; from Japan, ₱112,907; duty on foreign bulbs and tubes, ₱29,813.

(*Please turn to page 27*)

In 1903 the Philippine government advertised in the United States for bidders for a street railway, light and power franchise in Manila. Charles M. Swift of Detroit, sole bidder, was granted such a franchise. He acquired the old interests of a Spanish company, *La Electricista*, and founded the corporation, the *Manila Electric Railroad and Light Company*. Initials of these words make the cable word *Meralco*, the popular name of the company, which, incorporating in the Philippines some 10 years ago, changed its name officially to the *Manila Electric Company*.

The original capital was mainly British and European, but now the capital is mainly American. In 1925 the corporation became an Associated Gas and Electric property, management under the J. G. White Management Corporation, headed by John H. Pardee.

The fixed capital investment in the Philippines is about $15,000,000. During 30 years the company has expanded its capacity ahead of the increasing demand. The march of invention has dwindled the importance of the electric tram service, and enhanced the worth of the light and power divisions.

The company now has 20 power plants including a hydroelectric installation at Botocan, Tayabas, capacity 20,000 kilowatts, the notably economical steam plant in Manila, 29,500 kilowatts, and 18 plants totalling some 60,000 kilowatts capacity among the 99 towns in the company's system outside Manila. There are also 30 substations in the system.

Insular, provincial and municipal taxes exceed the revenue from street lighting in Manila and the 49 other towns the company lights. In the system as a whole, 1,450 miles of line are operated. There are 84,753 residential patrons, 25,213 commercial, 733 power, a total of 110,699, to which should be added the 50 towns taking street-lighting service.

Among residential customers, 49,180 are for flat-rate lights only. Of these 49,180, some 30,163 use but 1 lamp each, at ₱1.10 per month. Much costly wiring, etc., is involved for the little revenue received, but the franchises are thus observed and prime service rendered. (The figures also hint of the larger market for electrical wares that is potential here, should ample trade with the United States continue.)

Nearly 51% of gross revenue goes to pay 2,400 employés, the livelihood of 12,500 persons. This money returns into active trade channels at once. Unavoidable losses in kilowatt hours absorb the gross revenue every fifth day; in some towns where 24-hour service prevails, this loss takes the gross revenue every second day. Typhoons cause losses that can't be discounted ahead. This year such extraordinary expense will approximate ₱500,000. The foregoing epitomizes 30 years' service of the largest American company in the Philippines, basis of fixed investment here. Public control is exercised through the insular public utility commission.

Japan Biggest Buyer of Hemp: Japanese Lead Exporters

Once the queen of Philippine farm products, Manila hemp is now better than ever before in quality, less in demand. But there's another side to the question

The table boxed on this page shows the worldwide market for Manila hemp, abacá, the countries that buy and how much they buy. This hemp is raised commercially outside the Philippines only in Sumatra. About the Dutch methods there little is known save that extraction of he fiber is thoroughly mechanized and the plantations are very large and scientifically managed. However, it is still asserted that Philippine hemp is best, and it is certainly the leader by long odds as to quantity.

Hemp is the oldest Philippine farm export; together with copra, oil and tobacco, sugar becoming a factor much later, Manila hemp founded the islands' ocean commerce at the opening of the 19th century, when it attracted the first resident foreign merchants from Europe and New England. America bought 60,000 bales in 1850, 2-1/4 times that in 1860, for naval and mercantile marine purposes mainly—this era preceding the McCormick reaper-binder that later opened a market for Manila hemp for binder-twine. But though the merchant ships were few at the end of the century, and the navy small and built for steam, America bought 265,828 bales of hemp in 1899—practically as much as England did, from whom too America bought both hemp and cordage.

MOVEMENT OF MANILA HEMP TO OTHER COUNTRIES

Buying Country	1933		1/2 1934		July 1924		August 1934	
	Metric Tons	1000 Pesos	Metric Tons	1000 Pesos	Metric Tons	1000 Pesos	Metric Tons	1000 Pesos
United States	36,189	4,026	23,124	2,942	2.701	347	4,058	518
Great Britain	36,129	3,100	19,809	1,852	2,541	239	5,753	486
Belgium	5,180	503	1,547	163	262	29	510	55
France	4,394	347	1,340	111	104	9	625	51
Germany	2,714	270	1,270	152	44	5	210	23
Italy	1,256	109	574	51	227	19	71	7
Netherlands	3,386	274	2,609	239	63	6	234	17
Spain	4,463	207	1,303	140	254	28	598	59
China	519	90	248	49	36	7	27	5
British E. Indies	993	89	405	37	92	8	278	21
Hongkong	911	76	308	31	120	11	32	3
Japan	47,390	3,626	26,780	2,214	4,676	362	6,613	568
Australia	1,831	202	1,380	163	228	28	314	35
Canada	3,600	369	1,158	124	130	15	364	31
Denmark	1,670	152	781	85	114	10	253	26
Finland	26	3	17	1			10	1
Norway	1,164	110	601	64	216	20	16	14
Sweden	740	63	386	27	27	3	127	13
Brazil			59	4	13	1	225	20
Turkey in Europe							35	2
Dutch E. Indies	11	2	20	3			5	1
New Zealand	371	37	236	31	33	4	121	15
Latvia					3	1/3		
Cuba	127	10	76	10	114	13		
Argentine			30	3	20	2		
Portugal	3	1/5	6	2/3				
Rumania	13	1	13	2				
Korea			44	3				
British Africa	662	55	130	11	34	2	114	10
Egypt	313	26	566	55				
Singapore	13	2						
Totals	154,068	13,759	84,820	8,567	12,052	1,168	20,593	1,981

1 peso equals $0.50 *Journal Table*

1931 exports, 132,114 metric tons valued at ₱17,885,813 } All Customs data.
1932 exports, 105,785 metric tons valued at ₱10,031,204 }

Today, in an era of wizardry that makes statesmen beg chemists to keep their secrets to themselves lest they utterly upset society, the best insight into Manila hemp's basic importance is Japan's interest in it. Quantity available is large this year, 1,325,229 bales up to December 1, the fiber inspection service reports; and the table shows where it is going. The largest exporters are Japanese corporations, the largest buyer country is Japan. Neither can Japan be accused of laxity in research, nor of doing business for the love of it. Besides, Japan is vitally interested in another fiber, the world's rarest, silk—basis heretofore of Japan's economy.

Japan buys at least ₱200,000 worth of Manila hemp a year, *for uses other than in cordage*. Keeping the *how* of it to themselves, Japanese show you a shirt collar and tell you it is made of hemp; or they show you fiber you would swear was silk, and tell you it is just hemp. Buying all grades of hemp, from the lower grades they make paper. It is even claimed, and might be true, that they make timber substitutes of hemp. In the Philippines (and apparently in America as well) the fiber has never been broken down and given thorough chemical study. Britain's interest has been in hemp for cordage. It is the Japanese who have torn off the fiber's jacket and gone at the possibilities of the fiber alone.

This current economic fact is as vital as it is new: namely, that research doesn't lead Japan to abandon hemp, but to esteem it ever more valuable. Should this be the attitude of the rest of the world, after proper research, Manila hemp has an assured future until chemists turn up something better or very much cheaper. Seemingly this would be hard to do. Hemp, of course, would convert into rayon. Maybe the Japanese use it that way, too. They are wisely not glib about hemp.

But they use hemp in cordage, too, like all the world does. They buy it here, process it into rope in Japan, ship the rope abroad wherever they can find a market for it. They ship rope, for example, to Asia minor and Malaysia and compete with Philippine cordage. They supply Russia both rope and twine, of Manila hemp—a great source in itself of their demand for the fiber. As in the case of cotton textiles, the story is—Japan's lower production cost. But Japan ties Manila hemp into shipping, and both these interests tie up with hemp production in Davao. A Japanese firm is the largest single exporter in Manila to New York, and uses Japanese ships.

While 4 million Filipinos have in the past been dependent wholly or partly on Manila hemp for their living, uneconomical and unscientific production, in competition with Davao, will gradually compel them to other pursuits unless they too adopt modern methods of preparing the fiber and cultivating the plant.

This in itself shows how vital some practical research in uses of hemp would be in the Philippines.

It is officially estimated that this year Davao is producing some 50% of the total output in the Philippines of Manila hemp. The bulk of this is of Japanese production. While prices are very low, ₱17 a bale for the standard American cordage grade F (December 12), without Japan's extraordinary demand all prices would be much lower and the islands would have more hemp on hand than the world would buy. Either that, or Manila hemp would vie with Mexican sisal, inferior to it in tensility, for baser uses such as twines. General demand, always primarily for cordage, follows the fortune of ocean tonnage: with ships out of commission and building slack, the maritime countries do with little hemp—Japan excepted because she has diversified her uses for it. But it is still important who has sovereignty over Manila hemp. Particularly as research, little as we know of Japan's, seems only to make it more generally useful.

Sugar's Outlook During the Commonwealth Decade

Five years of doubtful going, the industry says, and gradual and perhaps a general fold-up when the export tax applies

It should be no secret that the trend of private capital today is to leave the Philippines. Such facts are often set out as bogies with which it is hoped to obviate or moderate some political plan, whereas they are better taken as normal *to an abnormal situation*. The proposed setting up of a government in the Philippines independent of the United States is thoroughly abnormal procedure, and that it should be associated with extreme hardship, even if violence should not lift its radical arm, is a normal expectation of it. Hardship implies, naturally, the ruin, at least for a period, of private fortune; and it is therefore nothing more than a manifestation of prudence that now, when a man has grown and sold something and has a balance in some bank overseas for its worth, he leaves that money out of the Philippines.

This normal process in parlous times has been manifest in the Philippines for years, is evidenced in the paralysis of every market, every value, outside that for pleasures and consumable goods. Real estate, notably, has capricious values: a property may have cost ₱100,000 and will not interest a buyer now at ₱10,000; or a plantation may be valued for taxes at ₱500 a hectare (2-1/2 acres) and go under the sheriff's hammer for the face and interest of a mortgage.

Sugar district	Short tons 1933 contribution to U. S. market	Jones-Costigan quota	Change: Short tons Increase	Change: Short tons Decrease	Change: Per cent Increase	Change: Per cent Decrease
Louisiana and Florida	314,737	261,034		53,703		17.06282
Beet	1,365,978	1,566,166	200,188		14.65529	
Hawaii	989,580	916,550		73,030		7.37990
Virgin Islands	4,548	5,470	922		20.27265	
Puerto Rico	790,992	802,842	11,850		1.49812	
Philippine Islands	1,241,229	1,015,185		226,044		18.21131
Cuba	1,600,711	1,901,752	301,041		18.80671	
Others	8,232			8,232		
Total	6,316,007	6,468,999	514,001	361,009		

Philippine Sugar Association

This implies that trusts are insecure, that problems of safety of the capital, confronting trustees of estates and trust officers, become daily more grave. It is normal to the fact that anxiety prevails in loan and mortgage houses, where distress is already widespread enough for relief bills to have been presented to the insular legislature. The situation, normal as it is to the effecting of the ends of a revolution, gathers bulk as it gathers momentum; and though it should not astonish, it must be dealt with—preferably of course by the United States and the Philippines jointly.

The main threat is to basic industries whose surplus has been supplying the United States. Sugar leads these industries.

This industry provides us data showing that 2 million Philippine people gain their living from it, directly, and that it pays 43% of the insular taxes and comprises 61% of total insular exports. From this the industry argues that it sustains a vital portion of retail and wholesale business of the islands, which of course is true; and certain branches of business are even more dependent on it, among them machinery. Sugar sets up at least 70% of the annual Philippines dollar credit in the United States, is therefore basic in exchange and banking. Such an industry could not be let go to pot with impunity to Philippine stability and Philippine-American commerce, a statement that is made no stronger only because the industrial writer is constrained to consciousness of the revolutionary progress of applied chemistry—today's necessities may be tomorrow's cocked-hat.

Last year the Philippines sold America 1,241,229 short tons of sugar, compared with the Jones-Costigan quota of 1,015,000 for the 1934-1935 crop, a sheer reduction of 226,044 short tons. The duty-free allotment during the commonwealth 10-year period *intended to be preparatory to independence* is materially less, 850,000 long tons. In the 6th commonwealth year, 5% of the American duty will apply as an export tax; in the 7th year, 10%; in the 8th year, 15%; in the 9th year, 20%; in the 10th year, 25%—after which independence is to come and new arrangements will be to be made. There is no telling what the situation will then be. On the other hand, as matters stand now, if the Jones-Costigan act is not extended or similar provision made, during the commonwealth the Philippines may sell sugar on the duty basis in the American market above the 850,000 long tons a year that will go into that market on the terms just stated.

There is no forecasting what the duty on Cuban sugar may be. When the Jones-Costigan act expires, it might be put back to $1.50 a 100 lbs., or it might not be.

It is assumed that the Tydings-McDuffie act intended survival of the Philippine sugar industry. But the industry itself thinks the imposed conditions, the export tax particularly, preclude survival. Sugar is not produced as cheaply here as in Java, for example, while Cuba's are reputed the lowest costs in the world. Philippine sugar is more a reciprocal trade proposition, satisfactory under some tariff leniency and not satisfactory without it. The industry says Cuba's cost *c.i.f.* is 1.923 cents a lb. The duty of 9/10 cents a lb. makes Cuba's landed costs in the United States 2.823 cents a lb., against a landed cost of Philippine sugar of 2.717 cents a lb., a present Philippine advantage over Cuba of but 0.106 cents a lb. The 5% of the American duty applied to Philippine sugar in the export tax the 6th year of the commonwealth, would not quite wipe out this slight advantage over Cuba, but the 10% the 7th year would more than do so. Cuba would then add to her low field and mill costs, proximity to New York, banking and insurance and other advantages, an actual margin on duty-paid costs; and as Cuban sugar would then determine the price, in conjunction with Liverpool's supply, as it does now, Philippine sugar would have to withdraw from the American market, and when independence should come the Philippines would have a bankrupt major industry.

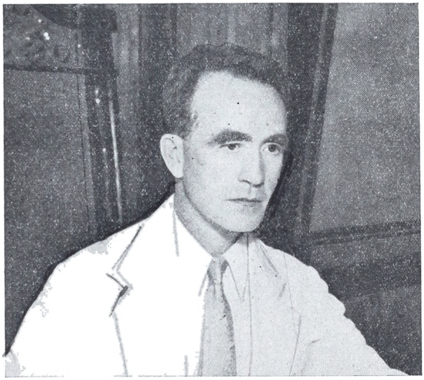
It is this prospect precisely that has provoked grave misgivings in the industry. It is hastening the liquidation of fixed capital, minimizing replacements and improvements, and, having stopped further investment in the industry, is diverting profits not only away from it but to fields entirely outside the islands. This necrosis spreads, with effects noted at the opening of this paper. It is something to remedy.

Federal Offices Branch Here for Sugar Benefit Ends

Preauditing by both Wallace's and McCarl's men obviates delayed communications and tends to advance benefit payments to planters

Application of the AAA to Philippine sugar given a quota of 1,015,000 short tons in the American market under the Jones-Costigan act, has brought to Manila more Federal officials than the islands have known at any time since the autonomous civil government with Wm. H. Taft as Civil Governor was founded, July 1902. In addition, it has added to the Federal element in the office of the governor general: Governor General Frank Murphy is charged with administration of the act in the Philippines. Not to compel him to make bricks without straw, or to do with two hands the work of four, a direct representative of AAAdministration and Secretary of Agriculture Henry A. Wallace is stationed at his office.

This is Dr. Carl M. Rosenquist, through whose office affairs of the administration clear. Topside at the executive offices, downside he has cooperating with him and giving him many a tip on practical procedure, Trade Commissioner E. D. Hester who, furloughed at Murphy's urgent request after Joseph E. Mills' death, last spring, clears, besides merely advising upon, matters of finance and economics between the governor general, the cabinet and the branches of the government, insular, provincial, municipal.



Hon. Frank Murphy

Governor General of the Philippine Islands—in whose office functions the AAAdministration in the Philippines.

In the Philippines the agricultural adjustment act applies to sugar only, though in America many other products are embraced. It affects the 1934-1935 cane crop here; it grants an allotment to the Philippines of 1,015,000 short tons, of which a goodly part was shipped and bonded in storage from the 1933-1934 crop, leaving perhaps less than 700,000 short tons to be taken from the 1934-1935 crop. But the islands may have a precautionary surplus, perhaps 100,000 tons, and then there remains the local market that may require another 100,000 tons. In addition the islands might sell sugar in any other market than the United States, but *can't actually do so because other abundant sugars are cheaper.*

The United States has advanced, or set aside to be advanced some $14,000,000 (₱28,000,000) against the payments to Philippine cane growers. The tax on processing will run against Philippine production until this sum, or the lesser sum that may be the total paid out, is returned to the Federal treasury. Thus while the quota relates only to the crop now milling, from which the maximum collection would be only slightly in excess of $10,000,000 (₱20,000,000) at ½ cent per lb., or 1 centavo, the taxation should run longer.

There are some 30,000 planters with whom to deal. Audits have to be made of their production during stipulated periods affected by the act, and their expected yields from the 1934-1935 crop must be got at in order to ascertain how much they shall mill and how much they must destroy. Bases of this tedious work were big tasks for Messrs. Hester and Rosenquist. On these bases rest the planters' agreements, contracts, to effect destruction of cane not destined to be milled.

How much each planter may mill for export to America, for local consumption and for reserve is the knotty basic problem. Their export quota is based on their average crops 1931, 1932 and 1933. The new sugar act of the Philippine legislature provides that the governor general fix the quotas for local consumption and reserve, basis of either the 1932-1933 or 1933-1934 crop at the planter's option. When the 3 quotas are known, for a planter, deduction of their total from his 1933-1934 crop will reveal the piculage to be wiped out by cane destruction and paid for, perhaps at the rate of ₱2.40 to ₱2.60 per picul.

However, even at this stage a planter is not in sight of the benefit payment. Nor does he get it in one fat sum. To be as accommodating as possible and obviate delays of communication across the Pacific, Federal administration has been set up here—but in it are two sets of inquisitive comptrollers. The general comptroller of the AAAdministration at Washington is John B. Payne. His representative here, verifying that the ₱28,000,000 is disbursed in accordance with law, is Lester A. Twigg, assisted by Julian P. Dell. Planter's agreements and supporting factual documents, all in hoped-for order, come for preauditing to Messrs. Twigg and Dell. Passed in their office, perhaps in many cases only after rerouting back to the puzzled planters, they go into the little office next door where sits a gray, an affable, but an incredulous man—also disposed to favor Philippine sugar planters with preaudits of their benefit claims.

This seasoned fiscal officer of the United States is Frank F. Conway, viceroy of no lesser fiscalian royalty than the agent of congress itself in the Federal government, Comptroller General of the United States J. R. McCarl, who, says *World Almanac*, "is charged by law with the settlement and adjustment, *independently of the executive departments*, of all claims and demands whatever, by the government or against it . . . and *countersigns all warrants authorized by law to be signed by the Secretary of the Treasury.*" With Mr. Conway, whose official title is that of Senior Investigator, Office of the Comptroller General of the United States, are two assistant investigators, W. T. Robertson and E. V. Colberg.

Conway's office and Twigg's are in the National City Bank Building, 4th floor. Here too, Secretary of the Treasury Henry Morgenthau, jr. has his representative, to draw the checks for Conway's countersignature. This is Disbursing Clerk Walter K. Trought, of the division of disbursements, treasury department. His assistant C. Harvey Hurst, whose signature will also be on the checks.

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THE COCONUT INDUSTRY AND THE EXCISE TAX

By E. M. SHELTON

When the seventy-second American Congress enacted the excise tax on coconut oil, largely in response to the not inconsiderable labors of Chester Gray, the hired champion of the Middle Western Farmer, proponents of the tax rejoiced in the security of the knowledge that they had at long last layed the ghost of alleged Philippine coconut oil competition with the produce of the American farm.

During these dark days, predictions were rife and many were the prophets of gloom. The industry had a bad attack of nerves. But "Man proposes and God disposes"—especially in the realm of economics—and now the birds are singing again; skys are reasonably clear, barring typhoons; the price of copra is advancing; coconut oil still moves into consumption, and "God's in his heaven and all's right with the world" (at least temporarily).

To understand what has taken place to confound both the Chester Grays and the prophets of disaster it is necessary to turn back and review briefly the gyrations of the market during the seven months the industry has operated under the tax.

COMPARATIVE FATS PRICE TABLE
(All prices per 100 lbs.)

	"FM" Manila Copra-C.I.F. Pac. Coast	Coconut Oil C.I.F. New York	Tallow F.O.B.-N.Y.	Cottonseed Oil F.O.B. Valley	Lard F.O.B. Chicago
January 1st	$1.35	$2.75	$3.00	$3.50	$5.27
February 1st	1.35	2.75	3.00	4.00	5.63
March 1st	1.275	2.75	3.50	4.25	6.20
April 1st	1.25	2.55	3.50	4.50	6.07
May 1st	1.20	2.625	4.00	4.50	5.90
June 1st	1.175	2.625	3.50	4.25	6.80
July 1st	1.125	2.50	3.75	5.00	6.82
August 1st	1.25	2.50	4.125	5.25	7.90
September 1st	1.35	2.625	5.125	6.125	9.42
October 1st	1.725	3.375	5.125	7.125	9.10
November 1st	1.575	3.00	4.875	7.50	10.35

To illustrate. During the first quarter of the year, and prior to the passage of the tax, both copra and oil markets were dull with prices subnormal as a result of purely natural causes. In April the senate approved the tax, which had previously passed the house, and upon this confirmation of everyone's worst fears, the market started to decline quite steadily and with only minor fluctuations, and late in June reached an all time low for copra of $1.12½ per hundred pounds C.I.F. Pacific coast.

In retrospect it now seems that this price, which was either near, or in some cases, actually below the cost of production, was largely a psychological product of the tax. Nobody knew with any degree of certainty what would arise from the welter of new possibilities created by the tax and hence nobody wished to assume commitments. The American market was distinctly in the doldrums and buyers refused to operate. Since the Philippine market is chiefly dependent upon American support, the local copra and oil markets reflected the fear of American operators and hence this market was artificially depressed below the world market—below real and intrinsic values. This was the first phase of the post-tax market, a condition created by fear and uncertainty.

At this point European buyers commenced to take advantage of an exceptional opportunity. It will be remembered that American buyers of coconut oil and copra must perforce fill their requirements in the Philippines, unless they are prepared to pay the differential of $.02 per pound on oil made from foreign copra—manifestly impossible. European buyers faced no such necessity, were still free to buy in the cheapest market.

In May, Europe awoke to the fact that Philippine copra was 10% to 15% cheaper than any other world market and commenced buying on a large scale. This movement gained momentum in June and continued through July, August and September. During the months of May, June and July, the American market took a relatively insignificant quantity of Philippine copra, while Europe continued to buy on a hitherto unprecedented scale. This was the first step in recovery from the condition of fear and maladjustment growing out of the passage of the excise tax, and was to some degree anticipated. The pressure which forces commodities to flow from a lower to a higher market was being freely applied and the second phase of the crisis was over.

In July the market really started to exhibit some vitality and by the end of that month prices had actually begun to climb. At this point we come to the real crux of the recovery. In August the market was simultaneously boosted by the phenomenal drought in the Middle West and the combined effects of the AAA crop destruction and acreage restriction schemes. Hogs were slaughtered, livestock perished and grains, cereals and cotton were either destroyed by the drought or reduced under the AAA. Meantime Europe continued buying Philippine copra, and these forces, powerful individually, were quite irresistible when combined, supplying the market with a powerful lift. By late August the market had definitely recovered with sales of copra at $1.375 Pacific coast.

In September, American buyers finally awoke to the realization that as they must perforce cover their requirements in the Philippines—or pay a penalty of $.02 per pound (on oil)—and as the supply of Philippine copra was not inexhaustible, and Europe already having made tremendous inroads on the 1934 production, they would *have to enter the market* or see part of their supplies move to Europe.

This paved the way for that extraordinary rise in prices which elicited much comment. Copra prices

(*Please turn to next page*)

This Issue of the *Journal* Carries Information for Them

THE TYDINGS SENATE DELEGATION

. . . "We don't think a shorter transition period would be wise—"
Senator Tydings.

Guests of the Philippine government, United States Senators Millard E. Tydings, Wm. G. McAdoo, Kenneth D. McKellar, and Ernest W. Gibson arrived in Manila via the s.s. "Empress of Canada" December 9 to spend the greater part of December in a study of the Philippine situation at first hand in relation to the Tydings-McDuffie act providing a 10-year commonwealth and then independence. The picture shows them at the pier (No. 7), McAdoo, McKellar, Tydings, Gibson, left to right. Next to Senator Gibson stands ex-Speaker Manuel Roxas, at whose left stands Mayor Juan Posadas.

The occasion of the visit to the Philippines of these men so influential in American legislation is taken to be one of the most vital in Philippine-American affairs. Senator Tydings, whose star is rising, is chairman of insular affairs in the senate; Senator Gibson is Vermont's veteran Republican at Washington; Senator McKellar carries Tennessee by whopping majorities, attesting his state's confidence in him, while Senator McAdoo's long list of outstanding achievements is common knowledge. Governor Murphy tendered them a great reception, is lending them every aid.

These men seeking fundamental information on the islands, will, it is hoped, find a good deal of it in these pages.

Thanks is due the patrons whose support makes the issue possible. The year rounds out well, though the future is dubious unless America acts wisely. To all, Merry Christmas and Happy New Year.

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soared in six weeks from around $1.35 Pacific coast to a maximum of $1.75 recorded early in October. This unusual flurry, which developed a highly speculative interest toward the end, was followed by a slight recession in October when the artificial quality of the later advance became apparent, but as this is written the market is again advancing under the influence of the recent typhoons and reported damage in producing areas.

So much for perspective. The significant result is that the oil and copra markets actually stand some 20% to 30% higher today than they did in the first quarter, and immediately prior to the imposition of the tax.

This outcome is highly gratifying and was quite unanticipated by all but the most optimistic. The present writer, for example, made the somewhat conservative prediction in a contribution to the March issue of the *Journal* that "It would seem premature to talk of destroying producing trees as there are good and sufficient reasons for believing that after the readjustment period, we should regain, in one way and another, most of the business lost."

Results have far exceeded this fortunate prediction. Not only has the period of readjustment been shorter than anticipated, but the positive advance over the immediate pre-tax market, combined with the present favorable outlook, come as a complete surprise to practically all observers.

With this in mind it would be easy to leap to the superficial conclusion that a complete recovery from the effects of the excise tax has been consummated; that the safest course for us now to follow is that of *laissez faire*, and that except for momentary scarcity the tax has been a boon rather than a curse.

But there is danger lurking in this viewpoint and to accept such a hasty conclusion would be to lay up stores of future trouble. Such a view overlooks the fact that the apparent health of the patient is largely artificial; that the rapid recovery has been made possible solely by an extraordinary chain of events which the future is not likely to duplicate. I refer to that fortuitous turn of the wheels of chance which gave the coconut industry in rapid succession, unprecedented European buying, crop restriction, crop destruction and artificial price raising by various governmental agencies, and lastly a drought in the Middle West of devastating severity, which added the final *coup de grace* to a sequence of events quite without precedent in economic history.

All of these extraordinary influences were so nicely timed and synchronised that even admitting that one or more of them might have occurred normally and hence might happen again, it taxes the imagination to conceive of this precise interplay of forces acting twice in the same manner.

The writer considers it a truism to say that the situation has been saved by this combination of circumstances, and even if we regard the heavy European buying as something which was more or less normal in view of the circumstances, then we owe our deliverance to the happy coincidence of the drought with the programs of the AAA and NRA.

To illustrate graphically how rising prices of fats and oils in America have nullified the effects of the $.03 per pound excise tax, one has only to study the accompanying table of comparative prices. It will be seen that while copra and coconut oil have risen only moderately since the first of the year, the price of lard and cottonseed oil has doubled and tallow has advanced more than 60%.

It becomes perfectly apparent that the excise tax on coconut oil has been absorbed and made palatable by this general price advance of domestic fats and oils and that to this fact alone do we owe the comparatively favorable position of the industry today.

Further statistics only serve to confirm these conclusions. In 1933, with a tremendous copra crop, our oil exports to the U.S.A. were 158,554 metric tons. In the first 11 months of 1934 our exports were 133,029 metric tons, or a total of approximately 145,000 tons for the year, providing December shipments continue at the same rate. This slight decline in 1934 exports conforms very closely to the smaller copra crop of 1934 and indicates that despite the excise tax we have exported proportionately as much oil as in 1933, when the relative size of the copra crop is given consideration. In other words, thanks to the rigors of American weather plus the vagaries of American politics, our coconut oil exports to the U.S.A. have been just about normal in spite of the excise tax.

So far so good and no particular damage has been done—but how long can it last? The present condition being largely artificial who can place any confidence in its permanence? Prices will not be artificially maintained forever. Already there is talk of abandoning the price raising policy, sooner or later prices will be left to natural laws. The American buyer will then quickly discover that coconut oil *plus* the tax will once more cost more than domestic fats and oils, we will begin to feel the effects of the tax.

Up to now we have been just plain lucky. During the short time the tax has been in force we have held all the cards. Normal times and normal prices would make this abundantly clear. We would then see a substantial reduction in coconut oil exports to America and the Chester Grays would doubtless then feel far happier than they do today.

The completely artificial nature of the present situation is not without its humorous aspects. We have the spectacle of America trying frantically to shut out Philippine oil and copra with the excise tax, and simultaneously reaching out, all over the world, for substitutes for her own fats and oils whose prices she struggles to maintain. Thus we see tallow from Australia, the Argentine and even Europe streaming into America under the relatively low duty of ½ cent per pound. Tax or no tax, American buyers still go on grimly about the business of meeting the natural deficiency of the American market in soapmaking fats and oils—a deficiency which the Chester Grays seem blissfully unaware of when they speak of coconut oil competition.

We see coconut oil free fatty acids flowing to America from Europe under a duty of only 25% *ad valorem* (about ⅓ the excise tax) and these same fatty acids are made in large part from Philippine copra, so that when our exports of copra to America fell from 208,493 metric tons in 1933, to only 120,194 metric tons for the first 10 months of 1934, our European exports simultaneously jumped from 88,663 metric tons in 1933 to 138,620 metric tons for the first 10 months of 1934, and the copra which America is vainly trying to keep out by the excise tax, now moves to Europe where some of it replaces the tallow which Europe now sells America—and some goes into fatty acids for the American market.

Stated simply, the United States by penalizing copra imports has caused the rest of the world to buy more of our copra, while simultaneously the rest of the world sells the United States tallow, fatty acids and other substitutes which are cheaper, duty included, than copra plus the tax.

It is a sort of merry-go-round, with old channels of flow being replaced by new ones—the direct result of the tax. Most of this change in the normal flow is unnatural and expensive, especially to the people of the United States, but such is the house-that-tax-built, and if it is difficult to discern whether it is the dog that wags the tail or the tail that wags the dog, let the Chester Grays remember this when next they set out to short-circuit one of the main arteries of international commerce.

That the great losers under the excise tax are the American people scarcely need be stated. With a deficiency of soap making fats the American people are nevertheless being taxed $.03 per pound on every pound of coconut oil which they consume, and while millions of Americans are on public relief rôles, this tax money is refunded to the Philippine government. This is surely the cream of the jest!

Let us not delude ourselves by our transient and accidental good fortune. The excise tax on coconut oil is a thoroughly unscientific measure which suffers from all the basic defects of indirect taxes everywhere. Furthermore it means nothing but loss to all concerned. It means direct loss to the American people; confusion and loss to international trade, and inevitably, under more normal conditions, loss and uncertainty to the coconut industry of the Philippines.

No effort should be spared in working for the repeal of the excise tax at the earliest possible moment.

Federal Offices Branch . . .

(*Continued from page 13*)

Now your planter, Twigg, Conway and Trought satisfied, is getting close to his benefit money—⅓ *part of it.*

It has been determined how much cane the planter shall destroy. In solemn writing he has agreed to destroy it. Everything in order, he gets a check in dollars for 1/3 of his estimated benefit payment. Later he takes steps actually to destroy the cane. This is duly certified, the honest planter gets ⅓ more of his benefit payment. Then he does destroy the cane, he and 29,999 other planters cut the Philippine sugar crop to what the AAAdministration, in formal agreement with the Philippine government practically tantamount to treaty, stipulates it must be. All these 30,000 planters therefore, having complied with the first important Federal law applied to the Philippines in 32 years, get the final 1/3 of their respective benefit payments. They will have agreed, among all other things to which they will have agreed, to plant no more cane for the 1935-1936 season than they will be entitled to mill; and to plant no other basic food crop on land thus taken out of cultivation save for consumption on the farm. As the Philippines *Free Press* remarks, "Of course, the planter doesn't have to sign the contract. But he won't get any benefit payment if he doesn't." Though there was option in the law, as above noted, last season's production was finally made the basis of proposed payments, because what it was is known. The braintrusters themselves finally sought the easiest way, probably the one practical way. Early optimism evidenced in assurances that disbursements would be made in October, certainly not later than November, or (as the congress with which Colonel Henry L. Stimson, as secretary of state, struggled, would have had the marines out of the Nicaraguan jungle by Christmas) assuredly in December, dissolved into cautious silence as the difficulties of accurate inventories and auditing involving 30,000 planters proceeded.

Yet the prospect steadily nears when the ₱28,000,000 benefit payments, divided like all Gaul into 3 parts, will reach planters and their more avid and alert creditors. Not an hour's delay is chargeable to the least dalliance on the part of anyone. It may be surmised that AAAdministration is the biggest, most exacting single task devolving upon the governor general; yet from the outset he has shouldered it well, and he it is who got the liberal allotment to the Philippines of 1,015,000 short tons a year in the American market.

Now the collecting end of this business is reached, the *United States Internal Revenue*, as the sign on the door reads, 4th floor of the Heacock building. This office has a longer prospect ahead of it than the others, unless the Jones-Costigan act should be extended or something similar should arise in its place. The office is the Manila division of the Baltimore office of the United States internal revenue bureau. It is being established by Gilbert E. Youmans, supervisor, 3rd supervisory district, of the internal revenue bureau—of which, by the way, Guy T. Helvering is the head, titled the commissioner. Wilson E. Wells is chief of the Manila division office, the acting chief has been Charles T. Smith. Joseph M. Youmans, a deputy collector, assists his father in the business of assessing and collecting the sugar tax. Youmans senior surmises that with the office well established he himself will be recalled to duty in America.

The law under which collections are made extends to June 12, 1937. It may be discontinued earlier by presidential action. It went into nominal effect here September 12. One tax it defines is a so-called floor tax. Another is the processing tax collected at mills. The other, a compensating tax on the sugar (and sugar portion of), syrup and edible molasses, and content of these, in foodstuffs of foreign manufacture imported into the Philippines.

Merchants, there are 92,000 of them in the islands, had 30 days, or until October 12, in which to dispose of sugar, syrups and edible molasses. After that, such stocks as they had *on the floor* were subject to the tax of 1/2 cent a lb., basis of sugar content. Stocks of the great majority are notoriously too insignificant to concern the Federal internal revenue bureau; from the others inventories are required and collections are being made. At the customs-houses, the taxable foreign foodstuffs are being cleared under bond for the tax to be paid. The service is not manned with chemists to determine what the tax should be, the science bureau has not met the situation, and therefore the Manila division is preparing to set up the necessary instruments and make its own analyses. At the mills, the vernacularly known sugar *centrals*, some 40 odd, the tax is readily enough ascertained and collected.

Such is a rough outline of the Federal set-up effected in the Philippines to administer the sugar allotment law and pay Philippine planters for abiding by it—the money finally reimbursable to the Federal treasury from the tax on manufacturing, mainly taken from the planters themselves and their partners, the mills. Aside from the men sent out by Washington, many others are being employed, both Filipinos and Americans. Out of the ₱28,000,000, administrative costs will be paid. Incidental to Investigator Conway's detail here will be his examination of all Federal disbursing officers. Certain payments other than those of the sugar benefits also devolve upon Disburser Trought. They include payments on behalf of the Veterans bureau (other than pensions), the payroll, hospitalization charges, and the like.

The general benefit of this Federal activity in the Philippines is not to be underrated. But it is bound with a good deal of red tape that probably can't be cut by a mere gesture toward Malacañan: how smoothly or awkwardly it will work, therefore, which in any case will not be the fault of its personnel, remains to be proved. In a sense it is introductory of the régime of the commonwealth and the American high commissioner.

Steel Construction in the Philippines

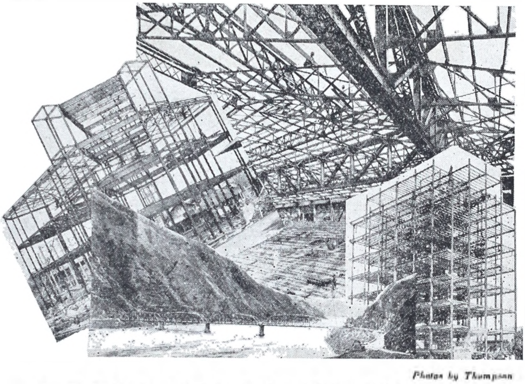
S. Garmezy, C. E.

Chief Engineer, Atlantic, Gulf & Pacific Co. of Manila

Steel construction in the Philippines has progressed since the early days of American occupation, the same as other industries here, but there is still room for a great deal of improvement.

Until six years ago when Senator Arranz's bill, "An Act to create a revolving fund of five million pesos for the construction of permanent bridges in the Philippines" was passed, bridges throughout the Islands were constructed in the ordinary course of events, but for the past six years a great many bridges have been built. All bridges constructed under this act are toll bridges. Tolls will be collected on these bridges until the total cost of construction with interest at 4% has been collected. With this revolving fund the most important bridges have been completed or are under construction at the present time.

Years ago the highway bridges designed by the Bureau of Public Works had roadways fourteen feet wide, using wooden floors. Later they changed the width to sixteen feet and then eighteen feet, using reinforced concrete floors. Recently the Bureau wisely redesigned all the steel highway bridges, making the roadway of reinforced concrete and twenty feet wide. The longest single steel highway span designed by the Bureau of Public Works previous to 1930 was one hundred sixty feet. In 1930 the Bureau of Public Works designed the Abra Bridge, which consists of four two hundred forty foot spans with a twenty foot reinforced concrete roadway. This bridge was completed in 1933. As far as the writer knows, the longest single highway span actually built in the Philippines is one of the spans of the Ayala Bridge in Manila which is two hundred forty-two feet long. The longest single railroad span actually built here is the Alicante Bridge for the Isabela Sugar Central in Occidental Negros. The foundations for this bridge were designed and constructed by Mr. Harry Shoemaker who was manager of the central at the time and the steel was designed, fabricated and erected by the Atlantic, Gulf & Pacific Company of Manila.



Photos by Thompson

Structural steel building in the Philippines: Background, baseball stadium at Rizal park; left, framework of the new offices of Elizalde & Co.; right, framework of the Bay View hotel, Ermita; and below, bridge over the Abra river at Vigan.

Many simple bridges, arches, draw and lift bridges have been built in the Philippines but we hope that some day in the future the Islands will have a bridge of first magnitude. This could have been accomplished by building a suspension bridge over the Abra River instead of four simple spans but the latter type was more economical.

Regarding steel construction in buildings, it is a known fact that where loads are great and spans long, steel has to be used in preference to wood or reinforced concrete. Steel, when properly constructed and painted every two or three years, will last an indefinitely long time. In case a building has to be extended, it can be very quickly and economically done if built of steel. Steel is the best material to use when a building is to withstand earthquakes or excessive winds. All the modern sugar centrals in the Philippines have steel frame buildings, and many of the sugar, hemp and copra bodegas have been built of steel.

Steel is used for other miscellaneous uses in the Philippines, such as smokestacks, lighters, tanks and towers. Most of the sugar centrals have self-supporting steel smokestacks, but the other factories usually use guyed steel smokestacks. Steel lighters are used here for loading and unloading fuel oil, gasoline, kerosene, coconut oil and sugar. The various oil and molasses companies have large steel storage tanks thruout the Islands. You also find various tanks on towers used for water supply. Some of the tanks have flat bottoms but most of them are the standard hemispherical bottom tanks on towers. The gas holders for Manila Gas Corporation are also made of steel.

A few years ago we had a building boom in Manila. Many office buildings, hotels, apartment houses and theaters were built. The owners who have been constructing these buildings and the general public are gradually and slowly realizing that a steel frame structure, even though it may cost a trifle more at first, is more economical and has advantages on account of the following factors:

1. Due to the smaller sizes of beams and columns necessary, the loads on the foundations are smaller, thus saving a great deal on the construction of the foundations.
2. Longer spans can be used, thus diminishing the number of columns in a building and saving valuable space.
3. The steel columns are much smaller in size, even though they are fire-proofed with concrete, which saves valuable space, especially in buildings on the Escolta where floor area is very expensive.
4. Where buildings have basements which are used for garages, the fewer and smaller the columns the more room there is for automobiles.
5. A steel frame building can be built much faster, thus saving on the interest on the investment and receiving an income sooner.
6. A future extension to a steel frame building can be more readily an economically made.
7. A steel frame building can be torn down and erected again very easily at another site.

(Please turn to page 29)

Machinery and the Philippine Commonwealth

The launching of the new Philippine commonwealth is one of the major world events scheduled for the year 1935. In anticipation of that dramatic scene the resources of the whole people are marshalled in constructive social and economic planning.

Business leaders are concerned with market trends and opportunities, law makers are framing a constitution, military officers are engrossed in plans for national defense, and patriotic citizens everywhere are seriously contemplating the resultant effects on the entire national economy which the new order will inevitably produce.

For 25 years the domestic and foreign trade of the islands has been fashioned and controlled, directly or indirectly by the Philippine tariff act passed by the United States Congress in 1909, and subsequently amended by the tariff acts of 1913, 1922, 1930, and by several acts of the Philippine legislature itself.

This important piece of legislation has provided a free market in the United States for the sugar, hemp, copra, tobacco and other tropical products of the islands, and it has maintained a steady flow of American dollars to these shores which have accounted for the economic security of the Filipino people for over a quarter of a century.

But with the imminent approach of a new order of governmental responsibility, a change in the former trade relationship with the United States is inevitable and a new tariff program must be laid down. It should be designed to accomplish three things: a continuation of the present free trade status between the islands and the United States on a reciprocal basis; a protection of home industries so far as these supply local requirements only, and a maintenance of that standard of living that 34 years of American coöperation has produced. Of these basic purposes, the first is probably the most important in its immediate and practical bearing on the national economy, for a modicum of experience would indicate that trade between any 2 markets of the world can be successful only in proportion as it is reciprocal in nature and moves freely between areas of demand and production.

The Filipino people believe that the United States can profitably absorb through favorable channels of trade, many products which are indigenous to these islands or can be economically produced here, and that in return, a comparatively non-competitive market for certain American goods may be established here by tariff rates on other foreign products sufficiently high to equalize differences in transportation, exchange rates, costs of production or trading margins.

Among the many classes of manufactured goods now imported here, none is more important to the daily life of the people as a whole than machinery, because it primarily accounts for the standard of living among those by whom it is intensively used. This fact has been fully recognized for many years. The people have long since discovered that rice, sugar and oil mills are producers of national prosperity and that machines that eliminate slow and laborious labor or provide the delights of life, are synonymous with more pleasant modes of life. For some years, therefore, the Philippines have been a good market for the sale of machinery on a scale commensurate with the wealth of the nation and all the present economic planning contemplates the continued and probably increasing use of modern mechanical equipment.

To the American exporter of machinery a few statistics taken from reliable sources may be of interest as well as some brief comments on a few special lines which find ready sale here.

Sugar Mill Equipment.

Between the years 1918 and 1923 the majority of the 45 centrifugal sugar *centrals* now operating in the Philippines were constructed. That was an era of very extensive machinery buying and although the erection of new centrals in the immediate future is extremely unlikely, nevertheless, there will be, for some years to come, a demand for replacement parts and equipment such as motors, pumps, conveyor chain, locomotive parts, mill supplies and the usual seasonable requirements of filter cloth, sugar bags, twine and other items.

Electrical Equipment.

The demand for electricity in all parts of the islands will continue to grow. Besides the increase in the number of central stations serving various towns, many small generating units will be sold to provide the necessary current for lights, radio reception and refrigeration in individual homes and on private estates.

STEEL MACHINERY IMPORTS

1931		1932
	Adding Machines	
₱87,292		₱52,056
	Cash Registers	
77,154		44,659
	Cigarette Mchry	
35,551		97,903
	Other Tobacco Mchry	
126,565		25,034
	Engines, Motors and Locomotive Parts	
71,250		155,174
	Motors Nonelectric	
85,503		111,830
	Stationary and Marine	
949,738		544,557
390,682	(Parts)	235,720
	Tractors	
315,710		603,341
84,651	(Parts)	77,821
	Other Engines and Parts	
1,769		102
	Boilers and Tubes	
271,757		283,014
	Hoisting Mchry	
83,632		57,327
	Laundry Mchry	
5,929		12,878
	Metal Wkg. Mchry	
197,715		33,647
	Mining Mchry	
237,543		214,741
	Oil Expressing Mchry	
24,623		7,740
	Printing Mchry	
116,601		18,938
	Pumps and Ppg. Mchry	
414,306		225,099
	Refrigerating Mchry	
149,502		94,623
	Rice Threshing Mchry	
116,320		51,874
	Road Mchry	
77,815		57,450
	Sewing Machines	
579,612		684,744
86,766	(Parts)	89,597
	Shoe Mchry	
33,119		8,924
	Sugar Mchry	
668,841		966,968
	Typesetting Machines	
42,165		27,853
14,751	(Parts)	6,981
	Typewriters	
290,483		148,411
12,555	(Parts)	3,855
	Woodworking Mchry	
727,220		325,565
	All Other Mchry Iron and Steel	
1,699,051		1,623,329
	Total Machinery, etc	
8,209,144		7,010,839
	Nails, Spikes, Tacks	
713,760		505,858
	Needles	
38,968		35,334
	Nuts, Bolts, Rivets	
283,966		210,562
	Penpoints	
23,167		8,324
	Pipes and Fittings	
2,118,392		1,283,742
	Safes and Vault Doors	
69,718		38,344
	Scales and Balances	
94,943		42,848
	Screws	
36,215		25,463
	Sad Irons	
113,489		81,886
	Stoves and Ranges	
119,976		93,018
28,834	(Parts)	20,149
	Tinplate Products	
290,983		347,652
	Tools	
898,571		670,151
	All Other Mfgs. of Iron and Steel	
851,665		607,084
	Total Iron and Steel	
26,729,765		19,977,574
20,388,939	(U. S.)	14,668,250

Motor Vehicles

As highways are constructed and improved, motor transportation will undoubtedly increase in accordance with a well known principle, and this in turn will improve the efficiency and capacity of the producer sending his wares to a distant market.

Agricultural Equipment

The daily example of mechanical farming implements, such as the tractor running on locally produced alcohol, the disc plow and harrow, the sub-soiler and the cultivator have fully demonstrated the practical savings that may be effected by these tools in the raising of sugar cane. And even if the curtailment of the sugar crop will prevent a continued increase in the use of these larger implements, yet there will be a demand for such machines as small tractors, plows, rice-hullers, corn shellers, incubators and similar agricultural tools.

Small Engines

This class of labor saving device is making an immediate appeal to the small user of power who employs it to drive his electric generator, rice mill, corn sheller or portable sawmill. Running on cheap kerosene or perhaps on locally produced alcohol, it is filling a decided need in the life of the people where central power is as yet unavailable.

Miscellaneous Machinery

Under this classification come the larger individual installations such as diesel engines driving air compressors or generators at the power houses of the gold mines; crushers, motors, ball mills, thickeners, classifiers, tanks, tables and the many other pieces of apparatus in the milling plants at the mining enterprises; the steam locomotives for the public railway systems, and the lumber mills; the plantation locomotives on the lines of the sugar centrals; the saw mill equipment in the lumber camps, the marine engines large and small, in the fishing boats and the interisland steamers; the street lighting systems in many towns throughout the archipelago; the new air conditioning plants for offices and theatres—all these and many more types and kinds of American made machinery are possibilities in this market under conditions of protection against the lower priced machines of the European manufacture.

For it must be observed that if selling prices of American and European machinery bear the same relative proportion to the costs of production in each case, then the European machine in which labor is the principal item of cost, will in general undersell the American product—by reason of the lower wages paid to the European workman.

The tariff, therefore, on the European machine brought into this market should be sufficient at least to overcome that basic difference in cost which must of necessity determine the selling price.

During the year 1932 there were imported into the Philippines iron and steel and manufactures thereof valued at ₱19,977,574 together with electrical machinery and apparatus worth ₱4,548,753, or a total of ₱24,526,327, of which ₱7,010,839 represented the value of the total machinery, machines and equipment generally referred to above. Such is a brief description of the place occupied by machinery in the present Philippine economic order. It indicates the importance of this item in any tariff revision which seeks by reciprocity to establish a protected market here for American goods in exchange for the favorable entry of Philippine products into the ports of the United States and her possessions.

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Philippine Economic Conditions—October, 1934

Summary of official radiograms forwarded to the Bureau of Foreign and Domestic Commerce, United States Department of Commerce, Washington, D.C. Prepared by J. Bartlett Richards, American Trade Commissioner, 410 Heacock Building, Manila, with assistance of Government and trade entities.

No responsibility is assumed by this Office for any facts or opinions expressed in this review.

GENERAL SECTION

Interest centered on the legislative session during October and up to its close, November 8. The tariff bill was presented too late for any action to be taken, which proved a depressing influence on American trade, particularly in textiles. It is generally expected that a special session will be called in January to consider the tariff and the new constitution which is now being drawn up.

Business was very quite, with little change in conditions. Collections continue unsatisfactory and everyone is looking forward to the distribution of sugar benefit payments to improve both collections and new trade. These payments will amount to about ₱28,000,000 and should help considerably in clearing up old debts in the sugar growing districts, but it is a question whether much will be available for new buying. Business in many sections, particularly in southern Luzon, was hurt by destructive typhoons which have continued to the middle of November. The districts affected are faced with the necessity of reconstructing houses and salvaging farm properties and will have little money available for purchasing imported goods or paying debts.

Failure of the legislature to extend the Rice and Corn Fund as a revolving loan fund to rural credit associations threatens to add to the difficulties of farmers, unless some provision is made before June, 1935, as it undoubtedly will be. Winding-up of the fund would necessitate foreclosing mortgages aggregating about ₱5,000,000 to meet debts of ₱850,000, leaving the government with land which it does not want and farmers without land which they need.

The rice districts in northern Luzon are faced with a marketing problem as a result of the low prices for sugar, copra and hemp. The southern provinces growing those products had been content to purchase their rice for food from northern Luzon, but now that they can no longer afford to do so, they have taken to growing their own rice. This situation will undoubtedly affect the purchasing power of northern Luzon, which will be forced to find other markets or other crops.

There was a notable increase in imports of Australian flour in October. Its low price is a strong selling point, the differential in price more than making up for the difference in quality between Australian and American flour. So far, inadequacy of shipping facilities between Australia and the Philippine Islands has kept imports down, but with the inauguration of regular service by the North German Lloyd in December or January, imports of Australian flour may be expected to increase still further.

The seamen's strike in Cebu, after having been apparently settled twice, continues with renewed determination and interisland shipping in the considerable group of islands of which Cebu is the center remains tied up. This has, of course, affected distribution in these islands, which have neither been able to deliver their coconuts and other products for export nor to obtain delivery of imported products.

The Ways and Means Committee of the House of Representatives has deferred hearings on the tariff bill until after the visit of the Congressional Committee from the United States. So far, nearly all those who have appeared before the committee have been opposed to tariff increases.

October production figures of the three mines operated by the Benguet Consolidated Mining Company totaled ₱1,565,147 as compared with ₱1,534,560 in September, or an increase of more than ₱30,000. Balatoc's production is still in the lead, producing 12,206 ounces of gold, valued at ₱854,426, and 11,050 ounces of silver, valued at ₱14,144, making a total of ₱868,570. Benguet produced 8,997 ounces of gold worth ₱629,774 and 4,360 ounces of silver worth ₱5,580, or a total of ₱635,354. The total for Ipo was ₱61,222, of which ₱60,583 was derived from 865 ounces of gold and ₱639 from 500 ounces of silver. All prices are based on $35 an ounce for gold and $0.64 an ounce for silver

The construction curve for the City of Manila continued cellarward with October value of building permits amounting to only ₱147,000 as compared with ₱199,000 for October, 1933. The total for the first ten months of 1934 was ₱2,323,000 as against ₱4,405,000 for the corresponding period last year, a decline of nearly 50 per cent.

Power production during October was estimated at 9,500,000 KWH as opposed to 10,300,000 KWH for October last year. While the above represents a decline, the total for the first ten months is still slightly above the corresponding period last year, 98,300,00 KWH as against 96,100,000 KWH.

Real estate transactions showed more activity than October last year, sales for October this year totalling ₱1,049,000 as compared with ₱762,000 a year ago. Total sales from January to October, inclusive, aggregate ₱10,226,000 as opposed to ₱8,929,000 for the first ten months last year.

FOREIGN TRADE SECTION

Philippine exports and imports both increased substantially in September, as compared with September of 1933, the former amounting to ₱14,381,810 (₱10,554,058 in 1933) and the latter to ₱15,478,358 (₱12,902,547 in 1933). Exports were chiefly to the United States (₱10,841,575), and imports from the United States (₱10,033,683) and Japan ₱2,135,251).

For the first nine months of 1934, exports of ₱182,151,947 and imports of ₱131,202,034 showed a substantial increase over the 1933 figures, ₱158,678,491 and ₱112,205,942, respectively. The favorable balance of ₱50,949,913 compares with a balance of ₱46,472,549 for the 1933 period. With October 15 the deadline for sugar shipments to the United States, the positive balance may be expected to be lower during the rest of the year, though copra and abaca shipments continue in good volume. Trade with the United States shows a favorable balance of ₱72,853,857 for the nine months, with exports amounting to ₱155,808,144 and imports to ₱82,954,287. Trade with the rest of the world, therefore, shows an adverse balance of ₱21,903,994, of which Japan accounts for ₱13,521,234, with exports of ₱19,790,937 and imports of ₱6,249,703. In addition to the United States, the first nine months of 1934 showed favorable balances with France, Spain, Netherlands and Great Britain.

Summary of trade.—The following table summarizes Philippine overseas trade during the first nine months of 1934 as compared with 1933 on a monthly basis:

Summary, Philippine Overseas Trade, First Nine Months, 1933 and 1934
(Values in Pesos: ₱1.00 equals U.S.$0.50)

	Imports 1934	Imports 1933	Exports 1934	Exports 1933	Total Trade 1934	Total Trade 1933
January...	14,360,504	12,293,606	23,089,225	16,203,017	37,449,729	28,496,623
February..	18,225,131	8,608,505	31,061,586	19,715,019	49,286,717	28,323,524
March.....	15,645,954	12,743,309	33,121,674	22,517,896	48,767,628	35,261,205
April......	16,180,094	12,895,020	30,168,872	25,542,349	46,348,966	38,437,369
May.......	12,037,016	13,693,380	20,991,291	25,833,028	33,028,307	39,526,408
June......	11,105,264	11,626,312	10,155,710	12,000,113	21,260,974	23,626,425
July.......	12,535,149	14,581,538	6,860,199	14,097,823	19,395,348	28,679,361
August....	15,634,564	12,861,725	12,321,580	12,215,188	27,956,144	25,076,913
September.	15,478,358	12,902,547	14,381,810	10,554,058	29,860,168	23,463,605
	131,202,034	112,205,912	182,151,917	158,678,491	313,353,981	270,891,433
Monthly Average...	14,568,004	12,467,327	20,239,106	17,630,943	34,817,109	30,099,048

Import trade.—Total imports for the first nine months of 1934 amounted to ₱131,202,-034, an increase of 17 per cent over the same period of 1933. The following table summarizes imports of the more important items and commodity groups during the months of September, 1933 and 1934, and during the first nine months of 1933 and 1934:

Imports, Philippine Islands, First Nine Months, 1933 and 1934
(Values in Pesos: ₱1.00 equals U.S.$0.50)

	September 1934	September 1933	Total for 9 months 1931	Total for 9 months 1933
Wheat flour	332,029	582,641	3,587,301	3,505,831
Automobiles and parts	1,150,369	531,519	6,341,435	4,225,105
Automobile tires	230,513	195,261	1,852,147	1,356,784
Chemicals, drugs, dyes and medicines	516,496	393,410	3,464,711	2,874,203
Cotton cloth	2,412,750	1,413,177	17,161,523	14,494;566
Cotton manufactures, except cloth	960,151	1,212,606	8,578,678	9,618,806
Silk, Rayon & manufactures	344,726	398,397	4,041,334	3,715,895
Electrical machinery, apparatus and appliances	379,863	216,800	3,226,904	2,702,336
Fertilizers	301,639	343,662	3,474,754	2,760,872
Vegetable fibers and manufactures	199,949	198,213	3,227,248	2,581,693
Fish and products	241,587	131,670	2,411,375	1,545,417
Fruits and nuts	206,417	129,623	1,773,418	1,749,305
Glass and glassware	124,646	113,036	1,195,399	972,474
Iron and steel manufactures	1,979,562	1,622,752	18,185,090	13,437,537
Leather and products	263,748	145,257	1,977,426	1,363,727
Meat and dairy products	906,383	519,041	6,471,272	5,803,072
Mineral oils	1,329,548	1,044,273	9,578,575	7,839,387
Paper and products	466,012	392,982	4,925,886	3,814,635
Tobacco and products	199,624	187,453	3,450,356	2,010,398
Vegetables	242,199	241,872	2,335,100	2,440,505
All others	2,690,147	2,888,902	23,942,102	23,393,394
Total	15,478,358	12,902,547	131,202,034	112,205,942

Imports from most countries, with the exception of China, Australia, and Spain, were larger in September, 1934, than in September, 1933. Imports from the principal countries in September, 1933 and 1934, and for the first nine months of 1933 and 1934 were as follows:

Imports, By Countries, Philippine Islands, First Nine Months, 1933 and 1934
(Values in Pesos: ₱1.00 equals U.S.$0.50)

	September 1934	September 1933	Total for 9 months 1934	Total for 9 months 1933
United States (a)	10,033,683	7,941,839	82,954,287	66,328,156
Japan	2,135,251	1,654,798	19,770,937	13,025,704
China	495,141	870,864	4,946,352	7,944,091
Great Britain	384,759	353,281	3,275,800	3,970,891
Germany	654,683	377,109	5,102,957	4,474,468
France	158,118	95,038	1,232,223	907,514
Spain	52,174	130,719	558,113	829,384
Belgium	231,343	101,087	1,557,586	1,133,296
Netherlands	140,488	34,498	691,868	1,057,029
British East Indies	129,677	112,062	2,940,946	2,720,248
Dutch East Indies	372,132	246,316	1,999,878	2,038,739
Australia	214,919	405,071	1,830,538	2,326,658
Other countries	475,990	579,865	4,340,549	5,449,764
Total	15,478,358	12,902,547	131,202,034	112,205,942

(a) Includes Hawaii, Guam and Puerto Rico.

Export trade.—Exports during the first nine months of 1934 amounted to ₱182,151-947, an increase of 13 per cent over 1933. The following table summarizes exports of the more important items during September, 1933 and 1934, and during the first nine months of 1933 and 1934:

Exports, Philippine Islands, First Nine Months, 1933 and 1934
(Values in Pesos: ₱1.00 equals U.S.$0.50)

	September 1934	September 1933	Total for 9 months 1934	Total for 9 months 1933
Abaca	1,373,316	1,476,564	13,100,393	9,247,491
Cordage	140,658	217,244	1,954,601	1,294,135
Embroideries	500,051	282,246	3,215,240	2,817,344
Copra	1,700,506	1,568,024	11,658,081	12,457,307
Copra cake	155,338	191,910	1,276,401	1,504,153
Desiccated coconut	394,901	338,677	3,214,897	2,335,717
Coconut oil	512,442	2,006,477	9,813,344	13,161,455
Hats	215,380	153,008	1,474,729	946,768
Sugar	7,621,574	2,343,315	119,447,318	101,104,134
Leaf Tobacco	499,270	146,002	1,642,740	2,607,234
Cigars	190,311	767,791	4,918,600	3,945,785
Timber and lumber	270,276	333,592	2,884,105	1,697,020
All others	807,787	729,208	7,551,498	5,559,948
Total	14,381,810	10,554,058	182,151,947	158,678,491

The principal exports were sugar, copra, abaca, gold bullion, coconut oil, embroideries and tobacco. All of these, with the exception of coconut oil, showed increases over September 1933. Iloilo led Manila as a port of shipment with ₱6,044,755 against ₱4,173,715. Other ports of shipments were Cebu, with ₱2,466,076, Davao, with ₱862,757, Legaspi, with ₱636,396, and Zamboanga, with ₱190,254. The following table summarizes exports by countries of destination for September, 1933 and 1934, and for the first nine months of 1933 and 1934:

(Please turn to page 24)

Economic Conditions...

(Continued from page 22)

Exports, by Countries, Philippine Islands, First Nine Months, 1933 and 1934
(Values in Pesos: ₱1.00 equals U.S.$0.50)

	September 1934	September 1933	Total for 9 months 1934	Total for 9 months 1933
United States (a)	10,841,575	7,938,066	155,808,144	134,512,002
Japan	813,054	472,950	6,249,703	4,010,096
China	187,567	160,109	1,585,657	1,253,385
Great Britain	434,640	470,653	3,573,210	2,349,493
Germany	134,462	185,914	1,405,263	1,332,468
France	601,105	461,538	3,734,448	2,582,127
Spain	525,020	315,078	1,415,281	3,352,285
Belgium	41,675	73,086	529,696	411,411
Netherlands	292,057	91,715	1,542,383	565,770
British East Indies	47,150	40,518	496,749	321,593
Dutch East Indies	43,526	17,417	274,413	160,327
Australia	19,215	23,110	402,980	211,285
Other countries	400,764	303,904	5,134,020	7,616,249
Total	14,381,810	10,554,058	182,151,947	158,678,491

(a) Includes Hawaii, Guam and Puerto Rico.

Detailed imports of cloth, September 1934:

	Unbleached Sq. meters	cotton Pesos	Bleached Sq. meters	cotton Pesos
United States	337,539	68,398	1,950,624	556,957
Great Britain			114,617	26,233
Belgium	3,510	1,754		
Spain			31	13
Switzerland			88,080	24,133
China	14,340	1,521	10,533	1,380
Other British East Indies			17,558	1,853
Japan	293,040	33,419	1,329,352	162,774
Total	648,429	105,092	3,510,795	773,343

	Dyed Sq. meters	Pesos	Printed Sq. meters	Pesos
United States	2,369,141	708,929	420,175	110,815
Great Britain	202,113	67,519	66,969	16,162
France	81	34		
Italy	3,896	2,177		
Switzerland	16,184	6,788	1,283	59
China	141,954	18,493	11,496	1,496
Other British East Indies	424	57	2,343	372
Japan	2,230,386	312,190	1,972,160	289,174
Total	4,964,179	1,116,187	2,474,426	418,128

Detailed exports of coconut products, September 1934:

	Copra Kilos	Copra Pesos	Copra meal Kilos	Copra meal Pesos
United States	12,766,315	602,390	2,734,300	73,546
Great Britain	1,529,200	90,030		
Belgium			452,078	5,750
France	10,721,402	534,182		
Germany	1,309,974	67,670	2,437,079	43,317
Italy	196,003	7,926		
Netherlands	4,083,327	202,219	851,923	19,975
Spain	406,490	24,000		
China	134,478	5,570		
Singapore	42,312	2,161		
Hongkong			49,784	1,036
Japan	846,306	36,254		
Denmark	542,505	24,884		
Norway			50,047	866
Sweden	254,000	10,160	863,634	10,848
Mexico	2,184,455	93,060		
Total	35,016,677	1,700,506	7,438,845	155,338

	Coconut oil Kilos	Coconut oil Pesos	Desiccated coconut Kilos	Desiccated coconut Pesos
United States	5,471,116	447,858	2,119,683	394,901
Netherlands	610,166	48,326		
China	55,580	5,733		
Singapore	12,300	1,320		
British East Indies	22,326	3,809		
Hongkong	4,350	750		
Japan	7,150	964		
Korea	615	96		
Dutch East Indies	15,740	3,586		
Total	6,199,343	512,442	2,119,683	394,901

Newsprint Market . . .

(*Continued from page 8*)

in the schools, and it would seem that opportunity to make the language dominant in the world at large the national language of the Philippines would not be foregone by a prudent government. Nevertheless, pressure to nationalize one of the local languages persists; the teaching of English grammar seems to be a ready key to difficulties with Spanish, and the commonwealth constitution proposes that both English and Spanish be official languages in the islands.

But continuing prosperity in the Philippines is more basic to the newsprint market than the language that may finally dominate the press here. Equally important is the future freedom of the press. This is proclaimed, of course, in the constitution.

Under the existing low tariff of 10% *ad valorem*, America supplies the Philippines only a portion of their newsprint; where paper is bought depends a good deal on the factor of exchange. If the tariff were upped but a little, unglazed newsprint would all come to the islands from the United States. Because the market is bound to grow, if the future Philippines succeed, this would be a very practical trade-balancing step. Total figures are not now impressive, but newspaper reading is bound to receive a material fillip from the founding of the commonwealth—if effected without economic impoverishment of the islands—and if the schools keep on the demand should grow steadily, perhaps rapidly. The schools are accommodated by the education bureau with a weekly news bulletin, the habit of newspaper reading is inculcated in students, whose knowledge of current events is tested as a part of the day's work.

The value of unprinted paper imported last year into the Philippines was ₱3,636,786; of the portion from the United States, ₱2,386,161—about 30% came from foreign sources. The value of newsprint of all kinds imported was ₱1,161,099; of the portion from the United States, ₱726,748—newsprint to the value of more than ₱400,000 came from foreign sources. Some of the weeklies, including the very widely circulating *Philippines Free Press* (mainly English, with a Spanish section), circulation around 25,000, use glazed newsprint that it is said America does not supply; all this paper derives from foreign sources.

America's interest in the book market here depends more fundamentally on the further popularization of English. Textbooks are in point. Textbooks imported July-December 1900 were valued at ₱10,688; and during last year, ₱859,733. Other books imported July-December 1900 were valued at ₱72,192; and during last year, ₱461,180. Widespread in the islands is the reading of American books, and there is a very active library movement fostered in the schools, private and public, from universities down. Already a school of young thinkers has remarkable facility in English: the vogue of the columnist amusing himself with English has been set in both the Filipino English-language daily newspapers in Manila, and the following the columnists have and their constant reference to the best current stuff in the language demonstrate a discerning, if perhaps small, reading public devoted to great books. This habit is destined to rapid growth if the islands remain prosperous. The dominant gentry were not educated to books, care little for them; but below them now, thanks to the public schools, poorer men are maturing who count knowledge herself a fortune: they demand libraries, buy books themselves consistently.

On English hinges the important market for professional books from the United States, medical and legal references and many books bearing on the sciences. This signifies a good deal to the paper market at home, and to the printing and publishing industry there.

Cellophane fairly envelopes the Philippines, of course, yet the wrapping paper market remains important. Last year's importations were valued at ₱452,807; from the United States, at ₱361,671. In 1932 paper imports of all kinds were valued at ₱5,529,333; paper imports of all kinds from the United States, at ₱3,891,054. America has about 3/5 of the paper market here, purchases approximating ₱2,000,000 a year are made outside the United States.

UNIVERSITY OF THE PHILIPPINES
COLLEGE OF AGRICULTURE
AGRICULTURAL COLLEGE, LAGUNA, P. I.

OFFICE OF THE DEAN

December 12, 1934.

Mr. Walter Robb
Editor, The American Chamber of Commerce Journal
P. O. Box 1638
Manila, P. I.

Dear Mr. Robb:

Allow me to express to you my appreciation for the very complimentary write-up you gave the College of Agriculture in the November issue of your Journal.

Just a small matter, but will you permit me to correct an inaccuracy that I noticed in it? Regarding the pig from Jala-jala, this was introduced there only about 60 years ago, about 1870-1880, while de La Gironiere was there about 100 years ago, from 1820 to 1839. In an attempt to trace the origin of the Jala-jala pig, I found there in 1932 an old man who claims to have helped unload the original pigs and carabaos, which were imported at the same time, brought in by another Frenchman who succeeded La Gironiere. He was not able to tell me where the animals came from, but he was positive in his statements about the origin of the once famous Jala-jala pig. La Gironiere relates how he brought horses and cattle to the place, but there is no mention in his writings of his ever bringing in any pigs or carabaos.

I wish to thank you once more for the kind words of appreciation for our humble efforts.

Yours very sincerely,

B. M. GONZALEZ,
Dean.

General Business Data

Up to December 1 the agricultural department had for 3 weeks issued a sheet of general business statistics. If publication continues, monthly compilations will appear in the *Journal*. Following is the compilation of the first 3 issues:

Three weeks ending December 1	
CORPORATE INVESTMENTS (Manila)	
Corporations (New)—	
Number	13
Capital paid up	₱ 569,605
POSTAL MONEY ORDER (Manila)	
Issued—	
Number	6,195
Value	₱ 178,757
Paid—	
Number	132,524
Value	₱ 191,030
STOCK EXCHANGE (Shares sold)	
Mining—	
Number	9,062,992
Value	₱ 2,311,333
MORTGAGES REGISTERED (Manila)	
Real Estate—	
Number	49
Value	₱ 195,722
Chattel—	
Number	74
Value	₱ 345,731
MOTOR REGISTRATION (Manila)	
Automobiles	124
Trucks	34
Motorcycles	2
Transfers—	
Automobiles	145
Trucks	16
Motorcycle	1
RADIO REGISTRATION (Manila)	
New	105
Renewals	279
MONETARY CIRCULATION (NET)	
Gov't only (Average)	₱84,125,848
LIVESTOCK (Manila)	
Weeks ending November 18th & 25th	
Carabaos—	
Arrivals	429
Slaughtered	395
On hand	36
Cattle—	
Arrivals	1,884
Slaughtered	2,051
On hand	136
Hogs—	
Arrivals	7,983
Slaughtered	7,872
On hand	360
POULTRY AND EGGS (Manila Arrivals)	
Weeks ending November 10th & 17th	
Chickens	170,394
Ducks	2,596
Turkey	155
Eggs—	
Chicken	1,512,950
Duck	151,980
BUILDING CONSTRUCTION (Manila)	
For weeks ending November 24th only	
Permits issued	35
Approximate value	₱ 112,900
VITAL STATISTICS (Manila)	
Bureau of Health Data Estimated population (Mid year)	349,290
Births (Reported)	1,215
Deaths (Residents, tentative)	
Marriage licenses issued	

Cotton Piecegoods

(*Continued from page 9*)

schedules should be studied and adjusted to meet the conditions now prevailing.

The statistics for this year show how the United States have already lost a great share of the business, but do not indicate the present trend. We in the trade are convinced that as time goes on Japan's share will continue to grow and America's continue to shrink. Japanese mills continually strive to imitate American cloths and are succeeding with one after another. Every month sees another American cloth eliminated, and with very few exceptions, chiefly novelties and intricate weaves, a very small percentage of the total business, it is generally thought to be only a matter of a very short time when *American goods will be eliminated from the market almost entirely.*

This is the situation in which American mills find themselves in the Philippines. They have done everything within their power to hold the market, but due to conditions not of their own making they find it an impossible task. They have found a sympathetic attitude in the Filipino leaders and public, but are mystified by an apparently opposite attitude in Washington. They know the New Deal policy with its devaluation, NRA and crop control was not designed to cause them the loss of this market, but nevertheless it has made it impossible for them to compete here. The only hope seems to lie with Washington. The state department has already concluded a reciprocal treaty with Cuba and others are now in the making with South American countries. Perhaps when the Philippine commonwealth is established some kind of a plan can be worked out which will give the mills in the United States some relief in this market.

The Electrical Equipment...

(*Continued from page 10*)

Lamps and parts other than bulbs valued at ₱56,050; from the United States alone, ₱29,970; duty on foreign lamps and parts, ₱5,236.

Machinery and motors valued at ₱461,975; from the United States alone, ₱431,565; duty on foreign machinery and motors, ₱4,056.

Radio apparatus and fixtures valued at ₱709,311; from the United States alone, ₱694,008; duty on foreign radio apparatus and fixtures, ₱994.

Refrigerators valued at ₱178,865; from the United States alone, ₱172,617.

Telegraph equipment valued at ₱751; from the United States alone, ₱618.

Electrical machinery, apparatus and appliances valued at ₱103,727; from the United States alone, ₱98,979; duty on foreign shipments, ₱578.

Insulated wire valued at ₱325,408; from the United States alone, ₱291,479; duty on foreign insulated wire, ₱3,735.

Wiring fixtures valued at ₱149,585; from the United States alone, ₱77,184; duty on foreign wiring fixtures, ₱9,295.

X-ray machines valued at ₱16,815; from the United States alone, ₱3,048; duty on foreign X-ray machines, ₱2,298.

Other therapeutical equipment valued at ₱10,786; from the United States alone, ₱3,757; duty on foreign shipments, ₱1,245.

All other electrical wares valued at ₱282,700; from the United States alone, ₱243,577; duty on foreign shipments, ₱4,945.

Total electrical goods importations during the year, ₱3,390,581; from the United States alone, ₱2,733,110; from all other countries, ₱657,471. The duties range from 15% to 30% and may be precisely determined by items from the data given. Higher duties would, of course, impose no hardship on consumers. Attention to this point at this time is very important, because if Philippine-American trade gets under-way on a permanent and reciprocal basis America's purchases will continue expanding the Philippine market for electrical wares of all sorts. The islands have been only fractionally electrified. Giant of current producers, the Manila Electric Company has 84,753 residential customers, 25,213 commercial, 733 power, 50 street-light. Total capacity of its hydro-electric plant at Botocan and its steam plant in Manila is 49,500 kilowatts per hour, the peak load running around 24,000 kilowatts per hour and a day's run averaging approximately 300,000 kilowatt hours.

Power is available at rates as low as 2½ centavos per kilowatt hour, charges hinging on volume of consumption. The flat rate for the 25-candlepower lamp is ₱1.10 per month, 12-hour service. The base meter rate is 30 centavos. Power rates undercut New York's, compare with midwestern rates, less favorably with California's hydroelectric production.

No basic factor impedes growth of the electrical equipment market here except the dubiety about continued liberal trade relations with the United States. This however not only puts the future market in doubt, but puts in risk the whole industry here.

—from *Judge*

Steel Construction . . .

(*Continued from page 17*)

8. In earthquake country such as the Philippines, steel ought to be used because it is more adaptable to earthquake stresses and strains.
9. In tall and narrow buildings the wind forces can be more readily taken care of by using a structural steel frame.
10. With the more recently rolled steel sections, the design can be made so that the building is much lighter, and the difference in cost between a structural steel frame and a reinforced concrete frame is small.
11. We know the qualities of steel and no inspection is needed, but unless the owner has a conscientious and careful inspector on the job all the time he does not know the quality of concrete that is placed in the forms.

A great deal of money is wasted here in steel building construction on account of the specifications that it is necessary for architects and engineers to follow. Ever since structural steel began to be used commercially, about 50 years ago, the unit stress of 16,000 pounds per square inch has been used in designs. Since then rolling mill practice has been improved, producing a steel that is more uniform and reliable, and consequently higher unit stresses can be used. In all the large cities of the United States, where steel construction is used much more than here, the Specifications of the American Institute of Steel Construction have been adopted. These specifications allow an increase in unit stresses which reduces the weights and sizes of steel necessary, thus saving a great deal in the cost of a building. The writer himself has been using these specifications for the past few years in all structures that the Atlantic, Gulf and Pacific Company of Manila have built outside of Manila. Let us keep up with the times, even in such a dry subject as steel. Manila will be saved thousands of pesos a year and will get better constructed structures if the above mentioned specifications are adopted.

A great saving can be made in tall buildings by using partitions made of cinder concrete, hollow gypsum or tile, thus reducing loads on the structural steel framing and on the foundations.

At present the tallest buildings permitted to be built in Manila are 30 meters or about 100 feet high. In future, if necessary where land will be very valuable, it will be safe enough to allow buildings to be built 150 feet high. Structural steel framing in tall buildings is a study in itself. In order to have a proper and economical design made, the architect ought to work in conjunction with a competent structural engineer. The most efficient and economical manner for an owner to construct a tall building is for him to decide who will be his builder or contractor, architect, engineer, electrician and plumber, and have them all coöperate in making the proper plans, using the architect as the center of the group.

It may be interesting to list the buildings in Manila that have complete or partially complete structural steel frames. They are, Bay View Hotel, Ambassador Apartments, Chaco Building, Masonic Temple, Hongkong & Shanghai Banking Corporation, Kneedler Building, Metropolitan Theater, Lyric Theater, Ideal Theater, San Miguel Brewery and Garage, Johnson-Pickett Rope Works, Aguinaldo Building, Elizalde & Company Office and Factory Buildings, Holy Ghost Church, University of Santo Tomas Gymnasium, Atlantic, Gulf & Pacific Company of Manila Foundry, Earnshaws Docks & Honolulu Iron Works Sugar Plant and Boiler Shop, Hale Residence and Rizal Memorial Field Grandstands.

GOLD MINING REVIEW

by Ralph Keeler
Mining Editor
Manila Daily Bulletin

November: Gold and silver production for the month of November was P180,000 better than in October. A steady gain was reported in practically every report, and indications are that the 1934 figures will exceed P22,000,000, a gain of some P8,000,000 over the 1933 production, and an amount just about equal to the total production during the 14 years from 1907 to 1920.

Balatoc passed the million peso mark, the highest monthly production in its history, with P1,052,834, and it seems likely that this figure will be increased steadily for some months to come. The capacity of the mill is being raised gradually, and Balatoc, already the richest mine in the world as far as the richness of ore for a plant of its size is concerned, is likely to be among the first few in every way.

Antamok Goldfields also reported its highest monthly production to date, with an 11% jump in tonnage milled and a 27% gain in bullion produced for a total of P140,388.79 shipped from 9,300 tons milled.

Ipo had its best gold production since July, P73,605. Figures for November (based on $35 gold and $.64 silver) are:

Antamok Goldfields	P 149,388.79
Baguio Gold	67,007.72
Balatoc	1,052,834.44
Benguet Consolidated	629,824.82
Benguet Exploration	18,000.00
Ipo Gold	73,605.12
Itogon	182,970.00
Total	P2,164,630.89

Suyoc Consolidated, near Kilometer 92 on the Baguio-Bontoc road, is expected to start shipping bullion late in December or early in January. Although concentrates have been produced at Suyoc for some months, no refining has been done there as yet. The original plan was to ship concentrates to Tacoma, Washington, for refining, but it is now believed that it will be possible to treat them by cyanidation economically. About P475,000 in concentrates have been stacked in the mill, and these are being reground and cyanided. The mill handles about 150 tons daily, and is so constructed that a rapid enlargement of capacity will be possible. A refinery has been built, and the first bullion will be poured soon.

Benguet Exploration had a record tonnage in November, of 3,682 tons of ore milled. Mill construction has been completed and a new diesel recently installed has provided sufficient power reserve. Although the mill was planned for 50 tons a day, it has been handling 137 tons daily. A big tonnage and low mining and milling costs have made it possible to mine low grade ore at a profit.

At Gold Wave a 2-1/2 foot vein assaying as high as $25 a ton was reported cut. The main crosscut is now in more than 700 feet, and is expected to cut the big slide lode soon.

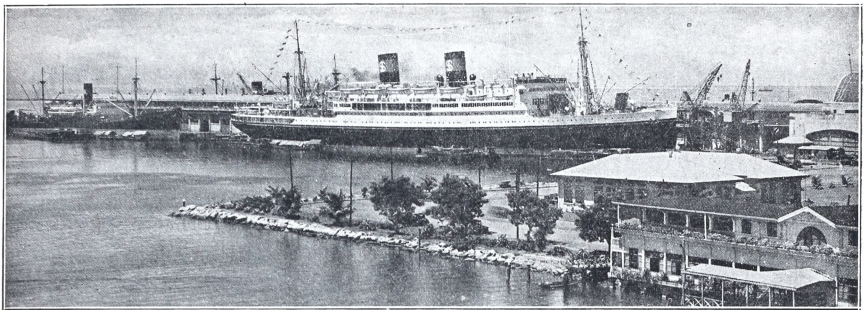
Virac construction work is coming along well, the mill building being completed and retaining walls nearly so.

Antamok Goldfields has enough ore under development to run the mill ten years, with a possible tonnage of 1,300,000 tons. The 463 vein on the 830 level was cut during the month, uncovering an ore-body some 66 feet wide. The whole vein averages $5.02.

Itogon announced a 100% stock dividend, and raised its capital stock from one to two million pesos, changing its par value from one peso to ten centavos.

Suyoc concluded a new stock issue of 990,000 shares, at 30 centavos each.

Work on construction and development work at the King Solomon mines is going ahead rapidly, and George M. Icard, president of the company, announced that John Mcisan and James Colbath, experienced engineers who are well known in the Baguio district, have been engaged to build a mill during 1935.



SHIPPING REVIEW

By H. M. CAVENDER
General Agent, The Robert Dollar Co.

Total shipments from the Philippines for the month of OCTOBER amounted to 199,334 tons, slightly less than for the previous month.

To Oriental Ports, hemp shipments dropped off but were still quite heavy. Logs and lumber made a new high record, bringing the total for ten months this year to over fifty million feet against only forty million feet for the entire year 1933. Molasses, tobacco, rope, and other items were only fair to slow.

To Pacific coast ports, cigars showed a good increase, having got back to normal after settlement of the strike. Coconut oil was fair, with copra shipments very good amounting to 14,000 tons. Copra meal movement was also very heavy, which we understand is largely due to shortage of cattle feed in the United States brought on by drought conditions. Hemp and lumber shipments were fair. There was again a good sugar movement, amounting to 25,000 tons.

To Atlantic coast ports, cigar shipments were normal. Coconut oil, copra, and hemp were good, with lumber again very poor. The last shipments of sugar for the year reached a total of 72,000 tons. Desiccated coconut showed a nice increase.

To European ports, there was a decided falling off in the movement of copra. Copra cake also dropped considerably. Hemp was fair, and lumber improved.

From statistics compiled by the Associated Steamship Lines, during the month of OCTOBER 1934 there were exported from the Philippine Islands the following:

	Tons		Misc. Sailings		Tons			Sailings
China and Japan	29,007	with	50	of which	1,355	were carried in American Bottoms	with	10
Pacific Coast Local Delivery	47,296	with	21	of which	37,445	were carried in American Bottoms	with	12
Pacific Coast Overland Delivery	988	with	11	of which	438	were carried in American Bottoms	with	7
Pacific Coast Inter-Coastal Steamer	1,905	with	14	of which	1,357	were carried in American Bottoms	with	0
Atlantic Coast	99,200	with	30	of which	64,508	were carried in American Bottoms	with	15
European Ports	19,608	with	19	of which	291	were carried in American Bottoms	with	3
All other Ports	1,321	with	12	of which	00	were carried in American Bottoms	with	00
A GRAND TOTAL of	199,334	with	96	of which	105,247	were carried in American Bottoms	with	24

Passenger traffic for the month of OCTOBER showed a healthy increase over September. Compared with October 1933, first class traffic was the same, while intermediate class showed an increase.

The following figures show the number of passengers departing from the Philippines during OCTOBER 1934:

	First	Inter-mediate	Third
China and Japan	87	189	185
Honolulu	3	6	1
Pacific Coast	57	55	4
Europe via America	4	3	0
Straits Settlements & Dutch East Indies	23	12	3
Europe and Mediterranean Ports beyond Colombo	5	44	7
America via Suez	4	2	0
Australia	5	2	0
Round-the-world	1	0	0
TOTAL for OCTOBER, 1934	189	313	200
TOTAL for SEPTEMBER, 1934	144	202	186
TOTAL for OCTOBER, 1933	194	266	438

THE RICE INDUSTRY

By PERCY A. HILL
of Muñoz, Nueva Ecija
Director, Rice Producer's Association

Luxury rice ranges in price from ₱4.10 to ₱4.30 a sack of 57 kilos, macans from ₱3.50 to ₱3.70, inferiors ₱3.45 to ₱3.55, with the market trend quiet. Palay at primary markets brings from ₱1.35 to ₱1.65 per cavan of 44 kilos. Supply until the new crop comes on is ample, and the new crop will move slowly, on account of prices now offered, until demand overtakes supply.

The 1933-1934 crop was first estimated at 1,364,000 tons, and because rice had substituted export crops over considerable areas, the new crop was estimated at 1,400,000 tons. Later factors, mainly adverse weather, reduce this now by at least 250,000 tons. Disease is a factor in the central Luzon plain, where the crop will be shorter and yield per hectare low. Drought during 3 weeks at heading time reduced estimates in nonirrigated districts, and typhoons affected pollenization. While "Total Loss!" cries are mere calls for the Red Cross and other charity from sources unfamiliar with the rice industry, we can say that damage to the extent of 250,000 tons has been done. Against this is the 40,000-ton carryover, indicating room for some importation later in the season.

Exports to the United States for brewing purposes will hardly exceed 2,000 tons.

While the 1934 rainfall has been 25% more than that of 1933, precipitation was erratic and the season as a whole unfavorable.

The legislative effort to place the processing of palay in Filipino hands and giving the present set-up 5 years in which to be liquidated is an experiment long tried—and abandoned as an excessive burden on consumers. It is an effort to supply ability by law instead of by initiative. Tried 3 times already, it has always failed. There was no ability to take a burden representing some ₱175,000,000 capital, and there was inability to compete; for nothing now stands in the way of Filipinos taking to rice milling and marketing in a large way, but they are not interested in the small margin of profit the industry pays.

While the theory back of this effort may be laudable in abstract, probability of taking over such a vital business at this stage is fantastic; it is nothing short of *wishing wishes*. Conditions here are duplicated in Java, Indochina and Siam, where the industrious Chinese do the milling and distributing cheaper and more efficiently than any other people. To change would raise the price to the consumer and lower it to the producer, not to speak of leaning on the Philippine National Bank or the insular treasury for capital to replace the capital banished from the islands.

COPRA AND ITS PRODUCTS

By KENNETH B. DAY AND LEO SCHNURMACHER

All calculations for November were absolutely upset by two factors. The first was the seamen's strike in Cebu which cut off practically all deliveries to Cebu for a period of around two weeks, and the second was an unusual number of destructive typhoons which passed through the coconut regions north of Cebu and did a tremendous amount of damage, not only to the coconut groves but also to the highways, transportation facilities, etc. These items combined with a naturally firmer market tendency resulted in higher prices and a sellers' market for copra and coconut oil for the entire second half of the month.

COPRA: Contrary to previous expectations, November arrivals were light for the special reasons enumerated above. At the beginning of the month the market was quiet with prices ruling from ₱5.10 to ₱5.20. Shortly before the middle of the month the price advanced slightly, but as soon as the typhoon of November 16th was over a rapid and uncontrolled advance set in which carried prices up to a level of fully ₱6.00 before the end of the month. A large part of this increase was due not so much to the absence of immediate stocks as to the expectation that the 1935 copra crop will be severely curtailed. Pacific Coast Mills and European buyers both increased their prices during the month, the Pacific Coast price rising from 1.45 cents to 1.65 cents and the European price from £7 12 6 to £8 12/6. Right through the month, however, the best prices were those paid by the local oil mills, and comparatively little copra was sold for export. This was particularly true in Cebu where sellers were already overcommitted and had difficulty in filling their shipments without selling very much more copra. The statistics for the month follow:

Arrivals—Manila, 343,365 bags and Cebu 127,239 bags.

Shipments—	Tons
Pacific Coast	15,726
Atlantic Coast	2,871
Europe	13,455
China and Japan	782
Total	32,834

Stocks on Hand in Manila—	Tons
Beginning of Month	41,523
End of Month	32,696
Stocks on Hand in Cebu—	
Beginning of Month	23,963
End of Month	15,715

In connection with the above it should be noted that the large shipments to Europe represented charters very largely and that stocks of copra in the Islands decreased materially during the month.

COCONUT OIL: At the opening of November oil could be sold in New York at 2-7/8 cents. Several thousand tons were sold at this figure, but when the typhoon came along the market immediately started up, hesitated for awhile at 3.00 cents and by the end of the month was on a level of 3-3/4 cents. Very little business was done at the latter figure because sellers were holding off, and it was the impression that the market demand was a fairly narrow one and confined mostly to edible oil consumers. Pacific Coast demand likewise improved and oil was sold on the Coast as high as 2-7/8 cents per lb. f.o.b. Local oil prices advanced to 11-1/2 cents per kilo. Statistics for the month follow:

Shipments—	Tons
Pacific Coast	407
Atlantic Coast	12,305
Gulf Ports	2,989
Europe	662
China	41
	16,404

Stocks on Hand in Manila and Cebu—	
Beginning of Month	15,511
End of Month	17,696

COPRA CAKE AND MEAL: Buyers for cake to Europe, particularly for November/December shipment, were in evidence throughout the month at prices ranging from $25.00 to $26.50. The local equivalent of these prices was around ₱30.00 to ₱31.00 per metric ton ex warehouse. The Pacific Coast demand for meal revived as considerable business was done for the first quarter of next year at from $21.50 to $22.50 per short ton c.i.f. A little business went to New York. The following statistics cover these products:

Shipments—	Tons
Pacific Coast	4,218
Atlantic Coast	182
Europe	6,690
China	51
	11,141

Stocks on Hand in Manila and Cebu—	
Beginning of Month	6,602
End of Month	6,198

At the end of November most local sellers were pretty well covered for the balance of the year and into 1935.

DESICCATED COCONUT: The desiccated coconut business was very fair throughout the month with mills operating at reasonable capacity and shipments fully up to normal. The American consumption of desiccated coconut has increased during 1934, and while prices have not advanced beyond 7-1/2 cents average, the industry is on a very stable though limited basis.

GENERAL: November went out in a blaze of glory as far as copra and oil prices were concerned, the prices being far better than they were at the beginning of the month with everything pointing to even higher levels for December. This is undeniably good for the copra producer but the reverse of the picture is that during the first half of next year and probably for the entire year production will be decreased to such an extent that even with higher prices, the producer will not be much if any better off. The price of coconut oil on which copra must depend is limited in all the markets of the world by competition from other fats; thus it is merely a question of how high copra prices can rise and still make it possible for buyers to manufacture and sell oil. There is a definite limit to this and any advance over present prices of more than 1/4 cents during the present year would be rather surprising.

It was anticipated that during December arrivals should be good but thereafter available supplies, particularly in the Manila district, are bound to be curtailed until the groves have recovered from the typhoon damage which will mean anything from eight months to two years.

REAL ESTATE

By P. D. CARMAN
Addition Hills

The November sales total was smaller than last year but larger than in November of either 1930, 1931 or 1932. Considering the many days of extremely adverse weather last month the results should be regarded as very satisfactory.

	Sales City of Manila	
	October 1934	November 1934
Sta. Cruz	₱ 116,096	₱ 243,983
Sampaloc	45,664	213,962
Tondo	117,030	62,461
Binondo	220,800	20,000
San Nicolas	71,000	183,647
Ermita	57,976	320
Malate	89,565	68,588
Paco	21,600	19,532
Sta. Ana	18,490	18,618
Quiapo	29,530	71,076
San Miguel	144,421	13,733
Intramuros	81,000	10,000
Pandacan	10,800	30,882
Sta. Mesa	—	6,534
	₱ 1,084,704	₱ 963,336

Foreign Consuls of Manila

ARGENTINE REPUBLIC.—J. F. Fernandez, Consul, 109 Juan Luna, Phone 2-20-32.

BELGIUM.—M. Verlinden, Consul, 50 Escolta, Phone 2-10-90.

BOLIVIA.—Joaquin M. Elizalde, Ynchausti Bldg. Muelle de la Industria, Tel. 2-27-92.

CHILI.—Lorenzo Correa, Consul, 212 Marques de Comillas, Paco, Phone 2-25-81.

CHINA.—K. L. Kwong, Consul-General, China Bank Building, Phone 4-90-23. Yen Wan-li, Senior Vice-Consul.

COSTA RICA.—Vicente T. Fernandez, Consul, S. O. de Fernandez Bldg., Room 302, Phone 2-67-16.

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PARAGUAY.—J. J. Russell, Esq., Consul, No. 8, Muelle del Banco Nacional.

PERU.—Antonio Melian y Pavia (Count de Peracamps), Honorary Consul, 810 Dewey Boulevard, Phone 5-69-16.

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RUSSIA.—(See France.)

SIAM.—E. A. Perkins, Consul, 511-521 Heacock Bldg., Escolta, P. O. Box 760. Phone 2-24-04.

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UNITED STATES OF AMERICA.—Henry B. Day, Vice-Consul, 410 Heacock Bldg., Escolta. Tel. 2-33-20.

VENEZUELA.—Albert P. Delfino, Consul, 50 Escolta, Tel. 2-18-89.

LUMBER REVIEW

By ARTHUR F. FISCHER
Director of Forestry

Lumber and timber exports for September increased slightly as compared with the same month last year, the total being 9,806,272 board feet as against 9,537,456 board feet for 1933. Active shipment of round logs to Japan continued. There were during the month under review shipped to that country 7,091,824 board feet, mostly of round logs, as compared with 5,659,128 board feet exported during the same period last year. The comparatively large volume of trade in round logs with this market is expected to continue unless some control or restriction is placed by the Philippine Government on the shipment abroad of timber in the round form for the protection of the home industry. China is beginning also to be interested in round logs from the Philippines. Actual shipments had already been made and proposed orders for delivery in the immediate future are being negotiated. The relatively large lumber and timber exports to China registered during September is a reflection of the favorable conditions in this market. With regard to other principal markets, viz.: Great Britain and South Africa, steady trade was maintained during the month under review.

Shipments to the United States showed a decided slump. The total amount of lumber and timber shipped during September was only 496,080 board feet as compared with 2,939,592 board feet for September, 1933. The amount actually shipped was much below the rate of monthly shipment expected of our exporting mills under the existing quota for the Philippines. The above situation was, however, solely due to limited demand; with the present equipments and personnel of the local mills there could be no question as to their ability to fill their individual quotas, if demand exists. It seems, however, that in the United States at present there is a reluctance to buy—dealers are not buying more than their immediate needs, new building is only about 8% of the normal of 1925—on account of uncertainties, particularly with regard to prices, which have cropped up in connection with the administration of the Lumber Code.

There is as yet no active demand for the lower grades in the local markets. As a consequence thereof, sawmill operators, particularly those dealing only in domestic trade have curtailed their production slightly. The mill production during the month under review aggregated 13,966,287 board feet as against 14,303,065 board feet for the same month last year, or a decrease of 2%. Despite decreased production, however, there were heavier stocks on hand at the end of September than at the end of the corresponding month last year.

TOBACCO REVIEW

By P. A. MEYER
Alhambra Cigar and Cigarette Mfg. Co.

RAW LEAF: No transactions of importance were reported during the month. Due to continuous stormy weather the port of Aparri was closed to shipping for a considerable length of time and also land transportation was paralyzed so that but little tobacco could be moved. Extensive damages to seed beds were reported. Exports show large shipments to the Japanese Korean and Spanish monopolies, as follows:

	Rawleaf, Stripped Tobacco and Scraps Kilos
China	606
French Indochina	144
Hongkong	12,258
Japan	2,038,779
North Atlantic (Europe)	427,808
Spain	1,200,600
Straits Settlements	575
United States	127,041
	3,807,811

CIGARS: The following number of cigars were shipped to the United States during

November 1934	22,738,792
October 1934	19,590,861
September 1934	5,324,874
as against during November 1933	25,208,631

SENATOR HAYDEN WRITES

The following letter has been received:

"I deeply appreciate your courtesy in sending me the August and September issues of the JOURNAL which I have read with interest. I am advised by Senator Tydings that the Congressional Committee will sail from Los Angeles on November 14 to arrive in Manila on December 9.

"I expect to meet the members of the Committee in Los Angeles for a personal conference before they depart and shall give them these two copies to read on the way over so that they may have the benefit of what you have published. Under the circumstances, I hope that you can send me other copies, including the October issue, to my office in Washington under the inclosed frank.

"It was a pleasure to meet you in Manila and I am sure that you will be equally helpful to the Senators and Representatives who are to come. With kindest personal regards, I am

"Yours very sincerely,

"CARL HAYDEN,
"U. S. S."

AN OMISSION

Mention should have been made in our November issue of the Paracale Gold Mining Co., of which Judge George R. Harvey is president and Alfredo Chicote vice-president, other directors being Chas. A. McDonough, Rafael Ortigas, Joseph R. Reed. The company has a year's option on 99 claims in the Paracale district, where its engineer, E. C. Bengzon, assays from ₱5.32 to ₱67.78 per ton. Capitalized at ₱1,000,000 (10 million shares at ₱0.10 each), the company has been authorized by the insular treasurer to issue 4½ million shares, which is understood to approximate the present paid-in capital. Payment for the claims if finally taken over by the company is to be ₱550,000, ₱45,000 in cash and the difference in shares at par. Purchase is to be made from Mr. Reed, a fact noticed in our pages some time ago; it is the paid-in capital of the company that should have appeared in our November list.

Major Andreas Writes

December 14, 1934.

Dear Walter:—

I am glad if my suggestions were of value to the Journal. I have heard so much of Chester Gray and his mis-statements about what our products do to the Farmer. I do not have figures which are not subject to rebuttal or refutation and such material is worse than merely a flat denial. The point I meant to make was merely that *this* is a time we will never again have. We are at a crossroad—or let us say "at the time in the affairs of men, which taken at the flood leads on to fortune but which etc."

Never again will this opportunity for publicity appear before us. Ever after this will it be behind us—and I hope it will not be something we will have to look back at, "as an opportunity lost." I know the U. P. and A. P. are absolutely Independent—that is why we must not lose this opportunity. Because of that independence, they will fearlessly send forward the material we present to the Mission. Because that Mission is here, the material we present will have an importance *it will never again have*. We might send better material later, oodles of it, but the psychological time will have passed—the opportunity have been lost. This is the time of all time and this fact cannot be ignored.

If our material is now presented, it will receive a publicity it will never have a chance to again receive, if at the same time our memos are handed to the press.

Very sincerely,

H. R. ANDREAS.

RAIL COMMODITY MOVEMENTS

By M. D. Royer
Traffic Manager, Manila Railroad Company

The volume of commodities received in Manila during the month of November 1934, via the Manila Railroad Company are as follows:

Rice, Cavanes	114,281
Sugar, piculs	31,352
Copra, piculs	128,159
Desiccated Coconuts, cases	18,437
Tobacco, bales	1,312
Lumber and Timber, board feet	359,000

The freight revenue car loading statistics for four weeks ending December 1, 1934, as compared with the same period of the year 1933 are given below:

FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONNAGE		Increase or Decrease	
	1934	1933	1934	1933	Cars	Tonnage
Rice	549	555	7,385	6,158	(6)	1,227
Palay	58	80	642	744	(22)	(102)
Sugar	97	1,470	3,009	41,382	(1,373)	(38,373)
Sugar Cane	1,597	11,422	26,614	203,452	(9,825)	(176,838)
Copra	956	1,825	7,740	11,188	(869)	(3,448)
Coconuts	133	83	1,999	1,083	50	916
Molasses	11	227	355	6,684	(216)	(6,329)
Hemp		14		118	(14)	(118)
Tobacco	15	14	159	104	1	55
Livestock	6	26	27	115	(20)	(88)
Mineral Products	311	387	3,705	5,507	(76)	(1,802)
Lumber and Timber	112	169	2,866	4,422	(57)	(1,556)
Other Forest Products	4	5	20	71	(1)	(51)
Manufactures	122	109	1,911	1,247	13	664
All Others including L.C.L.	2,947	3,402	21,725	24,358	(455)	(2,633)
TOTAL	6,918	19,788	78,157	309,633	(12,870)	(231,476)

SUMMARY

Week ending November 3, 1934	1,111	3,069	9,450	47,820	(1,958)	(38,370)
Week ending November 10, 1934	1,208	3,760	10,565	58,046	(2,552)	(47,481)
Week ending November 17, 1934	913	4,151	9,208	64,584	(3,238)	(55,376)
Week ending November 24, 1934	1,659	4,153	21,330	64,734	(2,494)	(43,404)
Week ending December 1, 1934	2,027	4,655	27,604	74,449	(2,628)	(46,845)
TOTAL	6,918	19,788	78,157	309,633	(12,870)	(231,476)

NOTE:—Figures in parenthesis indicate decrease.

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