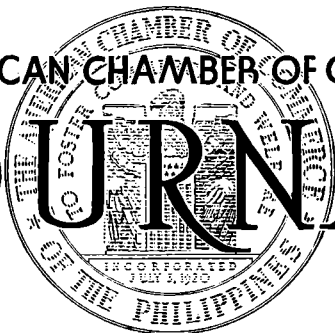


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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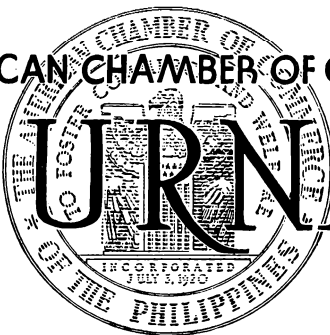
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Editorials

"... to promote the general welfare"

The Report of the United States Economic Survey Mission for the Philippines was officially handed to President Quirino by a representative of the American Embassy on Saturday morning, October 28, and was released to the press that evening. The Report appendices,—the detailed reports of the various teams of the Mission and "not part of the official Report", were released on November 1.

President Truman states in his letter of transmittal, dated October 26, that the Report was presented to him "in exactly the same form" on October 9, which is also the date which the Report itself bears, and he explains that the delay was due to "other commitments", including his conference with General MacArthur on Wake Island, which prevented him from immediately giving the matter his personal attention.

In view of "rumors and speculation" which arose about the Report in advance of its publication, and notably a statement issued from Malacañan on October 25, which was withdrawn the next day as unauthorized, a paragraph in President Truman's letter is of special significance:

"Since the economic well being of the Philippines is of great importance to the American people as well as the Philippine people, I believe that the facts of this Report should be freely communicated to both. Until the facts are so communicated, rumors and speculations will only confuse our joint efforts. I am convinced that the Report should be released promptly after its presentation to you. Full public discussion in the democratic tradition will contribute to our joint efforts to find the best solutions to the problems that confront us."

Upon receiving the Report, President Quirino issued a formal statement, saying that he was highly gratified to have received it and expressing concurrence with President Truman's suggestion that the full text should be made public.

"I want our people to learn the expert view of the difficult conditions confronting us as well as the remedies by which they may be improved.

He added:

"I shall seek consultation with the members of the Congress and other leaders in the Government for a most careful consideration of the recommendations before discussing them with the representatives of the United States Government. I hope that an agreement will be reached in due time to assure our people security and continued progress."

President Quirino's full statement, President Truman's letter, and the first chapter of the Report, comprising the "Summary and Recommendations", appear elsewhere in this issue of the *Journal*. One Manila newspaper has already reprinted the Report in full in a special supplement, and other newspapers are printing it in instalments. One of these newspapers has announced that it would also serialize the appendices. The Report, therefore, is achieving the widest local circulation of any report ever made on the Philippines.

Though the Report is critical as well as constructive, the Philippine press has been practically unanimous in full-throated acceptance and appreciation of its general tenor.

It runs to a little over 100 pages and the appendices to many hundred pages more; based on careful survey and study, it is thorough and detailed and expert, and it would be an impertinence to submit it to hasty criticism at this time.

We can say, however, that while it is incisive and penetrating, and forthright in its criticism, it is not un tactful; it is, in fact, sympathetic in the best sense of the word. It is wholly infused with the democratic and liberal spirit, evidencing a strong concern for the depressed farm tenantry and the workers of the country. There is a fine balance between the theoretical and the practical, as well as between the idealistic and the realistic. Though wisely cautious in the recommendations with respect to the management of proposed loans and grants, there is not the faintest suggestion of either interventionism or what has been called "dollar imperialism". What is recommended in connection with the supervision of the expenditure of such funds comes to no more than what has been the practice in Europe under the Marshall Plan.

In the help recommended, both financial and in the form of expert assistance, the Report exemplifies that generous and constructive world-spirit which has become the outstanding characteristic of the American people.

The Report is of priceless value to the Philippines. Its honest implementation or failure to so implement it,

will most likely mean the difference between success and failure in the building of the Nation.

This is not to say that the Report must be considered as the absolute alpha and omega of Philippine government policy henceforth. The recommendations are in most cases broad enough to permit of modification as experience may warrant. The opinions expressed are certainly not infallible, but the Report does furnish a manual for Philippine statecraft for the preparation of which by the Bell Mission we may all be deeply grateful.

It is safe to say, even in advance of detailed study, that the Report,—upon the materialization of which so many last hopes were fixed, has proved to be the kind of document which all thoughtful persons in this country, all persons of goodwill, had prayerfully hoped for.

In the interests of the Philippines of the most vital nature and, though more indirectly, in the interests of the United States, and even of the world, nothing must be permitted to come into the way of its honest carrying out with all possible speed.

Elsewhere in this issue we publish the proposals toward modification of the present import control organization and the import control regulations presented to President Chamber Action Elpidio Quirino last month by the Philippine Association, Inc., as the spokesman for various commercial and industrial organizations in Manila, including the American Chamber of Commerce.

The American Chamber presented a supporting memorandum which emphasized the highly detrimental effects as well as the alleged illegality of the 30% reservation for new importers as applied to non-quota importations, points which had previously been brought out in a Chamber statement to the press which was carried in the August issue of this *Journal*.

In addition to this, the Chamber issued a "question and answer" memorandum, which, sent to various government officials and entities as well as to businessmen, prompted many expressions of appreciation and agreement.

This memorandum graphically brought out the fact that the ruling of the Import Control Board in this matter has been challenged by practically all of the major business organizations of the country and by many members of Congress, including several of the authors of the Import Control Law, both on the basis of erroneous interpretation and in view of the fact that it is destroying normal trade channels and established businesses, Filipino and foreign, and resulting in fantastic prices to consumers.

The memorandum showed that this ruling was possibly benefiting a very few "new importers", but chiefly the so-called "10-percenters" [recently, in some cases, reportedly, "25-percenters"] who dispose of the licenses granted them to established importers at a profit which can not by any stretch of thought be considered as legitimately earned or an unavoidable factor in cost.

Computations included set forth that under the ruling, total imports will be reduced to 60% of the 1948 importations and that the importations of old importers, both Filipino and foreign, will be reduced to 40%!

The obvious results, brought out in the memorandum, include: (1) drastic shortages in all goods, especially brand goods; (2) dislocation of normal banking, wholesaling, retailing, shipping, insurance, and advertising channels; (3) inflation and black-marketing; (4) unemployment; (5) loss of revenue to the Government; (6) destruction and liquidation of established businesses; (7) growing lack of confidence in the capacity and responsibility of the Government.

In a closing paragraph, the memorandum stated that increased Filipino participation in industry and trade (which is sincerely desired by all foreign business here) must depend on legitimate Filipino enterprise and can not be based on unenforceable ruling and on legislation ruinous alike to all business as well as the consumers. The conclusion is expressed that the "Filipinization" of business, instead of being furthered, is dealt a most serious blow.

The Philippines these past few years has offered great opportunity for the study of economics, government interference with economic processes continuously resulting in the unfolding of truly beautiful illustrations of various economic phenomena. Not that these phenomena are always beautiful in themselves, quite the opposite, but as illustrations of the effects of the violation of economic laws they are beautiful in the sense of being "strikingly fit or appropriate".

Take, for example, the matter of high prices.

Recently, a puzzled Manila newspaper columnist wrote as follows:

"Prices, Prices, Prices.—Wherever we go today we hear the people, particularly the family man and his wife, talking, complaining of the sudden increase in prices of practically all essential items needed in our everyday life. Foodstuff, clothing, construction materials, educational equipment including books and magazines, and in some instances transportation,—there have been rise in prices.

"But what people can not understand is that even the locally produced commodities are following the upward trend in prices of imported goods. Take, for example, the lanzones. Just because the American grapes sell as much as ₱2.50 a kilo, lanzones vendors also price their supply at practically the same rate. Such procedure is uncalled for and wholly unjustified.

"The local fruit does not pay duties, does not incur freight and storage fees, nor does it need as elaborate a packing as the state-side fruits. The local fruit is produced a few kilometers from Manila where the major market is. To bring it to Manila means a few cents for transportation and handling only. So why should it sell high, at a price which is practically prohibitive, and which prevents many people to patronize the lanzones.

"In other cases, it is cheaper to buy canned foodstuff than fresh fish or locally-prepared food. That is the reason why the poor people patronize the sardines and the salmons in cans because they get more food for the family for a lower price. The local fish is bred without too much efforts and care. The fishponds are left to themselves, and to bring the fish from the haul to the market is not much. Yet what is the price of fish in the market, especially during the holiday season?

"If we want to our local business to grow and expand, and receive popular patronage, we have to pay attention to the manner of pricing our commodities. They should not be priced to make thousands of individuals pay a premium for them. They should be priced to enable the five-peso-a-day laborer buy it steadily and with gusto. Our producers and manufacturers should follow the Chinese system of selling: reaping small profits but selling in huge quantities. The Chinese have found that this method of selling works better than its counterpart."

Apropos of the foregoing, we should like to observe that prices are not based on what we may think they "should" or "ought" to be, or on what prices used to be in the past. Nor are the prices of, say oranges or lanzones, or canned and fresh fish, based on the cost of these goods. These and other prices,—where there is no coercion, are determined purely by the demand and supply on the market in question.

The government import controls having cut down the supply of oranges, the price of oranges has naturally gone up because people who want them are willing to pay more for them. That the price of lanzones, a native fruit, has also gone up is a result of the fact that lanzones can be consumed as a substitute for the oranges. That is according to the principle economists call the "connection of substitution".

"If the services rendered by a commodity *b* can be substituted, even though in a not perfectly satisfactory way, for those rendered by another commodity *a*, a change in the price of one of them affects the price of the other too. The mutual relation of the prices of *a* and *b* can be called connection of substitution."—*Von Mises*.

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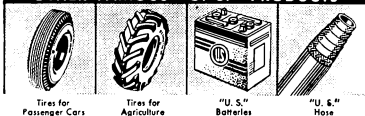
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However, this being the lanzones season, lanzones may soon be expected to be so abundant in the Manila market, that the price will go down in consonance with the increased supply. But, so long as imported oranges, which formerly enjoyed a good market here, remain scarce because of government import control, the price of lanzones and other native fruits, unless they suddenly become very abundant, which is not likely to happen, will remain higher than before the import control.

We can not create artificial scarcities and keep prices low at the same time. That is one thing that is impossible regardless of any laws that may be put on the statute books or any regulations which the Government may adopt. When prices are arbitrarily brought too low, the goods simply disappear from the market. In such a case, if the goods are "hoarded" in merchants' warehouses, the Government, through some official process or other, may confiscate them and distribute them through its agencies, but this would be a recourse of only temporary value because further production would be discouraged or further importation would not take place.

The reference in the quotation from the Manila newspaper man's column to the "Chinese system of selling" at the charge of only a small profit in the hope of increasing the number of sales, is interesting, but this, too, with all due credit to the Chinese merchant, is a market phenomenon not determined either by the superior wisdom or the greater humanity of the Chinese storekeepers. It is simply the result of competition between the Chinese merchants and other merchants and the Chinese merchants among themselves. Neither the Chinese nor any other merchant can make a business of selling scarce goods cheap. Nor can any merchant sell at an excessive profit if goods are abundant.

If we are to have a high standard of living and a low cost of living, then there must be plenty rather than scarcity. We will have to produce more, export more, earn more, so that we can import and buy and consume more.

This will require freedom of enterprise and fair competition, without State interference or artificial "protection" of inefficient production or distribution at the expense of the consumers.

WOMEN members of the editor's family complained of the fact that locally made jams, peanut butter, etc., cost as much as the best imported brands and the editor told them about what he had written on the subject of the price of substitute goods, pointing out, in addition, that "profiteering" did not enter into this so much as they thought because local manufacture is on a small scale in most cases and costs are therefore much higher than in the case of the quantity production of such goods in the United States. This again shows that protection of inefficient local production, whether through tariffs or excise taxes or the creation of artificial scarcity, as in this case, always costs to consumer money. The few profit at the expense of the many.

While, in general, business itself has sincerely tried to make the import control work and has spent much time and effort in securing no more than certain modifications toward more competent implementation, the public generally has become more and more insistent in the demand for its total abolition.

The newspapers have carried hundreds of letters from men and women in all walks of life, highly critical of the control and its effects, and at least three metropolitan newspapers have editorially urged abandonment. Recently, Vice-President Fernando Lopez stated that no government restriction had ever given rise to more evils and that he was "for scrapping the control if there were no other remedy".

The Manila *Chronicle*, in a strong editorial entitled "Abolish Import Control" in the October 7 issue, stressed mainly the "festering source of corruption" which the import control has become, stating that—

"It has created a condition in which the entire population is compelled to bear the burden of enriching a handful of individuals who, according to all moral standards and legal requirements, should be behind bars".

The *Chronicle* declared that legitimate business is—"fast being driven from the field by a new race of pseudo-importers... ten-percenters, and other racketeers, and by the confusion and incompetence which reign in the Import Control Office".

The paper concluded:

"There have been numerous suggestions to improve the operations of the Import Control Office. We believe that the time for improvement is past. In its present rottenness, the Import Control Office is beyond remedy. It must be abolished."

The Manila *Bulletin*, in an editorial entitled "Stop Import Control" in the issue for October 13, stated:

"Because of inadequate preparation, gross mismanagement, political interference, and greedy business interests willing to use corrupt practices to gain competitive and monetary advantages, the import control administration seems about to blow apart like a can of spoiled food."

"The insistent and growing clamor for abolishing import control might be conceived as an organized campaign of business interests, were it not so universal and obviously spontaneous..."

The *Bulletin* emphasized the fact that although it is usually difficult for a government to relinquish controls once they are established, the "import control as it is being operated, is becoming a heavy political liability to the President and his administration".

The *Evening News*, in an editorial entitled "Abolish Import Control" in its issue of October 20, said in part:

"Each passing day the conviction grows that in import control lies ruin... Import control has bred loss of confidence in the Government, created artificial scarcities, caused prices to soar beyond reasonable levels, produced an army of corrupt individuals, driven long-established businesses against the wall. In short, it has engendered a state of utter demoralization and dislocation in every department of the national life... Import control is the source [of all that evil]. It must go."

Vice-President Lopez said in his address before the Manila Rotarians on the night of October 20:

"I can not help but view with alarm the unfavorable trend of business and production activities in this country since the advent of import control... It has worked irreparable damage to business and undue hardships to consumers and may cause a major dislocation in our economic system..."

The *Bulletin* paraphrased another part of his address as follows:

"The Vice-President expressed the view that the primary objective of the import control, which is the conservation of dollars, could be accomplished even without import restrictions. He believed that exchange control would be a sufficient safeguard... He also believed the imposition of restrictive import taxes on luxury and semi-luxury goods would be more than sufficient to guard against the excessive importation of such articles."

It is with a certain doleful satisfaction that we put down here a few extracts from editorials which appeared in this *Journal* over a period of several years, beginning with an extract from an editorial in the January, 1948, issue:

"And [this control] all for worse than nothing at all. For an unnecessary and burdensome system of regulation, inherently vicious in its effects, of what is normally self-regulatory in the general interest and to the satisfaction of all..."

From the May, 1948, issue:

"The all-embracing quota system would impose a government-sanctioned and permanent 'economy of scarcity' which would inevitably lead to manipulation and further black-marketing, and, for the people, unbearably high prices... The Bill would not only shackles private wholesaling and retailing enterprise, but would give the control agency virtually the power of life and death over all importers and importing firms..."

"The Government here,—long after the War, when all real reason for inordinate regulation is past, seems bent on deliberately creating just such an economic morass as that in which Europe is struggling..."

From the October-November, 1948, issue:

"The foreign trade of a country, always closely integrated with the whole of the economic and social life, is of such exceeding complexity that it is beyond the capacity of the most competent government really to control it. Attempts at control have everywhere achieved only a bungling... To be clearly foreseen are the bringing about of condi-

tions of artificial and unnecessary scarcity, rising prices, a reduced standard of living, and, in general, all the evils of inflation,—a worse inflation than we are already suffering from. . .

"The spirit of business enterprise and the will and the *wherewithal* to invest, is not produced by cuts and curtailments and by putting business in the straight-jacket of government control. Economic development requires freedom and scope,—it may be under wise government encouragement and direction, but never under arbitrary control. A tree will not grow in a pot."

From the December, 1948, issue:

"However, this *Journal* and the business community as a whole have held from the first that no good would come of such control and that, on the contrary, it would do the Philippines much harm. . . Our accepted system of economic enterprise is a dynamic and self-regulating system to which extensive government controls are unnatural and abnormal. . .

"As Mr. Most said in his article. . . 'Import control is strong medicine and one taken only by a sick country'. The Philippines is not a sick country, at least in this respect, but the import control medicine would make it sick. . .

"The whole of the economic energies of a country are normally devoted to increasing production and increasing domestic and foreign trade. It is from this that advancement and prosperity spring. How truly mad it is to seek to retard, check, and block this energy and impetus in any way instead of giving it every encouragement."

From the January, 1949, *Journal*:

"Such cuts over such a wide range of import items as are included under the Order, are heavy cuts on any basis of consideration, and will mean losses to business running into scores of millions of pesos, will force great reductions in overhead expenses and discharge of personnel, and will also result in losses to the Government in tax revenues. . . It is clear that heavy losses to business are involved in the Order. It is clear also that costs will be greater. Therefore, prices are bound to rise and the appearance of 'black' and 'grey' markets is certain. . ."

From the October, 1949, issue:

"One of the most untoward effects is that it has become virtually impossible for businessmen to plan ahead, except, in general, for still poorer business. The businesses of many importers have already been seriously curtailed, and it would appear that they have nothing to look forward to than still further curtailment. . . What normally constitutes around half of the business of this country engaged in foreign trade,—the import business, has been most seriously affected and most deeply discouraged. All thought of expansion has been given up; stability, confidence, much of business incentive,—all this has already been sacrificed to the policy of import control."

"... a so-called 'control' itself running uncontrolled and hog-wild . . . would be ruinous to much if not all of our business and our general economy, a ruin that would certainly have to be measured shortly in terms of failures and bankruptcies, decreasing new investment, increased unemployment, a falling off of government revenues, all against a general rise in prices and an increased cost of living, and greater and greater popular discontent. No government can afford to draw such consequences upon itself at the behest of a group of its bureaucrats and theoreticians."

From the December, 1949, issue:

"We are only beginning to repeat here what has been experienced in all those countries where governments have set out on such control policies. We believe, as we have said before, that in turning to a policy of government trade control, this Government is on the wrong track. . ."

Also:

"One can not study the lists appended to the new Import Control Order without coming to the conclusion that it is *wicked* thus to bring about such a fall in the standard of living. It has been our pride for many years that the standard of living in the Philippines is considerably higher than it is in other countries in this part of the world. But under the present so-called import control, we shall soon be reduced to ways of life and to a dietary insufficiency which will bring about a serious lowering not only of morale but of health. We shall see that what it took the Japanese invasion and conquest to do here, will soon be rivaled by our own Import Control Board,—all with the best of motives."

From the January, 1950, issue:

"... That is all apart from the practical difficulty, indeed the impossibility, of channeling a trade that in the aggregate runs to tens of thousands of transactions involving hundreds of millions of pesos, all through one small government office. Even if such an organization employed numerous section chiefs and thousands of clerks, it would still constitute the worst possible *bottleneck*. . .

"The whole spirit and practice of individual free enterprise is outraged and vitiated by government control. There never could be any such fatal 'restraint of trade' as that exercised by government control. It makes business as this is understood in democratic countries absolutely impossible. With business under control, the whole people are under control. Freedom and self-determination depart; citizens become subjects; stagnation and retrogression sets in; poverty takes the place of prosperity. There is totalitarianism, where the State is total and the people count for nothing."

Also from the January, 1950, issue:

"And unless the basic policies of the Government are changed, neither can the Government do anything to prevent the rise of prices by price-controls, or the rise in unemployment by court decisions which would attempt to force the retention of unneeded personnel. . ."

From the April, 1950, issue:

"... To close our dollar-gap let us save dollars in every reasonable way, but let us turn our main efforts to earning more dollars. To force a closing of the gap at the present low level of production and income will result not only in an arrest of our economic progress, but in disintegration and collapse."

From the May, 1950, issue:

"At the risk of losing some of its friends, this *Journal* has felt it its duty to protest on a number of occasions against various discriminatory measures actually adopted or proposed by the Philippine Government, and it has done so not only because it is the organ of the American Chamber of Commerce and the interests of its membership were affected, but because we believe that such measures are highly damaging to the whole country."

From the June, 1950, issue:

"... To cut down the business of the old firms so drastically, thus by-passing established and efficiently functioning channels of trade, means a tremendous dislocation of business,—not of 'foreign' or 'alien' business alone, but of the *national* business of which this alien business is an important part. No country can benefit from such dislocation and such willful destruction. It will mean loss to all,—to the whole country, to all the people, not the least of which loss is that in employment and wages."

We did not realize, when we started this series of excerpts from editorials in past issues of the *Journal* on the subject of import control, that it would run to such a length, and we apologize. As a matter of fact, we could have quoted at much greater length but desisted in mercy to the reader.

Our principal aim was to show that it was known, even before the import control measures were undertaken here, that it would be difficult, if not impossible, to make them work, especially if applied too sweepingly and in too great detail. It should be no matter of surprise, therefore, that the attempt has resulted in the present fiasco. Throughout the period of our comment, we refrained from emphasizing the corruption that was bound to accompany the effort, but sought instead to bring out the violation of the economic principles involved, as this was fundamental.

It appears, in retrospect, that we should have given more stress to the inflation which has ruled in the Philippines since the liberation as the basic trouble here, and in this connection we refer to an address by Camille Gutt, Managing Director of the International Monetary Fund published in a recent issue of the *International Financial News Survey* in which he referred with approval to a statement made some time previously by the French Prime Minister:

"The French Prime Minister, speaking at Strasbourg last Saturday, stated that rather than resort to bureaucratic control, he would use the big *leviers de commande*, among which he mentioned taxation and credit policy. Increased taxation, investment and credit restricted to essential purposes, government and private expenditure reduced in accordance with an inflexible schedule of urgency and necessity,—assuredly this is a hard program. But what is the alternative? The destruction, through inflation, of all the progress painstakingly but steadily achieved over the past four years on the way toward economic recovery and convertibility of currencies."

In the Philippines we tried bureaucratic control as an alternative, and it has not worked. We should have dealt with the basic trouble, inflation, through those natural "levers of command" mentioned by the French Prime Minister by contracting the currency, restricting credit, increasing taxation (but wisely and fairly), and thus encouraging governmental and private economy.

The Chamber of Commerce of the United States (Washington) said in a recent publication on threatened new controls in the United States:

"Even with our dimming recollections of what direct controls meant, in terms of harassment, inefficiency, and general frustration, during and after World War II, few of us would question that almost any step is warranted if it enables us to avoid or minimize another dose of the same bitter stuff."

According to a recent newspaper account, the Monetary Board (composed of the Secretary of Finance, the Governor of the Central Bank, the President of the National Bank, the Chairman of the Board of Governors of the Rehabilitation Finance Corporation, and a number of other members) has called President Quirino's attention to the fact that the cost of living is 12.3% higher at the present time than at the same time last year and that since last December the money supply has gone up by 15%. The report emphasized the "gravity of the inflationary pressures acting on the economy" and recommended (1) that positive measures be taken to increase the production of foodstuffs and other essential commodities "to check anticipatory buying, hoarding, and high prices", (2) that foreign purchases be shifted "from high-priced areas like the U.S. markets to cheaper sources like the Japanese and European markets", (3) that import licensing be "immediately improved, both quantitatively and qualitatively", (4) that the laws against hoarding and profiteering and the price control regulations be strictly enforced, (5) that the tax machinery be reorganized and strengthened to "improve its efficiency", and (6) that the Government continue the "austerity program as a means of reducing budgetary deficits."

Except for the second, these recommendations, in our opinion, are well taken, but why no recommendations with respect to a contraction of the currency as the most

direct means to combat inflation which is always principally due to too great an increase in the money supply, although, in our case, the prevailing artificial scarcities resulting from the import control are an additional cause of the steadily rising prices?

We excepted recommendation No. 2—"the shifting of foreign purchases from high-priced areas like the U.S. markets to cheaper sources like the Japanese and European markets" for the reason that while, of course, certain limited increases in purchases from other countries than the United States are always possible and such increases will certainly come about if they are profitable, so long as America remains our principal export market it must remain our principal import market.

Furthermore, many of our most important imports are unobtainable or obtainable only at higher prices in other markets than the United States. Also, if it were possible for importers to import at lower cost from markets other than the United States, this would not correspondingly affect local consumer prices because of the existing scarcities and the existing excess in the money supply.

The basically nonsensical nature of recommendation No. 2 is perhaps best brought out by inverting the terms so that it would read:

"We recommend the shifting of our foreign sales from our largest and best-paying market, the United States, to the poorer markets like the Japanese and European markets."

Proposal of the Philippine Association *re* Import Control*

The following proposals were made to President Elpidio Quirino Saturday morning, October 7, by the Philippine Association, Inc. and representatives of various chambers of commerce and civic organizations at a conference in the Council of State room:

At the invitation of the Philippine Association, several meetings have been held among representatives of the American Chamber of Commerce, Manila Chamber of Commerce, Manila Rotary Club, Chinese Chamber of Commerce, Manila Junior Chamber of Commerce, Chamber of Industries of the Philippines, and the Association of Philippine Traders with Japan. (The Philippine Chamber of Commerce was of course invited to send representatives to these meetings but none appeared.)

The representatives of these associations were unanimously of the opinion that the confusion prevailing as a result of the terrific backlog in the Import Control Office poses a threat of grave consequence to the nation's economy, and that correctives must be applied without delay.

The Group believes that these remedies should be divided into three main categories, namely:

(A) A complete reorganization of the personnel of the Import Control organization in order to provide the same with personnel of wide competence and ability;

(B) Remedies which may be applied immediately by executive action within the framework of the present Import Control Law (Rep. Act No. 426); and

(C) Those remedies of fundamental and permanent nature which will require legislative action which could best be taken up in the next session of Congress.

This memorandum presents specific recommendations for speedy implementation of remedies under (A) and (B). The Group will continue its study of proposals

for legislative relief and will present its recommendations at an appropriate time.

Recommendations

The Group feels very strongly that direct liaison with the Central Bank is vital, and that steps toward this end may be taken within the existing law by appointing the Central Bank representative as Chairman of the Import Control Board. Section 2 of Republic Act No. 426 grants to the President the necessary power to carry out this recommendation.

B

Organization and Functions

(a) Three separate divisions should immediately be set up in the Office of the Import Control Administration, namely:

1. Quota Section
2. Non-Quota Section
3. Ex-Quota Section

The Quota Section should be further subdivided into two sub-sections, namely:

- 1(a) Old Importers, and
- 1(b) New Importers

Each of the three main sections should be headed by well-qualified chiefs who should rank equally among themselves and next to the Commissioner. Each should be responsible for the successful and efficient administration of his section. Immediate adoption of this system will eliminate congestion of all importers at the same receiving and processing sections.

(b) Section 3 of the Import Control Law provides that the Board shall review on appeal any decision, ruling, or opinion issued by the Import Control Administration or by its Commissioner. In accordance with this provision of the law, the Import Control Board should meet daily as a Board of Appeal and should publish every day a calendar of the cases to be heard by it in chronological order of filing. The importers and their counsel should be permitted to appear before the Board in connection with the cases under review in which they are interested.

(c) The auditor of the ICA should maintain a continuous audit, not a pre-audit, and should make a quarterly report at the end of each quarter, which should immediately be made public.

(d) The ICA should take immediate steps to activate its Research and Statistics Division, as provided for by the Import Control Law. Pending the availability of information to this division, all statistical resources of the Central Bank and other agencies should be utilized.

(Continued on page 431)

*From a Malacañan press release, October 7, 1950.

The Bell Report

President Truman's Letter of Transmittal:

October 26, 1950

HIS Excellency
Elpidio Quirino,
President of the Republic of the Philippines

My dear Mr. President:

THROUGH Ambassador Cowen at Manila I am sending you the report of the United States Economic Survey Mission to the Philippines. At your request the Mission, under the leadership of Mr. Daniel W. Bell, made as thorough a study as possible in the short time permitted of economic conditions in the Philippines and gave its recommendations for a general course of action which I believe will make possible a stable and prosperous Philippine economy.

The report is in exactly the same form it was presented to me October 9. Unfortunately other commitments and particularly my conference with General MacArthur on Wake Island delayed my giving this matter my personal attention.

My Government is now carefully studying the report in order to arrive at an official position on the recommendations contained therein, and I am sending it to you for your Government's consideration and study. The report is not a blueprint containing all answers to the complicated problem of the Philippines. It does, however, provide our Governments with a basis on which to work. After you and your Government have had an opportunity to consider the report, I trust there may be discussions between representatives of our two Governments. From these discussions I would hope that there could be an understanding as to measures which the Philippines could be prepared to undertake. I would regard such an understanding as requisite to the formulation of recommendations to the United States Congress.

Our two Nations have been the closest of friends over a period of more than half a century. Our relations have been marked by a spirit of straight forwardness and candor in our dealings with each other. I earnestly hope that we can continue in this same spirit.

Since the economic well-being of the Philippines is of great importance to the American people as well as to the Philippine people, I believe that the facts of this report should be freely communicated to both. Until the facts are so communicated rumors and speculation will only confuse our joint efforts. I am convinced that the report should be released promptly after its presentation to you. Full public discussion in the democratic tradition will contribute to our joint efforts to find the best solutions to the problems that confront us.

Sincerely,

HARRY S. TRUMAN.

President Quirino's Statement:

I AM highly gratified to have received today from President Truman the report of the Bell Economic Survey Commission and to find that it is a highly constructive statement of conditions prevailing in the Philippines as found by the Commission during its visit and stay in our country. I am sincerely grateful to President Truman as well as to Mr. Bell and members of his staff for the earnest and thorough effort they are exerting to assist our Government in its many grave problems.

I requested the survey precisely so that we may be able to adequately understand the problems confronting us and find appropriate means of solving them. Whatever criticisms the report contains, I know they were made in the best faith and with a desire to be helpful to us.

I share in President Truman's suggestion that the full text of the report be made public because I want our people to learn the expert view of the difficult conditions confronting us as well as the remedies by which they may be improved. I shall seek consultation with the members of the Congress and other leaders in the Government for a most careful consideration of the recommendations before discussing them with the representatives of the United States Government.

I hope that an agreement will be reached in due time to assure our people security and continued progress.

Report to the President of the United States by the Economic Survey Mission to the Philippines*

Washington, D.C.

October 9, 1950

I. Summary And Recommendations

AT the request of the President of the Philippine Republic, President Truman appointed a United States Economic Survey Mission to consider the economic and financial problems of that country and to recommend measures that will enable the Philippines to become and to remain self-supporting. The Mission was instructed to survey all aspects of the Philippine economy, including agriculture, industry, internal and external finances, domestic and foreign trade, and public administration. The Mission was asked to give special consideration to immediate measures to help raise production and living standards in the Philippines. The Mission has had the full cooperation of the Philippine Government and of many individuals and organizations outside the Government. Their help has been invaluable in providing the Mission with the data necessary for its work.

Economic conditions in the Philippines are unsatisfactory. The economic situation has been deteriorating in the past two years and the factors that have brought this about cannot be expected to remedy themselves. Unless positive measures are taken to deal with the fundamental causes of these difficulties, it must be expected that the economic situation will deteriorate further and political disorder will inevitably result. Whatever is to be done to improve economic conditions in the Philippines must be done promptly, for if the situation is allowed to drift there is no certainty that moderate remedies will suffice.

The findings and recommendations of the Mission are summarized below and are presented more fully in the body of the Report. Technical memoranda for the guidance of the Philippine Government in determining policy on agriculture, industrial development, taxation, and public administration have also been prepared by the staff of the Mission.

Urgent Economic Problems

The basic economic problem in the Philippines is inefficient production and very low incomes. While a substantial recovery was made in production after the liberation, agricultural and industrial output is still below the prewar level. In the past ten years, however, the population has increased by 25 per cent. Although home production has been supplemented by large imports, the standard of living of most people is lower than before the war. In Manila, real wages of industrial workers are about the same or slightly higher than in 1941; but in the provinces, real wages in agriculture are lower than before the war. For many agricultural workers, wages are wholly inadequate, in some instances less than one peso (50 cents) a day.

The finances of the Government have become steadily worse and are now critical. The Treasury has a large and mounting deficit, with taxes covering little more than 60 per cent of the expenditures. Obligations have been allowed to accumulate, warrants have been issued for which funds are not available, and school teachers have not been paid in some provincial areas. The new taxes voted by the special session of Congress cannot meet the budget needs and the cash position of the Treasury is becoming steadily worse. If the Central Bank is used to cover the large deficit of the Government it may lead to a new outburst of inflation, the burden of which will fall on those struggling for a living in a land of very high prices and very low incomes.

The international payments position of the country is seriously distorted and a balance has been maintained in recent months only by imposing strict import and exchange controls. The country has had an excessive volume of imports, which hitherto could be paid for out of very large dollar receipts from United States Government disbursements and accumulated dollar balances. These balances have been drawn down and receipts from the United States Government have been declining sharply. Greater difficulty will probably be experienced in the future in paying for imports. In the meantime, the volume of exports is less than before the war and can be expected to grow only gradually. Unless foreign exchange receipts are increased or excessive dependence on imports decreased, import and exchange controls will have to become even more restrictive.

Causes Of The Difficulties

While production in general has been restored to almost the prewar level, little of fundamental importance was done to increase productive efficiency and to diversify the economy. In agriculture, the area under cultivation was brought to the prewar level, and the livestock population partially restored. But almost nothing was done to open new lands for the increased population, to improve the methods of cultivation, or to better the position of farm workers and tenants. In industry, production was restored very much in the prewar pattern. While some new enterprises have been started, particularly in the past year, there has been little real progress in opening new work opportunities and in strengthening the economy. The country still relies too heavily on the export of a few basic agricultural crops—coconut, sugar, and hemp—which provide a meager livelihood to most of the people engaged in their production.

The failure to expand production and to increase productive efficiency is particularly disappointing because investment was exceptionally high and foreign exchange receipts were exceptionally large during most of the post-liberation period. Too much of the investment went into commerce and real estate instead of the development of agriculture and industry; investment undertaken by Government corporations has unfortunately been ineffective. A considerable part of the large foreign exchange receipts

were dissipated in imports of luxury and non-essential goods, in the remittance of high profits, and in the transfer of Philippine capital abroad. The opportunity to increase productive efficiency and to raise the standard of living in the Philippines in the postwar period has thus been wasted because of misdirected investment and excessive imports for consumption.

The inequalities in income in the Philippines, always large, have become even greater during the past few years. While the standard of living of the mass of people has not reached the prewar level, the profits of businessmen and the incomes of large landowners have risen very considerably. Wages and farm income remain lower than the economy can afford because of the unequal bargaining power of workers and tenants on the one hand, and employers and landowners on the other. Under such conditions any policy that keeps prices high has the effect of transferring real income from the poor to the rich. This is what has happened in the Philippines, where prices on the average are three and a half times as high as prewar. The inflationary conditions which have made this possible were caused by large budgetary deficits and an excessive creation of credit, much of it for the Government and Government corporations.

As a consequence of the inflationary conditions, along with insufficient production, the demand for foreign exchange to pay for imports, and to remit profits and transfer funds abroad has exceeded the current foreign exchange receipts from exports and United States Government disbursements. The foreign exchange reserves of the country, although still considerable, have been greatly reduced, confidence in the currency has been shaken, and a breakdown in international payments has been averted only by stringent import and exchange controls. The generally unfavorable economic and political environment and the fear of discrimination in the administration of import and exchange controls have the effect of discouraging foreign investment in the Philippines.

The high hopes of the Philippine people that with peace and independence, they could look forward to economic progress and a rising standard of living have not been realized. Because of the deteriorating economic situation, there is a widespread feeling of disillusion. Most agricultural and industrial workers have no faith that their economic position can or will be improved. Businessmen fear a collapse of the peso. The uncertainties created by these doubts are strengthened by the recent tendency toward unemployment resulting from the slowing up of construction and the sharp curtailment of imports. The economy shows little inherent capacity to overcome the difficulties with which it is faced.

There are officials in the Philippine Government who are aware of the dangers in this pervading economic unbalance between production and needs, between prices and wages, between Government expenditures and taxes, between foreign exchange payments and receipts. Some of them understand the reasons why these difficulties arose; but the measures that could halt the deterioration have not been put into effect. Inefficiency and even corruption in the Government service are widespread. Leaders in agriculture and in business have not been sufficiently aware of their responsibility to improve the economic position of the lower income groups. The public lacks confidence in the capacity of the Government to act firmly to protect the interests of all the people. The situation is being exploited by the Communist-led Hukbalahap movement to incite lawlessness and disorder.

The Government has thus far attempted to deal with some of these emerging problems through import and exchange controls and through price controls. Such measures are directed to the symptoms rather than the causes of economic disorder. At best, they are measures that can

only delay a breakdown in the economy; they cannot remedy the fundamental ills from which the country suffers. A permanent solution to these problems will be found only through a determined effort on the part of the people and the Government of the Philippines, with the aid and encouragement of the United States, to increase production and improve productive efficiency, to raise the level of wages and farm income, and to open new opportunities for work and for acquiring land.

Recommendations

The Mission recommends that the following measures be taken:

1. That the finances of the Government be placed on a sound basis in order to avoid further inflation; that additional tax revenues be raised immediately in as equitable a manner as possible to meet the expenditures of the Government; that the tax structure be revised to increase the proportion of taxes collected from high incomes and large property holdings; that the tax collecting machinery be overhauled to secure greater efficiency in tax collection; that a credit policy be adopted which will encourage investment in productive enterprises; and that fiscal, credit and investment policy be better co-ordinated to prevent inflation.

2. That agricultural production be improved by applying known methods of increasing the yield from all basic crops; that the Department of Agriculture and Natural Resources be adequately supplied with funds and the agricultural extension service expanded; that the agricultural college at Los Baños be rehabilitated and the central experiment station located there, with other stations at appropriate places throughout the country; that rural banks be established to provide production credit for small farmers; that the opening of new lands for settlement in homesteads be expedited and the clearance of land titles promptly assured; that a program of land redistribution be undertaken through the purchase of large estates for resale to small farmers; and that measures be undertaken to provide tenants with reasonable security on their land and an equitable share of the crops they produce.

3. That steps be taken to diversify the economy of the country by encouraging new industries; that adequate power and transportation facilities be provided as needed for further economic development; that a Philippine Development Corporation be established to co-ordinate all government corporations and enterprises and liquidate those that are ineffective; that financial assistance be made available to productive enterprises by the Corporation acting in cooperation with private banks; that the natural resources of the country be systematically explored to determine their potentialities for economic development; and that the present laws and practices with respect to the use of the public domain be re-examined.

4. That to avoid a further deterioration in the international payments position and to reduce the excessive demand for imports, a special emergency tax of 25 per cent be levied for a period not to exceed two years on imports of all goods other than rice, corn, flour, canned fish, canned milk, and fertilizer; that if such an emergency import levy is not possible under the Trade Agreement with the United States, either very heavy excise taxes should be imposed or a tax of 25 per cent should be levied on all sales of exchange; that, as a safety measure, the present exchange and import controls be retained but their administration be simplified and liberalized and the full remittance of current earnings be permitted; that a Treaty of Friendship, Commerce, and Navigation be concluded between the Philippines and the United States and the present Trade Agreement re-examined in the light of the new conditions.

5. That an adequate program of public health and improved education be undertaken, and better facilities

for urban housing be provided; that the right of workers to organize free trade unions to protect their economic interests be established through appropriate legislation; that abuses in present employment practices depriving the workers of their just earnings be eliminated by legislation making mandatory direct payment of wages and retroactive monetary awards to workers; that a minimum wage for agricultural and other workers be established to provide subsistence standards of living.

6. That public administration be improved and reorganized so as to insure honesty and efficiency in Government; that the civil service be placed on a merit basis and civil service salaries raised to provide a decent standard of living; that the Philippine Government remove barriers to the employment of foreign technicians and take steps to improve training facilities for technicians in the Philippines; and that in accordance with the request of the Philippine Government, the United States send a Technical Mission to assist the Philippine Government in carrying out its agricultural and industrial development, fiscal controls, public administration, and labor and social welfare program.

7. That the United States Government provide financial assistance of \$250 million through loans and grants, to help in carrying out a five-year program of economic development and technical assistance; that this aid be strictly conditioned on steps being taken by the Philippine Government to carry out the recommendations outlined above, including the immediate enactment of tax legislation and other urgent reforms; that expenditure of United States funds under this recommendation, including pesos derived from United States loans and grants, be subject to continued supervision and control of the Technical Mission; that the use of funds provided by the Philippine Government for economic and social development be co-ordinated with the expenditure of the United States funds made available for this purpose; and that an agreement be made for final settlement of outstanding financial claims between the United States and the Philippines, including funding of the Reconstruction Finance Corporation loan of \$60 million.

No one must expect that even so comprehensive a program as this will quickly or automatically remove all the ills of the Philippine economy. What it can do is to provide an environment in which the people of the Philippines can work out a reasonable solution of their problems. What they ultimately achieve will be determined primarily by their own efforts and by the devotion of the Philippine Government to the interests of all the people. The nation has the physical and human resources to accomplish this task with help from the United States. In the few years since independence, the Philippines has taken a leading position in world affairs and in the United Nations. With thorough measures to deal with its economic problems, it can take its rightful place as a prosperous and stable nation.

*The succeeding contents, not published here, are:

<i>PART ONE</i>	
<i>The President Economic Difficulties</i>	
II	Reconstruction and Recovery
III	Prices, Wages, and National Income
IV	Government Finances
V	Monetary and Credit Policy
VI	International Payments
VII	Import, Exchange, and Price Controls
VIII	Problems and Remedies
<i>PART TWO</i>	
<i>Developmental Problems and Policies</i>	
IX	Agriculture, Fisheries, and Forestry
X	Industry, Utilities, and Trade
XI	Financial, Investment, and Credit Policy
XII	Commercial and Exchange Policy
XIII	Labor, Health, and Education
XIV	Public Administration and Technical Assistance
XV	United States Aid

Published in this issue of the *Journal* is Chapter I of the Report, "Summary and Recommendations", which serves as an Introduction.

Meralco's Rockwell Station

By J. A. THOMAS

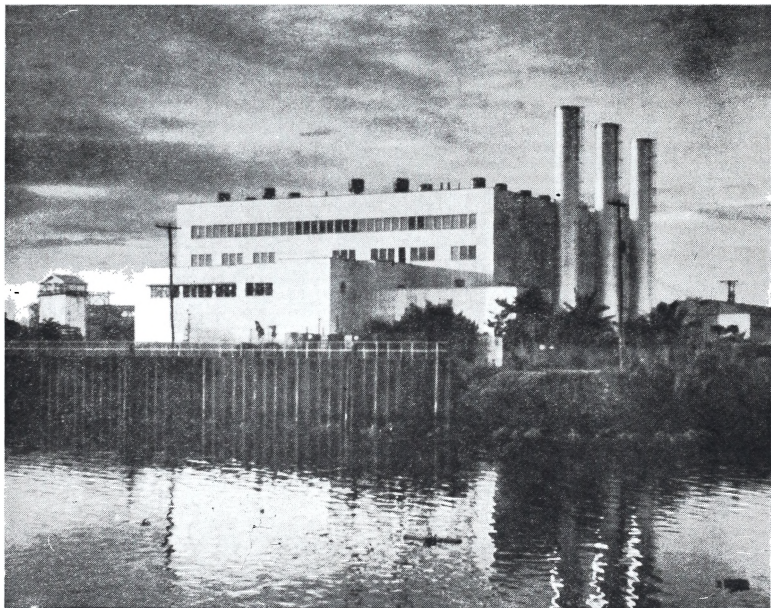
General Superintendent, Manila Electric Company

As one drives out past the Guadalupe ruins toward San Pedro Makati, three soaring smoke stacks, reaching 100 feet above the grade, mark the site of the Manila Electric Company's newest contribution to Philippines progress—the Rockwell Power Station. Erected along the south bank of the Pasig River on what was formerly an adobe-stone quarry, the Rockwell Station does not present a showy facade. But to the perceptive eye it has the clean-cut functional beauty of modern industrial design, affording that aesthetic satisfaction which lies in any fine precision tool. "Rockwell" was built for service! This is Meralco's answer to the civic and social challenge voiced by the vastly increased demand for electricity which arose soon after the war's end.

Once inside the edifice, the kind of service being provided becomes evident to the visitor. Here the latest in engineering ingenuity has devised the most efficient means of converting fuel into energy; then to convert that energy into the twentieth century miracle of electric current which can be transmitted far and wide into homes, shops, and factories.

The cycle begins with the barges on the Pasig that deliver fuel-oil to be pumped into two 2,000,000-gallon storage tanks which assure the plant a thirty-three day supply. (Coal may be used in an emergency with somewhat lower output if conversion is ever required in the type of fuel used.) Three great boilers, each capable of producing 250,000 pounds of steam per hour, or an equivalent of 25,000 kilowatts of electrical power, are ready to turn this fuel into energy. Only two are required to drive the two turbo-generators; one is available as a stand-by. Each has its own boiler, with a furnace the size of two average rooms (22 x 26 x 28 feet) and each is connected to one of the hundred-foot stacks which are heavily lined with 2-inch "gunnite" to resist corrosion.

The heat inside each furnace hovers around 2200° Fahrenheit as one or all of its six burners bathe the boiler's many tubes with a white heat that explodes molecules of water into surging vapor, superheated steam that is carried off by the insulated pipe-line above under pressure of 850 pounds. If the inside of the pipe were visible, one would see the cherry glow of its metal at 900°.



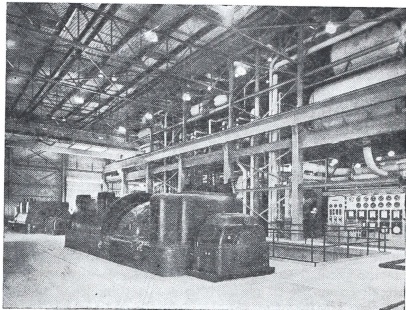
The Rockwell Power Station

Nearly one hundred freight-car loads of materials and equipment went into the construction of these boiler units. Yet their tremendous power lies securely within the control of a single operator who, from his position before the vast boiler control board, with its scores of dials, gauges, and indicators, reads at a glance the windbox pressures, furnace draft, fan and heater performance, fuel flow and pressure, feed-water conditions, and other information needed to control the boilers and their associated equipment. The boilers can be placed under automatic control, but the operator is never allowed to leave his station, for these powerful giants must never escape the vigilance of human eye and intelligence.

In the adjacent bay, there can be heard the high-pitched whine from the boiler feed-pumps, four 1250-pound pumps driven by 500-horsepower motors—or, in two instances, by 570-horsepower steam turbines, rotating at nearly 3600 r.p.m.—which keep the water level in the boiler steam-drum at the safety point. They are capable of discharging 540 gallons per minute against a drum-pressure of 875 pounds.

The turbine room is dominated by a control board slightly less complicated than that of the boiler room, but the turbo-generators are the more spectacular element in the power-producing process for those who find more and more of their everyday existence linked with electricity. Aside from the pistons, springs, cams, and gears that comprise its controlling apparatus, the heart of the turbine itself is merely a grouping of stationary and rotating blades, growing in diameter from the high-pressure end toward the exhaust end. Steam, entering the high-pressure end at 850 pounds per square inch gauge, exerts its power alternately upon the stationary and rotating segments, whirling the rotor and that of the attached generator at 3600 r.p.m.

A portion of the steam is extracted at different stages along the route it travels, but most of it is withdrawn at the exhaust end of the turbine, under 28 or more inches of vacuum at peak loads, to repeat its function. Over the railing, in the basement, may be seen the condenser and water pumps. Exhaust steam, entering the condenser, comes in contact with thousands of small tubes through which flow 26,000 gallons of river water per minute, cooling the tube surfaces and restoring the steam to its original form of water. After passing through a series of heaters, the same water is finally circulated back through the system to continue its part in the process.



Turbine Room

Thus the process of combining fuel, water, and air reaches the stage of motive power as the turbines convey their massive energy to the generator itself, a hydrogen-cooled giant that can produce 25,000 kilowatts per hour. It is at this point that electric power comes into being at a generating level of 13,800 volts.

Of the Station's total output, 90% must be stepped up to 34,500 volts for transmission to Meralco's customers. The remaining 10% goes to station service; to lighting and to the specialized duties of more than 100 motors, ranging from 1/20th of a horsepower to 500 horsepower, requiring voltages of 2300, 440, 208, or 120. To accomplish these complex manipulations of a force that moves with the speed of light, Rockwell Station possesses the very latest switchgear equipment manufactured in the United States, the latest in load-center design, complete machine shops, and the laboratory facilities that round out the ultimate in modern power production.

On Meralco's books, Rockwell Station stands as an \$18,000,000 investment, but its employees regard it with the pride and affection usually reserved for living things. To the consuming public, it is at once a powerful servant and a symbol of Meralco's faith in the future of the nation.

"AS we move forward to arm ourselves more quickly in the days ahead, and as we strive with the United Nations for victory in Korea, we must keep clearly in mind what we believe in and what we are trying to do. We also want the rest of the world to understand clearly our aims and our hopes.

"First: We believe in the United Nations... Second: We believe the Koreans have a right to be free, independent, and united—as they want to be... Third: We do not want the fighting in Korea to expand into a general war... Fourth: We hope in particular that the people of China will not be misled or forced into fighting

against the United Nations and against the American people... Fifth: We do not want Formosa or any part of Asia for ourselves... Sixth: We believe in freedom for all the nations of the Far East... Seventh: We do not believe in aggressive or preventive war... Eighth: We want peace and we shall achieve it... We want peace not only for its own sake but because we want all the peoples of the world, including ourselves, to be free to devote their full energies to making their lives richer and happier. We shall give what help we can to make this universal human wish come true."

—President Truman

"The only deadly sin I know is cynicism".

—Henry Lewis Stimson

Problem of the Redemption of Japanese Military Notes

The matter has, of late years, rather dropped out of public discussion, but there still are many students of the problem who believe that measures should be taken to obtain compensation for the billions of pesos worth of Japanese military notes forced upon this country during the enemy occupation.

Mr. Manuel V. Gallego, former Philippine Ambassador to Indonesia, in a recent paper written by him on the subject of "Philippine Reparation Problems", treated of this matter and emphasized that the Japanese authorities officially declared, and repeatedly so, that these notes were "guaranteed by the Japanese Government". He also pointed out that the redemption of war notes by a defeated country is generally the subject-matter of special agreement between victor and vanquished or is one taken up as a matter of course in the negotiation of a peace treaty.

As to the total amount of this currency issued, Mr. Gallego expressed the opinion that—
"On the basis of available evidence, it can merely be stated that the figure for the total amount of Japanese military peso notes issued in the Philippines during the period January, 1942, to July, 1945, probably lies somewhere between the two figures of approximately 6,623,551,000 pesos and approximately 11,148,642,000 pesos."

In this connection, a section taken from a manuscript history of the Santo Tomas Internment Camp, written early in 1944 by the editor of this *Journal*, will be of interest both as to the facts and as to opinion in the Camp at that time.

"*The Japanese Military Currency.*—It was the Japanese policy not only to draw on the food resources of the country for the needs of the occupation forces and for their troops in transit, pretending to pay for these acquisitions in worthless paper, but deliberately to depress the living standards and in fact below the starvation level. Unexpected and definite Japanese confirmation of this came to hand in Santo Tomas in the form of a typewritten copy of an article, "War Notes Secure Confidence of People in Southern Asia", taken from the *Boeki Tosei-kai Kaicho* (Trade Control Association Journal), undated.

"This article was written in a self-congratulatory strain and read in part:

"In the Japanese occupied regions in the South, war notes have been in use ever since the commencement of military operations. They were issued by the Japanese Government under the Extraordinary Military Expenditure Special Account Law promulgated on September 19, 1937, and were to be disbursed within the limits of the Extraordinary Military Expenditure Fund. This law authorized the Government to raise temporary loans or issue negotiable notes where necessary for the purpose of meeting military expenditures.

"The Special War Fund Bill involving ¥ 27,000,000,000, which was submitted to the 81st session of the Imperial Diet on February 8 this year [1942], included a loan of ¥ 3,300,000,000 as one source of revenue. This loan has been secured from the Southern Development Treasury and is to finance military expenditures on the front. This loan is not a burden at home. All future war notes in the South will be handled as Southern Development Treasury notes, independent of the Extraordinary Military Expenditure Account."

"The Japanese war notes in the South, issued in and at par with, the currencies of the countries under occupation, i.e. in Straits dollars in Malai and North Borneo, in rupees in Burma, in guilders in the East Indies, in pesos in the Philippines, in Australian pounds in New Guinea. This arrangement, which is unprecedented in the history of Japanese war notes, has had an immense appeal to the native inhabitants. It is merely an expedient to avert chaos, for, obviously, these former enemy currencies are now entirely without backing as the influence of the respective enemy countries has been completely driven away from the domain of East Asia.

"There is no exchange rate between yen and war notes or among the regional war notes. This is because Japan pursues the policy of not recognizing the time being at least, free exchange of funds between Japan and the South or among the various zones in the South.

"After having served their usefulness for operational purposes, war notes are now playing a productive role as the monetary medium for the acquisition of materials and for reconstruction and development work. With the native inhabitants reposing implicit confidence in them, war notes are in satisfactory circulation everywhere. While quick digestion of war notes is hardly to be expected, as the indigenous inhabitants of the South have a low standard of living and industrial and other facilities remain in a damaged condition, there is every reason to anticipate that war notes in addition to being a medium for productive expansion, will gain increased popular confidence as a common monetary unit."

"The Japanese writer then turning to the currency measures in China, reveals a policy there which was followed with equal ruthlessness and brutality in the Philippines.

"With the expansion of the war front, the consequent mounting of military expenditures and the need for funds for economic reconstruction work in Central China, the issue of war notes swelled of necessity. To cope with this situation, yen funds in the field were put under rigid control, while at home, restric-

tions on trade and exchange transactions with Central China were strengthened. Eventually, the exclusive use of war notes was decided upon. . . . War notes quickly supplanted yen and became the sole monetary standard of Central China. The stage was reached where their value had to be maintained on a stable basis. Various measures were taken to that end. In order that commodity supplies as the economic backing of war notes might be effected, restrictions were put upon imports from Japan. In order to reduce the outflow of war notes, control over loans to Japanese entrepreneurs was strengthened. Commodity traffic was kept down to the extent of the minimum needs in the occupied areas. Remittances and travelers from Japan were put under restriction.

[This voice from the grave, as it were, makes it clear that it was the definite policy of the Japanese only to take and to give nothing in exchange!]

"In the Philippines, the military notes, as fiat currency, were accepted,—they had to be, and many people believed, moreover, that, after the expulsion of the Japanese, the American Government would provide for some sort of redemption. After the first panic incident to the invasion had passed, therefore, prices remained fairly stable and the military notes did not greatly deteriorate in value until commodities began to run short; then, as prices shot up, the military note values necessarily dropped. Around the beginning of 1944, 5 pesos in military notes were being offered for one of the outlawed old Philippine notes, and 14 pesos in military notes were being offered for one U. S. dollar.

"The introduction of the new issue of military notes has already been mentioned, and in this connection, it was announced in October that the Metropolitan Constabulary had received instructions to arrest those who refuse to accept the new notes. All military notes, including the new ones with letter P over letters AB in red, and others, are good money and should be accepted by all" (*Tribune*, October 27, 1943)."

The Japanese gloated in their newspaper accounts over what they called the "treasure ships" which came to Japan year after year with cargos of loot from the "Southern Regions". The return ships carried only men and war munitions and supplies. There was no trade, as such, and no currency exchange between Japan and the occupied countries. Even loans from Japan to Japanese entrepreneurs in the countries were restricted as were the yen expenditures of Japanese travelers.

In so far as possible, and through a grinding down of the people of the conquered countries to a point below the starvation level, the Japanese saw to it that their whole enterprise in world conquest was financed by their victims.

As purely a medium of exchange, what in the Philippines was called "Micky Mouse money" served a purpose; people who received it for goods or services and who more or less immediately got rid of it again in exchange for goods or services, did not lose anything, but those who were compelled to accumulate it in larger transactions and who had quantities of it in their possession when it became wholly worthless at the time of liberation, have plainly been defrauded. We are, of course, concerned only about necessary and legitimate transactions.

All Japanese "acquisitions", too, requisitioned and "paid for" in the military notes, were simply stolen, not so much from the individuals concerned, if they were able to use the fiat money in exchange, but from the country as a whole,—the national economy.

In any possible future redemption, one thing must be taken into consideration, and that is that baies of this paper money, in huge quantities, which had not yet been placed in circulation, were found in some Manila warehouses at the time of liberation. There is some mystery as to what happened to all this paper. If it has been saved and stored by the Government, it could perhaps serve to offset some of the many millions of pesos in these notes which were simply thrown away by the people who found themselves in possession of it in smaller quantities. Certainly, no war-time gamblers and profiteers and people who collaborated with the enemy should be allowed to profit by any future redemption. But if the Government itself gained some reparation, then the whole country would be that much better off at least.

Code of Commercial Ethics

Adopted by the Association of Credit Men, Inc. (P.I.)

IN credit relations certain ethical standards have been developed to which the National Association of Credit Men (U.S.A.) has endeavored to give formal expression in the following Code of Commercial Ethics, which has also been adopted by the Association of Credit Men, Inc. (P.I.), Manila.

OUR credit system is founded on principles the underlying elements of which are cooperation and reciprocity in interchange. When ledger and credit information is sought and given in a spirit inspiring mutual confidence, a potent factor for safety in credit-granting has been set at work.

The interchange of ledger and credit information cannot fulfill its best and most important purposes unless guarded with an equal sense of fairness and honesty by both the credit department that asks for information and the credit department that furnishes it. Recognizing that the conferring of a benefit creates an obligation, reciprocity in the interchange of credit information is an indispensable foundation principle; and a credit department seeking information should reciprocate with a statement of its own experience in the expectation of getting the information sought; and a credit department of which information is sought should respond fairly and accurately because the fundamentals of credit interchange have been observed in the manner the request was made of it.

The pledged word upon which another relies is sacred among business gentlemen. The order for a bill of goods upon which the seller relies is the pledged word of a businessman. No gentleman in business, without a reason that should be satisfactory to the seller, may cancel an order. He would not ask to be relieved of his obligation upon a note or check, and his contracts of purchase and sale should be equally binding. The technical defense that he has not bound himself in writing may avail him in the courts of law, but not of business ethics.

Terms of sale as a part of a contract touching both net and discount maturity, are for buyer and seller alike binding and mutual, unless modified by previous or concurrent mutual agreement.

No business gentleman may, in the performance of his contracts, seek small or petty advantage, or throw the burden of a mistake in judgment upon another, but must keep his word as good as his bond, and must, when entering into a contract of sale, faithfully observe the terms and thus redeem the assumed promise.

The use of credit in the processes of exchange demands utmost frankness of him who promises future value for present value received. *Our whole credit structure rests upon confidence on the part of the creditor and good faith on the part of the debtor.* This delicate structure is seriously injured if the debtor disposes of the values received or their equivalent out of the ordinary and well-established courses of business without some form of notice to those who have extended him credit.

The sale, assignment, or transfer of open accounts receivable, without some form of publicity readily accessible to those who hold the obligation of the seller, assignor, or transferrer, constitute a character of transaction perilous to the foundations of credit and is, therefore, unethical.

When in the exchange of commodities for credit there is a promise, expressed or implied, to give for immediate value received the equivalent at some ascertained time in the future, the contract should be faithfully executed. When unforeseen disabilities occur for reasons beyond the debtor's control, it is not proper for him to extend the terms arbitrarily or refuse to compensate his creditors for the accommodation. Interest determined by the legal rate of the state of contract should be allowed, for the extended time and a refusal to allow interest for the accommodation violates the sanctity of the contract, is dangerous to the credit relation, and is therefore unethical.

The foundation-principle of our credit structure—cooperation—should dominate and control whenever the financial affairs of a debtor become insolvent or involved, so that equality thereby may be assured to the creditors themselves and justice to the debtor.

The control of any lesser principle produces waste, diffusion of effort, and a sacrifice of interests, material and moral, with a separation of creditor and debtor that is offensive to the best laws of credit-practice.

Cooperation and unity save, construct, and prevent; therefore, individual action pursued regardless of other interests in such situations, whether secretly or openly expressed by either creditor or debtor, is unwise and unethical.

To punish and expose the guilty, is one thing; to help the unfortunate but innocent debtor to rise, is another; but both duties are

equally important, for both duties make for a higher moral standard of action on the part of businessmen.

In times of trouble, the unfortunate businessman has the right to appeal to his fellow businessmen for advice and assistance. Selfish interests must be subordinated in such a case, and all must cooperate to help. If the debtor's assets are to be administered, all creditors must join in cooperating. To fail in such a case, is to fall below the best standards of commercial and Association ethics.

The offer of a debtor to satisfy his debts at less than their face value, constitutes a transaction in which extreme candor and honesty must control. A composition that does not represent the utmost ability of the debtor to pay, is dishonest. Any secret arrangement whereby a creditor receives a larger sum proportionately than is received by other creditors of equal standing, is an unfair and reprehensible conspiracy.

In the entire field of credit-confidence, no transaction demands higher ethical standards, entirely devoid of unfair and dishonest practices, where the creditors should exercise the greatest diligence, than when a debtor seeks by composition to be relieved of the payment of any portion of his fairly contracted debts.

Permanent success cannot be divorced from character. Character is as indestructible as a granite boulder, against which waves of circumstances beat in vain. Character does not cringe or falter before difficulties.

Character cannot lie nor deceive under temptation. Character cannot withhold that which belongs to others, though secretiveness may not be difficult.

Character is the guarantee of justice and fairness in all personal relations.

Therefore, the debtor who does not redeem his credit to the point of exhaustion, who when embarrassed or insolvent does not give to his creditors all that is theirs, who retains for himself something which is not his, is unethical and deficient in character, the most important element of the credit-relation.

The stability of commerce and credit rests upon the honorable methods and practices of businessmen in their relations with one another, and it is improper for one creditor to obtain or seek to obtain a preference over other creditors of equal standing from the estate of an insolvent debtor, for in so doing he takes, or endeavors to take, more than his just proportion of the estate and therefore what property belongs to others.

Cooperation is unity of action, though not necessarily unity of thought. When the administration of an insolvent estate is undertaken by the creditors through friendly instrumentalities, or when, after critical investigation, creditors representing a large majority of the indebtedness advise the acceptance of a composition as representing a fair and just distribution of a debtor's assets, it is uncooperative and commercially unethical for a creditor to refuse the friendly instrument or the composition arbitrarily, and force thereby a form of administration that will be prejudicial and expensive to the interests of everyone concerned.

It is always improper for one occupying a fiduciary position to make a secret personal profit therefrom. A member of a creditor's committee, for example, may not, without freely disclosing the fact, receive any compensation for his services, for such practices lead to secret preferences and tend to destroy the confidence of businessmen in each other. "No man can serve two masters."

It is improper for a business man to participate with a lawyer in the doing of an act that would be improper and unprofessional for the lawyer to do.

It undermines the integrity of business for businessmen to support lawyers who indulge in unprofessional practices. The lawyer who will do wrong things for one businessman, injures all businessmen. He not only injures his profession, but he is a menace to the business community.

The healthy expansion of commerce and credits, with due regard to the preservation of their stability and healthfulness, demands an exact honesty in all of the methods and practices upon which they are founded. Advertising is an important feature in business building; it should represent and never misrepresent; it should win reliance and never cover deceit; it should be the true expression of the commodity or the service offered. It must be deemed, therefore, highly improper and unethical for advertisements to be so phrased or expressed as not to present real facts, and either directly or by implication to mislead or deceive. In this department, the finest sense of honesty and fairness must be upheld and the right relations of men with one another in commerce and credits clearly preserved.

The Business View

A monthly review of facts, trends, forecasts, by Manila businessmen

Office of the President of the Philippines

From an Official Source

OCTOBER 2—President Elpidio Quirino issues an executive order, amending Executive Order No. 343, fixing new ceiling prices for meat, with a maximum (for tenderloin) at ₱4 a kilo.

Oct. 3—The President issues Executive Order No. 348 establishing the Philippine Information Service, to function under the Office of the President, under a seven-man Board with the Press Secretary as ex-officio Secretary of the Board. Its function will be to inform the public at home and abroad of the policies, plans, activities, and accomplishments of the Government and also to coordinate the information and publicity services of the various departments and other government entities.

Sixteen official cars assigned to department secretaries and under-secretaries are turned over to Budget Commissioner Pio Joven to be disposed of by sale, in compliance with a recent Cabinet economy decision; in lieu of car privileges, officials will be given a transportation allowance of ₱250 a month for department secretaries and ₱200 a month for under-secretaries. It has been estimated that it costs the Government from ₱5000 to ₱7000 a year to operate and maintain such cars.

Oct. 5—The President administers their oaths of office to former Internal Revenue Collector Bibiano Meer as Under-Secretary of Commerce; to Alfredo Jacinto as Commissioner of Customs; to Saturnino David as Collector of Internal Revenue; and to Silverio Blaquera as Deputy Collector of Internal Revenue. He also inducts Secretary of Commerce Cornelio Balmaceda as Chairman of the new Price Stabilization Corporation, and also Delin Buencamino, Aurelio Montinola, Ramon del Rosario, Daniel Aguinaldo, and Juan Cojuangco as members of the PRISCO Board; Modesto Farolan, another member, took his oath earlier before Executive Secretary Teodoro Evangelista.

AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES

ESTABLISHED 1920

PURPOSES. The promotion and development of American trade, commerce, and industry in the Philippines and the Far East;

The provision of means for the convenient exchange of ideas in this promotion and development;

The cultivation of friendly relations between Americans and Filipinos and other peoples of the Far East;

The enrolment of all American citizens residing in the Philippines with a view to bringing about closer association in the achievement of the purposes set forth.

MEMBERSHIP. *Active membership* is limited to (1) commercial, industrial, and other organizations, partnerships, and corporations organized under the laws of the Philippines or of the United States of America which are controlled by American citizens, the responsibilities and privileges of this class of membership being exercised by individual representatives of the member-entities who must rank among their senior members but need not be American citizens; (2) individual Americans residing in the Philippines, other parts of the Far East, or the United States. *Associate membership* is limited to individual American citizens who may be either Residents (residing within 100 kilometers of Manila), or Non-residents (residing in the Philippines outside this radius or elsewhere in the Far East or in the United States).

OFFICERS AND DIRECTORS, 1950

Paul H. Wood, President	J. H. Carpenter, Member
J. A. Parrish, Vice-President	Roy G. Davis, Member
C. R. Leaber, Treasurer	T. M. Knight, Member
Marie Willmont, Executive Vice-President	E. E. Selph, Member
I. T. Salmo, Secretary	L. G. Wagner, Member

American business houses and individual Americans, not already members, are cordially invited to join the Chamber and to assist in the promotion of its purposes.

PAST PRESIDENTS

*H. L. Heath
*C. M. Cotterman
E. E. Elser
*R. E. Murphy
G. H. Fairchild
*P. A. Meyer
*H. M. Cavender
*S. F. Gaches
W. H. Rennolds
F. H. Stevens

*Deceased

The President issues an executive order authorizing the Chairman of the Import Control Board to act as Import Control Commissioner "in case of incapacity, absence, or inability" of the latter. This automatically makes Aurelio Periquet Commissioner vice Guillermo Gomez who recently applied for an indefinite leave of absence, which was approved.

Acting Secretary of Finance Placido L. Maza, Deputy Governor Alfonso Calalang of the Central Bank, and Mr. Jose Yulo report to the President that the International Monetary Fund has approved the ₱22,000,000 Philippine loan applied for by Central Bank Governor Miguel Cuaderno, now in Washington.

Oct. 6—The President appoints two Associate Justices of the Supreme Court.—Justice Fernando Yulo, Presiding Justice of the Court of Appeals, and Solicitor-General Felix Angelo Bautista, the two men succeeding Associate Justice Roman Ozeta, who resigned recently, and Associate Justice Luis P. Torres, retired. Executive Secretary Evangelista was named Vice-Chairman of the Board of the Philippine Information Service. Federico Mangahas, private secretary to the President, was named Acting Director; Antonio L. Arizabal, Press Secretary, was named Secretary of the Board, and Modesto Farolan and Manuel Guencamo, were named members.

Felipe Buencamino, Jr., Managing Director of the Rice and Corn Production Administration, has reported to the President that 8000 hectares of virgin lands in Mindanao and other areas have been cleared and planted to rice and other crops, and are being subdivided for distribution to settlers early next year (5000 hectares in Ala Valley, Cotabato, more than 2000 in Bukidnon, and more than 500 in Palawan). "About ₱11,000,000 has been invested in this project. . . . That money has not been spent; it was invested," stated Mr. Buencamino, who followed the report with a letter of resignation as the work entrusted to him "has already been accomplished".

Senator Eulogio Rodriguez, Sr., President of the Nacionalista Party, formally accepts President Quirino's offer to make him Vice-Chairman and Treasurer of the Peace Fund Commission.

Oct. 7—The Central Bank releases to the Government the International Monetary Fund loan which is to be used in meeting the back salary payment of thousands of school teachers, although the amount will not meet the present obligation in full. The loan is non-interest bearing and payable in 5 years.

The President receives a group of Philippine business men and representatives of the various chambers of commerce to hear their complaints against the Import Control Office and their suggestions as to improving the control system. In a written memorandum, the group asks for a complete reorganization of the personnel and proposes a number of remedies which could be applied immediately pending more fundamental action which will require further legislation. The memorandum is published elsewhere in this issue of the *Journal*.

Oct. 9—The President accepts the resignation of Secretary of Labor Primitivo Lovina.

The President makes a surprise visit at the Import Control Office and "found the place packed with an unruly crowd". Reaching the private office of Commissioner Periquet, he said: "Say, this is already a riot!" Later, he orders that admittance must be by proper appointment and that the "first-come, first-served" system must be followed. "There will be no favoritism and no preference shall be given any applicant, be he a high government official or a common man".

Oct. 10—The President instructs Acting Secretary of Foreign Affairs Felino Neri to instruct Ambassador Joaquin M. Elizalde to furnish the Senate "Blue Ribbon Committee" with a copy of the much-discussed letter written many months ago by General Ernest Burt in connection with the Buenavista and Tambobong estate sale.

The President announces that he has designated Under-Secretary of Labor Jose Figueras as Acting Secretary of Labor.

Oct. 11—In connection with the projected meeting of President Truman and General MacArthur somewhere in the Pacific, President Quirino, in a message sent to the White House, reiterates the invitation he extended to President Truman last summer to visit the Philippines.

Oct. 12—The President receives a message from Secretary of Foreign Affairs Carlos P. Romulo stating that he was unanimously elected Chairman of the United Nations Korean Interim Commission.

Oct. 13—On recommendation of Secretary of Commerce Cornelio Balmaceda, the Cabinet raises the quantity of sugar to be set aside for local consumption from 200,000 to 225,000 short tons, and the Secretary, as Chairman of the Price Control Administration, is instructed to fix the price at ₱15 a picul as against the present price of ₱17.20.

Oct. 19—Malacañan announces the appointment of Vicente de la Cruz, former governor of Leyte and former Chairman of the Shipping Administration, as Commissioner of Immigration.

Oct. 20—The President inducts a number of recently appointed officials into office, including Alejo Labrador as Presiding Justice of the Court of Appeals and Faustino Sy-Changco as acting Import Control Commissioner in the absence of Commissioner Guillermo Gomez who is on leave. Aurelio Periquet, who has been acting as Commissioner, will remain as the Chairman of the Import Control Board.

At formal ceremonies at Diliman, the President receives the turn-over of a number of University of the Philippines buildings being erected at the cost of ₱10,000,000, the largest single award made by the U. S. War Damage Commission; the buildings are the liberal arts, ₱3,120,000; main library, ₱2,400,000; engineering, ₱1,451,000; administration, ₱670,000; women's residence, ₱655,000; and men's residence, ₱250,000.

The Cabinet decides to offer the following government corporations and other assets for sale: Insular Refining Corporation (Mandaluyong), National Development Company Textile Mills (Pareza, Manila); NDC can-making plant; plywood factory (Davao) of the National Abaca and Other Fibers Corporation; former Japanese abaca and coconut plantations in Davao under the management of the NAFCO; urban and residential properties of former enemy aliens; stocks and bonds of private corporations held by the NDC; reparations and war assets; lands cleared by the Rice and Corn Production Administration; and lots belonging to the People's Homesite Corporation.

The Government will continue to operate the following enterprises: Cebu Portland Cement Company; Government Service Insurance System; Manila Railroad Corporation; Manila Water District; National Development Company National Paper and Pulp Mill; National Power Corporation; and Philippine Charity Sweepstakes.

The following are for lease: Manila Hotel, Engineer Island, Malabago Coal Mine, National Shipyard, Subangco belonging to the National Foods Corporation, and warehouses of the Government.

The following are to be reorganized or fused: National Airports Corporation to be fused with Civil Aeronautics Administration; National Abaca and Other Fibers Corporation, National Tobacco Corporation, and National Coconut Corporation to be fused into the Agricultural Processing Corporation; National Rice and Corn Corporation and the Philippine Relief and Trade Rehabilitation Administration (PRATRA) to be fused under the Price Stabilization Corporation; the National Cooperatives to be placed under the Department of Commerce; People's Homesite Corporation to be fused with the Rural Progress Administration, and National Land Settlement Administration to be reorganized.

The following are to be liquidated: AMEC (Caledonia File) and the National Footwear Corporation.

The following is now closed: Philippine Shipping Administration.

The following have already been sold: NDC Nail Plant, NDC Lumber and Sawmill Project, and the Sabani Estate.

Oct. 21—The President receives from the U. S. Philippine War Damage Corporation in a formal turn-over the rehabilitated Legislative Building, the Department of Finance Building, and the Department of Agriculture and Natural Resources Building. The President discloses that the ₱25,000,000 allotted for construction on the new capital site was diverted to the more practical reconstruction of the three buildings, at a cost of ₱10,000,000, with ₱13,000,000 being used for the construction of barrio schools, while the remainder of ₱2,000,000 will be used for the prosecution of plans for the development of the new capital city.

The President issues a statement on the death of former Governor-General Henry L. Stimson, saying that his administration was characterized by constructive measures and that the "Filipino people will long remember his name with gratitude".

Oct. 22—The President issues Proclamation No. 210 suspending the "privilege of the writ of habeas corpus for persons detained or who may be hereafter detained for the crimes of sedition, insurrection and rebellion for the purpose of overthrowing the duly constituted authorities and, in pursuance thereof, have created a state of lawlessness and disorder affecting public safety and the security of the state".

Oct. 23—The President issues an executive order creating the National Shipyards and Steel Corporation and dissolving the shipyard and heavy industries department, the repair tools department, the steel mill project, and the Engineer Island shops of the National Development Company.

He issues another executive order creating the Land Settlement and Development Corporation and dissolving the National Land Settlement Administration, the Rice and Corn Production Administration, and the machinery and equipment department of the National Development Company.

Oct. 26—The President tells a delegation of moving picture producers, actors, and studio workers that the Government will extend all possible assistance to the industry which has been hard hit by the import control. The President was told that the industry needs some \$375,000 worth of raw film a year and that the present stock will last only until December. Shutting down would effect 10,000 workers and deprive the Government of ₱3,000,000 in taxes, it was said.

In the evening the President calls on Ambassador Myron M. Cowley who is suffering from an eye-trouble and will leave for the United States within a few days to undergo a surgical operation. They discussed a number of government matters and—

"in the course of the conversation, the President took the opportunity to express his regret over the release under the letterhead of the Office of the President of a statement by a Philippine commentator in answer to recent attacks appearing in the United States Press. The President said that the Government of the Philippines has not authorized publication of the statement of the alleged commentator, much less its release as a Malacañan statement. Steps are being taken to take disciplinary action against the party responsible for this release".

Oct. 27—The President on behalf of the Philippine Government receives a check for ₱1,000,000 from Administrator James M. Henderson of the U.S. Philippine Alien Property Administration, the second

**FOREIGN TRADE OF THE PHILIPPINES BY NATIONALITY OF TRADERS:
FIRST HALF OF 1950**

By the Bureau of the Census and Statistics

Nationality	Total Trade	Imports	Exports Domestic and re-exports	Domestic Exports	Re-exports
Total	₱661,039,460	₱379,487,074	₱281,552,386	₱275,665,214	₱ 5,887,172
American.....	261,914,608	118,218,116	143,696,492	140,886,386	2,810,106
Chinese.....	164,179,012	126,352,860	37,826,152	37,465,743	360,409
Filipino.....	145,605,989	96,744,484	48,861,505	46,635,532	2,225,973
British.....	42,953,224	25,243,148	17,710,076	17,707,185	2,891
Spanish.....	28,111,250	2,256,492	25,854,758	25,848,978	5,780
Swiss.....	7,157,806	7,064,972	92,834	92,664	170
Danish.....	6,555,394	620,600	5,934,794	5,934,794	—
Indian (Hindu).....	1,957,232	1,954,952	2,280	—	2,280
French.....	1,058,495	126,344	932,151	576,507	355,644
German.....	524,265	13,186	511,079	511,079	—
Syrian.....	418,334	417,514	820	820	—
Swedish.....	240,870	240,870	—	—	—
Indonesian.....	83,226	242	82,984	—	82,984
Dutch.....	58,648	17,802	40,846	2,326	38,520
Cuban.....	37,192	37,192	—	—	—
Australian.....	36,152	36,152	—	—	—
Paraguayan.....	36,144	36,144	—	—	—
Norwegian.....	35,948	35,948	—	—	—
Argentinian.....	24,220	24,220	—	—	—
Hungarian.....	11,192	11,020	—	—	172
Jewish.....	10,250	6,900	3,350	3,200	150
Irish (Free).....	7,064	7,064	—	—	—
Czech.....	4,720	4,720	—	—	—
Belgian.....	4,514	4,514	—	—	—
Ecuadorian.....	3,068	3,068	—	—	—
Italian.....	1,754	1,754	—	—	—
Austrian.....	1,112	1,112	—	—	—
Polish.....	364	364	—	—	—
Bolivian.....	344	344	—	—	—
Greek.....	270	270	—	—	—
Portuguese.....	74	74	—	—	—
Thai (Siamese).....	70	70	—	—	—
Korean.....	42	42	—	—	—
Russian.....	8	8	—	—	—
Other.....	6,605	4,512	2,093	—	2,093

**FOREIGN TRADE OF THE PHILIPPINES BY NATIONALITY OF TRADERS:
FIRST HALF OF 1949**

Total	₱896,222,875	₱623,335,508	₱272,887,367	₱264,371,355	₱ 8,516,012
American.....	308,312,471	183,218,330	125,094,141	122,274,789	2,819,352
Chinese.....	258,951,724	226,494,534	32,457,190	31,294,442	1,162,748
Filipino.....	211,738,543	155,355,654	56,382,889	54,084,947	2,297,942
British.....	51,219,588	30,501,372	20,718,216	20,680,568	37,648
Spanish.....	30,865,264	2,903,056	27,962,208	27,932,813	29,395
Swiss.....	12,907,446	12,785,076	122,370	59,735	62,635
Indian (Hindu).....	10,290,490	8,749,112	1,541,378	1,616	1,539,762
Danish.....	6,423,409	1,032,500	5,390,909	5,390,309	600
French.....	2,621,365	295,694	2,325,671	2,043,413	282,258
German.....	606,121	65,458	540,663	538,623	2,040
Syrian.....	440,700	440,700	—	—	—
Armenian.....	378,566	376,508	2,058	2,058	—
Dutch.....	362,594	139,926	222,668	366	222,302
Belgian.....	172,182	172,182	—	—	—
Swedish.....	136,462	136,162	300	—	300
Norwegian.....	122,216	122,216	—	—	—
Hungarian.....	88,760	88,760	—	—	—
Argentinian.....	78,931	78,756	175	—	175
Turkish.....	73,280	73,280	—	—	—
Portuguese.....	67,090	—	67,090	67,090	—
Polish.....	66,158	66,158	—	—	—
Austrian.....	55,600	55,600	—	—	—
Indonesian.....	43,479	3,814	39,665	—	39,665
Jewish.....	35,886	35,886	—	—	—
Panamen.....	32,229	32,124	105	—	105
Czech.....	28,308	28,308	—	—	—
Hondurian.....	21,448	21,448	—	—	—
Bulgarian.....	19,832	19,832	—	—	—
Irish (Free).....	10,642	10,642	—	—	—
Italian.....	8,624	8,038	586	586	—
Greek.....	7,638	7,638	—	—	—
Cuban.....	3,884	3,884	—	—	—
Lithuanian.....	1,250	1,250	—	—	—
Jugoslavian.....	708	708	—	—	—
Paraguayan.....	706	706	—	—	—
Salvadorian.....	274	274	—	—	—
Thai (Siamese).....	170	170	—	—	—
Russian.....	104	104	—	—	—
Rumanian.....	92	92	—	—	—
Other.....	28,641	9,556	19,085	—	19,085

such ₱1,000,000 cash transfer representing a part of the proceeds of formerly Japanese assets in the country.

The President administers the oaths of office to the Board of Directors of the National Shipyards and Steel Mill Corporation (NASSCO),—Amado N. Bautista, Chairman, and Filomen C. Rodriguez, Hermenegildo B. Reyes, Gregorio Zara, Felix Padilla, and Sergio Osmeña, Jr., members. Gonzalo Abaya, another member, is abroad. He also administers the oath of office to the directors of the Land Settlement and Development Corporation (LASEDECO),—Marcelo Addura, Luis Lichauco, and Yay Marking; Eduardo Cojuangco, Chairman, Juan Ledesma, and Eugenio Baltao, members, will take their oaths later.

The President issues Executive Order No. 357 authorizing producers, importers, wholesalers, and retailers of commodities sold at fixed prices under the price control regulations to add the 2% increase in the sales tax to the prices.

The Cabinet adopts the recommendation of Secretary of Economic Coordination Araneta to limit the sale or lease of government corporation to Filipinos and Americans and corporations 60% of whose capital is owned by Filipino or American citizens. Bidders will be required to deposit 10% of their bids and pay another 15% of the bid if it is accepted, the balance being payable during a period not exceeding 5 years.

The Cabinet authorizes Secretary of Finance Placido Mapa and Acting Secretary of Foreign Affairs Neri to frame regulations reducing the number of government offices presently authorized to conduct the searching of passengers at the piers and airports from 11 to 3,—probably the Bureau of Customs, the Central Bank, and the G-2 of the Armed Forces.

Secretary of Justice Jose P. Bengzon and Secretary of National Defense Ramon Magsaysay inform the President at a Cabinet meeting that their departments have issued a joint circular requiring that the military should first consult the provincial or city fiscal before making an arrest under the terms of the executive order lifting the right of habeas corpus and that they must also report all such arrests within 24 hours to the Secretary of National Defense.

Malacanan announces that Federico Mangahas, private secretary to the President and Acting Director of the Philippine Information Council, has been relieved of the latter position.

Oct. 29—With the President as the principal speaker, the nationwide peace fund campaign to be held in connection with the movement to organize local *barangays*, is officially opened at the Rizal Memorial Stadium.

Banking and Finance

By C. R. HUTCHISON

Manager, Port Area Branch, National City Bank of New York

COMPARATIVE Statement of Condition of the Central Bank:

ASSETS	As of	As of	As of	As of
	Dec. 31	July 31	Aug. 31	Sept. 30
	In thousands of Pesos			
International Reserve.....	₱460,689	₱439,328	₱446,758	₱491,176
Contribution to International Monetary Fund.....	30,000	30,000	30,000	30,000
Account to Secure Coinage.....	113,306	113,306	113,306	113,306
Loans and Advances.....	77,047	68,624	53,168	66,253
Domestic Securities.....	92,197	132,337	137,250	148,851
Trust Account — Securities Stabilization Fund.....	—	6,848	6,848	6,848
Other Assets.....	20,390	27,707	29,885	31,395
	<u>₱793,629</u>	<u>₱818,150</u>	<u>₱817,215</u>	<u>₱887,829</u>
LIABILITIES				
Currency—Notes.....	₱555,576	₱545,125	₱556,911	₱569,764
Coins.....	74,384	81,929	82,557	83,221
Demand Deposits—Pesos	117,682	140,122	125,234	180,141
Stabilization Fund.....	2,000	6,848	6,848	6,848
Due to International Monetary Fund.....	22,498	22,498	22,498	22,498
Due to International Bank for Reconstruction and Development.....	2,389	2,388	2,388	2,388
Other Liabilities.....	2,636	2,749	3,590	5,111
Capital.....	10,000	10,000	10,000	10,000
Undivided Profits.....	6,464	4,875	5,573	6,242
Surplus.....	—	1,616	1,616	1,616
	<u>₱793,629</u>	<u>₱818,150</u>	<u>₱817,215</u>	<u>₱887,829</u>
CONTINGENT ACCOUNT Forward Exchange Sold.....	₱ 6,460	—	—	—

The International Reserve continued to increase substantially in September and registered a gain of ₱43,418M over the August month-end balance. A further increase of ₱55,968M was registered the first two weeks of the month and the balance of the International Reserve as of October 14 stood at ₱547,144M, the highest since September 30, 1949.

Comparative figures since June, 1949, together with net foreign exchange holdings of other Philippine banks in millions of dollars follow:

	Int'l Reserve Central Bank	Net FX Holdings Other Banks	Total
June 30, 1949.....	320MM	20MM	340MM
September 30, 1949.....	279	29	314
December 31, 1949.....	231	35	260
March 31, 1950.....	221	33	254
June 30, 1950.....	221	43	264
September 14, 1950.....	234	46	280
October 14, 1950.....	274	53	327

Further advances to the Philippine Government increased "Loans and Advances" by ₱13MM. "Domestic Securities" increased ₱11MM, representing loans to government entities. "Demand deposits" increased by ₱54,907M due to larger balances for account of local banks. Currency notes in circulation increased by a further ₱12,853M during September to ₱569,764M, the highest since November, 1949.

Money continues easy and this has tended to cause speculation. The stock market has moved up sharply, and prices of commodities, particularly in scarce imports, have continued to rise. The price of open market gold bullion rose from ₱124 per ounce in the first week of October to as high as ₱135 on October 13, but has eased off to a present market of about ₱129.

A new commercial bank, the Equitable Banking Corporation, opened for business on September 27. It has an authorized capital stock of ₱5,000,000 of which about ₱2,000,000 has been paid in by Filipino and Chinese businessmen. This is the fourteenth bank in the city and offers a complete commercial banking service.

Manila Stock Exchange

By ROY EWING

Swan, Culbertson & Fritz, Inc.

October 1 to 31, 1950

BETWEEN October 1 and 16, the market continued active and strong as the improved international situation, fear of devaluation of the peso, and favorable earnings and development reports attracted buyers. The market strength, together with an equally rapid rise in the price of gold and the unofficial rate of the U. S. dollar, prompted Central Bank officials to issue, on October 16, a strong statement against the possibility of devaluation. They pointed out that:

"1. Exports are expanding as both the volume of shipments and prices of export commodities have been increasing.

"2. The international reserve has been increasing rapidly to a new post-exchange-control high of \$327,300,000 as of October 13, or a gain of about \$77,000,000 compared with the dollar position a day before the imposition of exchange control on December 8, 1949."

Following this, the market lost ground for a few days but heavy fresh buying again appeared and another sharp rise resulted, sending the Mining Share Average to 126.83 on October 23, a post-war high and practically double the low recorded only three and a half months ago.

For the week October 23 to 28, prices just about held their own. On Monday, October 30, the market broke 7.43 points following the publication of the Bell Mission Report on Sunday. The fact that the Report in no way

indicated devaluation, in fact quite the contrary, accounted for this, as well as the implication of higher taxes to be expected. The closing session of the month saw a weak opening but a late rally to recover part of the previous day's loss. At present writing, it appears likely that the market will retreat to somewhat lower levels in order to appraise the Bell Report and its probable effect on the economy.

A feature of the market for the month was the interest in the non-producing companies, many of which recorded substantial gains. This was attributed to the second War Damage payments collected and the hope that financial assistance to rehabilitate with be forthcoming from the Government.

As a group the sugar shares were quieter than in previous months, reflecting the lower prices in the commodity in other markets as the war scare subsided.

MINING SHARES

1949-50 High	Range Low		High	Low	Close	Change	Total Sales
126.83	60.32	M.S.E. Mining Share	126.83	103.60	119.17	Up 16.96	24,102,420
0.375	0.09	Acje Mining Company	0.26	0.13	0.21	—	2,072,000
0.024	0.011	Antamok Goldfields Mining Co.	0.03	0.015	0.03	—	1,272,756
0.68	0.26	Atok-Big Wedge Mining Co.	0.47	0.395	0.42	Up 0.04	1,128,500
0.0725	0.04	Baguio Gold Mining Co.	0.0725	0.06	0.07	—	226,000
3.75	2.00	Balatoc Mining Company	2.40	2.25	2.40	Up 0.20	12,400
0.0852	0.0025	Batong Buhay Gold Mine	0.005	0.003	0.005	Up 0.002	1,500,900
5.30	2.50	Benguet Cons. Mining Co.	4.50	4.10	4.25	Up 0.45	75,425
0.05	0.012	Coco Grove, Inc.	0.03	0.02	0.03	—	597,858
0.014	0.0078	Consolidated Mines, Inc.	0.013	0.0105	0.0125b	Up .0025	9,544,250
0.115	0.038	Itoyan Mining Company	0.095	0.075	0.095	—	327,500
0.08	0.025	I.X.L. Mining Company	0.046	0.042	0.046	—	30,000
0.98	0.17	Lepanto Consolidated Mining Co.	0.90	0.73	0.84	Up 0.13	1,829,532
0.035	0.016	Mandaya Mining Co.	0.035	0.023	0.035	—	830,000
0.71	0.31	Mindanao Mother Lode	0.71	0.59	0.65	Up 0.06	1,051,500
0.22	0.025	Misamis Chromite, Inc.	0.05	0.025	0.0446	—	170,000
0.08	0.03	Paracale Gum a u s Cons.	—	—	0.07b	—	—
0.22	0.105	San Mauricio Mining Co.	0.18	0.165	0.18b	—	60,000
0.345	0.12	Surigao Cons. Mining Co.	0.345	0.26	0.32	Up 0.05	183,500
0.043	0.01	Suyoc Mining Company	0.015	0.015	0.01b	—	66,822
0.11	0.04	United Paracale Mining Co.	0.07	0.06	0.07	—	95,000

COMMERCIAL SHARES

93.00	59.00	Bank of the Philippine Islands	93.00	89.00	0.90b	—	75
82.00	51.00	Central Azucarera de Beis	81.00	78.00	0.75b	—	200
200.00	111.00	Central Azucarera de Carleta	180.00	178.00	174.00	—	190
38.00	20.00	Central Azucarera de Tarlac	38.00	35.00	35.00b	—	598
200.00	185.00	China Banking Corp.	—	—	220.00b	—	—
27.00	23.50	Filipinas Cia. de Seguros	27.00	27.00	26.50b	—	1,600*
4.00	2.00	Manila Wine Merchants	2.80	2.80	2.80b	—	—
0.82	0.30	Pampanga Biscuit Company	0.38	0.35	0.35b	—	6,421
0.165	0.04	Philippine Oil Development	0.07	0.06	0.065b	—	322,566
1.30	1.00	Philippine Racing Club	1.34	1.30	—	—	74,099
38.00	24.50	San Miguel Brewery—Com.	37.00	34.00	35.00	Up 2.00	21,178
100.00	95.00	San Miguel Brewery—7% Pfd.	97.00	95.00	95.00b	—	70
104.00	100.00	San Miguel Brewery—8% Pfd.	102.00	101.00	101.00b	—	233

*Ex-Dividend.

Over-the-Counter

	High	Low	Close	Total Sales
Niagar Gold Mining	0.11	0.08	0.11	132,750
Philippine American Drug—Com.	135.00	125.00	135.00	20
Victorias Milling Co.	235.00	230.00	230.00	652

Credit

By C. W. MULLENBURG

Manager, Credit and Collection Department
International Harvester Company
of Philippines

WHILE a sales tax is, as the word implies, a tax imposed by government on the seller, the seller invariably either directly or indirectly passes this tax on to the buyer. Some firms quote a total price for a specified commodity, which price includes the sales tax, while others specify a price and add "plus tax".

The new sales tax which went into effect on September 22, 1950, has not only increased the cost of merchandise to the buyers by 2% but has also affected credit and terms.

Firms which sell on the installment plan generally required that the tax be paid with the down payment. The new tax therefore increases down payments by 2% on all time-sales.

This, then, has the effect of increasing the buyer's equity in equipment purchased, which reduces to a certain extent the possibility of future repossession by the seller. This situation will remain advantageous from a credit viewpoint unless basic down payments are reduced to compensate the buyer for this additional burden. This latter contingency is not contemplated by the majority of firms making installment sales at this time, and no doubt will not be considered until supply becomes more nearly in balance with demand.

Real Estate

By ANTONIO VARIAS

Vice-President, C. M. Hoskins & Co., Inc., Realtors

REAL estate sales in the Greater Manila Area registered during the month of October numbered 593, with a total value of ₱7,097,041, of which 238, with a total value of ₱4,859,314, represented deals within Manila proper, and 355 sales, with a total value of ₱2,237,727 were in the suburbs.

A number of the larger properties which changed hands during the month in the City of Manila, were:

A large tract of land with a total area of 80,001.3 square meters in Punta, Sta. Ana, sold by Cesar Ledesma to the Marcelo Steel Corporation for ₱380,000;

A two-story building, known as the "Priscila Building No. 2", with a lot of 741 square meters, sold by Priscila Estate, Inc., to Oliva Reyes de Arenal for ₱250,000;

A property with a lot of 419.7 square meters in Villalobos Street, Quiapo, sold by Paz Nabong, et al., to Guillermo Pische for ₱200,000; A property with a lot of 2,863.3 square meters at M. H. del Pilar Street, Malate, sold by Salim Jacob Assid to the United Realty Corporation for ₱175,000;

A large tract of land with a total area of 161,194 square meters in Sampaloc, sold by Teresa Tuason to Sta. Mesa Realty Company for ₱170,000;

A two-story building with a lot of 749.4 square meters at Juan Luna Street, San Nicolas, sold by Pablo M. Sarangaya to Philippine Remnants Co. Inc., for ₱140,000;

A property with a lot of 453.7 square meters at Ilang-Ilang Street, San Nicolas, sold by Jose T. Tan to Manuel Ramos Sia for ₱125,000; and

A two-story damaged concrete mansion at 150-160 Vito Cruz Street, Malate, on a lot with an area of 3,398.8 square meters sold by Miguel Perez Rubio to Lourdes Lukban for ₱117,000.

Real estate mortgages placed in the Greater Manila area during the month numbered 335, with a total value of ₱7,719,230, of which 151, with a total value of ₱5,770,100, are in Manila proper, and 184, with a total value of ₱1,949,130 are in the suburbs.

Monthly figures of sales and mortgages, as compiled from reports of the offices of the Register of Deeds of Manila and suburbs, are:

REAL ESTATE SALES
(January to October, 1950)

Month, 1950	Manila		Suburbs		Combined	
	No.	Value	No.	Value	No.	Value
January	267	P4,486,846	474	P3,554,460	741	P8,041,306
February	240	3,002,289	404	3,703,126	644	6,705,415
March	239	2,660,652	455	3,564,544	694	6,225,196
April	146	1,757,506	351	3,176,939	497	4,934,445
May	225	5,715,108	413	2,567,044	638	8,282,152
June	196	3,508,000	405	2,180,895	601	5,688,895
July	180	2,995,048	365	3,063,272	545	6,058,320
August	169	3,741,735	395	2,912,418	564	6,654,153
September	164	4,585,616	406	3,174,828	570	7,760,444
October	238	4,859,314	355	2,237,277	593	7,097,041
Cumulative	2084	P37,312,158	4023	P30,135,653	6107	P67,447,811
Monthly Average	208	3,731,216	402	3,013,565	611	6,741,781

REAL ESTATE MORTGAGES

Month, 1950	Manila		Suburbs		Combined	
	No.	Value	No.	Value	No.	Value
January	139	P3,054,080	216	P2,837,526	355	P5,891,606
February	191	3,427,844	223	3,141,507	414	6,569,351
March	181	5,132,908	232	2,946,995	413	8,079,903
April	131	3,928,477	202	2,388,683	333	6,317,160
May	171	4,086,336	245	2,763,435	416	6,849,771
June	164	3,197,908	199	2,568,183	363	5,766,143
July	137	4,894,736	182	2,306,606	319	7,201,342
August	111	2,286,501	191	4,127,315	302	6,413,816
September	145	6,262,127	201	3,018,234	346	9,280,361
October	151	5,770,100	184	1,179,130	335	7,719,230
Cumulative	1521	42,041,149	2075	28,046,714	3596	70,087,863
Monthly Average	152	4,204,115	207	2,804,671	360	7,008,786

Electric Power Production

(Manila Electric Company System)

J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

Month	1950		1949	
	Kilowatt Hours	Value	Kilowatt Hours	Value
January	37,661,000	33,745,000	37,661,000	33,745,000
February	33,828,000	31,110,000	33,828,000	31,110,000
March	38,107,000	34,776,000	38,107,000	34,776,000
April	35,378,000	33,048,000	35,378,000	33,048,000
May	37,611,000	34,453,000	37,611,000	34,453,000
June	37,529,000	34,486,000	37,529,000	34,486,000
July	38,774,000	35,726,000	38,774,000	35,726,000
August	39,872,000	35,394,000	39,872,000	35,394,000
September	38,791,000*	35,763,000	38,791,000*	35,763,000
October	40,815,000**	37,461,000	40,815,000**	37,461,000
November		35,856,000		35,856,000
December		38,673,000		38,673,000
Total	420,491,000		420,491,000	

* Revised
** Partially Estimated

ELECTRIC output in October for the first time exceeded the 40,000,000 k.w.h. mark by a big margin. There was an increase of 3,354,000 k.w.h. or 8.9% over October, 1949. Some of this increase is due to greater industrial use, but it is chiefly due to a continued steady increase in residential customers.

Formal dedication of the 50,000 k.w. Rockwell Steam Station, now in full operation, was scheduled for November 10.

Port of Manila

By R. L. MOORE

Treasurer, Luzon Brokerage Company

FROM our rather unenviable vantage point here on the waterfront we must report that the months of September and October struck a very low level in imports for the Philippines. For example, in the month of September, 1949, imports were 121,254 tons pier delivery and 27,908 tons shipside delivery. In the same month this year, imports were 48,134 tons pier delivery and 18,213 tons shipside delivery, a decrease of 56%. There have been days when there was not a single ship in the harbor and many days when there were only one or two. It is truly the quietest period ever observed on the waterfront.

Our customers, as we are, are very hopeful of developments arising from the survey of the Bell Mission. This fact, together with the approaching holidays, makes us believe that the pendulum will shortly swing back the other way. There are already indications that beginning

with the month of November, imports will be on the increase. Documents are beginning to come in and advice from our customers that quotas have been granted.

It is now established that the Delgado Brothers were awarded the Port Terminal contract to become effective January 1, 1951. The firm expressed its intent to establish a new order whereby payment of wages will be made directly to the dock workers and pier laborers in lieu of the system that now exists known as the "Cabo System". This is a very ambitious undertaking, the results of which cannot as yet be foretold.

The seams appear to be bursting on the import restrictions and it is the general belief among our customers that shortly, at least the non-controlled items of import will be delegated to the commercial banks to handle for the Central Bank, removing these items from the Import Control Office. We certainly hope this will become a fact.

The many new steps that must now be taken in processing documents through the labyrinths of the Import Control Office and Customs sections, place a very real burden on the various brokers engaged in this business, —so much so that the Customs Brokers Association is studying an entirely new price structure on this operation as it is altogether impossible to carry out all the present requirements at other than a loss.

Ocean Shipping and Exports

By F. M. GISPERT

Secretary, Associated Steamship Lines

TOTAL exports for the month of September of this year showed a small increase over exports during September of last year.

94 vessels lifted 259,122 tons of exports during the month, as compared to 249,118 tons, lifted by 99 vessels, during the same month last year.

Commodities which have registered a sharp increase over last year's figures for the same month, are: junk metals from 1,690 to 6,885 tons; lumber from 3,714,730 to 11,460,688 bft.; iron ores from 45,628 to 65,229 tons.

Exports for September, 1950, as compared with exports during September, 1949, were as follows:

	1950	1949
Alcohol	10 tons	29 tons
Beer	25 "	50 "
Buntal fiber	17 "	—
Coal	990 "	—
Coconut, desiccated	14,863 "	14,561 "
Coconut oil	10,666 "	7,535 "
Concentrates, gold	442 "	487 "
Copra	76,774 "	81,084 "
Copra cake/meal	5,233 "	6,722 "
Embroideries	285 "	213 "
Empty cylinders	343 "	369 "
Furniture, rattan	1,039 "	936 "
Glycerine	181 "	—
Gums, copal	164 "	74 "
Hemp	56,305 bales	67,276 bales
Household goods	667 tons	776 tons
Junk, metal	6,885 "	1,690 "
Logs	4,635,155 bft.	3,667,222 bft.
Lumber	11,460,688 "	3,714,730 "
Molasses	1,787 tons	5,949 tons
Plywood	57 "	154 "
Ores, chrome	12,432 "	22,352 "
" lead	47 "	—
" iron	65,229 "	45,628 "
Pineapples, canned	4,939 "	8,375 "
Rattan, palasan	231 "	268 "
Rope	509 "	191 "
Rubber	52 "	108 "
Shells	72 "	26 "
Skins	223 "	—
Sugar	12,530 "	17,847 "
Tobacco	1,112 "	514 "
Vegetable oil products	54 "	120 "
Transit cargo	495 "	537 "
General merchandise	172 "	5,964 "

Mines

By NESTOR N. LIM

Secretary, Chamber of Mines of the Philippines

THE demand for base metal ores from the Philippines for export principally to Japan has increased in the months of August and September and production can not meet the orders. High grade iron ore and manganese, and copper ore and concentrates are the most needed. Of chromite ore, only a small tonnage was exported to Japan.

The new local buyers of these base metal ores are mostly trading companies because the producing mining companies have their own contracts with Japan. Small independent producers of base metal ores sell to the big producing companies which have contracts in Japan, and their small production could not fill the contracts of the new exporters.

Another difficulty is being encountered by the exporters who have contracts direct with Japanese firms and not with SCAP. Analysis of the ore samples in Japan show results consistently lower than the analyses of the exporters. The difference runs to from 3 to 5%, while the moisture content of the ore is also reported to be much higher in the Japanese analyses than the analyses made in the Philippines. Although the prices paid in Japan have been slightly higher than the prices offered in the United States, with this variation in the analyses, it is said that the exporters would prefer the American market.

At present the Philippines is shipping to Japan lower grade manganese ore, from 40 to 45% mn; high grade iron ore, from 57% and up in Fe; and a small amount of chromite mostly for experimental purposes. There have been no copper ore and concentrate shipments to Japan, although there have been many tempting offers for the Lepanto Consolidated Mining Company's copper concentrate. However,

according to Mr. E. A. Perkins, President of Lepanto Consolidated Mining Company, the company is satisfied with its contract with the Tacoma Smelter, in the United States. Japanese firms, it is stated, are eager to buy copper ores and concentrates for use in their newly rehabilitated industries.

REFINED gold has been in strong demand in the open market in Manila for the month of October, with prices quoted at from P123 to P135 per ounce. However, sales were made only at P123.65 per ounce on October 6; P127 on October 9; P125 on October 11 (unrefined); P128 for refined on October 11, 12, and 25; P128.50 on October 25; and P130 on October 30.

Month	Lepanto Consolidated Mining Company			Estimated Total Value
	Tonnage	Or.	Gold Lbs. Silver	
July	24,950	3,181.1	1,858,080	P 895,685
August	31,011	3,964.9	2,387,710	1,073,450
September	27,287	2,890.4	2,065,090	1,115,980
October	29,090	3,021.8	2,215,095	1,131,070

Month	Consolidated Mines, Inc. (Operated by the Bequest Consolidated Mining Company)		Estimated Total Value
	Tonnage	Or.	
July	12,355		P 247,100
August	22,022		440,440
September	17,110		342,000
October	29,800		416,000

Month	Philippines Iron Mines, Inc.		Estimated Total Value
	Tonnage	Or.	
July	29,833		P 372,916
August	32,934		411,678
September	15,372		88,546

Month	Misamis Chromite Company, Inc.		Estimated Total Value
	Tonnage	Or.	
July	1,597		P 71,865
August	1,551		69,795

Month	Samar Mining Company, Inc.		Estimated Total Value
	Tonnage	Or.	
July	18,359		P 238,667
August	34,879		453,427

Mineral	Luzon Stevedoring Company, Inc. (Mining Department)		Estimated Value c.i.f.
	Monthly Production	Total Shipment	
Chromite (met)	500 tons	6,881 tons	P381,852.00
Manganese Bohol	1,200 "	12,000 "	800,000.00
Manganese Busuanga	500 "	5,000 "	450,000.00
Galena Lobo	50 "	558 "	268,000.00
Leyte Rock Asphalt	5,000 "	40,000 "	1,034,000.00

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Lumber

By LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

THE month of August showed nearly the same volume of lumber exports as July, with a total of 10,024,615 board feet, of which 7,628,351 feet went to the United States, 1,204,333 feet to Japan, and the rest to Canada, Hawaii, Guam, and South Africa.

An important transaction was consummated during the month of August in which the Philippines agreed to supply the United Nations through SCAP about 20,000,000 board feet of Philippine hardwoods consisting of approximately half dressed and half rough-sawn lumber. The prices, except in a few instances, are such as to allow a fair margin of profit to producers, particularly in the rough lumber, which is shipped from the mill direct to Japan. As most planing mills are situated in Manila, all dressed lumber has first to be shipped to the city on inter-island vessels. After the processing it is shipped abroad. This entails additional expense in freight and stevedoring which has to be included in the price of the dressed lumber.

Local producers have been informed that SCAP will call for another bid during October of from 20,000,000 to 30,000,000 board feet of lumber for shipment late this year.

As released by the Bureau of Forestry, the figures for lumber and logs inspected for export during the month of September are as follows:

Destination	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Total (Bd.Ft.)
Japan and other Far Eastern countries	3,465,992	7,263,773	10,729,765
United States	4,576,120	2,471,294	7,047,414
Hawaii	383,600	—	383,600
South Africa	201,280	—	201,280
European Countries (Belgium and Ireland)	97,808	—	97,808
TOTAL	8,724,800	9,735,067	18,459,867*

*Late reports received from the field stations of the Bureau of Forestry are to the effect that there was actually over 20,000,000 board feet exported during the month of September.

From the tabulation, it can be seen that, in September, shipments showed an all time high. This sudden increase in exports over previous months was due largely to the Korean conflict.

Exports to the United States have registered a slight increase, and prices, also, have somewhat improved. Shippers to the United States are experiencing difficulty in securing bottoms as a sizable number of vessels are being utilized for transporting war materials to Korea and Japan. Producers are apprehensive lest this difficulty worsen during the coming dry season when the sugar mills will start shipping sugar abroad. The only hope for more ships lies in the fact that the end of the Korean conflict seems to be in sight and the United Nations might therefore no longer require such a large volume of shipping.

Prices of lumber to the United States remain firm, having increased only slightly by about \$5 per 1000 board feet.

In the local markets, as was to be expected, prices have gone up from P15 to P25 per 1000 board feet as a direct result of the big shipments to Japan and Korea and, also, because of the start of the building season. According to later reports, wholesale prices in the local market during the past week (October 9-14) were as follows: tangle, P200 to P210 per 1000 board feet; apitong, P185 to P190; and white lauan, P175 to P180.

Director Florencio Tamesis of the Bureau of Forestry left for Bangkok, Siam, last October 14 in connection with the United Nations FAO Conference on Forestry and

Forest Products. It may be recalled that earlier this year the Philippine Government was invited to take part (but did not) in the FAO Conference at Dalat, Indo-China, at which the adoption of trade names and grading rules for commercial woods in the Far East was taken up. The discussions on this important subject will be implemented in the Thailand meet. Director Tamesis is thoroughly familiar with the nomenclature of important woods in the Philippines as well as the other regions in Malaya, also, with the commercial grading rules as applied to Philippine and similar woods. Before his departure, Director Tamesis conferred with members of the Philippine Lumber Producers' Association who informed him of the views and stand of the Association with respect to the adoption of official trade names and grading rules for commercial woods in the Far East.

Copra and Coconut Oil

By H. DEAN HELLIS

Manager, Philippine Refining Company, Inc.

September 16 to October 15

THE situation insofar as copra and coconut oil is concerned during the period under review has eased considerably from that last reported, due in a very large measure to the complete change in the Korean and international pictures, with the consequent relaxation of much of the tension previously felt throughout the world's

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markets. It is felt, however, that although it is natural for the copra and coconut oil market to have reacted downward as it has with the easier overall situation, traders should not be misguided over the period of the next several months to come, particularly with regard to the early period of 1951.

Notwithstanding recent developments, it now seems evident that the United States, as well as other nations, will continue its defense program for the future pretty much unabated. The tempo presently may be somewhat retarded, but we feel it reasonably safe to say that there will continue into the months that are ahead a fairly brisk demand for oils and fats occasioned naturally, with various trading and supply conditions arising from time to time which may continue to cause the market to fluctuate rather widely as to prices. Our guess is that for the period immediately before us, prices are unlikely to advance much beyond present levels. For the longer view, however, we choose to think that the curve generally will be slightly to moderately upward, with prices on an average better than during most of 1950.

In addition to the continuation of the defense programs in the United States and elsewhere, which should continue to create a relatively good demand for Philippine copra and coconut oil, the supply situation here is sure to dwindle in the not too far distant future, as is always the case about the end of the year into and through the first five or six months of the following year.

Furthermore, it is already known that the cotton crop in the United States this year is below expectation, with the probable result that this shortage will be felt in other oils and fats throughout the world in the nature of better prices than would otherwise have been the case, because on balance there is still reported to be a deficiency as compared to the pre-war per capita consumption.

Then, too, there is the possibility of a continued shortage of freight space for copra from the Philippines to be considered, particularly should there be much of a demand from European countries.

In this particular connection, it is to be noted here that freight rates on copra, coconut oil, and copra meal to all United States destinations have been increased \$4.00 per ton effective December 2, 1950.

As to actual market prices for copra during the period under review, buyers were bidding \$227.50 c.i.f. Pacific Coast, while sellers were holding for \$230 to \$232.50 c.i.f. at opening. During the month, however, the situation broke rather sharply, and it was not long before levels dropped to around \$190 c.i.f. bid, and \$192.50 to \$195 c.i.f. asked. There was a slight recovery again toward the end of the period, with buyers indicating \$200 c.i.f. against sellers ideas of \$205 to \$210 c.i.f. at close.

Europe continued to be a rather large factor in the market, though undoubtedly to a lesser degree than in the period immediately preceding. As the period under review closes, we hear of business having been done at \$238.50 c.i.f. European ports, also at \$217.50 f.o.b. delivered weights. It is felt that there is a fairly large tonnage of previous sales, however, yet to go forward during the remainder of October and November, and possibly even into early December.

Locally in Manila, the market likewise moved to lower brackets, influenced, of course, by the corresponding drop in export copra. Whereas prices at opening were around P41 to P42.50, copra subsequently became available as low as P35.50 to P36, only to recover a bit again to about P37 to P38 at close. The supply situation has been seasonably good, as anticipated at this time of the year.

As was to be expected under all of the prevailing conditions, bulk coconut oil fell from an asking price of 18¼

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cents to 18½ cents c.i.f. Atlantic Coast at opening, to approximately 16½ cents c.i.f. at close, with some business reported to have been done at 16¼ cents c.i.f. Buyers, however, have been generally reluctant to bid, believing perhaps that the market will work still lower.

COPRA exports during the month of September, 1950, continued fairly heavy, amounting to 76,774 tons, as compared to 81,084 tons during August, 1950, and only 55,473 tons during September, 1949. The total for the January through September period in 1950 amounted to 454,959 tons, against 407,017 tons for the same period last year. September, 1950, exports are broken down as to destination, as follows:

United States		
Pacific Coast	29,649	tons
Atlantic Coast	6,827	"
Gulf Ports	10,844	"
Canada, Pacific Coast	800	"
Italy	7,154	"
Belgium	3,000	"
Netherlands	10,125	"
Sweden	2,000	"
Eire	443	"
Trieste	128	"
Colombia	2,000	"
Venezuela	3,804	"

76,774 tons

Coconut oil exports for September, 1950, amounted to 10,666 tons, as compared to 7,535 tons during August, 1950, and 5,631 tons during September, 1949. The total exports for the January through September period in 1950 amounted to 46,625 tons, against 46,160 tons for the same period last year.

September, 1950, exports of coconut oil are broken down as to destination, as follows:

United States		
Atlantic Coast	9,572	tons
Pacific Coast	490	"
South Africa	504	"
Venezuela	100	"

10,666 tons

The market for Philippine copra meal has also worked to lower prices, and we understand supplies on the Pacific Coast are presently quite plentiful. As we come to the close of the period under review, the nominal price seems to be around \$52 to \$53 c.i.f. California ports. There has been no further interest from Europe, due to there being no further allocation of ECA dollars for Philippine supplies.

Summarizing the overall market situations as they presently appear to us, it would seem that for the immediate future prices will remain about where they are, or perhaps even decline to some slight further degree. As we come closer to year-end, however, with supplies of copra diminishing, it is reasonable to anticipate a renewed improvement price-wise for both copra and coconut oil, which condition might well prevail throughout the early months of 1951, pending new or increased crops again both here in the Philippines and likewise in other parts of the world.

Desiccated Coconut

By HOWARD H. CURRAN
Assistant General Manager
Peter Paul Philippine Corporation

THIS report covers the period from September 15 to October 15, 1950, during the first half of which nut prices dropped sharply, leveling off around the middle and rising a little during the last half of the period.

The labor front remains quiet.

Shipping statistics follow:

	Pounds
Franklin Baker Co.	3,930,900
Blue Bar Coconut Co.	2,142,150
Peter Paul Philippine Corp.	2,800,000
Red V Coconut Products.	3,242,900
Sun-Ripe Coconut Products.	1,693,700

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Standard Coconut Products	505,000
Cooperative Coconut Products	859,500
Tabacalera	344,000
Coconut Products of the Philippines, Inc.	359,990
Luzon Desiccated Coconut Corp.	—
Total	15,888,140

Manila Hemp

By H. ROBERTSON

*Vice-President and Assistant General Manager
MacLeod and Company of Philippines*

THIS review covers the period September 16 to October 15, 1950. During this period prices for the better grades remained about unchanged; however, values from the cheaper grades showed a tendency to advance due to good demand from Japan and Europe to which markets the bulk of these grades are generally shipped.

United States consumers have not displayed much buying interest. They are well aware of the fact that production is expected to increase further and seem content to pursue a hand-to-mouth policy.

New York Quotations:	Per lb. c.i.f. New York		
	September 15	October 15	Change
Davao I	26-5/8¢	26-1/2¢	- 1/8¢
Davao J1	26-3/8	26-1/4	- 1/8
Davao G	25-3/8	25-1/4	- 1/8
Non-Davao I	26-3/8	26-1/8	- 1/4
Non-Davao J1	25-5/8	25-1/2	- 1/8
Non-Davao G	19-3/4	21-1/4	+ 1/2

Philippine Provincial Quotations:	Per Picul Basis Loose		
	September 15	October 15	Change
Davao I	₱60.00	₱60.00	unchanged
Davao J1	59.00	58.00	- ₱1.00
Davao G	56.50	56.00	- 50

Non-Davao I	57.00	56.00	- 1.00
Non-Davao J1	55.00	55.00	unchanged
Non-Davao G	42.00	44.00	+ 2.00

Pressings for September amounted to 72,402 bales—up 3,471 bales from August and up 33,501 bales from the corresponding month last year. September Davao pressings were 36,254 bales, or 50% of the total. For the first 9 months of this year pressings totalled 554,341 bales, as compared with 387,833 for the same period last year—an increase of 166,508 bales.

The following are the comparative figures for balings and exports for the first 9 months of 1947 through 1950:

	Balings — January-September inclusive			
	1950	1949	1948	1947
Davao	274,897	160,372	156,276	279,657
Albay, Camarines, and Sorsogon	133,023	89,361	139,997	191,053
Leyte and Samar	89,480	80,116	86,789	70,294
All other Non-Davao	56,941	57,984	91,098	65,475
Total Bales	554,341	387,833	474,160	606,479

	Exports — January-September inclusive			
	1950	1949	1948	1947
United States and Canada	279,263	146,921	213,093	412,770
Japan	55,930	84,869	114,901	2,542
Continental Europe	93,017	72,271	81,786	90,291
United Kingdom	62,391	28,704	53,145	48,870
China	10,948	10,129	8,796	2,731
India	4,080	3,100	1,193	4,850
Korea	3,100	—	—	—
South Africa	4,600	3,499	2,757	4,700
Australia and New Zealand	1,731	1,187	42	2,630
All other Countries	75	—	2,853	2,075
Total Bales	515,135	350,680	478,566	571,459

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Sugar

By G. G. GORDON
Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from October 1 to October 31.

New York Market. During the month the situation continued to be much as it was during September. The supplies in the hands of the United States Government continued to be available at about 6.25¢ and there was not much other sugar which could be offered. At the beginning of the month efforts were made by holders to secure the equivalent of 6.30¢ for November shipment Cubas, but no interest was manifested by buyers.

On October 4 it was reported that Cuban freight rates were easier and actually a decline of 5 points appears to have taken place which reduced the landed cost of the United States Government-held supplies bought on an f.o.b. Cuba basis to 6.20¢, but holders generally continued to offer at 6.25¢.

On October 5 it was reported that up to September 30 the distribution of refined sugar was 577,857 short tons ahead of 1949.

Later in the month there was some disposition to shade prices, as on October 20 it was reported that there were possibilities of business on the basis of 6.23¢. However, refiners continued to remain on the sidelines.

On October 24 fresh blocks of Cubas appeared at 6.23¢ but there were no buyers. Ultimately business was done on Cubas for November shipment on the basis of 6.20¢.

On October 25 Cubas for prompt arrival were offering at 6.20¢ but the market was reported easier with sellers more anxious to sell. On October 26, based on the Sugar Exchange quotations, it was estimated that the value of late February/March arrival Philippines would be 5.65¢, but there were no buyers interested at that price.

THE 1951 Cuban crop is estimated by the Cuban Ministry of Agriculture at 6,368,890 short tons as against 6,126,049 short tons which was the out-turn for 1950.

Reports from Java indicated an estimate of 1951 production of 500,000 metric tons, as against 300,000 metric tons in 1950. Forty mills are expected to operate in 1951.

With the outlook for increased supplies being available for 1951 and the existence of invisible supplies in the United States, future quotations on the Exchange during the month showed a steady decline of from 8 to 17 points. The world market future quotations also eased off, though the spot price on October 31 was 5.85¢ f.o.b. Cuba, which was also the quotation on September 30.

We give below the quotations on the New York Sugar Exchange as of October 31 for Contracts Nos. 4 and 6:

	Contract No. 4	Contract No. 6
January	5.25	5.48
March	4.55	5.13
May	4.55	5.13
July	4.55	5.18
September	4.55	—

Local Market. (a) Domestic Sugar: The market eased off during the month, quotations on October 25 being P15.50 to P16.00 per picul for ordinary centrifugal P16.20 to P16.70 for higher grades, and P18.50 to P19.00 for washed sugar, all prices ex mill warehouse. The Government Price Control Board had several meetings during the month to determine what ceiling prices should be placed on the various grades of sugar. Up to October 31, no final decision had been reached on this point. It appears that there are still considerable stocks of domestic sugar on hand from the 1949-50 crop mostly held by wholesale dealers.

(b) Export Sugar: Some business has been done in new crop sugar at prices which have declined from P15.00 to P13.50. However, no agreement has been reached with

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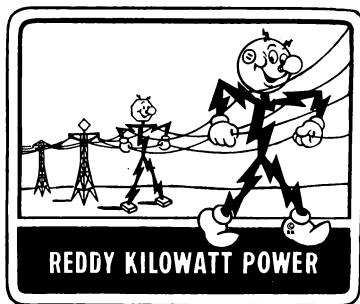
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the Associated Steamship Lines regarding a Conference freight rate to date and buyers generally will not be active until this position has been clarified.

Philippine 1950-51 Crop. A preliminary estimate of the Philippine Sugar Association shows a prospective crop of 1,000,000 short tons. Milling has already started at four mills, but no milling results have yet been reported.

Tobacco

By LUIS A. PUJALTE
Secretary-Treasurer
Manila Tobacco Association, Inc.

THE tobacco industry of the Philippines has now placed itself very high on the list of revenue producers. I believe that at present it is second on the list, with the Sales Tax as the number one revenue earner. The total specific tax on cigarettes collected during 1949 amounted to ₱4,454,816.63 for locally manufactured cigarettes. During the month of September, 1950, the amount collected was ₱4,135,099.72 compared to ₱289,253.00 during the same month in 1949, a difference of ₱3,845,846.72. The great increase in production and sales during September was largely due to the heavy dealers' demand which developed just prior to the signing of the amendment to the Internal Revenue Code which greatly increased the specific tax on cigarettes.

With the hiked specific taxes on cigarettes it is conservatively estimated that the Government will collect at least ₱5,000,000 and possibly ₱6,000,000 a month from locally manufactured cigarettes. On imported cigarettes it is estimated that the Government will collect approximately ₱23,000,000 a year.

There is no doubt that the picture is rosy, but there is a gloomy aspect to it, too. Stocks are dwindling and to-date the Government has lent a deaf ear to the pleas for essential materials, new machines and spare parts to keep this dollar-saving and high-revenue producing industry on the go.

Prices for Virginia leaf in the United States have gone up as high as 100% compared to last year due to very heavy European purchases. In the local market tin-foil costs ₱3.00 or more per pound against ₱1.20 last July; one ream of cellophane cost ₱250 as against ₱80; wax paper, cardboard, labels, flavoring material, etc., etc., all are up in the sky.

Without essential materials at fair prices, it is impossible to keep on going and the Government stands to lose very much unless it will feed the chicken that lays these golden eggs.

Imports

By S. SCHMELKES
Mercantile, Inc.

ALL figures are in kilos with the exception of those for foodstuffs which are given in package units.

Commodities	September, 1950	September, 1949
Automotive (Total).....	582,228	1,723,472
Automobiles.....	215,070	534,255
Auto Accessories.....	937	16,033
Auto Parts.....	154,099	313,995
Bicycles.....	6,811	22,456
Trucks.....	7,476	36,040
Truck Chassis.....	140,879	566,328
Truck Parts.....	35,171	13,055
Building Materials (Total).....	1,894,208	5,695,881
Board, Fibre.....	150,487	324,856
Cement.....	35,950	66,341
Glass, Window.....	149,735	376,463
Gypsum.....	—	86,176
Chemicals (Total).....	8,206,772	1,445,898
Caustic Soda.....	795,116	267,498
Explosives (Total).....	—	—

Firearms (Total).....	10,626	8,399	Cosmetics (Total).....	52,470	93,967
Ammunition.....	9,681	3,876	Fabrics (Total).....	761,672	693,691
Hardware (Total).....	2,632,213	8,633,257	Jewelry (Total).....	9	437
Household (Total).....	732,590	1,529,239	Leather (Total).....	137,466	145,262
Machinery (Total).....	1,156,003	2,263,264	Textiles (Total).....	1,749,870	2,941,038
Metals (Total).....	5,106,134	12,338,715	Twine (Total).....	8,748	46,484
Petroleum Products (Total).....	74,140,334	76,501,195	Toys (Total).....	12,924	108,680
Radios (Total).....	21,803	60,723	General Merchandise (Total).....	133,366	592,667
Rubber Goods (Total).....	906,529	574,961	Non-Commercial Shipments (Total).....	30,766	38,504
			Advertising Materials, etc.(Total).....	10,875	49,443

Beverages, Misc. Alcoholic.....	7,182	34,603
Foodstuffs (Total Kilos).....	16,014,226	28,755,128
Foodstuffs, Fresh (Total).....	110,734	196,883
Apples.....	29,839	27,412
Oranges.....	5,000	8,049
Onions.....	16,031	37,423
Potatoes.....	17,516	20,922
Foodstuffs, Dry Packaged (Total).....	23,956	59,572
Foodstuffs, Canned (Total).....	210,370	377,770
Sardines.....	38,043	74,028
Milk, Evaporated.....	75,910	134,779
Milk, Condensed.....	29,057	17,696
Foodstuffs, Bulk (Total).....	218,578	442,778
Rice.....	—	—
Wheat Flour.....	186,219	385,083
Foodstuffs, Preserved (Total).....	257	1,921

Bottling, Misc. (Total).....	706,391	1,904,615
Cleaning and Laundry (Total).....	224,913	144,587
Entertainment Equipment (Total).....	2,446	4,070
Livestock-bulbs-seeds (Total).....	716	2,766
Medical (Total).....	249,987	415,528
Musical (Total).....	43,195	98,530
Office Equipment (Total).....	30,213	132,684
Office Supplies (Total).....	11,192	34,859
Paper (Total).....	3,142,938	3,481,227
Photographic (Total).....	21,566	44,872
Raw Materials (Total).....	196,598	64,100
Sporting Goods (Total).....	31,432	29,654
Stationery (Total).....	120,302	222,135
Tobacco (Total).....	323,297	311,327

Chucheria (Total).....	42,685	79,730
Clothing and Apparel (Total).....	278,315	311,875

Food Products

By C. G. HERDMAN

Director, Trading Division, Marsman & Co., Inc.

IMPORTED food-product stocks in the Philippines are becoming shorter and shorter and a large number of items can only be secured in the blackmarket. Government authorities are doing a great deal to enforce price control but the matter remains very serious. Stocks of foodstuffs have been limited not only by the restrictions embodied in the Import Control Act, but more particularly by the fact that the Import Control Administration, for such a continued period of time, neglected to act on applications of importers, with the result, of course, that the imports provided for under the import controls have not been permitted to come forward. Fortunately this situation has been somewhat alleviated during the last two weeks. Many importing firms have now received their first licenses granted under the new Import Control Act (which became effective in May 22 last) particularly insofar as pertains to quota goods. The import licenses just recently issued have in nearly all cases corresponded to applications placed early in July and intended to cover imports authorized for the third quarter, July to September. However, there are still a large number of licenses covering

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that same period which have not yet been issued. Nearly all importing firms filed late September or early October applications for import licenses for their quota goods corresponding to the fourth quarter of the calendar year, October to December inclusive. No action has yet been taken on any such applications in so far as we can ascertain.

THE situation on canned fish has eased materially. The run of fish in Central California was practically nil this year, but the season opened in Southern California at the beginning of October and the fish are running well. Fair quantities are already arriving from that pack and considerable further quantities are now en route.

STOCKS of canned milk throughout the Philippines are very short. Milk can generally be secured at a price in Manila and the other larger cities but is in exceedingly scarce supply in provincial towns. Imports this year due to restricted licenses have been far below normal, with the result that importers' stocks as well as those of provincial dealers and retailers have almost entirely disappeared. PRISCO at present has under consideration a project which will authorize the larger milk importers to bring forward ample stocks of milk on open account through arrangement with condenseries abroad, and this proposal has been agreed to by some of the larger milk companies in the United States provided they are extended guarantees that the dollar exchange will be made available for remittance of the proceeds promptly after the sales of such stocks will have been effected in the Philippines. This or some similar arrangement is essential on the part of government authorities here or an acute shortage of milk in the Islands would be imminent, extremely harmful to the health of the country particularly of children and convalescents.

THE question of providing sufficient flour for the absolute requirements of the country remains unchanged. A decision of the Court with regard to the suit brought

by the Chinese Flour Importers Association (there is a similar one by Wise & Company) against PRISCO, has not yet been rendered. Final hearings have been held in the Wise & Company case but hearings have not yet been concluded in the case of the Chinese Flour Importers Association. It is sincerely to be desired that this matter be clarified promptly by the Court so that plans can be developed for securing essential flour shipments.

During October PRISCO placed orders through various mill representatives for early shipments of flour, all to be consigned to PRISCO. The total quantity so ordered on October 25 amounted to 516,000 bags, 50 lbs. each. A supplementary purchase of 180,000 bags was made on November 3. It is doubtful that this flour will be at hand in time to prevent serious shortages. Many bakeries, particularly in the provinces, have already had to close temporarily because of insufficient flour available for baking purposes. Many more are likely to be affected in the next few weeks.

PRISCO officials have stated it is not their desire or intention to continue importation of flour for the account of PRISCO. They would much prefer to turn this over to private importers and say that they intend to do so as soon as a court decision has been reached on the temporary injunction now in effect and the matter has been clarified for the future guidance of PRISCO. This statement of PRISCO's is very much to the liking of bakeries and other flour consumers. PRISCO (or PRATRA) unfortunately has very little knowledge of flour and has purchased large quantities of flour of inferior quality which bakers and consumers have been forced to accept with the result that their products are correspondingly poor in quality and deficient in quantity. The bread output in many cases has been found to be 10% or more less with these inferior flours, for which incidentally the bakers have to pay the same price as for the better qualities. This has resulted in a very



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considerable loss in earnings to the bakeries and has been the cause of many altercations between bakeries and their customers complaining of the quality of the bread furnished them.

CONDITIONS remained unchanged in the market with respect to fresh fruits and vegetables. Stocks of the imported varieties are decidedly short and high in price. Locally produced fruits and vegetables are far from sufficient to satisfy consumption requirements and, with the added demand, have likewise advanced materially in price and in nearly all instances are much higher now in the local markets than the prices at which the imported products could be furnished if importation restrictions were relaxed.

WITH reference to canned meats, fair stocks of corned beef have been received recently. Supplies in the markets are ample for the moment, but will undoubtedly be extremely short again within a few weeks' time as little or no further stocks are coming forward. Stocks of all other canned meats are extremely short and difficult to obtain, even at blackmarket prices. The same thing is true of miscellaneous dairy products such as butter, cheese, etc.

Textiles

By L. W. WIRTH

General Manager, Neuss Hesslein Co., Inc.

DURING September, arrivals from the United States included about 2200 packages of cotton piece goods and about 1000 packages of rayon piece goods, or slightly less than the arrivals during August. Arrivals of all textiles, including made-up goods from Japan amounted to 990 packages and from China 3200 packages.

During October, the Import Control Office continued to give out licenses mainly ex-quota for manufacturers and it was only during the latter part of October that it started to give out licenses to old importers for the period of September to December, 1950. It has been reported that a substantial number of licenses had been given out on the basis of "No Dollar Remittance Necessary", but according to latest report the Import Control Board cancelled such licenses and it has further been reported that Mr. Sy-Changco, the new acting Commissioner, has also stopped the issuance of "ex-quota" licenses for manufacturers to enable the Control Office to give more attention to the issuance of quotas and licenses to old importers who have been waiting for their licenses for something like six months.

The continued delay in the issuance of licenses has caused a serious shortage in the local supply of most staple items of cotton fabrics, with a concomitant increase in prices to the consuming public.

On October 6, President Quirino signed Executive Order No. 353 fixing the ceiling prices of various commodities, included in which are most of the staple items of cotton fabrics. The Order provides for three sets of ceiling prices, for the importers, wholesalers, and retailers, some of which are outlined below:

TEXTILES (IMPORTED)

Commodity	Width	Unit	Wholesale		Retail
			Importer's Price	Price	Ceiling Price
		Yard	PO 94	PT. 03	PT. 15
Coco Blanco 64/60	35/6"	"	0.60	0.66	0.76
Coco Crudo 5.00	"	"	0.92	1.02	1.17
Broadcloth de Color	80/60	"	1.28	1.41	1.63
"	136/60	"	1.20	1.32	1.52
Percales 80/80	"	"	1.16	1.28	1.46
Faust Suitings	36"	"	1.25	1.39	1.61
Nehesco Suitings	"	"	2.06	2.27	2.62
Army Twill single ply	35/6"	"	3.16	3.48	4.01
" " 2 x 2	41/2"	"	2.39	2.64	3.04
" " single ply	"	"	3.82	4.21	4.86
Denims 2.20	29/30	"	1.28	1.41	1.63
" 2.45	"	"	1.17	1.29	1.49
" 3.00	"	"	1.07	1.18	1.36

The Order also provides that any commodity not included in any previous Executive Order fixing ceiling

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prices, the size and specification of which are the same as those of the foregoing, shall have the same ceiling price. The Order took effect immediately on promulgation.

Legislation, Executive Orders, and Court Decisions

By EWALD E. SELPH

Ross, Selph, Carrascoso & Janda

A RECENT decision of the Supreme Court (Hipolito vs. City of Manila, G. R. No. L-3887, August 21, 1950) will be of interest to all owners of real property who contemplate erecting buildings thereon. There has been considerable dispute regarding building lines fixed by the National Urban Planning Commission. The City Engineer has refused to issue building permits where the plans conflict with the lines established by the Commission. This action was brought to compel the City Engineer to issue a building permit for a proposed building not conforming to the line fixed by the National Urban Planning Commission. The Supreme Court in ordering the City Engineer to issue the permit, said:

"The defense to this petition is planted on the opinion that unless Hipolito's building conforms to the new street line fixed by the National Urban Planning Commission, the building permit will not be issued.

"It is not claimed that the City of Manila has expropriated, or desired to expropriate, that portion of petitioner's lot between the existing street line and the new street line adopted by the National Urban Planning Commission. No law or ordinance is cited requiring private landowners in Manila to conform to the new street line marked by the National Urban Planning Commission, except the section above quoted. And the question relates only to its interpretation.

"As we read it, that section in referring to structures to be constructed in any urban area for which the Commission has adopted a General Plan, applies only to 'residential buildings subsidized in whole or in part by public funds or assistance.' The residential building which petitioner intends to construct may not be so classified, because he asserts, without contradiction, that his proposed construction will be financed wholly by himself, not with public funds or assistance. Therefore, the excuse given by respondent is not valid.

"Consequently, there being no allegation that petitioner had not complied with all the requisites of the Revised Ordinances of the City of Manila, and it being unquestioned that defendant's refusal would amount to denying unlawfully to petitioner the right to beneficial use of his property, the writ of mandamus should be granted. The City has not expropriated the strip of petitioner's land affected by the proposed widening of Inverness Street, and inasmuch as there is no legislative authority to establish a building line, the denial of this permit would amount to the taking of private property for public use under the power of eminent domain without following the procedure prescribed for the exercise of such power."

This seems to establish the principle that the City cannot deprive a property owner of the use of his property where there has been no condemnation proceeding nor any provision for compensation.

A NOTHER case, of interest to employers who may have to discharge employees, was Sanchez vs. Lyons (G. R. No. L-2779, October 18, 1950) which involved temporary laborers who had waived the benefit of the provision of the Code of Commerce relating to one month's pay in lieu of notice of discharge. The provision of the Code of Commerce relating to one month's pay in lieu of notice of discharge refers to factors and shop clerks. The Court held that the section applied to all commercial employees, and that carpenters, guards, warehousemen were commercial employees. The Court held the "one-month notice must be given to any employee, whether factor, shop clerk or otherwise, so long as two conditions concur, namely, that no special time is fixed in the contract of service, and that said employee is a commercial employee."

The Court held also that the waiver was contrary to public policy, citing Article II, Section 5, of the Philippine Constitution, which provides that the "promotion of social justice to insure the well being and economic security of all the people should be the concern of the state"

and Article XIV, Section 6, which requires that the "State shall afford protection to labor . . . and shall regulate the relations between labor and capital in industry and agriculture. . ."

As to employment bargaining, the Court said:

"Article 307 of the Code of Commerce must be applied in consonance with these provisions of our Constitution. In the matter of employment bargaining, there is no doubt that the employer stands on higher footing than the employee. First of all, there is greater supply than demand for labor. Secondly, the need for employment by labor comes from vital and even desperate, necessity. Consequently, the law must protect labor, at least, to the extent of raising him to equal footing in bargaining relations with capital and to shield him from abuses brought about by the necessity for survival. It is safe to presume therefore, that an employee or laborer who waives in advance any benefit granted him by law does so, certainly not in his interest or through generosity but under the forceful intimidation of urgent need, and hence, he could not have so acted freely and voluntarily."

A DECISION of importance to persons who wish to make wills devising property to some persons for life with remainder to others, is the case of *Bachrach vs. Seifert* (G. R. No. L-2659, October 12, 1950). The testator owned some shares of a mining company and after his death a stock dividend was declared. The life tenant and the remainderman both claimed the stock dividend certificates. The Court awarded them to the life tenant. The immediate result of this is that the remainderman's interest in the company is reduced, and the life tenant gets an interest in the corpus of the estate. Any person desiring to dispose of his property by will should make sure that his will makes very clear what his intention is as to what the life tenant should receive.

U. S. War Claims Commission

Manila, Philippines

THE Manila Office of the United States War Claims Commission opened officially on November 1, 1950. American citizens, except those who were civilian employees of the United States Government or American Contractors, are reminded that if they were interned in the Philippines by the Japanese, they are entitled to detention benefits under the War Claims Act of 1948, as amended. Living ex-internees should file their claims on WCC Form 501. The widow or husband, and children, if any, survivors of deceased ex-internees, should file their claims on WCC Form 550. These forms are available at the War Claims Commission Office, located in the Philippine War Damage Commission Buildings, Arroceros, Manila.

All eligible claimants are reminded that March 1, 1951, is the dead-line for the filing of such claims, and the officials of the War Claims Commission recommend that such eligible claimants should be sure to file their claims before that date.

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ELIGIBLE Filipino prisoners-of-war may now obtain claim forms to file for their \$1 per day compensation for each day spent in a Japanese prisoner-of-war camp. The deadline for filing claims is March 1, 1951.

The official claim forms on which these Filipino veteran ex-prisoners-of-war should file their claims may be obtained completely free of charge. In Manila, the forms may be obtained at any of the following places:

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SUPERPHOSPHATES

SULPHATE OF POTASH

MENZI & CO., INC.

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Corner Reina Regente & Soler Streets

Tel. 2-79-29

U. S. War Claims Commission P.W.D.C. Building
Philippine Veterans Board Wallace Field
Legal Aid Office of the Department

of Justice R. Hidalgo Street
On Thursdays and Fridays only, the forms may also be obtained at the U. S. Veterans Administration office on the Escalata.

Outside of Manila, the Philippine National Red Cross will have the forms available in over fifty provincial centers. In addition to making forms available to eligible claimants, representatives of the Philippine National Red Cross have generously offered to advise and assist, without charge, any eligible claimant who wishes help in completing the claim form.

"We are determined that every eligible claimant in the Philippine Islands will be able to get a claim form without inconvenience or expense. These forms are free. They do not have to be sworn to. There is no charge of any kind payable to anyone in connection with any claim filed with the War Claims Commission," said Paul F. Kinnare, Director of Philippine Operations of the Commission.

Kinnare stressed the point that only Filipinos who served in the military or naval forces of the United States and who were captured and held as prisoners-of-war by the Japanese are eligible to file claims under the War Claims Act of 1948. This includes Philippines Scouts and members of the Philippine Commonwealth Army called into service of the United States in 1941 and early 1942. It does not include guerrillas, either recognized or unrecognized, unless they have such USAFFE status. If the prisoner-of-war died while in confinement or has died since, the claim should be filed by his widow and children, by the widow alone if there is no child or children, by the child or children if there is no surviving widow. If there is no widow or children, the parents of the deceased prisoner-of-war should file the claim.

Again pointing out that the War Claims Commission cannot accept any claim for property damage, suffering or death, or for the imprisonment of any Filipino civilian, Kinnare said:

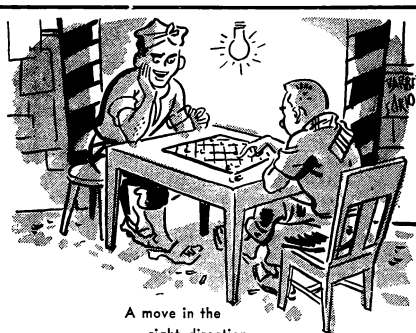
"We have received thousands of communications from people who wish to file a claim for property seized by the Japanese or for damage to property suffered during the war. We have received communications from hundreds of Filipino civilians who were arrested and imprisoned by the Japanese. We cannot accept any such claims as the War Claims Act makes no provision whatever for them. We are accepting claims from USAFFE ex-prisoners-of-war."

Kinnare expressed the hope that only those claimants who believed themselves eligible for prisoner-of-war benefits would file claims, stating that:

"We have only a small staff and every time we get a communication involving property damage, suffering or death or the imprisonment of a Filipino civilian, it slows the processing of the prisoner-of-war claims. I am sure that if the people realize that they are wasting their own time in writing us about these war losses which we are not authorized to consider and, in addition, are slowing down the processing of the Filipino prisoners of war claims, they will not endeavor to file claims which we are not authorized to receive."

Claims for Injury, Disability, and Death Benefits by Civilian American Citizens under the War Claims Act of 1948

ALL civilian American citizens, other than those who were employed by the United States Government or by contractors with the United States Government, who suffered injuries or disability as a result of the Japanese Occupation, and certain surviving dependents of civilian American citizens who died during or as a result of the Occupation, are reminded that they may file a claim with the Bureau of Employees' Compensation for benefits under Section 5 (f) of the War Claims Act. This claim is an additional and separate claim from that filed with the War Claims Commission for detention benefits under the same Act. Forms WC-3 for injury and disability and Forms WC-4 for death are available at the Manila office of the Bureau located at 462 M. H. del Pilar, Ermita. Miss Helen Burke is the Director (Manila Office) of the War Claims Section, Bureau of Employees' Compensation.



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Proposal of the Philippine Association

(Continued from page 404)

(e) The ICA should cause to be published at least weekly in all newspapers all the quotas and licenses issued.

(f) In view of the physical impossibility for the Import Control Board of three members to keep abreast of the needs and problems of all the industries and businesses in the Philippines, the Group unanimously urges that Your Excellency create an Advisory Board composed of leading businessmen to assist the ICB in the solution of policy problems. The ICB should be required to meet with this Advisory Board not less than twice a week. (In view of the urgency of the situation, and if this proposal is approved, the Group suggests that this Advisory Board be created immediately, and that the ICB meet with it not later than next week to take up quota allocations for the fourth and final quarter of the calendar year which are about to be issued.)

Allocation Procedure

(a) Each of the separate sections of the ICA (see accompanying chart) should be allocated its own exchange by the Commissioner at the beginning of every quarter.

(b) The ICB should determine at the beginning of each calendar quarter the monthly percentage rates to be allowed under schedules I, II, III, and IV covering non-quota items.

The issuance of licenses for non-quota imports should be delegated to the agent banks of the Central Bank by the Import Control Board in accordance with the percentages to be worked out by the non-quota import section of the ICA.

(c) In order that the Ex-Quota Section of the ICA may intelligently appraise the exchange requirements of local industries for the last quarter of 1950, notice should be given immediately to all applicants entitled to ex-quota exchange to file their applications before October 15, 1950.

Special Recommendations

(a) The Group is of the unanimous opinion that the Import Control Law does not authorize any reduction on non-quota items in favor of new importers, and respectfully requests Your Excellency to instruct the Import Control Board to act accordingly.

(b) The ICA should issue and publish immediately a clarification of the method of computation of quota imports as provided for under Section 12 of the Import Control Law with special reference to the "proviso clause" of said section.

(c) Licenses issued by the ICA covering ex-quota importations should contain a provision to the effect that such articles may not be resold by the importer except with the prior written approval of the Board, and that violation of this condition shall constitute sufficient ground for refusal to issue future ex-quota licenses to said importer.

Conclusion

In conclusion, the Group wishes to emphasize that the clearly apparent breakdown of the Import Control Administration affects public welfare far more than it affects the interests of a number of businessmen. With many firms facing stagnation and collapse, the consequences of this economic bottleneck will be felt in unemployment; in scarcities and soaring prices; in practically every phase of national well-being. The hundreds of businessmen represented by this memorandum are skilled observers of the economic scene who, by virtue of that skill, perceive the urgent gravity of the situation with alarming clarity. In stressing the need for immediate remedial action, they ask that Your Excellency understand that they are motivated by the best interests of the nation.

Respectfully submitted,

By direction of—

The Philippine Association, Inc.
Manila Chamber of Commerce
Manila Junior Chamber of
Commerce
Chamber of Industries of the
Philippines

American Chamber of Commerce
Chinese Chamber of Commerce
Manila Rotary Club
Association of Philippine Traders
with occupied Japan

By

(Sgd.) J. A. CARPIO
Acting Secretary

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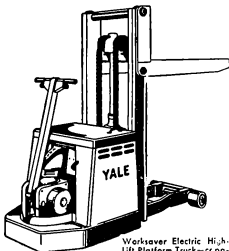
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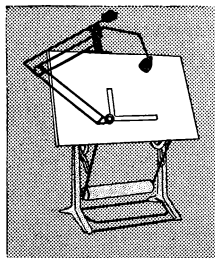
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COST OF LIVING INDEX OF WAGE EARNER'S FAMILY¹ IN MANILA BY MONTH, 1946 TO 1949

(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (59.15)	House Rent (6.43)	Cloth- ing (6.82)	Fuel, Light and Water (13.94)	Miscel- laneous (17.86)	Purchas- ing Power of a Peso
January.....	603.4	759.2	236.4	984.0	363.8	434.8	1657
February.....	547.2	656.3	236.4	940.3	369.5	460.5	1827
March.....	525.9	631.0	236.4	940.1	340.4	445.2	1902
April.....	556.2	684.1	236.4	910.3	345.5	435.9	1798
May.....	545.1	675.6	236.4	762.5	342.3	409.6	1835
June.....	538.7	666.4	236.4	737.9	343.3	404.2	1856
July.....	552.7	704.3	236.4	598.9	341.3	364.6	1809
August.....	477.9	590.0	236.4	384.7	320.9	346.3	2092
September.....	458.9	597.3	236.4	378.7	314.5	347.2	2092
October.....	487.4	587.2	236.4	382.7	305.8	347.7	2052
November.....	484.8	607.8	236.4	406.4	346.5	305.2	2063
December.....	461.9	570.8	236.4	371.9	344.7	302.1	2165

1947 ²	(100.00)	(63.43)	(11.96)	(2.04)	(7.73)	(14.84)	
January.....	426.2	368.2	453.9	381.9	326.2	282.5	2346
February.....	418.5	454.9	453.9	356.2	344.8	281.4	2389
March.....	406.8	440.1	453.9	295.2	334.7	279.4	2458
April.....	387.7	413.3	543.9	269.2	328.9	271.6	2579
May.....	381.0	404.4	453.9	250.9	325.4	269.4	2625
June.....	386.3	414.4	453.9	236.8	316.6	268.6	2589
July.....	393.4	426.8	453.9	217.7	309.3	269.9	2542
August.....	387.4	419.8	453.9	210.2	292.0	269.1	2581
September.....	368.9	397.3	453.9	216.4	283.3	266.8	2711
October.....	358.7	376.3	453.9	212.7	280.5	267.7	2788
November.....	358.4	376.3	453.9	215.1	280.5	265.3	2790
December.....	371.9	395.8	453.9	219.1	298.2	262.9	2689

1948							
January.....	391.2	428.3	453.9	224.5	304.6	249.9	2556
February.....	368.5	392.0	453.9	223.8	301.1	254.4	2714
March.....	349.4	361.0	453.9	214.6	308.1	255.9	2862
April.....	356.1	374.1	453.9	209.4	289.7	254.8	2808
May.....	349.8	360.2	453.9	214.2	289.7	271.6	2859
June.....	354.3	370.4	453.9	205.2	283.2	262.9	2823
July.....	356.4	374.2	453.9	201.3	281.6	262.4	2806
August.....	363.6	385.7	453.9	199.8	281.6	261.7	2751
September.....	370.6	397.2	453.9	199.2	279.6	260.6	2698
October.....	374.9	404.0	453.9	204.8	283.2	257.9	2668
November.....	368.7	394.4	453.9	202.0	281.6	258.7	2712
December.....	365.9	389.9	453.9	202.0	282.4	258.9	2732

1949							
January.....	363.8	386.8	453.9	202.0	279.0	258.9	2750
February.....	343.8	355.5	453.9	203.0	277.5	258.9	2909
March.....	346.3	358.2	453.9	202.0	276.3	258.5	2896
April.....	348.7	362.6	453.9	197.6	287.5	257.1	2868
May.....	348.8	362.8	453.9	197.2	287.5	257.1	2867
June.....	349.0	362.9	453.9	203.9	287.5	257.2	2865
July.....	351.7	374.0	453.9	194.2	265.8	240.5	2844
August.....	337.5	351.2	453.9	199.3	261.3	241.2	2963
September.....	333.6	345.1	453.9	190.2	264.8	241.2	2998
October.....	332.9	343.3	453.9	199.9	264.8	245.0	3004
November.....	339.6	356.1	453.9	191.1	258.4	239.8	2945
December.....	329.6	335.9	453.9	202.9	259.5	256.2	3035

1950							
January.....	332.3	336.8	453.9	238.0	253.1	269.3	3010
February.....	336.9	340.2	453.9	233.3	237.8	284.1	2969
March.....	339.0	341.4	453.9	236.7	257.8	292.6	2950
April.....	331.8	328.6	453.9	237.7	252.9	301.2	3015
May.....	320.2	308.6	453.9	244.7	249.7	309.1	3123
June.....	323.1	310.9	453.9	243.5	249.7	319.1	3095
July.....	332.0	322.4	453.9	252.6	249.7	328.7	3012
August.....	334.4	325.9	453.9	258.7	251.1	328.4	2990
September.....	341.3	335.0	453.9	317.4	252.5	327.5	2930
October.....	352.8	351.1	453.9	337.3	249.7	334.5	2835

¹ Average number of persons in a family = 4.9 members.
² Revised in accordance with the new survey on the "Levels of Living in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

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The "LET YOUR HAIR DOWN" Column

At the request of readers, we sent out quite a large number of reprints (separates) of the editorial on individual income taxes published in the October issue. After we received the following letter from Mr. E. J. Klingler, President of the International Commercial Corporation, we made the necessary correction:

"Kindly send us, at your earliest convenience, five reprints of your most interesting and illuminating editorial,—'The Individual Income Tax'.

"We take this opportunity to call your attention to a printer's error. The last line of the 1st paragraph, second column, on page 360 should read,—'and over 1000 times more than', instead of '100 times' (P.39 per capita as against P407.79)."

The editor, honest fellow, admitted that this was not a printer's error, but a slip in his own calculation. The whole paragraph should read:

"Per capita figures are, of course, of little significance and notably misleading inasmuch as they average the whole population, young and old, rich and poor. Nevertheless, the figures in the preceding table, even taken only for what little they may be worth, are so disparate as to be almost comic, though, to be sure, they will not appear so to the Americans and Europeans who pay almost half of the total collected in individual income taxes and who, per capita, pay an income tax 25 times more than the Chinese pay and over a 1000 times more than the Filipinos pay!"

ARENT the same editorial, a reader of the *Journal* who had taken the trouble to obtain some comparative United States figures, sent us the following comment:

The following figures as to the population of the United States, and income-tax returns and collections, do not include territories.

They were obtained from the Research Department of the San Francisco Chamber of Commerce.

Population, April, 1950 (prelim.)	150,278,000
Population, July, 1950	151,376,000
1946 Individual Income Tax Returns	52,600,470
Total Collected (adjusted dross)	\$16,216,491,000.00

From the above, the following figures have been developed, using a population figure of 150,000,000. Figures are rounded.

35% of the population of the United States filed returns.

Average payment per person (based on a population figure of 150,000,000) was \$108.00.

Average payment per return was \$308.00. The foregoing figures are given for the sake of comparison with the *Journal* editorial of October, 1950.

Philippine population is roughly 20,000,000.

All other nationals total 161,158, or approximately 0.81 of 1% of the total population of the Philippines.

An income-tax return is required from every one having a gross income of ₱1,000.00 (\$500.00) or over.

Par. 2, Table "A. Amounts"

Number of Filipino income-tax returns..... 34,890

This shows that only some 0.17 of 1% of the population filed returns. Against this, approximately 35% of the people of the United States filed returns.

Personal exemptions granted (from net income) are roughly:

Filipinos	50.3%
Chinese	40.3%
Americans	13.3%
Europeans	13.1%
Others	26%

Par. 4, 5, and 6 (Ref. Table "A. Amounts")

Based on a population of—

Filipinos	20,000,000
Non-Filipinos	161,158

Total 20,161,158 Say 20,161,200

—The following figures have been developed:

	Nationally	% of Total	Population	% of Total	Liability
Filipinos	99.2	₱ 7,946,359.00	44.1		
Chinese	.66	2,176,616.00	12.0		
Americans	.076	4,657,908.00	25.8		
All Others	.064	3,246,363.00	18.1		
		100,000	₱16,026,436.00	100.0	

Par. 6 tabulated shows the average payment per return:

Filipinos	₱ 227.00
Chinese	358.00
Americans and Europeans	2,332.00

Another valued reader, Mr. George Bridgford, Manager of Warner, Barnes & Co., Ltd., was especially

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interested in another editorial in the October issue. He wrote:

"In the October edition of the American Chamber of Commerce Journal there is, on page 362, an article entitled 'Economic Controls in Wartime'. We shall be grateful if you will kindly send us six copies of this article at your earlier convenience."

President Paul Wood, of the Chamber, received the following acknowledgment from Mr. Evett D. Hester in reply to his letter written on the occasion of Mr. Hester's retirement from the government service and published in the editorial pages of the *Journal* last month:

"Thank you for your letter of October 4. 'Nothing has been more enjoyable than my long—twenty years—close and agreeable contact with the Board of Directors and members of the American Chamber of Commerce. I value deeply the kind expressions contained in your letter

"Sincerely yours, etc."

The editor received a letter during the month from Mr. Alf Welhaven who resigned from Marsman & Company some time ago and now lives in the United States, address: 35 Greenville Street, Abbeville, South Carolina:

"The inclosed notice was attached to the August issue of your excellent Journal, which was forwarded to me from the Marsman office in Manila. I resigned from Marsman & Company and its affiliated companies

at the end of last November. Mrs Welhaven and I left Manila January 15, and the *Bulletin* wrote a nice farewell story about us January 14. We have settled in this charming Southern town, to which please have your excellent journal sent henceforth. Your paper keeps me posted on the important events in the Islands where we spent more than 24 years. Enclosed please find check for \$10; ₱5 for November, 1949, to date, and the balance to go as far as it will. Best regards from your friend,

"Alf Welhaven."

Lest anyone think that the editor italicized the word "excellent" used twice with reference to the *Journal* in his friend Welhaven's letter, he said he wanted it understood that Mr. Welhaven himself underlined the words.

In another letter, from our old friend Frederic S. Marquardt, the Philippines and the *Journal* is mentioned. Written on the stationery of the *Phoenix Republic and Gazette*, it read:

"Dear H.

"I have left the windy city of Chicago for the sunny desert of Phoenix. I'm writing editorials, which is something I've wanted to do for a long time, and I'm going to avoid snow and ice, which I never liked.

"Phoenix reminds me in a way of Manila, with its palm trees, admixture of the Spanish tongue, and marked influence of old Spain. The summers are pretty hot, but not too long. And everyone has air-cooling systems. Nearly everyone I knew in Chicago was working like mad in order to be able to retire to California, Arizona, or Florida. I decided to beat them to it by a few years. Not that I'm retiring, but you'll get the point.

"I expect to write as much as possible about the Philippines and the Far East for these papers. Naturally, I'll need the American Chamber of Commerce Journal,

and I wonder if you'll be good enough to change my address to 1130 East Bethany Home Road, Phoenix, Arizona. I find the magazine a very useful tool in trying to get a picture of Philippine conditions from this distance. Regards, etc."

Readers who still read this column may remember that we joked a little last month about a three-year's subscription to the *Journal* received from a Chinese firm in Manila. The cream of the jest, though, is that within a week or so after that issue of the *Journal* was mailed out, we received no less than seven three-year subscriptions and they are continuing to come in! The office sour-puss said this time that the phenomenon is to be accounted for by the inflation and the "excess purchasing power" Secretary of Finance Pedrosa has talked about, but the rest of us think it is accounted for simply by the fact that the *Journal* is a good paper and businessmen want it. The editor, himself, though, looked serious when all these three-year subscriptions coming in were brought to his attention. "It's responsibility enough," he said, to "accept a subscription a year in advance. These three-year subscriptions worry me. How do I know I can keep up my present, I grant you, magnificent pace for three more years!"

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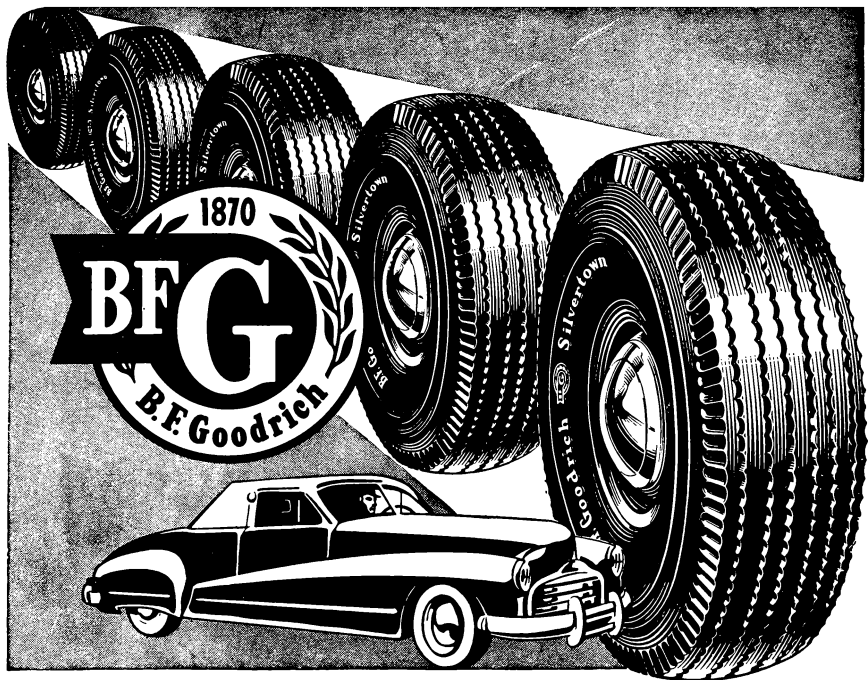
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