

PHILIPPINE TYCOON

I've just learned about a man who unwittingly, at least without design, made himself and others a huge fortune just through trying to do a couple of people a good turn. Incidentally he has been the means of giving steady employment to no fewer than ten thousand people and he has paid millions into the treasuries of two governments in taxes, to say nothing of having developed as many as three rich steadily-producing gold mines, with invaluable chromite deposits on the side.

So I present Judge John W. Haussermann, rated in Manila as American Citizen Number One. He is a stout, smiling, young fellow of seventy-one years, one of the most cheerful and most amicable you ever met. When he talks of his achievements in the Philippines you find out that his greatest pride is not in the fortune he has built up—almost with his left hand. His proudest boast is that with those ten thousand employees, subject to agitators of more kinds than we have on the mainland, he has never had any labor trouble.

But let's take the Haussermann story in proper sequence.

He was born at New Richmond, Ohio, the son of a butcher. He put himself through law school working as a janitor in the post office, as a riverman, and as a laborer in his elder brother's packing plant at Cincinnati. He moved to Leavenworth, Kansas, and hadn't been there long before he became the boy city attorney. When the Spanish-American War broke he enlisted in the Twentieth Kansas, became one of Funston's officers, and went to the Philippines. After the Twentieth Kansas was withdrawn from the fighting lines, young Haussermann was detailed to the office of the Judge Advocate General and became Acting Judge Advocate.

He had married in Leavenworth and Mrs. Haussermann was in Manila with him. By the time the war was over, he was pretty solidly established in Manila and decided to stay. When Taft was made Governor of the Philippines, Haussermann was Assistant Attorney General and Taft assigned him

to draw up the first Charter of the City of Manila. That Charter stands today. The firm Couderdt Brothers, famous as international lawyers, needed a representative in Manila. Upon inquiry they found out that young Haussermann was just about tops. So he was obviously in a nice spot. As a matter of fact he was doing so well in the practice of law that he had promised his wife to retire and return to the States in 1915.

Before that, however, one of his clients got into trouble. The client was a restaurant owner who had grubstaked a couple of discharged American soldiers. They had found the vestiges of an old mine which used to provide gold for the chests of the Spanish kings in the days of the conquistadors. For six years Haussermann's client and his associates struggled, pouring into the ground money which never came back. At the end of the six years they were in the soup and came to Haussermann with their troubles. The Judge, though well-to-do, couldn't command out of his own pocket the funds necessary for reorganization. But he was able to finance the assessment work to keep the mine going and the title clear.

Of course his first act was one which any other sensible person would have taken. He engaged mining engineers, experts, to report on the property. As a result he could write an amusing chapter on experts. His engineers reported that gold was there but it was, in the language of the profession, a "pocket" property, *i. e.*, spotty. They advised against developing it. And here's the pay-off: Haussermann ignored their pessimistic advice. Twice later in his career as a miner that experience was repeated. Three times top-notch mining engineers had advised Haussermann against going ahead with the properties in which he became interested. Three times he threw the advice into the wastebasket. Three times they were wrong and he, with no knowledge of geology or mineralogy, was right.

The long and short of it is that Haussermann was able to get together enough capital to reorganize that old Spanish mine which is known today as Benguet Consolidated. Haussermann insisted that the men who had poured their money into the ground should be in on the reorganization upon equal terms with the new investors.

But that wasn't the end of the

troubles of Benguet Consolidated. In 1910 there came a terrific storm followed by a flood which washed the mill down the valley. This looked like the end.

Against the advice of the experts he got together enough money to build a new mill. He kept his promise to Mrs. Haussermann and went home to New Richmond, Ohio, in 1915—but not before he had done and seen enough to know that Benguet, after more than ten years of tribulations, was on its way. One year after he had returned to Ohio he received the report that he had expected: gold was pouring out of the Benguet mine. Soon dividends started pouring in on the stockholders.

In the next four years they produced more than ten million dollars' worth of gold, paid more than five million in dividends, and in 1923 cut a melon of 100 per cent stock dividend. In 1926 the experts reported the mine was played out. Haussermann again played his hunch against the men of learning. He overrode his board of directors, ordered diamond drills and other equipment, started exploration in the mine. The new vein that he tapped made it more valuable than ever.

At about the same time a grave misfortune had overtaken another friend, in fact his family physician. Dr. Vincent of Manila had invested practically his entire life savings in the shares of the Balatoc Mining Company. Haussermann took hold as he had with Benguet. He took 60 per cent of Dr. Vincent's stock, paying the par price for it, though its market value was trifling. In the reorganization he insisted upon the same terms as before—that the original investors should share and share alike with the new stockholders. In a couple of years Balatoc too was paying quarterly dividends, and in spite of the stock dividend the shares became rated at three times their par value.

The story was repeated in 1932 when Haussermann took over another gold mine at Ipo, not far from Manila, which an engineer had recommended be shut down. In 1934 he got his money back and today that mine looks better than ever. The Haussermann mines in 1936 reported almost \$7,000,000 in dividends—that is more than 70 per cent of the total dividends of all gold mines in the Philippines.

As a matter of fact, Judge Haussermann has received an offer from

Japanese sources for his Benguet, Balatoc, and Ipo properties, as well as the rich chromite deposits in western Luzon. He did not accept. Like some other Americans in the Philippines, he is hanging on, principally, he says, because he feels that to get out would be to desert a post. The Americans in the Philippines look upon the Tydings-McDuffie Act as "nothing short of disastrous. And by this time the educated Filipinos are dismayed at what they have done. For after all, the Tydings-McDuffie Act is the consequence of three decades of pleading by the Filipino leaders.

But, as one of them said to me, "We can't turn around now all of a sudden and tell our people we were wrong. While we were agitating for independence, the Japanese menace was not apparent. But now it is all too clear. The standard of living among our people has been pushed up to a point where it is higher than those of any others in our part of the globe, thanks to the work of such men

as Judge Haussermann. When that standard of living is reduced to the Japanese level, it will be a sad step backwards."

The evacuation of the Philippines by Uncle Sam means literally the end of the White man in the Far East. It means that not only we get out but that the French, British, and Dutch will be pushed out. That is Haussermann's conviction and he speaks for the other Americans in the Philippines. Confidentially, as we have observed, the more educated Filipinos now agree with him. But for the reasons explained, they can't say so. Some of the Americans are hanging on, cherishing the hope that something will happen to avert the sad day promised in the Tydings-McDuffie Act.

As an employer, John W. Haussermann is emphatically of the benevolent, paternal order. In the administration of Benguet, Balatoc, and Ipo, the treatment of employees is his own keen personal province.—*Lowell Thomas, condensed from The Commentator.*

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TACK

She: "Am I the first girl you've ever kissed?"

He: "As a matter of tact, yes."