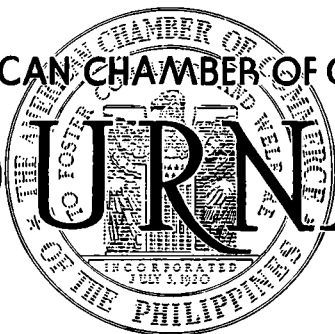


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



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*Editor and Manager*

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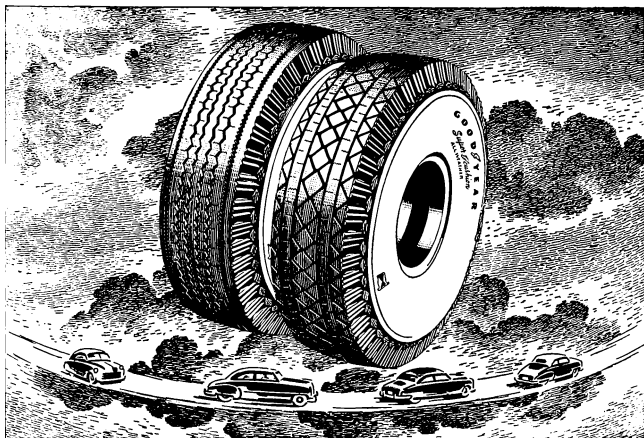
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## Contents

<b>Editorials —</b>	
The Atlantic Pact and the Marx Opium Dream .....	139
Wanted, Another John Hay .....	139
Communism and Communist Parties .....	141
Investment Risks, Natural and Otherwise .....	141
Leaders and Bosses .....	142
Tinkering with the Bell Act; the Taylor Bill .....	144
The Tañada Alien Land Disposal Bill .....	146
The Dum Breaking? .....	147
<b>Two Speeches before the Business Writers Association</b> .....	148
	Andres Soriano .....
	Gil J. Puyat .....
<b>The Business View —</b>	149
Office of the President of the Philippines .....	151
Banking and Finance .....	152
American Stock and Commodity Markets .....	153
Manila Stock Market .....	153
Credit .....	153
Gross Sales (Ten leading business firms, 1927-1948) (Table) .....	154
Real Estate .....	154
Real Estate Sales in Manila, 1940-1949 (Table) .....	154
Building Construction in Manila, 1936-1949 (Table) .....	155
Electric Power Production, 1940-1949 .....	155
Port of Manila .....	155
Ocean Shipping .....	156
Inter-Island Shipping .....	156
Land Transportation (Bus Lines) .....	156
Mining .....	157
Lumber .....	157
Copra and Coconut Oil .....	158
Desiccated Coconut .....	158
Sugar .....	160
Manila Hemp .....	161
Tobacco .....	162
Automobiles and Trucks .....	163
Textiles .....	164
Food Products .....	165
Legislation, Executive Orders, Court Decisions .....	165
<b>New Import Control Orders and Circulars</b> .....	167
Weekly Changes in Retail Prices (With graph) .....	172
Cost of Living Index, 1946-1949 (Table) .....	Bureau of the Census and Statistics .....
Trend of Real Wages by Occupations, 1941-1948 (Table) .....	175
The "Let Your Hair Down" Column .....	Bureau of the Census and Statistics .....
	176

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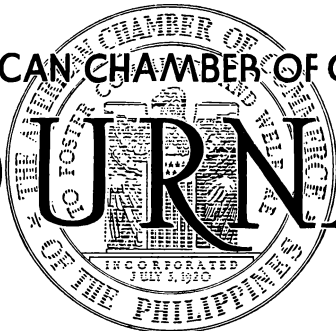
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# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

*"... to promote the general welfare"*

The adoption of the Atlantic Pact, which binds the major nations of the West into a defensive alliance, was the inevitable outcome of the deliberate wrecking by Russia of the United Nations Charter which it once was hoped would unite all the peoples of earth.

The Russian oligarchs from the first have waged a campaign of virulent hostility just short of open warfare against all other governments, and the Atlantic Pact, to be followed possibly by a similar Mediterranean pact and, as advocated by President Quirino, a Pacific pact, is the measure of the price they have to pay,—a world on guard against them.

In just retribution, Russia today stands isolated; without a friendly government or people to give it countenance; its only "allies," those nations on its borders which it has overrun.

They would save face by continuing to address their lying propaganda to the peoples of the world over the heads of their governments, but this becomes ever more exaggerated and absurd as they become more hysterical.

So much for the "crafty" men in the Kremlin and their Marxian opium dream of world enslavement to one totalitarian power.

History is said—sometimes fondly, and sometimes with weariness—to repeat itself, and one wonders whether it could possibly repeat itself in the present China case. One could hope that it might if the hope did not seem quite so vain.

Henry Adams (1838-1918), in his autobiography, "The Education of Henry Adams," wrote:

"The drama acted in Peking, in the summer of 1900, was, in the eyes of a student [Adams], the most serious that could be offered for his study, since it brought him suddenly to the

inevitable struggle for the control of China, which, in his view, must decide the control of the world; yet, as a money-value, the fall of China was chiefly studied in Paris and London as a calamity to Chinese porcelain. The value of a Ming vase was more serious than universal war.

"The drama of the Legations interested the public much as though it were a novel of Alexandre Dumas, but the bearing of the drama on future history offered an interest vastly greater. Adams knew no more about it than though he were the best-informed statesman in Europe. Like them all, he took for granted that the Legations were massacred, and that John Hay, who alone championed China's 'administrative entity,' would be massacred too, since he must henceforth look on, in impotence, while Russia and Germany dismembered China, and shut up America at home. Nine statesmen out of ten, in Europe, accepted the result in advance, seeing no way to prevent it. Adams saw none, and laughed at Hay for his helplessness.

"When Hay suddenly ignored European leadership, took the lead himself, rescued the Legations and saved China, Adams looked on, as incredulous as Europe, though not quite so stupid, since, on that branch of education, he knew enough for his purpose. Nothing so meteoric had ever been done in American diplomacy. On returning to Washington, January 30, 1901, he found most of the world as astonished as himself, but less stupid than usual. For a moment, indeed, the world had been struck dumb at seeing Hay put Europe aside and set the Washington Government at the head of civilization so quietly that civilization submitted, by mere instinct of docility, to receive and obey his orders; but, after the first shock of silence, society felt the force of the stroke through its fineness, and burst into tumultuous applause. Instantly the diplomacy of the nineteenth century, with all its painful scuffles and struggles, was forgotten, and the American blushed to be told of his submissions in the past."

A few years after the diplomatic stroke so highly praised by Adams, came the Russo-Japanese War, one of the results of which was,—thanks to the intervention of the first Roosevelt, that Russia was effectively blocked in Asia for a number of decades.

But Japan took Russia's place as a menace to China and ultimately came near to total conquest. Today, with Japan eliminated, Russia has started rolling forward again,—thanks in part to the second Roosevelt's concessions at Yalta.

And the Russian gains in the North are made the more dangerous by the victories in the civil war of

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those elements in China which draw their inspiration from Russian "communism" rather than from the free democracy of the West.

China's troubles and sufferings, and the world's difficulties over China, do not come so much from faulty Western diplomacy, however, or even from any present lack of Western power to aid, as from the fact that China is still, in the international political sense, a virtual vacuum. With the threat of conquest from one direction eliminated, a threat from the other direction immediately develops.

If the government which at present seems to be slowly forming can fill the vacuum, that may be a positive gain wherever the immediate ideological inspiration may come from, for there remains the hope that the Chinese "Reds" are, first of all, Chinese.

America is not interested in winning for itself the control of China, and never was. Adams' statement that the struggle for the control of China must decide the control of the world, is to be doubted. Hegemony is not determined by areas or populations, but by power. But America is deeply interested in China being controlled by the Chinese rather than by the Russians, acting for themselves or through puppets.

If the Chinese "Reds" are not puppets, then perhaps America in due time could take certain measures,—of friendship and aid, to keep them from ever becoming an advance guard for further Russian penetration, imperialistic or ideological.

As in the days of John Hay, fifty years ago, are we too prone to consider ourselves impotent and to accept in advance a prophesied result of current developments, seeing no way to prevent this?

Is there today a John Hay who, through some bold stroke, will wrest another chance for the Chinese people out of the welter and ruck of the present confusion?

Indian Home Minister Patel at New Delhi recently pointed a distinction that may prove of value in clarifying the present world contention over communism.

**Communism and Communist parties** In warning the Indian communists that the Government would suppress violence, he said that it would not seek to exterminate the ideology underlying communism, but that it would have no alternative to suppressing the Communist Party "if it persisted in exploiting every situation in order to cause chaos."

There are no doubt numerous idealistic people in the world, outside of Russia (perhaps more outside than in), who, if not believers in the whole communist system, see a possible social gain in the abolition of the private ownership of the "means of production,"—a gain in exchange for which they would assume the risks of the consequent tremendous increase in the arbitrary powers of government. Many would favor such a development outright if the change from private to public ownership were progressively and always legally and ethically effected, as seems at present to be happening in Britain.

But even these people,—not hostile to communism as such and even convinced or half-convinced that a communist economic system would be preferable to capitalism, are outraged and rightly execrate the means adopted by present-day Russia allegedly to promote world communism, and deeply distrust and

flatly impugn its motives and aims, as a world power, as well.

By what right, under any code ever lawfully framed by man, may the Russian oligarchy, through the conspiracies it foments everywhere, sap and destroy the chosen institutions of other peoples, creating dissention and tumult and riot, disloyalty, betrayal, crime, and treason?

Is disintegration and chaos the road to a new and better order? Can hatred prepare the way for love? Does evil turn to good?

Is not the Russian so-called communism plainly the satanic thing which its measures at home and abroad, show it to be?

The ideology of true communism we can study and reason about. Present-day communist parties should be dealt with for the criminal organizations which they are.

President Quirino, in his remarks on March 4 before the conference of the 81st District of Rotary International at the Manila Hotel, **Investment Risks—Natural and Otherwise** designed to make a good-natured reference to the editorial in the February issue of this Journal in which we spoke of his wearing rose-tinted glasses when he delivered his address on the State of the Nation before Congress.

He admitted that he was an optimist. He declared that he does not propose to be a crape-hanger and that in addressing Congress he was not presiding at a wake or leading a funeral.

That was good rhetoric.

He honored and pleased the assumed writer of the editorial by dubbing him a "very good friend of our people," but implied in his speech that this writer was among those who are sour seekers of disaster, frightened by bugbears largely self-created.

We are hesitant about taking advantage of Mr. Quirino's condescension to enter into public argument with him. We would take no pleasure in proving him wrong, especially on the topic which he chose to speak on to the Rotarians,—conditions in the Philippines as they relate to American capital investment. We wish he were right and that our fears, so-called, were only self-created. But a wish is not a conviction, and we are sorry to say that Mr. Quirino's arguments were not convincing.

Dropping all idea of arguing with the President, may we not simply advance a few reflections that occurred to us in reading a report of what he said?

In the first place, we do not believe the country is doomed because of import control. We do not believe that the country is doomed at all, though we do think that the country's advancement is being seriously retarded and that we may all come in for much needless suffering as a result of this. And not alone because of import control, but because of the ever-extending autocratic government control over every phase of the country's economy. And not only because of that, but because of the discrimination throughout much of this control against so-called alien enterprise, which, only to mention the Flag Law, goes so far as to deny the right to ownership of the smallest tract of land to aliens. Enacted legislation has been definitely handicapping established business and much of the projected legislation threatens to handicap it further, especially in the fields of corporate organization and of labor-capital relations.

The President suggested that American capital was not deterred from developing the American West because of the risks, the hardships and dangers of frontier life, including the menace of the savage Indian tribes, and said that he could not believe that American capital has lost its pioneering spirit and will fail to come to the Philippines because conditions here are believed to be "not attractive, not easy, not secure."

If we may quote:

"I like to believe that American capital, as a potent instrument of industrial progress for the advancement of democratic liberties and social amelioration wherever it has taken root, is still true to the spirit of Americanism which makes America the leader of the world today. I like to believe that being morally strong by tradition and inheritance it does not have to rely solely on special privilege for itself, that it is not easily intimidated into retreat by mere challenges to its genius for adjustment in a new setting to justify its leadership of free nations."

This prompts the thought that the Indians, at first, at least, had only bows and arrows, knives, clubs, spears, and tomahawks, later some guns; they never had the mace of governmental authority;— executive, legislative, and judicial. And shooting members of Congress, judges, and department and bureau directors and other government officials, or putting them on reservations, can't be done!

American capital here asks for no "special privilege," but only for equal opportunity and freedom from arbitrary governmental intervention in the processes of production, investment, and trade.

The President bracketed "planning" and "nationalization" together when he said:

"Planning and nationalization are a dynamic political and social reality, spelling resistance to unregulated free enterprise and possibly keeping its rewards within humane and civilized sanctions."

We are sure that American capital is not looking for anything outside such sanctions as the President mentioned, and there is no objection to national planning. "Nationalization," however, is another thing. One certainly can not expect foreign capital to come into a country where the general trend is toward a rapid "nationalization,"— that is, where legislation is deliberately being framed to discriminate against such capital and to impair the capitalist's control over it.

"It is to be observed," said the President, "that the systematic nationalization going on in England has not discouraged the billions of dollars that America is pouring in there."

May we observe that these billions constitute government loans and not private capital investments? And that these loans are being made as a part of the Marshall Plan for all of Europe chiefly for political and strategic and to some extent for humanitarian reasons, and certainly not for profit in the business sense?

The President said that he did not want an assignment as an undertaker, a mortician, for the Republic. If he and other leaders would only realize that the country has already had to bury some of its high hopes,— among them that during the past three years or so following the liberation American investment capital would come in in volume. That it has not is largely due to the fact that conditions have been more or less deliberately rendered less favorable and less propitious than they might have been. However, the very fact that Philippine leaders are showing signs of sensing this, is an important step in the di-

rection of the ultimate correction we still hope for.

The general aim of present government policy is natural enough. As the President said:

"We want our own people to have a proportionate share in the enjoyment of our economic opportunities."

American capital would not question this as anything but commendable. But when the means adopted become frankly discriminatory, there can be but one result.

Putting the matter in the simplest language:

American, or any other, capital will accept natural risks as a part of all capitalistic enterprise, but it does not choose to operate under a deliberately discriminatory sovereign government.

President Quirino pointed to a distinction which is important in a democracy,— that between leaders

and bosses, in his address at the commencement exercises last month of the Leaders and Bosses Philippine Women's University.

He said, in part:

"Bossism is not real leadership. It is a corruption of leadership... If we are loyal to our democracy we must assess our leadership in terms other than those of bossism... We must believe in the common man's right and capacity to think... The idea that the common people are gulls, useful pawns in the political game... belongs to the past... The people do not need anyone to whip them into line... Their will becomes clear... It is a sound government that recognizes and accepts its authority... A real democracy is where the people create the leaders..."

In United States political slang, a boss (from the Dutch *baas*, master) is a "professional politician who controls a large number of votes in a party organization, or who dictates, unofficially, appointments and legislative measures".

A boss heads a political "machine". The dictionary defines this word in that sense:

"The committees or other working bodies, often under the power of a boss, especially in a political party, through which its policies and activities are directed and its nominations and patronage are often largely controlled, for private rather than for party or public end."

Lincoln Steffens, author of the book, "The Shame of the Cities", has told that when at the turn of the century he was visiting the various big cities whose corrupt governments he exposed, his first effort always was to discover not who was the mayor or the chief of police or who any of the other important officials were, but who the boss was. Sometimes this man held office, but often he did not and skulked in the background.

There have also been such state machines, but, city or state, when they became too openly corrupt, the people revolted, "turned the rascals out" at the elections, and often sent the bosses to jail.

Leaders of the American federal government have rarely been charged with graft, and the national party organization in the United States has, indeed, always been loose and without the compactness required for a regime of corruption.

A distinction must be made between legitimate party organization anywhere, and the political machine of a boss or "ring" of public grafters. Political parties are natural to a democracy. They are broad divisions of the electorate, standing for certain differences in ideals and policies of government. They naturally seek to influence the voters and to get their own candidates elected. But they do not resort to

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bribery and blackmail and violence to get votes, or to fraud in the conduct of elections. Corrupt machines are parasitic upon the legitimate political parties, as they are upon the whole community.

This parasitism is, of course, natural under certain conditions, just as it is natural for a dog to have worms and fleas. That we have criminals in the world is something that we must accept. But to put them over us, is not necessary. We do not have to choose them to run our public affairs.

It is necessary, in a democracy, for the people to accept the responsibilities as well as the advantages of self-government. There must be general devotion to the common interest and determined will to pursue the high aim of establishing and maintaining a sound nation.

In the Philippines, the national political organization has, for a number of reasons, long had the compactness that lends itself to one-man control. That, during the greater part of this time, the successive supreme leaders were good men, true patriots, who might have abused their power, but did not, was largely a matter of the country's good luck. The people trusted them and followed them more or less blindly.

Death or retirement has ended their great careers. The people have now to choose leaders from among the present group of office holders or to project new leaders from among themselves. Blind faith is no longer wise. The people must be alert and on their guard, or the democratic system here will fail.

What is probably the worst about the decision of the Philippine Chamber of Commerce to express itself as favoring a revision of the Bell Act, is its poor timing,—a timing which might perhaps

**Tinkering with become dangerous. The Chamber the Bell Act; only declared that it favored revision the Taylor Bill looking toward "selective free trade both ways", as advocated by Mr. Salvador Araneta, but its meetings and discussions and the final resolution, all played-up in the press, closely followed the introduction by the Wallace-ite Senator Glen Taylor of Bill No. 694 which would repeal the Philippine Trade Act of 1946 (the Bell Act) outright while "an investigation by the Congress and the enactment of legislation governing the economic relations between the United States and the Republic" would still be "pending". We would suddenly find ourselves entirely outside of the American tariff wall and the protection which it gives the Philippines. Repeat first; "investigation" later. And then what, if anything?**

Section F of the Taylor Bill declares that the Bell Act is "inconsistent with the sovereignty of the Republic of the Philippines" as it limits Philippine control over the country's resources, tariffs, foreign trade, and currency. The Section further declares that the Bell Act is "incompatible with American democratic principles" and is a "contributing cause to growing unrest in the Philippines"; "detrimental to American trade and the raising of the living standards of the American people and beneficial only to a small group of American monopolist interests"; and "prejudicial to the good neighborly relations between the United States and the Republic of the Philippines, and con-

tributing to friction and the unsettling of peaceful relations in the Pacific".

This is a malignant indictment, and the full text, which was abbreviated in the preceding paragraph for the sake of clarity, is even more so. For instance, it is declared that free trade is continued "in varying degrees until 1974 so that the Philippines will remain dependent on the American market and fail to industrialize and become self-sustaining." Senator Taylor charges the United States Government with having that deliberate purpose! Also: the Bell Act is incompatible with American democratic principles because it imposes "onerous controls on the war-ravaged Philippine economy as the price of assisting in its rehabilitation and development."

However, in making this charge, the Senator unintentionally and illogically admits that this nefarious Bell Act does, after all, assist in the rehabilitation and development of the Philippines!

We found cause for a satirical chuckle in the fact that at Havana, during the conference of the United Nations International Trade Organization (November, 1947—March, 1948) all this "exploitation" of the Philippines was considered "preferential treatment" by the other nations represented at the meeting. Some of them made objections, and it being feared both in the Philippines and the United States, that decisions might be taken which would alter the Philippines' preferential position, the Philippine Government was quick to protest against any change.

The then President of the Philippines, Manuel Roxas, issued a statement from Malacañan which read:

"The President expressed great satisfaction this afternoon when he read the statement made by President Truman at a press conference in Washington yesterday, giving assurances that the preferential trade agreement (Bell Act) between the Philippines and the United States would not in any way be altered by any decision which might be made at the ITO conference in Havana. It will be recalled that President Roxas protested vigorously against attempts in connection with the ITO Charter to modify the trade preferences between the Philippines and the United States for the duration of the trade agreements, and that he instructed Secretary Abello, who is now head of the Philippine delegation in Havana, not to sign any agreement which might in any way disturb our preferential trade with the United States or prejudice the interests of the Philippines..."

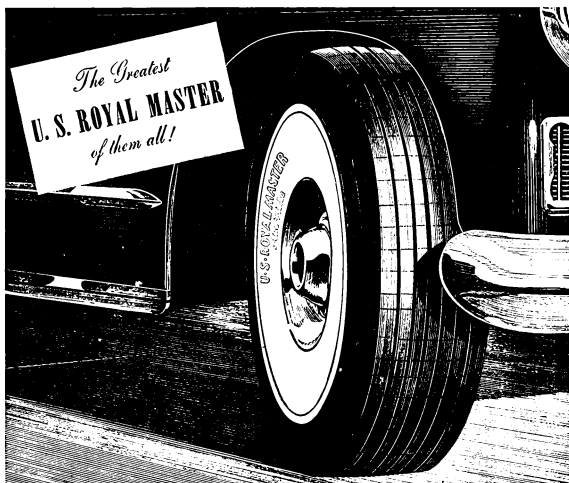
The communist-fringe of rattle-brains in the United States may not know what it is doing in giving backing to aspersions cast on United States policy, and to schemes to wreck rehabilitation and recovery in all parts of the world outside the Russian sphere, including the Philippines. But we may be sure that the Cuban sugar lobby, which keeps a covetous eye on the Philippine sugar quota, will be a most zealous supporter of the Taylor Bill and of the Philippine Chamber in any clamor in connection with securing possible changes in the Bell Act.

In all the recent discussion of the Act, as reported in the Philippine press, we have noted not a single reference to those sections which convey the most vital advantages to the Philippines,—such as sections 211 and 212, which establish absolute Philippine quotas for sugar and cordage.

As to our sugar industry, one of the three mainstays of our economy, we can think of no more unsuitable time to weaken in any way the present security of the industry under the Bell Act. A few years ago there might have been some excuse for "econo-



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mists" and "analysts" to imagine that the plight of Java and Formosa would create a vacuum in the world sugar market which the Philippines could fill if it lost the American market. But the rapid rehabilitation of European production and the great Cuban sugar tonnage have already brought the world's production to a point at which it will surpass the probable consumption.

As for other elements of the Bell Act, "Parity" for example, which has called forth the most emotional outbursts from critics of the measure, we admit that with reference to this, some of the clauses might have been better phrased, at least if there had been more time, but in substance this feature would operate to the very great benefit of the country if it were not in part nullified by subsequent local legislation and other government action which is discouraging American investment even under the supposed advantages it bestows. We have yet to hear of a single case in which "parity" has been exploited by any American national or entity to the disadvantage of any Filipino, but even if a few individual cases of this kind could be brought forward, such disadvantage would be insignificant in comparison to the immense benefits conferred on the Philippines by the Bell Act as a whole.

The Philippine Chamber of Commerce is *not* asking for the abrogation of the Bell Act, only,—and that hesitantly, for certain changes the nature of which, or the advantages, if any, are still far from clear.

We would ask the Chamber to be wary, lest it give aid and comfort to senator Glen Taylor whose bill is an insult both to the United States and the Philippines and to be intelligence as well.

A bill introduced by Senator Tañada, providing for the "disposition of lands acquired by aliens in violation of the provisions of the Philippine Constitution," which the Tañada Alien Land Disposition Bill failed of passage during the third session of Congress, has been reintroduced.

The plan set forth in this bill shows considerably more conscience than the proposal of the Solicitor General merely to confiscate such lands, which was the subject of an editorial in the March issue of this Journal.

In his explanatory note prefaced to the bill, Senator Tañada states:

"After the promulgation by our Supreme Court of its decision in the Krivenko case, there arose a certain confusion on what to do with the lands acquired by aliens in violation of our Constitution. To remedy this situation a plan is evolved by the undersigned whereby the aims and purposes of our Constitution could be given effect and be safeguarded without committing injustices to those alien purchasers who honestly believed that they were not suffering from a constitutional inhibition at the time they made their purchases.

"... If we now deprive these aliens of all material benefits from these transactions we will be committing a grave injustice to them.

"We must also take into consideration that outright confiscation of the lands involved in these transactions in favor of the State might give rise to international complications...

"The purpose of this measure is to correct the violation of our Constitution in such a way that the aims and purposes of our Constitution may be preserved and at the same time not unduly and unjustly deprive the aliens concerned of their rights on the properties held by them..."

In short, the Tañada bill would give alien owners of lands held in violation of the Constitution (as interpreted by the Supreme Court) one year to convey

them to "persons duly qualified to own such lands." After that time, if not thus conveyed, the lands would be confiscated.

Sales made for the purpose of evading the measure would be nullified and the land in such cases would also be confiscated, those concerned in the evasion on both sides being subject to loss of citizenship (in the case of naturalized citizens), and deportation. The measure would apply to corporations, partnerships, and associations as well as individuals, and in the case of the former, violations would lead to the dissolving of the entity. Violators, including the responsible officers and employees of corporations, partnerships, and associations would be subject to imprisonment of not more than five years or a fine of not more than ₱5,000, in the discretion of the court.

Fairer though the Tañada plan is than a course of outright confiscation, the measure would actually cancel none of the fundamental objections brought against the Supreme Court's interpretation of the Constitution with respect to alien landownership, which extends even to the ownership of small tracts for business and home-building purposes,—that, in the first place, the decision itself was unconstitutional as a constitutional ruling, as it was not the opinion of two-thirds of the members of the Court; and that the policy the decision underwrites is basically narrow, undemocratic, unjust, uneconomic, unpolitical, and, indeed, inhuman.

The purchase of a piece of land is in the majority of cases much more than a mere "transaction," involving "material benefits." Real estate agents and land speculators are few. Land is generally bought for a life purpose,—to develop a plantation or farm, to erect a mill or factory, a warehouse, an office building, a store, a home. Land purchase in most cases involves long-term plans and projects, purpose, enterprise, confidence, contentment, good citizenship.

The new land policy proclaimed by six men on the Supreme Court (we assert that it is new and not to be read in the Constitution if one is able to understand plain English), affects all of these constructive economic and social and ethical concerns.

Suppose that the Tañada bill became law and that aliens who acquired lands here since the year 1935, when the Constitution was adopted and ratified (ratified, May 14), were forced to throw all their lands and buildings onto the market, in many cases, no doubt, the contents, too. We do not have any official figures available, but the total present values affected would probably run into many hundreds of millions of pesos. It is not difficult to foresee what would happen to these values in the glut which would ensue in the real estate market, the forced sacrifices, the tremendous losses.

And what money would be obtained by the owners from these forced sales, would these people, does anyone suppose, be in the mood to reinvest it in the country? What would they feel they could safely invest it in? Would many of them even try to go on with their businesses, as tenants more or less at the mercy of the new landlords?

There can be no doubt that there would be a considerable fall in production, which the Government is otherwise trying to augment; in consumption, too, which the Government is otherwise trying to raise; in employment, which the Government is otherwise trying to increase; in a flight of capital from the

country, which the Government is otherwise trying to induce to come in.

It would perhaps not be a flight of capital so much as a throwing of it out. The former owners of all the liquidated real estate would practically be forced to remit the money to the United States, and this would not only deprive the Philippines of the use of this capital, now here and still so badly needed, but would seriously reduce the country's dollar balance in the United States, which the Government, on the other hand, is trying to conserve in various ways, as by import control!

And all this would come just at the time when the Philippines will be faced with the complications which will result from the cessation of much of the present American financial aid!

And what would a man and all the members of his family feel and think when they are forced to sell, among other things, a beloved home? Will any of such people, robbed of their dearest possession perhaps in the world, have an iota left of respect for and confidence in the Government of this Republic?

In addition to the more immediate effects of the new land-policy as it concerns those aliens who invested their capital in lands and buildings during the past fourteen years, we must consider the inevitable long-term future effects as to capital investment and the economic development of the country. The prospect is appalling. Already it has been reported that a number of foreign corporations in Manila have canceled plans for erecting buildings here because it appears that it will not be possible for them to acquire ownership of the comparatively small tracts of land which would be necessary.

In such cases there went months of productive and profitable work for Philippine architects, engineers, steel workers, masons, carpenters, glaziers, plumbers, electricians, painters, furniture makers; there went business and profits for the importers of all sorts of materials and equipment and for the local stone, gravel, sand, cement, and lumber companies. There went fine buildings, which would have added to the wealth and dignity and sky-line of Manila and which would for years to come have afforded housing for many business offices and their hundreds of employees of this and coming generations.

There went *phut* just a bit of the potential enterprise, activity, achievement, and continuing opportunity making for national advancement and progress, of that whole incalculable total which this new "nationalistic" land-policy will cost this country if it is not altered.

We hope that Senator Tañada will withdraw his bill and that he and other enlightened Filipinos will see that it is impossible to carry out a nation-wrecking land-policy in a constructive manner, an unjust policy in a just manner, an immoral policy in a moral manner.

We hope that Senator Tañada and other Filipino statesmen, instead of attempting futilely to carry out wisely this unwise and self-defeating policy, will take determined steps to wipe it off the books.

According to a Malacañan statement, issued months ago, the decision in the Krivenko case does not affect Americans, under the "parity" principle.

We, therefore, do not speak for ourselves but for what we believe is the good of the country.

Is the dam of government competition and interference with business, which has been so disadvantageously effective in discouraging the investment of much-needed foreign capital, breaking?

To the long-anxious gaze there seem to be signs that it is beginning to crack.

For one, President Quirino's recent announcement that the Government is prepared to sell or to turn over to private management a number of government corporations.

For another, the consideration being given in the National Economic Council and in Congress, too, to liberalizing the Philippine Flag Law.

As to the latter, the proposal made, even if enacted—to reduce Filipino capital participation from 75% to 60% in those firms entitled to the benefits of the Flag Law, would as to its practical effect mean little or nothing, but, at least, it is a gesture in the right direction.

These developments are to be looked upon as important because if carried out they would strike at the foundations of the unwise politico-economic policy which is so largely responsible for the alarming reluctance which foreign capital has shown in investing in the otherwise inviting Philippine field.

Since the establishment of the Republic, business here has looked upon the opening of each session of Congress only as the beginning of a new open season for the enactment of all sorts of crack-brained nationalistic legislation, bound to defeat what should be the aim of true nationalism, the building of a great and prosperous country.

Now Philippine business, at least the more intelligent and responsible part thereof, is watching with bated breath what may be a return to reason and statesmanship.

It may be that the policy-makers will turn to the right road leading to what we acknowledge was always a rightful objective, but which they were departing from even while they believed they were approaching it.

Nationalistic through the people properly are in this young Republic, we believe that they would support a policy which would successfully enlist the aid of outside capital in the development of the country, the creation of employment and opportunity, increasing government revenues and strength and spreading wide a general prosperity.

We advocate no "foreign exploitation" to the disadvantage and harm of the country. We advocate what the United States itself did during the great building-period of the nation,—welcome and offer rich opportunity to outside capital. Outside capital and foreign entrepreneurs constitute, from the point of view of any undeveloped but sovereign country, only a means, an instrument, the need for which gradually and naturally disappears as domestic capital takes its place. Philippine capital will later, in its turn, seek opportunity for investment in other undeveloped regions, and there, as here, it would work the miracles of human enterprise.

# Two Speeches

Before the Business Writers' Association

Andres Soriano

*President, A. Soriano y Compañia*

IT gives me great pleasure to be here tonight, and I sincerely thank the Business Writers Association of the Philippines for its kind invitation. On this occasion I feel doubly honored. At the request of your Association I am here not only as the recipient of your award, but also to make the response on behalf of my other friends chosen as outstanding in various fields of business endeavor in 1947. In their name as well as my own, many, many thanks.

It would appear that the organizers of this award dinner have picked me as a spokesman precisely because I am not a speaker! The business writers know this only too well. Yet, in spite of my limitations as a public speaker, I have accepted the distinction and will, tonight, voice some thoughts which, for some time, I have considered of significance to business enterprise in this country.

I feel deeply that at the root of our economic troubles lies the fallacy that the best way of ordering economic affairs is to place the full responsibility for all crucial decisions in the hands of the Government. This is an error which, driven to its logical conclusion, can bring upon this country untold miseries. I am also of the opinion that the post-war pattern of economic development evolved for the Philippines is confused. One of our main tasks — of businessmen and the chroniclers of business — is to do what we can to bring about greater maturity in economic thinking, because economic confusion is the breeding and fertile ground of communistic ideas.

Tonight, allow me to give you a brief and random expression of my observations in regard to the program for the development of the economy of this young Republic which we all cherish and whose people we love. On an occasion like this, I must perforce be brief and limit myself to posing a few questions to provoke thought.

Let us take the case of the National Development Company.

What were the late President Quezon's reasons for its creation, and has it fulfilled its great objectives? I understand that it was organized as the instrumentality of the Philippine Government to assist in the exploitation of Philippine resources, the development of industry, and the general advancement of Philippine economy by lending a helping hand to activities and industries in which private capital was not available. This assistance was conceived to involve and include auxiliary financial participation with private companies qualified for an undertaking by having made the necessary research and being possessed of the required technical "know-how". It was only when private capital was not sufficiently available for a desired project that the Government, through the N.D.C., was to consider undertaking the new enterprise by itself for the benefit of the nation. Furthermore, once the Government should have demonstrated

the profitable nature of an enterprise, it should dispose by sale of that particular operation in favor of private businessmen and technical experts. Thus the Government would have a revolving fund available to pioneer in other fields.

This original policy of government participation in industrial development — a participation primarily of a temporary and auxiliary character — has it been ratified and strictly adhered to in the post-war period? If we are to believe in the Beyster Report recommendations and the newspaper accounts of the purported plans for the economic development of this Republic, it should be radically altered since it appears that the Government will be competing with private enterprise and will try its hand in every conceivable venture. On the other hand, I am informed that the two-billion-peso plan of economic expansion provides just the type of financial assistance envisioned originally.

It is natural that in a new nation like the Philippines a marked nationalistic trend should initially be dominant in all its economic plans. Yet, we must not forget that we are a part of the world and, in the long-term view, what is the position of the Philippines to be with respect to its international economic relations? Before proceeding on any road, we should know definitely where we are heading for.

Foreign capital — and by foreign I include all outside capital besides American — has repeatedly been invited to participate in the economic development of the Republic. However, the extent of foreign investment up to now has been a big disappointment. But I ask you, gentlemen, what concrete program has been outlined to attract, what definite assurances given to induce, foreign capital to invest heavily in the Philippines?

When a country like the Philippines is favored by its climate conditions and geographic position to produce certain products which give it a practical world monopoly, is it economically safe to carry out a program of complete industrialization whereby long established industries in some other parts of the world will be undermined and unemployment there increased? If we wish to maintain our right to supply markets with products we are in a position to command and control, must we not keep the corresponding idea in mind, in our over-all position in the world trade, of our need to purchase goods which other countries can better produce and manufacture? Let us worry about the rehabilitation of our abaca industry, for example, and allow some other countries to worry about providing us with nails and condensed milk. What is our goal? The industrialization of the country, to the point of self-sufficiency regardless of the economic price, the cost of the products manufactured to be borne by the people? A preposterous idea! Will this country continue to be an example of democratic principles, or is its goal to be one approximating economic autarchy?

I may be obstinate, but years ago when asked about the extent and type of industrial development that the Philippines should adopt, my thoughts then were as they are now, that, in addition to the vigorous

development of those natural resources of the country for which there are world markets, a program should be laid out which would coordinate our industries with the products of our soil that will obtain world markets on a semi-processed and not a final manufacturing stage.

An illustration of this industrial development is the cellulose and paper-pulp program. Such a program would utilize resources practically wasted, such as *caña bajo*, and utilize the cellulose content of ramie as a by-product. Another is the use of maguay and abaca waste for the manufacture of cloth for bags which, apart from substituting the imported jute or Hessian cloth containers, may find a demand in other parts of the world. The development of the ramie industry will open up large agricultural possibilities in this country. The world demand for ramie is at present restricted due to the limited production of the fiber, so limited that textile mills would not be justified at present in making changes in their looms to weave the processed fiber, a condition which would be altered with adequate supply. In passing, I need only to mention that climatic conditions in Mindanao are definitely highly favorable to the cultivation of this plant which is only awaiting exploitation to satisfy a world need.

The studies presently being made by the National Power Corporation and the Westinghouse Survey for the eventual utilization of the power and energy, now wasted, from the rivers and water sources of the country, illustrates the constructive function of government aid. The electric power so developed will insure to industry and other consumers a potent means of accomplishment at most advantageous and reduced prices.

Availability of cheap hydro-electric power would place within the reach of the Philippines the production of commercial fertilizers and other needed heavy chemical industries. The Philippines is essentially an agricultural country and an important, if not the main, deterrent to agricultural sufficiency is the lack of cheap commercial fertilizers. With the availability of fertilizers the important sugar industry of the Philippines would be substantially advanced by the increased yield of its sugar-cane fields; cultivation of the ramie plantations — a project I hope to see realized in the near future — will be feasible. As an aid to the cultivation of rice, the result would have world import. Not only would the Philippines become a granary to protect its own food supply, but it would join Siam, Burma, and Indo China as an exporter of this staple food and provide insurance against famine in Asia.

I hope I shall not be thought overly critical by reason of my remarks of a general nature. May I say, parenthetically, that I with the rest of my fellow-businessmen are to a great extent to blame for not devoting more time to participating in services essential to the welfare of this country? We must find the time and take the trouble to rebut misrepresentations — we must keep in closer touch with the Legislature by requesting public hearings and attending them, and with the press, on matters of national concern. We should express our honest views when the occasion demands it.

By giving what cooperation we can to business writers in the way of information, we can perhaps, among other things, influence and modify the tendency of the Legislature in the past years of mainly concerning itself with the "rights of labor", to the

neglect of the other classes of the body economic. I may cite, though, as one of the exceptions, the Bill exempting new industries for a period of five years from taxes. There are, undoubtedly, immediate political rewards to this partisan course of action, but it is confused thinking and certainly a very short-sighted policy that which denies that the welfare of labor is bound up with the welfare of the other classes of society.

A gigantic step forward in the economic development of the Philippines would be attained if the distribution of ownership were in the future progressively and proportionately extended as, let us say, in the United States, where a number of utilities and major industries count their stockholders by the tens of thousands.

The disposition of the savings of the salary-wage earners and small capital of the Philippines should follow the United States pattern.

I have been accused of being a perennial optimist, and with respect to the economic future of the Philippines, I again concede the accusation. Being aware of the vigorous and civic spirit shown, as an example, by the young businessmen of the Jaycees, and the generation that has taken over from their elders, farming their lands and conducting new business and industry in that rich island of Negros, I have complete confidence that their energy, industry and enterprise will develop the Philippines along the solid lines those of us who love her have always envisioned.

Gil J. Puyat

*President, Gonzalo Puyat & Sons, Inc.*

I AM deeply grateful for this award. I feel you have been overgenerous to me. I accept it in all humility. In accepting this award, I can think of no more fitting resolution than to rededicate myself to the service of our people and of our country...

I would like very briefly tonight to diagnose with you the state of the economic health of the nation.

Agriculture, which is still the main source of the income of the people, is in an under-developed state. Our agricultural methods and practices are, to use an exaggeration, still medieval. The reasons for this backwardness have been known to us all these years, and while we have made attempts at palliatives and at times have shown a resolution to attempt basic remedies, our interest in applying these remedies has been unsustained. The only encouraging sign on the horizon seems to be our belated decision to really develop irrigation on a big scale. I notice with discouragement that we are doing very little in research and in experimentation, activities which in all forms of human endeavor, are foundational to accelerated progress.

For as long as I can remember, our leaders, both in and out of the Government, have accepted the necessity of industrializing the country. The plans and proposals for such a program have been varied and conflicting. However, no matter what the methods may be or the approach that may be adopted, there is unanimity in our thinking that to increase the national income and to enhance the earning capacity of our people, there is need for industrialization. The emphasis laid on this phase of our national activity was set in bold relief when we applied for a loan with the International Bank for the development of water power at various strategic points in the Philippines. The exhaustive studies made are an eye-

opener in visualizing how these various industrial projects, if carried out, could reshape our economy.

I am only too cognizant of the fallacy of the phrase "economically self-sufficient" as applied to modern life. When I was in the United States some two years ago and had occasion to speak before chambers of commerce, Rotary clubs, and foreign trade associations, and saw and felt the desire of the American people to import more of our products, I had to admit before these same audiences that aside from the export items which now appear in our foreign trade, there are not many more that we could add. The objective, therefore, of any plan of industrialization is to lessen our dependence, in at least the essential commodities, on foreign markets, and, to the extent that our resources will allow, to increase our exportable goods.

The Philippine peso today is stable. It enjoys a sound standing because of the dollar reserves we have piled up in the United States in the past. Studies show that unless we radically improve our foreign trade and decrease the unfavorable balance against us by the time the different sources of dollar revenues we now have will dry up (1951), it will be a serious matter for our Government to maintain the position of the peso. Our commerce is predominantly in the hands of aliens. Our industries are in like, if not as serious, a predicament. Our system of public instruction which was initiated at the turn of the century and which had for its principal objective the supplying of personnel for government service, continues to lay undue emphasis on the professions though we have known for years that a saturation point has been reached in many of these professions and in some cases an over-supply actually exists. While the development of vocational schools and technological institutions has been the subject of debate and the theme of many well written articles, vocational schools and technological universities of standing are still in this country, to use another exaggeration, a figment of the imagination. Our public utilities leave room for improvement, and our merchant marine is still in its skeletal formation.

These facts must lead to the conclusion that the country and its productive agencies have neither developed the proficiency nor the capacity to maintain the rather elevated standards of living that we have adopted. I once said in delivering a short address before a labor group that perhaps one of the tragedies that has befallen us is that while we have shown a ready inclination to adopt the American standards of living, we have not been as apt pupils in adopting American proficiency in the industries. And while 1949 finds us in this state of economic stagnation, with no immediate signs of revitalization, we find ourselves carried along in that universal current which has for its inspiration and motivation the uplift and betterment of the masses. Our Government, and, for that matter, any other government, can ill-afford not to subscribe to so humanitarian and laudable a program. There can be no controversy as to the reasonableness of adopting it for our people. And yet, while we may be committed to this program, judicious thinking counsels us that in adopting measures for the betterment of our masses, the capacity and the ability of our productive agencies should be taken into account. These two basic features of our developmental program should be kept in fine balance, otherwise we may retard and even

ruin the development of our productive agencies. A disproportionate emphasis laid on social amelioration, when neither our productive ability nor capacity will support such a program, would conduce to calamity. It would seem almost a superfluity and an unnecessary restatement of what seems to be most obvious to say that industry can pay labor generously or niggardly in direct proportion to industrial ability and capacity. Giving labor a share beyond this point, is in effect a liquidation of capital. And the harm that will ensue will be felt by society at large.

It might be well for us to consider in deciding the pattern of our economy to take into account that, geographically, we are in the midst of countries characterized by cheap and unskilled labor. I was in Japan some two months ago and I was informed that the average monthly income of a Japanese laborer today is 6,000 yen. Converted at the official rate of 270 yen per dollar, this is an approximate \$22, or P44, monthly income for the Japanese laborer. If I remember correctly, when the Undersecretary of Commerce of India was here recently, he gave us the information that the average daily income of a laborer in India is much less than a peso. We do not happen to have statistics on the average labor wage in China, in the Dutch East Indies, or in Malaya. We can only surmise that the wages there are not much higher or would be along the same levels as those now prevailing in the two countries I have mentioned.

I make mention of these figures so that both labor and management may know the real situation. It is important that we know the facts in order to establish for our country a well-proportioned economy.

During the two years since the enactment of the Bell Act, both officially and in private, the desire to welcome foreign capital to invest here has been made manifest. For some reason or other, or a combination of reasons, that capital has not come in sufficient volume to affect even fractionally our economy. The word has gone around that the Philippines is one of the most expensive places to live in in the world today. The same holds true with our cost of production. Here we have the paradox that while the commodity-index has gone down and the trend is for it to continue to go down, the demand on the part of labor for increased wages is continuously asserted. On top of this, the fact must be admitted that our labor today is not as efficient as it was before the war. These factors are not conducive to attracting foreign capital to our shores.

I can well understand the desire of labor to continuously raise the level of wages here. But as I stated a while ago, there is a limit to what our industries can bear. What should be done here, and this should receive the support of both labor and management, is not to further raise the wage level but to provide for a broader occupational base, so that instead of one wage earner supporting a big family or two or three families, there would be several wage earners in one family. Instead of encouraging our masses to rely and depend on the Government for its welfare, security, and uplift, this plan would provide more enduring results because it would not be a drain on any one section of our population or on government revenues, but would be a participation in increased production. Unless we reorient our policies so that these objectives may be achieved,

*Continued at bottom of next page*

# The Business View

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

## Office of the President of the Philippines

From an Official Source

**M**ARCH 2—The Cabinet sustains the policy of using Philippine Naval Patrol ships to carry strictly government inter-island cargo, particularly cement from Cebu to Manila, but rules against permitting government officials and employees to ship personal goods by these vessels.

The Cabinet also approves an agricultural and industrial program to make the penal colonies self-supporting, including intensification of lumber and abaca projects at Davao and Iwahig, coconuts at Iwahig and San Ramon, and fishing at Iwahig; the machine and vehicle repair shop and the carpenter shop at Muntinglupa will be enlarged.

March 4—A Treaty on Academic Degrees and the Exercise of Professions and a Cultural Treaty between the Philippines and Spain are signed at Malacañan.

President Elpidio Quirino in formally bidding goodbye to Maj.-Gen. Albert M. Jones, military adviser to the Government, states that he is leaving on "an important mission" and will recommend to the United States Congress "certain measures which will bolster the defenses of the Philippines."

Secretary of Commerce and Industry Cornelio Balmaceda suspends Mrs. Felicidad Manuel as manager of the National Cooperatives and Small Business Corporation, pending investigation of charges brought against her involving neglect, misconduct, and misvaluation of funds.

March 5—The President and party leave Manila for Taguigarao to open the national inter-scholastic athletic meet. The President will also visit Aparri and Iligan.

March 6—Dr. Y. T. Pyun of Korea leaves Manila for Seoul carrying a note from the Philippine Government extending *de jure* recognition to the United-Nations sponsored Republic of Korea.

March 7—The National Economic Council brings to final form a draft resolution to implement the Administration's P200,000,000 development plan. It also reaffirms the President's decision approving the tax exemption requested by PRATRA only on such goods as are issued for relief.

March 8—The President returns to Manila and tells the press that an extension of the Manila Railroad Company line from San Jose, Nueva Ecija, to Bayombong, and eventually Aparri, will soon be begun.

March 9—Maj.-Gen. Hughes Casey, Chief Engineer of SCAP and former adviser to the National Power Corporation, calls on the President. He has been requested by the Power Corporation to assist its engineers and consultants in reviewing the power development program of the Government which he was largely instrumental in planning in its initial stages. He was accompanied by Filemon C. Rodriguez, manager of the Corporation.

March 10—Dr. A. J. Hermano, chemist of the National Development Company, calls on the President to submit a report of his studies of ramie manufacture in Japan, recommending large-scale development of ramie planting and manufacturing here. He was wearing a ramie suit made of cloth manufactured in Japan of ramie fiber imported from the Philippines.

March 11—Norris E. Dodd, director-general of the Food and Agriculture Organization of the United Nations, calls on

the President and assures him the FAO will give full support to Philippine efforts to speed economic rehabilitation. The President reiterates his desire to see foreign capital invested in the Philippines and states capital should not be disturbed by the present political agitation which is but a "passing cloud" and a part of the Administration's determined effort to establish a clean and honest government.

As a first step in the implementation of the Government's P200,000,000 development program, the Central Bank advances P469,200 to the Treasurer of the Philippines who will loan this amount to the National Development Company as first payment for the construction of three 10,000-ton ships to be built in Japan under the sponsorship of SCAP. When completed the ships will be operated in collaboration with the De La Rama Steamship Company of which Sergio Osmeña, Jr. is president.

Secretary of Finance Pio Pedrosa states that the operations of 13 government corporations during the 1948 fiscal year yielded P23,600,000 in profits (not including the net proceeds of P39,900,000 of such fund-raising agencies as the Surplus Property Commission, the Shipping Administration, and the Philippine Charity Sweepstakes), while 7 corporations incurred losses amounting to P9,900,000,—a net gain of P13,700,000.

March 12—The President, in addressing the annual convention of government health officers, states that the Philippines could easily support a population of 50,000,000 but emphasizes that what is needed is the organization of the country's man-power and the utilization of machinery and other equipment to increase production, thereby advancing the economy and raising the standard of living.

March 13—The President, in addressing a convention of Philippine contractors, urges them to hasten the completion of their contracts to meet the War Damage Corporation deadline and assures them that adequate credit facilities will be extended and "red-tape" difficulties will be attended to.

March 14—The Supreme Court rules that a quorum is one more than half of the total number comprising a legislative body present in the Philippines, thus upholding the election of Senator M. J. Cuenco as President of the Senate.

The President announces that the Government is prepared to lease or sell or place under private management—contract all the profitable government corporations and production projects with the exception of those concerned with prime necessities such as rice and corn; also, for the present, the cement plants. He states offers from private investors to buy the government lumber projects in Batangas and Agusan are now being considered.

March 15—The Council of State concurs in the President's newly announced policy to withdraw from industrial activities in favor of private enterprise. The President states the policy does not apply to public utilities and government financial institutions. The Council approves a suggestion by legislative leaders that Filipino investors, or corporations at least 60% Filipino, be given preference.

The President approves a National Economic Council plan to make immediately available P30,000,000 for income-producing projects in the top priority list and P35,000,000 more for the Rehabilitation Finance Corporation for financing private or government projects with top priority. These are parts of the P200,000,000 development scheme.

March 16—The President issues a proclamation making public the Consular Convention with the United States, and another extending the period for the Philippine National Red Cross fund campaign to April 15. He also issues an executive order amending section 4 of Executive Order No. 193 on Import Control, as follows:

"The Import Control Board shall fix the quota for each article in terms of quantities or total money values and shall allocate such quota, by authority of the President, to the importers duly registered for such article on the basis of their respective quantities or values of imports during the base period reduced in accordance with the percentages herein prescribed in Appendix "B": Provided, that the Board, upon request of an importer, may transfer his quota from one article to another."

Reported that the National Development Company board of directors is considering a number of offers for the purchase of government agencies, including the nail plant and textile mill, the Batangas lumber finishing mill, and the Agusan saw mill. The Board decided to give other bidders up to March 31 to make their offers. It is indicated that M. Lowenstein Company, a large American textile distributor, originally of-

industrialization in this country will progress at a snail's pace; further, our industrial program may remain a perennial dream.

I want to thank you once again for the distinction you have conferred upon me tonight, and while realizing that a discourse on economics is unpalatable to some and uninteresting to many, I dared invite you into an examination of the state of the economic health of the nation in the hope that this promised land of ours may not continue to be unpromising.

I thank you.

ferred to buy the NDC textile mill during the Roxas Administration.

March 18—The Capital City Planning Commission, through its chairman, Juan H. Arellano, submits to the President a complete report on its work, including a program for the execution of various phases of the plan and construction estimates.

The President, at a Cabinet meeting, instructs both Secretary of Finance Pedrosa and Under-secretary of the Interior M. Roque to take "drastic steps" to eradicate reported abuses by tax collectors and other government agents who are said to be victimizing certain business establishments. The action followed charges made by Mrs. Gladys Savary in an article published in the *Manila Daily Bulletin* in which she stated that she sold the French Restaurant, famous Manila eating-house, because of allegedly irregular practices of tax collectors and other local officials.

March 19—The President appoints Eustaquio Balagtas, Director of the Bureau of Prisons, following the death, a few days ago, of Director Eriberto Misa. He names Pablo J. Norona, manager of the National Development Company rice-production project in Mindoro. The President also signs two bills, one appropriating P33,698,988 to cover the deficiency in the current appropriation of the Bureau of Public Schools for the operation and maintenance of some 6,000 existing elementary classes, and another, appropriating P12,000,000 for the adjustment of salaries of public school officials and teachers.

The President issues an executive order reducing government office hours during the hot season to 5 continuous hours from 8 a. m. to 1 p. m., April 1 to June 15.

Brig. Gen. Alberto Ramos, Chief of Constabulary, announces that his organization has taken over the guarding of the surplus army goods depots in line with recent instructions of the President. The measure was taken to check the extensive thievery and looting which exists.

March 21—President Quirino signs House Bill No. 1209 (Republic Act No. 344), eliminating the specific tax on skimmed milk.

The National Economic Council votes an initial sum of P1,000,000 to the National Power Corporation for the Lumot power plant project on which work is set to start next month. In accordance with a request of the World Bank, the NPC will prepare a detailed report on the various auxiliary industries which may be set up in the vicinity of the proposed Maria Cristina hydro-electric power plant, as the Bank wishes to know whether the full power would be utilized. The Council also requested, the Corporation to study the feasibility of erecting an oil refinery and an auxiliary fertilizer plant in Luzon against the contingency that the Maria Cristina project may be abandoned. The Council approves the release of a substantial sum to the National Coconut Corporation for start-up several projects, including a hard-board plant, copra-driers in the provinces, and the rehabilitation of the NACOCO food and soap factories at Alaminos, Pangasinan.

March 22—The President instructs Secretary of Justice Sabino Padilla to appoint a special prosecutor from among the senior officials in the Solicitor General's office to give his full time to prosecuting persons involved in illegal surplus property transactions.

March 23—Following a conference with Dr. Frank Waring of the War Damage Commission who recently suspended war damage payments in the provinces of Lanao and Cotabato because of anomalies discovered in the delivery and payment of the Commission's checks by post-office and municipal treasury officials, the President issues urgent instructions to Secretary of Justice Padilla and Secretary of Public Works and Communications Ricardo Nepomuceno to take immediate criminal and administrative action against the racketeering officials.

Reported that preliminary steps have been taken in the proposed sale of the Binalabagan-Isabela Sugar Company, a semi-government entity, to the National Federation of Sugar-cane Planters.

March 24—The resident instructs the Board of Regents of the University of the Philippines to reject all bids submitted for the construction of the library building at Diliman and to open a rebidding as soon as possible. This ends a long controversy over the legal aspects of the acceptance some time ago of the bid of G. E. Koster, Inc., which was challenged by one of the unsuccessful bidders. The President instructs the Board to take over the order for steel which had already been placed, and to eliminate this item in the new bidding.

March 25—Government officials and private businessmen meet in the Malacañan Council of State room to discuss the present state of the three principal Philippine industries—sugar, coconut and abaca, in the presence of William Gilmarino, one of two World Bank officials here to conduct a survey of these industries. It is brought out that the sugar industry has

filled 75% of its quota for this year, and that 90% may be filled next year and the full quota in 1951. Its main problems are the deciding on the ownership of individual quotas and their distribution to those with the capacity to produce, and a speeding up of war-damage payments. The NACOCO program for improving the quality of copra is discussed, and also the plants to spend P500,000 toward the establishment of a wallboard plant and P200,000 more for resuming the work on coconut by-products such as coco-honey, clear oil and floor-mats and other household articles out of coconut husk. The NACO representatives discuss the 5-year P30,000,000 program for the rehabilitation of the abaca industry to regain the pre-war production of P1,200,000 bales of hemp.

Secretary of Finance Pedrosa, speaking before a Manila Railroad Company worker's union convention, states that it is his aim to raise the wage standards and shorten the working-week to 5 days or 40 hours; but that this a long-range objective and that in the meantime it is necessary to increase the earning capacity of the Railroad and the efficiency of the workers. He states that President Quirino has authorized the 270-kilometer extension of the line to the Bicol and that a survey is now being made, and that the project will take 3 years and cost P37,000,000. Speaking of the bonded indebtedness of the Company, he states it has not paid interest on its 1956 bonds since the outbreak of the war. When the lines were returned by the U. S. Army in February, 1946, only 483 kilometers were operable as against 1,189 before the war, and an equivalent of only 30% of the pre-war rolling stock was available. The Government granted the Company an accommodation loan of P20,000,000. It lost P2,400,000 the first year and P1,400,000

(Continued on page 147)

## Banking and Finance

BY F. C. BAILEY

National City Bank of New York

THE Central Bank having published its second monthly report as of February 28, 1949, it is possible to give the following comparative figures:

Assets	Pesos 000 omitted	
	January	February
International Reserve .....	714,969	648,758
Contribution to International Monetary Fund .....	30,000	30,000
Account to Secure Coinage .....	113,106	113,806
<i>Liabilities</i>		
Currency Circulation — Ntes .....	621,520	597,472
Currency Circulation — Coins .....	73,035	73,322

The decrease of P66,000,000 in International Reserves is partially due to lower receipts of War Damage funds and reflects the continued heavy purchases of cover for imports by the commercial banks.

While import and export statistics for February are not yet at hand, it is gathered from such information as is available that exports decreased substantially below the average of the past few months, resulting in a higher adverse trade balance and greater need for purchases from the Central Bank.

The Central Bank is organizing its statistical department and plans to publish periodically the reports on the Assets and Liabilities of the Manila Banks which, previously, were compiled by the Bureau of Banking.

There has been no change in the exchange rates quoted by the Central Bank, which continues to sell Dollars at P201 for Telegraphic Transfers, and P200.95 for checks.

Commercial banks are permitted to operate within the following rates:

	Selling	Buying
U.S. Dollars T.T. over \$500.00 .....	P201.50	P200.50
U.S. Dollars Demand over \$500.00 ...	201.375	200.375
U.S. Dollars T.T. and Demand under \$500.00 .....	202.00	200.00

Banks are presently quoting for prime business T.T. P201.50, Selling, and P200.75, Buying.



# American Stock and Commodity Markets

BY ROY EWING

Swan, Culbertson & Fritz, Inc.

March 1, 1949, to March 28, 1949

**D**URING the past month prices on the New York Stock Exchange moved in extremely narrow range, and volume of business done averaged only 745,000 shares per day. The high for the period, as measured by the Industrial Average, was 176.98 on March 14 and the low 173.66 on March 4.

In spite of reassurances from Washington and some economists, caution continued as such business indices as car-loadings, department store sales, scrap and raw materials prices, and unemployment at a high since 1942, indicated that the recession is spreading. Further evidence was price cuts in many lines made in an attempt to hold up sales, and the Federal Reserve Board's easing up on restrictions on installment buying. Corporate news remained good because it consisted mostly of 1948 earnings records, but first quarter, 1949, figures will be more important for an indication of trend. Some production remained at high levels, as for example steel, which operated in excess of capacity for weeks until the coal stoppage necessitated some curtailment, but it is predicted that even steel will be in supply by the second half of this year.

Technically, the market continues to drift with no decisive trend, but chartists can point out that the current business declines were predicted by the averages months ago. The present market firmness may indicate that the recession is to be of moderate size only and has already been fully discounted. If, on the other hand, the remainder of this year is to see severe declines in general, the averages will probably decline into new low ground long before it happens.

**C**OMMODITIES were mixed and also moved in a narrow range. New York Spot Cotton is 33.52, as compared to 33.43 a month ago. February consumption was 640,000 bales, 18% less than for the same period in 1948. May Chicago Wheat is 214, down from 219½ on February 28. The supporting effect of a prospective loan could not overcome favorable new crop reports and the fact that all exporting countries will have wheat for sale this year. Distant futures are selling as much as \$0.35 under the estimated 1949 loan level. Corn declined moderately, being 131-3/4, as compared to 134 last month. Export purchases were disappointing. March No. 5 Sugar declined from 5.42 on February 28 to a low 5.21 nominal on March 17 but has recovered to around 5.32.

## Manila Stock Market

BY A. C. HALL

A. C. Hall & Company

February 19 to March 18, 1949

### Mining Shares

**P**RICES have continued to sag during the past month. With buying interest at a very low level, small-scale necessitous selling has been sufficient to drag the market down in a serious of very inactive sessions.

The recent trend probably reflects the local business outlook, which is uninspiring at the moment. Export prices, with the exception of sugar, are easier,

most importers are overstocked with goods, and credit is tighter. In addition, recent political scandals are not conducive to investment confidence.

For the present, therefore, the line of easiest resistance appears downward, but the technical position is improving and any constructive developments could cause a sharp rebound, as there is little stock offering at current levels. Evidence of the market's ability to respond to good news was provided by Surigao Consolidated which moved against the general trend on reports of a substantially increased monthly production rate from now on.

122.48	61.18	Manila Stock Exchange Ave.	86.21	78.71	79.07	Off	7.18				
P	37.7	P	24	Acce Mining Company	1.27	P	30	P	30	Off	168,000
.028	.01	Antamok Goldfields			.012a			.041			
.01	.43	Atok-Big Water Mining	.62	.35	.37	Off		.041		116,011	
.035	.02	Baggai Gold Mining Co.					.047b				
.0072	.0023	Batang Buhay Gold Mines	.0012	.0016	.004	Up	.0006			1,710,000	
.0057	.02	Coco Grove, Inc.	.02	.02	.02	Unchanged				35,000	
.005	.02	Consolidated Mining	.02	.03	.015	Off	.0001			17,256,000	
.0087	.038	Ilogon Mining Company	.05	.04	.05	Up				102,000	
.84	.10	Lepanto Cons. Mining Co.	.76	.63	.65	Off	.02			230,000	
1.26	.33	Mindanao Mother Lode	.34	.48	.48	Off	.11			49,700	
.275	.15	Misamis Chromite, Inc.			.125						
.08	.061	Paracale Gumau Const.	.08	.08	.08	Off	.02			5,000	
.26	.101	San Mauricio Mining Co.	.12	.105	.11	Off	.01			24,842	
.071	.215	Surigao Consolidated	.31	.35	.29	Up	.02			296,625	
.04	.011	Suyoc Consolidated	.011	.011	.011	Off	.007			30,000	
.091	.04	United Paracale Mining Co.	.04	.04	.04	Off	.007			41,667	

In addition to the foregoing, over-the-counter business during the month included small lots of Balatoc at P2, and 17,000 shares of Benguet Consolidated, high P2.95, low P2.72, closing at P2.83.

### Commercial and Industrial

San Miguel Brewery stock was in good demand at improved prices following publication of the Company's annual report showing record profits for 1948. The demand for leading sugar issues continues, but business otherwise in this section was very quiet.

P70.00	P81.00	Bank of the Philippine Is.	P64.00	P64.00	P64.00	Unchanged	81
620.00	600.00	Central Azucarera de Bani	620.00	620.00	620.00	Unchanged	43
		Central Azucarera de Negros				Unchanged	294
107.00	78.00	Central Azucarera del Pilar	109.00	105.00	105.00	Unchanged	167
75.00	30.00	Central Azucarera de Taraac				Unchanged	40
40.00	40.00	Central Azucarera de Taraac			60.00a		
185.00	175.00	China Banking Corporation			180.00b		
22.00	22.00	Filipinas Cia. de Seguros			22.00cb		
5.00	3.00	Manila Wine Merchants, Inc.	3.80	3.80	3.80	Off	P
143.00	140.00	Metropolitan Insurance Co.			140.00c		210
1.05	.12	Philippine Oil Development Co.		.15	.12	14 Off	.01
342	1.20	Philippine Racing Club	1.23	1.20	1.20	Off	.08
71.00	71.00	San Miguel Brewery Co. of Sara	68.00	68.00	68.00	Up	P
100.00	75.00	Williams Equipment Co. Pfd.			75.00c		P
10.00	7.00	Williams Equipment Co. Com.			7.00b		

Over-the-counter commercial business during the month included 400 shares Hawaiian-Philippines at P4; 5,000 Manila Jockey Club at P2; and 134 shares Victorias Milling, between P155 and P150.

## Credit

BY W. J. NICHOLS

Treasurer, General Electric (P.I.) Inc.

**T**HE annual meeting of the members of the Association of Credit Men, Inc., (P.I.) will be held April 19. At the end of almost two years of activity since the war, the Association finds itself in a very healthy condition. Membership now totals 69, the highest it has ever been, and several additional firms are considering joining. Interest in the work of the group continues to grow and the exchange of credit information will undoubtedly increase during the year.

We notice that some foreign manufacturers are beginning to find their normal domestic markets growing too competitive and are looking more and more to the Philippines as an attractive outlet. Exporters willing to ship to this country during the

**GROSS SALES (TEN LEADING BUSINESS FIRMS) 1937-1949**  
*Bureau of the Census and Statistics*  
 (1937 = 100)

	1937	1938	1939	1940	1941	1945	1946	1947	1948	1949
January . . . . .	95.1	75.5	88.8	106.7	104.8	—	49.6	160.9	225.2	—
February . . . . .	102.5	71.6	80.3	99.8	95.9	—	34.6	228.9	228.3	—
March . . . . .	105.9	85.2	87.1	104.3	107.2	—	61.1	218.8	257.5	—
April . . . . .	107.5	81.4	79.8	100.3	105.6	—	75.1	155.3	254.0	—
May . . . . .	100.4	76.9	80.1	97.5	113.0	1.6	117.5	216.0	273.8	—
June . . . . .	100.3	76.6	107.7	103.5	117.0	5.4	85.3	249.4	308.7	—
July . . . . .	105.7	72.0	90.8	98.8	110.0	8.4	89.7	240.4	313.2	—
August . . . . .	97.4	75.2	90.8	98.3	109.8	10.4	118.9	202.8	272.2	—
September . . . . .	83.4	76.8	103.3	93.1	114.0	110.7	116.4	219.2	261.1	—
October . . . . .	97.0	80.1	103.4	85.8	100.1	10.8	147.0	222.9	252.5	—
November . . . . .	100.4	104.2	110.1	105.6	97.7	21.4	165.1	278.7	215.8	—
December . . . . .	104.3	88.6	119.4	119.1	64.8	27.9	184.4	291.8	253.4	—

early post-war period only under letters of credit, are now considering granting more liberal terms. In addition to encouraging trade, this trend brings with it the need for more accurate and extensive credit information. As more data becomes available, this should be helpful to local business houses as well as to foreign sellers.

The amount of cash required for advance sales-taxes on stocks imported into the Philippines, continues to aggregate millions of pesos. In cases where the merchandise is not sold immediately, financing is quite frequently needed and some importers have found it necessary to arrange special credit facilities with banks in order to meet their tax payments.

## Real Estate

BY C. M. HOSKINS  
*C. M. Hoskins & Co., Inc.*

**T**HE Manila real estate market continued firm as to prices during March. Volume of sales was slightly higher than for the previous two months, preliminary figures showing sales of ₱2,396,578 during March, as compared with ₱2,017,139 for February and ₱1,889,925 for January. The number of transactions likewise showed a slight increase.

Residential rentals, after having eased off during the past six months, seemed to have reached a point of stability. Much of the 1946 rental construction which was leased on the basis of very high building costs, is now being rented on the basis of today's replacement costs, which are expected to continue materially unchanged for some time to come. Demand for desirable rental properties is brisk, but tenants are now demanding more in the way of amenities than they expected two years ago.

City planning proposals have tended to slow up rehabilitation in some sections, owing to the efforts of

public officials to enforce the proposed new building-lines before these have been officially approved and new rights-of-way acquired. Late in March, what promises to be a test case was filed with the courts, in which an applicant for a building permit seeks a mandamus compelling the city engineer to issue him a building permit, although the planning office has proposed a street encroaching upon his lot without offering to compensate the owner. The outcome of this case is watched with interest by real estate and building interests.

It is generally recognized that considerable street widening is needed in Manila to meet growing traffic volume. The City of Manila has an area of 3,600 hectares (9,000 acres), but the area devoted to streets is only 11.4% (410 hectares), compared with the generally accepted 20% which community planners consider necessary. The City of Manila is seeking authority for issuing a ₱40,000,000 public works bond issue to provide the funds for street widening and construction, as well as other permanent public improvements. Financial circles consider the amount sought to be well within the paying capacity of the city, being less than 10% of the value of the taxable realty.

Another city project for which authority is sought, is the issuance of tax-anticipation warrants, bearing 3% interest, for the purchase of odd strips of land needed for street widening. The warrants would be divided in 15 annual installments, acceptable in payment of real-estate taxes over the 15-year period. The warrants would be negotiable. If approved this would expedite the acquisition of rights-of-way for urgently needed street widening in congested districts.

### REAL ESTATE SALES IN MANILA, 1940-1949

*Prepared by the Bureau of the Census and Statistics*

*Note: A large percentage of 1945 sales and a diminishing percentage of 1946 sales, represent Japanese Occupation transactions not recorded until after liberation.*

	1940	1941	1945	1946	1947	1948	1949
January . . . . .	₱ 6,004,145	₱ 962,970	₱ 7,943,605	₱ 4,385,011	₱ 6,030,012	₱ 3,644,734	₱ 3,965,420
February . . . . .	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633	5,047,126
March . . . . .	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719	—
April . . . . .	883,207	988,380	213,262	1,916,293	8,611,076	5,021,093	—
May . . . . .	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799	—
June . . . . .	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246	—
July . . . . .	1,324,861	659,742	1,123,565	4,974,862	4,097,183	5,146,529	—
August . . . . .	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,876	—
September . . . . .	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581	—
October . . . . .	993,103	1,182,678	2,096,893	5,545,800	6,083,486	5,350,376	—
November . . . . .	938,416	858,236	2,555,472	3,340,384	4,177,054	3,046,287	—
December . . . . .	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,386,248	—
<b>TOTAL . . . . .</b>	<b>₱17,974,844</b>	<b>₱10,647,285</b>	<b>₱22,890,133</b>	<b>₱45,537,914</b>	<b>₱68,260,104</b>	<b>₱57,798,121</b>	<b>₱9,012,546</b>

**BUILDING CONSTRUCTION IN MANILA: 1936 TO 1949**

*Compiled by the Bureau of the Census and Statistics from data supplied by the City Engineer's Office.*

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)	1949 (Value)
January	P 540,030	P 426,230	P 694,180	P 463,430	P 1,124,550	P 891,140	P —	P 1,662,245	P 3,645,970	P 6,571,660	P 4,807,320
February	720,110	479,810	434,930	1,065,050	1,025,920	487,790	—	2,509,170	3,270,150	6,827,005	7,286,630
March	411,680	396,890	1,300,650	662,840	671,120	641,400	—	3,040,010	3,398,910	7,498,560	8,100,700
April	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,295,640	7,370,292	
May	400,220	670,350	1,063,570	1,139,560	740,510	338,210	1,496,700	3,968,460	5,564,870	8,570,410	
June	827,130	459,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840	
July	302,340	691,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,487	
August	368,260	827,660	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	7,568,950	
September	393,100	777,960	684,590	554,570	590,380	530,830	1,015,250	7,326,570	7,770,310	7,095,860	
October	663,120	971,780	718,190	645,310	738,700	699,400	639,030	4,630,550	6,747,240	5,368,800	
November	460,720	320,890	972,310	461,580	485,100	313,930	1,364,310	4,373,390	7,088,283	3,424,125	
December	648,820	849,160	503,230	1,105,910	333,490	67,553	1,605,090	5,034,600	4,924,320	4,507,580	
<b>TOTAL</b>	<b>P6,170,750</b>	<b>P7,530,690</b>	<b>P9,280,560</b>	<b>P9,053,250</b>	<b>P8,234,460</b>	<b>P5,692,273</b>	<b>P12,186,150</b>	<b>P47,526,905</b>	<b>P73,907,248</b>	<b>P82,792,569</b>	<b>P20,194,650</b>
<b>Annual Average</b>	<b>P514,229</b>	<b>P627,557</b>	<b>P773,380</b>	<b>P754,438</b>	<b>P686,205</b>	<b>P474,356</b>	<b>P1,015,513</b>	<b>P3,960,575</b>	<b>P6,158,937</b>	<b>P6,899,381</b>	<b>P6,731,550</b>

## Electric Power Production

### Manila Electric Company System

BY J. F. COTTON

Treasurer, Manila Electric Company

1941 Average — 15 316 000 KWH

#### Kilowatt Hours

1949                      1948

January	33 745 000	27 301 000
February	31 110 000*	26 021 000
March	34 615 000**	26 951 000
April		26 871 000
May		28 294 000
June		29 216 000
July		31 143 000
August		31 993 000
September		32 012 000
October		33 943 000
November		32 661 000
December		35 104 000
<b>TOTAL</b>		<b>361 510 000</b>

\* Revised  
\*\* Partially estimated

The increase in March over February output is due mainly to February having only 28 days. The increase over March, 1948, was 7,664,000 KWH, or 35%.

## Port of Manila

BY R. L. BARY

General Manager, Luzon Brokerage Company

IN the meeting of the Manila Arrastre Service Advisory Committee with the various brokers association on March 25, 1949, the matter of transfer of cargo from the piers to the Manila Terminal Bonded Warehouse came under discussion with very little resultant change in policy.

The brokers raised objection to the transfer of cargo to the Terminal Warehouse when such cargo is covered by permits, but Mr. Fermin Francisco, representing the Philippine Ports Terminals, Inc., pointed out that this is done in most cases to protect the cargo and in other cases, is necessitated by the crowded con-

dition of the piers. Whether or not the goods are covered by delivery permits, even though the three-day period of grace following completion of discharge of carrying vessel has not expired, goods which can be damaged by exposure to weather are often put in the Terminal Warehouse to protect them against damage, and Mr. Francisco further pointed out that in such cases, no transfer charges are made and no storage fees are imposed before the expiration of the free storage period. Mr. Francisco referred to the meeting of the Manila Arrastre Service Advisory Committee on April 19, 1947, in which the following clauses were agreed upon and which are still in effect:

(a) On all cargo transferred to the Terminal Warehouse within the free-storage period and taken delivery of within the said period, no transfer and storage charges shall be collected.

(b) On cargo transferred to the Terminal Warehouse within the free-storage period, and taken delivery of after its expiration, only storage charges shall be collected.

(c) On small shipments not exceeding 10 packages for which the delivery permit has been filed and partial delivery made within the free-storage period, no transfer and storage charges shall be collected if delivery is made within 5 days from date storage begin.

The representative of the brokers requested reduction in charges of goods transferred to the Terminal Warehouse after expiration of the three-day period, but it was pointed out by one of the representatives present that the charge of P1 per ton per day was intended as a penalty because if the Terminal Warehouse is to charge the same storage fee as that charged for bonded warehouses of various brokers, it would be impossible to handle the volume of business that would result and further, it would place the Terminal Warehouse in competition with privately-owned bonded warehouses. It was also called to the attention of the brokers that in cases where goods cannot be removed from the piers because of delay in securing delivery permits or other causes, they have the privilege of transferring their goods to their own warehouses under guard, thus saving their customers the penalty charge. The matter of reducing the present rate of P1 per ton per day to P.50 per ton per day is now under consideration.

Other matters under consideration before the meeting included the piling of cargo on the pier, but little change can be expected. Mr. Francisco pointed out that it was often necessary to pile damageable cargo in various parts where roof-protection is avail-

able in order to protect it from various elements, and this prohibits orderly piling. Whatever roofing there was on Pier 13 is being removed preparatory to starting rebuilding, and, while this is a temporary handicap, it is expected that one berth at Pier 13, two berths at Pier 9, and two berths at Pier 5 will have covered sheds before the rainy season begins. Piers 7 and 11 will be operated as they are. The other three berths at Pier 13 and the two berths at Pier 9 will not be available until, at least, the end of the year due to this reconstruction program.

## Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

**E**XPORTS continued to show a favorable increase for the current year over last year.

During February of this year 85 vessels lifted 199,143 tons, as compared to 79 vessels lifting 143,414 tons during February, 1948.

Principal exports carried during the month under review, compared with exports during February, 1948, are as follows:

	February 1949	February 1948
Alcohol . . . . .	28 tons	—
Buntal fibre . . . . .	21 "	—
Coconut, desiccated . . . . .	8,545 "	6,245 tons
Coconut oil . . . . .	2,598 "	2,259 "
Concentrates, copper . . . . .	2,127 "	177 "
"    gold . . . . .	297 "	14 "
Copra . . . . .	38,655 "	84,950 "
Copra cake, meal . . . . .	5,310 "	5,453 "
Embroideries . . . . .	367 "	43 "
Fruits, fresh . . . . .	70 "	—
Furniture, rattan . . . . .	709 "	424 "
Gums, copal . . . . .	50 "	37 "
Hemp . . . . .	66,735 bales	62,678 bales
Household goods . . . . .	231 tons	85 tons
Junk, metal . . . . .	20,211 "	4,374 "
Logs . . . . .	988,350 board feet	632,704 board feet
Lumber . . . . .	2,918,245 "	200,239 "
Molasses . . . . .	1,332 tons	—
Ores, chrome . . . . .	28,150 "	26,600 tons
"    iron . . . . .	5,657 "	—
"    manganese . . . . .	1,400 "	—
Pineapples, canned . . . . .	2,634 "	—
Rattan, palasan . . . . .	54 "	120 tons
Rope . . . . .	82 "	189 "
Rubber . . . . .	129 "	18 "
Shells . . . . .	62 "	—
Skins, hides . . . . .	154 "	29 "
Sugar, raw . . . . .	59,373 "	13,385 "
Tobacco . . . . .	778 "	199 "
Vegetable oil products . . . . .	27 "	307 "
Wines . . . . .	125 "	13 "
Transit cargo . . . . .	1,410 "	—
General cargo . . . . .	1,982 "	4,320 "

## Inter-Island Shipping

By G. F. VANDER HOOFT

Manager, Everett Steamship Corporation

**H**EARINGS are being held by the Public Service Commission concerning a general increase of inter-island freight rates, which increase is considered vitally necessary by the inter-island operators. The Philippine shipowners have submitted financial statements in support of their position, and the state-

ments show that the companies operating these services are unable to earn sufficient to provide reserves for necessary repairs, dry-docking, etc., to say nothing of building up reserves for fleet replacement. Individually, a number of operators have suffered actual operating losses and, without an authorized increase in the rates, some operators will without doubt be forced to cease operations entirely. Naturally, such increases will be opposed by shippers, but it appears that if such relief is not granted to the operators soon, the services will no doubt be curtailed to such an extent that serious inconvenience will result to all shippers and the public in general.

It is hoped that the Public Service Commission and other authorities will have sufficient incentive to maintain and improve the inter-island transportation service.

## Land Transportation (Bus Lines)

By L. G. JAMES

Vice-President and Manager,  
A. L. Ammen Transportation Co., Inc.

**O**F primary interest, both to pre-war and post-war operators of bus services are current hearings in the Public Service Commission on applications for the conversion of temporary operating rights under which all so called post-war bus transportation facilities are operating, to regular status with Certificates of Public Convenience giving specific rights for a specified period of time. Thousands of holders of temporary certificates have applied for regular certificates. In most cases, operators holding pre-war rights on the lines concerned are strenuously opposing these applications.

Several recent decisions of the Commission may serve to establish a general policy which seems to provide a solution more or less satisfactory to the contesting parties and which may be used as a broad basis for the granting of regular operating rights to "temporary" operators. In these decisions, which have been based upon compromise agreements between applicants and oppositors, temporary certificates have been converted to regular certificates with the following limitations:

1. That the operating rights shall be granted for a 5-year period, without extension.
2. That no increase of present equipment will be granted.
3. That no application for additional trips, extension of lines, or additional lines will be entertained.
4. That Certificates of Public Convenience granted under this authority will be non-transferable.

These provisions enable both applicant and oppositor to determine exactly where each stands and to plan accordingly. The operator now under temporary status has a five-year period within which to recover his investment and to make plans for ultimate liquidation. The pre-war operator holding permanent operating rights can look forward to not more than five years of a gradual disappearance of his competition and build up his fleet of buses during that period to meet the actual need of the public on the lines that his operations cover.

# Mining

BY CHAS. A. MITKE  
*Consulting Mining Engineer*

**G**OLD—its production and sale, is a subject of vital importance to Philippine producers. M. A. Kriz, economist for the Federal Reserve Bank of New York, reviewing present conditions and future trends, discerns three important developments. (1) In 1948, for the third year, the world's gold output showed a rising trend. (2) Foreign sales of gold to the United States slackened. (3) Legal open markets for gold were established in some countries. On these markets, as well as on the Far Eastern and Middle Eastern free markets, the price of gold tended, on the whole, to rise. The overall world increase in gold production in 1948 stemmed entirely from three countries: the Union of South Africa, Canada, and the Philippines.

Mr. Kriz states it is not yet possible to ascertain if, and to what extent, last year's output was affected by subsidies, tax reductions and other measures for stimulating gold production. In Canada, subsidies became effective on January, 1, 1948, for a period of three years. In Western Australia and in Southern Rhodesia they were established during the year.

The Canadian and Australian subsidies are not uniform payments for each ounce of gold mined, but are differential payments, designed to enable individual marginal mines to continue operations despite rising costs of production. In the opinion of the International Monetary Fund, which was first consulted by the Canadian and Australian Governments, such subsidies, where extended on the merits of particular cases and in the light of special circumstances, are not to be understood as casting doubt on the uniformity of the monetary value of gold, nor as contravening the obligations from member countries to engage in gold transactions solely at prices based on the par values of members' currencies.

On the other hand, the original Rhodesian subsidy was a general subsidy on all gold produced. Indirect subsidies, such as tax relief, preferential railway rates, government financing of technical research, etc., exist in a large number of countries. Import licenses for gold-mining materials and equipment are likewise administered in such a way as to aid the gold-mining industry.

The year 1948 saw the creation of legal open markets for gold in France (and Algeria, Tunisia, and Morocco), Italy, and Finland. At these markets, trading is wholly free and buyers and sellers need not even give their names, an aspect of the trade that has special significance under the conditions prevailing in these countries today. Export and import of gold continue to be subject to license, but according to various reports, there has been some international gold arbitrage through smuggling. No gold sold on the open market has thus far found its way into the French Stabilization Fund, which is of course precluded from buying gold at a premium.

Elsewhere in Europe, private business in gold has dwindled to an insignificant volume.

Very few countries, it appears, continue to attach importance to the domestic role of gold as a cover for legal currency.

On the other hand, gold continues to play a role as the final means of international settlement. However, under the circumstances of the present day

dollar shortage, this role is of course, confined principally to use by foreign countries in making payments to the United States. Under the European Recovery Program, which became effective last April, two important developments have occurred in respect to the use of gold for international payments, the ultimate implications of which cannot yet be foreseen.

First of all, Marshall Plan dollars have enabled the participating European countries, Canada, and also some Latin American countries to have gold that otherwise would have found its way to the United States. By taking care of a large part of the requirements of ERP countries directly, or indirectly through off-shore purchases, the Marshall Plan has slackened the flow of gold to the United States.

In addition, European countries participating in the European Recovery Program are likely to have smaller recourse to reciprocal gold payments than a year ago. Under the post-war bilateral agreements, balances that accrued beyond a stipulated credit-ceiling were to be paid off by gold transfers. In contrast, under the intra-European clearing scheme which began operations in October, 1948, the financial barriers to foreign trade have been lowered, with the prospect that gold payments will become less frequent.

The European Recovery Plan has thus limited, for the time being, the international role of gold as a balance-of-payments settler. Yet, if the Marshall Plan succeeds in protecting the gold reserves of the participating countries or permits some accumulation of gold, conditions may be gradually be re-established under which gold, in conjunction with the additional source of funds that has been provided foreign countries through the creation of the International Monetary Fund, may again perform its traditional role of international medium of exchange.

In the United States, Representative Clair Engle, of California, has introduced a bill in Congress (H.R. 387) which would allow gold in any form to be bought, held, sold, or traded on the open market, and would allow export without the imposition of duties, excise taxes, licenses, permits, or "any restrictions whatsoever". Gold imported into the United States would be given the same rights as domestically mined metal.

## Lumber

BY E. C. VON KAUFFMANN  
*President, Philippine Lumber Producers' Association*

**L**UMBER producers have been discussing the present alarming situation both in the local market and in the United States. Lumber arrivals in the city average 15,000,000 board feet per month against 7,500,000 pre-war, and apparently construction cannot absorb this increased amount notwithstanding all the building which is going on, a good share of lumber having been sold recently to the U. S. Army for export.

The United States market is at a standstill, caused likely by an expected recession in business. Most importers of Philippine mahogany have been caught with stocks which accumulated in their yards since the Pacific Coast strike and stand to lose money on them because of the recent serious drop in prices. Dealers in the Philippines are trying hard to cut down their inventories as their stocks are not moving as they should and most of them are overstocked. Apparently competitors from South

America and Africa have also cut down their prices, which were already too close to Philippine mahogany prices. Lumbermen feel they need some help from the Philippine Government in the form of reduction of taxes, which is a big item in their present costs, and an appeal is being made to that effect. Many mills have shut down, and unless the situation is improved in the very near future it is feared that many more mills will go out of production.

## Copra and Coconut Oil

BY MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company, Inc.

February 16, 1949, to March 15, 1949

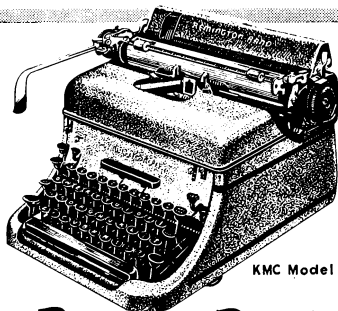
**C**OPRA and coconut oil markets improved moderately during the second half of February owing to generally better feeling in world markets resulting from the discontinuance of IEFCA allocations plus relatively small stocks of copra and coconut oil available in the United States. Beginning the first of March, however, the tremendous surpluses of cottonseed oil, soya, and tallow again made themselves felt and the market dropped faster than it had advanced. By mid-March it was at a low point.

As noted in our February report, copra production was light and unsold stocks were negligible as of mid-February. Sellers therefore were not inclined to trade except as copra came to market and at advancing prices. At that time buyers were indicating \$185 c.i.f. and \$180 f.o.b. without attracting sellers. The

market gradually worked up to a point where business was actually done at the very end of February at \$195 c.i.f., possibly \$200, but no trades at better than \$185 f.o.b. were reported for Europe. During this time the CCC stepped in occasionally for round lots on an f.o.b. basis, presumably for Bizonia Germany, and purchased perhaps 12,000 tons. The French were also buyers but their ideas were around \$180 f.o.b. landed weights, not attractive in February. Trading with United States Pacific Coast mills continued through February on a guarded basis. No large buying or selling interest was noted. When the market turned in March, buyers followed their usual tactics of running away from business offered and copra traded sparingly on the way down to a low of \$175 c.i.f. with limited sales also made at \$175 f.o.b. At the end of the period, markets were very depressed and seemed aimed for even lower levels. It was observed, however, that at current prices there was somewhat more buying interest, which indicated that the market might be nearing the bottom of the present sag.

**D**URING the first half of March cottonseed oil, soya oil, and tallow slipped off badly, and whereas they were in demand at 13½, 12½ and 8 cents respectively at the end of February, by mid-March they were selling 11¼, 10½ and 7¼ cents, approaching pre-war prices. It has become evident that unless export demand for these commodities accelerates, prices must remain low until they are in greater domestic demand.

It must again be emphasized that coconut oil is still far out of line even at present comparatively low levels and that its demand is restricted to minimum



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requirements by soapers plus a lessened edible usage. The Netherlands East Indies were offering copra all month and finally sold one lot at \$187.50 c.i.f. This copra, however, is a dangerous buy because it is probable that the President of the United States will soon restore the 2 cents excise tax-differential in favor of Philippine copra, which will make other copra very expensive in America. In European markets, business has been done in sterling currency, with buyers immediately exchanging sterling for American dollars in the gray market of Hongkong at the rate of 3 to 1. A good deal of the selling during the period was done by speculators both in the Philippines and on the West Coast of the United States, which helped considerably to depress the market as a whole.

Because of shortage of supplies of coconut oil, there was some buying interest in the last half of February and sales were reported as high as 15½ cents f.o.b. Coast for scattered immediate tank cars and 16½ cents c.i.f. N.Y. for bulk. A fair amount of bulk business was done between 15 and 16 cents c.i.f. N.Y., mostly afloat or for prompt shipment. After the first of the month, however, buyers disappeared and preferred to wait the market down, which they were doing successfully at the close of the period, the indicated selling prices at which time were about 15 cents c.i.f. N.Y., with buyers on the sidelines. There was some interest in oil for Germany, where there is no 3 cent excise tax, and a fair amount of this business was done at approximately 15 cents c.i.f.

At the close of the period not too much oil was available, but buying interest was particularly light and there was enough babassu oil available to take the edge off spot demand.

LOCAL copra prices in Manila fluctuated up and down, rising from a low of 33 to as high as 41, only to drop back at the close to between 35 to 37. Supplies were very short in February, but were improving in March, particularly because of shipments received from southern parts.

Copra shipments for February totalled 38,655 tons, a substantial drop as against 63,148 tons in February, 1948. The breakdown follows:

U. S. Pacific Coast and Canada .....	8,537	
U. S. Atlantic Coast .....	5,710	
Total .....	14,247	
		U. S. Total .... 14,247
France .....	5,050	
Denmark .....	3,000	
Italy .....	3,994	
Norway .....	2,400	
Bizone .....	2,914	
Trieste .....	6,000	
Holland* .....	1,050	
Total .....	24,408	
		GRAND TOTAL . . . . . 38,655

It is expected that March shipments will be considerably heavier. Oil shipments were again negligible, totalling 2,598 long tons consigned as follows:

U. S. Atlantic Coast .....	2,107
Italy .....	491
Total .....	2,598

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Copra cake and meal markets weakened. There was no real buying interest from Europe, with the best price indication nominally \$42 per long ton f.o.b. at the close. Meal on the United States West Coast was down to approximately \$62 per short ton c.i.f., which was somewhat better than Europe. As the spring advances, green feeding supplies should improve, and prices consequently ease.

AS the period closed, there seemed to be no strength in either copra or coconut oil, nor were there any indications of support to prices in the United States. On the contrary, in Europe, where the excise tax is no factor, Philippine copra was still the cheapest copra in the world, and far more reasonably priced for European buyers than for Americans. Should American dollar allocations permit, wholesale European copra buying during the next quarter might help support the market, but it is predicted that most of these dollars will be largely restricted to the purchase of American domestic fats. Export demand for Europe in any form is, nonetheless, a very important factor at this time.

The market has dropped to such an extent that a turn sooner or later is inevitable. But when this turn will come nobody can estimate with assurance, and we may well see lower prices before then. It would be surprising, however, if the market should suffer any major collapse at this time, and the chances favor a series of dips and rises in ever-narrowing cycles. But, in view of their vulnerable position, coconut oil and copra are in a very delicate situation, and may easily be upset either way.

## Desiccated Coconut

By HOWARD R. HICK

*President and General Manager,  
Peter Paul Philippine Corporation*

THIS report covers the period from February 15 to March 15. During this period copra prices firmed up and continued to rise until early March when buyer resistance outside the Philippines proved stronger than local conditions. A shortage of copra locally was responsible for an increase in prices, but world conditions are such today that buyers are not affected by local conditions as they were six months ago.

This observation has been the healthiest sign in the copra and desiccated coconut industry since the war, pointing toward more equitable buyer-seller relations.

Raw coconut prices closely paralleled the copra prices throughout the period, and with the coming season of more plentiful harvests and easier procurement, nut prices may go under equivalent copra values.

Severally, factories have curtailed production during the first quarter of this year but will soon resume normal plant capacity. The Red V Coconut Products, Ltd. has had some labor difficulties and although shut down for a short period the differences have been compromised and it is now operating on schedule.

The shipping statistics for the month of February are as follows:

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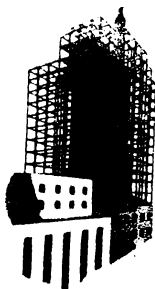


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Franklin Baker Co. of the Philippines ..	5,931,570	lbs.
Blue Bar Coconut Co. ....	941,860	"
Peter Paul Philippine Corp. ....	4,793,500	"
Red V Coconut Products, Ltd. ....	2,808,900	"
Sun-Ripe Coconut Products, Inc. ....	966,500	"
Standard Coconut Corp. ....	637,000	"
Isabelo Hilario .....	0	"
Cooperative Coconut Products, Inc. ....	0	"
Tabacalera .....	424,900	"
Luzon Desiccated Coconut Corp. ....	442,420	"

Grand Total ..... 16,946,750 lbs

## Sugar

By S. JAMIESON  
*Alternate Secretary-Treasurer,  
 Philippine Sugar Association*

**T**HIS review covers the period from February 28 to March 26, 1949.

*New York Market.* The period under review opened with spot sugar at 5.75¢, refiners taking up practically all raw sugar on offer, including a substantial quantity of Philippines, at that price, and sellers indicating 5.80¢ for further business. Thereafter, there was a pause in the market, which weakened somewhat, even in face of a strike in the Puerto Rican sugar industry during the first half of March. There were sellers at 5.75¢ but buyers would not pay more than 5.70¢. At the middle of March there was heavy liquidation on the New York sugar exchange and this, aggravated by pressure to sell large quantities of unplaced sugar afloat, some of which was due for prompt arrival, caused a sharp decline in the market. Large sales were made at 5.65¢, then at 5.60¢, and finally at 5.55¢. However, this lasted only a few

days, and once the distressed parcels were out of the way and the exchange liquidation had run its course, the market rallied and sales were made at 5.65¢. On March 25, some refiners announced an advance in the price of refined to 8.10¢, though indicating a willingness to accept 30 days' contracts at 7.85¢, and this gave further strength to the market, which closes with sales reported at 5.70¢ to refiners and at 5.75¢ to operators. Operators are showing interest in buying further at 5.75¢ for April/May/June shipment, while buyers' ideas are now 5.80¢. Spot is 5.70¢. The following sales of Philippine sugar were reported:

February 28, 1949 —	7,000 tons	March/April .	5.75¢
" " " —	2,000 "	April/May .	5.75
" " " —	21,000 "	" "	5.75
March 4, 1949 —	2,000 "	March/April .	5.75
" " " —	2,000 "	April/May ..	5.75
" 11, " —	2,000 "	March/April .	5.70
" 14, " —	2,000 "	due end March	5.70
" 17, " —	2,500 "	" May 5 ...	5.55
" 25, " —	2,000 "	April/May ..	5.75
	2,000 "	afloat .....	5.70
	2,600 "	April/May ..	5.75
	5,000 "	May/June ...	5.80
	52,100 tons		

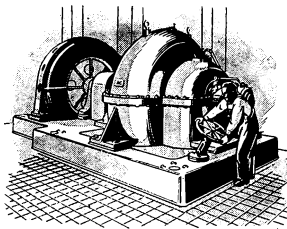
Quotations on the New York sugar exchange for the period February 16 to March 22, 1949, under contracts Nos. 4 and 5, were as follows:

	High	Low	Close	Sales
<i>Contract No. 4 (World Market)</i>				
March .....	4.15	3.89	3.89	5,950 tons
May .....	4.29	3.90	3.89	27,150 "
July .....	4.29	3.90	3.89	47,400 "



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September .....	4.17	3.85	3.85	16,500	"
March, 1950 .....	3.49	3.24	3.23	8,800	"
Total .....				105,800	tons

*Contract No. 5*

March .....	5.43	5.21	5.20	32,300	tons
May .....	5.36	5.18	5.18	80,750	"
July .....	5.35	5.17	5.17	108,600	"
September .....	5.34	5.17	5.17	53,300	"
November .....	.....	.....	5.18	.....	"
December .....	5.28	5.22	5.14	200	"
March, 1950 .....	4.94	4.78	4.78	1,600	"
Total .....				276,750	tons

**Local Market.** (a) Export Sugar. The price advanced to P13.25 in the early part of March, and then fell to P13 following the trend of the New York market. With the recovery of the latter market, however, there has been an active demand for export sugar here at steadily advancing prices. At the close, there are buyers at P13.35 per picul, ex mill warehouse.

(b) Domestic Sugar. PRATRA is reported as a buyer of domestic centrifugal sugar at P16 per picul, ex mill warehouse, and the provincial market seems to have stabilized itself at that price. Latest Manila quotations are P16.50 per picul for centrifugal sugar and from P17 to P18.50 per picul for the various grades of washed sugar.

**General.** The effective period for the freight rate of \$15.50 on centrifugal sugar from the Philippines to United States Atlantic and Gulf ports has been extended from April 30 to June 30, 1949.

Our 1948-49 milling operations are proceeding normally. Indications are that the crop in Luzon will be below estimate. In Negros, a few districts are running over estimate, but drought is affecting the cane in others.

## Manila Hemp

By H. ROBERTSON

Vice President and Assistant General Manager,  
MacLeod and Company of Philippines

**T**HIS review covers the period February 16 to March 15, 1949. During this time abaca prices declined steadily, both in consuming markets and in the Philippines. An unusual feature has been the severity of the decline in Davao values in the Philippines which amounted to some P6.50 per picul in the more common grades, as compared with a decline of only P0.50 per picul in the corresponding non-Davao grades. This has resulted in certain Davao grades being offered currently in New York at 1/2¢ to 1¢ under the price of these non-Davao grades. The present state of affairs must right itself soon by a decline in non-Davao values or a firming up in Davao. Davao hemp almost always demands a premium over non-Davao. The cause of this unusual feature is believed to be the existence of a substantially oversold position in non-Davao hemp and the scarcity of the better non-Davao grades other than G and J1.

The United States market has ruled dull to very weak throughout the period, with Davao exporters pressing to get ahead with sales at a time when con-

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sumers were displaying no interest. Non-Davao offerings were small and prices nominal. Relatively little non-Davao business was done during the period.

SCAP bought both Davao and non-Davao grades quite heavily on the decline. Purchases made by SCAP of non-Davao G and J1 were made at prices cheaper than those which exporters had to pay in the provinces to obtain their fiber. This would be understandable if SCAP bought for forward shipment, but their purchases are for prompt shipment. At no time did SCAP purchases of non-Davao G and J1 reflect the provincial values of these grades.

Demand from Europe was scattered, but was probably up to the level of the past two months.

The following nominal provincial values on March 15 illustrate the trend of prices over the period.

	Per Picul Basis Loose		
Davao I . . .	₱62.50	— Down	₱6.50 per picul from February 15
Davao J1 . . .	61.00	—	6.50 " " " "
Davao G . . .	55.00	—	5.00 " " " "
Non-Davao I . . .	64.50	—	0.50 " " " "
Non-Davao G . . .	47.00	—	0.50 " " " "
Non-Davao K . . .	28.00	—	1.00 " " " "

New York quotations on March 15:

	Per lb. C.I.F. New York		
Davao I . . . .	28½¢	— Down	1½¢ per lb. from February 15
Davao J1 . . . .	28½¢	—	1½¢ " " " "
Davao G . . . .	25¾¢	—	1½¢ " " " "
Non-Davao I . . .	29¢	—	½¢ " " " "
Non-Davao G . . .	22½¢	—	½¢ " " " "
Non-Davao K . . .	15¢	—	¾¢ " " " "

Production for February, 1949, was 45,841 bales — a decrease of 956 bales from January, 1949. Non-Davao balings totaled 30,578 bales — up 3,009 bales from January. Davao balings were 15,263 bales — down 3,965 bales from January.

**Tobacco**

BY THE CONDE DE CHURRUCA  
President, Manila Tobacco Association

THE *Tobacco News* for January brings the following information from the United States.

"Cigarette exports for the first 9 months of 1948 totaled 18,176,000,000 pieces valued at \$49,252,000, compared with 16,688,000,000 pieces with a valuation of \$43,628,000 for the January-September, 1947, period. The increase in shipments may be attributed to growing demand in many foreign countries for American-type blended cigarettes.

"The chief market outlets for United States cigarettes during the first 9 months of 1948 were: the Republic of the Philippines which purchased 8,225,000,000 pieces; Belgium and Luxemburg, 1,405,000,000; Curacao, 884,000,000; Tangier, 715,000,000; and Switzerland, 615,000,000."

We quote these figures because they emphasize the importance of this Republic, a natural tobacco-producing country, as a consumer of imported cigarettes.

We have reason to believe that most of the cigarettes imported are the higher priced brands which are selling at over ₱3.50 per thousand, and consequently do not seriously compete at the moment with the local cigarettes, most of which sell at lower prices.

The average sale of local cigarettes is about 1,440,000,000, a year, as compared to the 10,000,-

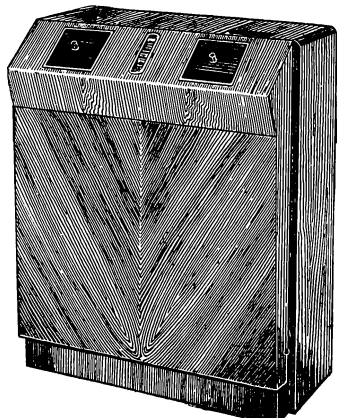
**THE WAY TO LIVE AND WORK**  
... on those Hot Summer Days!



When home is uncomfortably warm, a PHILCO air-conditioner is really welcome for cool, comfortable ventilation. PHILCO gives you cleaner, fresher air with less noise!  
You find it difficult to work when hot and listless . . . a PHILCO air-conditioner brings you a constant, gentle flow of refreshing air. In offices, windows can be closed eliminating dust. Work is a pleasure!

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000,000 which would be the approximate imports for 12 months.

It is out of the question to expect manufacturers to supply any important part of this total volume, not even (at the moment) the 30% cut effected by the Import Control Board. It will take a long time to supply them with enough native yellow and Virginia-type tobacco to absorb a part of the market, and this being the case, they will continue to be obliged to import American leaf tobacco or to bring about a change in the smokers, preference for yellow as against the native type.

If, we manufacturers, could double our output, which would mean a cut of less than 20% in the present imports, nobody would be hurt; eventual changes could be adjusted to slowly and progressively.

But we at least insist on maintaining our output at no lower a volume than it is, and this will not be possible if cheap cigarettes keep pouring into the country, elbowing us out of the scant 20% of the total sales now covered by us. In all fairness, this is not much to ask, and we believe it would be to the interest of the importers to respect our rights in our market.

Already the Government is taking certain measures, even to its own inconvenience as it will deprive it of much-needed revenue. Even the workers are aware that our factories cannot keep on competing unless more processes are mechanized and the cost of production is lowered.

As for us, manufacturers and businessmen, we have in mind, in the first place, the welfare of our workers and farmers and also the necessity of cooperating with the Government, but this does not mean that we want to put the importers out of business. We are not like the dog in the manger, and if we

cannot supply the smokers' demand for the yellow tobacco of the well known brands, the importers are welcome to the market. Luckily, there is no serious competition between these brands and our locally manufactured cigarettes. But the cheaper brands, which in spite of their selling in the United States at over \$14 a case (factory price), are shipped here at \$12.50, c.i.f. Manila, can really harm us, and it is our duty to protect the local business.

We appreciate sincerely the efforts which the Secretaries of Commerce and of Finance are making in this connection, and also the concern shown by the Collector of Internal Revenue. We understand their position and their desire to help local industry without discriminating against imported products. We are hoping that a solution will be arrived at which will not hurt anybody's established business.

The day may come when the local manufacturers and farmers will have to take over practically the whole market. This is happening in one country after another, but the change could not be sudden; it would take plenty of time. Existing business does not have to worry about the near future, and it will have a good chance to adjust itself progressively to any changes.

## Automobiles and Trucks

BY HAROLD HELLING  
General Motors Corporation

**T**HE United States automobile manufacturers assembled, during the week of January 17-22, 109,929 units to counter the pessimists who see omens of an automobile-industry depression. An estimated 82,137 cars and 27,788 trucks rolled from the

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assembly lines. The week's output topped that of the previous week by more than 4,000 units, despite the fact that cutbacks went into effect at some of the plants.

As of January 22, 1949, United States manufacturers had produced 232,342 passenger cars and 80,119 trucks, or a total of 312,461 units.

The goal for the month of January was set at 446,500 units; up to January 29 the industry has produced a total of 423,898 units.

Prices of motor cars remain high despite the recent reductions of from \$10 to \$40 on certain units of one of the major producers of motor cars.

Price reduction on the various makes will be based on labor demands in the future.

The entire industry is looking forward to a bigger year, barring strikes, and shutdowns due to shortage of materials, than it had in 1948, in which year it produced approximately 5,500,000 cars and trucks. With this greater production, the long waiting-lists and the black-market business should disappear; this has already been realized with respect to some makes and models which are becoming hard to sell in the United States and overseas markets.

Automobile shows seem to be the big thing in the United States, and by late fall most manufacturers will be ready to display their new post-war models. Several of the leading manufacturers plan individual shows to present their models to the public.

This brings up the idea of a local automobile show in the Philippines. It would be a good thing to have a show here, with all the various automobile distributors participating to demonstrate to Philippine buyers just what has been accomplished by the automobile manufacturers since the war.

## Textiles

BY JAMES TRAYNOR

THE slump in the local textile market which first showed itself toward the end of January, continued throughout the month of March. Importers report that practically all sales are being made at prices below replacement, and that their inventories are not being reduced due to the continued large arrivals.

During March the arrivals were larger than expected and amounted to about half the average of January and February.

The situation is such that there was practically no new buying from abroad during March.

## Food Products

BY C. G. HERDMAN  
Director, Trading Division  
Marsman & Company, Inc.

THERE has been no change in the Philippine market on imported foodstuffs during the month of March, and remarks in the last two issues of the *Journal* apply in full today.

The market is faced with continued overstocks on major food products staples and importers are forced to continue sales, in most cases, at a loss as

compared with both actual costs and replacement costs, if they are to show any volume sales. There would seem to be no grounds to anticipate any change in this condition for some time to come. As a matter of fact, even worse conditions should be anticipated as goods entering into consumption continue to decrease in volume and cannot be expected to increase before June or July.

## Legislation, Executive Orders, and Court Decisions

BY EWALD E. SELPH  
Ross, Selph, Carrasco & Janda

IN the case of Li Kim Tho vs. Sanchez & Go Siu I know the Supreme Court said:

"As the lease to Li Kim Tho is from month to month and the Lessee has not given up the lease, tacit renewal must be presumed until the Lessor gives proper notice to terminate it."

This was a case in which a sublessee tried to avoid ejection by attempting to go around his sub-



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lessor and make a new deal with the owner of the property. The original lessee was sustained in his right to possession.

In the case of Batangas Transportation Co. (L-1706, March 10, 1949) the Supreme Court affirmed the decision of the Court of Industrial Relations in finding dismissal to be too severe a penalty for misconduct of an employee and that suspension during the period from his dismissal to the date of the decision ordering his reinstatement was sufficient punishment. The Supreme Court said:

"Discipline is, indeed, essential to the smooth running of a public service such as that of the petitioners. But the stern rules of discipline must be applied with fairness and justice. This means that a laborer should not be dismissed for unimportant infractions and that before he is deprived of his job he should be given a fair hearing.

"Under the circumstances of this case, we find no ground for disturbing the order of the Court of Industrial Relations which acted within the ample bounds given it by law. There is no showing that said Court has committed an error of law in the selection of a specific measure for the solution of the particular conflict submitted to it. It merely modified the penalty imposed in its original decision in view of a circumstance it had previously failed to consider."

The dissenting opinion of Mr. Justice Perfecto sets forth his view on a norm of conduct for both employer and employee.

Mr. Justice Perfecto said:

"We yield to no one in upholding just rights and privileges of employees and laborers. At the same time, we are not to relieve them from their responsibilities to themselves

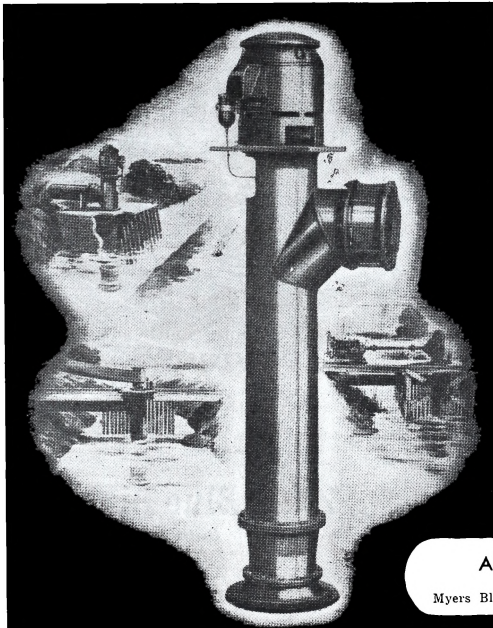
and to society. Employees and laborers have duties to perform, and they should perform them conscientiously if they are to preserve their own rights and privileges and not to disrupt the orderly processes that are essential to keep society a going concern. Violation of those duties would impair the welfare of the community.

"Success of industries and public services is the foundation upon which just wages may be paid. There cannot be success without efficiency. There cannot be efficiency without discipline. Consequently, when employees and laborers violate the rules of discipline, they jeopardize not only the interest of the employer, but also their own. In violating the rules of discipline, they aim at killing the hen that lays the golden eggs. Laborers who trample down the rules set for an efficient service are, in effect, parties to a conspiracy, not only against capital, but also against labor. The high interests of society and of the individuals demand that we should insist in requiring everybody to do his duty. That demand is addressed not only to employers but also to employees."

The Supreme Court rendered another opinion on payments of pre-war debts in Japanese currency. In the case of Araneta vs. Philippine Trust Company, March 17, 1949, the Supreme Court said:

"In the case of A. Laurel v. E. B. Misa, this Court held:

"Considering that, although the military occupant is enjoined to respect or continue in force, unless absolutely prevented by the circumstances, laws that enforce public order and regulate the social and commercial life of the country, he has, nevertheless, all the powers of a de facto government and may, at his pleasure, either change the existing laws or make new ones when the exigencies of the military service demand such action, that is, when it is necessary for the occupier to do so for the control of the country and the protection of his army, subject to the restrictions or limitations imposed by the Hague Regulations, the usages established by civilized nations, the laws of humanity and the requirements of public conscience (Peralt v. Director of Prisons, supra; 1910 U. S. Community of Land Warfare, 76, 77); and that, consequently, all acts of the



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military occupant dictated within these limitations are obligatory upon the inhabitants of the territory, who are bound to obey them, and the laws of the legitimate government which have not been adopted, as well as those which, though continued in force, are in conflict with such laws and orders of the occupier, shall be considered as suspended or not in force and binding upon said inhabitants." (A. Laurel v. E. B. Misa, et al., G. R. No. L-409, pp. 3-4, minute resolution.)

"And in the case of *Haw Pia v. China Banking Corporation* we held that, under the rules of Public International Law, the right of the military occupant, in the exercise of his governmental power, to order the liquidation of enemy banks and the reopening of others in the occupied enemy territory, as well as to issue military currency as legal tender, has never been seriously questioned.

"In view of the foregoing, it is evident that the payment made by the respondent-appellee and accepted by the petitioner-appellant during the Japanese occupation in compliance with the said orders of the Japanese military occupant, can not be considered as made under a collective and general duress, because an act done pursuant to the laws or orders of competent authorities can never be regarded as executed involuntarily or under duress or illegitimate constraint or compulsion that invalidates the act."

#### OFFICE OF THE PRESIDENT

(Continued from page 152)

the second, but hopes to break even this year. He declares it would be to the interest of the bondholders to allow the Company to rehabilitate itself, but that if they are willing to make a compromise settlement, he believes President Quirino would be receptive. Before the war, he states, they offered to sell their bonds at 80%, but they are demanding 100% today.

Announced that the Central Bank will soon issue a new set of paper currency notes in denominations of from P1 to P500. They will bear the inscription, "This note is a liability of the Central Bank of the Republic of the Philippines", and another one, "This note is a legal tender in the Philippines, for all debts, both public and private".

The Cabinet names the delegation which will represent the Philippines at the Bangkok ECAFE conference, opening March 28, it being composed of I. Coscoluela, PRATRA manager, S.R. Mendinueto, Director of Commerce, Blas Gomez (textile engineer), and J. E. Velmonte (Central Bank).

Under-Secretary of Foreign Affairs F. Neri informs the Cabinet of the report that some 200 Chinese communist troops have occupied Ita Ala, 210 miles from Palawan, but outside Philippine territorial treaty limits. A 3-man U.S. Army grave-registration team made the discovery recently. President Quirino states that when he was Secretary of the Interior before the war he made representations to the United States recommending that both the Karafuto and Turtle Island groups be claimed for strategic and defense reasons; the latter group was ceded to the Philippines last year.

## New Import Control Orders and Circulars

Official Sources

February 7, 1949

#### CIRCULAR 6 (Revised)

##### Licenses For Articles Used As Samples

Articles under control brought in or sent to importers or indentors in the Philippines as samples shall be allowed to come in without their being charged to quotas. The manner of clearing them is as set forth in Circular 8. There is no need of applying for a license beforehand.

##### Licenses For Articles For Personal Use

Articles under control for personal use and not for resale shall be allowed to enter the Philippines by mail, air or ship. The manner of clearing them upon arrival in the Philippines is as set forth in Circular 8. When the value of such articles does not exceed P200.00, no application is necessary at the time the order is placed. For orders above P200.00, an application to import the controlled articles must be filed with the Import Control Office so that the license number can be executed with the order and placed on the Consular Invoice as required by Executive Order No. 194.

When the controlled articles are to be brought in by passengers, the applications must be filed with the Philippine Consulates abroad.

#### FURNISHED APARTMENT

Modern, two bedrooms, bathroom, living, dining room, garage and servants' quarters completely furnished including refrigerator, gas range, washing machine, silver and chinawares in Singalong. Contract for one year, beginning May 15th, to reliable American or European couple.

Call 2-77-81 Office Manager.

#### Rayon Price Limits

The price limits set for Rayon fabrics in Appendix "H" of Executive Order No. 193 apply to cloths of single width not to exceed 40". The price limits for cloths with widths over 40" are two times those of single width.

#### Chandeliers (Item 13.2)

For purposes of the Import Control Law, CHANDELIERS are defined as lighting fixtures with more than six (6) outlets for lights. Chandeliers with six (6) or less number of outlets are not subject to control.

Chandeliers made of cut glass are subject to control irrespective of the number of outlets.

(Sgd.) ERNESTO B. LEDESMA  
Executive Officer

March 11, 1949

CIRCULAR LETTER No. 350

TO ALL COLLECTORS OF CUSTOMS,  
CHIEFS OF DIVISIONS, MANILA  
CUSTOMHOUSE, CUSTOMS BROKERS,  
IMPORTERS AND OTHERS CONCERNED:

There is quoted hereunder a 2nd indorsement from the Executive Of-

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**PAN AMERICAN**  
**WORLD AIRWAYS**

Clipper, Trade Mark, Pan American Airways, Inc.



ficer of the Import Control Board, dated March 7, 1949, for your information and guidance:

"2nd Indorsement  
March 7, 1949

Respectfully returned to the Commissioner of Customs, Manila, with the information that the collection of P2.00 for filing Form IC-7 is erroneous and the sums thus collected should be refunded.

Persons desiring to import controlled articles for personal use with a total value of less than P200.00 need not obtain a license before hand. When the articles arrive, the recipients must file with the Collector of Customs at the port of entry form IC-7, before the Collector releases the goods. The IC-7 properly filled, together with a copy of the invoice must be sent to the Import Control Office at Manila. The IC-7 need not be notarized.

To import controlled articles for personal use with a total value above P200.00, a license from the Import Control Office must be obtained before hand. For this purpose, form IC-7 duly notarized must be filed and sent to the Import Control Office together with P2.00 as license fee.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer"

ALFREDO DE LEON  
Commissioner of Customs

March 12, 1949

CIRCULAR 7  
(Revised)

T O Y S

UNDER CONTROL

Air Rifles

Construction Sets except those listed below under "NOT UNDER CONTROL"

Dolls and Accessories  
Miniature Musical Instruments  
Roller Skates  
Rubber Balloons  
Toys Games  
Trains, Mechanical and Electrical and Accessories  
All other Toys not listed below under heading "NOT UNDER CONTROL"

NOT UNDER CONTROL

Airplane Model Construction Sets  
Alphabet Blocks  
Gas Engine Powered Miniature Automobile Construction Sets  
Railroad Model Construction Sets  
Savings Banks  
Ship Model Construction Sets  
Baby Carriages and Children's Vehicles:  
Automobiles  
Beach Vehicles  
Gocarts  
Scooters and Sidewalk Cycles  
Strollers  
Sulkies  
Three Wheeled Play Carts  
Veloipedes and Tricycles  
Wagon (Coasters and Play)  
Walkers and Tenders

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

February 3, 1949

CIRCULAR 8

1. Procedure to be followed on Imports of Controlled Articles for Personal Use or As Samples.

Shipments of, or parcel post packages containing, controlled articles for personal use or as samples with less than P200.00 value, shall be cleared by the Collectors of Customs or Postmasters who must secure a signed application from the recipients or owners of these articles, listing quantity, names of articles, values and a statement to the effect that they are for the personal use of the applicants. These applications with the approval of the Collectors of Customs or Postmasters noted thereon together with copies of the invoices must be forwarded to the Import Control Office at Manila. On shipments of, or parcel post packages containing, controlled articles for personal use or as samples in excess of P200.00, a license to clear them must be obtained from the Import Control Office at Manila. In cases where controlled articles are brought in by incoming passengers for

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Your fingers will find comforting ease in the lightning key response; You'll note better-balanced finger action... the free-and-easy rhythm of Underwood's finest typewriter... the popular choice of secretaries and executives.

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For All Welding Purposes
- SUPERFLAME  
Bottle & Tank Gas for all  
Cooking Purposes  
Complete Installation & Service facilities
- CARBON DIOXIDE  
in liquid form  
for bottled drinks
- CARBON DIOXIDE  
solid form for Frozen  
food preservation
- CARBON DIOXIDE  
in liquid form  
for Fire Extinguishers
- HYDROGEN GAS  
For Balloons &  
Underwater cutting  
of Steel
- Distributors of NATIONAL CARBIDE  
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"STUDY" Welding Rods For hard surfacing  
of implements—Machinery parts  
TAPPAN AUTOMATIC GAS RANGES



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their personal use over and above the normal allowable requirements of a passenger, the Collectors of Customs at ports of entry including Manila are authorized to pass amounts of controlled articles in excess of P200.00 provided the applications above referred are made under oath and copies sent to the Import Control Office.

The above procedure does not apply to goods imported for re-sale. Irrespective of the amount, the importation of goods intended for resale requires a license in all cases from the Import Control Office.

2. Religious Articles and Athletic Medals and Trophies — Religious articles and athletic medals and trophies falling under Jewelry, Precious Metal and Stones and under Ornamental Articles, except these made of solid gold, silver or platinum, or are made of or studded with precious stones, are not subject to the Import Control Law.

3. Gold Bullion and Dental Gold —

The Import Control Board has for the present, decided not to place under control the importation of gold bullion and dental gold inasmuch as these articles are under the control of the Central Bank of the Philippines. Importers, therefore, of these articles need not file their applications with the Import Control Office.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

**CARS NOT SUBJECT TO THE IMPORT CONTROL**  
(Received March 16, 1949)

List Of Passenger Cars With A Selling Price of Less Than P7,000 To The Public Including Taxes

**AUSTINS, ENGLISH I**

**CHEVROLET**

**CROSMOBILE**  
Crosmobile

**DODGE**

**CUSTOMS, FLUID DRIVE 1948**

4 Passenger — 2 Door Club Coupe  
6 Passenger — 4 Door Sedan

**DODGE**

**KINGSWAY SPECIAL DE LUXE**

4 Passenger — 2 Door Club Coupe  
5 Passenger — 4 Door Sedan

**FORD**

Ford Custom Cars with 6 cylinder Engines:  
Club Coupe  
Fordor Sedan  
Station Wagon  
Tudor Sedan

Ford Custom Cars with V8 Engines:

Club Coupe  
Convertible Coupe  
Fordor Sedan  
Station Wagon  
Tudor Sedan

Ford Standard Cars with 6 cylinder Engines:

Business Coupe  
Club Coupe  
Fordor Sedan  
Tudor Sedan

Ford Standard Cars with V8 Engines:

Business Coupe  
Club Coupe  
Ford Convertible Coupe V8  
Fordor Sedan  
Tudor Sedan

**HILLMAN MINX**  
Hillman Minx

**HUDSON**  
Hudson Super Six

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<b>VANCOUVER</b>	To and From <b>SEATTLE</b>	<b>PORTLAND</b>
	<b>LOS ANGELES</b> and <b>SAN FRANCISCO</b>	
	and	
	To and From <b>BOMBAY</b> and <b>CALCUTTA</b>	



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**PHILIPPINES**  
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Mercury Sport Sedan

**NASH 600 SEDAN**

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Oldsmobile Series "76" Standard

**OLDSMOBILE (EXCEPT SERIES "98")**

**PACKARD**  
Standard Six, Model 2282  
Standard Eight, Model 2292-2295

**PLYMOUTH**  
P-17 Plymouth de Luxe (All Models)  
P-18 Plymouth Special de Luxe (all models) except  
Convertible Coupe and Station Wagons

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De Luxe Models 6 cylinder:  
4 Passenger — 4 Door Sedan  
5 Passenger — Sedan Coupe  
6 Passenger — 2 Door Sedan  
6 Passenger — 4 Door Sedan  
6 Passenger — Sedan Coupe

De Luxe Models 8 cylinder:  
5 Passenger — 4 Door Sedan  
6 Passenger — Sedan Coupe  
6 Passenger — 2 Door Sedan  
6 Passenger — 4 Door Sedan  
6 Passenger — Sedan Coupe

Hydrumatic Drive  
Without

Standard Models 6 cylinder:  
3 Passenger — Business Coupe  
5 Passenger — 4 Door Sedan  
5 Passenger — Sedan Coupe  
6 Passenger — 2 Door Sedan  
6 Passenger — 4 Door Sedan  
6 Passenger — Sedan Coupe

Standard Models 8 cylinder:  
3 Passenger — Business Coupe  
5 Passenger — 4 Door Sedan  
5 Passenger — Sedan Coupe  
6 Passenger — 2 Door Sedan  
6 Passenger — 4 Door Sedan  
6 Passenger — Sedan Coupe

Left Hand  
Drive Only

**SUNBEAM TALBOT**  
Sunbeam Talbot

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

### CIRCULAR 9

March 10, 1949

This Circular amends Circular 6 (Revised) dated February 7, 1949 with respect to the Price Limits on Rayon, as follows:  
The price limits set for Rayon Fabrics in Appendix "B" of Executive Order No. 192 apply to cloths of single width not to exceed 40". The price limits for cloths with widths over 40" will be in proportion to the width, taking 40" as the basis.  
This ruling will become effective on April 15, 1949 and will apply to rayon cloths leaving ports of embarkation after said date.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

### CIRCULAR 10

Transfer of Quotas

March 21, 1949

Section 4 of Executive Order No. 193, dated December 28, 1948, entitled "Prescribing rules and regulations to carry into effect the control and regulations of imports of non-essential and luxury articles into the

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Philippines as provided for in Republic Act 330 has been amended by Executive Order No. 296, dated March 16, 1949, so as to read as follows: "The Import Control Board shall fix the quota for each article in terms of quantities or total money values, and shall allocate such quota, by authority of the President, to the importers duly registered for such article on the basis of their respective quantities or values of imports during the base period reduced in accordance with the percentage herein prescribed in Appendix "B". Provided, That the Board, upon request of an importer, may transfer his quota from one article to another."

The above transfer refers to items for which the importer is duly registered with the Import Control Office. A written application for such transfer, stating the reasons therefor, should be submitted to the Import Control Board for approval.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

March 22, 1949

CIRCULAR 11

USED CLOTHING

Used Clothing and Rummage are not subject to Import Control if the price is less than P0.50 per pound or per piece, c.i.f. Philippines.

EYEGLASS FRAMES

Eyeglass frames plated with precious metals are not subject to Import Control. However, eyeglass frames of solid gold, silver or platinum will continue to be subject to control.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 193

AMENDING EXECUTIVE ORDER NO. 195, DATED DECEMBER 28, 1948.

By virtue of the powers vested in me under Republic Act No. 330, entitled "An Act Authorizing the President of the Philippines to establish a system of import control by regulating imports of non-essential and luxury articles, creating an import control board, authorizing the issuance of rules and regulations to carry into effect such control, and penalizing violations of this Act", I, ELPIDIO QUIRINO, President of the Philippines, do hereby order:

SECTION 1. Effective May 1, 1949, Appendix "A" of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to include in the list of luxury and non-essential articles the following: Under MISCELLANEOUS, 25.0 Onions, from May 1 to June 30; 25.10 Sugar; under PERFUMES & TOILET PREPARATIONS, 3.7 Powders, face (including perfumed talc); 3.12 other toilet preparations (including dentifrice).

Sec. 2. Effective May 1, 1949, Appendix "B" of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to include or substitute, as the case may be, in the schedule of percentage reductions prescribed therein, the following: Onions, 50%; Sugar, 50%; Perfumed Talc face powder, 50%; Dentifrice, 50%; Matches costing more than P2.00 per gross c.i.f. Philippines, 30%; Rubber Shoes costing more than P4.50 per pair, c.i.f. Philippines, 50%.

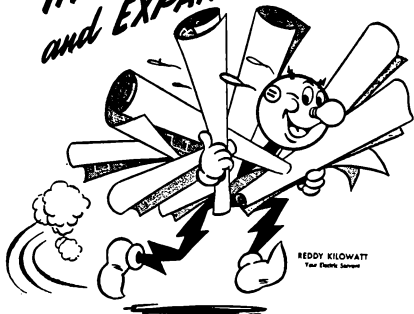
Sec. 3. The Import Control Board is hereby authorized to allow an importer to choose as basis for the determination of his quota, either his importation during the Base Period as specified in Appendix "B" of Executive Order No. 193, dated December 28, 1948, or two-thirds of his importation from July 1, 1947, to December 31, 1948.

Sec. 4. The Import Control Board is hereby authorized to declare goods in dock, on lighter or on board an exporting vessel, on the date of effectivity of the Import Control Law as having left port on that date, and to allow the entry of goods that were already paid for, or in transit to port, prior to the effectivity of the Import Control Law, charging the same against the quotas of the importers and disposing of any excess over such quotas as the board may deem just and reasonable.

Sec. 5. The Import Control Board is hereby authorized to define what articles come under the items listed in Appendix "A" and under the price limits set in Appendix "B", of Executive Order No. 193, dated December 28, 1948.

Sec. 6. The Import Control Board is hereby authorized to issue such supplementary rules and regulations as it may deem necessary to carry out the purposes of Executive Order No. 193, dated December 28, 1948, and its amendments.

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and EXPANSION*



REDDY KILOWATT  
The Electric Person

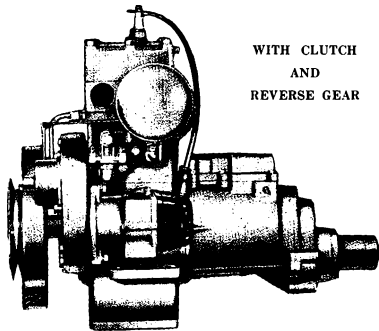
Work on the Rockwell Station at Makati is progressing as rapidly as arrival of equipment allows. The completion of this new power station will make an additional 50,000 kilowatts available to supply the increased demand for electricity in Manila and its environs.

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Sec. 7. The phrase "ports of embarkation" mentioned in Section 13 of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to read as follows: "ports of embarkation or countries of origin."

Sec. 8. All commodities mentioned in Section 1 hereof leaving ports of embarkation or countries of origin after May 1, 1949, shall be subject to this Order.

Sec. 9. Section 5 of Executive Order No. 193, dated December 28, 1948, is hereby amended to read as follows:

"Sec. 5. Not more than twenty per cent (20%) of the quota fixed for each article shall be set aside, to be allocated exclusively to Filipino importers who had no importation during the base period mentioned in the next preceding section but have been registered subsequently as importers of such articles: *Provided*, That alien importers who, after the base period, actually imported and still continue to import any controlled article may apply as new importers. No new importer shall receive a percentage allocation bigger than one fifth of the percentage allocated as quotas to the old importers. Applications for licenses to import any portion of this twenty percent (20%) reserved quota must be filed within one month from the date the quota is announced. Any part of this reserved quota not allocated or used shall be available for allocation to the old importers."

All provisions of this Order, except Sections 1 and 2, shall take effect immediately.

Done in the City of Manila, this 30th day of March, in the year of Our Lord, nineteen hundred and forty-nine, and of the Independence of the Philippines, the third.

(SGD) ELPIDIO QUIRINO  
President of the Philippines

By the President:

TEODORO EVANGELISTA  
Executive Secretary

## Weekly Changes in Retail Prices

*Bureau of Commerce, Market Division*

March 21-26, 1949

**T**HE Bureau of Commerce Price Index, which had moved upward slightly for the past two weeks, resumed its downward swing to 232.57-mark level, off .53 point. Moderate declines in the prices of locally produced commodities accounted for the slight drop of the price index. At the current level, the value of the Victory Peso, measured in terms of its ability to purchase 150 prime necessities included in the index, is equivalent to 43 centavos of the pre-war peso as compared with the previous week's purchasing capacity of 42.90 centavos.

The constant fluctuation in the price structure of perishable goods, no doubt, is causing the ordinary housewife no little worry in making day-to-day budgetary adjustments. This week, however, it has been favorable owing to abundant supply. Fish items sank to lower levels: Bangus declined to P2.32, off 11 centavos per kilo; apahap and tanigue at P2.50, off 10 centavos each per kilo; and talakitok at P1.40, off 10 centavos.

Eggs followed suit with white leghorn eggs spearheading the drop, off 20 centavos to P2.30 per dozen. Native hen's eggs, were lower by 10 centavos at P1.40 per dozen; and fresh and salted duck's eggs, off 5 and 15 centavos, respectively at P1.60 per dozen.

Red corn lost 5 centavos to P0.70 per ganta. Green mungo also suffered a cut of 5 centavos to P1.45 per ganta on plentiful supply.

As the demand for bananas and papayas became weak, prices dropped slightly by 2 centavos per 100. Green papaya also lost 3 centavos to P0.15 each; medium size.

★

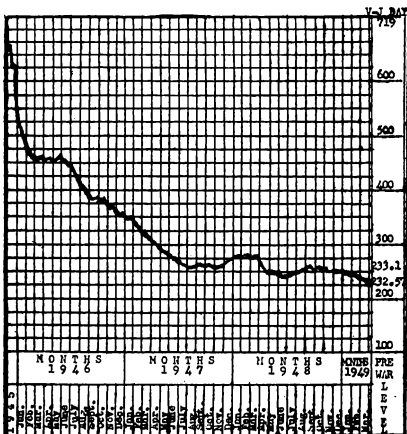
The initiation fee for an active  
membership in the American Chamber  
of Commerce of the Philippines has  
recently been reduced to P250.

★

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Rice, however, was stationary and prices unchanged at P1.40 per ganta of elon-elon, 1st class, and P1.35, elon-elon, 2nd class. Macan, 1st class, was steady at P1.30 and 2nd class at P1.25 per ganta. Meanwhile, Washington announced that the Department of Agriculture allocated for export to the Philippines 551,200 bags of rice of 100 lbs. each. The announcement further stated that this quantity was part of the rice the Philippines will get from the United States under its regular allocation from the International Emergency Food Council. The Philippines is scheduled to receive 45,000 tons of rice from the United States this year, including the loan from China.

Some imported articles have been on the downgrade, though gradually. Some drugs and medicines have almost reached reasonable levels. Stationery and school supplies, and electrical supplies, likewise, have gone down.

On textiles, with the exception of plain and printed flannel, which sagged down to P0.65 and P0.75 per yard, off 8 and 10 centavos, respectively, due to light demand owing to the hot season, the market was generally stationary and prices unchanged.

The market for construction materials was also steady and prices were generally unchanged with the exception of adobe stones which moved lower to P21.25 and P16.25; off 50 centavos per 100 pieces for Baesa and Mandaluyong, respectively.

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## COST OF LIVING INDEX OF WAGE EARNER'S FAMILY<sup>1</sup> IN MANILA BY MONTH, 1946 TO 1949 (1941 = 100)

Bureau of the Census and Statistics  
Manila

1946	All Items	Food (69.15)	House Rent (8.43)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)	Purchasing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	1.657
February	547.2	656.3	236.4	940.3	369.5	460.5	1.827
March	528.9	631.0	236.4	940.1	340.4	445.2	1.952
April	556.2	684.1	236.4	910.3	345.5	435.9	1.798
May	545.1	675.6	236.4	762.5	342.3	405.9	1.835
June	538.7	666.4	236.4	737.9	343.3	404.2	1.856
July	552.7	704.3	236.4	598.9	341.3	384.6	1.909
August	477.9	590.0	236.4	384.7	320.9	346.3	2.092
September	477.9	591.3	236.4	382.7	314.5	347.2	2.092
October	487.4	587.2	236.4	382.7	405.8	342.7	2.052
November	484.8	607.8	236.4	406.4	346.5	305.2	2.063
December	461.9	570.8	236.4	371.9	344.7	302.1	2.165

1947<sup>2</sup> (100.00) (63.43) (11.96) (2.04) (7.73) (14.48)

January	426.2	368.2	453.9	381.9	326.2	282.5	2.346
February	418.5	454.9	453.9	356.2	344.8	281.4	2.389
March	406.8	440.1	453.9	295.2	334.7	279.4	2.458
April	387.7	413.3	543.9	269.2	328.9	271.6	2.579
May	391.0	404.4	453.9	259.9	325.4	268.4	2.625
June	384.3	414.4	453.9	236.8	316.6	269.6	2.659
July	392.4	426.8	453.9	217.7	309.3	269.9	2.542
August	387.4	419.8	453.9	210.2	292.0	269.1	2.581
September	368.9	392.1	453.9	216.4	283.3	266.8	2.711
October	358.7	376.3	453.9	212.7	280.5	267.7	2.788
November	358.4	376.3	453.9	215.1	280.5	265.3	2.790
December	371.9	395.8	453.9	219.1	298.2	262.9	2.689

1948

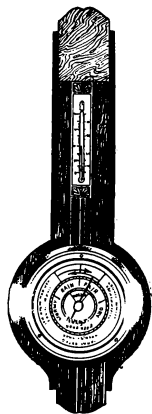
January	391.2	428.3	453.9	224.5	304.6	249.9	2.556
February	368.5	392.0	453.9	223.8	301.1	254.4	2.714
March	349.4	361.0	453.9	214.6	308.1	255.9	2.862
April	356.1	374.1	453.9	209.4	289.7	254.8	2.808
May	349.8	360.2	453.9	214.2	299.7	271.6	2.859
June	354.3	370.4	453.9	205.2	283.2	262.9	2.823
July	356.4	374.2	453.9	201.3	281.6	262.4	2.806
August	363.6	385.7	453.9	199.8	281.6	261.7	2.751
September	370.6	397.2	453.9	199.2	279.6	260.6	2.698
October	374.9	404.0	453.9	204.8	283.2	257.9	2.668
November	362.7	394.4	453.9	202.0	281.6	258.7	2.712
December	365.9	389.9	453.9	202.0	282.4	258.9	2.732

1949

January	363.8	386.8	453.9	202.0	279.0	258.9	2.750
February	343.8	355.5	453.9	203.0	277.5	258.9	2.909
March	346.3	358.2	453.9	202.0	276.3	258.5	2.896

<sup>1</sup> Average number of persons in a family = 4.9 members.

<sup>2</sup> 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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Republic of the Philippines  
Office of the President  
BUREAU OF THE CENSUS AND STATISTICS  
MANILA

TREND OF REAL WAGES OF WAGE EARNERS IN INDUSTRIAL AND COMMERCIAL ESTABLISHMENTS  
IN MANILA, BY OCCUPATIONS: 1941, 1945, 1946, 1947, 1948

OCCUPATION	AVERAGE DAILY WAGES (PESOS)					INDEX (1941 = 100)				DAILY REAL WAGES <sup>2</sup> (PESOS)			
	1941	1945	1946	1947	1948 <sup>1</sup>	1945	1946	1947	1948 <sup>1</sup>	1945	1946	1947	1948 <sup>1</sup>
Blacksmiths . . . . .	2.55	4.25	5.57	6.55	6.57	166.6	218.4	256.9	257.6	0.62	1.07	1.69	1.80
Boilermen . . . . .	2.82	6.40	5.20	6.12	6.93	226.9	184.3	233.6	245.7	0.94	1.00	1.58	1.90
Carpenters . . . . .	2.75	6.02	6.66	7.20	7.21	218.9	242.1	261.8	262.2	0.97	1.28	1.86	1.98
Chauffeurs . . . . .	1.64	4.05	5.78	6.55	6.22	264.9	352.4	399.4	379.5	0.69	1.11	1.69	1.71
Cigar-makers . . . . .	0.96	2.83	4.87	5.37	5.21	294.7	507.2	559.3	542.7	0.41	0.93	1.39	1.58
Compositors . . . . .	1.84	6.14	7.29	7.86	7.54	333.6	396.1	427.2	409.8	0.90	1.40	2.03	2.07
Draftsmen . . . . .	3.28	7.54	7.48	8.73	10.00	232.9	228.0	266.2	304.9	1.10	1.44	2.25	2.75
Electricians . . . . .	2.67	5.20	7.82	7.88	7.84	194.7	292.8	295.1	293.6	0.76	1.50	2.03	2.15
Foremen . . . . .	3.35	7.38	7.96	8.63	8.63	220.2	237.6	267.6	267.6	1.08	1.53	2.23	2.37
Lathemen . . . . .	2.60	4.85	7.51	8.23	8.14	187.7	281.1	316.5	313.1	0.71	1.40	2.13	2.23
Linotypists . . . . .	2.64	10.22	10.17	10.08	10.07	387.1	385.2	381.8	381.4	1.50	1.95	2.22	2/76
Machinists . . . . .	2.23	5.75	6.48	8.59	8.79	257.8	290.5	385.2	394.2	0.84	1.24	2.60	2.41
Masons . . . . .	1.04	5.90	6.58	6.89	6.68	304.1	339.1	355.2	344.3	0.86	1.26	1.78	1.83
Mechanics (auto) . . . . .	3.00	7.46	6.90	8.08	8.02	248.6	230.0	269.3	287.3	1.08	1.32	2.09	2.20
Painters . . . . .	1.83	7.77	6.28	7.73	7.11	424.5	343.1	422.4	388.5	1.14	1.21	2.00	1.95
Plumbers . . . . .	2.00	4.80	7.67	7.77	7.73	240.0	383.5	388.5	386.5	0.70	1.47	2.01	2.12
Tinsmiths . . . . .	1.72	4.23	5.04	8.28	8.20	245.9	293.0	481.4	476.7	0.62	0.97	2.14	2.25
<b>AVERAGE</b>													
Skilled laborers . . . . .	2.34	5.93	6.76	7.68	7.70	261.7	306.1	328.2	329.1	0.87	1.30	1.99	2.12
Common laborers . . . . .	1.24	3.27	4.53	4.66	4.69	263.7	365.3	375.8	378.2	0.66	0.87	1.20	1.28

<sup>1</sup> Preliminary, subject to change.

<sup>2</sup> Wage in terms of goods and services it can buy. This is obtained by dividing the 1945, 1946, 1947 and 1948 wages, by the cost of living index for the year 1945 (682.3), 1946 (826.9), 1947 (857.1) and 1948 (864.1) respectively.

Commonwealth Act No. 444 limits regular working hours to eight a day.

<sup>3</sup> 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

Somebody sent us a copy of a letter written by an American old-timer here who had been away, to friends in the United States, from which we select the following parts:

"Among the Filipinos I find a rather frightening optimism, self-satisfaction, and rampant nationalism that are more founded on the present situation than upon awareness of how much their newfound independence and prosperity are based on American help and protection (economic and military), and who have not the precaution to provide for their own future or even to think of the menacing conditions in China and other neighboring countries (over-populated and in the throes of violent revolutionary changes) which can so quickly annihilate the momentary improvements in the Philippines.

"The Filipinos are actually quixotic and fanciful in their idealistic attitudes, and neglect taking the practical steps that would use the present prosperity for permanent improvement of their own most urgent necessities, agricultural 'know-how', technical education, sanitation, and an economic and political integrity in their public services, which could help to withstand the pressure of another catastrophe they might have to face without any certainty of American help and liberation. However, many individuals are doing fine work...

"The American professional and 'small business' people, who are the few who have not as yet been in any way indemnified for war-losses by the United States or Philippine Governments, or had any pre-war obligations 'written off', have now, as they had before the War, a disproportionately great part of the tax burden. Under these circumstances I have the fixed determination to get out from under a situation that shows no signs of giving me any personal advantage without further prolonged expenditures and efforts. I am in no way disposed to risk precarious health and a minimum of financial security (from all-American assets) so hardly won...

"These are just impressions. It has been a crowded, interesting, and happy time for me here, in spite of the noise and expense that Manila living demands. Prices are fabulous and service unbelievably bad, but those are frontier conditions and rehabilitation necessities, — everywhere the terrible effects of war devastation are being felt..."

This letter shows evidence of having been somewhat hastily written and might have been better rounded, but is interesting as a spontaneous expression of the state of mind of many of the old-time Americans here, — we might say a very mixed state of mind compounded of a love of the country and its people, irritation, con-

cern, and more thought than formerly in many cases, to their own personal interests, — now that they are getting old and the country is independent and they feel less responsible.

The editor had a letter from Major Mrs. H. G. Hornbostel during the month who, both, are still living at Carville, Louisiana. The Major, who for some years was the advertising manager of the editor's still suspended *Philippine Magazine*, referred to this column as follows:

"Both Gertrude [wife] and I enjoy reading the Journal, particularly the 'Let Your Hair Down' Column, which is more YOU than the rest of it."

"There we go again," said the editor when he read this line. "What's the matter with the rest of the Journal, or didn't he mean it that way? But it was a pleasant letter otherwise. I don't think he meant that this column is no good. He must have meant that the editorials, which, generally, it is both my duty and my pleasure to write, do not sound so much like me as he used to know me. You know, that hurts. Granted that one should develop and perhaps change, one is proud to maintain a certain integration of character, not to say one's integrity."

"Naturally, the Journal being an organ of the Chamber, the editorials express or try to express what may be taken as a sort of average of the opinions of the members on any subject, but I must insist that I share those opinions. I can say that during the whole of my writing career I have never written a single line that I did not believe to be true. I would not start lying for the Chamber, and I was never asked to or expected to.

"To those of my old friends who are thinking that I am developing a second personality, if not a dual one, I can say that the truth is really very simple. Most of them know me from the *Philippine Magazine* and that was a political-literary monthly, naturally devoted to all sorts of broad, cultural matters. That was my life and thought in those days, — you might say somewhat high-brow!



"Now I am engaged in a very different sort of journalism, although the *Philippine Magazine* never wholly neglected business and economics and the country's trade relations as a part of the general Philippine-American culture. The Journal, however, is devoted practically exclusively to business, so that naturally my present field is narrower. No difference has arisen in me. I am just looking more closely and more intently at once particular element of culture.

"And while I miss the broader and perhaps more flowery fields which are the pasture of a general monthly magazine, I am not sorry that I am now able to concentrate my interest on what I think is at present the most important sector.

"Literature, music, the other arts,—those were important in the happy, piping days before the War; there was money and leisure for them. Now, after all the destruction, material and moral, we have had to go back to the economic and political fundamentals. That is where now, as a voice if nothing else, I hope, at least, that I can be most useful.

"I insist that I am always me."

We had a letter from the editor *Oils and Oilseeds Journal* of Bombay, a new publication which we mentioned in this column some months ago. He wrote:

"We are in receipt of a copy of the December issue of your esteemed *Journal* and are pleased to find on perusal a pointed reference has been prominently made to our letter in the 'Let Your Hair Down' column at page 468 in introducing this *Journal* to the vast number of your readers.

"This column has a fascination of its own and always makes a very interesting and lively reading. Please accept our warmest thanks for having introduced our *Journal* through the medium of this lively column.

"With best regards,

Yours faithfully,  
"R. C. Sheth."

We don't always receive such a courteous acknowledgement of anything,—and the praise (we hope it is not just flattery) is overwhelming. Could it be that this column is not so bad after all? Look at those words again: "interesting", "lively" (twice), a "fascination all its own".

Now what can we put in this month to live up to such praise?

Some of the most lively matters that came to our attention, as well as the more funereal, have

already been dealt with in the editorial column. Of course, there are always the editor's grandchildren, but he grimly swore some months ago he never wanted to see them mentioned here again. The trouble is so little except hard work goes on in this office. People rarely come in with a joke. Usually they just come in to make some protest and demand we have a row with the Government over this thing or the other. Or they ask for information that is often impossible to obtain.

Well, we've moved to our new quarters in El Hogar Filipino Building, fourth floor, two large communicating rooms,—one our offices and the other a rest and reading room where one may also obtain coffee, sandwiches, etc. There was some question for a while whether Meralco could supply the power for the elevator in the newly reconstructed building, but it is running, thank goodness. The house-warming, to which a good many people have been invited, will be held a few days after this issue of the *Journal* will have come off the press.

Since the Liberation, the Chamber has moved no less than six times,—showing how difficult the housing situation in Manila has been. On February 21, 1945, just a few weeks after the Santo Tomas internees were freed, and long before the fighting in Manila was over, a number of the directors of the Chamber who had been interned, including the late S. F. Gaches, the then President, opened temporary offices in a private house on Espana Street, just across from the University of Santo Tomas where a good many of the liberated internees were still living in nipa shacks. Some three months later, the Chamber moved to the People's Bank Building on Dasmariñas Street (now Heacock's), sharing the ground floor, one large room, with five or six other business entities while the streets were still being cleared of the debris of war and the building was just beginning to be repaired. This work forced a move to the Gibbs Building, next-door, and from there, in May, 1946, the Chamber moved to the eighth floor of the Trade and Commerce Building on Juan Luna Street, shortly after that building had been vacated by the U. S. Army. In July, 1947, the Chamber moved to a larger room on the



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right opposite stands the reconstructed building of the Philippine Chamber of Commerce. Most conspicuous from our windows overlooking the river are the Manila Postoffice Building to the left, which looks allright from the outside now, and to the right the Intendencia Building, soon to be the home of the new Central Bank also being reconstructed. The large City Hall, with its tower, rises in the center distance. The Metropolitan Theater is still largely unreconstructed. The largest ruins in sight are those of the old Santo Tomas Convent and the Santo Domingo Church and the greater part of the famous San Augustin Church and Convent, the oldest buildings in Manila. Farther off on the horizon are the Army and Navy Club and the Elks and University Club Buildings, the Manila Hotel, of which only the upper parts can be seen, and still farther, the American Embassy. We can not see much of the Bay, but we can see the broken arch at the entrance of the old Pier Seven now Pier 13, and the superstructures of a number of large ocean-going ships.

Though, from this view, Manila is still largely a city of ruins, the sight is no longer dreary. There is too much movement and too much noise for that. Automobiles and trucks and buses rush across the field of vision in unending streams. In the acoustical scale far below the occasional dynamite explosions and the intermittent racket of the drills, but all-pervading, is the deeper rumble of the traffic in the streets and over the temporary bridge with its sharp horn-blowing, and in counterpoint one hears the chugging and putting of the tugs and launches in the river. From nearer by, in arpeggios, comes the sound of stone-chisels, saws, and hammers, and everywhere one hears the voices of men.

It is all in very great contrast with the days of the enemy occupation, especially during the months toward the end, when the whole great city was as silent as a country town, when the grass grew in the dirty streets, and only an occasional push-cart was to be seen and the ragged, famished-looking people slinked along and never raised their voices.

Across the river lies what is left standing of the old Walled City of Manila (Intramuros), and

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(Required by Act No. 2580)

The undersigned, A. V. H. Harsendorp, editor and manager of the American Chamber of Commerce Journal, published monthly in English at the Office of the American Chamber of Commerce of the Philippines, Manila, after having been duly sworn in accordance with law, hereby submits the following statement of ownership, management, circulation, etc., which is required by Act No. 2580, as amended by Commonwealth Act No. 201:

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(Sgd.) A. V. H. Harsendorp

Editor and Manager

Subscribed and sworn to before me this 18th day of March, 1949, at Manila, the affiant exhibiting his Residence Certificate No. A-49130, issued at Manila on January 17, 1949.

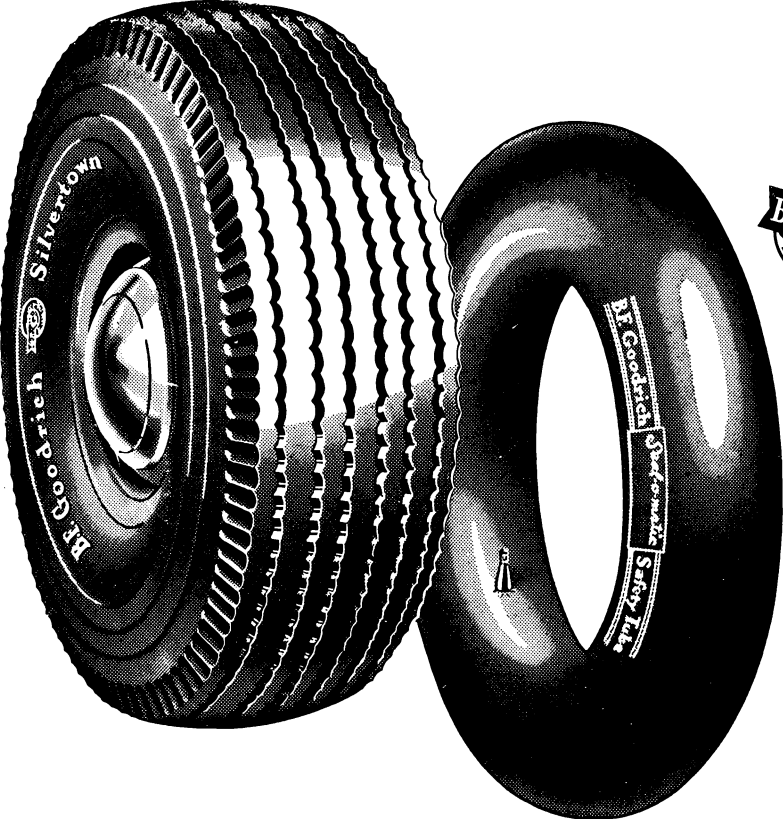
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