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QUARTER-CENTURY
RECAPITULATIONS

Manila Hemp: *Its Shift to
Davao*

Philippine Copra and Its Com-
petitors

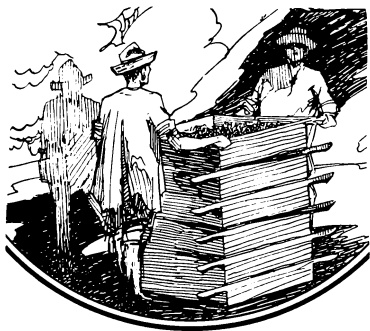
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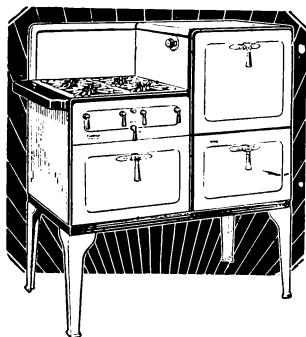
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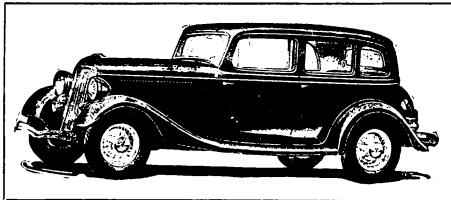
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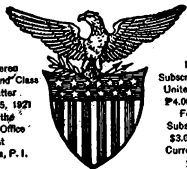
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July, 1934

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WALTER ROBB
Editor and
Manager

Governor Murphy's Message to the New Legislature

Mr. President, Mr. Speaker, and Members of the Legislature:

We are assembled in this first meeting of the Tenth Legislature at a time when important changes are impending in the form of our government and in the economic life of our country. Legislation enacted at the recent session of Congress and formally accepted by the last legislature definitely envisions the eventual withdrawal of American sovereignty from these Islands and the establishment within a few years of an independent Philippine Commonwealth.

At such a time it is perhaps unavoidable that uncertainty and concern about the future should exist in the minds of many persons, especially of substantial business enterprises and investments. We need not be surprised or unduly alarmed to hear in some quarters expressions of doubt or fear. It could hardly be otherwise. Capital and business always abhor political change. In such a period they hesitate to make commitments or expend activities until the future becomes reasonably clear and certain. There are several factors in the present situation, however, that are reassuring and encourage us to meet the future with confidence and high hopes.

Filipino People Fully Equipped with Experience In Art of Democratic Government

The Tydings-McDuffie Act, which will become in due time the basic charter of home rule and self-government in the Philippine Islands contains many provisions that safeguard fundamental rights and liberties of private citizens that have been identified with American liberty and progress through many generations. Nearly two decades of practice in the art of democratic government under the Jones Law have equipped the Filipino people with an experience therein seldom if ever possessed by the people of a new and independent state, an experience that will constitute a virtual guaranty against the mistakes and excesses commonly associated with new governments. The reins of government will not fall into new and untried hands. Radical and fundamental changes in governmental organization and practice, though permissible, are not required in the new régime, nor apparently contemplated by responsible leaders. Strange political methods and onerous regulations are not seriously proposed. The attitude of those in positions of authority is one of sobriety and earnestness, marked by a commendable disposition to take a realistic view of the problems that confront them.

Let us remember, too, that the American flag still flies in Philippine territory. American authority will continue during a reasonable and necessary period of transition and adjustment to guide and protect the new government, and stand guard over the safety and welfare of the new state. Assurances have been given by President Roosevelt and leaders of Congress that if changes in the law appear necessary or desirable they will be undertaken. It is doubtful whether in modern times a new state and a new government have emerged into equal and sovereign status in the society

of nations under more favorable conditions and more friendly auspices.

People Provided with Opportunity to Prepare For Responsibilities of Independent Statehood

Through this union of favorable circumstances, under an enactment framed as far as possible to meet our peculiar needs, we are provided with an opportunity to prepare for the responsibilities of independent statehood before they are laid upon us, under conditions of peace and public order, with a government fully organized, stable, and financially secure. We shall be remiss in our duty if we squander this unprecedented advantage through inaction or delay. By attending well to the business of the present we may give further assurances for the future. The regular processes of government should go forward with unabated zeal so that the Philippines may enter the new order as a going concern in full strength and vigor.

The maintenance of a sound fiscal condition in all branches of the government, with expenditure limited to income, public revenues stabilized by regularity in assessment and efficiency in collection, is of first and immediate importance. This has been emphasized on numerous occasions. In spite of hardships and adversities, and the admitted difficulty experienced by some sections in meeting tax obligations, we must realize the practical and imperative necessity of maintaining dependable public revenues.

Condonation and remission of taxes unattended by corresponding retrenchment in government costs force curtailment of the public services that government is expected to provide. Public schools for the education of our children, hospitals for the care of the sick and unfortunate, police protection, the maintenance of courts for ensuring private and public justice to all our citizens, the building of roads and bridges and other public works, adequate machinery for free elections, are all threatened by every request for tax remission.

Suspension of Taxes Without Suspending Services Will Lead to Insolvency

Inequalities should be corrected and unusual hardships relieved in the orderly manner provided by law. But to suspend tax payments without at the same time suspending the services that taxes buy will lead only to insolvency and chaos. It is the duty of all citizens, as it may be their pride, to share with public officials the responsibility of avoiding and opposing such measures, and to make ungrudgingly whatever sacrifices are reasonably required to assure their government the means of providing these amenities and essentials of a modern civilized community.

The machinery for the levy and collection of taxes should be kept always in a state of high efficiency. It provides the sinews of government and all the social services depend upon it. Delinquencies should be discouraged by energetic and impartial enforcement of penalties and collection, and by periodical assessments that reflect actual values. The remedy

for inequalities and serious delinquencies is largely in the hands of provincial officials, but the legislature should make whatever changes in the law may be necessary to facilitate effective and equitable administration.

In the field of national economy there may be much that in these days is controversial, but there is one fundamental which is beyond debate: the policy of economy in government itself. It is of the utmost concern that every branch of government be held in thorough solvency; that the insular, provincial and municipal budgets be balanced year after year by untiring inspection and detailed management. Not only is national progress dependent on this policy but private prosperity as well. In the absence of a balanced budget, real estate values are impaired and the flow of private credits becomes restricted.

Reviews History of Economic Relations With America, Describes Problems

Since I first addressed this body, the Philippines by force of circumstances has entered upon a realignment of its national economy. During the first ten years of American rule, Philippine economy was largely independent of that of the United States. There followed a brief period of free trade with limitations designed to prevent the development of serious competition between the two countries.

This policy of complementary economy was interrupted, however, by the exigencies of the World War, and we presently passed into a stage of unrestricted free trade. The resulting competition with continental interests eventually reached a point where restriction was demanded. Unrestricted competition had threatened the entire fabric of the commercial relations between the two countries. Within the past twelve months we have been abruptly, and perhaps wisely, forced to

return to a stage of economy which will supplement and complement that of the home country, and permit a continuance of our mutually beneficial commercial relations with each other.

The problems incidental to this reform are numerous and rest principally with the executive. Certain phases, especially control of the domestic sugar supply and gross limitation of sugar production, will require legislative action. It is hoped that the necessary measures will be initiated without delay. We all realize, I am sure, the need of close cooperation between the executive and legislative branches in order that legislation may be wisely accommodated to the Federal laws and the administrative measures adopted thereunder.

Beyond realignment of our trade relations with America, there lies the entire field of future economic development. The immediate future leads mainly in the direction of agriculture. We should canvass the field of those solely tropical products that are in profitable demand either in the United States or locally, and attempt their introduction in those regions where soil and climate are suitable.

Warns Against Stimulation of Crops Already in State of Over-Production

Care should be exercised not to stimulate production of export crops that are already in a state of world over-production, lest we find ourselves again burdened with commodities without price. It may prove desirable to produce cotton, coffee and tobacco, not for export but for our own consumption. We should look to a diversification with numerous small products enjoying steady demand and

(Please turn to page 11)

Henry B. Day: New U. S. Consul at Manila

When the Philippine legislature met in special session and accepted the Tydings-McDuffie act, May 1, the clause in the act limiting immigration into the United States (mainland) from the Philippines to 50 immigrants a year went into effect. This brought Henry B. Day to Manila as U. S. consul, to visit passports. He is the first American consul stationed in the Philippines since 1899. His last predecessor was Oscar G. Williams, of whom this notice will say a word or two. Hisearliest predecessor, of whom there are Manila records, was, as he is himself, a Connecticut Yankee: George W. Hubbell, of Bridgeport.

Consul Day says there are Hubbells prominent in Bridgeport today. No doubt they are descendants of the early seafaring Hubbells of whom Consul Hubbell, in Manila, was a worthy scion at that period subsequent to the War of 1812 when New England clippers set the shipping pace for the world, England not excepted. Hubbell died here, May 3, 1831. Relatives in Bridgeport sent a monument to Manila to be raised over his grave. It came consigned to the firm he represented, good traders and bankers of the period, Pelee, Hubbell & Co. But it couldn't be raised over his grave. He had been a Protestant, also a Free Mason, there was then no international cemetery at Manila (afterward granted at San Pedro Macati, and now known as the British cemetery) where foreigners who were dissenters might be buried according to the rites of their respective faiths.

Besides, Hubbell had not been an accredited consul of the United States; he was a commercial agent, 1825 to 1830, of the United States, without the cognizance of the Spanish government. So his monument lay in the warehouse of Pelee, Hubbell & Co. until that company was liquidated in the 80's; and afterward too, when its premises, at the intersection of calle San Gabriel and calle Juan Luna (then Anlongue) had become the premises of the Hongkong and Shanghai Banking Corporation. One of the bank's officials invited the city's attention to this fact in 1904, whereupon the city erected the monument where it now stands, at the west end of Plaza Cervantes, in front of the Bank of the Philippine Islands.

Our data are from Salt and Heistand, the division of their manuscript having to do with public monuments in Manila. They add that the first duly appointed Anglo-American consul was Alfred Edwards, of Hubbell's firm, who was appointed by an *Exequatur Regis* issued by the Spanish state department March 4, 1834, and sent to the government of the Philippines by royal order dated March 10, 1834. Edwards was, no doubt, another of those aggressive young New Englanders who had full part in America's domination of commerce on the Pacific until privateers in the

service of the southern Confederacy during the Civil War sunk more than 300 of their ships.

From that blow American shipping never recovered, partly because the injury was so great and partly because America began giving her major attention to development of the west and the building of interstate and transcontinental railways; and to this day, instead of carrying both for herself and for other countries throughout the world, as she did then, three-fourths her freighting on the Pacific is done by foreign ships. New England found enough interest in fishing and in manufacturing. American interest in the Philippines went to seed until Spain ceded the islands to the United States. At that time history gives her consuls of mediocre calibre at Manila, at Hongkong and at Singapore. Their mutual and enthusiastic blundering, however well meant, involved Dewey with Aguinaldo and the Hongkong junta.

Consul Williams's elation was unbounded. His ability surpassed that of his colleagues at Hongkong and Singapore; when "the crisis came he performed his duties well and was commended by Admiral Dewey and the state department. . . . His relations with the Filipinos were friendly and sympathetic—" a feeling that carried his activities far beyond the scope of his duties. In the new government he wanted a commissioner-ship, of customs, of agriculture, or of public instruction. He was disappointed of his wishes. His belief that the Philippines would welcome annexation as a permanent solution of their situation was over sanguine. All he did in this matter was quite beyond his duties as consul, and though in good faith, it was embarrassing in extreme to the United States. He did not go into the new government at all.

Consul Day, Yale '27, has duties in administration of the American immigration laws as affected by the Tydings-McDuffie act that are strictly ministerial. He makes it his business to ascertain and follow them conscientiously. If an applicant is legally entitled to have his passport viséd, it is done; otherwise it is not done. Rules of the state department on all such matters are routine itself, and penalties upon a consul for infringement or violation of them are severe. Outside his office Consul Day has intellectual interests. He is studious, and the Pacific scene intrigues him greatly. But it is his business to be mum. He is mum. He confesses, however, a liking for Manila. He is quiet, observant, genial. He makes America a first rate representative.

His office is aided by the governor general's. At the latter an applicant's queries may be answered; he may be directed a bit in making his application. At Consul Day's office this may not happen, law forbids it rigorously. Consul Day has had 4 years' consular experience. He qualified for the work in 1930 and spent 8 months at Naples before he was sent to the Far East. Here he spent a year and a half at Hongkong, and nearly an equal time at Singapore, and then was sent here. His home is New Haven, where his father is a lawyer. He knows his post and how to discharge its duties in the rigid way the law requires and clearly defines.

Manila Hemp in the Philippines' Export Commerce

*Now of secondary importance,
not long ago it was the islands'
best cash crop. Will it recover?*

A little more than a century ago a friar by name of Des-pallarguez who was a parish priest in the Bicol region of Luzon, made a device to lighten the labor of cleaning pulp from Manila hemp fiber. It was a simple device, to hold a bolo blade at tension over the hemp as a workman pulled the *tucksie*, a section of a blade of hemp, under the knife. It was enough to make Manila hemp a popular cordage fiber, it at once induced a worldwide trade in the fiber. The industry soon came to be the primary one in the Bicol region, and spread from there to the Bisayas, Samar, Leyte, Bohol, Negros. And no change in the method of stripping occurred. The hemp was planted, but not cultivated. Men accumulated large plantations of it, but small farms easily competed.

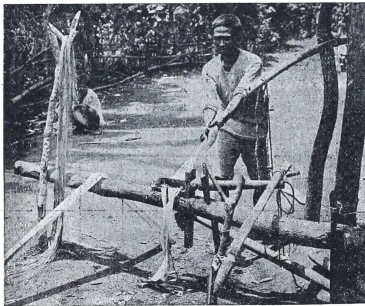
On plantation and farm the method was the same. Stripping, sundrying, baling loosely, 1 picul to the bale, and getting the fiber to market was the whole process. It was all done by the share system, which kept the workmen in debt to the planter, the planter in debt in turn to the Chinese buyer or the European exporter. Strippers worked when they pleased, usually ending up with ruptures.

Planters topped all others for improvidence. They had nothing to do at all. They vegetated like their fields.

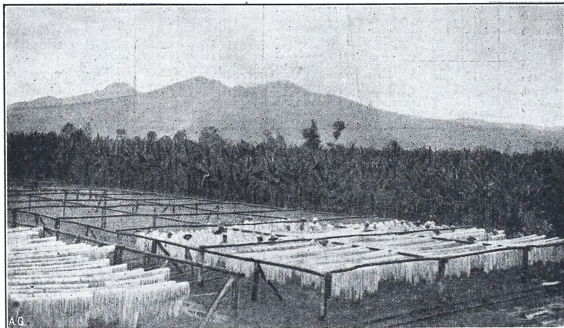
All the world wanted Manila hemp, only in the Philippines was it to be had. This made the Philippines, about to slip from Spain's inert grasp, at the turn of the century, a world prize worth, if necessary, an international war. Germany had got some islands in the Pacific, from Spain, who always protested but never could resist effectively, and Germany then had the Philippines in view. England had intervened to halt the spoliation of Spain in the Pacific; she bought much hemp, her own supply and that for the United States as well, and would not have let the Philippines fall to Germany, whose rise disturbed the balance of power in Europe and whetted the envy of British rivals. Fortunately America got into conflict with Spain, and was induced to get the Philippines ceded to her.

Practically, America was innocent of trade motives. But the Wilhelmstrasse and Downing Street knew what they were doing. It inconvenienced no one to have American

sovereignty over the world's Manila hemp lands, the Philippines. But it was a means of getting direct commerce established once more, as it had existed prior to the Civil war in America, between the Philippines and the United States. In the industry itself there was no change. The planters still did nothing; like good bourbons, which in fact they were, they learned nothing, forgot nothing. Their share tenants worked when and how they pleased.



The Des-pallarguez Hemp Stripping Device



Stripped Hemp Drying on a Large Davao Plantation

Manila hemp continued to be the Philippines' prime export, though no one touched the industry to improve it.

But now Leonard Wood was made military commander and department governor of Mindanao and Sulu, headquarters at Zamboanga. He found the gulf region of Davao rich and untilled, just a vast tract of public domain, with Mohammedans along the coast tilling the forest products, hemp included, the pagan peoples back of the coast brought out to market. He invited American veterans to settle in Davao, to try hemp and to grow coconuts. A few score of them did so, and some of them got good plantations developed. They planted hemp and cultivated it,

and thus grew a superior fiber. One of them devised a mechanism, to work by waterpower or sweep, to do the pulling of the tucksies under the knife. This added to the fiber a man could clean in a day, it also bettered the quality of the fiber.

A few of the plantations were, for individual projects, fairly large. It had been proved that hemp could be commercially grown that far south; Davao produced more hemp every succeeding

year, but still a small portion of the whole output, and the inert planters of the Bisayas and Luzon paid no attention. Then, about 1910, the first colonies of Japanese went to Davao to work in the hemp fields. The colonists knew how to work, and how to combine their efforts and pool their interests. If they married women of Davao, their wives could hold land; if they took over lands by leasing them, Filipinos could lease them from the government and eventually gain title to them, and thus enjoy a small rental yearly by exercising, without really making use of, themselves, their public-lands rights.

(Please turn to page 14)

Philippine Copra's Production and Prospects Today

Marginal prices limiting production; whale and palm oils big competitors of coconut oil in the United States

The technical monthly review of the Philippine copra and oil market will be found in its usual place in this issue of the *Journal*. This general commentary on the industry during the American period in the Philippines, the last 25 years especially, is accompanied by 2 valuable tables from the latest yearbook of Frank Fehr & Co., London, and the reader will find them most enlightening concerning oils production and consumption throughout the world. One lists the animal and vegetable oils and fats in the world's commerce, and rounds out with margarine figures in 8 leading margarine-making countries from 1931 to 1933 inclusive. The other gives world copra exports by countries of production from 1906 to 1933 inclusive.

Observe how copra production has upped from year to year. Philippine exports alone increased 125% in 1933; but it happened to have been a year of unusual production, following one of very light production. So 1933 is not a true index of our production, long periods as well as ruling prices have to be considered. Generally speaking, the growing production of oils reflects growing demands for them. Thus there is actual or potential increased production of oils competing with coconut oil. The supply forges ahead of demand, gets out of ratio with the world's growth of population. With the steady increase of butter production, with the growing use of milk and the advance of the dairy industry, particularly in the United States, copra prices are naturally at the lowest ebb in their history. Both copra and coconut oil are at bedrock prices. About the only bright spot on the horizon of the coconut industry is the deflated peso, which, following the dollar downward, stimulates Europe and Japan to buy copra.

Last year the Philippines exported 310,820 metric tons of copra. Europe bought 88,663 tons, Japan 5,496. The proportion going to Europe is larger this year.

But buying is at the buyer's price. The copra market is glutted. Production will probably be pegged by the law of supply and demand, and new planting can hardly exceed the replacing of old trees going out of bearing. This is a vital fact in the Philippines, copra production here being so large. It had been so right along. Then the World War caused nations to bid grotesque prices for copra, a munitions necessity because of the glycerine in the oil, and heavy additional planting was provoked. The table shows this. In 1906, when the islands sold all their copra overseas and made no coconut oil for export, their copra production was 30% of the world's total. Last year their copra exports alone were 30% of the world's total, but 240,000 metric tons were produced in addition, to make 160,000 metric tons of coconut oil sold overseas—all but 2,000 tons of it in the United States.

Refer, please, to the table on oils and fats. It estimates our coconut oil exports last year at 158,928 metric tons. The *Port of Manila*, yearbook of the harbor board, quotes them as being 159,621 metric tons. In the United States, 185,870 tons were made, during the year. World production was but 784,580 metric tons, of which our own production was nearly 20%. To produce the oil extracted in the United States

consumed nearly 300,000 metric tons of copra, and it is interesting to note that 208,000 metric tons of this supply, or 2/3 of the whole, came from the Philippines.

The United States is the world's largest consumer of coconut oil, the Philippines far and away the largest producer of the wherewithal, copra. About 80% of the oil is used in making soap. Under the new excise tax of 3 cents gold a pound, other oils may be used more for soap than they have been in the past. The great standard soaps will probably still be made from coconut oil, because quality sells them, plus worldwide advertising; manufacturers may absorb a portion of the new cost, and make copra producers bear a portion of it, and raise prices a bit and make consumers pay the remaining portion. But there are other possibilities, particularly there is recourse available to the smaller makers of soap. *Whalers* are being registered as American ships, and the whale oil they produce can be brought into the United

States duty free and used for soap. Palm oil costs less to produce than coconut oil does; and though it pays the excise tax, it will offer coconut oil constant competition.

Sunflower oil comes from Russia, where costs are no factor. It is not subject to the excise tax, while the duty is 1/2 cent a pound. This oil can be used for soap. Though perhaps every soap manufacturer will take certain quantities of coconut oil, for the prime lathering quality of the soap containing it, the excise tax may nevertheless provoke widespread substitution.

Coconut oil is, in short, adversely affected by a paradox. Outrivaling other oils for the uses to which it is put, producers can't command the market for it: price advantage

running against it, substitutes for it will be used up to the limit that might affect sales of the manufactures, notably soap containing these substitutes. Thus tallow may be substituted for coconut oil in soap; and foreign tallows, not subject to the excise tax, come into the United States at the tariff rate of 1/2 cent a pound. These factors all tend to depress the coconut oil market, and current and prospective prices can only discourage production and eventually reduce it.

But contrary factors aside, it may be taken as conclusive that the United States will require a large supply of copra right along. The objective of the 3-cent excise tax is to raise the level of butter and cottonseed prices in the United States. If this is effected, margarine prices will be higher too, and margarine containing coconut oil will have an easier market. The level of prices of all oils and fats will also be affected by higher prices for any of them. There is a chance to wage a legitimate fight for our copra in the American market, and this should be done. Especially should it be seen to by our government that, the excise tax aside, conditions in the American market are not discriminatory against copra. It is reasonable that no oil from a source outside the United States mainland should have the slightest advantage over coconut oil in that market; and some of them, as has been shown, now do, congress should be urged to correct the situation without delay.

Given America's need for copra, she can best get it from the

COPRA SHIPMENTS
(In tons)

	Manila	Java	Mesacor	Sagay, Manila and Zamboanga	Other D.E.I. Ports	Straits Settlements	Ceylon	Malabar Coast	Total
1906	57,900	52,000	9,641	20,186		39,215	21,212	17,598	218,112
1907	53,531	69,666	17,248	24,774		55,120	16,898	20,433	237,670
1908	89,698	94,740	21,591	35,974		76,550	34,015	12,331	362,899
1909	102,500	68,217	10,256	30,996		71,107	34,520	28,026	353,722
1910	65,108	108,778	10,890	37,777		71,713	34,520	28,026	350,240
1911	137,916	91,022	28,964	49,012		94,500	38,444	30,263	470,151
1912	138,300	84,650	36,291	47,393		77,712	28,072	27,565	442,518
1913	137,067	78,626	30,711	44,287		90,763	51,263	37,201	408,734
1914	102,521	71,191	35,659	46,019		112,979	56,318	34,810	459,497
1915	121,585		128,778			76,378	61,292	17,574	350,605
1916	65,252		88,110			43,573	69,844	24,837	286,006
1917	54,628		116,700			37,529	9,660		212,917
1918	52,379		70,937			54,900	58,240		246,556
1919	24,700		22,422			115,300	86,852	7,207	401,481
1920	32,148	42,638	49,529	34,399		123,430	86,044	1,470	340,632
1921	138,231	89,168	63,865	57,268		132,705	68,785	2,360	554,550
1922	170,588	52,963	62,228	67,815		173,123	84,326	1,840	636,403
1923	197,266	53,166	62,308	60,850		270,594	61,662	3,270	605,134
1924	158,096	53,926	72,278	98,317		153,028	87,976	5,544	624,159
1925	146,200	29,885	60,636	96,088		149,150	112,546		614,511
1926	149,300	12,250	92,460	113,550		178,388	121,767	4,703	676,308
1927	186,900	3,691	59,639	107,300	125,480	135,517	97,800	1,812	717,425
1928	201,100	48,246	96,237	118,710	173,644	173,555	94,250		905,742
1929	176,318	52,898	62,669	102,396	165,253	155,594	101,353		877,869
1930	166,780	7,364	76,843	134,832	166,333	181,319	89,410		812,883
1931	178,043	8,848	72,982	125,695	157,202	176,460	88,800		803,020
1932	133,867	62,620	72,605	142,014	202,293	183,900	65,625		843,926
1933	302,492	14,490	151,972	124,188	196,420	192,660	64,500		1,045,762

Philippines. Getting it here, she could so arrange the freight situation as to use copra effectively in developing national shipping on the Pacific. If she did this, the lowest charge on her national income for her necessary copra supply would be the net price paid the Philippines for their copra—the gross price less freight and insurance. The time for such strokes of major statesmanship is, of course, the 10-year commonwealth period, that may begin next year, prior to the independence

of the Philippines. It is up to the Philippines to impress on America. But the prospect of independence from America after 10 years menaces copra still more gravely. In bringing this about, it is squarely up to the Philippine government to find out, in the meantime, what to do with copra and coconut oil. Law forbids that the excise tax collections, which are to be returned to the Philippines when collected, at 3 cents a pound

on Philippine coconut oil sold in the United States, be distributed to the producers of coconuts. Then other means for their relief should be found, for the tax will make them pay taxes out of all proportion to what other farmers pay. On last year's basis (too high for an average) the excise tax would be P38,780,986. The United States bought 157,509 metric tons of coconut oil from the Philippines last year, and the copra to make 131,040 tons more, a total of 288,549 tons for the year. Make this oil pay a duty of 2 cents a pound when independence comes, as the American tariff today would do, and the business would be practically killed while the producers would, of course, be constrained merely to sell their copra in the world market as affected by the American and other tariffs.

That is the viewpoint that a rational survey of the situation

ANIMAL AND VEGETABLE OILS AND FATS

PRODUCTION OF THE WORLD

(Compiled from such Statistics as are available.)

Where figures of Production are not available, Export figures are given, and are shown thus † (Tons of 2240 lbs.)

OLIVE OIL			
	1933	1932	1931
Spain.....	365,000	380,000	365,000
Italy.....	140,000	140,000	118,000
Greece.....	100,000	100,000	100,000
France and N. Africa.....	94,000	100,000	125,000
Portugal.....	12,000	15,000	65,000
Other Countries.....	45,000	65,000	40,000

SOYA OIL			
	1933	1932	1931
China†.....	43,900	94,131	93,025
Japan.....	35,000	35,000	35,000
Great Britain.....	23,223	23,841	16,529
Germany.....	173,869	175,245	149,780
Holland.....	5,886	6,532	4,827
Denmark.....	35,202	34,329	35,706
Sweden.....	6,682	1,351	4,680

COTTONSEED OIL			
	1933	1932	1931
U. S. A.....	624,085	111,714	632,700
Egypt (†).....	50,000	36,000	49,000
Great Britain.....	82,417	77,348	90,442
Japan.....	†	7,281	8,100

PALM OIL			
	1933	1932	1931
British W. Africa†.....	120,000 (†)	118,970	110,867
French W. Africa.....	25,000 (†)	22,505	25,103
Dutch East Indies.....	109,000	83,488	62,200
Belgian Congo†.....	45,000 (†)	39,332	36,848
Malay†.....	16,000 (†)	7,905	8,136

PALM KERNEL OIL			
	1933	1932	1931
Great Britain.....	5923	71,124	53,722
France.....	4,649	5,099	4,806
Germany.....	109,934	136,350	115,437
Holland.....	13,777	15,733	11,690

CASTOR OIL			
	1933	1932	1931
U. S. A.....	21,206	15,591	19,352
European Countries.....	30,000	30,000	35,600

WOOD OIL			
	1933	1932	1931
China†.....	68,000	55,000	50,000

SESAME OIL			
	1933	1932	1931
France.....	235	524	594
Germany.....	2,074	2,570	3,334
Holland.....	75,062	1,262	3,400
Denmark.....	3,668	2,381	2,545
Italy.....	6,087	6,348	6,045
Japan.....	†	7,735	9,136

BUTTER			
	1933	1932	1931
Holland.....	110,000	100,000	100,000
U. S. A.....	75,062	738,950	370,000
Denmark.....	180,000	185,000	193,000
Sweden.....	50,000	45,000	45,000
Norway.....	40,000	25,000	25,000
Germany.....	470,000	425,000	420,000

COCONUT OIL			
	1933	1932	1931
India†.....	8,323	15,610	22,037
British Settlements (†).....	25,157	49,301	8,006
Ceylon†.....	51,500	50,612	48,139
Java and Other.....	7,849	16,180	4,053
D. P. I.†.....	158,928	111,600	198,210
Philippines.....	185,079	127,532	128,797
U. S. A.....	†	61,938	58,552
Great Britain.....	123,764	109,557	121,170
France.....	75,140	81,006	80,980
Germany.....	24,811	39,625	41,603
Denmark.....	45,488	47,359	44,768
Italy.....	24,596	22,000	21,317

GROUNDNUT OIL			
	1933	1932	1931
China†.....	47,350	34,750	49,904
Great Britain.....	306,657	262,347	258,365
France.....	126,674	99,987	238,242
Holland.....	39,194	27,896	46,354
Denmark.....	11,980	8,590	15,029
Italy.....	29,315	22,865	43,958
Japan.....	†	4,645	7,987

LINED OIL			
	1933	1932	1931
U. S. A.....	154,537	149,098	191,103
Great Britain.....	73,577	109,311	230,125
France.....	40,631	39,301	77,551
Germany.....	105,790	131,797	100,839
Holland.....	85,665	134,781	125,966
Italy.....	10,546	13,015	14,350

RAPESEED OIL			
	1933	1932	1931
Japan.....	4,602	4,602	8,868
Great Britain.....	7,288	6,624	7,676
France.....	5,300	3,460	3,593
Germany.....	3,613	6,405	3,210
Holland.....	3,406	2,712	3,216
Italy.....	3,406	22,540	3,070

TALLOW			
	1933	1932	1931
U. S. A.....	279,231	240,061	230,125
Argentina†.....	40,501	33,253	31,429
Australasia†.....	37,887	38,580	32,364
Uruguay†.....	4,500 (†)	3,405	7,721

LARD			
	1933	1932	1931
U. S. A.....	792,230	702,437	669,758

SUNFLOWER OIL			
	1933	1932	1931
Germany.....	4,962	5,400	3,228
Russia (†).....	275,000	250,000	300,000

MARGARINE			
	1933	1932	1931
U. S. A.....	108,138	90,667	102,558
Holland.....	60,000	80,000	90,000
Great Britain.....	176,000	195,000	229,000
France.....	365,000	440,000	450,000
Denmark.....	75,000	75,000	47,000
Sweden.....	45,000	47,000	47,000
Germany.....	31,000	32,000	40,000
Switzerland.....	50,000	50,000	51,000

* = Figures not available. † = Exports. (†) = Estimates.

Given the trend of tariffs today, it can't even be relied upon that copra will remain on the American free-list. In the United Kingdom too, the Buy British policy may at any time develop attributes equally adverse to easy sale of our copra. These factors combine with others to point a definite limitation, if not a marked decline, of production Philippine copra. No more basic problem confronts the islands.



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The American Chamber of Commerce

OF THE

PHILIPPINE ISLANDS

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THE CONSTITUTIONAL CONVENTION

Just a month after the highly partisan general election whose forensics failed to bring out much more than half the vote, the voting for delegates to the constitutional convention was naturally very light. But with many competent delegates among its members, the convention will go into session July 30 and evolve the Jones law of 1916 into something suitable for the commonwealth. The public gives the whole movement slight attention, men here as elsewhere live in the present if they find it good enough; and in the Philippines they do find it that way. The standard of living keeps up astonishingly, and the volume of buying of staples and luxuries.

If an omnibus constitution is avoided, the legislature will have the task of shaping up the commonwealth, its economic policy especially. This will be the greater test, the more decisive step. Since the Philippines sell so much in the United States, it will be how much they arrange to buy there, rather than the precise type of government under which they carry on, that will arouse interest there and create friends for their exports in that market. We assume that everyone, by this time, realizes that market is vital.

A COMMERCIAL BARAGE

So much is heard of the increased sale in the Philippines of Japanese textiles, that little attention goes to the empire's gains in other fields. The gains, however, are general. We show how far 1933 figures ran above 1932:

Breadstuffs 250%, cars, etc. 117%, chemicals, drugs, dyes and medicines 111%, cotton cloth 91%, total cotton including

cloth 48%, earthen, clays and products 191%, electrical machinery, etc. 304%, fertilizers all kinds 64%, fiber products 243%, fish products 269%, fruits and nuts 244%, glass and glassware 127%, rubber and products 140%, nonelectrical instruments and apparatus 87%, iron and steel and products 103%, machinery, etc. 95% leather and products 160%, meat and products 7%, dairy products 92%, oils all kinds 167%, paints, pigments and varnishes 191% paper and products 41%, silk and products 2%, vegetables 22%, all other imports 46%.

THE WORLD BEGINS TO KNOW US

Carl N. Wertz, president of the Chicago Academy of Fine Arts, who spent several months of the early part of this year in the Philippines, will never cease praising the islands as a field for artists and writers: where material is abundant on every hand, and almost not exploited at all. Now Alexander Kulesch, the young Russian impressionist who studied the pagan peoples of Mountain province, has made the stage to Asia with purpose to reach America and exhibit his pieces there. When he learns English well enough to do so, he plans writing about his mountain friends. To this end he studied their culture closely.

A young American couple have just published a book on the Bontok folk. Americans resident here are dabbling at writing about the islands more than ever before, finding more interest in the subject among editors. Harry Carr won honorable mention from the Pulitzer Prize committee for his letters from this part of the world to the Los Angeles Times, which seems to have syndicated the series. Many of the best of these were about the Philippines, which won Carr's admiration. Frequently writers and scholars (who always lecture when they return home) visit Manila, and sometimes other towns of the islands, and frantically digest material for newspaper letters or magazine articles.

The world begins to know us. The word-of-mouth advertising that will give the Philippines the good name they deserve will add quickly to the stream of travel running this way. It will correct particularly the baseless dread of our climate as being unbearably hot. It will extol our winters, unsurpassed anywhere. You look out over the Wack-Wack club grounds, which remind every Britisher of the Devonshire countryside, and you think how many winter colonies could have just such grounds here, the members cottages and mansions around them, and how these grounds and homes would be maintained so cheaply that steamer fare in reaching here and getting away again would more than be offset by the saving. But choice would not have to be inland, but near the sea where every land and water sport could be followed at will; for during our winters, when our weather behaves to bracingly and dependably, so do our seas.

Off with nostalgia's blinkers! Behold the Philippines as just a pleasant land in which to live. Renounce, should you feel it, philistinism as unworthy of the travel you have enjoyed and the books you have known.

The notion that the Philippines will one day be at least the winter home of thousands of educated western folk is most intriguing, because it may be in the cards. If large sectors or even whole countries in Europe grow intolerable to all but a fixed culture, so that folk feel their souls smothering, why not the eclectic Philippines as a refuge? Things are all but certain to turn out that way. Your refugee first suffers spoliation of his fortune, migrates with an impaired one and seeks a friendly land where his little will go far; and after the long struggle, psychically wearying, he craves tranquility and security. If the Philippines can be surpassed for peace, tranquility and order in their society, then where?

They welcome the stranger, yet politely leave him to his devices. They serve him, not meanly; they exploit him, not voraciously—never vengefully or to force conformity to creed or doctrine.

ACKNOWLEDGMENT

In this issue we are repeatedly indebted to the 1934 year-book of the Manila Harbor Board, the work of its comptroller; Lawrence Benton. Sets of these yearbooks are already all

but impossible to make up, anyone having such a set is very lucky indeed; yet from the first edition to the current one, thousands of free copies have been distributed. Each is a little different from the others, besides having in it the latest statistics of Philippine overseas commerce lucidly arranged. We believe we are right in saying that copies of this year's edition may still be obtained from the board; we are certainly right in advising our readers to make up complete sets if they can, or to begin now and have the current and all future numbers. Not pretentious, the yearbook is good. Interesting narratives in this year's issue include an historical summary by Commander Robert F. Luce, coast and geodetic survey, who has just completed his tour of duty here, of hydrographic survey work in the islands beginning in 1791 and still in progress. The systematic work is just a century old this

year. Follow narratives from weather-bureau men, Father Charles E. Deppermann, S. J., on climate; Father Bernard F. Ducette, S. J., on activities of the observatory; Father W. C. Repetti, S. J., earthquakes and the mariner. There is a lighthouse map, 2-page spread, of the Philippines accompanying a summary of aids to navigation in the islands, by Jorge B. Vargas, acting head of agriculture and commerce. You learn that our coasts are marked by 216 lighthouses, 150 buoys and 63 beacons. The Farola on the Pasig is the oldest, 1846.

The chamber of commerce has a number of copies of the yearbook for distribution, but the harbor board is the source of them in larger quantity. It is again a pleasure to congratulate Comptroller Benton and the board on their good work in behalf of commerce.

Governor Murphy's Message...

(Continued from page 6)

limited world productivity, yielding a total income of proportion and stability. In this connection attention should be directed to the production of silk, ginger, pepper, cinnamon, cashew nuts, derris root, lumbang oil, and quinine.

There is no need for additional agencies. We may rely upon the Bureau of Science for the pure research, upon the Bureau of Plant Industry for dissemination through its regional stations. Many years ago the Legislature established a central experiment station at the College of Agriculture, and more recently an economic garden, also at Los Baños, both of which may serve as trying grounds for new introductions. The Sabani Estate owned by the National Development Company, together with a part of the reserve of that company, may also be made available for testing out new productions on a field scale.

In deference to the needs of coming generations of its people, the Philippines should not delay in this great task of agricultural development.

Points to Value of Developing Livestock, Forestry and Fishery Industries

But agriculture is not our only refuge. Today we are needlessly importing beef and other animal foods to the extent of several millions annually. The raising of beef in the Philippines has long been proved entirely feasible. But our livestock industry is now hampered and the continuance of high grade breeding herds threatened by imposition of numerous fees in the City of Manila and other municipalities aggregating several times the cost of the services rendered. Instead of fees there is effect internal tariffs for revenue. This form of a medievally taxation should no longer be tolerated. The legislature can help materially by providing that fees charged against the handling and marketing of prime necessities of life shall be limited to the actual cost of the services rendered. We should not permit the levying of taxes in the guise of fees that result in curtailing the diet of the poor and the progress of a native industry.

In larger utilization of our forests, our fisheries, and our mineral resources, there is every prospect of profitable advance. In minerals we have seen great progress in the past year and we are looking forward to a considerable increase in the national income from this source.

It is commonly recognized that the mainstay of Philippine economy for years has been the profit in trade between the Philippines and the United States. The Philippines have sold their produce in a protected market and, due to the tariffs there levied against foreign competitors, have received an advantage equivalent to a substantial bonus. The result has been a balance in trade so highly favorable to the Philippines as to wipe out large negative balances with practically all other important trading nations and still leave a substantial net gain. Even after all the limitations that have been effected, we will still be greatly favored in trade with the United States.

Advises Raised Tariffs Against Foreign Imports of Goods in Which U. S. Is Interested

In spite of these well known facts, we have failed to reciprocate in measurable degree. Of recent years, at the very time we have been increasing our sales to the United States we have been decreasing our purchases from the United States, a fact that has often proved embarrassing to those seeking favorable consideration of Philippine rights and interests in the United States markets.

This situation can be remedied and our plea fortified for liberal treatment in the United States market by raising our tariffs against foreign imports of items in which the United States is specially interested. I strongly commend this matter to your serious consideration.

Human values must receive appropriate appraisal in the life of the nation. Human relationships must be given first place in our thoughts and in our plans for the future. We must build here a social, economic and political structure that will endure because it serves the fundamental human need of the people as well as their material interests. To assure the development of such a society in the Philippines the people must have an awareness of social problems and responsibilities. The ultimate objective of such a program is a normal, contented, healthy people, free from unrest, dissatisfaction or fear.

Outlines Specific Program of Legislation on Social Problems

During the past year genuine progress has been made in the development of a modern social-health program in the Philippine Islands. To maintain our progress, steady and increased support must be given to activities already begun, and other institutions and measures for social betterment should be established and inaugurated. I have in mind the following:

1. Provision for relief of distress due to unavoidable unemployment;
2. A rounded and intelligent program of needed and essential public works maintenance and construction giving employment to needy men with dependent families;
3. Housing projects to reduce the deplorable slums in Manila and the provincial cities, making possible in these areas that minimum of health and decency necessary to good citizenship and public order;
4. A probation system established on a professional, civil service basis through which first offenders and non-institutional types can be dealt with in accordance with modern principles;
5. More adequate provision for the care, treatment and training of the mentally deficient;
6. More extensive facilities for the care and training of orphaned and delinquent and sub-normal children;
7. Modernization of public health work by extension into the homes.

If the people of the Philippines are to be made a healthier and stronger race, public health work in the Islands must give birth to new impetus. Improvements in the health of the nation must begin in the homes of the people. In this phase of public health and social work,

the Philippines are far behind many other countries. Commendable work has been done by our public health services in environmental sanitation, and in the treatment of disease in hospitals and dispensaries. But the protection of the health and welfare of the family in the home, by measures already tested and proved here and elsewhere, is being neglected and practically ignored.

The remedy for this situation is in the hands of this legislature. An adequate public health nursing and social service should be provided. It can be most efficiently and economically done by establishing perinatal and community health-social centers whose ministrations, mercy and instruction in the crowded sections of the larger cities and also in the barrio homes, will counteract the present high infant mortality rate, and the excessive mortality from certain of the preventable diseases, especially tuberculosis. Leadership and responsibility in establishing such services should be assumed by the insular government without further delay.

Stresses Lack of Medical, Nursing Facilities Among People in Provinces

Thousands of our people endure needless sufferings and large numbers meet death prematurely because of lack of medical and nursing care. In certain provincial areas fully ninety per cent of the deaths occur without modern medical treatment because no physicians are available. Our medical graduates have tended to concentrate in Manila and a few provincial cities. Some means must be found to correct this condition and provide all our people with the benefits of modern medicine. The remedy may be found through cooperative effort by the government health agencies and the official representatives of the medical profession. I hope that definite steps to secure such cooperation and solve this problem may be taken immediately. Otherwise the government must take independent and perhaps radical measures.

Our provision for the care of mentally sub-normal and insane persons is grossly inadequate. Only two institutions are available for housing and treating the insane—the Insular Psychopathic Hospital and the City Sanatorium of Manila. Both are over-crowded. Facilities for the proper care of the insane exist outside of Manila. In the provinces they must be confined in the local jails or allowed to remain at large as a menace to themselves and others, without care and treatment that would alleviate their condition. This condition is unworthy of a modern government. The facilities in Manila should be increased so as to permit satisfactory care and treatment, and adequate facilities should be provided in the provincial areas. Disabled for normal social and family life, these melancholy victims of a blighting misadventure require expert institutional care. By law we have made them wards of the State and constituted ourselves their guardians. Let us make our guardianship something more real and substantial than a mere legal principle to be applied in emergencies.

It is wise at this formative national period to face eye to eye the social and economic forces which break down morals and leave men, women and children to neglect and despair. The drab tragedy of the slum, the official

(Please turn to page 18)

How Sugar Has Risen and Shone in the Philippines

Eclipsing other exports very materially, it confronts pegging at fair tonnage under the Jones-Costigan act

The table on this page, from the *Port of Manila*, the excellent yearbook of the Manila Harbor Board, reports Philippine sugar exports from 1899 to 1933 inclusive, or throughout the American period in the islands up to the end of last year. It lists all sugar exported from the islands in each calendar year alongside the portion of the total that was exported to the United States. During the whole period there was no limitation of Philippine sugar that could be exported to the United States. Production never reached the nominal limit fixed by the tariff act of 1909; this limit, a mere stipulation, was removed in 1913.

But during the period from 1899 to 1909, Philippine products sold in the United States were subject to the American duties. American products sold here were subject to Philippine duties.

With 1934 another story begins.

To compel regulation of our sugar industry in so far as it is devoted to supplying sugar to the United States, and to benefit domestic production in the United States, the Jones-Costigan law has been enacted limiting the sugar that may come from each source—Cuba, Porto Rico, Hawaii, the Philippines, the Virgin Islands, and domestic districts, beet and cane—and the limit for the Philippines is 1,015,186 short tons per calendar year. The job of allocating this quota among mills and planters is the governor-general's. It will be done as his memorandum of June 26 says it will.

It will be based on their yearly average production during 1931, 1932 and 1933 in accordance with a provision of the commonwealth act that continues the quota during 10 years after that transition government is inaugurated. The quota applies this year, when shipments of sugar to the United States are likely to be 1,500,000 short tons or even more. But the governor-general does not impose the allocations this year. He permits the industry to get the whole crop to the United States, where 1,015,186 short tons of it may be sold under the quota. The surplus, that may not be sold, about 500,000 short tons, may be warehoused in the United States and will count into the 1935 quota. In 1935 therefore, it is planned to mill only some 500,000 short tons more, for export to the United States, or enough to make up the quota, and to use the processing tax provided in the Jones-Costigan act, which may total collections of about P20,000,000, to make adjustments with planters and dispose of the surplus cane without milling it.

Thus the Philippines essay their first effort in planned industry, limitation of surplus sugar production for the American market. But they don't begin under their own law, because all proposals in this direction during the past 2 years failed miserably. They begin under federal law.

Not only was the Philippine legislature demoralized on this question last year, and mildly so in earlier years when it was evident to all that limitation should be effected, but mills and

planters paired together in all districts and raced for greater yields and higher output; and they have planted for grinding during 1933 a crop that favored by normal conditions, will exceed the record crop of this year. The charge of utter failure to reach a basis of regulation and planned sugar production in the islands, neither the government nor the industry can escape. The job of fixing the quota was shouldered upon congress, the job of allocating the quota had to be shouldered by the governor-general.

There is room for a good deal of warranted anxiety when, respecting the islands' major industry, responsibility is evaded in one way or another by all whose obvious duty it is to come to grips with the situation and master it at all costs.

This is a poor augury for the commonwealth. The public feels it as such.

The paper dearly paid for a merry dance, that has exceeded mankind, after 1935 the Philippines may duly market in the United States 1,015,186 short tons of sugar a year; until the independence law becomes effective, when the quota will be 850,000 long tons of raw sugar a year and 50,000 long tons of refined. Fractions of the American sugar duty, 5% the 8th year of the commonwealth, 25% the 10th year, will apply. It is felt that this levy may hinder sale of our sugar in the United States, but much depends on how the market goes.

What is certain is, that our sugar industry is definitely pegged. Outside of the United States there is no market for an export surplus. What is the situation, then?

A 1933 export production of 500,000 tons will be near the 1925 record, and a little short of it in the 1920's. There are some fundamental differences. Only 57 tons of our sugar, exported during 1933, were sold outside the United States. This was a small fraction of 1% of the total. It will be the same this year, and in future years. But in 1925, when the islands exported 547,000 tons of sugar,

143,000 tons or 26% of it was sold outside the United States. Domestic sources of sugar in China and in Japan have, in the interval of 10 years, closed the markets that absorbed in 1925 this large portion of Philippine surplus sugar. Those markets, that gave the Philippines P8,192 for sugar in 1925, now give them nothing for sugar and will not require their sugar when it can no longer be sold, in the independence comes, when the United States' basic exportable commodity. It is interesting to trace its rise in relation to other Philippine exports. From 1899 to 1904 the average value of Philippine sugar exported was P7,270,921 a year; the portion sold in the United States brought P1,393,092 a year. The average value of Manila hemp exported during the same period was P30,797,393 a year; the portion sold in the United States averaged the yearly value of P17,403,397, or 12 times the value of Philippine sugar sold in the United States during the period. The value of Philippine copra then exported was nearly P3,000,000 a year, copra itself then approaching the value of sugar sold abroad.

It was 1920 before Philippine sugar exports exceeded the value of hemp exports from the islands, but the consistent supremacy of sugar over hemp was then definitely reached. In 1925, the year to which, respecting sugar, we are returning for a twelvemonth in 1935, our sugar exports were valued at P91,028,005, hemp exports at P71,043,292. And now the 2 crops are far out of balance with each other in the export market. Hemp, while selling throughout the world, brought only P3,747,719 to the islands last year and about P128,866 last. Sugar sold here nearly 10 to 1. It outsold copra more than 8 to 1, and coconut oil 7 to 1. As has been noted above, it outsold all other Philippine exports together, copra, coconut oil and hemp included, nearly 2 to 1. It offers no competition to these products, which will not, in human probability, make up losses on it when it drops back next year to its 1925 position on the basis of yield for export.

Neither does sugar occupy farms on which other export crops of the islands may be produced. The farmers are depressed by overproduction and contracts are artificial, depressed by the new export tax in the United States of 3 cents a pound on coconut oil. Business revenue and taxes lost by America's planned control of sugar, will not be made up in the Philippines from other sources.

Quantities and Values of SUGAR Exported to all Countries and to the United States during the Years 1899 to 1933

Year	Total to all Countries		Total to the United States only		Value of All Exports	% Sugar
	Kilos	Value	Kilos	Value		
1899 to 1904	478,448,605	P36,354,606	80,600,341	P6,965,462	P305,116,916	13
1905	108,498,717	10,146,466	45,971,777	4,294,114	66,009,348	16
1906	129,453,709	9,108,184	11,837,594	844,222	63,285,784	16
1907	127,917,216	8,391,342	10,089,924	807,702	66,195,734	13
1908	144,733,001	11,407,263	40,296,748	3,814,332	65,203,442	14
1909	129,327,880	11,216,574	53,072,968	5,299,208	69,848,574	17
1910	121,471,544	14,448,770	10,070,037	12,428,452	81,256,928	18
1911	209,044,307	22,531,346	18,677,203	20,910,206	89,546,554	23
1912	197,075,995	19,600,680	13,878,621	14,010,228	109,646,600	18
1913	157,333,707	14,065,778	30,716,886	3,128,072	95,545,912	16
1914	236,408,001	22,919,186	169,113,119	16,933,208	137,472,208	22
1915	211,012,817	22,620,430	82,841,168	10,283,150	107,626,008	21
1916	337,490,000	37,175,185	131,885,246	17,307,401	139,874,365	26
1917	412,308,492	44,559,268	169,306,718	20,204,318	161,328,639	31
1918	273,258,396	31,608,780	106,080,676	16,559,780	270,388,964	12
1919	136,060,322	30,415,701	32,159,363	7,717,934	226,335,652	13
1920	183,540,670	90,238,520	123,026,506	60,207,509	302,247,711	19
1921	289,876,158	51,037,454	150,478,881	33,722,357	176,230,654	30
1922	362,071,661	51,165,110	244,851,617	40,350,490	191,166,596	26
1923	271,082,088	60,638,245	230,254,837	40,773,401	211,953,980	28
1924	357,830,318	83,736,173	300,865,913	74,981,361	270,689,325	31
1925	546,832,094	101,028,005	493,988,711	82,833,682	297,754,410	31
1926	411,231,545	64,459,268	241,305,885	38,324,938	273,768,639	23
1927	553,321,007	100,591,199	308,317,150	95,773,973	311,148,170	32
1928	595,937,628	95,085,879	354,228,520	91,382,465	310,090,692	31
1929	695,808,138	106,488,298	428,306,762	108,308,368	328,582,328	32
1930	743,979,730	104,480,451	377,195,480	104,077,314	266,334,255	40
1931	752,932,232	99,926,210	752,283,772	99,889,529	267,944,148	48
1932	1,000,000,000	128,666,851	1,000,000,000	128,666,851	1,000,000,000	100
1933	1,078,652,571	128,666,851	1,078,595,545	128,657,977	211,542,105	61

Philippine Tobacco: Leading Second-String Industry

Exports have tripled in value during the American régime with comparatively light fluctuations

The Philippine tobacco industry dates from the 16th century and was introduced by the friar missions; those in northern Luzon, records indicate, and tobacco was tried successfully in the Cagayan valley to provide for settlers there overflowing from the Ilocos provinces. Thus the industry was developed by the missions. In 1781 it was made a central government monopoly, as to buying, manufacturing and selling, as the source of the government's chief revenue. This intensified when the Spanish states in the Americas separated from Spain and the galleon trade ended. It ended late in the modern commercial period of the islands, in 1881.

Since then tobacco has been in private hands. Manila's modern cigar factories compare with the world's best. Those that make modern-style cigarettes use a great deal of American tobacco, and between Philippine exports of cigars to the United States and their imports of cigarettes and tobacco from the United States the trade keeps at fair balance. The great customer for Philippine leaf tobacco outside the factories in the islands, is Spain. It is with Spain and the United States that the islands have favorable trade balances.

The table on this page from the current yearbook of the Manila Harbor Board traces tobacco exports through the American period, year by year. Under the heading *All Other*, practically the whole value is of leaf tobacco because cigarette exports are negligible.

It will be noted that the cigar trade has suffered during the depression, but less so than other Philippine products. The value of cigars exported during 1929 was ₱9,530,279; and in 1933, ₱6,315,866. Reviewing the figures for 25 years, in 1909 cigar exports were valued at ₱3,509,058; five years later, in 1914, at ₱4,630,318; in 1919, at ₱18,157,707; in 1924, at ₱10,809,323, slumping off about ₱1,500,000 when world conditions were upset the next year. Prices during the World War were high, of course; the values in the table indicate this rather than greatly increased volume.

The domestic trade is very important, both in cigars and oldtime cigarettes. Cigars exported to the United States run from 16 million to 20 million a month; they were on the same level 10 years ago. The demand is for cheap cigars, a field in which the Philippine cigar is popular because it is a longfiller handmade cigar of good filler, binder and wrapper. Adver-

tising could popularize the better Philippine cigars abroad, especially in the United States. Many smokers swear they have no superiors. But they are merely advertised to the trade, no maker relishes the expense that would be involved in building up a trade for his fine cigars by advertising, if independence is to come and the American tariff is to cut the trade off.

Note that last year the value of all cigars exported was ₱6,315,866, and of cigars exported to the United States, ₱5,646,233; it is seen that the value of Philippine cigars sold overseas outside the United States was below ₱700,000 or less than 1/8 of the value of the cigars sold in the United States.

Another interesting observation is that leaf exports comprise 2/5 of the value of all Philippine tobacco exports. Europe takes more than half of all leaf exported, Japan and the United States are other good customers. There was a long

period when China was important for cigars, but the tobacco industry is developing in China, cigarettes are smoked more there since the World War, and the market has fallen off tremendously. It is much the same with Australia, a buyer of Philippine leaf, never a great buyer of Philippine cigars. Tobacco growing in climates of such wide range, and going into products of high taxing value, lends itself to the nationalism to which nations everywhere are strongly inclining.

The nations make the most of it.

But because of the domestic trade, the Philippine tobacco industry will remain important and a basic revenue

yielder even if the overseas trade declines. There is also the possibility suggested in a paper in this journal last month, that of growing Turkish and American tobaccos for domestic consumption and export. Cigar tobaccos for the American trade the government has always seen fit to limit to those of the Cagayan valley, made famous during the old monopoly period.

Besides the texture of the leaf, there is a mildness of Cagayan-Isabela tobacco that produces a remarkable cigar. It is a cigar that gives no headache, the smoker enjoys it without compunctions of conscience. It is this quality, without doubt, that without popular advertising maintains the commercial position of the Philippine cigar.

Manila tobacco factories are large buyers from the United States. Their purchases of cellophane, cardboard containers, labels, etc., exceed ₱500,000 a year. In addition to cigarette tobacco, wrapper tobacco in large quantities is imported from Connecticut, Florida and Georgia. About 70% of the cigars from Manila sold in the United States are wrapped with American tobacco.

Values of CIGARS and ALL OTHER TOBACCO Products Exported to all Countries and to the United States, 1899 to 1933

Year	Total to all Countries			Total to the U. S. only	
	Cigars Value	All Other Value	Total Value	Cigars Value	All Kinds Total Value
1899 to 1904	₱13,784,666	₱11,720,238	₱25,504,904	₱ 47,854	₱ 79,208
1905	1,735,122	1,405,142	3,140,264	28,228	28,438
1906	2,008,014	1,717,808	3,725,822	59,340	74,458
1907	2,136,764	2,937,916	5,064,674	48,400	49,050
1908	2,118,656	3,533,428	5,652,084	36,522	37,496
1909	3,509,058	2,140,010	6,649,068	1,474,792	1,484,054
1910	5,519,322	3,298,646	8,817,968	3,121,598	3,157,122
1911	6,024,468	3,909,468	9,933,936	1,800,756	1,840,990
1912	3,803,726	3,532,430	7,336,156	3,916,642	3,990,990
1913	6,184,128	4,542,636	10,726,764	3,151,598	3,157,122
1914	6,024,468	3,909,468	9,933,936	3,285,776	3,317,510
1915	4,630,318	3,724,740	8,355,058	2,400,258	2,425,018
1916	4,114,605	3,295,263	7,409,868	4,066,242	4,456,620
1917	5,988,192	4,712,889	10,701,081	2,092,607	2,104,945
1918	14,252,637	12,917,189	27,169,826	11,365,675	14,667,875
1919	18,157,707	15,232,377	33,390,084	18,828,639	14,021,093
1920	25,442,276	14,412,506	39,854,782	21,022,607	22,133,305
1921	6,454,886	10,109,548	16,564,434	3,960,303	4,079,146
1922	11,602,219	5,738,017	17,340,236	5,319,576	8,787,463
1923	12,339,898	6,605,005	19,034,893	10,298,229	10,726,800
1924	10,809,323	8,916,395	19,725,718	8,839,563	9,141,110
1925	12,087,952	6,816,937	18,904,889	10,051,192	10,432,704
1926	11,325,577	5,598,739	17,263,163	9,138,435	9,448,793
1927	9,304,516	8,512,815	17,817,331	7,537,881	8,058,000
1928	9,530,279	7,612,594	17,142,873	7,711,343	8,768,293
1929	7,649,247	9,930,641	17,580,888	6,026,710	6,849,684
1930	7,090,446	8,882,325	15,972,771	5,620,557	6,705,605
1931	6,790,674	8,051,901	14,841,675	5,770,731	6,813,908
1932	6,315,866	6,337,436	12,653,302	5,771,818	6,496,682
1933	6,315,866	4,039,921	10,355,787	5,646,233	5,951,960

Manila Hemp . . .

(Continued from page 7)

Soon Davao boasted a colony of some 15,000 Japanese, and some of these Japanese organized into farms and commercial corporations, had the largest Manila hemp plantations in the Philippines. Some American corporations, largely financed by Americans in Manila, held an easy second place. Some individual Americans held on, instead of selling their plantations to Japanese buyers at the high prices often offered, and these Americans are still in Davao. The widows, Americans, of 5 who have died have taken over the management of their plantations and are proving successful: they are the flower of American pioneer womanhood in the Philippines.

The Japanese in Davao at once appropriated the power device for pulling the hemp, the knife, and hitched it, when necessary, to small oil engines that could be moved about. They grew hemp intensively, and auctioned it in combined lots at the best prices competition among the exporters—who all had to open Davao offices, of course—would provoke. And the Japanese became exporters themselves, and now lead the field. Japanese steamers carry hemp for them. Final steps in the industry have been taken by one American corporation at Davao, and one Japanese corporation. Each of these companies have installed decorticating machines on their plantations, and dryers; they have run tramways and roads through their plantations, to haul the hemp stalks to the decorticator; within 3 hours after their hemp is cut in the field it is dry and in the bale.

Japanese have gone into British North Borneo and are raising hemp in the way just described, and the Dutch, in Sumatra, have the world's largest and best-equipped Manila hemp plantations. Meanwhile, and all the while, the Bissayan and Bicol hemp planter carries on in the old way, as it is antiquated; his costs are too high, his methods too sluggish, through his indolence and coquetry the Filipino has lost command of the Manila hemp-growing industry, while he has never seized at all the marketing end of the industry.

Manila hemp, however, is almost as basic an industrial staple as ever it was. The people of Leyte are at the margin of subsistence because Manila hemp has become so cheap; they can strip so very little in a day, no more than 15 or 20 kilos, and get so little for it. The people of the Bicol provinces are in the same situation, but the Mindanao plantations, both American and Japanese, still manage to make a go of it. Cultivation, it is found, is at least as vital a factor as economical means of stripping; and the *Journal* learns of one Mindanao plantation that has reverted to the handstripping method, just to give men work and a chance to live; and yet, because its seed is selected and its fields cultivated, and replanted when their yields decline, that plantation makes a neat profit every year.

Vain but persistent American effort was exerted to conserve the Manila hemp industry in the Bisayas and the Bicol provinces from the time, in the early years of the American period in the islands, when the regions produced 90% of the whole crop, to and after the setting in of the world depression. Planters were advised to adopt machinery to consolidate their plantations into a *central* with a common decorticating depot, to cooperate in marketing hemp; in short, to do what has been done in Davao.

None of this would the planters do, and neither the island nor any provincial government tried to induce it. Hemp plants were observed to leave the borders of the Philippines, yet no qualms were felt by the government—at least none was manifested, while planters continued vegetating, as jealous of each other, as indifferent to their common welfare, as cabbages over-crowded in the row are jealous of the too sparse sunlight.

As Japanese grew more and more hemp in Davao, and made business for Japanese ships, at a convenient point on the mandate-islands

route past the Spice Islands, Japan herself found more use for hemp: she is now a prime consumer of it. There is evident a common purpose—pursued by the Japanese grower and exporter and the Japanese government in extending the nation's use of hemp. The paradox exists that this industry is promoted, modernized, made fit to cope with the commodity depression and survive, not by Filipinos nor the Philippine government, but by others altogether: by Americans and by British, to some extent, but to a much larger extent by the Japanese.

In 1909, 25 years ago this year, when this review proper begins, the Philippines exported to all countries, for the value of \$34,000,000, 168,000 metric tons of Manila. The value of all Philippine exports that year was \$700,000,000, the value of hemp, 2/3 of which, by value, was sold in the United States, was 45% of the value of all exports.

Five years later, in 1914, the war had involved Europe. Transportation was a problem. Philippine hemp exports were 116,387 metric tons valued at \$38,389,630, of which, by value, the United States took half. Five years later was 1919, and a sharp decline in the world's demand for hemp might have presaged the collapse of the war boom; which had, in the year previous, caused the Philippines to sell overseas 170,000 metric tons of hemp. In 1919 however, only 121,248 metric tons valued at \$53,703,052 were sold. The United States took more than half of the total, by volume and value—indeed more than 60% of it.

In 1924 the industrial world was again prosperous, in the midst of the Coolidge era. The Philippines sold 177,312 metric tons of hemp for \$60,000,000; they sold 45% of it to the United States, a drop of 15% from 1919, for \$30,434,475. In 1929, until October, the boom that carried Herbert Hoover into the White House was at its height. Our hemp industry enjoyed its best year, 189,424 metric tons of hemp were exported, for the value of \$66,841,102, 48% of the United States bought 30% of this hemp, by value about 45%. Gradually, it is seen, America's use of Manila hemp declined. It still does, steel has supplanted hemp in many uses, as cables on oil rigs being one. Steel has advertised, Manila hemp has not advertised as an industry; the growers, the Japanese always and notably excepted, have not organized or made terms with the merchants, exporters and manufacturers.

Last year Philippine hemp exports were 152,066 metric tons valued at \$13,747,749; the United States bought less than 25% of this total, for \$4,035,869. But 1932 exports were 149,000 for hemp. In 1933, 157,785 metric tons valued at \$10,031,304 (the lowest year of record during the American period, 35 years). The United States bought less than 25% of this hemp, 25,138 metric tons, for the lowest sum it ever paid, \$2,963,152. All but utter neglect of Manila hemp by planter and government alike has turned this farm industry, the prime one of the islands 25 years ago, with a competing stalk grown outside the islands, over to the mercies of the buyers. The major market in the United States has been lost without effort to save it.

Summary: In 1909 Manila hemp was 45% of the value of all exports; in 1914 below 30%; in 1919, 20%; in 1924, 25%; in 1929, below 15%; in 1933, below 15%. About 1/3 of the islands' population, or about 4,000,000 people in the Philippines, are primarily dependent on Manila as either their sole or their main cash crop. But in all regions where stamina has been too weak to modernize the industry the present situation indicates that a shift to other crops, even if merely subsistence crops, will be forced very soon by the sluggish market that has been largely induced by America's recent low demand for hemp.

The slothfulness that has prevailed among Manila hemp growers, in all the old districts, writes a sorry story of the industry.

A tragic chapter written in the highlands of Cavite has not been mentioned. There was


grown the premium hemp in demand for the manufacture of braids, pure white and very fine. Premium prices were paid for it. Disease was allowed to get into this hemp, in fact a brace of maladies in the same season: the industry was wiped out in a twelvemonth; and plant-disease men sidestepped responsibility, and government and grower alike took the visitation as an act of fate, if not of divinity.

Last year Cavite sold but 300 piculs of hemp, at \$14.50 a picul. It was brad quality, but there was little of it.

Manila Hemp in Four Leading Provinces: Piculs

Year	Albay	Sorsogon	Leyte	Davao	P. I. Total
1914.	614,960	424,920	259,900	38,430	2,176,080
1919.	415,740	324,530	532,020	105,920	3,345,310
1924.	568,660	258,270	806,140	358,410	3,125,510
1929.	459,040	324,150	741,030	743,410	3,373,810
1933.	274,300	139,850	345,890	187,270	2,125,790

In 1914 Albay produced nearly 30% of the hemp grown in the Philippines, Sorsogon about 20% and Leyte more than 20%. These provinces together, more than 70%, and Davao about 1-1/2%. Leyte's production rose rapidly, but, while it has not yet dropped back to 1914's output, the trend is downward and very rapidly so: Leyte's production last year was less than half what it had been in 1929. The story is worse in Albay and Sorsogon, while Davao produced last year nearly 1/3 of the islands' total hemp crop. And Davao got better prices for its hemp than the older hemp provinces got. Per picul, Albay sold for \$3.41, Sorsogon for \$4.05, Leyte for \$2.95, Davao for \$4.85. Albay, Sorsogon and Leyte got \$2,795,670 for their hemp, Davao \$3,095,150 or more than her 3 oldtime rivals put together. Albay produced about 12% of the crop, Sorsogon below 7%, Leyte about 16%. Davao produced last year nearly 21 times as much hemp as she produced in 1914. Davao is mistress of our hemp industry, the older hemp provinces capitulated to her without a gesture of resistance and will never regain their oldtime supremacy.—W. R.



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Tortoise Outstrips the Hares in Paracale Goldfield

Reed makes bonanza sale after 34 years' persistence.—Benguet Consolidated closes operating deals with 3 northern companies.

In Esop's old fable of the tortoise and the hare, the hare bounds ahead, then loiters, grows indifferent to the issue, makes the least of his talents, and at last the tortoise, lumbering on persistently, wins. It has been that way with Joseph R. Reed of Paracale. He came here from Benicia, Solano county, California, in April 1900 to make a stake in gold. He stayed 9 years in Manila as No. 2 man at Clarke's, Manila's famous Escolta restaurant of the period, with its even more famous roundtable that is now at the Coffee club at the chamber of commerce and used for the chamber's directors' meetings. Reed, in the round of his duties, heard the mining talk over this table every day. M. A. Clarke, proprietor of Clarke's, a California man himself, was the organizer of Benguet Consolidated.

Over Clarke's roundtable, Benguet shares, nominal value a dollar, went for whatever Clarke could get for them in order to nurse the project along. (For 20 years now, in the hands of John W. Haussermann and A. W. Beam, it has been the great gold company of the islands, as everyone knows. Clarke predicted the success he did not live to achieve.) But Reed had an eye on another district, Paracale, where he settled as a storekeeper in 1909 at the opening of the placer boom. It was a real boom, 8 dredges were there at the height of it, 4 the properties of a single company, Australian. At one time there were 70 Americans in camp, and of course business thrived. Reed paid no attention to the placers; when they petered out and the dredges were sold off or moved to other districts, he kept on with the store, became a planter and buyer of hemp and coconuts, and prospected for lodges.

The hares, the placer men, had bounded away too soon. Reed found the lodges, and got into his control a great many lode claims. A few months ago he cashed some of these claims to United Paracale for \$200,000. He has a good many left. In this final exploitation of Paracale gold, where the Japanese and the Chinese preceded the Spaniard, and where Salcedo made for in 1571 as soon as he got wind of the place from Filipinos at Manila, Reed holds trump cards. The placer men were too cocksure; Reed, confident all the time, won by taking time.

The great mining deal of the month was that of Benguet Consolidated with Southern Cross and Consolidated Mines, and with the Abra Mining Company in the Abra river district. This effected the largest operating consolidation in the history of gold mining in the Philippines. It will involve, on Benguet Consolidated's part, the reinvestment of much capital in building and operating mills, exploring and developing the properties and intensifying production. Consolidated Mines is the second chromite project Benguet Consolidated has undertaken to operate, the first being the Cadwallader property in Camarines, while this one is in Zambales.

Attorney Courtney Whitney, interested in all 3 companies and instrumental in arranging the operating contracts with Benguet Consolidated, anticipates material advantages to the companies under the agreements effected. To Benguet Consolidated the deals are interesting as furthering its purpose to advance the mining industry in the islands all it can, with money, management and expert supervision.

Southern Cross has a capital of ₱200,000 in shares of 10 centavos each. Its claims are 15, in the jurisdiction of Itogon, Bengau. They are near the Cal Horr group owned by Benguet Consolidated and a mill may be built to accommodate both properties. The proposal is to develop the properties together in the way found best. When Benguet Consolidated's investment has been returned to it out of net profits, and after 3 years of profitable operation thereafter, Benguet Consolidated is to pay Southern Cross ₱200,000, the sum of its capital; and Southern Cross then to reorganize and set aside 10% of its new stock to be taken by persons designated by Benguet Consolidated.

This is a usual arrangement of Benguet Consolidated's, to enable personnel associated with a project to obtain stock at par. It is a part of the Ipo contract, where the stock set aside is 20% of the issue.

The Abra Mining Company, group, also gold, comprises 69 claims in the jurisdiction of Baay, Abra. (The company retains other groups at Lacub and Bolney). The contract resembles that with Southern Cross; on the same basis, capital of ₱100,000 is to be returned to the company and 10% of the stock is reserved for persons designated by Benguet Consolidated to take up at par. Net profits of South-

ern Cross and Abra, when Benguet Consolidated has its investment back, will be shared between the mining companies and Benguet Consolidated on the 50/50 basis.

The property involved in the Consolidated Mines contract is 32 chromite claims in the jurisdiction of Masinlok, Zambales. The capital to be returned to the company, on terms already described, is ₱50,000; and the stock to be put aside to be taken up at par by persons designated by Benguet Consolidated is 4% of the issue when the company reorganizes—when Benguet Consolidated has its investment back in hand and there have ensued 3 years of profitable operation. A railroad is to be built to a shipping point; extensive buildings are to be put up, and, if the ore is concentrated prior to shipment, a mill for this purpose. Benguet Consolidated will also experiment with chromite products for the Philippine market, and to this end may operate factories. One possibility is chrome brick, replacing imported firebrick. These replacements amount to ₱2,500,000 a year; they are largely in the boilers of the power plants of sugar mills. It has been found that chrome brick tripe acid and heat. They may soon be made here.

All in all, the triple consolidation is a major venture. It looms big on the credit side of mining progress this year.

BENGUET CONSOLIDATED 1934 PRODUCTION FIGURES: JANUARY TO JUNE

Month	Tons of Ore Milled	Gold Fine Oz.	Silver Fine Oz.	Value of Gold	Value of Silver	Total Value
January	16,076	8,546.65	4,970.61	598,266.20	6,412.99	604,679.29
February	13,894	6,837.44	4,156.27	478,621.50	5,361.09	483,982.59
March	10,244	9,748.55	4,377.00	682,398.55	5,845.33	688,243.88
April	21,242	9,807.71	5,136.03	683,259.77	5,804.23	689,064.00
May	22,331	10,565.90	5,877.08	735,413.36	7,523.42	742,936.78
June		8,081.05	10,181.57	565,073.06	13,032.42	578,105.48
	53,523.30	34,081.16		₱3,746,632.44	₱43,780.08	₱3,790,412.52

BALATOG MINING CO.

1934 Production Figures

January	16,329	10,868.68	7,737.04	760,307.60	9,381.56	770,789.16
February	14,957	8,985.04	6,310.73	628,952.80	8,140.84	637,093.64
March	10,106	11,861.38	7,366.13	830,296.60	9,502.31	839,798.91
April	15,629	9,315.48	5,783.41	632,083.50	7,430.76	639,514.26
May	17,041	9,605.24	7,553.13	673,306.80	6,667.98	680,274.78
June		10,797.79	7,580.19	755,845.30	9,702.64	765,547.94
	61,433.61	42,331.23		₱4,300,352.70	₱54,426.09	₱4,354,778.79

IPO MINING CO.

1934 Production Figures

March	4,394	1,744.76	1,126.38	122,133.20	1,433.03	123,566.23
April	4,413	1,307.92	972.69	103,534.40	1,249.06	104,783.46
May	4,239	1,297.35	839.97	90,814.08	1,139.16	91,953.24
June		1,223.76	834.14	83,663.20	1,093.30	84,756.50
		5,773.79	3,843.18	₱4,04,165.48	₱4,925.45	₱4,09,100.93

COMPARATIVE STATEMENT OF PRODUCTION VALUE OF GOLD AND SILVER PRODUCED

	1933	1932	Increase
Benguet Consolidated Mining Company	₱2,267,433.38	₱3,790,412.52	₱1,522,979.14
Balatog Mining Company	2,358,316.84	4,354,778.79	1,996,461.85
Totals	₱4,625,750.32	₱8,145,191.31	₱3,519,440.99
Ipo Mining Company		409,100.93	409,100.93
Totals		₱8,554,292.24	₱3,928,541.92

Our Import and Export Trade and Overseas Shipping

Progress of surplus production yearly aided by ports and public works, but retarded by awkward public lands administration

Nothing else is more remarkable in the modernization of the Philippines during the American régime than the progress of overseas commerce and the increase of shipping facilities offered by American and foreign shipping companies catering to international trade. A table on this page showing the value of the islands' overseas imports and exports year by year since 1899 goes far by way of explanation of the situation. The foundation is, of course, the increased production of farm products; and at times, as during the World War, the special demand for these products throughout the world. But the most permanent and decisive influence has been free trade with the United States.

Government policy in the islands has fostered the tendency to produce for overseas markets, the government having a large stake in trade because income, internal revenue and merchants-sales taxes are the main sources of its revenue. Therefore public highways have been built extensively, and a national highway system adopted. Ports have been planned and many portworks built, first rate ports have been established at main points such as Manila, Iloilo and Cebu and the movement tends to improve smaller points in order that the lifting of cargo for overseas destinations may be as direct as possible.

The reader will note that during the first year of the American régime the overseas trade of the islands was below the value of ₱70,000,000, imports and exports together, and that exports were ₱8,692,808 below imports. He will note that unfavorable trade balances continued during 6 years, though gradually declining. They reappeared during the slump prior to the World War, and again as a phenomenon of the collapse of the post-war boom. They would have put in a third appearance during the existing depression, but sugar prevented them. On the whole, the policy has notably justified itself.

Unfortunately, how-

ever, it has been pursued without regulation. The *laissez faire* doctrine of progress in commerce is nowhere better exemplified than in the Philippines, and has provoked dire visitations. Coconut oil, overboomed, collapsed in 1920 with great bank losses. This debacle, associated with minor ones, debased the peso and necessitated bond issues for rehabilitating the currency and the government bank. Similarly of late, sugar seems to have been overextended. But the Philippines historically have more good luck than bad; they are commercially resilient and have in the past recovered from their follies quickly.

Until 6 years ago the interisland shipping situation was monopolized under misguided public utility regulations that minimized improvements. It is now free, and planters everywhere report much improved service. Travel on main routes through the inland seas of the islands has become pleasant, whereas it was not many years ago both boreome and perilous to health. Time between main ports is greatly reduced.

It is true to say the port of Manila, with an ample group of good piers topped by Pier No. 7, is one of the most convenient ports in the world; and that the port policy aims at conveniencing to the last degree the loading and discharging of cargo. Notwithstanding its own stake in the main ports, where improvements have involved many millions of pesos, the government makes the way clear for ocean ships to load at minor points when the cargo is farm products for export.

A second table on this page notes the number and combined tonnage of vessels year by year that have visited Manila during the American régime, also domestic ships, separately listed. Twenty-five years ago, the period at which this review properly begins, 552 foreign ships with combined tonnage of 1,345,414 visited Manila; and 5 years later, in 1914,

FOREIGN COMMERCE OF THE PHILIPPINE ISLANDS

Values of Imports, Exports and Total Trade of the Philippine Islands, 1899 to 1933

Year	Values of the Foreign Commerce			Trade Balance	
	Imports	Exports	Total Trade	In favor of	Against
1899.	₱38,385,972	₱29,693,164	₱68,079,136		₱8,692,808
1900.	49,727,558	45,980,746	95,708,304		3,746,812
1901.	59,438,542	49,808,706	109,247,248		1,318,236
1902.	66,684,332	57,343,808	124,028,140		9,340,524
1903.	67,622,768	64,793,492	132,416,260		2,829,276
1904.	59,159,452	59,159,452	118,318,904		856,462
1905.	60,101,100	66,909,548	127,010,648	₱6,808,448	
1906.	52,807,536	65,285,784	118,093,320	12,478,248	
1907.	60,907,680	67,193,736	128,101,416	6,283,114	
1908.	58,372,240	65,202,144	123,574,384	6,829,904	
1909.	62,168,836	69,848,074	132,017,512	7,679,936	
1910.	69,438,732	81,258,026	150,696,758		18,181,796
1911.	96,048,814	89,674,254	185,723,068		6,374,560
1912.	123,335,802	109,840,600	233,176,402		13,889,202
1913.	106,623,572	95,919,912	202,543,484		11,079,660
1914.	97,177,306	97,379,268	194,556,574	201,962	
1915.	98,624,307	107,626,008	206,250,375	9,001,641	
1916.	103,924,675	139,874,354	243,799,029	35,954,354	
1917.	131,594,051	191,208,613	322,802,674	59,614,552	
1918.	170,198,423	270,388,964	440,587,387	73,190,941	
1919.	237,278,104	362,235,652	600,513,756		11,042,452
1920.	298,879,055	362,235,652	661,114,707	3,371,146	
1921.	231,677,148	176,230,645	407,907,793		55,446,503
1922.	160,395,289	191,166,586	351,561,885	30,771,307	
1923.	174,999,494	245,205,980	420,205,474	66,506,486	
1924.	216,021,790	270,689,325	486,711,115	54,667,335	
1925.	239,485,067	297,754,410	537,239,477	58,268,743	
1926.	238,978,984	273,768,934	512,747,918	35,770,934	
1927.	231,702,943	311,148,170	542,851,113	79,445,227	
1928.	269,313,796	310,109,098	579,422,894	40,793,252	
1929.	294,320,549	328,893,982	623,214,531	34,373,136	
1930.	246,185,907	266,334,255	512,520,162	20,148,348	
1931.	198,357,437	207,944,148	406,301,585	9,386,711	
1932.	158,759,313	190,676,131	349,435,444	31,855,966	
1933.	149,361,533	212,342,105	360,003,638	62,180,582	

Number and Registered Net Tonnage of Foreign and Domestic Vessels Entered the Port of Manila, 1899 to 1933

Year	Foreign		Domestic		Totals	
	Number	Tonnage	Number	Tonnage	Number	Tonnage
1899 to 1904.	3,066	4,077,435	9,540	1,890,238	12,606	6,967,673
1905.	558	1,071,956	1,750	321,750	2,308	1,429,389
1906.	532	1,056,440	1,916	385,371	2,448	1,441,811
1907.	517	1,076,299	2,202	453,703	2,719	1,530,032
1908.	517	1,076,299	2,202	453,703	2,719	1,530,032
1909.	552	1,345,414	2,283	478,551	2,835	1,823,965
1910.	589	1,345,414	2,502	485,551	3,091	1,830,970
1911.	604	1,345,414	2,502	485,551	3,106	1,831,365
1912.	617	1,821,353	2,856	603,190	3,673	2,424,543
1913.	810	1,821,353	2,856	603,190	3,673	2,424,543
1914.	810	1,821,353	2,856	603,190	3,673	2,424,543
1915.	810	1,821,353	2,856	603,190	3,673	2,424,543
1916.	657	1,495,014	2,831	553,072	3,488	2,048,086
1917.	657	1,495,014	2,831	553,072	3,488	2,048,086
1918.	540	1,380,194	3,751	557,763	4,291	1,937,957
1919.	642	1,629,553	3,303	584,017	3,945	2,214,470
1920.	1,265	3,827,712	3,263	623,045	4,528	4,450,757
1921.	1,027	2,573,909	3,113	620,667	3,920	3,194,576
1922.	842	2,981,499	3,469	690,087	4,311	3,671,586
1923.	823	2,981,499	3,391	704,502	4,222	3,689,208
1924.	950	3,557,441	3,269	692,204	4,258	4,249,645
1925.	993	3,574,235	3,269	742,238	4,262	4,316,523
1926.	1,027	3,827,712	3,263	623,045	4,290	4,450,757
1927.	990	3,953,621	3,269	848,726	4,261	4,780,334
1928.	1,038	4,128,734	3,370	801,695	4,408	4,930,421
1929.	1,265	5,252,219	3,263	623,045	4,528	5,875,264
1930.	1,273	5,116,594	3,671	972,695	4,944	6,089,289
1931.	1,187	4,911,426	3,446	1,079,764	4,633	5,991,190
1932.	1,124	4,128,734	3,372	801,695	4,496	5,252,219
1933.	1,192	5,250,817	3,372	801,695	4,564	6,054,861

775 with tonnage of 1,928,394; and in 1919, 642 with tonnage of 629,536; and in 1924, 650 with tonnage of 3,327,442 and in 1929, 1,263 with tonnage of 4,642,712; and last year, 1,192 with tonnage of 5,120,617.

In the period of 25 years the number of foreign ships calling at Manila was, by 161, more than doubled. The tonnage quadrupled. This contrasts with domestic ships, and indicates the encouragement given foreign ships as well as the large surplus of farm products the Philippines have to sell overseas. Calls of domestic ships at Manila in 1909 were 2,283, their tonnage was 478,551. Calls of domestic ships at Manila last year were 3,372, their tonnage 934,244. Calls of domestic ships increased about 50% in 25 years (of foreign

ships more than 100%); and tonnage of domestic ships increased less than 150% in 25 years; of foreign ships nearly 400%.

There is a plethora of ocean tonnage of the seas, partly explaining the large number of foreign ships calling here. But even last year, a very lean one, the value of Philippine imports and exports together was nearly 3 times what it was in 1909. It is this that brings the ships, and the American mail-subsidy policy that maintains modern passenger-freight ships on schedules of frequent calls. In this paper and the illustrating table, the term *foreign* embraces American ships. Their calls at Manila last year numbered 268, in the total of 1,540 of which calls by British ships were 474, Dutch 176, Germany 133, Japanese 284, Norwegian 112, Swedish 26, Panaman (registry only, for ad-

vantage in Panama canal tolls) 10, Philippines 8, Italian 2, Chinese 2, Danish 442.

Air-Conditioned Railway Coach

The Manila Railroad Company has air-conditioned a first-class passenger coach on its fast train north, the *Locos Express*, with success. Without being drafty, the coach is cool—the acme of travel comfort. It is planned to extend the innovation. Certainly it revolutionizes train travel here, eliminating both heat and dust. The express train is also accommodated with a dinner in which the service is that of the Manila Hotel. Food and drink are of the best, the dinner at P2 is in every way satisfactory.

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Governor Murphy's Message...

(Continued from page 11)

primitive justice that allows no wise discrimination and judicial discretion in judging the youthful and first offender, the undernourishment of the child, its lack of sunshine and play, unconcern for the helpless and impoverished mother, the congestion of adult and child huddled together in inadequate living quarters, enforced idleness, insanitary places of employment, and the sordid pressure of want—all these are seeds-beds of evil that blossom into disorder, disaffection and disease.

Pleads for Protection of Plain People From Corruption in Electoral Matters

In the attainment of these objectives, every citizen in the land, however humble and obscure, has an individual part and responsibility of great importance. The government to which he looks for execution of these tasks is an assembly of men and women organized and chosen to exercise authority delegated to them by the people. Its moral quality, its loyalty to public duty and social ideals, is ultimately conditioned and determined by the moral force and intellectual fibre of the great body of individual citizens.

The institution of the free ballot, purchased with the labor and suffering of patriots in many lands, confers a great privilege but entails an equal obligation. A citizenry indifferent to the privilege and recalcitrant to the obligation, willing to compromise or sacrifice it for monetary gain or position, is not worthy of the blessings of clean and enlightened government. The plain folk who inhabit our barrios and countryside and modest city dwellings, with their simple and unpretentious family life and devotion to daily duty, their unaffected patriotism and deep religious faith, should constitute a great reserve of moral force and purpose from which the leaders of government may draw strength and inspiration.

A grave responsibility rests upon them and upon us to protect that moral reservoir from corruption by mercenary political methods, and to provide political machinery and safeguards by which the convictions and ideals of our people can be expressed without obstruction or perversion. The election procedure, the legislative process, the administrative function, should all be protected from the influence and play of selfish and unscrupulous elements.

Numerous complaints prior to election seem to call for changes in the method of selecting election boards and polling places. Non-partisan and disinterested supervision should be provided in the conduct of elections. The untutored voter, unable to write or read, is as much entitled as his more favored neighbor to vote his convictions in privacy or under wholly impartial and disinterested auspices, without indecent suggestion, or interested aid or other undue influence or control. Means must be devised and enacted into law to make this possible, if the free and independent ballot is to be a reality.

The voting public and the press are entitled to know what interests are actively identified with parties and candidates seeking public office. Without this, an adequate appraisal of their capacity and disposition to give free and disinterested service to the public is impossible. Full publicity should be required concerning the

sources and amounts of financial contributions. Those who sit in our legislative assemblies, as well as our administrative officials, should not be permitted to retain private interests that conflict with their public trusteeship. We should promptly and boldly take whatever steps are required to subordinate private and selfish interests to the larger interests of the general public, to remove or counteract those influences and conditions that make it possible for the expressed will of the people to be easily nullified or frustrated.

I shall reserve the liberty of submitting to you further communications in the future regarding particular measures that will be presented to you. These measures will deal with government, deposits, and the law necessary to bring our currency, measured in terms of gold, into line with that of the United States; changes in the public service commission; reduction and

control of sugar production; an adequate aviation and constabulary program; provisions to avoid a critical school situation next year; and other important matters of public business.

If good government is to be reality it must not be merely a happy phrase in our minds. Good government, when its presence is felt as a blessing to a people, is not a casual happening nor a haphazard phenomenon; it is the result of eternal vigilance on the part of all the people and a zeal for the highest ideals of service on the part of their public servants. It comes when the desire for it becomes a passion and the demand for it a crusade.

It is my fervent hope that we may work together in this joint task of public service in the same spirit of friendliness and devotion to duty that marked the efforts of the previous legislature.

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Haussermann on Philippine Economic Possibilities

(From his recent Rotary address)

Some time ago Judge John W. Haussermann addressed the Rotary club of Manila on the economic position of the Philippines in relation to the prospect of their political separation from the United States. Possibilities in the islands' present situation, which he made mention of, are appropriate to this 25-year trade review number of the *Journal*. He said:

"For me, the picture you can make with statistics about our situation today, on the eve of independence, is altogether too black. It doesn't tell the whole truth. It is a picture made in a storm. It shows no sunlight, and it hides all landscapes.

"Now let me put sunlight and hope into this picture. Let me tell you how confident I am.

"We live in a country that is one of the most fertile in the world. The soil of this happy country is adapted to many crops; in marketable quantity, we now only grow a few of these crops. Of all the land that will grow crops, we farm only 1 acre in 4 that we can be plowed. The population of this country is increasing. It is now about 14 millions. Our farms will generously support 5 or 6 times our present population, at least. Our population grows rapidly because it is made up of an unspoiled farming class imbued with love of home and children, and deeply guided by religious faith, who have learned from us how to look after their health.

"Independence will make no sudden psychological change among the Filipino people. They will still want homes, still support the schools, still be anxious to work. Independence will not change our climate; it will not stop the rains, nor dim the sunlight that brings us crops. The minerals hidden in our mountains will be there after independence comes, and they will have the value the world gives them. Our forests will still yield precious hardwoods; they will still yield resins and fiber.

"Our inexhaustible natural resources tell us that when we merely supply a duty free market a few of our main crops, we have not exhausted our possibilities of trade and manufacture.

"Take farming. You all know what 'subsistence farming' is; it is the growing of crops, fowls and animal primarily to support the farmer himself. This kind of farming is the best kind of all. In the Philippines we have it on Luzon, right around Manila and in the central Luzon valley; and during recent years, while Manila hemp has been too cheap to sell, it has been spreading through the Bicol region. But around Manila and in central Luzon, where subsistence farming is best established, the population as a whole is materially better off than in any of the other regions of the Islands where so-called cash crops are raised.

"Not only that, but the Manila bay provinces and the central Luzon region are the best business fields of the Islands. Subsistence farming does that, and this kind of farming can be widely extended throughout the Philippines.

"Now take some of our other products, copra, lumber and fiber. With these we have been depending a great deal on the United States. Take copra first. World demand fixes its price; soap makers all over the world use it. If the United States should tax it, even 3 cents a pound, soap makers would still use a great deal of it and the users of soap in the United States would pay the tax. This is because congress can't by means of a tax, set the market price of copra; there are demands enough for it outside the United States. Therefore, if the proposed tax applies to other oils that might be imported into the United States and take the place of coconut oil, the tax will not keep us from selling copra in the United States.

ways they did before 1909, they will reopen markets for us.

"They will also bring merchandise here, which will bring revenue to the customs service, and in losing half our overseas trade (only perhaps to regain it later), we shall not lose half the revenue the government gets out of trade.

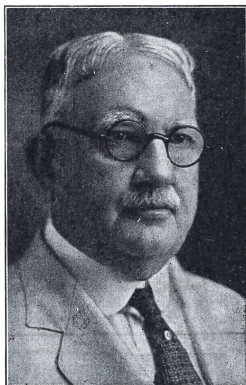
"I had rather, in this crisis of separation from the United States, where we are no longer wanted, and where they are forcing us to leave, rely upon the Philippine people and natural resources of the Philippine Islands than upon cold, calculating figures that sum up into impossibilities.

"We should not be uneasy. We should have faith. Take gold. Gold is my business. Men are uneasy, believing that mining will be taxed too heavy. For my part, rather than believe the Philippines will tax gold too much, I believe they will let taxes stand so that the industry can be quickly extended; they will, as they should, rely upon getting revenue from *more mines*, instead of taking more revenue merely from the mines we now have. They will want more labor employed, and more labor will want to be employed.

"There has been news in the papers about an embargo on capital. This has made men anxious about the future of their money. Now such news is bad, but can't be helped; after reading it, read what editors, Filipino editors too, say of it—for they don't support it, they disapprove it strongly. This proves that such suggestions are gratuitous, there isn't any foundation to them at all. We shall go on under independence much as we go on now; we shall go on solving our problems together, solving them as best we can; and all the time we shall have growing population, growing production, and therefore growing trade, commerce and industry.

"Nor will even independence sever our relations in trade and commerce and diplomacy with the United States. Hands of common accord will clasp across the Pacific between the United States and the Philippines. Philippine Independence will be as much as experiment for our own country, the United States, as for the islands themselves; and she, for honor's sake as well as for the peace of the world, will not see it fail.

"It is for us to accept the great adventure independence offers us. Instead of allowing a few figures to scare us, we must rely on what history teaches us and keep our feet on the ground—we must see this thing through. At the first squall on a calm sea, good sailors don't desert ship. Ahead of us there is safe harbor. We all know, when we think of it a moment, the conservatism of the Filipino people; we know the constitution they make must be approved by the President of the United States; and therefore we know, when we think of it soberly, that the future here has far better than even chances to turn out all right: that capital will be safe, that taxes will be reasonable, that industry will carry on."



Judge JOHN W. HAUSSERMANN

"We think of the great decline in our shipping to the United States, when we can only sell 850,000 tons of sugar a year there, and 2 million pounds of coconut oil, and 3 million pounds of cordage.

"Have we thought that less tonnage to the United States may force open other markets for our products? European ships and Japanese ships now carry most of what we sell to the United States. They come out to the Far East, and sail from Japan, with manufactures from their home countries. They need cargoes to carry homeward. If they can't get such cargoes, to carry to the United States, what will they probably do? Will they cease coming to the China Sea, will they cease bringing into the Far Eastern market cargoes of manufactures from their home countries? Not at all. They will bring these manufactures just the same, and they will come to the Philippines, as likely as not, and load products to be sold in Europe and Japan; and in this way, which is the very

Rice Stability Relieves Japanese Farmers

For fully three decades, ending in 1894 Japan had a well-sustained period of export surplus in rice, interrupted only at wide intervals by seasons of import excess, brought about by short crops in Japan proper. Records show that Japan during this period figured as an export nation in this commodity. Throughout the next 38 years, however, barring the single year 1930, this country has been a heavy buyer of the cereal, with a balance of trade consistently unfavorable even in those years when bumper

harvests were raised. The tendency toward this import excess during the 17 years ending in 1932 was more marked than during the 21-year period ending in 1915. During these 38 years Japan had an import balance in rice aggregating 10,380,000 tons which, if calculated on the basis of $-Y=120$ per ton, represented foreign payments amounting to the stupendous figure of $-Y=1,250,000,000$.

This unfavorable balance has never been ascribable to any reduction in domestic production in rice. During the 30-year period beginning in 1865, production was steadily expanding from an original figure of 3,400,000 tons a year to one of 5,500,000 tons. During the succeeding 21 years production again increased to 7,800,000 tons, and then expanded to the neighborhood of 11,000,000 tons in 17 years more. During this latter period rice culture in both Chosen and Taiwan made remarkable progress, so that those lands are now shipping into Japan proper 1,500,000 tons of surplus tonnage every year. A continued inflow of foreign rice on top of the vastly amplified supply derived from home production is attributable to a fast expanding volume of consumption, brought about by an elevation in the living standards and an increase in population, outstripping the increased output of rice.

Let us here briefly describe certain measures which the Government has adopted since 1910 in respect of rice, as this information is essential in gauging the present position and future trend of rice values.

Owing to several crop failures in succession, the supply of rice was reduced to its lowest level in 1910 to 1912, when its market rose to $-Y=157$ a ton, until that time an unheard-of level. The following two or three years, however, saw rice prices suffering a perpendicular decline

to almost half of the former position, namely, to $-Y=87$ a ton, the higher rice prices of the previous two or three years having stimulated production so that supply scarcity no longer prevailed. During several succeeding years rice was again rising, due to a scanty supply condition, and also to a generally higher level of commodity prices originating in the World War and aggravated by speculative buying. Rice for a time was as high as $-Y=380$ a ton. Such conditions occasioned many grave social problems, and the Government took steps to prohibit market "cornering" by promulgating the Anti-Profit-seeking law. This ten-year period was most eventful from the standpoint of the staple, supply problems and the bitter experiences encountered during this decade of wild price fluctuations having brought home to the mind of the nation the necessity of formulating food policies with an eye to the future.

Public opinion was now for establishing a definite national policy for a food supply, with the immediate goal of attaining a position of self-sufficiency, to the relief of both producer and the consumer. In order to enable the Government to regulate rice supply to demand, the authorities in 1919 were empowered to buy, or sell rice on its own account by means of the Rice Law. A few years later this Law was so amended that the Government was authorized to take necessary steps for regulating the market price of rice, in addition to quantitative regulation. This legislation proved useful in checking violent up and down movements of rice prices, but public complaints, were incessant about the price changes being still too wide.

In 1930, the Government again amended the Rice Law newly, whose added feature is the establishment of a basic price to serve as a guide for regulating the market price. This standard value is calculated and determined by taking into consideration the movement of general commodity prices in comparison with rice. When the market price appreciates more than 20 per cent above this predetermined, basic price the Government steps in to release



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rice from its held tonnage and so fight the rise; and the cereal moves in the opposite direction to the extent of 20 per cent below the basic level, the Government again goes in the market, this time on the buying side. The result of all this has been most satisfactory, and rice quotations have never run out of the price territory defined by the law.

Up to the present the Government measure has always had to do with amplifying a supply which has failed to measure up to demand. In other words, the encouragement of production has been the pivotal principle. When a market stability was assured to their product and the farmers were offered a practical guarantee that, in case of decline, the Government would purchase rice out of their hands, they redoubled their efforts toward production, being aided by improved agricultural methods. The Government distributed improved seeds, brought under cultivation new tracts of land, provided better means of irrigation, and gave many grants. Farmers in Chosen and Taiwan were the first to reap the fruits of Government measures for production increase, which sometimes verged on the extreme, while weather conditions also were favorable for a considerable time. In this manner, rice production in Japan has recorded an appreciable expansion. Particularly since 1930 has the country been self-supporting. Not only does necessity no longer exist for imported rice, but production exceeds consumption.

The Government now had to face another problem, this time overproduction. Prices are necessarily moving downward. While price precipitation has never gone below the 20 per cent line of the basic rate, on the other hand no tendency toward a rise is discernible. Farmers are no longer able to sell their rice except at prices below the cost of production.

The popular voice was soon clamoring that for so important a foodstuff as rice its growers should be guaranteed against market decline, at least to the extent of cost of production. Political parties and both Houses of the Diet looked upon this movement with favour, with the result that, at an extraordinary session in 1931, the Legislature approved the motion to revise the Rice Law for the third time since its enactment in April, 1921, and the ensuing deliberations led to the adoption of the Rice Control Law now in operation. The sum and substance of this piece of legislation is that -Y-163.10, which is the cost of production per ton, has been made the minimum official price for rice, and at this limit the Government is authorized to purchase in any amount. At the same time, the maximum official price is fixed at -Y-213.50 a ton, and at this level the Government may sell in unlimited quantity when the market in rice is soaring.

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Philippine Economic Conditions—First April, 1934

Summary of official radiograms forwarded to the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C. Prepared by Carl H. Hochstetler, Acting Trade Commissioner, 410 Heacock Building, Manila, with assistance of Government and trade entities.

GENERAL SECTION

The economic and political consequences of the Tydings-McDuffie Independence law, accepted by the Philippine Legislature on April 30, 1934, received full attention during the month of May. It is true that there were several diverting and, in some cases, reassuring factors which tended to react favorably on the economic outlook in the Islands. These factors, however, fell into the background before the more serious discussions as to what the future holds for the Philippine Islands.

What might be considered an official statement of policy on the part of Filipino leaders was made by the President of the Philippine Senate during the course of an address before the American Chamber of Commerce at Manila on May 11. At this time it was pointed out that: "The best guarantee for the future stability of the Philippine Commonwealth and the Republic is the maintenance of the present trade relations between the United States and the Islands. America is still the best market in the world, because she has not only vast possibilities of consumption but also the money to back it up."

On May 10, 1934, President Roosevelt signed the 1934 Revenue Bill which contained the clause imposing an excise tax of three cents a pound on coconut oil imported from the Philippine Islands and on oil extracted from copra brought from the Islands. Coconut oil from other sources is taxed five cents a pound, and other oils such as whale oil, sesame, palm and palm kernel oil, three cents a pound.

During May the Philippine sugar quorum, allowed free entry into the American market in accordance with the Jones-Costigan Sugar law, was expected but information as to the quorum did not arrive here until early June. The uncertainty facing the sugar industry depressed sugar prices considerably.

The release on May 7, 1934, by Governor-General Murphy of the financial statement covering the fiscal and calendar year 1933, indicating that for the first time in four years a surplus had been achieved as opposed to deficits, tended to react favorably on business and on the general economic situation. Governor-General Murphy, on arriving in the Islands, faced a serious financial situation marked by deficits in the consolidated funds of the Central Government totaling over P20,000,000 for the preceding years, 1930 to 1932, inclusive. Rigorous economy measures were observed in all branches of the Government and thus the dangerous trend towards a financial crisis was checked and a small surplus—P500,000 in round figures—was laid up for 1933.

The activities in connection with the general elections held on June 5, 1934, tended to divert attention for the time being from the more serious aspects of the future. Interest in the election tended to become keener as the month drew to a close and steps were taken by the responsible authorities to maintain order in the provinces.

The longshoremen's strike on the Pacific Coast received considerable attention during May as pointed out in the section of this report devoted to foodstuffs.

The increased Japanese competition in the textile market became intensified during May business in many lines of goods was practically impossible for American suppliers. Some degree of tariff protection on the part of the Philippine Government has been requested by American textile representatives and local leaders have expressed a desire to protect American goods. It is predicted, however, that Japanese importers here will dump huge quantities of textiles into this market during the next few months in anticipation of higher import duties affecting Japanese goods. Japanese competition in flour continued to make itself felt during May and the strike on the Pacific Coast will undoubtedly enable the Japanese to secure an increasingly larger share of the flour market here.

Exceptionally heavy rains during the first three weeks of May tended to reduce activity in certain lines, particularly affecting sales of passenger cars.

Construction activity in Manila continued unsatisfactory although the value of building permits for May, totaling P431,500, is slightly above the figure for the same month last year which is P223,000. The total value of building permits for the first five months of 1934 amounted to P1,427,000 as opposed to P2,225,000 for the corresponding period last year.

Power production during May totaled 10,100,000 KWH as against 9,200,000 for May 1933. Production from January to May totaled 50,100,000 KWH as compared with 47,100,000 for the same period in 1933.

FOREIGN TRADE SECTION

The total overseas trade of the Philippine Islands during the first four months of 1934 was valued at P181,853,040, an increase of 39 per cent as compared with the overseas trade during the 1933 first four months amounting to P130,518,721.

As usual, a sizeable balance of trade in favor of the Philippine Islands was recorded during the first four months of 1934. The favorable balance of trade during the current year's first four months amounted to P39,026,674, an increase of 41 per cent as opposed to the favorable balance of trade during the 1933 first four months which was valued at P37,437,661.

Import Trade.—The import trade during the first four months of 1934 was valued at P64,411,683, an increase of 38 per cent as against the value of imports during the 1933 first four months amounting to P46,540,440. The following table summarizes the imports, according to the major commodity group, during the months of April, 1933 and 1934, and during the first four months of 1933 and 1934:

	Imports, Philippine Islands, 1933-34		Total for four months	
	1933	1934	1933	1934
	(Values in Pesos: P1.00 equals US \$0.50)			
Wheat flour	363,733	390,070	1,792,914	1,389,783
Automobiles and parts	679,435	637,591	2,240,016	1,643,395
Chemicals, drugs, dyes and medicines	351,029	265,584	1,432,283	1,123,228
Cotton cloth	2,402,827	2,460,558	8,087,859	6,536,962
Cotton manufactures, except cloth	1,288,683	1,255,584	4,112,899	3,889,465
Electrical machinery, apparatus & appliances	380,175	367,116	1,770,176	1,167,008
Fertilizers, natural and chemical	258,811	182,190	1,497,759	943,900
Vegetable fibers and manufactures	279,460	441,288	1,099,701	1,469,672
Fish and products	327,474	221,056	1,231,004	696,116
Fruits and nuts	126,463	269,777	1,098,726	865,339
Automobile tires	254,519	150,273	943,027	523,871
Iron and steel and manufactures	1,840,925	1,384,575	8,761,580	5,232,096
Leather and products	228,824	213,097	1,083,095	647,046
Meat & dairy products	583,016	628,992	3,106,615	2,319,442
Mineral oils	1,341,732	578,889	4,066,135	3,258,818
Paper and products	870,037	312,019	2,654,128	1,182,889
Silk, artificial silk, and manufactures	666,303	456,803	2,317,277	1,793,920
Tobacco and products	668,665	173,329	1,438,710	1,029,003
Vegetables	309,708	307,422	1,343,546	1,001,117
All others	2,979,745	2,009,818	12,850,233	8,817,310
TOTAL	16,190,094	12,895,020	64,411,683	46,540,440

Increased importations of all the major groups of import commodities took place in 1934 as compared with 1933. The preliminary customs statistics released by the

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Walter S. Price

President

Senate President Quezon's Trade Policy

"During the period from 1921 to 1933, both inclusive, our foreign trade reached the enormous total figure of ₱5,087,000,000. Of this total volume of trade, however, ₱4,163,000,000—constituted our trade with the United States alone; our trade with all the other nations only reached ₱1,924,000,000. While we actually sold to the United States ₱731,000,000—worth of goods more than what we purchased from them, we were paying other nations ₱262,000,000—more than what we received from them. Had it not been for the favorable balance of our trade with the United States, which was the direct result of the present free trade arrangements with that country, our foreign trade would have registered the enormous loss to us in the amount already stated. As it is, however, our gain in the United States trade not only covered our loss in our trade with other nations, but it has also enabled us to enjoy a total favorable balance in our overseas trade amounting to ₱469,000,000.

"From these figures it appears clearly that we are now dependent upon the United States for the continued prosperity of our people and our ability to meet the burdens of a progressive government. It should be then our first concern to try to secure: (a) the elimination of the provisions of the McDuffie-Tydings law which imposes a progressive tax on our exports to the United States after the fifth year of the establishment of the government of the commonwealth; (b) the raise to a higher figure of the limitation imposed upon our right to export, free of duty, certain articles and products, and (c) to make this arrangement in our trade relations with America permanent, or last for a great number of years after independence has been granted.

"If, then, it is our desire and our purpose to keep our trade with America, we must do what is necessary for this balance of trade to be less unfavorable to the United States than it is at present. Should we do this, it is not unreasonable to expect that the United States will be just as much interested in keeping her trade with the Philippines even after independence has been granted, as we are interested in keeping our trade with her."

Philippine Bureau of Customs do not permit a very close analysis of the import trade month by month but the above summary indicates that all major import groups showed substantial increases.

The United States accounted for 64 per cent of the total imports into the Philippine Islands during the first four months of 1934 as against 59 per cent during the 1933 first four months. Japan's share of the total import trade increased from 11 per cent during the 1933 period under review to 16 per cent in 1934. China lost, out on its export trade with the Philippines, Chinese shippers securing only 4 per cent of the total imports trade as compared with 7 per cent in 1933. Among the European countries, Germany's share dropped from 3.7 per cent during the 1933 first four months to 3.0 per cent in 1934. Great Britain's share also declined—dropping from 4.4 per cent in 1933 to 3.4 per cent in 1934. France and Spain, of considerably less value than those from Germany and Great Britain, showed increases as opposed to 1933. Due to heavy shipments of sugar, requiring the assistance of Indian jute sacks, imports from the British Isles were valued at ₱140,000,000 more than that area amounting to 2.6 per cent during the 1934 first four months against 3.0 per cent in 1933.

The following table summarizes imports by value from the major supplying areas during the first four months of 1933 as opposed to the same four months of 1934:

Imports by Countries, Philippine Islands, First Four Months, 1933-34
(Value in Pesos: ₱1.00 equals US \$0.50)

	April 1934	April 1933	Total for four months 1934	1933
United States (a)	9,930,723	7,817,106	41,231,543	27,784,982
Japan	2,165,516	1,294,517	10,410,029	5,487,334
China	647,376	906,228	2,821,632	3,288,288
Great Britain	279,867	610,639	1,206,031	1,496,301
Germany	462,519	888,442	1,948,037	1,336,147
France	1,223,344	83,975	455,329	348,917
Belgium	152,142	118,123	697,372	419,180
Spain	1,000,000	1,000,000	1,000,000	1,000,000
British East Indies	256,817	407,890	1,719,444	1,423,310
Dutch East Indies	162,510	288,816	492,053	743,572
Australia	160,230	1,043,028	736,531	736,531
Other countries	648,258	578,565	2,212,960	2,783,211
TOTAL	16,190,094	12,895,020	64,411,683	46,540,440

(a) Includes Hawaii, Guam and Puerto Rico.
Export Trade.—The export trade for the first four months of 1934 was valued at ₱17,441,357, an increase of 39 per cent over the same period in 1933. The United States was the second most important buyer of Philippine products, taking 20 per cent of all exports during the 1934 first four months as against 21 per cent during the same months of 1933. Spain's share of the Philippine export trade dropped from 24 per cent during the 1933 first four months to only 0.6 per cent in 1934, this being due largely to decreased receipts of Philippine tobacco and products. Great Britain, France, Germany, China, and the British East Indies, in the order of importance as shown, all took large amounts of Philippine export commodities in 1934 as opposed to 1933. The following table summarizes the exports, according to value, during April of 1933 and 1934 and during the first four months of 1933 and 1934:

Exports by Countries, Philippine Islands, First Four Months, 1933-34
(Value in Pesos: ₱1.00 equals US \$0.50)

	April 1934	April 1933	Total for four months 1934	1933
Abea	1,318,934	837,684	5,465,358	3,460,980
Cordage	249,923	64,703	923,500	414,373
Copra	356,928	853,066	1,154,080	3,288,660
Copra cake	1,131,611	1,411,779	4,605,689	4,084,197
Copra cake	91,368	91,977	567,069	501,988
Cigars	699,480	206,160	2,815,299	2,421,309
Coconut oil	1,568,183	1,513,690	5,143,749	5,421,309
Sugar	23,119,657	20,049,016	89,988,324	61,968,677
Tobacco	2,119,657	2,119,657	8,988,324	6,988,677
Cigars	699,480	206,160	2,815,299	1,347,009
Timber and lumber	255,165	125,167	1,014,569	527,333
All others	888,779	659,885	3,889,588	2,644,333
TOTAL	30,168,872	25,542,349	117,441,357	83,978,281

The United States took fully 91 per cent of all exports from the Islands during the 1934 first four months and with 80 per cent during the 1933 period under review. Japan was the second most important buyer of Philippine products, taking 20 per cent of all exports during the 1934 first four months as against 21 per cent during the same months of 1933. Spain's share of the Philippine export trade dropped from 24 per cent during the 1933 first four months to only 0.6 per cent in 1934, this being due largely to decreased receipts of Philippine tobacco and products. Great Britain, France, Germany, China, and the British East Indies, in the order of importance as shown, all took large amounts of Philippine export commodities in 1934 as opposed to 1933. The following table summarizes the exports, according to value, during April of 1933 and 1934 and during the first four months of 1933 and 1934:

Exports by Countries, Philippine Islands, First Four Months, 1933-34
(Value in Pesos: ₱1.00 equals US \$0.50)

	April 1934	April 1933	Total for four months 1934	1933
United States (a)	27,672,434	23,706,176	107,353,376	75,925,399
Japan	2,342,111	413,459	2,395,116	1,777,631
China	148,493	107,173	638,950	432,723
Great Britain	318,470	189,645	1,509,392	1,068,590
Germany	122,480	85,010	545,383	495,211
France	278,067	435,564	1,156,680	838,023
Spain	190,240	274,467	577,893	2,023,872
Netherlands	161,078	29,816	608,889	176,679
Hongkong	114,127	40,014	438,522	233,360
British East Indies	1,211,339	18,903	187,586	122,811
Other Countries	379,775	243,013	2,027,590	943,982
TOTAL	30,168,872	25,542,349	117,441,357	83,978,281

(a) Includes Hawaii, Guam and Puerto Rico.
Government's General Income, January to April, 1933 and 1934
(Value in Pesos: ₱1.00 equals US \$0.50)

	1933	1934	Increase or decrease
Internal revenue income	9,263,196.36	10,697,073.94	+1,334,807.58
Customs income	5,250,608.56	6,672,143.60	+821,535.04
All others (current)	3,245,989.28	3,069,061.60	-176,927.68
All others (extraordinary)	1,211,139.58	883,392.03	-327,747.55
GRAND TOTAL	19,070,933.78	20,722,571.17	+1,651,667.39

BANKING
Declines were featured in all major items of the Bank report, although these figures were in some cases ahead of figures for the corresponding month last year. No improvement has as yet been noted in net working capital of foreign banks which has remained at—₱1,000,000. Bankers report that the continuous decline was partly due to steady increases in time and demand deposits. The unfavorable banking situation may be attributable to legislation passed by Congress adversely affecting Philippine export trade, especially in sugar and coconut oil. The Bank report for the month, in millions of pesos, showed the following:

	May 26	Apr 26	May 27	Apr 28
Total resources	240	212	221	221
Cash, discounts and overdrafts	96	98	98	102
Investments	51	54	51	44
Time and demand deposits	135	138	120	120
Net working capital, foreign banks	—	—	—	10
Average daily debits to individual accounts, four ending	3.8	4.2	3.3	3.3
Total circulating	127	127	118	118

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An automatic oil reclaimer has been developed especially for operators of small fleets of cars. Capacity is said to be up to 10 gallons a day; output, 80 to 85 per cent of dirty oil. . . .

New in tires: A tire of new tread design said to be both nonskid and noiseless; a tube which can be run flat without being cut to ribbons; another tube incorporating new puncture sealing principles and light enough for use on smallest cars. . . .

A new "break-in" oil is said to combine characteristics which enable it to produce a perfectly run-in motor, to permit higher speeds during breaking-in periods. . . .

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Steam heat for your automobile is provided through a new heater which requires only three-fourths of an ounce of water to operate, utilizes a boiler unit mounted in the exhaust pipe. . . .

A new dual-purpose radio operates either on household current or automobile battery. It can be placed in front or back seat of the car, disconnects easily for use as a second set in the home. . . .

A frameless bronze fly screen for double-hung windows has been developed. Screws at top and bottom secure it, tension is adjusted by devices at the bottom. . . .

Sniffing dogs are said to shun shrubbery protected by a new compound, odor of which is offensive to canine, unnoticeable to human noses. It's supplied in tube form. . . .

Marksmen are offered a new .22 target cartridge with a sharp shoulder bullet which clips sharp, clean holes in the target. . . .

Duck pins are now being made of hollow cast aluminum. They're fitted with rubber rings on head and body, to deaden noise. . . .

A new self-opening die head replaces the usual large-chaser with carriers which take small, high-speed insert chasers. Lower costs, reduced set-up time, fewer adjustments are claimed. . . .

THE march of new products to market, unstemmed by depression, is moving at increasing tempo as business improves. A host of new things are making their bow and bid today

Typewriter feeding attachments for use with continuous forms which both insert and remove carbon paper are now offered. They're said to cut carbon-paper costs, speed typing give accurate registration, allow typewriters to be used as billing machines. . . .

Greater filing speed, space, convenience are claimed in a new filing cabinet. Drawers have swing fronts which drop outward as drawers are opened, give ample space for parting contents. . . .

A new, washable paint for fibrous or felted insulating board is said to require no sizing, to defeat excessive absorption.

Growth of rot-producing bacteria is said to be retarded in a new milk can having a self-venting lid which allows undesirable gases to escape. The lid's offered for use on old cans, also. . . .

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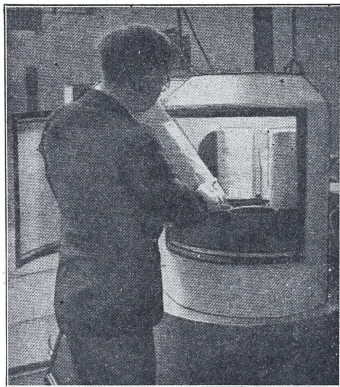
A two-speed transmission is built into the pedal assembly of a new bicycle. A small lever shifts gear instantly. . . .

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A veneer dryer which dries the entire veneer content of the peeler log in one continuous strip is now available. It is said to reduce wastage, permit production of veneer sheets of any size. . . .

Now come suspenders which do their duty without benefit of buttons. Clasp adjust to the trousers as one's anatomy dictates. . . .—PAUL HAYWARD.

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing to NATION'S BUSINESS.



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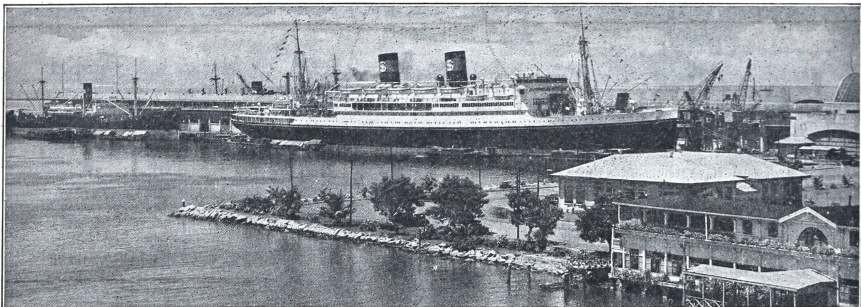
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SHIPPING REVIEW

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



As was to be expected, the total tonnage of shipments from the Philippines for the month of May dropped very considerably, principally due to the curtailment of the movement of sugar. The total amounted to 232,304 tons as against 320,256 tons for the month of April.

To Oriental Ports, hemp shipments continued in good volume although off from the

previous month. Lumber and log shipments were again heavy, amounting to over five million feet. There was a full cargo of molasses shipped to Hongkong.

To Pacific Coast Ports, cigar shipments were quite good. Coconut oil, copra and copra meal all dropped off. Lumber was also off, but hemp improved. Centrifugal sugar shipments were again heavier than usual, but there was a very decided drop in the movement of refined sugar. Lumber was slow, with other items only fair.

To the Atlantic Coast, coconut oil was again quite good, but copra again slow. Hemp,

while off from the previous month, moved quite freely. Centrifugal sugar shipments amounted to only 100,000 tons compared with 175,000 tons for the month of April. Rope and desiccated coconut both improved.

To European Ports, copra shipments were particularly heavy, but copra cake only fair. Hemp was good. Lumber and other items were slow.

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

	Tons	Misc.	Savings	Tons	Sailings
China and Japan.....	33,852	with 54 of which	1,253	1,253	were carried in American Bottoms with 12
Pacific Coast Local Delivery.....	37,332	with 21 of which	31,543	31,543	were carried in American Bottoms with 11
Pacific Coast Overland Delivery.....	1,102	with 13 of which	742	742	were carried in American Bottoms with 6
Pacific Coast Inter Coastal Strer.....	2,021	with 12 of which	1,554	1,554	were carried in American Bottoms with 9
Atlantic Coast.....	128,233	with 31 of which	44,398	44,398	were carried in American Bottoms with 10
European Ports.....	23,204	with 18 of which	218	218	were carried in American Bottoms with 2
Australian Ports Mexico and Calcutta.....	6,561	with 6 of which	00	00	were carried in American Bottoms with 0
A GRAND TOTAL.....	232,304	with 99 of which	80,008	80,008	were carried in American Bottoms with 19

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As will be seen from the following figures, passenger bookings during May declined considerably in all classes, due to the termination of the seasonal movement away from the Philippines. Traffic to Europe via Suez, however, particularly in tourist and second class, continued heavy, and Round-the-World steamers and other vessels destined for Europe via Suez are still continuing to sailing with capacity lists. This is the first year that the Round-the-World tourist season has maintained such a high level during May.

The following figures show the number of passengers departing from the Philippine Islands during May, 1934:

	First Inter- media	Third
China and Japan	99	185
Honolulu	2	3
Pacific Coast	62	81
Europe via America	8	10
Straits Settlements and Dutch East Indies	5	11
Europe and Mediterranean Ports beyond Colombo	8	57
America via Suez	0	0
Australia	2	5
Round the World	0	0
TOTAL FOR MAY	186	383
TOTAL FOR APRIL	488	644

COPRA AND ITS PRODUCTS

By KENNETH B. DAY
AND LEO SCHURMACHER

There were two very distinct trends in the June copra situation. The first was the dying out of hope for a better American market when congress adjourned without doing anything about the excise tax, which is now definitely in force until next year at least. The second was a revival of interest in the European copra market made possible through charters at reduced

rates, which eventually forced the Conference freight rate on copra to Europe down by 6-1/2 Shillings to North, Continental ports and 9 Shillings to Mediterranean ports. Ordinarily arrivals are expected to increase in June. This year was no exception, but the increase was nominal as far as Manila and Cebu were concerned, although presumably a good deal more copra was exported directly from outports than in previous years. The end of the month showed a very unsatisfactory condition with varying prices in the Islands, and both buyers and sellers uncertain as to what the future might hold for them and consequently acting with unusual caution and upon individual appraisals of the future.

COPRA: Compared with 1933, 1934 June arrivals in Manila were less than half. In Cebu a decline of 20% was noted, which is about normal, considering that last year was the heaviest on record. The weather was favorable for copra production, but with the low prices prevailing, producers are in many cases losing interest in copra and are turning their attentions to other better paying crops. The Manila market is largely controlled by oil mills and, therefore, is dependent on American oil prices. With the oil market so weak, mills could not afford to pay over P3.60 per hundred kilos Resecada, with the price around P3.50 at the end of the month. Buying interest was practically at a standstill. Cebu is largely an export market and is, therefore, more sensitive, which accounts for the fact that prices in Cebu were above those of Manila throughout the month. Starting at P3.60 for Semi-Resecada quality, Cebu declined to P3.40, but toward the end of the month stiffened up again to P3.60 or P3.70. In addition to this, Cebu pays a substantial premium for sundried copra ranging from 15 to 25 centavos per hundred, and this premium is a real inducement today. Very little copra was sold for export to the United States, where prices declined from 1.17-1/2 cents to 1.10 cents, but a lot of copra was sold to Europe at prices ranging anywhere from £8/10 to £7/10—depending on the quality and position. The follow-

ing statistics apply:—

Arrivals—Manila, 204,732 bags and Cebu 288,340 bags.

Shipsments—	Tons
Pacific Coast	10,566
Atlantic Coast	1,270
Europe	15,214
China and Japan	2,274
Total	29,324

Stocks on Hand in Manila—

	Tons
Beginning of Month	43,573
End of Month	36,725

In addition to the above very fair stocks of copra were held in Cebu and other provincial ports.

COCONUT OIL: There was very little buying interest for coconut oil in the United States throughout the month. During the second half a certain amount of oil was moved at 2-1/4 cents c. i. f. New York, with sellers interested in any takers at this price for almost any position. Buyers noting this, backed off and at the end of the month were indicating 2-1/8 cents forward shipments. The Pacific Coast market was extremely dull with practically nothing doing. Local prices declined to as low as 7-3/4 cents ex-factory. Statistics for the month follow:

Shipsments—	Tons
Pacific Coast	1,324
Atlantic Coast	4,274
Europe	661
China	95
Total	6,554

Stocks on Hand in Manila and Cebu—

	Tons
Beginning of Month	15,922
End of Month	19,601

COPRA CAKE: Copra cake continued to improve, but very gradually. Sellers had very little to dispose and would not offer forward positions because of uncertainty of operation.

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Buyers were consequently more interested, and the Hamburg price went up to ₱18.50, with local sales made up to ₱19.00 f.o.b. steamer Manila. Some little business was done in meal to the United States at prices ranging from ₱315.00 to ₱315.50 c.i.f. The following statistics cover these products:

Shipments—	Tons
Pacific Coast.....	2,586
Atlantic Coast.....	182
Europe.....	5,741
China.....	51
Total.....	8,560
Stocks on Hand in Manila and Cebu—	Tons
Beginning of Month.....	10,860
End of Month.....	9,475

DESICCATED COCONUT: Desiccated demand slowed up a trifle in June, buyers being well stocked for the moment. Prices ruled a shade lower. Mills in the islands were running at fair capacity and were building up stocks against a seasonal demand later in the year. Shipments for the month of June exceeded those of May by around 400 tons—totaling 4,441 tons.

GENERAL: Copra and oil were in a bad way at the end of June. Except for the European flurry, both buying and selling were despaired and producers were commencing to resign themselves to unsatisfactory prices for the balance of the year. There were a few optimists who were looking for higher prices, but without any very tangible reason therefore. Oil mills were running at reduced capacity or were actually shut down, and it is reported that two or three mills may keep their doors closed for some months to come, unless conditions improve. Europe has been buying copra so heavily that it is felt she will not be able very long to continue to absorb all offers, and while the freight reduction has helped, most of this reduction has been appropriated by buyers. There is some reason to believe considerable copra has been sold short for August shipment which may help sustain

the local market, but apart from that, it is to be expected that copra will continue easy with arrivals lighter than anticipated and that oil demand will be sporadic and at bargain prices, with copra selling gradually and at approximately today's levels. The last quarter of the year may show a change in this position. We sincerely hope so.

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



Prices are little changed since last month. Palaray ranges from ₱1.80 to ₱1.95 per cavan of 44 kilos according to class. Luxury grades of rice are from ₱4.45 to ₱4.85, macans from ₱4.05 to ₱4.25 per sack of 57 kilos. The market is quiet but steady, demand fair for the time being. Arrivals are ample to fill all commitments, owing to release of storage quedans at shipping points.

Planting of the new crop is under way in central Luzon, but retarded by drought except in irrigated districts. Seasonal rains may be depended on in time for extensive planting. They will arrive with a settled state of the monsoon. Requests from the United States as to supply and prices indicate a possible market there. This may be for transhipment to Cuba and Porto Rico, rice consuming markets linked with the United States. In this connection it might be mentioned that the domestic market has naturally paid little attention to grading for export. Samples sent are based less on quality than on broken grains as obtained in

most export markets. Quality grading doesn't exist here except for limited trade in luxury rice. Any permanent export trade will be governed by exchange, at present unsettled.

As regards rice in general, there is no such impasse in the trade as there is in wheat, for example. This is because of the large oriental market which takes up surplus if exchange permits.

Mr. Hill appends a note to his report, saying he is handling the proofs of two volumes of short stories he has written. *Journal* readers are generally familiar with his series published by the Philippine Education Company in a volume called *Old Manila*. A number of the stories in that volume originally appeared in the *Journal*. The book continues to be the most popular one about the Philippines on the market.—Ed.

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



RAW LEAF: The farmers in Cagayan and Isabela are still engaged in the curing of their tobacco. Owing to large supplies held by Manila dealers and manufacturers, no general buying activity in the producing regions may be expected until the farmers have duly conditioned their to-

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bacco of the 1934 crop. Export has been the lowest since June 1933. Corresponding figures are as follows:

	Rauwolfia Tobacco and Seraps Kilos	Striped Kilos
Australia.....	388	
China.....	2,813	
Hongkong.....	38,960	
Java.....	550	
North Africa.....	51,500	
North Atlantic (Europe).....	42,162	
Straits Settlements.....	476	
United States.....	31,102	
	<u>167,951</u>	

May..... 261,174
April..... 1,083,002
Crosses: The increase in shipments to the United States is temporary only, replacing a considerable quantity shipped during the latter part of April and during May and held up at Pacific Coast ports due to the longshoremen's strike there. Comparative figures for shipments to the United States are:

June.....	19,538,011
May.....	16,970,001
April.....	19,668,451

JUNE SUGAR REVIEW

By GEO. H. FAIRCHILD



Puerto Ricos and Philippines afloat advanced from 2.73 cents to 2.80 cents.

The improvement in the market continued in the second week and quotations on the Exchange showed an advance of 8 to 10 points at the close of the week. Transactions in Philippine sugar were insignificant owing to the uncertainty as

NEW YORK MARKET:

The allotment of quotas for the non-continental areas at the close of the previous month has lent a stabilizing effect to the sugar market, and quotations on the Exchange underwent but slight fluctuations closing at the end of the first week of the month under review 1 to 2 points up, while prices for duty-free sugars both for

to the disposal of excess sugar over the Philippine quota arriving in the United States and prices therefor remained unchanged at 2.80 cents. Puerto Rican holders enjoyed an advantageous position in the market since the quota for Puerto Rico was far from being filled and actual sugar prices as high as 3.05 cents were obtained from moderate sales present shipment made to refiners during the latter part of the second week.

During the second week of the month under review, it was reported that the compensatory tax of six centavos per sack of all Philippine sugar coming to United States had been revoked by the Secretary of Agriculture, which report, however, was not confirmed until a week afterward.

The advance in the New York market was maintained during the third week and gains of two points on the Exchange quotations were recorded at the close of the week, while prices for actual sugar developed an upward trend. Prompt shipment Cuban sugar was sold on the 22nd at 1.68 cents as compared with 1.50 cents and 1.48 cents on the 8th while business in Puerto Ricos was effected at 3.10 cents although this later declined owing to buyers retiring from the market. Only an insignificant amount of Philippine sugar was traded in and second-hand parcels afloat and on-store were sold at 3.10 cents and 3.12 cents. On the 23rd, the announcement was made that the Philippine quota of 1,015,186 short tons had been reached and United States customs officers were instructed that all shipments of Philippine sugar arriving during the balance of the year were to be kept in customs custody, for release not earlier than January 1, 1935.

On the 28th the price of refined sugar was advanced to 4.75 cents per lb. from 4.10 cents a pound, the price which ruled since May 23rd. The advance in refined price was attributed principally to the imposition of the processing tax. In expectation of a Presidential message indicating a further increase in Cuban preferential, quotations on the Exchange rallied at the close after suffering a slight decline at the beginning of the fourth week. Prices for actual sugar remained practically unchanged, and large sales of present shipment Puerto Ricos were made to refiners in the latter part of the week at 3.15 cents, while present shipments for Cubas were made at 1.69 cents and a subsequent transaction in Cubas was made to refiners for delivery during the second half of August at 1.72 cents.

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

	High	Low	Latest
July.....	1.67	1.53	1.66
September.....	1.73	1.58	1.73
December.....	1.82	1.67	1.80
January.....	1.83	1.69	1.81
March.....	1.89	1.73	1.86
May.....	1.94	1.77	1.91

Stocks: Stocks in the United Kingdom, United States, Cuba, Java and European statistical countries as reported on June 20 were 8,045,000 tons as compared with 8,048,000 tons at the same time in 1933 and 8,184,000 tons in 1932.

Philippine Sales: Sales and resales of Philippine sugar were reported in New York during the month as follows:

	Cents per Pound		
	Long Tons	From	To
Sales.....	11,500	2.73	2.78
Resales.....	19,500	2.73	3.12

LOCAL MARKET: The local market for centrifugal sugar remained practically lifeless throughout the month except for insignificant transactions during the second week of the month for local refining on the basis of P4.50 to P4.60 per picul, and speculative buyers were reported to have made purchases on the basis of P4.80 per picul during the last week of the month.

During the latter part of the month under review the Governor General announced the sugar allocation formula for the Philippine quota under the Jones and Lanning Act, allowing the 1935 and subsequent year's quota on the average production of the Centrals and the Planters during the calendar years 1931, 1932 and 1933. The 1934 quota was not allotted allowing all producers to market their entire 1933-34 crop in 1934 and 1935. The excess over

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the 1934 quota coming from 1933-34 crop will be absorbed by the industry as a whole and will be charged against the 1935 quota. It has been estimated by the Philippine Sugar Association that after allowing 100,000 long tons for local consumption, the surplus from the 1933-34 crop to be deducted from 1935 quota would amount to approximately 361,000 long tons, reducing the 1935 allotment to 545,000 long tons to make up for the full quota of 906,416 long tons to be prorated among the producers in 1935.

Philippine Exports: The sugar exports for the month of June as reported to us by private sources, amounted to 22,538 long tons of centrifugals and 511 long tons of refined or a total of 23,049 long tons. The aggregate exports for the first eight months of the current crop year beginning on November, 1933, and ending on June 30, 1934, follows:

	Long Tons
Centrifugals.....	1,047,741
Refined.....	57,217
TOTAL.....	1,104,958

LUMBER REVIEW

By ARTHUR F. FISCHER
Director of Forestry



Philippine lumber and timber exports during March and April registered an increase of 9% as compared with the corresponding period of 1933. This was largely due to increased shipments to the United States, Great Britain and British Africa, particularly to the first-named country. Important markets that showed decreased demands during the months under review as compared with the same period of last year are Japan and China, although the decline in the former was only slight—the whole the usual active demand in Japan was maintained during March and April. It has been reported that extensive building operations have been going on in Shanghai, Canton and Hongkong. If this is true, evidently the Philippines as a good source for the raw material, namely, lumber that is naturally needed in such activities has been overlooked. For in fact, during March and April there were only 146,280 board feet of lumber exported to China as compared with 1,625,192 board feet for the same months in 1933, or a decrease of 90%. That this country is a logical outlet for Philippine woods, among other Philippine products, can hardly be gainsaid. Thus it would seem that local lumber producers should take a keen interest in finding out the demands of this market with the view, of course, to meeting them.

The acceleration of lumber shipments to the United States during the months under review was principally due to the anticipated curtailment of Philippine lumber and timber imports into that country under the National Industrial Recovery Act. The Philippines was allotted a quota of 14,075,000 board feet for six months, beginning last June 1. This allotment was divided among individual mill applicants on the basis of 60% mill capacity and 40% average yearly shipment to the United States. In this connection, the above quota is about 16 million feet less than the total shipments to the United States in 1929. However, it is subject to revision from time to time and it seems that on this score there should be little or no ground for complaint, especially when consideration is taken of the fact that the monthly lumber and timber shipments to the United States so far this year averaged only 1,700,000 board feet in round figures. Thus, there is even the possibility of our producers not being able to fill the quota, in which event a reduction of the same by the lumber code authorities may be expected.

Mill production aggregated 30,175,738 board feet (Please turn to next page col. 3)

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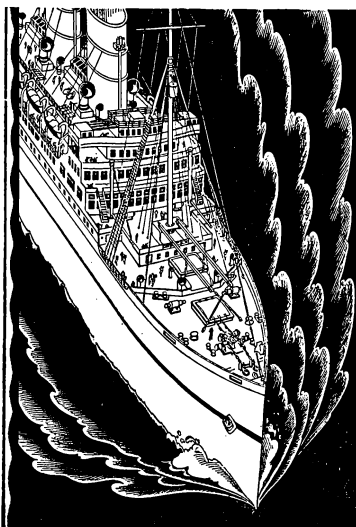
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Reg. No. 11746. Trademark consisting of the word GONG with a design, for cotton threads and yarns of all descriptions, registered on May 26, 1934, by R. F. & J. Alexander & Company, Limited, of Crofthead Works, Neilston, Scotland.

Reg. No. 11747. Trademark consisting of the words CAPITAN JUAN with a design, for cigarettes, registered on May 26, 1934, by Alhambra Cigar & Cigarette Mfg. Co., of Manila, P. I.

Reg. No. 11748. Trademark consisting of

the words COTTON GLACE POUR MACHINE with a design, for thread of all kinds, registered on May 26, 1934, by Societe Anonyme Filature & Fileries Reunies, Alost, Belgium, of Alost, Belgium.

Reg. No. 11749. Trademark consisting of the designation G M, for transportation elements of all kinds; motor driven vehicles, automobiles and trucks of all kinds, etc., registered on May 26, 1934, by General Motors Corporation, of Detroit, Michigan, U. S. A.

Reg. No. 11750. Trademark consisting of the designation G M, for internal combustion engines and repair and replacement parts thereof, etc., registered on May 26, 1934, by General Motors Corporation, of Detroit, Michigan, U. S. A.

Reg. No. 11751. Trademark consisting of the words RING-FREE, for petroleum products, such as gasoline, kerosene, lubricating oils and lubricating greases, registered on May 26, 1934, by Macmillan Petroleum Corporation, of Los Angeles, California, U. S. A.

feet for the two months under review as compared with only 23,264,377 board feet for the corresponding period in 1933, or an increase of about 30%. Despite this large increase, however, total lumber deliveries was only about 1% below the production.

The following statements show the lumber and timber exports, by countries, and the mill production and lumber inventories for the months of March and April, 1934, as compared with the corresponding months of the previous year.

Lumber and Timber Exports for the months of March and April

Destination	1934	
	Board Feet	Customs-Declared Value
Japan	8,323,968	₱162,490
United States	2,833,168	216,141
Great Britain	990,464	87,132
British Africa	596,568	36,568
Netherlands	240,832	3,340
China	146,280	10,559
Portuguese Africa	135,680	8,670
New Zealand	49,608	7,434
Denmark	44,944	4,740
Norway	17,384	2,048
Australia	12,720	664
Japanese China	—	—
Ireland	—	—
Hongkong	—	10
Spain	—	—
Guam	—	—
TOTAL	13,391,616	₱539,796

Destination	1933	
	Board Feet	Customs-Declared Value
Japan	8,870,504	₱149,310
United States	891,248	50,557
Great Britain	563,920	44,301
British Africa	256,520	17,815
Netherlands	—	—
China	1,625,192	81,706
Portuguese Africa	—	—
New Zealand	25,864	1,798
Denmark	—	—
Norway	—	—
Australia	3,816	241
Japanese China	19,928	827
Ireland	13,568	946
Hongkong	3,392	396
Spain	—	40
Guam	—	17
TOTAL	12,273,952	₱347,954

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

For 49 Mills for the months of March and April Lumber Deliveries from

Month	Mills	
	1934	1933
March and April	29,669,219	27,161,235
Month	Lumber Inventory	
	1934	1933
March and April	25,530,287	21,953,354
Month	Mill Production	
	1934	1933
March and April	30,175,735	23,264,377

NOTE:—Board feet should be used.

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RAIL COMMODITY MOVEMENTS

By M. D. ROYER

Traffic Manager, Manila Railroad Company



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

Rice, Cavanes.....	169,193
Sugar, Piculs.....	3,994
Copra, Piculs.....	78,625
Desiccated Coconuts, cases.....	12,063
Tobacco, bale.....	980
Lumber and Timber, board feet.....	302,400

The freight revenue car loading statistics for five weeks ending June 9, 1934 as compared with the same period for the year 1933 are given below:

FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONNAGE		Increase or Decrease	
	1934	1933	1934	1933	Cars	Tonnage
Rice.....	637	788	8,834	8,073	(151)	(139)
Palay.....	88	87	523	568	44	138
Sugar.....	173	1,079	1,345	33,739	(606)	(20,021)
Sugar Cane.....	72		1,345	72	1,345	(7,301)
Copra.....	513	1,496	3,899	11,190	(673)	(7,291)
Coconuts.....	167	112	3,238	1,498	53	740
Molasses.....	65	123	1,877	3,636	(60)	(1,759)
Hemp.....	8	3	15	4	4	(476)
Tobacco.....	8	31	64	840	1	(16)
Livestock.....	4	20	20	213	16	(93)
Mineral Products.....	295	340	2,616	4,233	(81)	(1,617)
Lumber and Timber.....	218	226	5,682	5,847	(8)	(165)
Other Forest Products.....	9	9	30	58	(4)	(28)
Manufactures.....	151	175	2,802	2,411	(24)	(493)
All others including L. C. L.....	2,973	3,658	18,810	24,053	(685)	(5,243)
TOTAL.....	5,338	8,118	53,427	97,323	(2,780)	(43,896)

SUMMARY

Week ending Saturday, May 12.....	1,297	1,665	16,312	21,169	(372)	(4,857)
Week ending Saturday, May 19.....	1,033	1,718	9,450	23,013	(605)	(13,563)
Week ending Saturday, May 26.....	1,091	1,708	10,718	20,794	(617)	(10,076)
Week ending Saturday, June 2.....	1,043	1,514	9,496	16,716	(469)	(7,220)
Week ending Saturday, June 9.....	952	1,508	7,451	15,631	(655)	(8,180)
TOTAL.....	5,338	8,118	53,427	97,323	(2,780)	(43,896)

NOTE:—Figures in parenthesis indicate decrease.

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The Philippines Chapter of the American Red Cross has rendered direct assistance in one form or another to 500,000 persons in the Philippines in the past year. Red Cross services have cost, in the past ten years, around P5,000,000. Of this amount, nearly P400,000 has come from National Red Cross Headquarters in Washington.

It is time that our local Chapter should begin meeting its own needs and emergencies. That is possible only through greater individual financial support. Membership in the Red Cross is a worthwhile investment.

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Table with columns: Commodities, April, 1934, April, 1933, Monthly average for 12 months previous to April, 1934. Rows include Sugar, Lard, Coconut Oil, Copra, etc.

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

PRINCIPAL IMPORTS

Table with columns: Articles, April, 1934, April, 1933, Monthly average for 12 months previous to April, 1934. Rows include Cotton Cloth, Iron and Steel, Wheat Flour, etc.

CARRYING TRADE

Table with columns: Nationality of Vessels, April, 1934, April, 1933, Monthly average for 12 months previous to April, 1934. Rows include American, British, Dutch, German, etc.

EXPORTS

Table with columns: Nationality of Vessels, April, 1934, April, 1933, Monthly average for 12 months previous to April, 1934. Rows include American, Japanese, German, etc.

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Table with columns: Ports, April, 1934, April, 1933, Monthly average for 12 months previous to April, 1934. Rows include Manila, Hoio, Zamboanga, Jolo, etc.

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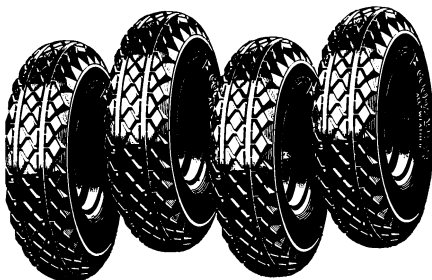
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