

Parties on both sides of the argument over the pier congestion have admitted that the problem is a really serious one, not easily solved, but cooperation between customs brokers and the various government entities should result in an improved situation.

We hope to report in the next issue of the Journal the final recommendations of the committees and success of new measures put into operation.

Inter-Island Shipping

BY G. F. VANDER HOOGT
Manager, Everett Steamship Corporation

DURING the month of January, shipment of goods between Manila and other parts in the Philippines was fairly brisk. We believe that one of the contributing factors was the arrival from the United States of considerable amounts of merchandise which has been more or less backlogged by the long Pacific Coast strike. This merchandise began to arrive about the first of January and continued, with ocean vessels arriving almost daily, throughout the month. Although, during the strike, there was no great shortage of necessary goods in the Philippines, as these were supplied from the Atlantic Coast and the Gulf, it appears that the new merchandise arriving after the Pacific Coast strike attracted considerable buying by merchants in the southern cities. Another factor tending to improve inter-island carryings is, no doubt, the lesser number of vessels competing for the trade, as commented upon in previous articles in this Journal.

The opening month of the year 1949 has been one of encouragement for inter-island operators, and it is hoped that the normal flow of inter-island business will continue throughout the year without the previous handicap of too many vessels to carry the cargo offered.

Land Transportation (Bus Lines)

BY L. G. JAMES
*Vice-President and Manager,
A. L. Ammen Transportation Co., Inc.*

TRUCK and bus operators are faced with constantly increasing costs of operation due to several factors over which they have no control.

1. The basic cost of a new unit, including chassis and body which in 1941 amounted to P4,000 now requires an initial investment of approximately P10,000.
2. The cost of gasoline which is still the principal fuel used in public utility operations is more than 50% higher than in 1941. Lubricants are in the same proportion.
3. The demands and requirements of Labor are constantly becoming more burdensome. Present wage levels are from 2 to 4 times those in 1941, depending upon the locality.
4. Prices for the many essentials that are necessary in keeping a fleet of busses in operation — tires, spare parts, shop equipment and building materials, are at high levels and in most cases show a constant tendency to increase.
5. Tax burdens steadily increase. The average reputable company which meets its tax obligations conscientiously, pays out a present average of 30% to 40% of the value of its paid-up capital every year by way of tax responsibilities. As an example, one company operating on Luzon paid the Government P450,000 in taxes of various kinds during 1948. This represented 35% of its paid-up capital. This company showed 1948 net earnings of P30,000 on a gross income of P3,000,000, which indicates the disparity between the amount paid in taxes

and the amount available for distribution to stockholders by way of dividends.

6. Provincial operators are beset by toll charges which are established in some cases by the national government in connection with bridges on national highways and in other cases by provincial governments at bridges on provincial roads. In the latter case, the funds so collected are not exclusively used for the erection and maintenance of the bridges concerned. Toll fees paid by a number of companies amount to as much as P150,000 per annum for each.

The rising cost of operation is not offset by a corresponding increase in basic rates. Competition is so widespread and so lacking in supervision and regulation by government authority, that a general policy of rate reduction has been forced upon all operators. A number of the well known companies covering lines between Manila and outlying provinces have adopted the P0.01 per km. passenger rate which was a pre-war standard. Others have been able to maintain a rate of P0.01½ per km. When these rates are compared with the current average cost of operation, which amounts generally to 2½ to 3 times the pre-war cost, the present prospects for prosperous operation are remote.

A number of the larger operators are substituting Diesel equipment for gasoline-powered units. Operating experience indicates that Diesel power effects a saving of P0.03 to P0.04 per bus kilometer as compared to gasoline power. This seems to be the only possible solution of present problems involving high operating costs and low rates.

The initial investment in a Diesel bus is considerably higher than that required for a similar unit with a power plant using gasoline for fuel. The former costs P2,300 to P3,500 more than the latter, depending upon make and type of Diesel. However, a Diesel truck or bus operating an average of 6000 kms. per month, will save P180 to P240 per month in fuel cost. Estimating the average life of the unit to be 5 years, the total net economy of operation is appreciable.

A list of the well known transportation companies which have invested in Diesel equipment with satisfactory operating results includes Pangasinan Transportation Co., Inc., La Mallorca, Halili Transit, Pampanga Bus Co., Inc., Laguna, Tayabas, and Batangas Transportation Companies, Negros Transportation Co., West Leyte Land, and others.

Operators in the sugar-producing areas will no doubt install alcohol-conversion equipment for use in their present units which require gasoline as a fuel, as soon as alcohol becomes available in sufficient quantities. The use of lower-cost fuel seems to be the only apparent means of reducing operating costs. Under the present ruinous competitive situation, the operator who lowers his costs will be the one who survives with a chance to earn an operating profit as his competitors retire from the field.

Mining

BY CHAS. A. MITKE
Consulting Mining Engineer

THE principal Philippine exports before the war, were sugar, lumber, and minerals. The sugar industry, employing approximately 2,000,000 people and paying, in 1932, over P20,000,000, or 43% of the Insular Government revenue for that year, dates back to Spanish days, but mining, while prosecuted before the time of Magellan, and conducted on a small scale during the entire Spanish colonial period, never