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WALTER ROBB *Editor and Manager*

Gold Boom on Full Blast: Inflation Helps

Month's span in gold stock values; steps in incorporation proceedings; a hand to Judge Haussermann.

The table on this page gives the month's span in stock values of the gold companies whose stocks are quoted on the licensed local exchanges. The big day of the month was August 30, when President Roosevelt's order permitting free export of new gold came out. Judge John W. Haussermann, president of the twin leading producers, Benguet Consolidated and Balatoc, had won the fight he began in May with the U.S. treasury department almost single-handed and made for his shareholders, on their gold held in the United States awaiting sale, an extra profit of ₱1,800,000 or about ₱3,500,000 additional profit annually. Before the point was won, many gold producers in America had joined in Judge Haussermann's contention that gold should be allowed to be sold for the amount of depreciated dollars it would bring in the open market; otherwise, in inflating her currency, yet holding strict monopoly of gold and paying the mint par value of $20.67 an ounce for it, America would be penalizing gold production and tempting mining companies to keep their output at the minimum.

Roosevelt's order will have the opposite effect, will stimulate gold mines to maximum production and encourage what is manifest here, investment and speculation in the gold mining industry. Below the table of gold stock quotations as of July 31 and August 31, Judge Haussermann's statement on this subject appears. August, 1933, will be an historical month in the annals of Philippine gold mining, it marks the unquestioned beginning of a gold boom here that no force can now keep from running its logical course.

This boom would float along nicely on the support of local capital alone, but we predict that at last outside capital will also be attracted. On August 31, Benguet Consolidated stock touched ₱40 a share, 400 times par of 10 centavos; there are 2 million shares, but only a few, comparatively, ever traded on the market, because Haussermann and his associate, A. W. Beam, have in their personal control well over a million shares and are never interested in what people may be bidding for them. There are other large blocks, such as Leon J. Lambert's, that are also strictly held for investment. If, however, all shares were reckoned at the value reached on August 31, ₱80,000,000 would be the value of Benguet Consolidated. Throw half of this way, charge it to enthusiasm, you still have ₱40,000,000 for Benguet Consolidated and you are on solid foundation.

It is the *Journal's* sober opinion that if men will tie their faith to Judge Haussermann's ambition, he will make all of them well-to-do and many of them rich; not indeed from deals in stocks, buying and selling, but from dividends earned by the mines. For Judge Haussermann is convinced that potentially the Philippines are one of the world's great gold regions. He is willing to back this conviction with cash. He has proved what he can do, with Benguet Consolidated and Balatoc. He wants to monopolize nothing, but he doesn't want the gold industry of these islands to continue languishing for want of capital. If you fall in with this idea, and are inclined to mining, here is a formula:

Prospect your claims, locate and block out your ore. This you can do with a small stock issue, or moderate contributions of capital by men expecting to go into your company and have its stock. Finding ore to warrant mining and the expense of a mill, you can go to Judge Haussermann and effect a financing and operating contract with him on behalf of Benguet Consolidated. If your proposition is a sound one, you will not knock at that door in vain. But you demur that such a contract with Balatoc gave Benguet Consolidated 60% of Balatoc's dividends, more than half. True, and it made Balatoc (*World's Work* of June last year says) the highest dividend paying gold mine in the world per ton of ore milled. It gave Balatoc that close, harmonious and competent business administration that is the minority stockholder's salvation in every joint stock enterprise, in mining more than in most other things.

This comment is addressed to minority stockholders in mining ventures, actual and prospective. Let us take the founders, you might style them, of Balatoc, the men who courageously put their money in it when it was just a set of claims, and then just a prospect. If Benguet had not financed it then, these men would have had to turn to some other source for ₱1,500,000 (what Benguet Consolidated put into Balatoc before getting back a centavo), which would have made them minority stockholders. It would have been, as they wisely found, impossible for them to eat their cake and still have it, and the record is convincing that they might have gone farther and reached a worse market.

What they did, or about that, Ipo has done since. Others have the plan in project. In other words, our gold mining now has a place at hand to turn to for capital when there is gold in sight to warrant investment of capital. Of course, Benguet Consolidated is not the only brand in the fire. It is the backlog. In this whole business of speculative risk and investment ventures in mining, the *Journal's* counsel is, back men rather than prospectuses. There are half a dozen men, at least, heads of as many gold mining or prospecting enterprises at Baguio, whose characters are guaranty of good faith in all that transpires in their companies. Speculating with them is a square win-or-lose proposition; and mining with them, if projects have reached that stage, is all the security a minority stockholder requires.

There has been discussion about what Benguet Consolidated shares are worth. Like other things, they are worth what people will pay for them; if dividends are ₱2 a year and a share will bring ₱40, that is a return of 5% on the capital at risk; but as late as last January people were only willing to pay ₱8 a share for this stock and they then had dividends of 25% of the capital at risk. Just why the public has cared to bid this stock up to around ₱40 a share is beyond us; your guess is as good as ours; but that it is a good solid stock is not beyond us. Net profits in the first half of this year were ₱2,399,239.81; in the gross receipts was ₱1,509,995.69 from interest and dividends, earnings out of Balatoc. Gross assets were ₱6,331,596; cash in banks, ₱623,783; and (among liabilities) general reserve, ₱3,500,000. The balance sheet manifests the typical Haussermann-Beam conservatism that

MINING STOCK QUOTATIONS

Stock—	July 31	August 31
Balatoc	₱21.00	₱25.00
Benguet	25.00	37.50
Itogon	3.90	5.00
Baguio Gold Mining	0.24	0.47
Benguet Explora'n	0.17	0.25
Gold Creek M. Co.	3.90	4.50
Antamok G. Fields	0.37	0.55
Big Wedge M. Co.	....	0.30
Ipo Mining Co.	....	4.00
Benguet Goldfields	....	0.21
Salacot Exp. Co.	....	15.00
Paniqui Mines	....	10.00
Fortuna M. Co.	....	0.15
Macanaoed M. Co.	....	....
Sta. Maria Dev. Co.	....	....
Mountain Goldfields	....	....
Bontoc Explo. Co.	....	....
Pugo M. Co.	....	....
Placer M. Co.	....	....

Haussermann's Statement

"The presidential order authorizing an American free gold market in effect will enable producers of gold to get about 50% more for their gold than formerly. At present in the United States there is from 4 to 5 billion dollars' worth of gold. As valued today, that stock of gold is worth about 7 billion dollars. That means that the natural course of events has brought about 'inflation' to the extent of about 2 billion dollars. This is a natural and healthy inflation and makes it unnecessary for the President to bring about inflation by artificial means. This additional value of the gold in existence and to be produced will serve as the basis for additional currency and credit.

"All of this is bound to help bring about normal prosperity.

"The Philippine Islands will receive the benefits of this inflation the same as the world at large.

"The Benguet Consolidated and Balatoc mining companies have now in San Francisco and afloat a little more than 154,000 ounces of gold. This establishing of the free market automatically increases the value of that gold about ₱1,800,000."

periodically makes minority shareholders rub their hands with satisfaction—then try to get more stock.

Positive ore reserves blocked out on 4 sides at date of the semi-annual report were 245,000 tons valued at ₱7,082,000; probable ore reserves exposed at least on 1 side were 285,700 tons valued at ₱6,198,000; total, ₱13,280,000 of which about ₱5,000,000 or more may be expected to go to shareholders in dividends. Balatoc had ore reserves valued at ₱16,741,000, of which at least ₱7,000,000 ought to go into dividends as mining proceeds, and shareholders of Benguet Consolidated ought to get about ₱4,400,000. Ore development was, of course, going on actively and intelligently at both mines and the end of what the mines will finally yield was nowhere in sight. Nor was the Benguet Consolidated neglecting to acquire additional ore claims: the Fianza claims, for example, a bargain to delight the shareholder. Nor yet was the company abstaining from entertaining more operating propositions, both Midas and Big Wedge were in the offing here.

Should Benguet Consolidated be exhausted, the shareholder in that company would still have material dividends to look to, immediately what he is already getting from Balatoc (this was ₱2,603,750 in 4 years, 1929-1932), then from Ipo, then perhaps from additional operating arrangements as they may be effected with the now very certain rapid development of gold mining in these islands. So the Benguet Consolidated shareholder has a value in his holdings far in excess of the values still remaining in the mine itself. He has an equity, a tangible, earning equity in an operating mining company in which no force or combination of forces can undermine the forthright control exercised by the painstaking and experienced management that has built the company up. If he wants to pay high and take a low dividend for such an investment, sheer sanity cannot answer that he could not go farther and fair worse. Comparison could be made with the leading companies, of all sorts, in the United States, if not in other countries, and it would show that in hardly any of them is the business control so secure as in this company; in hardly any of them, that is, has the minority shareholder the chance that he has in this company—the chance of no upsets and of always getting a square deal.

In *El Debate's* anniversary issue, August 27, Judge Haussermann himself likened Benguet Consolidated in its mine financing and mine operating aspects to a sugar central, what the central does for the cane planter Benguet Consolidated stands in ready position to do for the mine prospector and developer—mill the ore and extract the gold.

This is evidence enough, though it is by no means all that is available, to demonstrate to all but the most skeptical that the Philippine gold mining industry has turned its most difficult corner. From now on, if it wants it, it is to have the capital it requires. So watch it grow, grow with it if you will. There are sensible ways of going about participating in it, and these sensible ways will hardly fail. Gold deposits of these islands are widespread and abundant, from northern Luzon to southern Mindanao—that is a pretty safe guess; and it is a good sidelight on what we have here to observe that farther south, in British New Guinea, gold production last year exceeded the value a million sterling. We are part of the crest of a Rand.

Pandacan: Sewerless, Parkless Factory District

On a day in August a visit was made to the factory of the Manila Rubber Company at the river bank in Pandacan, on calle Beata extending through the maze of bad gutterless streets skirting open fields, cluttered slums and swamps from calle Zamora, the turn to the left from calle Canonigo. Ben Houston runs the rubber factory, really an interesting place. Houston makes rubber sundries, about 300 findings including findings for the shoe and plumbing trades and many specialties demanded by sugar mills. Among these products are caps fitting over automobile pedals to obviate slips of the foot on the foot-pieces of these pedals.

The trade of the factory is all wholesale, and the machines were busy.

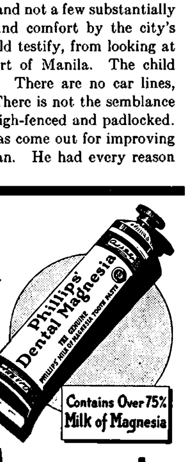
Many other factories are located in Pandacan, the leading factory district of the city; and besides the factories there are many warehouses, particularly along the river. The gas works are in this district. Naturally, taxes deriving from the district are considerable. Yet not a street, so far as 2 hours' observation disclosed, is in anything like first class condition. The health service reports there are no sewers in the district, none was manifest. The streets are narrow, so very narrow that cars can hardly pass on them. The streets are mere mud elevations into which some crushed stone has been worked to give a certain solidity. Gutters are pools of slime and mud, kitchen and latrine drainage from the houses runs into them; instances were observed where sewer pipes from houses debouched into these festering gutters.

Land unoccupied by buildings is utilized for fields, growing green hay and rice. Mosquito-breeding swamps, often closely paralleling the streets, abound. The river bank is not walled, hardly a public improvement of any sort, worthy the name, is noticed in the whole district; but around the factories everything possible has been done by private enterprise to ameliorate sanitary and living conditions—as the improved Standard Oil property with its white-and-blue workmen's cottages. On its part the city has done almost nothing; where their lot is not relieved by the solicitation of employers, the people live in filth and amid filthy surroundings. The narrow and dangerous streets, encumbered with much truck and cart traffic, are after all the cleanest places outside the church and chapel plazas where the children can play.

There are of course no sidewalks.

The population of this district last year was reported by the health service as 6,241. The number of births was 371; deaths were 171, 55 of them of children. The mortality rate was 27.36 per 1,000; a very high rate, especially for Manila, and for good reason, as the 5 senses and the esthetic sense will unanimously witness to any observer.

Out of 371 children born, 55 must die in infancy. There is much good property in Pandacan and not a few substantially built homes, that suffer in value and comfort by the city's neglect of the district. No one could testify, from looking at Pandacan, that it is a political part of Manila. The child population must be close to 4,000. There are no car lines, there is no bridge over the river. There is not the semblance of a park, except an athletic field, high-fenced and padlocked. Governor General Frank Murphy has come out for improving districts in Manila such as Pandacan. He had every reason to do so.

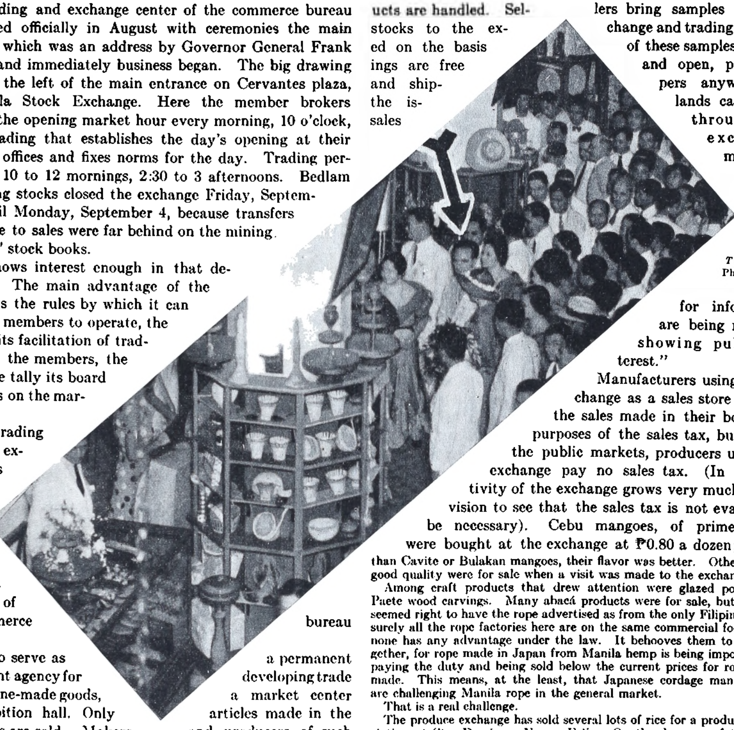


Commerce Bureau's New Trading & Exchange Center

Interesting craft products, some well stocked stalls of goods, office of the Manila Stock Exchange

The trading and exchange center of the commerce bureau was opened officially in August with ceremonies the main feature of which was an address by Governor General Frank Murphy, and immediately business began. The big drawing card is at the left of the main entrance on Cervantes plaza, the Manila Stock Exchange. Here the member brokers gather at the opening market hour every morning, 10 o'clock, for the trading that establishes the day's opening at their respective offices and fixes norms for the day. Trading persists from 10 to 12 mornings, 2:30 to 3 afternoons. Bedlam over mining stocks closed the exchange Friday, September 1, until Monday, September 4, because transfers in response to sales were far behind on the mining companies' stock books.

That shows interest enough in that department. The main advantage of the exchange is the rules by which it can compel all members to operate, the second is its facilitation of trading among the members, the third is the tally its board constitutes on the market.



TVT Photo

Of the trading center and exchange as a whole, Director Tomás Confesor of the commerce bureau says:

"It is to serve as a permanent government agency for developing trade in Philippine-made goods, a market center and exhibition hall. Only articles made in the Philippines are sold. Makers and producers of such articles in all provinces have been invited to send stocks of their wares, and more than 200 manufacturers, big and small, have thus far responded to this appeal for coöperation in solving their market problems.

"The commerce bureau takes care of the sale of all merchandise received, including the finding of permanent agencies and distributors for the manufacturers. It is hoped by this means to introduce all kinds of Philippine articles to the buying public, and to build up a larger trade in them. Of the 2 sections of the exchange department, the produce exchange is run and administered by the bureau, and the stock exchange is run by the Manila Stock Exchange.

"In the produce exchange, staple products including rice, sugar, copra, tobacco, hemp, corn, beans and other farm products are handled. Sellers bring samples of their stocks to the exchange and trading is effected on the basis of these samples. Dealings are free and open, producers and shippers anywhere in the islands can make sales through this exchange; many requests for information are being received, showing public interest."

Manufacturers using the exchange as a sales store take up the sales made in their books, for purposes of the sales tax, but, as at the public markets, producers using the exchange pay no sales tax. (In this activity of the exchange grows very much, supervision to see that the sales tax is not evaded will be necessary). Cebu mangoes, of prime flavor, were bought at the exchange at ₱0.80 a dozen; smaller than Cavite or Bulakan mangoes, their flavor was better. Other fruits of good quality were for sale when a visit was made to the exchange.

Among craft products that drew attention were glazed pottery and Paete wood carvings. Many abacá products were for sale, but it hardly seemed right to have the rope advertised as from the only Filipino factory: surely all the rope factories here are on the same commercial footing, and none has any advantage under the law. It behooves them to stand together, for rope made in Japan from Manila hemp is being imported here, paying the duty and being sold below the current prices for rope locally made. This means, at the least, that Japanese cordage manufacturers are challenging Manila rope in the general market.

That is a real challenge.

The produce exchange has sold several lots of rice for a producers' association at Sto. Domingo, Nueva Ecija. On the day one of these sales took place the price of palay at Sto. Domingo was ₱2.30 a sack of 44 kilos. Two sacks of palay mill into 1 sack of rice, of 57 kilos, with 1 kilo over. The association mills its own rice, milling cost of 2 sacks, ₱0.20; transportation to Manila, ₱0.40; sack and handling expense, ₱0.20. This made an all-in cost of ₱5.40 for 1 sack of rice, the same price the exchange was able to sell it for without a sales commission. But there was the extra kilo of rice, worth ₱0.10, and by-products, bran and broken grains, worth ₱0.15; so the association had a net profit of ₱0.25 a sack from selling its rice through the exchange.

Again, if this activity grows it would seem the exchange would have to charge its patrons a commission to cover the cost of the service. This is contemplated, it was said. A commission of 5% on the rice sale noted above would have wiped out the rice growers' profit and taken 2 centavos more. This suggests some of the problems still to be worked out. Just beginning, the exchange as well as the trading center is admittedly an experiment in aid of primary producers and local manufacturers. As it finds its way along without encroaching on established tax-paying commerce to the latter's injury, it is to be wished success. As a mere exhibit, the trading center is well worth visiting. The furniture exhibited on the second floor includes excellent rattan furniture for which orders may be placed. There is also hardwood furniture.

Rational View of the Philippines' Political Future

Free trade established in 1909 viewed as a master stroke of state, though Taft may not have had more than trade benefits in mind

Action the Philippines may take on the Hawes-Cutting bill providing first a commonwealth and then a defined political separation from the United States has had and is still having such depressing effects on realty values and business and industry that discussion of the question in the *Journal* is justified. Men of this country, and perhaps women too, will be asked to support the bill's acceptance because it does make way for eventual independence in so far as legislation may do so; and they will also be asked to support rejection of the bill, or acceptance of it with reservations, on grounds that it postpones independence too long and fails to provide enough of it.

In the one case and the other, the prevailing argument will be independence. Yet leaders on both sides are committed by some of their own statements, which have all been published, to something less than independence if the islands were given free choice in the matter and what should follow would not be connected with the military conquest nor in any way a direct growth from it. This fact is a natural introduction to opinion, very influential and widespread in the islands, but never put squarely before the people from the stump, that there is no escaping permanent political relationship with the United States, and that in this relationship's permanency lies the sole salvation of the islands.

It is this opinion the *Journal* proposes to discuss, but, because it is held by many men, without referring it to any particular man. It is an opinion of many sober-thinking Filipinos deeply concerned not alone for their own interests but for the future of their country and its people.

This opinion holds frankly that the free trade established between the United States and the Philippines by act of congress in 1909, at Wm. H. Taft's instance as president of the United States at that time, destroyed the possibility of Philippine independence at least until such time as the population of the islands approaches 40,000,000. We may take the present population to be about 14,000,000 and we may count an annual increase in population from births in excess of deaths at 1.8%. Let us give some of the reasons for this opinion. They are all economic reasons, therefore all based upon the economic laws of trade.

First, the Philippines produce so much more than they consume that they require large markets abroad: they sell most of their sugar abroad, most of their hemp, most of their coconut products, most of their tobacco, most of their leading manufactures, such even as handcraft manufactures, except lumber—and even of lumber an important part is always sold abroad and failure of the overseas demand for lumber drastically depresses the industry. Now, owing to free trade and other factors, these of minor influence, the best prices the islands can get for their products are always those offered in the United States. This being so, while it remains so new markets will not be found: goods always seek the best market, and the manager of any business who dared to sell its product at a secondary advantage when he could sell at the best would, of course, and rightly, be dismissed. Therefore, existing industries in the Philippines dependent upon overseas markets will continue selling their products in the United States and all effort to divert them to other markets will be sterile of results.

CHALLENGING FACT

Of all they grow, the Philippines export about 4 measures out of 5 because their population and per capita consumption are small and their land tropically productive. Of these 4 parts out of 5 that must be sold overseas if sold at all, the American market takes on the average 3.6 parts; or, the American market buys 90% of all the Philippines sell, 72% of all they produce.

The slogan *Find New Markets* is a vain cry. The Philippines will steadily sell in the United States to the last day—yea, the last hour—they possibly can; and when at last that market is cut off, should it be so cut off by independence, not another major market will be ready in its place and industries dependent upon selling overseas will suddenly be paralyzed. They may, going through painful bankruptcy, slowly revive: this is the best that may be hoped of them.

Sugar will be cut off, now in value some 70% of all Philippine exports. This will be a loss even at present prices of some ₱100,000,000 a year; more than that, it will deprive hundreds of thousands of people of employment, when no new employment can be supplied them, besides ruining planters estimated at 22,000 to 25,000; and more still, it will depress all industries interrelated with sugar, the rice, lumber and tobacco industries, besides trades, professions and domestic commerce; and yet more, it will drive common wages down to the lowest margin that will sustain life on the poorest land cultivated, or say down to ₱30 or ₱35 a year—peasants will be penniless, workmen perennially hungry. Severe premonitions of this proximate disaster are already felt, and widely felt: mere fear of what is to transpire has brought them. After 5 years of the commonwealth, granted the independence bill accepted, when export duties apply to Philippine products for the liquidation of their bonded debt, the premonitions of bankruptcy will be keener still. Decline of wages will be accompanied by rising rents, yet interest rates will rise to ruin landowners. Capital that can be made liquid will, as early as possible, abandon the country—men will salvage of their fortunes what they are able to salvage.

Then there is the talk of new industries, and penetrating new markets with their products. The opinion being discussed holds this as vain as talk of other markets than the United States for the product of existing industries. For all new products to be sold overseas, the United States will again offer the best prices, because of free trade, and these products will therefore be sold there up to the very minute independence destroys free trade; whereupon the new industries talked of, like the old, will be paralyzed for want of markets.

Along with the bankruptcy of industry will go the bankruptcy of the government, whose revenues are mainly drawn from industry. But both industry and the government would reach an obvious stage of dissolution before the advent of independence, a disclosure that would serve to put independence aside. Industries, seeing the end of their overseas market approach, would prudently liquidate on the grand scale and withdraw their capital from the islands; even planters, it may be assumed, would sense the impending doom and put their eggs too in a safer basket: realty values would be smashed worse than they are at present. In this period the government revenues would begin their sharp decline, and soon money would be wanting for essential public services. So soon as money was wanting for schools, illiteracy would begin plaguing

(*Please turn to page 18*)

Philippine National Bank Outlines Branch-Bank Policy

Authority given branches to decide upon applications for loans of ₱500 or less, small borrowers given money at 12% a year

While everyone talks of the need of commerce and agriculture for banks in the provinces, the Philippine National Bank has quietly outlined a policy under which it plans to meet the situation by taking into its employ, as bankers, local officers of the government. Where no rural credit association is functioning, agencies of the bank under this new policy may be established. In each agency the provincial treasurer will be the agent, who, together with the town treasurer as sub-agent, and an inspector as a third member, will compose a loan committee.

Such agencies may receive deposits, including savings deposits, and pay withdrawals under rules set by the bank; they make loans up to ₱500 for no more than 1 year's time, if the committee's approval is unanimous, without consulting the bank in Manila. What the uses of such loans must be, and what the security, is defined by the bank plainly enough to be easily followed. Five borrowers in any community, none of whom wants more than ₱100, may jointly and severally make a note to the bank, properly secured, for as much as ₱500 for no more than 1 year; when the committee's approval is unanimous such loans may be made without consulting the bank in Manila.

Larger loans than ₱500, even loans running 10 years for the ends of farming, may be made through agreement with the bank in Manila. The interest rate on agency loans is fixed at 12% a year, the legal limit, but still much below what the average small borrower now has to pay. Of the 12%, the bank is to get 8%; its agents, the treasurers, are to be paid out of the remaining 4%. The provincial treasurer is to get 1%, his sub-agent, the town treasurer on the loan committee, 3%; besides, agents are to get ₱40 to ₱50 a month as salary, inspectors ₱30 to ₱40 a month. Small base pay by way of salary, with the possibility of earning more in commissions on collections of loans and interest, is expected to make loan committee members careful to see that all loans made are good—it will be to their personal interest.

Free Press Photo

RAFAEL CORPUS
President, Philippine National Bank

Town treasurers, made sub-agents in charge of local agencies, may, if unfaithful to the trust put in them by the bank, not only be dismissed by the bank but separated from the government service at the bank's request. Security defined to the agency loan committees as acceptable for loans is the security commonly given for bank loans in the islands: signatures, real estate, crops, warehouse receipts, chattels. Under certain conditions, the taxpayer-borrower's unquestioned ownership and possession for more than 30 years, land not under Torrens title may be taken as security. All security must be valued conservatively.

Other provincial banks to be helped and guided by the Philippine National Bank are the rural banks authorized by act 3896 to be organized and operated by private capital.

Such organizers may be individuals, copartnerships or corporations. Such banks must get certificates to operate from the Philippine National Bank, their correspondent in Manila. The minimum capital for such a bank is ₱25,000, of which ₱5,000 must be paid in before the bank gets its certificate; and when the bank in Manila asks it, such a rural bank must provide itself more capital.

"These banks," says the bank's first circular on this subject, July this year, "are established to serve the people of the rural communities and with that end in view their loan activities shall largely be confined to small farmers. Both for the benefit of a larger number of such farmers and for the safety of the rural banks themselves, a large number of small loans is preferable to a few comparatively large-sized loans to a limited number of individuals."

Such banks are authorized to lend money as the Philippine National Bank may prescribe, to operate as collecting agencies (for the loans made), and, besides the bank premises they may own, to purchase, hold and convey personal and real property much as under the general banking act. Rural banks may obtain loans from the Philippine National Bank, on prime securities, and may invest in such sound securities as the bank approves of.

These ventures in solving the provincial banking problem, ventures the product of Theodore Roosevelt's year's administration of the islands, will be watched by the public with the keenest interest. There are elements of success in them, more particularly perhaps in the branch-bank policy.

The *Journal*, however, would like to see one more venture tried. It sees in neither of the plans discussed a single effective step against usury, *in this sense:* that anyone, hearing of money procured from the Philippine National Bank and used at usury, would be interested to call the loan while it remained well secured and bore promise of being paid when due. It feels that inevitably most rural banks organized would be devoted to usury, even by the means of fees passed to the officers (quite an informal but perhaps legal procedure) when loans were approved. It feels that officials of the branch banks, dependent upon commissions only for remuneration, would limit their interest to the making of sound loans.

It is of course granted that to make 12% money available in the provinces at all is highly desirable. It is suggested that, purely as a practical experiment, a few young healthy Americans trained in country banking could be employed by the Philippine National Bank and placed in charge, as agents, of branches of the bank at selected points in the provinces.

Their success would mean the training of young Filipinos to carry on the work, whose viewpoint, the pivotal consideration, they would inspire. One at least might be tried, at some well-populated center, to see if what the *Journal* believes is really true; namely, that provincial banks of the right type will draw into their capital much local money now used independently in the loan business, and that these banks would go farther and teach Filipinos the art of organization they need to master in order to gain more command of the islands' local business field.—*W. R.*

Philippine Export Trade First Six Months 90% With U. S.

Data from E. D. Hester, *Trade Commisioner*

The value of all exports was advanced by increased quantities, especially of sugar, copra and abaca (Manila hemp) sustained against lower price levels. The total value at about ₱122,000,000 was 22 per cent above that for the first half of last year.

Sugars, valued at approximately ₱89,000,000, were up 25 per cent and composed 73 per cent of the value of all exports. The quantity of centrifugal was a third greater than a year ago while refined and molasses were down in both values and tonnage and muscovado (semi-raw brown) practically disappeared.

The coconut group accounted for nearly ₱16,500,000, or 10 per cent up. Of the separate items: the tonnage of copra more than doubled to yield a 50 per cent gain in value; oil, cake and meal, all slightly up in tonnage were off in values; desiccated lost in both respects.

Fibers and their manufactures held the same group value at near ₱7,100,000. Abaca and cordage, both decidedly forward in tonnage, suffered lower value. Gross fibers and hats each registered gains both in quantity and value.

Except for improvement in the very minor item of cigarettes, all items in the tobacco group declined both in value and quantity. Leaf at less than ₱2,000,000 was 40 per cent under the corresponding period last year. Cigars, a fifth less in number, decreased nearly a third in value.

Embroideries were down by one third of their value for the equal period in 1932.

In wood, the value decline was indexed at 17 per cent but was entirely due to lower prices. The ratio between rough timber and sawed lumber continued to increase in favor of the former resulting in considerably lessed sawmill activity.

The details of the principal exports so far as available at present are appended.

Philippine Exports, January to June, 1932 and 1933

	January to June 1933	January to June 1932
Sugars, pesos	*88,864,067*	*70,716,168*
Centrifugal, pesos	83,659,543	64,687,260
metric tons	731,536	557,398
Muscovado, pesos	60	9,319
metric tons		171
Refined, pesos	5,015,206	5,211,340
metric tons	32,828	33,297
Molasses, pesos	189,258	807,224
metric tons	40,931	62,663
Coconut products, pesos	*16,412,686*	*14,861,821*
Copra, pesos	6,737,185	4,239,579
metric tons	109,604	52,354
Oil, pesos	7,525,165	8,167,065
metric tons	62,824	59,178
Cake & meal, pesos	831,058	1,007,094
metric tons	36,093	35,675
Desiccated, pesos	1,318,378	1,448,083
metric tons	6,919	7,584
Fibers & manufactures, pesos	*7,099,848*	*7,103,352*
Abaca, pesos	5,320,407	5,339,680
metric tons	68,429	52,519
Other raw fibers, pesos	441,933	327,437
metric tons	5,320	4,858
Cloth, pesos	626	4,852
square meters	2,761	1,593
Cordage, pesos	658,398	681,791
metric tons	2,280	1,904
Hats, pesos	519,527	491,532
thousands	357	310
Knotted abaca, pesos	158,957	259,054
metric tons	132	154
Tobacco & manufactures, pesos	*4,151,659*	*6,448,383*
Leaf, pesos	1,824,473	2,985,739
metric tons	7,173	10,855
Cigars, pesos	2,156,255	2,995,440
thousands	65,555	80,582
Cigarettes, pesos	44,048	31,741
thousands	14,329	12,659
Other tobacco	124,883	435,463
metric tons	390	966
Embroideries, pesos	*1,993,785*	*3,036,843*
On cotton, pesos	1,928,991	2,957,852
On silk, pesos	64,726	78,028
Laces, pesos	68	963
Wood, pesos	*815,966*	*982,607*
Timber & logs, pesos	355,453	437,607
cubic meters	51,239	44,588
Sawed lumber	460,513	545,174
cubic meters	18,054	19,350
Other exports, pesos	*2,478,411*	*1,638,362*
Total Exports, pesos	121,811,422	104,786,531

Our Comment

Whoever studies this table of Trade Commissioner Hester's on current Philippine export trade can't escape the proof it contains of the vital importance of the American market to these islands. Total value of exports in the first half of this year was up ₱17,000,000 over the value of all exports during the same period a year, because of sugar sold wholly in the United States. The Philippines, during the first half of this year, had consistent adverse visible trade balances with all countries save one, except with the United States where their visible trade balance was favorable by ₱67,000,000, materially more than the total tax revenue of the insular government.

Invisible items tend of course to set this balance right with the United States. Effort has been made to indicate some of these items in sums of money, but no capitulations could be reached. A few facts can be stated. Gold, for instance, mined in the Philippines and sent to the United States practically offsets funds sent the Philippines on account of the army and navy. There has been comparatively heavy investing (and much more speculation, buying and selling) in American securities. A leading broker estimates purchases of these securities in excess of sales at $600,000, or ₱1,200,000. Four banks at least are actively in the business of effecting such transactions for their patrons, and there are other brokers; it may be estimated that ₱7,000,000 or ₱8,000,000 from the Philippines were invested in American securities during the period under review. Remittances of profits, as from the sugar industry, from banks and insurance companies, marine insurance premiums and freight charges are all invisible items of trade tending to offset the visible balance in favor of the Philippines. The even tenor of exchange rates hints that they do so adequately enough. Yet it remains a fact that not only do the Philippines find in the United States customers buying 90% of their surplus products, but they find this trade advantageous above all other overseas trade they have.

—*W. R.*

United States Trade with the Far East

JANET H. NUNN, *Commerce Department*

Combined exports and imports from the United States to the Far East for June, 1933, totaled $53,247,000, compared with $51,375,000 for the preceding month, a gain of $1,472,000 which affected only imports.

Compared with the total trade for June, 1932, amounting to $54,027,000, there was a reduction of 1.2 per cent.

United States exports to the Orient during June, 1933, amounting to $20,073,000, recorded a decrease of 2.3 per cent compared with $20,487,000, for June, 1932.

Sales to Japan, one of the two countries showing and increase, advanced from $6,635,000 to $7,720,000, while exports to Australia, valued at $2,360,000, were $353,000 above the total of $2,007,000 for the 1932 period. Exports to China decreased from $5,068,000 to $4,610,000, and to the Philippines, from $3,516,000 to $3,063,000.

Imports into the United States from the Far East during June 1933, aggregated $33,174,000 compared with $33,540,000 for the corresponding month in 1932. Purchases from Japan amounted to $11,467,000 against $8,542,000, China's share rose from $2,610,000 to $3,035,000, while an increase of $2,021,000 raised imports from the Philippines from $8,061,000 to $10,082,000.

Compared with May, 1933, exports from the United States to the Far East for June, 1933, at $20,073,000, remained practically unchanged, while imports showed an increase of $1,895,000 over the May total of $31,279,000.

Exports to Japan declined from $8,267,000 to $7,720,000. In contrast, shipments to the whole of China advanced from $3,749,000 to $4,610,000, while sales to Australia rose from $1,847,000 to $2,360,000. In every other instance exports to the remaining countries was slightly lower.

Heavy losses characterized United States trade with the Far East during the first six months of 1933 compared with the corresponding period of 1932. The value of combined exports and imports declined by $85,095,000, or 22 per cent, from the 1932 total of $377,760,000 to $232,691,000.

Exports of American merchandise to the Far Eastern area for the six months of 1933 aggregated $123,786,000, a decrease of $56,126,000, or 31.2 per cent, compared with $179,912,000 for the 1932 period.

Business conditions in the Far East generally duplicated those of the 1932 months. Markets, for the most part, continued dull; prices for leading staples declined; while in some instances higher tariffs increased the costs of American goods. Fluctuating exchange rates and low priced silver and disturbances in China, following the Sino-Japanese difficulties, caused traders to hesitate in placing orders beyond immediate, or, at most, short-period delivery. Japan's financial difficulties, combined with failure of markets in neighboring countries for cotton yarn and piece goods, checked the flow of American cotton to Japanese markets. Administration difficulties in India also caused considerable reduction in our exports to that section.

Australia maintained the leadership gained last year in Far Eastern markets for American gasoline. Although the Philippine Islands absorbed 14 per cent less cotton goods than during the first half of 1931, they still afforded an outlet for nearly one-third of the total amount exported from the United States. These Islands also proved the leading consumers of cigarettes. The volume of Pacific Coast lumber and timber increased more than 25 per cent and crude and lubricating oil, each 25 per cent.

In contrast, the value of iron and steel manufactures fell off 18 per cent; machinery approximately 25 per cent; and automotive products 10 per cent, due largely to the domination of the market by low-priced passenger cars and trucks. Better crop conditions in the Orient combined with a heavy influx of cheaper Australian wheat reduced American wheat sales in this area to a very few bushels, while similar competition caused American flour to fall off more than 60 per cent.

Exports to every country in the Far East during the first six months of 1933 showed some reduction compared with 1932. India's share valued at $7,800,000 was practically halved. A marked increase in shipments of lead, refined and scrap copper, scrap steel, Douglas fir, crude petroleum and fuel oil to Japanese trade centers was more than counterbalanced by a reduction of 48 per cent in shipments of raw cotton. As a result United States exports to Japan receded from $76,644,000 to $50,493,000.

Exports to the whole of China for the 1933 period totaled $24,662,000, compared with $37,676,000 for the corresponding period of 1932, while shipments to the Philippines declined from $24,265,000 to $20,785,000. Trades with Australia and New Zealand, however, showed comparatively smaller losses. Australia's share amounted to $11,630,000, against $13,543,000; and New Zealand's $3,551,000, compared with $4,786,000.

Due to prevailing economic conditions, imports into the United States from the Far East for the first six months of 1933 also suffered a considerable loss, declining from $197,488,000 to $168,905,000. Approximately 45 per cent of this loss occurred in raw silk and crude rubber items. The volume of raw silk decreased by five per cent, and crude rubber, by 29 per cent; while their values receded 33 and 41 per cent, respectively. The quantity of clothing and combing wool was cut in half, and carpet wool declined by 10 per cent. In contrast the value of sugar from the Philippines advanced by 19 per cent to $43,840,000, the highest total attained by any import item. Tin, wood oil, coconut products, palm oil, pepper and tea were the only other items which showed any considerable upward tendencies.

Imports from Japan into the United States during the 1933 period totaled $49,148,000, a loss of $19,523,000, compared with $68,671,000 for the corresponding months of last year. Purchases from China declined approximately 6 per cent from $17,810,000 to $16,786,000; and India's, from $20,571,000 to $14,841,000.

In contrast, imports from the Philippines, the only country in the Orient showing any increase, advanced by nearly 12 per cent from $49,307,000 to $55,123,000, an increase attributable largely to the sugar and copra trade.

In view of these gains and losses during the first six months of 1933, the Far East supplied an outlet for 18.3 per cent of the United States total exports and supplied 28.5 per cent of the imports. For the 1932 period the ratios were, respectively, 21.4 and 26.4 per cent.

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THE RAILROAD

The capital of the Manila railroad is ₱25,127,000. It is owned by the Philippine government. Total long term debt of the road is ₱53,408,198. There are ₱26,472,000 of 5% mortgage bonds due July 1, 1956. There are ₱21,172,000 of 4% gold mortgage bonds due May 1, 1939. There are ₱2,138,000 of 4% gold mortgage bonds due May 1, 1959. There are ₱3,000,000 of 7% sinking fund bonds due May 1, 1937. There is a 6% note for ₱50,000 of the Benguet Auto Line, and there are advances of ₱576,198 from the Philippine government, some at 4% and some at 7%. Last year, though only for the second time since the government bought it in 1917, the road had an operating deficit. Its revenue was ₱8,963,858.96 against ₱10,341,576.17 for 1931, a drop of ₱1,377,717.31 or 13.32%. As is the case with most railroads, sinking funds to retire bonds when due are not carried.

The road lost money last year because traffic fell off, but also because several rates were reduced in order to get the patronage it actually received. It is alarming when for any reason a railroad fails to earn profits, they have a tendency to keep on downhill to eventual bankruptcy; it is therefore interesting to see what the Manila railroad is doing to avoid this habit of decline, and first of all it is fair and gratifying to note that operating expense is being reduced, whereas the average expense 1927-1931 was ₱8,041,103.80, last year's was ₱6,797,547.67.

The reduction in a single year of ₱749,845.81 shows commendable thrift in the road's administration, such as anyone who knows Manager José Paez would expect. It was effected while more than 70 kilometers were being added to the lines, and it involved pay cuts and reduction of personnel. It brought the year's net loss down to ₱97,377.17.

The road has no bright outlook this year and should surprise no one if it turns up another deficit. Of its earnings, almost ₱9,000,000, last year 52% was from freight, 36% from passenger service, and ₱475,641.78 came from the express service, ₱291,151.27 from boats operated, ₱130,986.15 from mail charges and ₱201,176.21 from other operating revenue, the single item that increased over the previous year. With a dry August and the beginning of a dry September, bound to shorten the rice crop, the following table from the 1932 yearly report illuminates the freight situation:

REVENUE FREIGHT TONNAGE

Commodities	1932	1931	1930
Rice	96,122	173,478	162,653
Palay	14,028	24,863	29,883
Sugar, crude	280,784	195,658	208,809
Sugar cane	742,269	477,684	482,782
Copra	95,944	116,676	116,900
Coconuts	13,680	22,994	22,268
Hemp	1,654	2,467	3,789
Tobacco	5,730	6,713	6,562
Livestock	1,302	1,962	2,755
Mineral products	110,116	91,759	111,754
Lumber	52,200	57,656	60,113
Other forest products	41,992	39,122	46,714
Manufactures	214,562	203,052	227,424
All other, including L. C. L.	138,017	172,912	184,909
TOTAL	1,808,400	1,586,996	1,667,315

Now a short rice crop is a brief incident in a railroad's career. Something more permanent promises to limit the road's freight business, a quota on Philippine sugar given free entry in the American market; and something more besides, if the Hawes-Cutting bill comes into effect, quotas on rope and coconut oil allowed to go duty free into the United States. Rates tending downward, to get what freight is to be had, can hardly be escaped. Thus the road hauled last year 221,404 more tons of freight, or 13.9%, than it hauled in 1931, "but the increases were principally in items of freight carried at low average rates, such as sugar cane and crushed rock for road building, which were more than offset by decreases . . . of rice, copra and miscellaneous freight which are carried at comparatively high rates."

Freight in less than carload lots, paying high rates, has been diverted to truck lines running into Manila, to a large extent. Drivers act as agents for shippers, no regular rates are maintained and no bills of lading issued. Both in freight and passenger business the road feels the competition of trucks, as railroads do everywhere. Public interest attaches to what the road is doing to extricate itself from the slump in its trade. Parallels between this road and great roads in America that have got back to a paying basis by thorough modernization of their service can't be exact, yet they do have some application. Manager Paez's policy is, however, and necessarily, one of gradual improvement; he must do piecemeal what a great trunk line in an industrial country might do, as the Pennsylvania did do, with a single issue of credit.

The road has begun operating its own truck lines, aside from the old Benguet Auto line. It has 2 such lines in Cavite, coordinated with its rail lines. It also has joint schedules north with the Northern Luzon Transportation company, south in the Bikol region with the Ammen Transportation company. This incursion into the truck traffic is favorably reported upon and is planned to be extended. Revenue of the old Benguet line at Baguio, to Damortis, making train connections, grew ₱78,419.86 last year. The investment at stake is ₱346,175.87. A fourth truck line is operated at Pasacao.

An interview was had with Manager Paez about faster passenger trains north, between Manila and Damortis, 222 kilometers, or 163.75 miles. When the government bought the road that schedule was 8 hours; it has been reduced to 5 hours, not much less than the ordinary motoring time clear to Baguio from Manila, but if it could be cut to 3 hours passengers could reach Baguio from Manila in 4 hours and there should then be a tendency to use the trains in preference to automobiles—as now there is a tendency to use automobiles in preference to the trains. To speed its trains as well as reduce operating costs, the road has converted many of its coal-burning engines into oil-burners. Coal cost last year ₱0.224 per locomotive kilometer, oil cost ₱0.166. Oil eliminates the soot nuisance and dispenses with the services of 1 fireman per engine, but doesn't mitigate the nuisance of dust and heat.

To eliminate dust and heat, the road is working around to air-conditioned coaches, which have won back to the railroads much traffic in the United States. That fast passenger trains pay is indicated by experience with the La Union Express, 6 hours lacking 3 minutes between Manila and San Fernando; this train earned ₱1,392.19 more last year than in 1931, and made it necessary to run fewer express trains to Damortis, which were only run during the Baguio season, March, April and May. Rails on the Manila-north line are only 60-pound metal, but they will suffice, it is contended, with stone ballasted roadway, to support trains running to Damortis in 3 hours; and the essential stone ballast, supplanting gravel and sand, is being adopted.

Over lines of 60-pound rails, Japan manages very fast trains; and in England, over stone ballast, are run some of the world's fastest trains. From a 4-hour schedule to Baguio, 3 hours by train to Damortis, the railroad may expect much third-class patronage now given truck lines and very material first-class traffic besides. Little patronage can be diverted from the airplane line to Baguio, the trip in an hour, but patronage will surely come from folk who now motor between Baguio and Manila in their own cars because the train trip is several hours longer.

Manager Paez recommends completion of the Bicol extension, in which there is still a gap of 40 kilometers between New Aloneros and Port Ragay that involves a boat portage of 2 hours 25 minutes and makes the time 20 hours between Manila and Legaspi. Seventy-one kilometers of the extension were built last year, chiefly under the administration of Harry V. Campbell, railway construction engineer and at the remarkably low cost of ₱60,000 a kilometer, "including cost of land, grading, track, sidings, station buildings, bridges, water supply systems, the whole road complete and in operation." The estimate had been ₱100,000 a kilometer. The people have ₱4,200,000 invested in this unfinished improvement, for which that much additional stock of the railroad was bought by the government. Work has now been suspended, as the work on the spur from Tarlak to San José, a fine prospect for rice haulage, has been suspended at Muñoz, for want of funds.

There can be no remarkable returns from the Bikol investment until markets for hemp and copra improve, for the farmers and merchants in that region are too poor to pay their taxes: while they still dry copra and have it to ship, hemp fields are widely abandoned. But the railroad taps much fertile country open to settlers and it believes settlers will go there and found communities and raise crops that will give it trade.

The fact can't be evaded, however, that with independence and a curtailed American market better average business conditions will be far in the future, should they ever be reached at all. It is this dilemma of the railroad the people should understand. They own the road, the road's debt is theirs.

Bank Commissioner Garcia's Yearly Report

Consolidated Statement of Resources and Liabilities of All Banks and Trust Companies in the Philippine Islands at the Close of Each Fiscal Year Indicated.

RESOURCES

	1932	1931	1930	1929	1928
	Pesos	*Pesos*	*Pesos*	*Pesos*	*Pesos*
Loans and discounts	73,227,262	66,793,634	76,848,062	80,391,413	109,308,937
Overdrafts	61,972,547	66,561,202	67,915,296	65,912,938	60,200,523
Stocks, securities, etc	36,899,718	32,266,179	22,913,308	11,524,594	12,247,640
Banking house, furniture and fixtures	4,443,264	2,574,385	2,423,011	2,352,453	2,387,478
Other real estate and chattels owned	4,740,199	3,990,011	3,639,670	3,629,034	3,054,534
Due from head office, branches, agents and correspondents	23,743,597	16,299,810	38,478,877	47,146,267	34,536,818
Due from other banks	7,496,501	4,903,592	3,059,635	5,398,558	8,198,375
Bills of exchange	5,090,059	8,616,973	20,883,441	26,219,055	18,347,694
Cash on hand	16,261,503	19,568,927	17,487,351	18,972,575	15,224,113
Checks and other cash items	597,170	420,807	877,146	1,665,435	1,413,382
Profit and loss accounts	15,457	33,949	34,162	1,978,537	1,003,316
Other resources	[a]10,645,628	[a]13,544,273	7,660,654	7,447,418	6,469,278
Total resources	245,132,905	235,573,742	262,220,613	272,638,277	272,392,088

[a] Includes Customers' Liability Under Trust Receipts.

LIABILITIES

	1932	1931	1930	1929	1928
Capital	24,463,300	24,463,300	26,484,550	25,484,550	25,478,150
Surplus	8,879,411	7,858,208	7,811,899		
Reserves	8,199,062	8,340,220	6,237,145	7,575,189	6,142,132
Undivided profits	959,035	2,107,152	1,580,332	9,866,983	8,672,485
Bank notes in circulation	16,319,283	15,469,176	17,049,453	18,989,754	24,017,003
Due to head office, branches, agents and correspondents	21,934,510	25,416,639	41,619,314	49,945,794	27,386,495
Due to other banks	3,786,061	3,132,491	3,847,798	3,921,986	5,417,919
Dividends unpaid	448	465		338,343	337,744
Demand deposits	47,016,850	50,954,239	60,868,276	60,492,789	69,078,633
Time deposits	55,874,079	42,657,128	35,815,001	30,723,692	33,035,045
Savings deposits	43,548,841	43,135,103	47,874,363	54,986,822	62,554,310
Bills payable:					
Domestic	385,447	34,270	28,358	20,341	7,008
Foreign	152,056	184,059	606,298	459,941	392,994
Cashier's checks	50,842	667,311	613,357	638,491	119,893
Certified checks	363,666	180,249	376,231	616,673	572,233
Suspense accounts	2,027,126	1,279,663	694,415	77,682	1,119,236
Other liabilities	11,172,888	9,694,069	10,713,823	8,499,247	8,060,808
Total liabilities	245,132,905	235,573,742	262,220,613	272,638,277	272,392,088

The general business of banks and trust companies during the year under review showed a marked improvement over that of 1931. The increase in their total resources by ₱9,559,163, in spite of the world-wide economic disturbance, is an indication of an attitude of continued confidence in these institutions by the people of this country. While in many parts of the world the year 1932 was one of serious derangement of credit giving rise to a series of reported bank failures, in this country, on the other hand, activities in banking and credit were quite normal, with the exception of the transactions in foreign exchange which, in a minor degree, dropped from their 1931 level.

It is evident, therefore, that the tidal wave of fear and uncertainty which has been sweeping the world over, tearing down old established banking institutions and leaving financial bankruptcy and economic misery in its wake among nations and peoples alike, did comparatively little damage in this country.

The statement presented above shows that while overdrafts decreased by ₱4,588,655, loans and discounts increased by ₱6,433,628 or a net gain in these two items of ₱1,844,973. Cash on hand was ₱3,307,424 less than reported in 1931. This decrease, however, was more than offset by an increase in security investment of ₱4,633,539 indicating a certain trend in policy to put the available funds of the banks into productive use.

Likewise, deposits during the year registered a net gain of ₱9,693,300 over those of 1931. In this connection, it will be noted that while demand deposits decreased by ₱3,937,389 at the same time there was registered an increase in the time deposits by ₱13,216,951, with savings accounts remaining at almost the same level as that of 1931.

The unprecedented rise in time deposits during the year is a sure indication that on account of the dull business conditions people preferred to put their money on deposits which would assure them of a steady return while waiting for better business opportunities. It is not to be expected, however, that the character of this account can be anything but temporary and at the first manifestation of the advent of better times a big portion of this fund would undoubtedly be put to more productive uses.

Surplus for the year made a gain of ₱1,021,203 over that of the previous year while undivided profits dropped by ₱1,148,117 during the same period. The decrease in the latter item was a result of the cleaning up of the portfolios of some of the banks of bad and undesirable papers so that they may be able to face the new year with clean slates.

DIVIDENDS

Continuing the policy which the local banks adopted a year ago regarding the inadvisability of declaring dividends in the midst of the depressed business condition the domestic banks, with the exception of one, decided once more not to declare dividends for the year 1932.

EXCHANGE TRANSACTIONS

The following table shows the extent of exchanges bought and sold during the year arranged by months:

Exchange bought and sold in 1932

Month	Bought by banks		Total exchange bought
	Spot	Future	
January	₱ 12,543,906	₱ 7,179,484	₱ 19,723,390
February	10,744,913	9,446,228	20,191,141
March	10,105,735	3,768,705	13,874,440
April	15,726,553	8,959,372	24,685,925
May	7,833,889	7,887,590	15,721,479
June	8,354,600	8,721,862	17,076,462
July	9,200,078	9,393,045	18,593,123
August	7,424,803	6,538,586	13,963,389
September	11,189,313	8,937,268	20,126,581
October	11,701,623	17,590,621	29,292,244
November	8,577,303	7,541,014	16,118,317
December	9,802,540	14,062,368	23,864,908
Total	₱123,205,256	₱110,026,143	₱233,231,399

Month	Sold by banks		Sold by the Insular Treasurer	Total exchange sold
	Spot	Future		
January	₱ 18,224,908	₱ 8,969,579	₱ 8,626,900	₱ 35,821,387
February	14,522,656	4,635,807	4,377,205	23,535,668
March	13,299,611	6,456,241	4,865,851	24,621,703
April	17,362,695	6,171,266	7,091,507	30,625,468
May	12,478,654	4,712,669	3,962,003	21,153,326
June	11,678,352	5,242,069	5,740,000	22,660,421
July	14,489,745	6,727,696	3,552,175	24,769,616
August	10,704,724	6,252,062	2,832,350	19,789,136
September	10,331,272	23,147,651	2,255,957	35,734,880
October	13,738,446	6,018,111	4,680,000	24,436,557
November	11,412,183	6,711,301	2,085,513	20,208,997
December	14,263,275	9,429,399	1,360,000	25,052,674
Total	₱162,506,521	₱ 94,473,851	₱ 51,429,461	₱308,409,833

MUTUAL BUILDING AND LOAN ASSOCIATIONS

The big majority of mutual building and loan associations experienced difficulties of one kind or another during the year. These difficulties are undoubtedly the concomitant effects of the financial crisis which is still going on unabated. Some had cases of mild run, while others suffered from topheavy personnel and expenses due to unbusinesslike methods which may be justified only in prosperous time, but not in lean years like the present. Forseeing that only by the adoption of a conservative loan policy and by the paring down of expenses to a minimum consistent with efficiency will these associations be able to continue doing business with safety to the shareholders, the undersigned found it necessary to promulgate rulings from time to time to the various associations that come under its supervision. Excerpts of some of these rulings are given hereunder.

In considering applications for real state loans preference should be given to small loans. This policy will enable the association to serve the greatest number of shareholders with the minimum risk of loss in accordance with the law of averages. The properties to be mortgaged should be conservatively appraised allowing a greater margin of safety than heretofore of, say, at least 50 per cent between the appraised value of the properties and the amount of loans granted.

A general plan of economy should be adopted by allowing substantial reductions in office and other general expenses consistent with the efficient operation of the association. The salaries of officers and employees, fees of the board of directors and fees paid to other persons working for the associations should also be proportionately reduced as an emergency measure.

All charges, present and future, in excess of the value of shares, such as premiums, dues, fines and interest unpaid, should not be carried as Accounts Receivable, taken into profits and distributed as dividends, but carried in suspense account of "uncollected dues, interest, premiums, etc."

The granting of additional loans to borrowers who are in arrears in the payment of interest on the original loans is not a sound loan policy and should therefore be discontinued. Stock loans should not be allowed to run indefinitely with interest unpaid, unless the value of the shares at any time affords sufficient margin for interest for at least six months. When the margin of security is reduced the stock should be liquidated and its value applied to the loan.

Comparative Statement of Consolidated Assets and Liabilities of Mutual Building and Loan Associations as of December 31 of the Year Indicated.

ASSETS

Name of accounts	1932	1931	1930
Loans	₱20,822,342.89	₱22,183,570.61	₱21,836,814.67
Cash on hand and in banks	762,343.36	96,791.24	231,431.15
Real estate owned	1,904,659.30	1,413,573.56	1,028,574.23
Other assets	1,947,495.19	1,657,774.15	1,523,091.89
Total	₱25,436,840.74	₱25,351,709.56	₱24,619,911.94

LIABILITIES

Name of accounts	1932	1931	1930
Capital paid-in	₱22,533,877.70	₱22,192,186.69	₱20,570,886.49
Reserve	478,554.50	627,219.83	649,597.98
Borrowed money	961,112.24	954,996.36	2,150,098.99
Other liabilities	1,463,296.30	1,577,306.68	1,249,328.48
Total	₱25,436,840.74	₱25,351,709.56	₱24,619,911.94

Arellano's Water Colors

Manuel Arellano recently returned to Manila from Europe and is supplementing his photographic work, some of the very best in the city, with studies in water colors that are a distinct addition to contemporary art. The pieces he exhibited to the JOURNAL editor were bits of the old walls of Manila, unexceptionable in choice and skillfully done. This artist can be wished nothing but success His wife, Tinay Arellano, dramatic soprano, is enjoying popularity in her opera appearances in Europe; but while her art is better known in Manila than her husband's, his is of a lasting sort bound to benefit the city permanently. The JOURNAL has always felt that as a rule there is little truthful commendation to be granted contemporary painting in the Philippines, which either oversteps the limits of simplicity and aspires to what it can not reach, or is garishly exotic and blind to the beauty in the midst of which it lives. Exception is made of the Arellano water colors, which readers are recommended to see for themselves.

SOME FACTS CONCERNING THE ARTICLE ENTITLED "PROVINCES' RELATIVE INCOME TAX STANDINGS" PUBLISHED IN THE AMERICAN CHAMBER OF COMMERCE *JOURNAL* FOR JULY

By JUAN POSADAS, *Collector of Internal Revenue*

It is alleged in the above-entitled article that more than 75% of the income taxes in the country is assessed in Manila. It is further said that only 5 provinces, besides Manila, are assessed more than 1% of the tax. While the object of the article in publishing figures pertinent to the income tax is not stated, yet there exists the reasonable presumption that the impression it desires to create is to demonstrate that it is only in the City of Manila where the said tax is adequately collected. This is not the first time that figures of this nature are given, inasmuch as a few years ago a group of prominent business men tried to prove that the income tax is not yet adapted to the economic development of the Islands, giving as their proof the fact that the greater part of it is paid in the City of Manila.

In trying to pass judgment upon the adequacy or inadequacy of the enforcement of the Income Tax Law, the economic conditions prevailing in the country should be borne in mind. The first condition which must be taken into account is that the Philippines is primarily agricultural, and agriculture, therefore, constitutes the main source of income for the people of the country. If agriculture is the main source of income, then let us see the extent of the holdings of individual landowners. According to the Census of 1918, out of the total area of 2,415,778 hectares of land under cultivation, 246,061 hectares corresponded to farms over 100 hectares, or in other words, the total area of 100-hectare farms under cultivation was but 10% of the total area of all the farms under cultivation. The same Census reveals that, of the total number of farms in the Philippines reaching 1,955,276, only 3,433 are farms of 100 hectares or over or 16/100 of 1%.

The same source of information shows that the following represent the average area of each farm in the different provinces:

	Hectares
Abra	2.83
Agusan	3.76
Albay	2.87
Ambos Camarines	3.21
Antique	1.69
Bataan	2.92
Batanes	2.77
Batangas	2.56
Bohol	1.49
Sub-province of Benguet (Baguio)	5.81
Bukidnon	3.59
Bulacan	2.11
Cagayan	2.25
Cebu	1.60
Cotabato	7.07
Davao	16.65
Ilocos Norte	0.46
Ilocos Sur	0.55
Iloilo	3.40
Isabela	1.80
Sub-province of Kalinga	7.33
Laguna	1.69
Lanao	3.06
La Union	0.75
Sub-province of Lepanto-Amburayan	0.50
Leyte	2.55
Marinduque	1.33
Masbate	5.45
Mindoro	13.11
Misamis	1.99
Nueva Ecija	6.08
Nueva Vizcaya	1.56
Occidental Negros	18.54
Oriental Negros	2.62
Palawan	4.41
Pampanga	5.32
Pangasinan	1.26
Rizal	1.44
Romblon	3.20
Samar	3.08
Sub-province of Siquijor	1.02
Sorsogon	3.93
Sulu	4.61
Surigao	2.90
Tarlac	3.06
Tayabas	4.29
Zambales	1.22
Zamboanga	3.55

These figures show that land is evenly distributed in this country, and considering the high personal exemptions—₱4,000.00 for single persons and ₱6,000.00 for married persons, it is not surprising if the vast majority of people is exempt from income taxation. On the basis of an average return of 8% on capital invested, a person who makes an annual income of ₱1,800 should have a farm worth ₱22,500.00. It can be readily seen that the income of ₱1,800 is way below the exemptions both for single and married persons. How many persons in this country have farms worth ₱22,500.00 or more?

To give concrete illustrations of figures connected with the five major agricultural products of the Philippines, the following table is given:

1931

Crop	Sharing of crop between landlord and tenant and sugar planter and central	Value of production per hectare	Area of land necessary to produce income of ₱4,000	₱6,000
Rice	1/2 to landlord, 1/2 to tenant	₱72.00	111 hectares	166 hectares
Sugar	1/2 of land to be kept fallow to prepare next crop; 1/2 to sugar central, 1/2 to planter	416.00	38 hectares	57 hectares
Coconuts	4/5 to landlord, 1/5 to tenant	124.00	40 hectares	60 hectares
Tobacco	1/3 to landlord, 2/3 to tenant	99.00	121 hectares	181 hectares
Hemp	1/2 to landlord, 1/2 to tenant	43.00	186 hectares	279 hectares

It will be observed that the figures shown are those corresponding to 1931, inasmuch as the article under consideration deals with the income taxes for 1932, or in other words, the taxes on the incomes earned in 1931. It will also be observed that the areas of land needed to produce the incomes that constitute the limits of personal exemption are many times above the average size of farms in the different provinces. Analyzing the foregoing figures, it should be borne in mind that with the exception of sugar planters who pay the income tax, tenants of rice, coconut, tobacco, and hemp lands do not pay the tax, and therefore the estimate of the acreage has been made using as basis the share of the landlord in the produce.

If the average area of each farm in the different provinces is analyzed, it will be seen that the ones having the highest averages are: Occidental Negros, Davao, Mindoro, Sub-province of Kalinga, Cotabato, Nueva Ecija, Benguet (Baguio), Masbate, Pampanga, Sulu, Tayabas, and Palawan. With these figures, it is easy to comprehend the relatively high income tax standing of Occidental Negros, Pampanga, Laguna, Davao, Zamboanga, and Tarlac. With the exception of Davao and Zamboanga, the other provinces house the profitable sugar industry. Davao derives its great income from the hemp industry, in addition to the fact that it is a port of entry. These two factors primarily account for the rather high income tax standing of that province in spite of its being sparsely populated. Zamboanga, besides being an old town, is also a port of entry and one of the commercial centers in the South. Besides producing sugar, Tarlac is one of the largest rice-growing provinces in Central Luzon. Cotabato, although remote from Manila, is one of the most fertile regions in Mindanao, and one of the places that have received the benefit of the enterprising hand of the pioneer. In fact, it is one of the provinces having the highest average size of each farm.

The reason for the collection of more than 75% of the income taxes in the City of Manila is that the central offices of the large firms are established in the City and file their returns therein. At the same time, the prominent citizens from nearby provinces and even those as distant as Abra also file their returns in Manila. Then Manila, being the intellectual center of the Philippines, attracts the best in every profession, encourages the arts, and gives life to amusement places, thus producing the result of what appears to be an abnormal proportion of income taxes assessed in the City. Furthermore, it is well known that all the officials and employees of the Insular Government working in Manila and those of the City of Manila, whose salaries are above the personal exemptions, file their returns in the City. Outside of such commercial centers as Manila, Cebu, Iloilo, Zamboanga, and Davao, incomes of over ₱4,000.00 are not common.

Readers will no doubt be as glad as the JOURNAL has been to examine this analysis of the internal revenue bureau of the reasons why little income tax is paid in the provinces. The table on which the JOURNAL'S original paper was based was the bureau's own table, rearranged in the order of the percentage of income tax assessed in each province and in Manila instead of in alphabetical order; and the comment was based upon interviews with Collector Juan Posadas whose further comment in this paper is gladly printed.—ED.

First Half of 1933 Import Trade Reviewed

By E. D. Hester, *American Trade Commissioner*

Philippine overseas trade during the first calendar semester of 1933 was ₱121,811,422 exports and ₱71,860,132 imports. Compared with the January to June totals, 1932, exports were up about 16 per cent and imports were off in nearly the same proportion. Comparing the two semesters, the net effect was an increase in the overall visible balance from about ₱21,000,000 to nearly ₱50,000,000—a very wholesome development in the face of depressed price levels in export commodities.

Chief customer of the Philippines was the United States, taking over 90 per cent of all exports, ₱110,371,229 in amount, which is 2 per cent more in share and 20 per cent more in pesos than were the relative figures for January to June, last year. The reciprocal character of trade between the two countries was lessened in degree through declines in both share and amount of Philippine imports of American goods. For the first semester 1933 these imports were valued at ₱43,140,304 or 60 per cent of all Insular overseas purchases and for the first half, 1932, at ₱55,549,901 or 65 per cent of the total. Thus on the American side the share declined 5 per cent and the amount 20 per cent.

The Philippines-Japan record was altogether favorable to the latter. Japan purchased ₱2,531,019 worth of Philippine goods against ₱3,156,633 and sold to the Islands ₱8,243,870 against ₱6,407,748—thus increasing her dollars-and-cents advantage in value of commodity exchanges.

Imports from all other countries except from Australia declined. Exports either declined or were unchanged except to China, France and Belgium, where limited increases occurred.

Philippine overseas trade, in millions of pesos, by countries, January to June, 1933 and 1932:

	January to June			
	Imports		Exports	
Country	1933	1932	1933	1932
U. S. and Possessions	43.1	55.5	110.4	92.7
Japan	8.2	6.4	2.6	3.2
China	5.2	5.3	.7	.5
Germany	2.8	3.7	.8	.8
Spain	.4	.5	2.5	3.9
Great Britain	2.5	2.6	1.4	1.4
British East Indies	1.8	2.3	.2	.2
Netherlands East Indies	1.1	1.9	.1	.2
France	.6	.9	1.1	.5
French East Indies	1.1	.4	.0	.0
Australia	1.2	1.1	.1	.1
Belgium	.7	.9	.3	.2
Other countries	3.2	3.3	1.6	1.9
Total	71.9	84.8	121.8	105.6

As usual the Philippines turned in negative visible accounts with all oriental countries, in fact with all foreign countries except small pluses with Spain (approx. ₱2,100,000) and France (approx. ₱500,000). The total unfavorable visible balance with foreign countries was over ₱17,000,000. But, in trade with the United States, the Philippines profited greatly, yielding a favorable return exceeding ₱67,000,000, sufficient to wipe out the trade losses in all other areas and leave some ₱50,000,000 net gain from which the invisible negatives were settled and from which all economic advancement was derived. It is significant to note that the favorable balance in these six months was about equal to the Insular Government's budget for the year.

Visible balance of Philippine overseas trade, in millions of pesos, January to June 1933 and 1932:

Area and countries	1933	1932
Oriental:		
Australia	− 1.1	− 1.0
British East Indies	− 1.6	− 2.1
China	− 4.7	− 4.8
French East Indies	− 1.1	− .4
Japan	− 5.6	− 3.2
Netherlands East Indies	− 1.0	− 1.7
Other oriental countries	.0	.0
Oriental balance	−15.1	−13.2
European:		
Belgium	− .4	− .7
Germany	− 2.0	− 2.9
Spain	+ 2.1	+ 3.4
Great Britain	− 1.1	− 1.2
France	+ .5	− .4
Other European countries*	− 1.5	− 1.1
European balance	− 2.4	− 2.9
Other foreign balance	− .1	− .3
Total foreign balance	−17.6	−16.4
United States balance	+67.3	+37.2
OVERSEAS TRADE BALANCE	+49.7	+20.8

* Includes Canada.

Import values

The loss in value of imports was fairly well distributed through the various major commodity groups. Arrivals of footwear ordered in anticipation of increased customs duties brought their import value up nearly a third. All other groups showed declines ranging from 9 per cent in foodstuffs to nearly 50 per cent in tobacco products, the latter due in part to competition of locally manufactured blended type with standard marks of American cigarettes. The Philippine Custómhouse does not report sources or quantities of imports (except for textiles and automotives) until the year's end, but the trade is convinced that much lower prices caused greater losses in values than in quantities in most categories.

Value of Philippine imports, January to June, 1932 and 1933, in pesos:

	January to June 1933	1932
Textiles	*19,931,960*	*23,300,452*
Cotton piece goods	9,868,282	12,068,404
Cotton manufactures (a)	5,451,920	5,781,734
Silk piece goods	831,944	703,375
Rayon piece goods	837,387	879,185
Silk and rayon manufactures	848,861	1,275,934
Wool and manufactures	295,628	368,235
Vegetable fibers and manufactures	1,797,038	2,223,585
Foodstuffs	*13,270,172*	*14,610,032*
Breadstuffs	3,514,076	3,732,207
Wheat flour	(1,905,271)	(2,763,333)
Rice	(1,048,478)	(434,868)
Other breadstuffs	(560,327)	(534,006)
Dairy products	2,477,278	2,904,425
Eggs, natural	479,168	833,891
Fish and fish products	1,035,820	1,025,280
Fruits and nuts	1,294,014	1,206,519
Meat products	1,283,584	1,623,771
Vegetables, fresh and preserved	1,612,320	1,518,579
Other foodstuffs (b)	1,573,912	1,705,360
Iron and steel goods (c)	*5,261,588*	*6,660,366*
Petroleum products	*5,141,978*	*6,852,846*
Crude	1,048,751	1,762,430
Gasoline	2,690,494	3,165,232
Kerosene	961,483	1,245,617
Lubricating	441,250	679,567
Machinery	*4,741,193*	*6,506,825*
Agricultural implements	158,180	95,652
Electrical machinery (d)	1,723,053	2,593,052
Industrial machinery (e)	2,590,455	3,341,427
Instruments and apparatus (f)	269,496	476,094
Chemicals and products	*4,928,701*	*5,638,779*
Chemicals, drugs, dyes and medicines	1,872,132	2,105,703
Explosives	379,901	273,155
Fertilizers (g)	1,527,752	1,881,366
Paints, pigments and varnishes	557,060	629,121
Perfumery and cosmetics	590,956	749,434
Automotives	*3,382,695*	*3,990,633*
Cars	1,285,916	1,531,716
Trucks	716,921	991,884
Motor cycles	4,549	546
Parts and accessories	514,445	688,820
Tires	860,864	777,667
Paper and products	*2,513,562*	*2,934,559*
Printed (h)	977,078	997,188
Unprinted	1,536,484	1,937,371
Coal	*597,407*	*829,760*
Tobacco and manufactures	*1,504,532*	*2,892,994*
Footwear	*923,305*	*707,724*
Cotton uppers	675,786	528,573
Leather	171,723	156,506
Rubber	75,796	22,645
Other imports	*9,663,039*	*9,213,966*
TOTAL IMPORTS	71,860,132	84,846,660

Cotton cloth imports

Cotton piece goods constitutes by all odds the largest of Philippine imports and the Islands are the greatest export market for American textile factories, and require the cultivation of more than 200,000 acres of cotton land to produce the raw fiber for their cloth. But, in spite of record low prices per yard, the cumulative effect of three consecutive years of lessened purchasing power especially in upcountry districts told heavily on consumption. The imports, over 57,000,000 square meters at nearly ₱10,000,000, were 14 per cent less in amount and 18 per cent less in value than for January to June, 1932. Losses in grey goods and prints and the gain in dyed goods (which includes both dyed-in-the-piece and woven of dyed yarns) were very slight while bleached goods was down over 40 per cent both in yardage and declared value.

Considering the four classes, American cloth held a larger fraction of the totals in unbleached and dyed, about the same position in prints, but a less share in bleached. Japan, chief competitor in each class, gained relatively in bleached and prints, held up in dyed, and was down in unbleached.

Quantity, value, and source of Philippine cotton cloth imports, January to June, 1932 and 1933:

	Jan. to June, 1933		Jan. to June, 1932	
	1000 sq. meters	1000 of pesos	1000 sq. meters	1000 of pesos
Unbleached				
United States	5,722	618	6,215	747
Japan	101	12	351	37
China	83	10	230	23
Others	17	4	9	2
Total	5,923	644	6,805	809
Bleached				
United States	9,250	1,532	16,648	3,032
Japan	1,017	178	1,265	151
Switzerland	959	212	1,110	278
Great Britain	743	193	1,341	411
China	106	16	227	38
Others	16	6	10	3
Total	12,091	2,137	20,601	3,913
Dyed and woven of dyed yarns				
United States	18,842	3,474	16,700	3,263
Japan	4,785	731	4,891	646
China	1,162	178	1,355	157
Great Britain	677	256	973	375
Switzerland	362	87	445	135
Others	77	30	52	19
Total	25,905	4,753	24,416	4,595
Printed				
United States	10,087	1,738	10,830	2,157
Japan	3,081	532	3,259	429
Switzerland	142	34	409	127
Great Britain	94	24	150	32
Others	8	2	25	6
Total	13,412	2,330	14,673	2,751

Silk and rayon cloth imports

Both silk and rayon piecegoods registered increases in yardage and decreases in values. The gain in silks was altogether for the American and Chinese shares and Japan lost in ratio. In rayons the increases were heavier and almost entirely in the Japanese brac ket.

Quantity, value, and source of Philippine silk and rayon cloth imports, January to June, 1932 and 1933:

	Jan. to June, 1933		Jan. to June, 1932	
	1000 sq. meters	1000 of pesos	1000 sq. meters	1000 of pesos
Silk				
United States	192	175	108	142
China	578	328	356	248
Japan	486	328	614	310
Others	1	1	5	3
Total	1,257	832	1,083	703
Rayon				
United States	195	132	259	206
Japan	3,219	679	3,033	640
France	66	20	20	14
Others	15	6	60	20
Total	3,495	837	3,372	879

(a) *Except cotton shoes.*
(b) *Includes cocoa, coffee, confectionery, starch, sugar, molasses and tea.*
(c) *Includes hardware, cutlery and tools.*
(d) *Includes electrical apparatus and appliances.*
(e) *Includes rice threshers and mills, sugar central and oil-expresser machinery, and tractors.*
(f) *All non-electrical instruments and apparatus.*
(g) *Chemical and natural.*
(h) *Includes books.*

(*Please turn to page 16*)

Stock Buying Bright Spot in Today's Business

Stocks are the most active business in the Philippines today. Bankers say stock transactions are serving to put much money in active circulation. This is indicated by the bank commissioner's 1932 report, showing demand deposits off about ₱3,000,000 from 1931; on the other hand, time deposits were higher by about ₱10,000,000 on December 31, 1932, compared with December 31, 1931. Without doubt, recent interest in ~~stock~~ speculations and investments will have invaded even these time deposits. Buyers' and sellers' interests are relatively divided between local stocks, chiefly gold-mine stocks, and stocks listed on the New York exchange. Currently gold-mine stocks far outrank American stocks because the former are booming and the latter are dull.

But many patrons of the local brokers got on with the lowest New York stocks early in the year, choosing portfolios for safety, and followed them up to the June peak.

Brokers are so busy during business hours they can hardly be interviewed. Aside from them, patrons place buying and selling orders on New York through at least 4 of the banks. There are 17 brokers who are members of the Manila Stock Exchange, and so able to do business with New York. One broker estimates his patrons' New York purchases up to the end of August, in excess of their sales, at $600,000. This no doubt exceeds the average of the 17 members of the exchange, but it is a fair indication that during this year Philippine investments in American stocks have run into millions of dollars.

It is said there is no accurate running check on the buying and selling, and that it would be a long task to correct one up to date. Yet enough is known in a general way to identify substantial investors apart from speculators buying and selling. In short, the Philippines now have keen interest in American investment opportunities. Therefore, the *Journal* proposes saying something about the market each month. There is thorough justification of interest here in American securities, and, given the parlous state of the times, even in speculation. The *Wall Street Journal*, copies accessible at brokers' offices, speaks in one of its latest numbers of the firmness of the bond market and the little trading being done in the more conservative securities such as preferred stocks. This means that the wisest men of money are watching and waiting while the new industrial legislation proves itself.

It doesn't mean that the common stocks offer no opportunities. On August 28 a memorandum of standard commons was taken from a broker's board, to be checked with the quotations of September 28 and the trend of the news as the basis of our October comment. No reader can be infallibly advised by this comment, which will be just a brief opinion to go along with his own.

Mining each month will be handled apart, deserving space of its own. Month-apart values will be tabulated, as in this month's article.

The facilities the Philippines have for dealing in securities derive from the Manila Stock Exchange, founded in August, 1927, by W. Eric Little, Gordon W. MacKay, John J. Russell, F. W. Wakefield and W. P. G. Elliott. With John Hair president, the exchange now has its offices in the Reyes building, ground floor, in association with the commerce bureau's produce and trading center. Morning and afternoon sessions are held among the 17 holders of seats on the exchange. All members also transact business throughout the day at their offices. There is also the Philippine Exchange, dealing wholly in local stocks and essentially brought about by the mining boom. The two exchanges are not associated.

Vigilance over stock brokers is maintained by the commerce bureau. Punitive action where facts warrant ought to be swift and severe, because a little sharp dealing could destroy much public confidence and injure a healthy movement. This applies with special force to Filipinos who are investing, whose inexperience would easily take alarm. A single act not completely above-board should be sufficient for the cancelling of a license.

TRADEMARKS REGISTERED

From June to July, 1933

Reg. No. 11413. Trademark consisting of the words "KISS ME", for towels, socks, stockings, gloves, undershirts, etc., registered on June 30, 1933, by Chinese Trading Co., Inc., of Manila, P. I.

Reg. No. 11414. Trademark consisting of the word "MODEX" for paint, registered on July 5, 1933, by The Reardon Company, of St. Louis, Missouri, U. S. A.

Reg. No. 11415. Trademark consisting of the word "SEÑORITA" with a design, for fresh grapes, registered on July 7, 1933, by Connell Bros. Company Ltd., Seattle, Washington, U. S. A.

Reg. No. 11416. Trademark consisting of the words "GULF CIGARETTES" with a design, for cigarettes, registered on July 10, 1933, by La Insular Fabrica de Tabacos y Cigarrillos Inc., of Manila, P. I.

Reg. No. 11417. Trademark consisting of the letters "F. & W." with a design, for cigars, registered on July 10, 1933, by La Insular Fabrica de Tabacos y Cigarrillos Inc., of Manila, P. I.

Reg. No. 11418. Trademark consisting of the word "LION" with a design, for pineapple in syrup preserves, registered on July 10, 1933, by Dy Buncio & Co. Inc., of Manila, P. I.

Reg. No. 11419. Trademark consisting of the word "WIMBLEDON" for tennis racket, tennis balls, tennis nets, etc., registered on July 12, 1933, by Daido Boeki Kaisha, Ltd., of Manila, P. I.

Reg. No. 11420. Trademark consisting of the words "DAVIS CUP" for tennis rackets, tennis balls, tennis nets, etc., registered on July 12, 1933, by Daido Boeki Kaisha, Ltd., of Manila, P. I.

Reg. No. 11421. Trademark consisting of the words "BAKER GIRL" with a design, for flour, registered on July 13, 1933, by Hanson, Orth and Stevenson, Inc., of Manila, P. I.

Reg. No. 11422. Trademark consisting of the intials "B. G." with a design, for sugar, registered on July 13, 1933, by Benito Gaerlan, of Manila, P. I.

Reg. No. 11423. Trademark consisting of the words "FUJI CYCLE" with a design, for bicycle, its parts and accessories, registered on July 13, 1933, by The Nichibei Shoten Ltd., of Osaka, Japan.

Reg. No. 11424. Trademark consisting of the word "SPORTS" with a design, for bicycle, its parts and accessories, registered on July 13, 1933, by The Nichibei Shoten Ltd., of Osaka, Japan.

Reg. No. 11425. Trademark consisting of the word "ONI" with a design, for bicycle, its parts and accessories, registered on July 13, 1933, by The Nichibei Shoten Ltd., of Osaka, Japan.

Reg. No. 11426. Trademark consisting of the words "LA MODERNA" with a design, for coats, pants, shirts, undershirts, vests, etc., registered on July 20, 1933, by Eugenio T. Baltazar and T. Sembrano de Baltazar, of Manila, P. I.

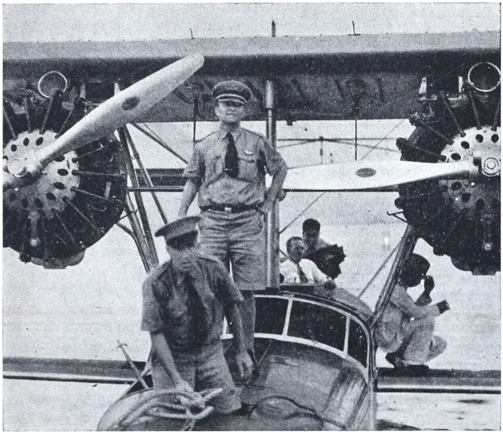
Reg. No. 11427. Trademark consisting of the word "NABOB" with a design, for cigars, registered on July 21, 1933, by House of Crane, Indianapolis, Indiana, U. S. A.

Reg. No. 11428. Trademark consisting of the words "CASA PLATA" with a design, for all kinds of textiles, registered on July 21, 1933, by Victorino Tanlayco, of Manila, P. I.

Reg. No. 11429. Trademark consisting of the words "INSTITVT DE BEAVTE KLYTIA" with a design, for beauty products and perfumes, registered on July 21, 1933, by La Societe Anonyme des Establissements Klytia, of Levallois, Perret, France.

(To be continued)

Pan-American Airways Would Extend Service Here



Bulletin Photo

Landing at Manila

Foreground, Assistant Pilot William Ehmer; standing, Pilot W. S. Grooch; cockpit, in front of Photographer Claudio of *TVT*, M. H. Bixby.

In August Vice-President M. H. Bixby of Pan-American Airways, in a Sikorsky seaplane with Pilot W. S. Grooch and Assistant Pilot William Ehmer, flew to the Philippines from Hongkong and undertook an exploration of the field here for a commercial airline between Luzon and China. Before leaving Manila on the return trip to Hongkong, Sunday, September 3, Bixby had made application to the Philippine legislature for the franchise for this project, which he had determined would be feasible if the necessary support should be forthcoming.

In conjunction with the Chinese National Airways this company is operating a line of airplanes on schedule 1600 miles up the Yangtze river in China, daily trips between Hankow and Shanghai. Public response has been remarkable, Bixby says, no doubt largely on account of the mail advantages, so the line is already on a paying basis. If a mail subsidy can be procured here, for mails between the United States and the Philippines especially, Bixby says schedules can be arranged in conjunction with steamships that will effect a 12-day time between Manila and San Francisco, about half the time of the steamship schedules now.

On such details the plan depends.

There would be every advantage in a mail schedule of 12 days between Manila and the Pacific coast of America. The Bixby proposal brought another, from Dutch interests, for a line between Manila and Singapore or Batavia connecting with the Dutch company's air service to Europe. The Iloilo-Negros Air Express running an air taxi service between Iloilo and Negros and making semiweekly trips between Iloilo and Manila has surveyed the field for extending its service to Cebu and Zamboanga and also to Batavia, this flight to connect passengers with Europe by the Dutch line of airplanes from Batavia.

The Bixby flight from Hongkong to Manila via Lingayen gulf was highly noteworthy in the records of aviation here, the more so as it was undertaken in every-day manner without the blare of much publicity. Landing was made at Lingayen gulf and Santiago point tentatively chosen as a regular landing place; in the same vicinity are other possible landing places, important from the refueling standpoint. Base stations at Manila may be either Bacoor bay at Cavite, during much of the year, or Laguna de Bay; and passengers and mail may be landed and taken on at Admiral's landing opposite the Manila hotel. By using some point at Lingayen gulf as a way station for refueling, 300 pounds more of pay load may be carried.

Pan-American Airways is not a manufacturing company, but strictly an operating company free to buy whatever planes it prefers. Bixby said that for the China-Manila run seaplanes with cruising economical speed of 150 miles an hour would be advisable, and that such planes could now be obtained. The Sikorsky used for the pioneer flight cruises economically at 110 miles an hour. The faster plane ought to make the crossing Hongkong-Santiago Point in less than 4 hours, possibly in 3-1/2 hours. (The marine distance between Manila and Hongkong is 635 nautical miles, and between Manila and Lingayen 110 nautical miles). Passengers landed at Lingayen might go directly to Baguio before visiting Manila, and passengers leaving the islands might embark at Lingayen. Unquestionably there would be some desirable development of Lingayen as a hotel point.

First Half of 1933 . . .

(Continued from page 14)

Automotive imports

For the first time in the Philippines, American motor equipment was forced to share the market with cars of foreign make. More than a fourth of the total number of passenger units imported during the period were of European manufacture. This was due entirely to the introduction of various "bantam" types for use as "ten and five centavo" taxis, a new system of transportation which is rapidly supplanting the two-wheeled horse-drawn traditional calesa in Manila. The business was encouraged by a liberal franchise policy adopted by the Philippine Public Service Commission. To a considerable extent the foreign "bantams" were not in actual competition with American cars but had created their own new market, one which United States exporters were not prepared to seize. There have recently been sold a number of a new "near-bantam" model of American manufacture which is reported superior to the smaller European type for cheap taxi service and very acceptable both to operators and passengers. Cars for private use numbered about 800 and this figure is the more comparative with the 1,140 of the first semester 1932.

In trucks, foreign competition, also a new feature, was limited to diesel-engined models from Germany. With the development of similar equipment by United States manufacturers this competition should be checked.

Motorcycles continued without general acceptation in the Philippines, those imported being principally for Government or other special uses.

The quantity as well as the American share in auto parts declined. Parts from Great Britain and Germany followed the sales of their "bantam" cars, while the increased imports from Japan represented general competition in selected lines of parts.

The tire business was exceptionally good considering declines in cars and trucks. The United States dropped slightly in its share due to growing competition from Japan. The only other feature was the re-appearance of British and French tires, however, in very limited quantity.

Number, value and source of Philippine automotive imports, January to June, 1932 and 1933:

	Jan. to June, 1933		*Jan. to June, 1932*	
	Number	*Pesos*	*Number*	*Pesos*
Passenger cars				
United States	776	958,231	1,133	1,525,337
Great Britain	254	280,447	1	610
Germany	61	43,769		
Italy	5	3,469		
Japan			5	5,169
Singapore			1	600
Total	1,096	1,285,916	1,140	1,531,716
Trucks				
United States	649	708,513	809	991,884
Germany	7	8,104		
Japan	1	304		
Total	657	716,921	809	991,884
Motorcycles				
United States	7	3,715	2	410
Italy	2	42		
Japan	1	688		
Germany	1	104	1	136
Total	11	4,549	3	546
Parts for autos				
United States		487,422		675,576
Japan		11,320		6,783
Great Britain		8,617		
Germany		5,955		35
Italy		742		46
France		241		414
Canada		131		
China		11		410
Singapore				5,267
Australia				289
Total		514,445		688,820
Tires for autos				
United States		787,803		748,625
Japan		56,359		18,599
Canada		8,605		8,167
Great Britain		7,866		
France		171		
Dutch East Indice		60		697
Australia				1,504
Singapore				75
Total		860,864		777,667

Rational View . . .

(*Continued from page 6*)

the country; and so soon as it was wanting for health administration and sanitation, mortality would mount and the growth of population would be halted, so that the islands would be facing independence with a crippled school system and a stagnant and increasingly ignorant population.

Roads deteriorating and funds being wanting for their upkeep, such trade as might remain would languish and be much hampered, while peace would be hard to maintain. The situation would soon invite violence and outlawry, and the provinces would soon suffer these demoralizing visitations. The people, as would be natural, would resent an unhappy fate they had been taught would never come and that they could not foresee. At this point the authority of the central government could no longer be maintained, anarchy would introduce itself as the people lapsed once more into the vain impotence of poverty, ignorance and superstition: democracy to be successful must deliver the goods, keep industry moving and wealth plentiful and widely distributed, while it needs a great field of personnel in the public administration whose loyalty is bought with pay and emoluments and petty dignities. The barefoot policeman, the threadbare teacher, the penniless clerk of court will mind whatever Dives that may vouchsafe them crumbs, which soon will not be the government but an aggressive cacique who interposes his private authority where public authority fails.

This astounding picture is not overdrawn, Cuba's plight represents it today. The opinion of realists among Filipinos that this paper paraphrases sees this, only this, as the fate of the Philippines if made independent while their people are few and their domestic market requires so little of all they produce, while their overseas market can only be the United States—this cut off sharply by independence. But as the unmistakable signs of sure disaster will be clear before the time arrives for the commonwealth to give way to independence, these same Filipinos believe the commonwealth period (of 10 years, under the Hawes-Cutting bill) will be extended and out of it will issue a plan for permanent political relationship with the United States.

Much depends upon convincing the United States of her own welfare in this matter, her own interest as well as responsibility. Equally as much depends upon good work done here.

Until what time?

This introduces the changes that would come about through steady increase of the population of the islands at the present rate, and increase of their wealth from their trade with the United States. For instance, a population of 35,000,000 people in the islands ought to consume as much sugar as the present annual crop: persistent endeavor to expand the domestic sugar demand would turn this industry to supplying primarily the local demand. Meantime a quota might be enjoyed in the American market. (A century ago, when the conditions existed in the Philippines that have been described, and when the population was small and lacked cohesion, the Philippines exported quantities of rice every year. They did this even late in Spanish times, but soon, in the American period, their demand made them import rice, which continued until only a few years ago, when production began meeting the local demand. They still import rice when the domestic crop is short, may do so this year, but the days of a surplus for export have passed with the mere doubling of the population during the past 30 years.)

A population of 35,000,000 people, enjoying trade with the United States on some reasonable basis, would have such demands for manufactures as would develop many local industries using the raw products of forests and fields. It would use so much soap and cooking fat, for example, as might divert to domestic demand the bulk of the coconut oil now sold in the United States: at least the domestic market should become a stabilizing factor in this industry, now complained of too much in the United States, and in the cordage industry—both these industries being under quotas in the Hawes-Cutting bill.

The Philippines will have a population of 35,000,000 people about 1980, or in about 50 years, calculating an annual increase of 1.8%. In prospect this seems a long time, in retrospect it isn't long; it is but 15 years longer than the United States has been associated with the Philippines as the sovereign power. But it ought also to be borne in mind that during these 50 years, the Philippines remaining associated with the United States and having some satisfactory reciprocal trade arrangements with that country, growing demands of the increasing population will constantly reduce the proportion of products that to be sold must be exported, and therefore constantly tend to obliterate the irritation certain American producers feel from Philippine produce going into that market; and this tendency would be favorably affected by the enormously increased market America would enjoy in the Philippines. The great point is, however, in the reasoning of Filipinos convinced that a prolonged commonwealth relationship to the United States is the one way out of the problem that arose with free trade, that a large and prosperous population would make such a market for local products as would at last enable the islands to sustain these industries without the market in the United States; whereas at any early period, with a poor and sparse population, they could not do this and the advent of independence would entail collapse of industries and a headlong, though wise, flight of capital from the islands.

This is the thesis it seems but fair to lay before the people of the islands at this time. The weight a growing and employed population would have in shifting the volume of commerce from export to domestic channels can hardly be overestimated. Conversely, the dependence a poor and failing population would have upon its exports, because domestic consumption would be slight, would aggravate the disaster of the loss of the American market; yet until this market should be cut off, not another one would be found. The Philippines can grow out of their present economic plight simply by growing, and the opinion this paper discusses holds there is no other way out for them.

LUMBER REVIEW

By ARTHUR F. FISCHER
Director of Forestry

The total lumber and timber exports for June, 1933, was 6,113,232 board feet, with customs-declared value of ₱152,481, as against 4,975,640 board feet, with customs-declared value of ₱196,729, for the corresponding month last year, or an increase of 23% in volume and a decrease of 22% in value. The reduction in value was largely due to the fact that there was a greater proportion of logs shipped this year than in 1932 for the same month. Exports during the first six months of this year registered an increase of 8% as compared with the corresponding period in 1932. This is a concrete evidence that conditions in the lumber markets have begun to improve.

Japan, as usual, was the greatest consumer of Philippine woods during the month under review. The total amount shipped during the month of June, 1933, to Japan was 4,838,264 board feet, mostly logs, as compared with 2,384,576 board feet for the corresponding month during the previous year, or an increase of 103%. Thus the recent increase in tariff in that country against local woods has evidently not affected the Philippine trade. The active demand of this market is expected to continue, unless some restriction is placed on the free exportation of logs from the islands.

The United States market continued to pick up. The total amount shipped during the month under review was 802,632 board feet as compared with 504,696 board feet for the corresponding month last year, or an increase of 37%. Prices too have slightly improved. Local producers are optimistic in view of this favorable showing of the islands' most important lumber market, and despite the probable allocation of a lumber quota for the Philippines under the Industrial Recovery Act. Latest information received in the Bureau of Forestry is to the effect that the lumber code affecting the Philippines has not as yet been finally adopted. Nothing definite is known as to the final provisions that will be incorporated in this code, but Philippine exporters are looking forward to better prices for their product as soon as the same takes effect.

Shipment to Great Britain registered a decrease of 78%. This decline was offset, however, by increased shipment to Australia. There were 30,952 board feet of lumber and logs shipped to Australia during the month under review as against none for June last year. Thiw is significant particularly in view of the high Australian tariff still in force against Philippine lumber. There seems to be no question that general business conditions in Australia have improved but unless the emergency Australian tariff affecting Philippine woods is lifted, the return of the large volume of trade which the Philippines used to have with that country, previous to the present depression, is not to be expected. Shipment to China registered a decrease of 83%, as compared with that during June of last year.

Lumber production for 46 mills during the month under review showed an increase of 41%, it being 14,190,784 board feet for June, 1933, as compared with 10,091,232 board feet for the corresponding month last year. This increase is largely due to the night-shift operations of a few of the mills that are actually operating. It should, however, be noted, in this connection, that some of the lumber plants are still shut down. Production exceeded delivery from the mills by 6%. This should not be taken as an unfavorable sign for the reason that inventories in mill yards showed a decrease of 24% at the end of June, 1933, as compared with those at the end of the corresponding month last year.

Movements of lumber and timber in the local markets were faily active in spite of the rainy season. Local prices also remained firm. The average retail prices, as quoted by various lumber dealers in Manila, as of June 30, 1933, are given below:

Sawn Lumber		*Unsawn Timber*	
Species	Price per 1,000 Bd. Ft. in pesos	Species	Price per Cu. M. in pesos
Red Lauan	55	Akle	35
Tanguile	55	Ipil	36—40
White Lauan	40	Yacal	28—30
Apitong	50	Guijo	20
Lumbayao	75	Narra	46
Palosapis	45		

NOTE:—1 Cu. M. = 424 Bd. Ft. (Solid)
1 peso = $0.50 approximately (normal rate of exchange)

The following statements show the lumber and timber exports, by countries, and mill production and lumber inventory for the month of June, 1933, as compared with the corresponding month the previous year.

Lumber and Timber Exports for June

	1933	
Destination	Board Feet	Customs-Declared Value
Japan	*4,838,264	₱ 76,135
United States	802,632	51,974
China	270,088	10,740
British Africa	80,984	4,192
Great Britain	72,080	6,812
Australia	30,952	1,593
Canada	15,688	781
Hongkong	2,120	236
Japanese China	424	18
Hawaii	—	—
Spain	—	—
Norway	—	—
TOTAL	6,113,232	₱152,481

	1932	
Destination	Board Feet	Customs-Declared Value
Japan	2,384,576	₱ 52,661
United States	584,696	33,424
China	1,548,448	77,870
British Africa	44,096	4,411
Great Britain	327,328	20,741
Australia	—	—
Canada	71,656	6,283
Hongkong	11,872	957
Japanese China	—	—
Hawaii	1,696	253
Spain	1,272	125
Norway	—	4
TOTAL	4,975,640	₱196,729

NOTE:—*This represents mostly solid log scale, that is, 424 board feet to a cubic meter.

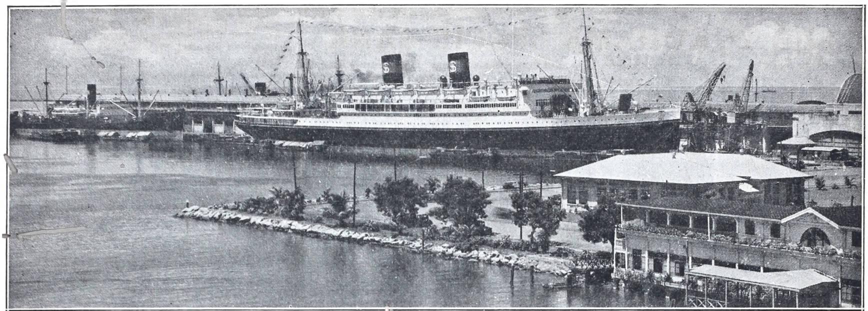
For 46 Mills for the month of June

	Lumber Deliveries from Mills	
Month	1933	1932
June	13,302,361	14,706,841

	Lumber Inventory	
Month	1933	1932
June	22,689,926	29,806,773

	Mill Production	
Month	1933	1932
June	14,190,784	10,091,232

NOTE:—Board feet should be used.



SHIPPING REVIEW

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

Total shipments for the month of July amounted to 138,428 tons, an increase of about 15,000 tons over the previous month. This is quite a good showing for this time of the year.

To Japan and China, hemp continues to move in good volume, shipments amounting to 37,546 bales. Lumber and log shipments were also good, totalling over four million feet.

To the Pacific Coast, cigars for local delivery were only fair, but for overland destinations the total was very good. Copra shipments were again heavy, amounting to nearly 15,000 tons. Shipments of this commodity for June and July totalled more than for the previous five months. It is encouraging to note increasing quantities of lumber moving, the total for July of about 2,500,000 feet board measure being the best for several years. Hemp shipments to the Pacific Coast, both local and overland, also show an improvement.

To the Atlantic Coast and Gulf, sugar shipments were light, amounting to only 40,000 tons, but this of course is to be expected at this time of the year. Movement of other items, however, was good, there being a noticeable improvement in cigars, copra, hemp, desiccated coconut and coconut oil.

To European Ports, the lumber movement was poor, but copra, copra cake, hemp, and tobacco were shipped in fairly good volume.

From statistics compiled by the Associated Steamship Lines, during the month of July 1933, there were exported from the Philippine Islands the following:

	Tons		Miscl. Sailings		Tons		Sailings
China and Japan	16,602	with	45	of which	1,292	carried in American Bottoms with	10
Pacific Coast Local Delivery	31,902	with	19	of which	21,739	carried in American Bottoms with	10
Pacific Coast Overland Delivery	973	with	11	of which	446	carried in American Bottoms with	6
Pacific Coast Intercoastal Steamer	1,308	with	14	of which	985	carried in American Bottoms with	8
Atlantic Coast Ports	67,907	with	23	of which	31,791	carried in American Bottoms with	10
European Ports	18,765	with	16	of which	37	carried in American Bottoms with	2
Australian Ports	960	with	8	of which		carried in American Bottoms with	

A grand total of 138,417 tons with a total of 80 sailings of which American bottoms carried 56,290 tons with a total pf 17 sailings.

Passenger departures show an increase in first and intermediate classes over last month's figures. First class departures increased from 192 to 239 and intermediate departures from 395 to 494 This increase is attributable to the heavier traffic to China and Japan and also to the Pacific Coast. There were 128 first class and 224 intermediate class to China and Japan for the month of July as against 84 first class and 219 intermediate for the month of June. Fifty-two (52) first class and 181 intermediate to the Pacific Coast as against 31 first and 102 intermediate for June. Third class traffic continues to decrease due to the unfavorable conditions on the Pacific Coast and in Honolulu. Third class traffic to China and Japan for July is practically the same as for the previous month.

The following figures show the number of passengers departing from the Philippine Islands during the month of July 1933:

	First	*Intermediate*	*Third*
China and Japan	128	224	245
Honolulu	1	9	5
Pacific Coast	52	181	33
Europe via America	11	13	0
Straits Settlements and Dutch East Indies	31	13	3
Europe and Mediterranean ports beyond Colombo	6	43	8
America via Suez	6	10	0
Australia	1	1	0
Total	239	494	294

AUGUST SUGAR REVIEW

By Geo. H. Fairchild

New York Market: The market for the first two weeks of the month under review was unusually inactive, very little business having been done in actual sugar. A few transactions in Cubas hedged on the Sugar Exchange at 1.45 cents c. and f. were made during the first week, while small sales present shipment Philippines were made during the second week at 3.50 cents and prices advanced to 3.55 cents for August shipment Philippines on the 10th. Part of the loss suffered on the Exchange for "future" quotations in the first week was regained in the second week as a result of the political complications in Cuba where strikes interfered with business.

Little business in actual sugar was done during the third week, and September shipment Cubas after declining to 1.41 cents on the 14th instant, was sold on the 17th to refiners at 1.45 cents and on the 18th to Gulf refiners at 1.48 cents. Quotations for futures on the Exchange suffered a heavy loss as the result of the political developments in Cuba aggravated by the slow progress being made in the Washington sugar stabilization conference and the threat of the Administration to take drastic steps to insure cooperation for the control of the world wheat situation.

The market during the fourth week showed a firmer tone and the loss suffered in the previous week in "future" quotations on the Exchange was more than regained, and this improvement continued up to the end of the week when quotations reached the highest point for the month. The improvement was ascribed to the difficulty in purchasing Cuban sugar as the result of the closure of 60% of all Cuban ports. On the 23rd sellers of Cubas asked 1.60 cents c. and f., at which price there were no buyers. On the following day, however, small sales present shipment to refiners were made at 1.56 cents c. and f.

The last week of the month was uneventful, fluctuations on the Sugar Exchange being very slight, although the market for actual sugar was decidedly weaker at the close, as the result of the withdrawal of the refiners from the market and the unfavorable news from Washington as regards the Sugar Conference.

After sales of October-November shipment Philippines under existing sales contract form including Cuban duty clause were made at 3.60 cents on the 28th, no buyers at this price could be found on the 31st for January-February shipment Philippines. Cuban ports reopened on the 29th and dealers' anxiety to sell produced an adverse effect on prices so that [illegible] could not be found at 1.58 cents.

That prices on the U. S. market were above world parity was indicated in the sale on the 29th of Peruvian and Santo Domingo sugar on the basis of 1.09 cents c. and f. for September-October shipment and 1.07 cents for prompt-shipment.

Futures: Quotations for future deliveries on the Exchange fluctuated during the month as follows:

	High	*Low*	*Latest*
September	1.46	1.29	1.45
December	1.58	1.38	1.55
January	1.61	1.40	1.59
March	1.68	1.46	1.64
May	1.73	1.50	1.69
July	1.78	1.56	1.74

Stocks: Stocks in the U. K., U. S., Cuba, Java and European statistical countries were reported on August 23rd as 6,951,000 tons as compared with 7,187,000 tons in 1932 and 6,848,000 tons in 1931.

Philippine Sales: Sales of P. I. centrifugal sugar were reported in New York during the month as follows:

	Long Tons	Cent per lb. From	to
Sales	20,767	3.45	3.63

Local Market: Very little business was done in the local market except in the fourth week when Iloilo exporting houses were reported having purchased fair quantities of new crop centrifugals on the basis of ₱8.25 per picul for December-March delivery. Exporters' quotations fluctuated during the month from ₱8.00 ₱8.10 to ₱7.90 and again to the previous level of ₱8.10.

Crop Prospects: The estimate of the 1933-34 crop to be harvested from September of this year remains unchanged at 1,327,564 long tons equivalent to 1,486,871 short tons. The Philippine Sugar Association adopted a resolution in August favoring the limitation of Philippine production to 1,150,000 long tons, such limitation to become effective with the 1934-35 crop.

Hearings on the sugar limitation bill introduced in the House of Representatives were completed during the month but it is still uncertain whether or not this bill will be enacted into law in view of its many complexities.

Philippine Exports: Export statistics for the month of August as reported to us from private sources are as follows:

	Long Tons
Centrifugals	31,136
Refined	2,075
Total for the month	33,211

Exports of these two grades of sugar from the Islands to the United States for the ten months of the current crop year from November 1, 1932, to August 31, 1933 are as follows:

	Long Tons
Centrifugals	992,985
Refined	53,376
Total exports to date	1,046,361

PRINCIPAL EXPORTS

Commodities	July, 1933			July, 1932			Monthly average for 12 months previous to July, 1933		
	Quantity	Value	%	Quantity	Value	%	Quantity	Value	%
Sugar	48,172,935	₱6,506,410	46.4	70,250,122	₱7,940,958	65.9	99,172,204	₱10,687,871	61.8
Hemp	13,085,317	1,215,194	8.6	7,471,012	630,384	4.9	10,141,242	833,660	4.8
Coconut Oil	13,231,159	1,530,422	10.8	9,540,601	1,162,530	9.3	9,806,710	1,212,368	7.1
Copra	32,516,856	1,884,045	13.4	5,820,004	382,597	2.8	16,124,278	657,673	3.8
Cigar (Number)	10,049,001	529,308	3.7	16,835,234	569,935	4.4	14,795,633	468,754	2.7
Embroidery		316,026	2.2		582,856	4.5		421,099	2.5
Maguey	481,840	33,400	0.2	379,754	17,259	0.1	437,305	22,720	0.1
Leaf Tobacco	1,575,645	278,469	1.9	36,847	12,951		1,494,857	314,943	1.8
Desiccated and Shredded Coconuts	1,628,072	316,656	2.2	1,576,322	317,097	2.4	1,251,296	256,975	1.5
Hats (Number)	82,555	124,284	0.9	49,096	70,571	0.4	63,978	101,263	0.6
Lumber (Cubic Meters)	4,859	122,729	0.9	1,727	59,662	0.2	2,754	70,032	0.4
Copra Meal	11,806,134	239,387	1.7	3,240,432	85,739	0.5	5,804,671	701,098	4.1
Cordage	686,877	210,467	1.5	329,142	114,006	0.7	342,499	107,891	0.6
Knotted Hemp	40,806	57,686	0.4	7,603	12,413		31,964	28,848	0.2
Pearl Buttons (Gross)	82,477	53,718	0.4	57,854	36,038	0.1	115,204	47,253	0.3
Canton (low grade cordage fibre)	537,500	30,670	0.2	277,416	13,747		332,070	17,612	0.1
All Other Products		525,109	3.7		403,988	3.1		1,192,960	7.0
Total Domestic Products		₱13,974,046	99.1		₱12,284,012	99.3		₱17,143,020	99.4
United States Products		109,100	0.8		92,750	0.6		92,749	0.5
Foreign Countries Products		14,677	0.1		33,969	0.1		14,430	0.1
Grand Total		₱14,097,823	100.0		₱12,410,731	100.0		₱17,250,199	100.0

NOTE:—All quantities are in kilos except where otherwise indicated.

PRINCIPAL IMPORTS

Articles	July, 1933		July, 1932		Monthly average for 12 months previous to July, 1933.	
	Value	%	Value	%	Value	%
Cotton Cloths	₱2,080,849	13.8	₱1,732,083	14.5	₱1,555,049	12.9
Other Cotton Goods	1,054,725	7.0	907,459	8.1	935,407	7.8
Iron and Steel, Except Machinery	1,198,686	8.0	1,063,291	8.9		
Rice	110,314	0.8	64,978	0.6	93,537	0.8
Wheat Flour	558,978	3.7	311,422	2.6	337,135	2.8
Machinery and Parts of	354,225	2.3	418,260	3.5	521,065	4.4
Dairy Products	508,326	3.3	446,420	3.7	387,988	3.2
Gasoline	491,307	3.2	324,322	2.7	446,320	3.7
Silk Goods	510,303	3.4	378,955	3.2	363,413	3.0
Automobiles	492,641	3.2	266,516	2.2	385,334	3.2
Vegetable Fiber Goods	268,472	1.8	79,135	0.6	253,367	2.1
Meat Products	211,509	1.4	240,398	2.0	215,121	1.8
Illuminating Oil	302,489	2.0	248,312	2.0	165,693	1.4
Fish and Fish Products	222,043	1.5	151,187	1.1	63,902	0.5
Crude Oil	456,128	3.1	357,593	2.9	230,269	1.8
Coal	172,020	1.2	146,517	1.1	88,878	0.7
Chemicals, Dyes, Drugs, Etc.	339,792	2.3	336,721	2.7	341,539	2.9
Fertilizers	625,064	4.3	119,115	0.9	216,515	1.8
Vegetables	269,243	1.9	254,548	2.0	236,391	2.0
Paper Goods, Except Books	386,577	2.6	328,987	2.6	269,659	2.2
Tobacco and Manufactures of	189,154	1.3	583,221	4.8	333,140	2.8
Electrical Machinery	329,312	2.3	290,609	2.3	306,564	2.6
Books and Other Printed Matters	114,421	0.8	216,188	1.7	156,035	1.3
Cars and Carriages	75,260	0.6	28,148	0.2	111,666	0.9
Automobile Tires	130,123	0.9	130,738	1.0	126,499	1.0
Fruits and Nuts	174,736	1.2	179,623	1.4	202,334	1.7
Woolen Goods	48,120	0.4	36,858	0.2	56,384	0.5
Leather Goods	105,000	0.8	160,719	1.3	114,735	0.9
Shoes and Other Footware	124,538	0.9	123,148	1.0	143,472	1.2
Coffee	96,141	0.6	78,241	0.6	95,231	0.8
Breadstuff, Except Wheat Flour	168,489	1.2	102,963	0.8	94,738	0.8
Eggs	35,953	0.3	158,783	1.2	98,633	0.8
Perfumery and Other Toilet Goods	138,487	1.0	106,185	0.8	96,266	0.8
Lubricating Oil	89,926	0.6	111,090	0.9	90,948	0.8
Cacao Manufactures, Except Candy	29,990	0.2	21,339	0.2	44,963	0.4
Glass and Glassware	107,070	0.8	77,760	0.5	76,833	0.6
Paints, Pigments, Varnish, Etc.	105,003	0.8	92,381	0.7	90,337	0.8
Oils not separately listed	112,338	0.9	64,697	0.4	95,105	0.8
Earthern Stones and Chinaware	125,028	0.9	74,231	0.6	89,558	0.7
Automobile Accessories	82,424	0.6	92,728	0.7	95,610	0.8
Diamond and Other Precious Stones Unset	44,699	0.4	9,102		24,261	0.2
Wood, Reed, Bamboo, and Rattan	85,776	0.6	53,985	0.4	69,178	0.6
India Rubber Goods	71,234	0.5	84,147	0.6	57,663	0.5
Soaps	71,819	0.5	102,016	0.8	68,302	0.6
Matches	23,257	0.2	41,881	0.3	25,079	0.2
Cattle	6,000				480	
Explosives	104,485	0.8	124,581	1.0	61,072	0.5
Cement	2,466		4,631		5,905	
Sugar and Molasses	18,980	0.1	13,124		17,245	0.1
Motion Picture Films	12,250	0.1	16,086	0.1	39,150	0.3
Other imports	1,145,362	7.7	924,090	7.5	2,162,407	1.8
Total	₱14,581,538	100.0	₱12,354,118	100.0	₱12,152,095	100.0

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Ports	July, 1933		July, 1932		Monthly average for 12 months previous to July, 1933	
	Value	%	Value	%	Value	%
Manila	₱16,549,006	58.1	₱15,188,370	60.6	₱17,632,061	59.7
Iloilo	4,924,170	17.0	5,572,400	22.6	7,619,516	26.2
Cebu	5,834,392	20.1	3,167,245	12.9	3,059,613	10.4
Zamboanga	209,350	0.7	130,532	0.7	188,190	0.6
Jolo	13,319	0.1	20,455	0.2	24,208	0.1
Davao	721,354	2.5	394,916	1.7	497,291	1.7
Legaspi	427,770	1.5	290,911	1.3	381,262	1.3
Total	₱28,679,361	100.0	₱24,704,849	100.0	₱29,402,141	100.0

CARRYING TRADE

IMPORTS

Nationality of Vessels	July, 1933		July, 1932		Monthly average for 12 months previous to July, 1933	
	Value	%	Value	%	Value	%
American	₱4,402,252	30.4	₱4,771,533	38.7	₱3,920,840	32.0
British	4,661,295	32.2	4,644,125	37.6	4,138,620	34.6
Japanese	1,137,139	7.7	632,000	5.0	894,833	7.6
Dutch	925,293	6.3	581,325	4.7	626,545	5.3
German	912,850	6.2	642,497	5.2	594,388	5.0
Norwegian	985,661	6.7	216,918	1.6	964,876	8.1
Philippines	97,265	0.7	6,065		57,020	0.6
Spanish						
Chinese			12,573		11,812	0.1
Swedish	119,719	0.8	45,389	0.3	53,843	0.4
Danish	242,006	1.7	292,952	2.3	210,281	1.9
Portuguese	51,661	0.3			8,420	
Panaman	723,582	4.8	272,833	2.1	315,904	2.7
Italian					50	
Belgian					2,389	
By Freight	₱14,258,723	97.0	₱12,118,219	98.2	₱11,946,620	98.3
By Mail	322,815	2.1	235,899	1.8	205,475	1.7
Total	₱14,581,538	100.0	₱12,354,118	100.0	₱12,152,095	100.0

EXPORTS

Nationality of Vessels	July, 1933		July, 1932		Monthly average for 12 months previous to July, 1933	
	Value	%	Value	%	Value	%
American	₱5,077,609	36.2	₱3,515,478	28.9	₱4,804,374	27.2
British	2,495,764	17.8	4,053,806	33.3	4,399,508	25.8
Japanese	3,333,130	22.8	3,110,803	25.5	4,372,920	25.7
German	321,085	2.3	128,451	0.7	233,096	1.3
Norwegian	1,437,285	10.2	112,179	0.6	2,128,208	12.4
Spanish						
Dutch	133,856	0.9	302,408	2.1	120,145	0.7
Philippines	97,265	0.7	17,414		2,548	
Chinese	14,755	0.1	1,060		1,657	
Swedish	116,799	0.8	34,463		83,035	0.5
Danish	564,606	4.0	285,128	6.8	604,982	3.5
Panaman	496,324	3.5	216,555	1.4	236,035	1.4
Italian						
By Freight	₱13,991,213	99.3	₱12,317,805	99.3	₱16,645,309	96.5
By Mail	106,610	0.7	92,926	0.7	604,890	3.5
Total	₱14,097,823	100.0	₱12,410,731	100.0	₱17,250,199	100.0

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Countries	July, 1933		July, 1932		Monthly average for 12 months previous to July, 1933	
	Value	%	Value	%	Value	%
United States	₱20,512,844	68.8	₱20,177,418	80.8	₱22,858,202	77.7
United Kingdom	733,506	2.6	369,943	1.5	719,114	2.5
Japan	1,810,043	6.3	1,141,181	4.6	1,481,571	5.1
China	1,065,366	3.7	1,046,341	4.2	992,479	3.4
French East Indies	110,774	0.4	63,049	0.4	134,820	0.4
Germany	980,543	3.4	547,696	2.2	696,012	2.4
Spain	480,213	1.7	91,981	0.5	574,633	1.9
Australia	418,030	1.4	115,823	0.6	205,495	0.7
British East Indies	364,719	1.3	94,596	0.5	303,903	1.0
Dutch East Indies	537,185	1.9	168,833	0.7	229,615	0.8
France	365,756	1.3	161,380	0.7	265,372	0.9
Netherlands	309,564	1.1	45,811	0.3	137,099	0.5
Italy	58,711	0.2	40,068	0.3	60,051	0.2
Hongkong	114,122	0.4	39,337	0.3	67,180	0.2
Belgium	198,808	0.7	149,772	0.6	149,835	0.5
Switzerland	707,511	2.8	111,366	0.5	113,907	0.4
Japanese-China	72,722	0.3	29,622	0.1	43,112	0.2
Siam	2,640		6,656		12,123	
Sweden	77,612	0.3	41,889	0.3	49,601	0.2
Canada	69,156	0.3	32,250	0.3	71,245	0.3
Norway	40,852	0.2	15,553	0.2	25,939	0.1
Austria	6,955		3,221		6,506	
Denmark	19,230	0.1	5,476		14,150	
Other Countries	222,499	0.8	65,587	0.4	190,177	0.6
Total	₱28,679,361	100.0	₱24,764,849	100.0	₱29,402,141	100.0

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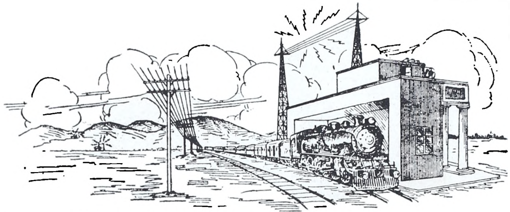

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