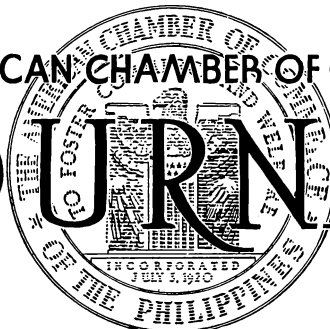


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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Editor and Manager

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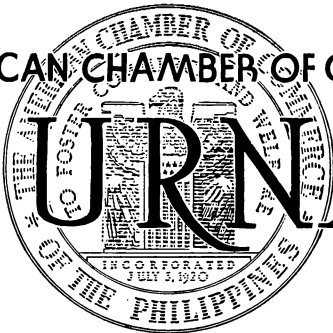
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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

The almost unanimous election of Ambassador Carlos P. Romulo to the Presidency of the fourth annual session of the General Assembly of the United Nations, is an honor both to the man and the nation which he represents.

World Assembly President — Romulo

He received the votes of the representatives of all of the fifty-nine nations, great and small, except those of Russia and its satellites who gave five votes to the Czech Foreign Minister, one other, unidentified vote, possibly Yugoslavia's being declared invalid.

Mr. Romulo's election may be interpreted as showing both the esteem in which he is personally held and the respect and goodwill internationally entertained toward the Republic of the Philippines. It greatly enhances this nation's prestige.

May the Philippines hold the respect it has won and go on from victory to victory.

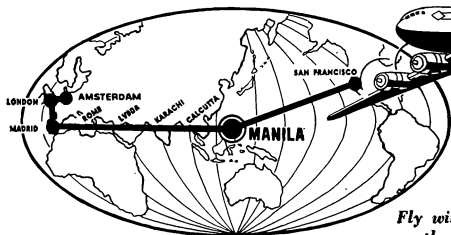
The British Government's devaluation of the pound sterling by 30% has met with general approval as a realistic measure which it is hoped and believed will improve the British position in international trade, but no one should suppose that the act resulted from anything else than a bleak recognition of a desperate situation which required desperate resort.

The British action has prompted some irresponsible talk in Manila, — not in official quarters, to the effect that devaluation of the peso might be a means to meet the situation created by the dollar shortage which would result here if our imports continue greatly to exceed our exports. While the peso is "tied" to the dollar at the ratio of 2 to 1 by treaty agreement and while there are other legal obstacles to arbitrary devaluation, this nevertheless, could be done and would, in fact, be inevitable under certain circumstances, but it must be emphasized that it would be a desperate resort to which a government turns only in extremity.

The devaluation of the British pound was not a matter of choice except within margins of time and the precise degree of the devaluation. It was forced on the British Government by the untenable position in which Britain finds itself economically despite the assistance it has been receiving from the United States since the war. The fact is that though British production has greatly increased of recent years, the total production still runs far below the nation's needs, the position having been worsened by the efforts of the British Government, controlled by the Labor Party, to attempt through various socialistic measures to improve the condition of the British masses to an extent not justified by the present production. This has cost money, — other people's money, and the nation was on the verge of bankruptcy. The situation of Britain has once again shown that a people's general welfare, whatever the will of the government, must depend and can only depend in the long run on their production and not on what they can borrow. Britain *has* to increase its production still further and *has* to increase its exports to pay for its imports. If total collapse is to be averted, the nation has eventually to live within its income. And, true enough, this holds true for us in the Philippines also.

The situation being what it was, the British Government resorted to devaluation of the British currency. This means, first of all, and in effect, partial repudiation. People in Britain itself and elsewhere in the world who held pounds or who had investments in pounds suddenly found the dollar value of these assets reduced by a third. It means, furthermore, a reduction in real wages and, in the standard of living in Britain. Costs of production will be lessened and that was one of the effects aimed at because this will make it possible to offer British goods at lower prices and to sell more of them abroad. These lower production costs, however, will be partly offset by the higher costs of many imports

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used in production and the higher cost of imports generally will also further affect the cost of living.

Devaluation results in still further consequences and complications which reduces its usefulness even as an expedient. Other nations vying for foreign markets and faced with threatened severer competition from a nation which thus seeks to reduce its production costs and the prices of its exportable goods, follow suit in devaluing their own currencies, and each time this happens the advantage temporarily gained by the nation which first devalues its currency is diminished. As every newspaper-reader knows, the British devaluation was followed by the devaluation of the currencies of a score of other countries. In the present case, however, Britain expected this and even wanted it because its policy is aimed at improving the situation of all the countries within its economic orbit with respect to the United States.

Another consequence and complication which diminishes the temporary advantage gained by devaluation, is the likelihood that the workers of the country or countries affected will demand wage and salary increases to compensate for the decreased purchasing power of their pay and to meet the higher prices of the foreign goods they are dependent upon. There is already evidence that such demands will be made by the British workers.

So, before long, the temporary advantage gained by devaluation may be entirely wiped out and the position will be worse than it was in the beginning unless, in the meantime, production costs have been reduced through greater efficiency of methods and exported goods sell well because they are better adapted to foreign demand.

IT is of the most basic importance in the economic life of a nation and indeed of the whole world, to have a stable currency—stable currencies, affected only by the great time-trends which follow advancing technology and increased production, trade, and consumption and to have also stable rates of exchange of currencies among nations based on the price of gold and the cost of shipping it back and forth between countries as required by their trade balances.

The International Monetary Fund was established after the war principally to stabilize currencies and exchange in so far as this is possible at present, but though the Fund exercises great authority, still even this powerful international body can not fly into the face of economic law. Due to the state of British finances and the trade imbalance, the true value of the pound sterling—in terms of the relationship of domestic cost-price levels in Britain and the United States—had fallen to about its present level long before the British Government took the action it did, and the Fund, in approving the course the British Government took, only endorsed the inevitable. The brutal fact is that the British pound wasn't actually worth what was being asked for it, and that couldn't go on.

These are the facts in broad outline, if somewhat over-simplified, and they should serve to show that we must not talk recklessly of devaluation as a course which may be lightly adopted as an easy, pleasant, and satisfactory remedy for economic and financial trouble.

GREAT Britain did it. Many other nations did it. Why not we? Why not have four pesos instead of only two for the dollar? Wouldn't that

double the value of our reserves? Such talk is imbecile.

If the Philippines should ever have to face a peso devaluation, that would not be merely a maneuver on the part of the gentlemen in the Central Bank of the Philippines. It would mean that the country was teetering on the edge of financial ruin. It would mean that the present constructive planning had failed. It would mean a poorer life for all of us for perhaps a long long time.

When the step must be taken, as in the case of Britain and some of the other European countries, we may say that devaluation is good because it clarifies the actual situation, bad as it may be, and because, though at no small cost, it offers a "breathing-spell" and an opportunity for a new start. But let us recognize devaluation for what it is,—a desperate effort to avert a financial and economic, and sometimes a political, collapse.

We should understand that forced devaluation is a natural consequence of a depreciation in the real value of a currency, but that an artificial revaluation, either upward or downward, merely to influence costs and prices and wages and debts, is an attempt at contorting the real function of the currency, which is to "facilitate the exchange of goods and the flow of capital on the most stable basis". Such manipulations are only one manifestation of the belief current in some government circles throughout the world that natural economic laws may safely be twisted to obtain certain ends. The result of this error is seen in Europe today, where the multitudinous government controls of all kinds have only worsened the economies of all the countries affected and made confusion worse confounded.

AS for the possible effects of the present devaluations on Philippine trade, the consensus is that these will be minor, as most of our trade is with the United States and not with the countries in the sterling or "soft-currency" areas. Trade with Britain and other countries which have devalued their currencies may be expected to pick up in so far as our imports from them are concerned; our exports to them, however, may not, for a time, hold their own because of the higher prices buyers there will have to pay for our products in terms of their own devalued currencies. Our export trade with the United States may also suffer somewhat in such commodities as copra, in price if not in volume, because of the lower prices, in dollars, at which such products will be or may become available in the world market. It will take time, however, for those countries whose products compete with ours, to expand their production.

IT is true, in general, that all countries which do not now devalue their currencies are likely to lose sales to the countries which have devalued them, but that is not sufficient reason for them even to consider a like devaluation. For countries which *do not have to devalue*, countries which are relatively prosperous and whose currencies are stable with respect to the U. S. dollar, it would be madness to devalue simply because some other countries have done so and because they may face some export decreases. Such countries are in a position to absorb whatever losses may be entailed in the interest of saving the countries which are in extremity and whose recovery, as in the case of Britain and other European nations, is so necessary to the re-establishment of general world prosperity.

That is why the United States Government scouts all talk of dollar devaluation. The dollar is today the international standard of value and it is important to the highest degree to keep that standard stable, free from even a breath of impairment. If the dollar were devalued, then the only sense there is in the devaluation of some of the other currencies would immediately disappear.

From the shorter point of view, the more prosperous nations are, in a sense, making a sacrifice in thus submitting voluntarily to a more intensive competition from the less fortunate countries. But that is today the price of civilization. It is also proof that in the "high finance" of so-called "capitalism", considerations of sympathy and humanity do enter as well as what has been called "enlightened self-interest". The United States Government is very soundly encouraging the British and the others to sell more to America because, in the long run, that is the only way the United States could sell more to Europe. And when we think of "selling" (and buying), let us think of what that really means: an exchange of needed and desirable goods to the mutual advantage and enrichment.

Members of the American Chamber of Commerce and businessmen generally, we believe, will be very much pleased with a statement by Mr. Aurelio Periquet, who was recently elected President of the Chamber of Commerce of the Philippines, succeeding Mr. Gil J. Puyat, in the August issue of *Philippine Commerce*, the monthly organ of the Philippine Chamber.

The Dead Hand of Government Control

The statement is contained in an article outlining an 11-point program which Mr. Periquet has set for himself as the new head of his Chamber, and comes under Point 7. It runs:

"Anything that impedes free enterprise is objectionable. Government intervention has been decreed time and again, whether in this country, in the United States, or elsewhere. One such measure is import control. I recall that we endorsed for approval the law establishing import control as a temporary measure. While I do not argue on the beneficial effects of the import control, such as the conservation of our dollar reserves, by canalizing the import trade to essential commodities and capital goods and restricting the importation of luxuries and non-essential goods, the fact of the matter is that we favored it as a temporary measure. I shall suggest to the Board that we send a referendum to the members asking them to give their opinion as to the continuation or repeal of the import control so that we may arrive at a definite stand on the matter."

"Anything that impedes free enterprise is objectionable." That is as sound as it is emphatic. That is the authentic note.

As for import control, Secretary of Commerce and Industry Balmaceda has again announced that further cuts in the imports of "luxuries and non-essentials" are due and will be "substantial enough" to necessitate the observance of "greater austerity" here.

A section of the press having stated that the "American community" now "supports" import control, the American Chamber of Commerce last month deemed it necessary to issue a press statement denying this in so far as the Chamber's representation of the American community is concerned. The statement ran substantially as follows:

"The problems confronting an American businessman here are the same as those which beset the Filipino businessman. Their interests are very much the same. Both are interested in the establishment of a sound Philippine economy.

"Any criticism we may voice is offered as constructive criticism and in a desire to help.

"We are convinced that import restrictions are not a cure and can be only a temporary palliative of the exchange difficulties of this or any other country.

"When import control was first being considered here, considerable opposition was expressed both by Filipino and American businessmen. There was a general belief among them that the problem offered by the excess of imports over exports could best be solved by:

"1. Increasing local food production so that less food need be imported;

"2. Increasing our exports;

"3. Increasing the manufacture of all products which may be manufactured from local raw materials.

"Most businessmen at that time were not convinced that import control was necessary if a properly planned program of increased production were immediately and energetically put in operation.

"The Philippine Government, however, decided that import control was necessary and such controls were imposed. Since that time all American business houses here have faithfully cooperated in the attempt to make these controls work.

"If the situation today is indeed such that it has become urgent that even stricter controls be imposed as a temporary means to conserve our dollar-balance, then no right-thinking businessman, American or Filipino, would oppose them.

"However, even if this were so, there might still be considerable criticism of the methods used, and general criticism of the whole policy will no doubt continue unless all other possible means of balancing our imports and exports are diligently pursued so that the control may be terminated as soon as possible.

"There are two ways in which a country may balance its exports and imports,—one is right and the other is wrong.

"One is to lower the standard of living,—and import control is one means for bringing that about. The other and right way is to produce more and to export more in exchange for what is imported, utilizing all possible natural resources and, in our case, especially increasing food production.

"The American Chamber of Commerce always has been and still is opposed to import control in principle. However, the Chamber is as deeply concerned in the financial stability of this country as any other organization, and would cooperate wholeheartedly in the execution of any necessary policies adopted toward that end.

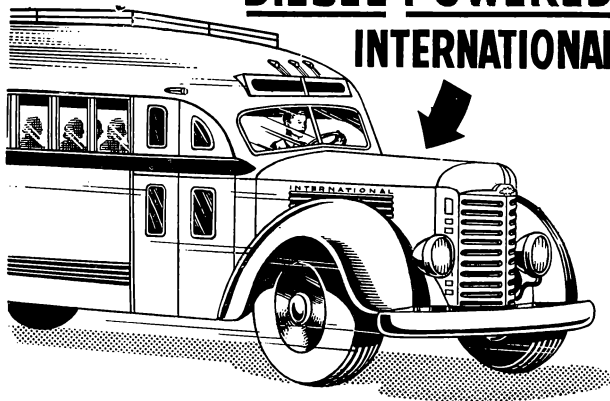
The foregoing was a more or less generalized statement for the Manila newspapers. In this Journal we should like to point out that while, under the present control, whether necessary or not, and with more lines coming under control all the time and with progressively larger cuts, the volume of imports has indeed been reduced, but this "success" has been accompanied by much damage. One of the most untoward effects is that it has become virtually impossible for businessmen to plan ahead except, in general, for still poorer business. The businesses of many importers have already been seriously curtailed, and it would appear that they have nothing to look forward to than still further curtailment.

What normally constitutes around half of the business of this country engaged in foreign trade,—the import business, has been most seriously affected and most deeply discouraged. All thought of expansion has been given up; stability, confidence, much of business incentive,—all this has already been sacrificed to the policy of import control.

In the "Real Estate" column of this Journal last month, the statement was made that "office space shows a growing percentage of vacancies in new buildings, and warehouse space is more readily available than at any time since 1945." And the editor of the column added: "Office and warehousing space appears to be feeling the effects of import control."

The policy has reduced imports, and if it is persisted in it will certainly reduce imports still further, but this will be at the cost of the failure of many businesses and the loss of their jobs by thousands of our workers.

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Further great depletion of the dollar reserves, however, would be fatal to the entire economy, and the present situation may render advisable the continuation of the control now begun, but it should be exercised only over luxuries and non-essentials properly so classified, as a temporary measure to be abandoned at the earliest possible moment, and pursued only as auxiliary to other sounder measures.

And rather than talk of "greater austerity" in a country that for fifty years has been engaged in an earnest effort to increase the general standard of living, we should talk of greater effort, greater industry, greater production. We should resolutely set our minds on *more* rather than *less*, on development, prosperity, abundance, rather than on choking and checking, retardation, retrogression, a more grinding poverty.

"Anything that impedes free enterprise is objectionable." Nothing so impedes enterprise as government controls. That, indeed, is the dead hand the laying on of which palsies and kills.

Since the foregoing was written, some of the Manila newspapers published summaries of a new import control order which, it was stated, was to be submitted to the Cabinet for approval. The order would apply to no less than 160 different classifications of goods, some 65 of which would be new, and the cuts would range up to 95%.

The following day it was officially stated that this had been an unauthorized and premature publication of an "unedited draft", but business generally was aghast at the extent of the further curtailment of imports which is evidently being considered.

We wish to make it plain that nothing that was said in the Chamber's release to the press or in the foregoing editorial should be or could be interpreted as being in support of any measure so extreme. It would be so-called "control" itself running uncontrolled and hog-wild. It would be ruinous to much if not all of our business and our general economy, a ruin that would certainly have to be measured shortly in terms of failures and bankruptcies, decreasing new investment, increased unemployment, a falling off in government revenues, all against a general rise in prices and an increased cost of living, and greater and greater popular discontent.

No government can afford to draw such consequences upon itself at the behest of a group of its bureaucrats and theoreticians.

A despairing contrast between humanity's technological and political progress, is often drawn. Our science has far outrun our politics. Yet we have made political progress, too, even if it be admitted that the absolute ruler has only made way for the demagogue.

Though a number of ancient states and empires were certainly not small, political forms of organization in general have grown vastly not only in size and power, but in the character of their human base.

In the main, the many have always been governed by the few, but governments have, on the whole, become steadily more representative of, and responsive to, ever greater masses of people.

Government by war-chiefs and medicine-men, by feudal land-owning classes, by ecclesiastical hierarchies, by aristocrats, nobles, and kings, by oligarchies of merchants and plutocrats, — all such forms of domination lie largely behind us. They appeared and disappeared, often to appear and disappear again, on the world-scene in various places and over many centuries, and they all played their part in human advancement. They all served, primarily in establishing and maintaining order, but generally also exploited the multitude.

These various classes of rulers have succumbed, one and all, before the surge and swell of the will of the people, before the great democratic flood, whether it was recognized as such or not. And even from the first, the most veritable tyrants had always to be careful that the mutterings of an oppressed people did not rise to the cry of revolt.

The demagogue is generally conceived of as a sinister figure, and this he may be and often is, though demagogues may range in character from a Roosevelt (some have called him a demagogue) to a Hitler. Today, even totalitarian despots give lip-service to democracy, and though they rule by terror they themselves live in mortal fear of the people and play upon them with every organ of propaganda in the effort to retain their grace. That even the most evil rulers of these times are demagogues, is an unconscious tribute to the people and their latent power.

When we see demagoguery in action today, we should not be wholly disgusted but rather recognize that fundamentally it is a hopeful thing that a political scoundrel must, as does the honest democratic leader, attempt to win over the people instead of seek to gain the support merely of the classes and the special interests, as he had to do in the past.

If we are largely governed through demagoguery today, this is because the power of the people is recognized. If the historical process has led only from the autocrat to the demagogue, we should understand that while both are dangerous, the latter rarely exercises such absolute power as did the former.

The spirit of democracy may be subverted and perverted, as it is under what now is called communism. But even so, no demagoguery can long save any regime when its appeal to the people ceases to be convincing and the despotism can only be maintained by naked force, for force must always in the end bow to the people's consent.

Under modern "scientific" methods of control, including not only terror and brutalization, but a hypnotic propaganda, it does appear that whole populations might be hopelessly enslaved, made unaware of their chains, dulled to all their miseries, even taking in them an idiot-delight. But that is such a nightmare picture of the humanity of the future under totalitarianism that we feel that it could never be true. Somehow, man, with his human intelligence and spirit, would fight himself out of such a demonic trap, which only madmen would be capable of constructing. Not that we have not had such madmen. Mussolini was one such, Hitler was another... and there are still others.

We may confidently expect further development in democratic leadership as the people themselves raise their material, intellectual, and moral standards. If much of today's leadership even in our de-

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mocracies is still merely demagogic,—addressing itself to ignorance, prejudice, and passion, resorting to catchwords, lying accusations, specious arguments, making use of social discontent to hoist itself to power, then there is also a growing capacity on the part of the people to discriminate between great men and mountebanks, between sincere men and hypocrites, between devoted men and the self-seekers, between the planners and the sly plotters, between the builders and the underminers, between the preservers and the assassins and destroyers.

The exploiters of every type will continue to attempt to play their parts, but they will be ever more surely recognized for what they are, and will be given ever lesser shift.

We publish in this issue of the Journal a very clear exposition of the facts, the law, and the equities

involved in connection with claims which have arisen from the Japanese seizures of the credits and bank deposits of American and allied firms and nationals in the Philippines, including decisions of the Philippine Supreme which in effect "validate" this enemy action and relieve certain local banks of any obligation to their pre-war depositors and also relieve debtors generally who paid off their pre-war obligations in Japanese military notes, of all further liability.

The Court decision with respect to the liability of these local banks to their pre-war depositors has fallen especially heavily on numerous Americans of moderate means, former civil servants and veterans of the Spanish-American war who are thus deprived of their life-savings at a time when they need them most.

The situation cries for corrective action.

Story of the Manila Bankers

as told in the Santo Tomas Internment Camp*

By A. V. H. Hartendorp

MANILA bank executives among the internees, unanimously, though with bankers' reserve, expressed dissatisfaction with the manner in which the abandonment of the city had been carried out by the United States and Commonwealth authorities. They said, as did everyone else, that they had received insufficient warning. The three days just prior to the enemy occupation, during which the banks were closed to the public, could have been used by them in preparing for the inevitable, but they were actually given over to little more than the ordinary end-of-the-year business of banks. Bankers said that if they could have gotten their records away, the Japanese would have had much greater difficulty than they had in taking over control of the business of the country.

As for the public, had the banks been open during the last two days of the year and on New Year's Day, not so many people would have been caught in the most terrible crisis of their lives with little or no money. But December 30 is Rizal Day in the Philippines, a national holiday; December 31, as the last day of the year, is customarily a bank holiday; January 1 is a public holiday. January 2 (Friday) was the day of the enemy occupation, and although the Japanese did not enter the city until around six o'clock in the evening, they had been expected from hour to hour during all of that day. Great fires were raging at Pandacan, along the river banks, and in the port area, looting was going on, the city was in panic. The night before, the bank managers, in consultation with Bass and Vargas, had decided that the banks should remain closed that day. It was too late to think of opening them then.

A brief summary of Philippine banking history during the six months which preceded the outbreak of

the war in the Pacific, is interesting. About the beginning of this time, all the banks were busy on "T. F. R. 300," a form which had to be made out for the U. S. Treasury showing the assets and liabilities of all foreign nationals in the Philippines; also of those Americans in the Philippines whose legal residences were in the countries mentioned in the various "freezing" orders of the American Government. These forms were completed in October and November and turned in to the office of the U. S. High Commissioner.

The freezing of Chinese assets followed the freezing of Japanese assets as a measure, taken in collaboration with the Chinese Government, to prevent Japanese manipulation of Chinese finances. The purpose of the freezing orders was not to interfere with the legitimate business of the nationals of the countries to which these orders applied, but rather to control certain exports which were of military importance to the aggressor nations. The Japanese and Chinese nationals in the Philippines were still allowed to draw up to P1000 a month from the banks in which they had deposits, this applying also to Americans in the country whose residences were in Japan or China.

The two Japanese banks in the Philippines,—the Yokohama Specie Bank and the Bank of Taiwan, were ordered closed on December 8, the day war broke out, and all Japanese accounts in other banks were frozen. Had Manila not been occupied by the enemy so soon afterwards,—within a month, certain concessions would no doubt have been made with respect to individual bank withdrawals by interned Japanese nationals, but things moved too swiftly. The offices of the Japanese banks, though closed, were not interfered with, but a representative of the High Commissioner's office went into each of the banks. Japanese business houses, factories, stores, etc., were simply closed-and

Author's note:—This is one of a number of similar sections, based on personal interviews, in the writer's unpublished book on Santo Tomas. It was written after interviewing most of the bank officials, American and British, then in the camp, and was checked by them for accuracy at the time. As a precaution against the results of a possible discovery of the manuscript by the Japanese, names were little used and sources were never indicated.

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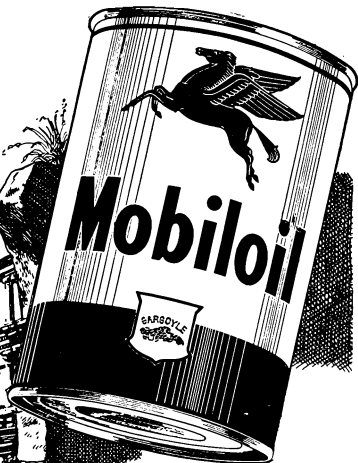
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placarded, "Closed by Order of the USAFFE." There was some discussion as to this by the authorities and in the end it was decided that the High Commissioner's office would take charge of these alien properties, but it was already too late to work out any course with reference to them.

Pre-war banking hours in Manila were from 9:30 a.m. to 2:30 p.m. After the outbreak of war, the hours were changed from 9:30 to 12:00, with but one instead of two bank-clearings a day. This was found advisable because the frequent bombing raids on the city greatly upset bank routine.

Regulations were issued by the Bank Commissioner limiting all personal cash withdrawals of depositors to P200 a week, a special license being required to withdraw more. Later on this was changed to P1000 a month. This was for the purpose of protecting the cash-on-hand in the banks. There was, however, no difficulty in drawing cash for pay-rolls, and those earning more than P200 a month had the excess transferred to their accounts. Outstanding bills could be paid in checks negotiable through the banks, as such checks, cleared daily, did not involve the payment of cash over the counter, but were met in the aggregate by the clearing-balances which the various banks maintained at the Philippine National Bank.

There were also restrictions on exchange, to prevent a "flight of capital," and telegraphic transfers were limited to P500 in the case of individuals except by special permit from the Bank Commissioner. Company transfers were however permitted within their established regular requirements, and the Bank Commissioner allowed the banks considerable latitude in carrying out this order. On December 10 the order went out that banking institutions for the purpose of fulfilling exchange contracts executed after December 8, 1941, should satisfy themselves that such contracts were entered into for the purpose of obtaining foreign exchange with which to pay for the import or export of goods. There was a difference of opinion among the bankers in Santo Tomas whether this applied to banking institutions themselves.

Though there were official indications of what was ultimately to be expected, bank managers in the Santo Tomas camp stated definitely that they had never received any direct warning from any responsible government official that the enemy occupation of the city was as imminent as it proved to be, with the result that many important records, which might otherwise have been placed in safety, fell into the hands of the Japanese. *In actual cash and negotiable securities, however, the Japanese probably got very little.*

The High Commissioner gave the public an opportunity to lodge U. S. currency and government bonds with his office against receipt, though only for a few days late in the month, December 22 to 24. F. C. Bailey, assistant manager of the National City Bank of New York in Manila was deputized to handle this business at the offices of his bank. Publicity was given to the matter in the newspapers and many people took advantage of the opportunity this offered, though many more were still standing in line to await their turn when an armored truck called for the last time at the bank around 11 o'clock on the morning of December 24 to take this wealth away.

On May 26, 1941, the Bank Commissioner had issued "Special License No. 12," authorizing withdrawals from banks—

"for the purpose of buying bonds and/or other evidences of indebtedness to the Government of the Philippines, or of the United States or any of its instrumentalities authorized to issue such bonds and/or evidences of indebtedness, including bonds issued by government-owned or controlled corporations and other institutions, public or private, engaged in the military and civil defense of the Philippines. Any banking institution against which such withdrawals are made shall act as agent of the withdrawing depositor for the purchase of such bonds, or shall otherwise satisfy itself that such withdrawals are being made and will be solely used for the purpose of buying such bonds."

The Mint as well as the Philippine Treasury was housed in the Intendencia Building on the Intramuros side of the Pasig River, and this building was bombed and partly destroyed by the enemy around noon on Saturday, December 27. Two bank men, in the Santo Tomas camp, an American and a Scot, were caught in the first attack. A bomb exploded in front of the entrance, and although others were killed and wounded, the two, who happened to be standing behind the large pillars in the lobby, escaped injury. The chauffeur of the Scotsman had not come in to take shelter and was killed in his car, parked just outside the entrance. After the raid, the men got away on foot, across the Jones Bridge, and had reached their offices badly shaken, when, in a return attack, the Intendencia received several direct hits. Many in the building were killed. A representative of the Monte de Piedad had a man killed right on top of him. He himself was unhurt. The bombs were probably aimed at the shipping in the river, but some people believed that the building had been deliberately bombed by the enemy perhaps because they believed that bullion was being removed from there.

On the 28th, the High Commissioner's Office announced that private individuals and the banks other than the National City Bank might, up to noon of the following day, deposit their securities with the National City Bank in parcels together with affidavits of their contents for later checking; these securities were to be taken to Corregidor for safe-keeping, and, if it became necessary to destroy them, the affidavits would serve as a basis for issuing duplicate securities later.

On the evening of the same day, Sunday, December 28, bank managers were called to Malacañan where they were instructed by one of the U. S. Treasury officials in Manila to turn over all their remaining cash and negotiable securities to the High Commissioner's deputies at the Philippine National Bank and the National City Bank the next day. They were, however, given no specific warning as to the imminence of the enemy occupation of the city. The Bank Commissioner, Pedro de Jesus, told one of the bankers present that he couldn't sell any more dollars because the vaults in the Intendencia Building had been jammed by the bombing and he had therefore no place to put the pesos which he would be offered in exchange for the dollars.

Early Tuesday, morning, between 1 and 2 o'clock (December 30), an armored car, accompanied by a Constabulary guard in a truck, called at the two banks for the cash and securities, including the clearing balances, all of which was sent to Corregidor.

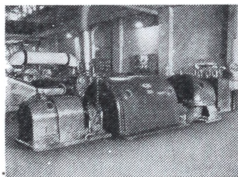
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As inter-island transportation was disrupted following the outbreak of the war, the branches of the various banks in the southern islands had no means of replenishing their cash. For this and other reasons, the Philippine National Bank branches were authorized by President Quezon to print emergency paper currency, much of which was used in paying the USAFFE in the field during the months which followed.

Some of the Manila bank executives awaited the Japanese in their offices on Saturday morning, January 3. They were made to turn over the keys and the combinations of the safes and vaults to them, and were informed that an official of the Bank of Taiwan had been appointed liquidator. Calhoun of the National City Bank and two of his staff were exhibited down-town for an hour or so in an open truck before being taken to Villamor Hall.

Subsequently, after their internment in Santo Tomas, a number of the bank men were taken out of the camp to their former offices to complete trial-balances and give other information. On such occasions they were generally treated with fair courtesy.

The Gold Bullion.—On the 22nd of December, most of the gold bullion on hand in Baguio, about P2,000,000 worth, was shipped to Manila in an armored truck. It was desired to get this off to Corregidor for safe-keeping, and the same armored truck was at the pier on the morning of the 26th or 27th. But neither of the two ferry boats which plied between Manila and the island came in all that day, and it was a day of frequent air-raid alarms and of several bombings in the port area. Every time the siren blew, the heavily-loaded truck (the bullion was about half silver and weighed three tons) drove off for greater

safety to the Luneta. It always took a little time for the heavy truck to get up any speed. During the day a lot of army gear accumulated on the pier, intended for Corregidor, and, in time, also a considerable number of wounded soldiers. An army captain, hearing about the three tons of bullion, said, "If there are any three tons of cargo to go, it will be corned-beef and blankets!" In the end, however, a major communicated the tip that after dark the S. S. *Don Esteban* would come to the pier and would sail at midnight for the fortress. The bullion was got aboard and stored in the two de-luxe cabins on the deck. The ship arrived at Corregidor before morning and the gold was unloaded on the wharf. The man in charge went looking for the U. S. High Commissioner, and found him at breakfast with President Quezon. Mr. Sayre said there were no regulations to cover such a situation, but after consulting some of his advisers he conceded that the gold could be placed in the Insular vault on the island.

Note (1945) — According to General Wainwright ("General Wainwright's Story", edited by R. Considine, Doubleday & Company), gold certificates and other securities taken to Corregidor in December, 1941, were taken to Australia by submarine and from there by ship to San Francisco where they were deposited in the Federal Reserve Bank. Paper currency was burned on Corregidor, but a record of ownership was made for subsequent reimbursement. Some \$17,000,000 in silver coin was boxed and sunk under 100 feet of water. The Japanese were unable to find this treasure and most of it was recovered after the war.

Note (1946) — According to the annual report of the U. S. High Commissioner, the paper currency destroyed consisted of \$2,741,225 in United States currency and P28,376,420 in Philippine currency. Of these amounts, \$2,420,486 belonged to the Commonwealth Treasury, P27,374,000 belonged to Manila banks, and the balance to private individuals. The largest single item of paper currency was one of P13,900,000 from the Manila Clearing House Association, which represented the balances of member banks. This means that the free cash balances in the banks which were withdrawn in Philippine currency amounted to only P7,474,000, or 3.2% of the total currency in circulation. This belies the claim that issues of Japanese military notes were necessary because of the lack of an adequate currency.

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Claims Arising from Japanese Seizure of American and Allied Credits and Bank Deposits in the Philippines

By Finley J. Gibbs

Gibbs, Gibbs, Chuidian & Quasha

INTRODUCTION

WHEN the Japanese army invaded and occupied the Philippines at the outbreak of World War II, it interned the resident Americans, British, and other nationals of the United Nations and seized their property. This property included: (1) tangible personal and real property of all sorts, such as houses, furniture, and cars; and (2) credits and bank deposits.

Much of the tangible property was looted or damaged. Practically all of the credits and bank deposits were collected by the Japanese in wholly unsecured Japanese military notes. The Supreme Court of the Philippines has ruled that such collection was valid and wiped out the deposits and credits involved. These losses, which in many cases were of life savings and were more severe than losses to tangible property, were suffered only by Americans and their non-Filipino allies. Filipinos were not formally treated as enemies by the Japanese.

The purpose of this memorandum is to set forth the relevant facts, law, acts of Congress, and equities with regard to these losses of credits and deposits in the hope of obtaining some redress or assistance through the United States Government.

FACTS

THE Japanese army entered Manila on January 3, 1942, and immediately set up a Japanese Military Administration. Under this administration the Japanese established the "Office of Enemy Property Custody" the function of which was to take custody of the property and credits of Americans, British, and other non-Filipino allied nationals.

On June 25, 1942, the commander-in-chief of the Japanese forces issued Military Ordinance No. 1 sequestering all payments due to citizens of the United States and to other non-Filipino allied nationals, and required that such payments be deposited in the Bank of Taiwan, Ltd., and the Yokohama Specie Bank, Ltd., to be subject to withdrawal only under licenses given by the Japanese Military Administration. (1 Official Journal, Japanese Military Administration, pp. 36-38).

On July 31, 1942, an order was issued requiring the liquidation of the American, British, Dutch, and Chinese banks. The Bank of Taiwan, Ltd. was appointed as liquidator. Debtors were ordered to pay to the Bank of Taiwan the principal and interest of their obligations by September 30, 1942. (Administrative Ordinance No. 11).

These general orders were followed up by personal demands made by the Bank of Taiwan with regard to debtors of the banks under liquidation, and by demands made by the "Office of Enemy Property Custody" with regard to debtors of individual Americans and allied citizens and their business concerns.

Despite these orders and demands very few payments were made to the Japanese in 1942.

In the meantime, the Japanese issued military notes—known colloquially as "mickey mouse"—and ordered that these military notes be accepted at par with Philippine pesos. (Official Journal, Japanese Military Administration, Vol. 1, p. 47). This currency had absolutely no backing whatsoever and was issued by the Japanese army in payment for goods and property which it requisitioned. As time went on, these notes were issued in increasingly larger quantities, diminished in value, and drove the good Philippine pesos out of circulation. By 1943 a serious deterioration in the value of the military notes had already taken place. In 1944 the deterioration progressed at a rapid rate until, toward the end of the year, this money was practically worthless. The estimated total circulation of "mickey mouse" currency was from P7,000,000,000 to P11,000,000,000 as compared with a pre-war circulation of Philippine currency of some P230,000,000, or an increase of more than P2,750%.

A study of the comparative value of the Japanese military notes and the good Philippine pesos was made by a United States Government expert for the Philippine Government and a scale was prepared which is now generally recognized by the Philippine courts. The scale, which is known as the Ballantyne Scale, is as follows:

Value in military notes of one Philippine peso

1941	December	1.00	1944	January	4.00
1942	January	1.00	February	5.00	
1943	February	1.05	March	6.00	
March	1.15	April	9.00		
April	1.20	May	12.00		
May	1.25	June	15.00		
June	1.30	July	20.00		
July	1.40	August	25.00		
August	1.50	September	30.00		
September	1.60	October	40.00		
October	1.70	November	60.00		
November	1.80	December	90.00		
December	2.50	1945	January	120.00	
			February	None	

As the Japanese military notes decreased in value, debtors of American and other allied citizens and of the American and allied banks became increasingly willing and eager to pay their obligations which had been demanded by the Japanese. Large debtors, in particular, made heavy payments in 1944 completely liquidating large pre-war obligations with this currency which they could then obtain at a nominal cost in good Philippine pesos or in property.

Over P35,000,000 was paid to the Japanese by debtors on account of their obligations to the Americans, British, and allied nationals. Of this amount, 16% was paid during 1942, 40% in 1943, and 44% in 1944. All but 3% of the payments were made by Chinese, Spanish, Filipino, German, and Swiss citizens. Sixty per cent of the payments were made by debtors owing over P100,000 each.

Many of these debtors made their money by dealing with the Japanese. For example, a German citizen owed one of the British banks over P200,000. He paid small instalments on this debt until 1944 when he paid the entire balance due from the proceeds of a sale (P600,000) to the Japanese army of two compressors, which pre-war were worth P6,000.

Some of the money collected by the Japanese on obligations owed to the liquidated banks was used to satisfy a small part of the obligations owed by the banks and thus the total loss to the liquidated banks was reduced. The individual American and allied creditors, however, did not have the benefit of any such payments.

On October 4, 1943, the Japanese Military Administration issued an order entitled "Zai" No. 257 ordering all local banks—except the American and allied banks under liquidation by the Bank of Taiwan—to transfer to the Bank of Taiwan, as the depository of the Bureau of Enemy Property Custody, all deposits of Americans, British, and other allied nationals. Pursuant to this order, bank deposits totalling over P3,000,000 of some 2,000 American citizens and companies were transferred to the Bank of Taiwan. Although the Japanese order was issued in 1943 most of these deposits were not transferred until late in 1944 when the banks involved had huge amounts

of "mickey mouse" currency in their vaults. The largest amount transferred was from deposits of Americans in the Philippine Trust Company. This was a bank and trust company which was wholly owned by the Archbishop of Manila and which held many small accounts, particularly of American army personnel and Spanish-American war veterans. There is still some question as to whether these transfers were of currency or were merely bookkeeping transactions.

In addition to credits and deposits of resident American and allied citizens and companies the Japanese collected drafts drawn through banks in Manila for merchandise shipped to the Philippines immediately prior to the war by American and allied export houses in the United States and allied countries.

In January, 1943, the United States and the other governments of the United Nations expressly declared that they intended to do their utmost to defeat the methods of dispossession practised by Japan and the other Axis powers.

The text of the declaration read as follows:

"The Union of South Africa, the United States of America, Australia, Belgium, Canada, China, the Czechoslovak Republic, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Yugoslavia and the French National Committee:

"Hereto issue a formal warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled.

"Accordingly, the governments making this declaration and the French National Committee reserve all their rights to declare invalid any transfer of, or dealing with, property, rights and interests of any description whatsoever which are, or have been situated in the territories which have come under the occupation or control, direct or indirect, of the governments with which they are at war or which belong or have belonged, to persons, including juridical persons, resident in such territories. This warning applies whether such transfers or dealings have taken the form of open looting or plunder, or of transactions apparently legal in form, even when they purport to be voluntarily effected.

"The governments making this declaration and the French National Committee solemnly record their solidarity in this matter."

The Philippine Government in exile, acting through President Quezon, expressly announced:

"The Government of the Commonwealth of the Philippines adheres to this declaration and in so doing records its complete solidarity with the other United Nations." (Official Gazette of the Philippine Commonwealth, Vol. 41 May 1943, Washington, D. C. p. 19)

When General MacArthur's forces returned to the Philippines he issued a proclamation on October 23, 1944, declaring all "processes" of the Japanese Government in the Philippines to be null and void.

Upon the liberation of the Philippines some of the debtors who had paid the Japanese assumed that their payments were void and proceeded to make settlements with American and allied creditors who then reopened their businesses. The large majority, however, claimed that their debts had been satisfied. As a result, litigation testing the validity of these payments was initiated in the Philippine courts by a number of the parties involved. The decisions in these cases in the lower courts were uniformly in favor of the creditors and depositors. The courts ruled that the collection of the credits and deposits by the Japanese was prohibited by the Hague Regulations and did not bind the creditors.

The Philippine National Bank, a government-owned concern, after a decision against it in the lower court (Milne v. Philippine National Bank, Civil Case No. 71200, (Milne v. First Instance of Manila), recognized the validity of the transfers of the deposits made to the Japanese and paid all of its pre-war American, British, and other depositors.

The Bank of the Philippine Islands, the Philippine Trust Company, and the Monte de Piedad, which were the other local banks, involved, and which are owned or controlled by the Catholic Church, continued to insist upon the validity of the transfers and refused to pay their American and other allied depositors.

The first case to reach the Supreme Court of the Philippines was the case of *Haw Pia v. the China Banking Corporation* (G. R. No. L-554). Although this case involved only a small amount of money it was argued as a test case by several of the leading law firms appearing as *amici curiae*.

The Supreme Court, in deciding the case, recognized the principle that a belligerent, such as the Japanese, occupying another country, had no authority to confiscate private property but ruled that the Japanese had the authority to sequester and liquidate commercial banks. It found that the Japanese did not intend to confiscate the credits of the banks and that the collection of such credits by the Bank of Taiwan

valid. In subsequent cases, it ruled that the collection of private credits and the transfer of bank deposits to the Bank of Taiwan were also valid.

As a consequence, all debtors who paid the Japanese and the banks which transferred their deposits—even those who paid in late 1944, when the American forces were already in the Philippines—were completely relieved of all further liability. Most of them thus reaped a large profit represented by the difference in value between the good Philippine peso and the "mickey mouse" currency. The American and allied citizens, banks and business concerns, on the other hand, suffered a total loss of the amount of their credits and bank deposits.

Some of the creditors argued that the debtors were unjustly enriched by the validation of these payments and requested the Supreme Court to at least revalue the payments according to the Ballantyne Scale but this plea was also denied.¹ The Supreme Court advised the creditors and depositors to look to their own governments for redress. The Supreme Court stated:

"But be that as it may, whatever might have been the intrinsic worth of the Japanese war-notes which the Bank of Taiwan has received as full satisfaction of the obligations of the appellee's debtors to it, is of no consequence in the present case. As we have already stated, the Japanese war-notes were issued as legal tender at par with the Philippine peso, and guaranteed by Japanese Government which takes full responsibility for their usage by issuing the correct amount to back them up [Proclamation of Jan. 3, 1942]. Now that the outcome of the war has turned against Japan, the enemy banks have the right to demand from Japan, through their States or Government, payments or compensation in Philippine peso or U. S. dollars as the case may be, for the loss or damage inflicted on the property by the emergency war measure taken by the enemy. If Japan had won the war or were the victor, the property or money of said banks sequestered or impounded by her might be retained by Japan and credited to the respective State of which the owners of said banks were nationals, as a payment on account of the sums payable by them as indemnity under the treaties, and the said owners were to look for compensation in Philippine pesos or U. S. dollars to their respective States. [Treaty of Versailles and other peace treaties entered at the close of the first world war; VI Hackworth Digest of International Law, p. 252]. And if they cannot get any or sufficient compensation either from the enemy or from their States, because of their insolvency or impossibility to pay, they have naturally to suffer, as everybody else, the losses incident to all wars." (Decision, *Haw Pia v. China Banking Corp.*, G. R. No. L-654, pp. 18-19).

As a result of this ruling, over 2,000 American individuals and American-owned companies lost credits and deposits totalling over P5,000,000. This does not include creditors which were voluntarily paid before the *Haw Pia* decision, some of which payments are now being contested. If these credits are included, the total of American credits and deposits involved amounts to over P15,000,000. Losses of British and other allied individuals, companies, and banks total over P20,000,000.

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ALTHOUGH criticized from time to time by the courts and commentators, it is a recognized principle of international law that a government in time of war may seize and confiscate enemy property found within its boundaries. The U. S. Trading With The Enemy Act provides for such seizures although not necessarily for confiscation.

The law is entirely different, however, with regard to the powers of a belligerent temporarily occupying the territory of another country during the course of a war. In such cases, because of the temporary and uncertain tenor of the stay, and because practically all of the property in the occupied country would be considered enemy property, the rule, which in the past has been accepted by the commentators and courts, has been that private property—except that especially adapted to war—must be respected and possession must remain with the owner. These rules were codified by international agreement in articles 46 and 53 of Section III of the Hague Regulations, entitled "On Military Authority Over the Territory of a Hostile State":

"Private property cannot be confiscated by the hostile army." (Article 46).

"An army of occupation can only take possession of cash, funds, and realizable securities which are strictly the property of the State, deposits in banks, means of transport, stores and supplies, and generally, all movable property belonging to the State which may be used for the operations of the war.

"All appliances, whether on land, at sea, or in the air, adapted for the transmission of news, or for the transport of persons or things, exclusive of cases governed by special laws of arms and truces, and, in general, all kinds of munitions of war, may be seized, even if they belong to private individuals, but must be restored and compensation fixed when peace is made." (Article 53)

¹Note:—Under motion for reconsideration with regard to dollar credits.

It will be noted that Article 53 prohibits even the mere taking of possession of private property with certain limited exceptions.

After the Civil War the United States Supreme Court had occasion to rule upon a case very similar to the liquidation of the American and allied banks in the Philippines. When the Union Army occupied New Orleans the commanding general set up a military administration which attempted to liquidate one of the local banks. After first stating that the general had no authority to make the seizure under certain U. S. statutes, the United States Supreme Court declared that a conquering power had no authority under international law to collect private credits in the occupied territory:

"And it is by no means to be admitted that a conquering power may compel private debtors to pay their debts to itself, and that such payments extinguish the claims of the original creditor. It does indeed appear to be a principle of international law that a conquering state, after the debtors has submitted into government, may exact payment from the state of the conquered power, and that payment to the conqueror discharges the debt, so that when the former government returns the debtor is not compellable to pay again. This is the doctrine in *Phillimore on International Law*, Vol. 3, par. 12, Ch. 4, to which we have been referred. But the principle has no applicability to debts not due to the conquered state. Neither *Phillimore* nor *Bynkershoek*, whom he cites, asserts that the conquering state succeeds to the rights of a private creditor." (*Planter's Bank vs. Union Bank*, 16 Wall. 483, 496-497; 21 Law. ed. 473, 479)

Similar authorities exist as to World War I. (*Mazzoni Sisters, Court of Venice*, Jan. 8, 1927, *Annual Digest* 1927-28, Case No. 384). As a matter of fact, no past precedent can be found in international law in which the courts of a victorious country, such as the Philippines, have validated within their own territory the seizure of private property or credits by the defeated invading army.

Although the U. S. Alien Property Custodian under the Trading With The Enemy Act is authorized to seize enemy property even in occupied countries, he has scrupulously respected the Hague Regulations and has not vested any property in Germany or Japan of German or Japanese residents.

The Supreme Court of the Philippines, in making its ruling in the *Haw Pia* case, quoted partly from the work on international law of Professor Charles Cheney Hyde, who is considered one of the leading authorities on international law. When the Court's decision was brought to the attention of Professor Hyde, he published an article criticizing the decision and stating that the Supreme Court had misinterpreted his work as well as the commentaries of other existing authorities. (See *Philippine Law Journal*, XXIV, No. 3, June, 1949.) Professor Hyde not only reiterated the above stated principles of international law but he also pointed out that the Japanese had violated international law by flooding the Philippines with "mickey mouse" currency in such wholesale quantities as to completely destroy its value and by thereafter collecting the credits of American, British, and allied nationals in this worthless currency. The issuance of the "mickey mouse" money was in effect an instrument used by Japan to loot the Philippines.

Professor Hyde noted that in other occupied countries in the Orient similar payments had been revalued. In France and, so far as is known, in other occupied European countries, such payments were set aside altogether. In France this action was taken expressly pursuant to the proclamation of the United Nations quoted on pages 5 and 6 of this memorandum. (See Ruling dated April 21, 1945, of French National Liberation Committee.)

So far as the Philippines is concerned, the decision of its Supreme Court in the *Haw Pia* case, upholding the seizures by the Japanese, is now the law² and can no longer be questioned. As stated by the Supreme Court, the American creditors and depositors can now look only to their own government for relief.

ACTS OF CONGRESS PROVIDING RELIEF FOR WAR LOSSES

THE Philippine Rehabilitation Act passed by the United States Congress in 1946 provides for partial compensation for war damage to tangible property. The losses from the Japanese seizure of bank deposits and credits were, however, excluded from the Act in a general provision excluding all losses to intangible property. Furthermore, the Act practically destroys any chance of recovery from Japan on these claims by providing that any money or bullion received by way of reparations from Japan shall first be applied to re-

²Note: Subject to motion for reconsideration as to dollar credits.

imburse the United States for payments made under the Act (Tit. 50 App. Sec. 1756 USCA).

The War Claims Act of 1948 sets up a War Claims Commission and specifically provides for payment of: (a) certain wage claims of employees of federal contractors during their period of detention by the enemy; (b) "detention benefits" to American citizens at the rate of \$60 per month for the period they were imprisoned by the Japanese; (c) certain injury, disability, and death benefits; (d) claims of prisoners of war for failure of the enemy to furnish proper food; and (e) claims of religious organizations in the Philippine Islands for aid furnished to members of the armed forces of the United States and American citizens.

The War Claims Act further provides that the War Claims Commission shall study all other types of claims arising from the war and report thereon to the President of the United States for submission to Congress. The act expressly states, however, that this shall not in any way bind Congress to make payment of any of these other claims.

The War Claims Act establishes a fund designated as the "War Claims Fund" which is to consist of all sums received by the Treasury of the United States from Japanese and German property vested in the United States by the United States Alien Property Custodian. The fund is to be applied to the claims payable under the Act and to such other purposes as may later be provided by Congress (Tit 50 App. 2012 USCA).

The amount of the fund is estimated to be over \$100,000,000.

Under the Trading With the Enemy Act which was passed during World War I and amended during World War II, claims against the Bank of Taiwan and the other Japanese agencies which liquidated the credits and deposits can be filed with the U. S. Alien Property Administration or its Philippine office, but the recovery is limited to the assets of these agencies which have been vested. These assets are so limited compared with the amount of the claims that the estimated recovery under this Act will be only 5%.

EQUITIES

THE equities of the situation are simple and striking. Those who suffered from the Japanese seizure of credits and bank deposits were American, British, and other non-Filipino allied individuals and companies. Most of the bank depositors were of moderate means. Hundreds of them were American soldiers, officers and veterans who patronized the Philippine Trust Company. In most cases, the individuals involved — if not killed — were imprisoned or interned by the Japanese and

suffered heavy losses in addition to the loss of their credits and deposits. Most of them also incurred heavy liabilities merely to keep alive and feed themselves while they were interned. On the other hand, the debtors and the banks, except the American and allied banks under liquidation, continued in business. Seventy per cent of the debtors consisted of non-Filipinos, principally Chinese, Spanish, Germans, and Swiss. As a result of the ruling of the Supreme Court, the debtors and banks were able to wipe out their pre-war obligations to American and allied nationals at a fraction of their pre-war value. Instead of suffering losses from the war they were enriched as a result of the war and at the expenses of their American, British, and allied creditors. Many of these debtors are now collecting war damage claims under the Philippine Rehabilitation Act which, as previously stated, excludes the American and other allied nationals from any recovery for their credits or deposits. Except for a claim under the Trading With the Enemy Act against the Japanese agencies involved, for which there is no hope of any substantial recovery, the depositors and creditors are without any existing remedy or provision for compensation. The Supreme Court of the Philippines has told them that their only remedy is through their own governments.

CONCLUSION

IN view of the foregoing, justice requires that the United States Government provide some remedy to American citizens for the compensation of these losses.

Compensation could equitably be provided by:

1. Including these losses as compensable losses under the Philippine Rehabilitation Act to be paid out of any additional appropriations which may be made; or
2. Providing for the payment of these losses out of the "War Claims Fund" established under the War Claims Act of 1948.

Philippine Rehabilitation Act.—At the time the Philippine Rehabilitation Act was passed there was as yet no decision by the Philippine Supreme Court as to how these losses should be treated. Now that the Philippine Supreme Court has declared them to be war losses of the creditors and depositors and has informed the claimants that their remedy is only through their own governments, there would seem to be no good reason for now excluding such losses of American citizens from the Act. The severity of these losses to individual Americans was in many cases much greater than the loss of their tangible property. The underlying purpose of the Philippine Rehabilitation Act could be fully served by requiring that compensation for such losses be used for rehabilitation or investment in the Philippines.

Furthermore, since the money appropriated for war damage payments under the Act comes from American taxpayers it would be only fair that these losses which were suffered by Americans in the Philippines as a direct consequence of the war — and which actually resulted in benefits to other Philippine residents — should be compensated at least equally with the other war losses, if not given a priority.

War Claims Fund.—As stated previously, the "War Claims Fund", which consists of money covered into the U. S. Treasury from Japanese and other enemy property vested by the United States Alien Property Custodian, will amount to over \$100,000,000. Some of this money will be used for payment of the claims specifically approved under the War Claims Act, namely, wage claims, "detention benefits", death and disability claims, prisoner-of-war claims, and certain claims of religious organizations. The major portion of this fund, however, is not appropriated to any specific purpose but is implicitly reserved for payment of other types of war claims which may be approved by Congress.

Payment of the "detention benefits" under the War Claims Act was justified before Congress partly on the ground that the American civilians in the Philippines were deliberately misled by the U. S. State Department as to the imminent danger of war and thus had no opportunity to protect themselves by leaving the Philippines before the outbreak of hostilities. If American residents and businesses in the Philippines had been properly advised by their State Department as to the imminence of war, their is little doubt that most of them would have protected themselves financially by transferring their deposits and liquidating their credits. Thus, the justification for reimbursing American citizens in the Philippines for "detention benefits" would apply equally to reimbursing them for the loss of their credits and deposits.

Furthermore, since these losses arose as the result of seizures by the Japanese Enemy Property Custodian of American property in the Philippines, it would be particularly appropriate that such losses be compensated out of Japanese property seized by the U. S. Alien Property Custodian in the United States.

In any event, since the Philippine Rehabilitation Act will siphon off most, if not all, reparations from Japan (Tit. 50 App. Sec. 1756 USCA), it is clear that unless Congress appropriates funds for payment of these claims the only source from which they can be paid in the foreseeable future is the "War Claims Fund."

For the foregoing reasons, it seems only just that Congress appropriate funds and make provision for payment of these claims under the Philippine Rehabilitation Act or out of the "War Claims Fund".

"We oppose aggression; we do not oppose change. Indeed, we welcome and encourage change where it is in the direction of liberty and democracy..." — Secretary of State Dean Acheson.

The Philippine Position in the Economic World

By Eugene H. Clay

First Assistant to Ambassador Myron M. Cowen

THE Philippines emerged as an independent sovereign nation, after the cruel and destructive period of the Occupation, in one of the most troubled times of history. It needed help and the United States gave that help. The free market for Philippine commodities was continued for a definite period to give you the opportunity to adjust the economy to normal world markets. Military assistance was provided so that an armed force adequate for internal security and national dignity could be established. War damage payments, the rehabilitation projects, war surplus and other assistance are programs to help you repair the damages of war and occupation.

The Philippines, however, faced and still faces a tremendous task in maintaining and developing its true position in the economic world of today. Your Government and people fully appreciate that this task must be accomplished primarily by your own efforts. You know at the same time, however, that in accordance with the present close friendship between our nations the United States stands squarely with you. President Truman reaffirmed this determination in the joint statement of our Presidents on August 11, in which he reiterated the desire and intention of the United States to render all feasible assistance to the Philippines.

The successful accomplishment of this task vitally affects every individual in the Philippines. Only then can the nation be assured that the standard of living of the people can be maintained and improved and that the business and occupations of all of you can prosper.

Your country has done well and all of you have full right to be proud of the position of your nation in the world today. Ambassador Romulo has truly a magnificent grasp of international problems and his election as President of the Council of the United Nations symbolizes what you have achieved. I have also found that your officials here, with whom I have been working on behalf of Ambassador Cowen, have a realistic and sound understanding of the problems of your nation. We have been meeting frequently with Secretaries Pedrosa, Mapa, and Balmaceda, Under-Secretary Neri, Governor Cuaderno, and the Honorable Jose Yulo. We are discussing and studying together the economic plans developed by the Government and some of the economic problems of your nation in an endeavor to further the cooperative efforts of our countries in the economic development of the Philippines. We are trying to give them the full benefit of our experience in other countries and are learning a great deal from them.

Our joint efforts and discussions at this time are pointed toward a very specific goal. We are formulating recommendations on how best the desire and intention of the United States to render all feasible assistance can be implemented. The economic plans which have already been developed and the studies which have been made on the possibilities of further economic growth by your Government are of tremen-

dous help and form the basis for discussions. The formulation of such recommendations nevertheless is a tremendous task, as we well know from our experience elsewhere in the world. We however, are making real progress and we can specifically assure you that the words of President Truman were not empty, and that, as again stated by President Truman, your President did not return from the United States empty-handed.

The United States wants to help its friends who need assistance and the friendship between our countries is now unique and I hope it always will be. You must always remember, however, that the requirements for economic development must come primarily from you,—from your energy and from your resources. No one can or will do the job for you. You must remember, too, the vast demands on the United States throughout the world, that the resources of the United States are far from unlimited and that the American people have already shouldered a gigantic tax burden.

Economic development is not a matter of miracles but of hard work, enterprise, and efficiency over an extended period of time. The best of economic programs are meaningless unless the people of the nation really give all of their efforts toward its implementation. In a democracy the people cannot be expected to make such efforts unless they fully understand and approve of what must be done and fully appreciate what successful accomplishment means in their lives. This is where you, members of the Jaycees, have a direct responsibility. You and people of your age are the leaders of tomorrow. You must help explain and set an example for your nation. I know well that you are capable of shouldering this responsibility. You are an intelligent, well-trained group of men and you have a burning desire to help your country and your people. Your good-will tour around the world, led by my good friends Monching del Rosario and Bert Villanueva, well illustrated your desire to understand the relationship of the Philippines to the world.

Much of your efforts in the years since liberation have had to be expended in reestablishing the basic necessities of life. I am confident, however, that you are now prepared to move with full force in the development of the economic potential of your nation.

No nation can live and prosper in the world today in isolation. A nation's economic strength depends on its ability to produce and trade on equal terms with the rest of the world. A democracy, moreover, has a direct obligation to ensure that its people have the means and opportunity to produce at competitive prices and still maintain and improve their standard of living.

You have all the basic assets that are required,—tremendous natural resources and an intelligent population. Money is of course needed. There is first the internal peso-cost of economic development. On the basis of present estimates, I consider that these costs can be easily met from the internal resources of the country. Remember that tax returns are now an

* An address before the Manila Junior Chamber of Commerce, September 27.

extremely small percentage of the national income in comparison with the United States and that the rate of private investment in productive enterprises is minute. Bank credits can also, I believe, be greatly expanded if a dynamic economic program is being implemented.

There is, next, foreign-exchange requirements. The first source is, of course, your own foreign-exchange earnings, your present reserves, and additional payments to the Philippines which have already been authorized by the United States Congress. I hope that as much of this foreign exchange as possible will be used for productive imports and not dissipated for current consumption items. Foreign private capital is next, and I hope that every reasonable effort is made to attract a flow of such capital to the Philippines. I believe, moreover, that you should not look entirely to the United States because considerable private capital and equipment could unquestionably be attracted from another country which is a relatively few miles away from you. Loans from institutions such as the International Bank, with which an application is now pending, is another source. We are confident that if maximum utilization is made of internal peso resources and foreign exchange from the sources I have mentioned, any additional foreign exchange required would not present any problem. I am also confident that technical assistance for economic development can be readily acquired.

The Philippines must be developed to a position of self-reliance in a relatively few years. We therefore hope that the nation will concentrate on projects which can be completed relatively quickly. We do not mean by this that long-term projects should not be undertaken, but we do consider that such long-term projects should not be relied upon as the solution of your immediate economic problems.

The first need is of course to make the nation relatively self-sufficient in food supplies which can be purchased by the people at low prices. Only then will the basis be established for the nation to produce at world prices with a developing standard of living, and only then can the foreign exchange earning of the nation be adequate to purchase the necessities of life which cannot be economically produced within the Philippines. I believe that the use of selected seeds and plant materials and the application of the right kind of fertilizers, small scale irrigation, and better practices of cultivation offer a quick means of increasing production. The small farmers must, of course also have guidance from an effective agricultural extension system and must have inexpensive credit readily available to finance the use of modern techniques and methods. We hope that the tenancy problem will be satisfactorily solved so that these people will have the required stimulation for maximum effort. Work in these fields of agriculture is, of course, already under way and I am sure will be greatly accelerated now that the basic requirements have been reestablished.

The production of export crops, with improvement of quality and reduction of costs, also of course has top priority. We believe that the owners of large estates have a great responsibility in this area and we consider that people like Jose Yulo are setting a magnificent example in the use of modern methods and in improving the welfare of their workmen. The health of your people must be at a level which will enable

them to give full effect to their intelligence and energy, and they must be thoroughly trained in modern methods and techniques.

In the export market for agricultural commodities, the Philippines faces a particular problem. You are surrounded by countries that either are producing or can produce the same agricultural commodities that are produced in the Philippines. These nations have a lower standard of living. As new markets are sought for such commodities, you can only compete with these nations and at the same time maintain and improve your standard of living by effective application of the most modern methods and techniques of production.

Industrialization must also be given every encouragement. No nation can expect to establish heavy industries except over a very extended period of time. We are confident, however, that this nation can economically produce many of the items that it now imports and that industries can be developed for export, particularly those which would utilize agricultural raw materials and by-products and lumber. The mining potential of the country would scarcely appear to be touched, and the semi-processing of ores for sale in world markets would appear to be a feasible and economical operation. This processing could be further expanded with development of hydroelectric power and the basis could be established for more advanced industrialization at a later date.

Industrialization as well as advanced agricultural expansion, however, requires capital. The people of the Philippines must be convinced of the advisability of investing their funds in industrial development and in modern agricultural methods. Foreign capital can scarcely be expected to be attracted here unless the Philippine people themselves demonstrate confidence in their own country by investing in the future. Your Government and your newspapers have repeatedly stressed the importance of such type of investment. Jaycees can do a great deal to help. You can campaign to sell the nation on its future and on the advisability and responsibility of investing funds for the expansion of the production of your country.

New markets must be opened up in Europe and elsewhere for your present export commodities and those to be developed. Trade has been largely with the United States. There is a definite limit, however on the amount of some of your commodities that can be sold in my country while markets in other parts of the world remain virtually untapped.

The recent devaluation of the pound and of other currencies is of course a factor in the opening up of new markets. A reason for such devaluation, as you know, was to reduce the cost of production of export commodities. With the anticipated reduction in the cost of these commodities, there should be a great stimulation of Philippine purchases from these countries. Your sales to these countries should of course be increased at the same time. Devaluation may decrease the cost of production of items similar to those produced in the Philippines, and, in the long run, could stimulate additional production in these areas. I am sure that the Philippines with its resources can meet any competition by the effective application of modern methods and techniques and still look forward, as does the United States, to the continued improvement of the standard of living.

Philippine Chamber of Commerce Program

By Aurelio Periquet

President, Chamber of Commerce of the Philippines

At the annual meeting of the Chamber of Commerce of the Philippines held on July 30, Mr. Aurelio Periquet was elected President, succeeding Mr. Gil J. Puyat, who ably headed the Chamber since its post-war reorganization in 1945. The Chamber was founded in 1903. Mr. Periquet had been Vice-President, and Mr. Olimpio L. Villacorta, a Director, was elected in his place. Mr. Pedro J. Ocampo was reelected Secretary-Treasurer. The other remaining members of the Board are Messrs. Cornelio Balma-veda, Vicente Sabalvaro, Ramon J. Araneta, and Eugenio Padua. The newly elected members of the Board are Messrs. Juan J. Carlos, Francisco Dalupan, Fernin Francisco, Jose M. Valero, and Eduardo Z. Romualdez.

Mr. Periquet was born in Balanga, Bataan, and has traveled widely. He has been engaged in the insurance business in Manila for nearly thirty years and is President of the Pacific Union Insurance Company and Honorary Treasurer of the Manila Fire Insurance Association.

I HAVE been asked what will be my program of administration during my incumbency as President of the Chamber of Commerce of the Philippines. The question cannot but animate me into joyful introspection—to reminisce on the past activities of the Chamber of Commerce of the Philippines.

Since its organization in 1903, the Chamber has marked every year of its existence with achievements and has carved a noble niche of its own both in the national and international world of business. So much so, that its name as an organization is synonymous to the Philippines as a country.

The administration of my predecessor in office, the young but brilliant business leader, Mr. Gil J. Puyat, which lasted for four and a half years, is certainly a record of achievements. Presidents and Boards of Directors come and go and the good work done by past Presidents and Directors will remain as assets of the Chamber, in particular, and the whole Philippines, in general.

There is, therefore, a continuity—a chain that links the past, present and future—and in consciousness of the responsibility that has been entrusted to me by my colleagues, I am going to implement what has already been set in the past with an eleven-point program of administration during my term as President of the Chamber of Commerce of the Philippines, to wit:

1. I intend to make a sort of review of the records of the Chamber for the purpose of completing action on pending matters. Since Liberation, the activities of the Chamber have been manifold. Perhaps little is known that it was the Chamber which initiated the organization of the Rehabilitation Finance Corporation. The recommendation for additional appropriation for war damage payments to fully com-

pensate, as much as possible, the ravages, destruction and havoc caused here by the last war is also another aim of the Chamber. One of the objectives of the trip of His Excellency, President Quirino to the United States is to secure such additional appropriation. But there are other matters equally important, which altogether initiated by us and forwarded to the powers-that-be are still held pending. I propose to urge action on these pending matters.

2. One of the most outstanding accomplishments of the Puyat administration is the holding here of the Regional Trade Conference in July, 1948. We have arrived at agreements and have endeavored to implement with follow-up work such agreements. I am reviewing the records of this conference, so as to push through with determined action things which are yet left undone or unfinished. Among them is the establishment of a Free Zone in the Port of Manila and the revival of the Tourist Trade.

3. I will enlist the cooperation of my colleagues in the Board of Directors of the Chamber. While it is true that the initiative to start discussion on any topics pertaining properly to the Chamber is of the members in general, I would like a more aggressive leadership by the Directors themselves. I am suggesting to them that each Director contributes a topic for discussion, properly falling within the jurisdiction of the Committee of which he is Chairman—at least one topic a month.

4. The recurrent and perennial problem of the position of Filipinos in business, wherein we are still desperately in the minority, will deserve our attention. I am calling on the directors and the entire membership of the Chamber to formulate plans for increased participation of Filipinos in business.

5. The business community has been vocal in criticizing banking laws, which place our banks in straight jacket and prevent them from accommodating business on loans under more liberal terms. I propose to enlist the cooperation of the members so that suitable suggestions could be submitted to the Board for such reforms or amendments to the banking laws as will enable our banking institutions to be more liberal in granting of loans.

6. The ambitious industrialization program of the Government has already passed the blue-print stage. It is necessary that the implementation of such plans be made. In view, however, of the insufficiency of our funds, it is to be desired that a few industrial projects of the Government be selected for immediate implementation. I shall ask the assistance of the members who are technical men and conversant in the field of industrialization, to give suggestions as to what few industrial projects should be pushed through. I shall also interest and encourage the members to undertake such industrialization projects as will be within their means and ability.

7. Anything that impedes free enterprise is objectionable. Government intervention has been de-

(Continued on page 462)

The Business View

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

Office of the President of the Philippines

From an Official Source

SEPTEMBER 1—President Elpidio Quirino states that he never has used and never will use his emergency powers except as to strictly necessary measures.

"We are faced today with certain realities, not with academic contingencies, and I reserve the freedom as head of the State to act, consistent with democratic thought and practice, as I see fit in the interest of the public welfare. The stability and security of the nation is the paramount consideration."

The President appoints Judge Buenaventura Ocampo as associate justice of the Court of Appeals.

The President authorizes the allocation of P471,643.37 for the construction of houses for officers and enlisted men of the Armed Forces of the Philippines at Camp Murphy.

Felipe Buencamino, Jr. reports to the President that 30,000 cavans of rice will be harvested from the 700-hectare area under cultivation by the Government in the Ala Valley, Cotabato, beginning the end of August, and that some 300 hectares there planted to mongos will be harvested in October. He states that with the aid of tractors some 1000 hectares a month will henceforth be put under the plow in the Ala Valley and some 500 a month at Maramag, Bukidnon, until the cultivated area will reach 12,000 in the former region and 5,000 in the latter.

Sept. 3—Announced by Secretary of Public Works and Communications Prospero Sanidad that construction on the Bonga irrigation system in the Ilocos region will soon be started. The system will be one of the largest in Northern Luzon with a main canal of 58 kilometers and 2 tunnels 1,700 meters in aggregate length. The system will place over 4,000 hectares of land under irrigation around Dingras and Laog.

September 6—The President administers the oath of office to Jose E. Romero, newly appointed Minister to London, who is leaving shortly for his new post. He will serve concurrently as Minister to Norway, Denmark, and Sweden.

The Cabinet authorizes the release of P1,000,000 for several flood-control projects, including drainage in Manila,—the others in Pampanga and Bulacan, Pangasinan, Mindoro, and Antique.

The Cabinet authorizes Civil Aeronautics Administrator Andres O. Cruz, who is leaving for Washington this week, to make representations with the U.S. Civil Aeronautics Administration for additional technical and financial assistance for the Philippine civil aviation program.

Sept. 7—The President on behalf of the Government accepts a check for P1,000,000 transferred to him by James Mcl. Henderson, Philippine Alien Property Administrator, representing a part of the proceeds of former Japanese properties sold by the PAPA.

Deputy Auditor General Pedro M. Gimenez takes his oath of office as Acting Auditor General during the absence of Auditor General Manuel Agregado, now on official business abroad.

Sept. 8—The President leaves on the S.S. *Argus* on an electioneering trip to the Visayas and Mindanao. He is accompanied by Secretary of Education P. Langcaon, Social Welfare Commissioner A. A. Perez, Senators T. Cabili and E. Magalona, Generals M. N. Castañeda and A. Ramos, and members of his personal staff.

Sept. 10—Executive Secretary T. Evangelista, by authority of the President, releases P310,000 for the construction of bridges in Batangas, Bulacan, Ilocos Norte, Laguna, Pampanga, and Rizal.

Sept. 16—The Supreme Court after a rehearing of the executive emergency power cases, in a 6 to 3 decision, promulgated today, nullifies the Executive Orders on the budget and the election appropriations, the decision to take effect after 30 days. Chief Justice M. V. Moran, who at first deferred his vote, this time voted with the majority. In the case involving the "existence of the emergency powers", however, the old decision of 5 against the existence and 4 for the existence still stands, and this is not conclusive on an issue which requires a majority of 6.

Sept. 19—Secretary of Finance Pio Pedrosa states in a radio-cast:

"We have succeeded in maintaining our dollar reserves at the safe level of about P258,000,000, more than enough to keep the value of our peso stable and to meet all our standing commitments and obligations abroad. Don't believe all these alarming reports that our reserves are almost gone. It is not true."

Sept. 20—Malacañan announces release of P228,130.75 for the improvement of various commercial air navigation facilities at Baguio, Cebu, Davao, Iloilo, Laog, Legaspi, Rosario (Cavite), Zamboanga, and Manila.

Sept. 21—President Quirino, in Capiz, hails the election of Ambassador Carlos P. Romulo as President of the General Assembly of the United Nations as "one more feather in the cap of the Filipino nation". Under-Secretary of Foreign Affairs Neri states it is an—

"indication of the increasing importance of the role the Philippines has assumed in international affairs and reflects the decided shift of the world's attention to Asia and the Far East..."

Sept. 23—The President and his party return to Manila.

Sept. 22—The President sends the following message to Ambassador Romulo:

"My heartfelt congratulations. I am very happy and our people rejoice with us over your election. Our increasing responsibility in our international relations makes us all the more determined to be worthy of world confidence. I pray God that He give us light, strength, and vision to justify and fulfill our mission. You have fulfilled yours. I am proud of it."

Sept. 24—The President at a meeting of the Cabinet instructs Secretary of Commerce and Industry Balmaceda, in his capacity as a member of the Board of the National Rice and Corn Corporation, to reduce the price of rice to P.90 a ganta, to take effect immediately.

Announced by Under-Secretary of Foreign Affairs Neri that the President has designated Consul General Jose Melencio in New York as fifth member of the Philippine delegation to the present session of the United Nations General Assembly. He also announces that the Thailand Government has designated Luang Bhadravadi as Minister to the Philippines; this official has occupied various diplomatic positions in London, the Hague, and Paris from 1929 to 1947, and served recently as director general of Eastern political affairs in the Thailand foreign ministry.

Sept. 25.—The President, accompanied by Secretary of Interior S. Baluyut, senatorial candidates T. Cabili and L. Sulmulong, and others, visits the "Huk country", stopping briefly at Apalit, and then going on the San Fernando, Pampanga, and from there to Tarlac, Tarlac.

Sept. 26—The President returns to Manila after spending the night at Panique, Tarlac. He was prevented from going on the Cabanatuan, Nueva Ecija, because of a sprained ankle.

Secretary of Agriculture and Natural Resources P. L. Mapa states in a radio address that the production of rice has risen from an all-time low of 37,000,000 cavans in 1945-46, 49,900,000 in 1946-47, 53,000,000 in 1947-48, and 56,620,000 in 1948-49, the latter figure being almost 3,000,000 more than the best pre-war production of 53,698,000. Prospects for a still larger harvest in 1949-50 are bright. He states also that present irrigation systems now water 725,000 hectares and that 22 other irrigation projects are under construction. The present area under rice amounts to 2,164,100 hectares as compared to 2,080,380 before the war. There are no less than 1,000 native varieties of rice which yield an average of only 25 to 30 cavans a hectare. Plant experts have been working on the improvement of some 50 varieties of these to a point where they yield from 50 to 120 cavans a hectare. The Department is now spreading their use. Of the 29,000,000 hectares of land in the archipelago, 19,000,000 are potential agricultural lands and of these only 11,000,000 are claimed as private property, leaving 8,000,000 hectares available for the landless.

Sept. 27—The President authorizes the payment of two months' back-pay to pre-war government employees, the Philippine National Bank to advance the funds in the form of loans at a discount of 2%, the transaction being secured by the Government's back-pay sinking fund which accumulates at the rate of P1,800,000 a month. Last December one month's

back pay was granted under the same conditions, in the amount of P5,520,920.64. Payment of the two months' back-pay will probably begin on October 15.

The President on the recommendation of the Under-Secretary of Foreign Affairs and with the concurrence of the Cabinet authorizes the Surplus Property Commission to extend credit to the Republic of Indonesia for the purchase of certain surplus goods from the Commission. Recently the Indonesian application was withdrawn because of certain requirements of the Commission, and these will now be relaxed, the President being desirous of strengthening Philippine-Indonesian relations.

The Office of Public Information, Malacañan, announces that the organization has been completed for a daily 30-minute broadcast at 10 a.m. of news of the day, at dictation-speed, over the government radio station, DZFM. Under supervision of the Radio Control Board, battery receiving sets have been distributed to remote communities and certain officials have been designated to transcribe and post the transcriptions on bulletin boards in public places. The Department of Education is also encouraging schools in such localities to acquire receiving sets so that they may also make use of these broadcasts.

Sept. 28—The Department of Foreign Affairs announces that the Philippines will open its first consular mission in Indonesia about the middle of October with Vicente Pastrana as consul and Marciano Joven as vice-consul with headquarters in Batavia, the Netherlands Government having accorded these men provisional recognition.

The Department of Foreign Affairs announces that the Korean Government has made an offer to sell apples to the Philippines either for cash or on a barter basis, Korea hoping for timber, coconut oil, and rope in exchange. The apples range in price from \$4 to \$7 a box of 150, weighing 42 pounds.

Banking and Finance

BY C. V. GRANT

Sub-Manager, National City Bank of New York

COMPARATIVE figures of assets and liabilities of the Central Bank follow:

(in thousands of Pesos)

	As of Jan. 31	As of July 30	As of Aug. 31
ASSETS			
International Reserve	P714,969	P573,031	* P569,809
Contribution to International Monetary Fund	30,000	30,000	30,000
Account to Secure Coinage	113,106	113,306	113,306
Loans and Advances	—	—	10,000
Domestic Securities	—	10,354	18,287
Due from Treasurer of Philippines	—	—	12,569
Other Assets	19,320	23,627	24,090
	P877,395	P750,318	P778,061
LIABILITIES			
Currency: Notes	P621,521	P505,179	P502,949
Coins	73,035	74,112	73,935
Demand Deposits: Pesos	169,351	116,269	145,048
Dollars	—	11,637*	11,700*
Securities Stabilization Fund	2,000	2,000	2,000
Due to Int'l Monetary Fund	—	22,499	22,499
Due to Int'l Bank for Reconstruction and Development	—	2,392	2,392
Other Liabilities	1,488	2,262	3,092
Capital	10,000	10,000	10,000
Undivided Profits	—	3,968	4,446
	P877,395	P750,318	P778,061

* Note: The Demand Deposit liabilities in U.S. Dollars are deposits of the Treasurer of the Philippines which are temporarily being kept in foreign currency. These amounts are included on the asset side as part of the International Reserve.

The figure for the International Reserve of the nation as released in the August 31st report of the Central Bank showed little change from the previous

month, the reserves having decreased only \$1,600,000. Substantial amounts of dollars received from the U.S. Treasury to cover war-damage payments off-set most of the excess dollar disbursements made to cover the continuing unfavorable trade balance.

The Central Bank has released the following statistics which had been compiled from the records of the Bureau of the Treasury and the Accounting Department of the Central Bank:

MONEY SUPPLY*

End of Month	Notes and Coins in Circulation	Deposits of Demand Depositors	Manager's Checks, etc.	Deposits of National Treasurer	Savings Deposits	Other Time Deposits
1948						
January	851	442	6	999	46	219
February	541	454	6	1,001	30	221
March	439	485	7	1,031	25	220
April	642	472	6	1,020	63	219
May	618	446	6	969	84	218
June	526	493	7	1,126	57	221
July	521	640	6	1,157	11	225
August	433	607	6	1,156	62	225
September	640	666	6	1,112	74	230
October	655	611	5	1,171	43	230
November	568	621	6	1,185	45	228
December	576	607	11	1,194	22	227
1949						
January	572	617	7	1,196	16	235
February	571	589	6	1,166	16	236
March	570	566	7	1,133	17	236
April	568	568	6	1,153	17	236
May	552	549	6	1,197	16	237
June	536	545	6	1,087	20	239
July (tentative)	627	522	5	1,054	19	240

* Money supply consists of currency issued minus cash in banks; plus the peso demand deposit liabilities of banks, excluding the national government deposits and inter-bank deposits, but including unused overdraft lines.

The announcement of the depreciation of sterling received here early in the morning of September 19 had little immediate effect on the local business and financial communities. However, as a result of the 30% depreciation in sterling currencies, the products of the soft-currency areas should be in a considerably better competitive position vis-a-vis "dollar area" merchandise. On the other hand, it will become more costly for sterling area countries to purchase with their depreciated currencies products of the dollar areas.

The new rates for the various currencies re-valued as a result of the devaluation of the pound sterling follow:

Australia — pound	\$2.24
Belgium — franc	.02
Burma — rupee	.21
Canada — dollar	\$.91
Ceylon — rupee	.21
Denmark — kroner	1.450
Egypt — pound	2.87
Finland — mark	.00431
France — franc	.00285
Greece — drachma	.000066
Hongkong — dollar	.1750
Iceland — kronur	.106
India — rupee	.21
Indonesia — guilder	.2635
Iraq — dinar	2.80
Ireland — pound	2.80
Italy — lira	.0016
Luxembourg — franc	.02
Malaya — Straits-dollar	.3250
Netherlands — guilder	.2635
New Zealand — pound	2.80
Norway — kroner	.14
Portugal — escudo	354965
South Africa — pound	2.80
Sweden — kronor	193776
United Kingdom — pound	2.80

For prime business the banks are quoting Telegraphic Transfer 201.25 selling and 200.625 buying for spot exchange.

Stock and Commodity Markets

BY A. C. HALL
A. C. Hall Company

August 20 to September 23, 1949

New York Stocks.— Important events of the past month have had little effect marketwise. In chronological order, the first big news was the report of the Steel Fact Finders which was more favorable than anticipated. This caused a couple of days' advance, with emphasis on the steel issues, before profit-taking halted the forward movement. Over last week-end came the news of sterling devaluation, which resulted in only fractional losses to the list. The following day, however, there was a sharp break on the overnight threat of a steel strike together with a coal strike against the southern producers. Since then, on an agreement for a further six days' truce in the steel industry, the market has quite easily recovered the lost ground.

With the exception of a few industries with improved earnings, most first half-year statements are not comparing favorably with a year ago, but the market has long anticipated this factor and pays little attention.

Market fluctuations during the period, as measured by the Dow Jones Closing Averages, were as follows:

	Aug. 19	High	Low	Sept. 23	Change
Industrials	181.16	183.29	177.75	181.30	Up .14
Rails	46.84	47.78	44.97	47.78	Up .94
Utilities	36.67	38.19	36.47	38.19	Up 1.52

Among the best-acting groups during the month were Chemicals, Gold Minings, Oils, Tobaccos, and Utilities. Autos and Steels were fractionally higher but Mail Orders were easier, reflecting their current lower-profit outlook.

As in recent months, high-grade common stocks have continued in good demand, and market services are generally stressing the advisability of quality in commitments.

It is too early as yet to assess the longer-term effects of devaluation by the sterling block, but the market action in Wall Street indicates it to have been no surprise. While history continually repeats in broad outline, time and circumstances combine to alter the details. It is now emerging that the change in value of the currencies in question is not to be a straight 30% cut across the board. A number of commodities in which there is little or no competition are to have their sterling prices adjusted to bring in as many dollars as formerly, while other exports, in a poorer competitive position, will be able to quote lower prices by virtue of the lower exchange rate.

From the viewpoint of this column, and providing food for thought to investors, perhaps the most important development so far in the devaluation picture, is the failure of British industrial shares to respond to the monetary change. On September 16, Reuters London Industrial Share Index stood at 126.1, and today it is at 124. The implications are that investors apparently have no confidence that higher company profits will result from the cheaper pound.

Commodities.— Acreage allotments for 1950 wheat production are fixed at approximately 69,000,000 acres compared to 83,000,000 acres a year ago. There have been large purchases by C.C.C. recently

and the cash position has improved; December Chicago Wheat is quoted at \$2.12½ compared to \$2.08¼ a month ago. In Corn, while the cash market has turned easier, country holders are unwilling sellers and will use all available storage to participate in the loan; December Chicago Corn is quoted at \$1.15½ against \$1.13¼ last month. Cotton crop-reports are generally favorable, and demand from Worth Street is good, but devaluation was responsible for a modest decline during the past week; New York December Cotton closed at 29.64 cents compared with 29.87 a month ago. In domestic sugar the quota was increased by 250,000 tons with little or no effect on prices. At current level the demand will easily absorb the increase. New York November No. 6 Contract closed at 5.52 cents from 5.36 last month.

Manila Market.— In the mining section, following early weakness, sentiment improved considerably in sympathy with an advance of almost 10% in the price of gold in the local free market.

Latterly, devaluation of sterling caused sharp advances in gold shares in other parts of the world and also had a firming effect on the free gold price, but our market has shown no ability to respond to these developments.

It is to be inferred, therefore, that the primary concern of local investors at present is with the confused domestic economic and political picture. The decline in the value of the pound and other currencies is interpreted as bearish to Philippine exports, with the exception of sugar. The continuing unfavorable balance of Philippine payments is being given much publicity in the press, is generally considered to presage early drastic cuts by the Import Control Board, and is upsetting to local merchants. It is too early yet for the anticipated seasonal monetary expansion to be felt, with a result that credit continues tight. In view of these circumstances, neither buyers nor sellers are showing any interest at the moment, and trading consists principally of small necessitous liquidation in an unwilling market.

In the Commercial and Industrial Section, demand for sugar shares continues with offerings light. San Miguel Brewery was easier on the cut in soft-drink prices.

Mining Shares

1948-49 Range	High	Low	High	Low	Close	Change	Total Sales
122.48	60.32	M.S.E. Mining Average	70.92	64.07	66.36	Off	1.01
P 375 P 12		Acme Mining Company	145	145	145	P 145	20,000
.028	.01	Antamok Goldfields Mining	.016	.014	.016	Up	.001
.001	.001	Atok-Big Mining Company	.49	.42	.45	Off	.001
.071	.015	Bagueo Gold Mining Co.	.01	.01	.01	Off	.001
3.75	2.00	Balaton Mining Company	3.30	2.65	2.75	Off	.63
.0001	.0025	Batong Babu Gold Mines	.001	.0005	.0005	Off	.0011
.001	.016	Coco Grove Mining Co.	.49	.42	.45	Off	.001
.015	.009	Consolidated Mines, Inc.	.011	.009	.009	Off	.002
.085	.018	Iogon Mining Company	.015	.01	.01	Up	.002
.075	.025	I. X. L. Mining Company	.025	.025	.025	Off	10,000
.84	.42	Lepanto Consolidated Mining	.55	.50	.51	Off	.05
1.26	.33	Mindanao Motor Lode Mines	.61	.52	.60	Off	.05
.375	.10	Miramis Chrome, Inc.	.105	.10	.10	Off	.02
.21	.016	San Mauricio Mining Co.	.14	.13	.14	Off	.01
.41	.21	Sugar Consolidated Mining	.285	.225	.23	Off	.01
.04	.015	Suyoc Consolidated Mining	.02	.015	.02	Off	.001
.095	.04	United Paracale Mining Co.	.0725	.0525	.0525	Off	.0005

Commercial Shares

1948-49 Range	High	Low	High	Low	Close	Change	Total Sales
P73.00	P15.00	Bank of the Philippines Is.	P73.00	P70.00	P73.00	Up	P2.00
620.00	500.00	Central Azucarera de Bani	510.00	510.00	540.00	Off	118
168.00	81.00	Central Azucarera de la Cañita			160.00b		
111.00	70.00	Central Azucarera de Pilar	110.00	110.00			61
75.00	30.00	Central Azucarera de Sara					
		Aina	75.00	75.00	75.00	Off	20
60.00	40.00	Central Azucarera de Tarlac	54.00	54.00	54.00	Off	P2.00
23.00	22.00	Filipinas Cia. de Seguros	23.00	23.00	23.00	Off	390
8.00	7.00	Insular Life Assurance Co.	7.00	7.00	6.00	Off	61
1.00	.50	Manila Wine Merchants, Inc.	3.45	3.45	3.45	Off	P.07

100.00	140.00	Metropolitan Insurance Co. ...	140.00	---	---	---
1.36	.41	Pampanga Bus Company10	.10	Up	P.01 2,075
.301	.061	Philippine Oil Development Co.	1023	.061	.10	Up P.0173 361,960
1.42	1.00	Philippine Racing Club	1.10	1.02	1.10	Up P.10 11,100
11.10	21.10	San Miguel Brewery	27.00	21.10	21.10	Off P.10 9,782
100.00	71.00	Williams Equipment Co. Pfd.	---	---	---	---
10.00	7.00	Williams Equipment Co. Com.	---	7.00	---	---

Over-the-counter business in mining stocks included 28,000 shares Benguet Consolidated between high P4.45, low P4, and closing sales at P4.40. There was also business in Eastern Development at P.004, Philippine Iron Mines Common at P26, Philippine Iron Mines Preferred at P9, and Taysan "A" at 10 centavos.

In commercial issues 1,000,000 shares Consolidated Investments were traded at P.0075 and P.01, and business was reported in Philippine-American Drug (Botica Boie) at P135, and San Miguel 8% Preferred at P102 and P103.

Credit

By W. J. NICHOLS

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

THE Association of Credit Men has recently put into effect a new service whereby the names of accounts on individual members' books over 90 days past-due, are collected and compiled into one listing for the private information of all reporting. This new service should be of considerable value to credit managers who wish to know which of their accounts should be most carefully watched. When a customer is in arrears with only one creditor it is often not too serious, but when he begins to get behind in his payments on several accounts it is a sure sign of trouble.

The Association now numbers 66 members. New devices to increase the scope of its activities are continually being investigated. A project is now under way to compose in booklet form a handy reference guide containing information useful to business houses operating in the Philippines. The digest will include among other things hints on how to expedite transactions with government agencies, up-to-date information as to sales and other tax requirements, customs clearance regulations, and data on other matters pertaining to every-day commercial dealings.

The next general meeting of the Association will be held on Wednesday, October 19 at 6:00 p. m. and will be followed by dinner and entertainment. A short talk on some topic of interest to credit men will feature the meeting and a large proportion of the members are expected to attend.

Insurance

VICTOR H. BELLO

Supervisor, American Foreign Insurance Association

THE signing of Executive Order No. 259 by President Quirino has at long last established a Fire Prevention Board whose principal function will be to apply every means at its command to lessen the mounting cost of fires and loss of life therefrom.

The Chairman of this Board as appointed by the Philippine Government is Secretary of Interior Sotero Baluyot. In turn, representation on the Board is

divided among five so called Groups each with its own Chairman. These groups give the widest representation possible not only to governmental bodies but to technical, business, and civic groups.

Fire insurance companies form their own group, Group Four with Mr. L. P. Ralph, Chairman of the Manila Fire Insurance Association, as Chairman.

Prior to a general meeting of the Fire Prevention Board, each Group at the present time is holding its own meetings for the purpose of drawing up an agenda which will eventually be the basis of discussion and implementation by the Board.

The Fire Insurance Company Group at its first meeting contributed the following suggestions for inclusion in the agenda at the next general meeting of the Board.

1. Enforcement of Building Codes.

(a) Consider practicability of having Building Permits and Certificates of Final Inspection approved by the F.P.B. before issue;

(b) Consider practicability of Building Permit No. being shown in Fire Policies covering same.

2. Cut off Electrical Installations when condemned.

(Note: From the lists received by the Manila Fire Insurance Association, it would appear that there are a considerable number of faulty installations in operation and causing constant danger.)

3. Arson.

(a) Revision of Arson Law;

(b) Simplification of judicial procedure;

(c) Cooperation with the Manila Fire Investigating Committee and similar organizations.

4. Elicit the cooperation and assistance of:

(a) National Fire Protection Association (U.S.A.)

(b) Fire Protection Association (England)

(c) Order, and possibly distribute, literature by the above bodies.

5. Maintain Fire Department out of the following taxes paid on insurance policies:

(a) Premium Tax 3% (One to three percent)

(b) Stamp Tax 1½%

(c) Fire Department Tax ½%

This Column views the organization of the Fire Prevention Board as a distinct step forward in the effort to solve a problem which has caused concern not only to the Philippine Government but to the entire population of the Philippines. But it is only an initial step and the progress of this newly founded Fire Prevention Board will depend not only on the interest and talent applied by its members, but also on the cooperation given it by all governmental bodies and the general public.

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Electric Power Production

Manila Electric Company System

J. F. COTTON

Treasurer, Manila Electric Company

	1949	1948
January	33 745 000	27 301 000
February	31 110 000	26 021 000
March	34 776 000	26 951 000
April	33 048 000	26 871 000
May	34 453 000	28 294 000
June	34 486 000	29 216 000
July	35 726 000	31 143 000
August	35 394 000*	31 993 000
September	35 790 000**	32 012 000
October		33 943 000
November		32 661 000
December		35 104 000
TOTAL	361 510 000	

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* Revised
** Partially estimated

Output in September set a new record by a small margin. There was an increase of 3,788,000 kwh, or 11.8% over September, 1948.

The rate of increase during the first 9 months of 1949 has been considerably less than in the same

period of 1948. In September, 1948, output was 17% over the preceding January, whereas in 1949, September was only 6% above January. It begins to appear evident that the future rate of increase in output will continue to be moderate.

It should be borne in mind that there is still a power shortage which will continue until the new 50,000 kw Rockwell Station is completed toward the end of 1950. During the latter half of September it was necessary to cut one or two circuits nightly because of overload. Unless there is voluntary rationing of electricity during the hours of 5 p.m. to 9 p.m. it will be necessary to cut some circuits every night.

Real Estate

BY C. M. HOSKINS

(Of C. M. Hoskins & Co., Inc., Realtors)

PURCHASES of real estate in Manila totaled P3,668,662 during the month of September, as compared with P2,228,597 for August. Mortgages recorded in September aggregated P5,094,415, compared with P4,924,841 for July.

Cumulative totals of sales for the first 9 months from 1946 were as follows:

	January-September
1946	P32,625,806
1947	54,793,978
1948	44,015,210
1949	28,975,426

Sales in the suburbs recorded in September were P3,786,671, slightly higher than the Manila figures for the same month. Quezon City accounted for

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REAL ESTATE SALES IN MANILA, 1949

Prepared by the Bureau of the Census and Statistics

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

	1940	1941	1945	1946	1947	1948	1949
January	P 6,004,145	P 962,970	P 7,943,605	P 4,385,011	P 6,030,012	P 3,644,734	P 3,965,420
February	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633	2,701,668
March	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719	3,362,635
April	883,246	988,380	213,262	1,916,293	8,611,076	5,021,093	3,677,630
May	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799	4,253,395
June	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246	2,793,217
July	1,324,861	559,742	1,123,565	4,974,862	4,097,183	5,146,529	3,019,784
August	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,876	4,924,841
September	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581	3,668,662
October	993,103	1,182,678	2,096,893	5,546,800	6,083,486	5,350,376	
November	938,416	858,235	2,555,472	3,340,384	4,177,054	3,046,287	
December	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,386,248	
TOTAL	P17,974,844	P10,647,285	P22,890,133	P45,537,914	P68,260,104	P57,798,121	P32,367,252

P1,897,454 of the suburban sales, or about one-half of the total.

Owners of commercial properties are somewhat concerned over the threat of broader import control restrictions, fearing that if wholesale and retail merchants dealing in imports are further restricted, many firms may be forced out of business. Apartment owners are also wondering whether more import control will cause an exodus of foreigners. As changes in the control regulations are still under study, the reaction of real estate owners seems to be one watchful waiting.

In general the tone of the real estate market is cheerful. Land values continue firm at about last year's transaction levels. Buyers are plentiful with a greater tendency to bargaining.

Port of Manila

BY MADOX BROWN
Luzon Brokerage Company

THERE has been a decline in waterfront activity during the past month proportionate to the drop in incoming cargo, due mainly to the restrictions of the Import Control which came into effect as from the beginning of the month. The number of vessels putting in at the piers has slackened off considerably and as a consequence the volume of business has shown a marked decrease.

The falling curve of the graph can be gauged approximately in a comparison of the past three months with regard to total arrastre charges, marking 20% of the gross collection of the Philippine Ports Terminal, which are as follows:

June	P173,103.80
July	164,143.65
August	163,037.07

Paradoxically, however, the total tonnage for August shows an increase over that of July. A breakdown of the figures shows:

July	
Total tons handled on piers	P144,821.735
Total tons handled at shipside	35,426.738
Total tons for July	180,248.473
August	
Total tons handled on piers	P157,903.429
Total tons handled at shipside	36,502.229
Total tons for August	194,405.458

The apparent discrepancy in these figures can be explained in the fact that they include the amount of gasoline, kerosene, oil, cement, and rice coming into the country. The actual amount of purely commercial cargo, however, definitely shows a decrease.

As against the falling off in volume of business handled along the waterfront, there has been a decided improvement in handling conditions on the piers. Congestion, which has been the main bugbear in the past, it gradually being cut down and the work on the docks has been correspondingly easier. The improvement has been most noticeable on Pier 5, on which the greatest bulk of cargo is now being discharged since Pier 13 has been virtually closed down for repair. One shed has already been completed on Pier 5 and work has been started on the second shed. One-way traffic has been instituted and cargo is being shifted at a faster pace now that the snarled-up congestion of trucks has been brought under control.

Work is coming on fast on Pier 9, which is presently under construction. It is understood that this pier will be ready to start operating by the end of the year.

Pier 13 is presently under demolition and will be rebuilt entirely, the same as Pier 9. At the present time, only one ship at a time is allowed alongside this pier for unloading and loading.

LABOR relations along the waterfront have been moderately peaceful during the past month. There was a short strike of the Checkers, which fortunately lasted only half a day. The case was immediately referred to the Court of Industrial Relations, which ordered the men back to work. The point at issue involved the matter of payment, the steamship companies desiring to pay the men individually while the Union insisted on the Checkers being paid through the Union. The question is still up for arbitration and no definite ruling has as yet been issued.

ONE bright feature has been the result of the campaign instigated by the Philippine Chamber of Commerce aimed at getting an improvement in the quality of packing for incoming cargo, especially cargo coming from the United States. This campaign had its origin in the visit of several representatives of the San Francisco Chamber of Commerce to Manila last year for a trade conference held under the auspices of the Philippine Chamber of Commerce. Among other issues decided at this conference was

BUILDING CONSTRUCTION IN MANILA: 1936 TO 1949

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

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)	1949 (Value)
January	540,030	426,230	694,180	463,430	1,124,560	891,140	—	1,662,245	3,645,970	6,571,660	4,807,320
February	720,110	479,810	434,930	1,068,950	1,025,920	487,790	—	2,609,170	3,270,150	6,827,005	7,286,630
March	411,680	396,890	1,300,650	662,840	671,120	641,040	—	3,040,010	3,398,910	7,498,560	8,100,700
April	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,295,640	7,370,292	5,558,245
May	400,220	670,350	1,063,570	1,139,560	740,510	335,210	1,496,700	3,964,460	5,564,870	8,570,410	5,070,380
June	827,130	469,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840	4,809,250
July	302,340	691,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,487	4,601,450
August	368,260	827,660	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	7,568,950	4,150,280
September	393,100	777,690	684,590	554,570	590,380	530,830	1,015,250	7,326,670	7,770,310	7,095,860	4,952,660
October	663,120	971,780	718,190	645,310	738,700	699,040	639,030	4,630,550	6,747,240	5,368,800	
November	460,720	320,890	972,310	461,580	485,100	315,930	1,364,310	4,373,390	7,088,283	3,424,125	
December	648,820	849,160	503,230	1,105,910	333,490	67,553	1,605,090	5,034,600	4,924,320	4,507,580	
Annual											
TOTAL	P 6,170,750	P 7,530,690	P 9,280,560	P 9,053,250	P 8,234,460	P 5,692,273	P 12,186,150	P 47,526,905	P 73,907,248	P 82,792,569	P 49,336,915
Average	P 514,229	P 627,557	P 773,380	P 754,438	P 686,205	P 474,356	P 1,015,513	P 3,960,576	P 6,158,937	P 6,899,381	P 5,481,879

the decision to interest exporters in the United States in improving the packing of merchandise sent to the Philippines. According to various advices received from the Secretary of the San Francisco Chamber of Commerce, the campaign has been pushed in the United States and some apparently good results have been obtained. A questionnaire is presently being circularized among local customs brokers and local importers with the idea of determining whether there has been any resultant improvement in packing.

Judging from the answers that are beginning to come in, the results are in the main satisfactory.

The efforts of the Philippine Chamber of Commerce in this direction are to be highly commended. The type of packing for merchandise being sent here from the United States has been totally inadequate to meet the conditions prevailing on the piers since the war. It was especially noticeable that the type of packing for merchandise coming from the United States was far inferior to the packing that emanated

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from Europe, and especially Great Britain. The percentage of smashed and Bad Order cargo arriving from the United States was out of all proportion to that coming from the European countries.

As a direct consequence, there was a very high rate of pilferage of this merchandise and an unnecessary loss of time and money was imposed on the local importers. Added to which, laborers on the piers worked under insuperable difficulties in their endeavors to save as much of the broken cargo as possible for the unfortunate importers. With an improvement in packing, the pilferage on the docks will be cut down greatly and at the same time work will be vastly simplified.

AT the time of writing, speculation is rife along the waterfront as to the possible effect of the devaluation of the Pound Sterling on local imports and exports, but it is obviously too early to be able to hazard any kind of an accurate guess as to what the effects will be. A crystal ball might be of some help, but incoming cargoes have so far been singularly lacking with regard to this particular commodity.

Ocean Shipping

BY F. M. GISPERT

Secretary, Associated Steamship Lines

THE general trend of increased total exports was maintained during the month of August, as compared with August last year, due mainly to an increase in ore exports over last year.

Ninety-seven vessels during last August lifted

162,829 tons, as against 84 ships and 107,825 tons during August last year.

Exports of the main commodities during August of this year, as compared with the same month last year, are as follows:

	1949	1948
Alcohol	27 tons	108 tons
Coconut, desiccated ..	8,090 "	8,801 "
Coconut oil	5,300 "	3,095 "
Concentrates, copper	2,924 "	127 "
Concentrates, gold	520 "	41 "
Copra	62,190 "	37,114 "
Copra cake/meal ..	6,541 "	2,215 "
Embroideries	133 "	138 "
Empty cylinders ..	235 "	244 "
Fish, salted — dried ..	43 "	3 "
Furniture, rattan ..	251 "	511 "
Gums, copal	50 "	86 "
Hemp	33,108 bales	32,402 bales
Hemp, knotted	14 tons	1 tons
Household goods ..	166 "	97 "
Junk, metal	380 "	8,557 "
Kapok	25 "	74 "
Logs	3,497,563 board feet	1,241,330 board feet
Lumber	1,072,748 "	1,651,839 "
Molasses	504 tons	—
Ores, chrome	26,000 "	15,500 tons
" iron	25,052 "	—
" manganese	1,000 "	—
Pineapples, canned ..	3,976 "	1,017 "
Rattan, Palasan ..	28 "	179 "
Rope	288 "	362 "
Rubber	71 "	146 "
Shells	34 "	25 "
Skins, hides	41 "	18 "
Sugar, raw	3,398 "	15,105 "
Tobacco	319 "	—

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Transit cargo	282	"	141	"
General merchandise	1,222	"	3,166	"

Mining

BY CHAS. A. MITCHELL
Consulting Mining Engineer

August Production:—

	Tons	Value
Acoje Mining Co.	5,500	165,000.00
Atok-Big Wedge	12,534	361,839.00
Benguet-Balata	49,936	711,900.00
Consolidated Mines	15,000	308,000.00
Mindanao Mother Lode	9,900	304,636.76
Misamis Chrome		
Surigao Consolidated	8,624	191,250.00
Lepanto Consolidated	1,424,700	1,424,700
	(2,068 oz. gold)	
		527,250.00

EVERYONE, from the highest government official down to the smallest businessman, is exercised over the all-absorbing topic of how to balance exports and imports in order to conserve the dollar reserves of the country. The main solution offered, so far, is to curtail imports, but as everyone knows, such a procedure can be carried to the vanishing point; that is, if exports continue to decrease and imports are curtailed correspondingly, eventually a condition could be reached where there would be a 100 % embargo on imports and the people would suffer immeasurable hardships. For nearly 30 years now, a large proportion of the population of this country has come to look upon bread made of imported white flour as a necessary part of its daily diet. If the importation of flour were prohibited, as would be the case if eventually we arrived at a 100 % embargo on imports, we would then be on the way to attain what the Japanese recommended as the ideal co-prosperity state for the Filipino people; namely, "abolition of all motor transportation with the consequent abandonment of good roads; a universal diet of fish, rice, and camotes; clothes made of home-spun materials; and the majority of the population engaged in the production of raw materials for its more advanced and industrialized neighbor—Japan".

A drastic curtailment of imports is not the solution or cure-all for our present conditions; rather, if the same interest, enthusiasm, publicity, and energy were devoted to the increase of our exports that is being shown in the curtailment of imports, we might eventually hope to achieve the dream of some of our more enlightened citizens—that is, that the Philippines should become the distributing point for all Asia and the center of all commerce, such as it was in the old days, when goods from every part of the Orient were collected in the Philippines for shipment to Mexico and Spain on galleons built of lumber from Mindoro. Here we have the land on which can be grown sufficient rice to eliminate the necessity of purchases from abroad, filling all needs of our people and eliminating the sending of dollars abroad for this product. As in Japan and Formosa, the use of fertilizers here would greatly increase the present yield, and arrangements to permit local capitalists to plant large-scale by machine-methods would greatly reduce the cost of production.

We have forests of beautiful hardwood, such as mahogany, which is needed by other nations. We have hemp, coconuts, and sugar in quantity, and last but not least, before the war, we had a promising mining industry with a \$100,000,000 production, which, with a little government help, can again be revived and possibly expanded.

During the last 6 months, information has been continually coming in of rich mineral discoveries along the east coast of Luzon, in the Visayan Islands, in Mindanao, and elsewhere throughout the Philippines. All that these new finds need is a little venture capital to test them out in depth so that investors will be encouraged to carry on the work begun by the prospectors. From one newly discovered deposit alone, a small shipment of 150 tons of ore has been made running 400 ounces of silver and 62 % lead with a gross value of P948 per ton. A second shipment will follow shortly. Several other equally interesting discoveries not quite so rich, have also been made.

The business community is naturally in favor of any plan which will furnish the initial impetus to convert these mines of tomorrow into additional new operating mines of today; thus, resuscitating

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the mining industry. They are fearful, however, that if the venture capital necessary for this purpose is supplied by some government agency (as has been suggested), this may lead to the government's demanding a participation in the new ventures and ultimately, control of them. This, of course, would put the Government into the business, which is not to be desired and might also lead to insistence on government participation in other lines of endeavor.

The large integrated mining companies, here as elsewhere, have become conservative. They tend to concentrate their efforts upon the extension of known mineral deposits, or upon the purchase of mining operations already developed and producing. They have lost their pioneering spirit. They are no longer willing to take the initiative in searching for, or developing promising prospects, which, if given the opportunity, may prove to be equally as profitable as the known operating mines. Therefore, the miner has only two sources of aid,—one is the collective assistance of the men on the street, through the purchase of low-priced shares, and the other is government aid. With the aftermath of a disastrous and crippling invasion and occupation, the man on the street has no money at the moment for speculative investments; therefore, the Government is the last resort.

Were the Government to give assurances that if it furnished the necessary venture capital to develop new and meritorious mining prospects, it would do so merely with the thought of resuscitating a crippled industry, and not with the idea of obtaining an entering wedge for eventual government control of the mining industry, the business community would be solidly behind the plan.

Lumber

BY LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

THE devaluation of the pound sterling is being looked upon by lumbermen with apprehension. They realize that African mahogany that comes from Equatorial Africa (Ivory Coast, Baboon, and Cameroon), as are also the various species of seraya (Borneo lauans), from British North Borneo, are controlled by Britain. Thus the lumbermen believe African mahogany will have a stronger competitive position in the United States markets, whereas Borneo seraya, while coarser-textured, softer, and less lustrous than our lauans and tanguile, will compete with the Philippine products in Japan and other countries of the Far East.

During the month of August our timber exports amounted to 3,730,387 bd. ft., consisting of 986,408 bd. ft. of sawn lumber and 2,743,979 bd. ft. round veneer logs. The lumber went mostly to the United States, while the logs went mostly to Korea, where a total of 2,287,708 bd. ft. was purchased by SCAP.*

At the dinner given in honor of Mr. H. C. Pope, General Manager of the Insular Lumber Company, the members of the Philippine Lumber Producers Association heard a very interesting report on the market conditions in the United States. During

* These figures represent the timber inspected and approved for export by the Bureau of Forestry. The actual shipment figures are generally lower.

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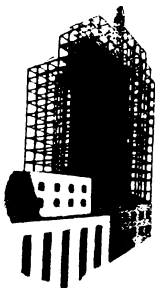
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Mr. Pope's sojourn, he attended the Annual Convention of the Philippine Lumber Import Association held in Colorado Springs, Colorado. Mr. Pope spoke highly of the firms handling Philippine products. One of the plans approved in the convention is to launch a more vigorous advertising campaign in favor of Philippine woods, although some importers are of the opinion that it is mostly a matter of price adjustments and that our woods will sell if sold at a lower price. Perhaps something could be done along both lines simultaneously, and in this connection, the co-operation of the Government in lowering certain levies is being solicited, also a revision of freight rates is being sought by a committee of the Lumbermen's Association.

At the request of the Philippine Lumber Producers Association, Mr. Tamesis, Director of Forestry, planned for the United States on August 27, to help boost Philippine woods. Mr. Tamesis timed his departure so that he could be in Chicago by September 26, when the National Hardwood Lumber Association opens its convention. Mr. Tamesis is scheduled to address the Convention on September 29. During the trip, Mr. Tamesis will likewise visit hardwood and furniture centers throughout the United States in the interest of the Philippine woods.

The local price of lumber has been more or less stationary since last month. Small and medium-size mills continue closed down. With the advent of the dry season, it is believed greater building activity will follow which may bring some relief to the lumbermen in the form of higher prices.

It might be of interest to mention here that the local manufacturers of plywood have petitioned the Government to put a ban on the import of plywood for the reason that the mills now in production are more than capable of supplying the market requirements. According to the Bureau of Commerce, a total of 7,810,638 sq. ft. was imported from various countries in 1948. This amount together with plywood manufactured locally during the same year, consisting of 2,621,394 sq. ft., gives a total of 10,432,032 sq. ft. consumed during the year. Based on the 1948 figures, the probable consumption for 1949 is 1,000,000 sq. ft. per month. This demand can be supplied at present and by the end of October, more than double this amount could be produced.

Copra and Coconut Oil

BY MANUEL IGUAL

Executive Vice President, El Dorado Oil Works

AND KENNETH B. DAY

President, Philippine Refining Company, Inc.

August 16 to September 15

FOR the first half of the period under review copra prices were steady and gradually advancing, particularly for nearby shipments. Then came a few days of uncertainty, followed by what appeared to be the start of a fairly substantial decline toward the end. In the absence of substantial ECA allocations, American markets and American prices controlled.

Starting with a market where buyers solicited offers at \$170 c.i.f. P.C. and sellers were holding for \$180, prices advanced in erratic trading to a point

where limited sales were continually made at \$185, and sellers were beginning to think optimistically of the possibility of \$200 copra once more. But the advance was too rapid, with supplies considerably greater than in many months, and with a good volume of business done at the higher levels, demand started to ease off, and an accelerating decline continued to a point where on September 15 buyers would not look at anything over \$155 c.i.f. and were freely predicting that lower prices were in the offing.

European buyers, while purchasing sterling bloc commodities whenever possible, felt that Philippine copra was not relatively overpriced, and a few trades were made on the basis of \$160 to \$165 f.o.b. chiefly for Scandinavian destinations. France was out of the market and Bizonal Germany, a hard-currency buyer, was undergoing a reorganization of its buying system and deferred replacement purchases.

The main reason for a strong copra market in the very heart of the copra season was the spectacular rise in the prices of domestic oils and fats, caused by shortage of supplies, particularly for prompt de-

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livery. The new crops of cottonseed and soya were still unavailable and inventories were low for hand to mouth consumers. Buyers who could not wait were forced to pay through the nose. The advances in these oils carried coconut oil and consequently copra along with them.

LOCALLY, the copra market was very much confused and unpredictable due partly to day by day fluctuations but more to a very unsatisfactory freight situation. As predicted last month, the Conference declined to cut rates \$3, and shippers began to charter, chiefly for September loadings, at savings reported to be as much as \$7.50 to \$10 per ton. Chartering became so general that the Conference was forced to act, and finally, after conferring with West Coast mills, Pacific lines reduced their rates on copra, oil, and meal by \$8.50 effective September 6, good until November 30, with reconsideration October 15. This unilateral action was not followed by Atlantic lines until September 14, the rate adjustment being retroactive to the 6th. The new rates appear unprofitable to carriers, and were only adopted to fight cheap charters in an overtonnaged market. It is not impossible that they may be adjusted upward in October, unless some agreement can be reached with shippers to improve loading conditions and despatch.

Uncertainty regarding freight rates thoroughly mixed up local markets, and further resulted in variations of contract terms in many cases from straight c.i.f. landed weights per short ton to f.o.b. landed weights per long ton. Moreover, with lower freights clearly coming, the age-long struggle began as to who should get the benefit of the drop, sellers through higher local copra prices, or buyers through lower c.i.f. purchases. A middle course result appeared likely.

COCONUT oil buyers were quite active during August, supplies being very short for early deliveries. In fact spot sales of a few tank cars were registered as high as 17¢ f.o.b. P.C. But the discount for futures was heavy, and large Eastern users of coconut oil refused to pay fancy prices. The best East Coast sales of Philippine oil were at around 15¢ c.i.f. N.Y. for August/September shipment. Philippine mills did a fair business in August, but in September buyers went on strike once more, and, as the period ended, were entirely out and waiting for the bottom of the market again, their supplies being adequate through October. Also, as prices declined, premiums for spot oil began to fade away, to the disadvantage of Coast mills, which had been doing very well with small uncommitted stocks.

Local copra markets fluctuated with export quotations, advancing in Manila from 31 to 24 pesos, then dropping to 29, then back to 31, and eventually ending the period at 28. Cebu prices were about the same. But there was never any great selling pressure, and outport shipments, especially by charters, kept provincial prices at extremely high levels, — generally too high for Manila and Cebu buyers.

Copra shipments for August were the highest since February, 1948, totalling 62,390 tons distributed as follows:

United States	
Pacific Coast	38,404 tons
Atlantic Coast	2,226 "
Gulf Coast	3,764 "

Canada	2,000 tons
Europe	14,902 "
Africa	204 "
	<hr/> 62,390

Some of this copra should have been applied to July, as explained last month. Shipments in August, 1948, totalled 37,114 tons. It can be seen therefore that current prices were sufficient to encourage full production.

Oil shipments declined from July, partly owing to freight difficulties, and totalled only 5300 tons distributed as follows:

<i>United States</i>	
Pacific Coast	464 tons
Atlantic Coast	4,763 tons
	<hr/> 5,227 tons
China	73 tons
	<hr/> 5,300 tons

This, however, contrasted favorably with the 3,095 tons exported in August, 1948. Total August copra and oil shipments in the form of copra exceeded 71,000 tons, a very good month, indeed.

While European cake markets held steady at the equivalent of \$34 to \$35 per ton f.o.b. the American meal market declined from \$51 to \$46 per short ton c.i.f., the decline being primarily due to large available supplies of feed stuffs on the Coast. Some of this decline was absorbed by the new freight rates.

LOOKING at the copra market in mid-August, we find the position statistically weak with buyers looking for lower levels. The new bumper crops of cottonseed and soya were beginning to come to market, big hog and cattle slaughters were anticipated, and the domestic situation seemed inherently very easy. Prices were dropping daily, spot premiums had largely vanished, and buyers were generally disinterested.

Some market authorities felt, however, that perhaps the decline was again being overdone, and predicted that markets might soon steady themselves at around current levels for the remainder of the year. Coconut oil was expected to be tied more or less to domestic oils and divorced temporarily from tallow.

The real answer to coconut oil prices, however, lay right here in the Philippines, and depended on the amount of copra produced and offered for sale. If declining prices serve to curtail production, if bad weather sets in, or if there should be any considerable buying interest from Europe, prices may well steady up again. If copra continues abundant and supplies exceed demand, the market may weaken further. Or any one of several unanticipated contingencies may upset the present picture one way or another, including acts of government. That is why dealers in general are trying to maintain a fairly balanced position, and pure speculation as such is at its lowest ebb for the year. For the country as a whole, this is a healthy state of affairs, it does lend itself to spot fluctuations if outside markets move suddenly, because uncommitted stocks, which normally act as cushions against spot requirements, are very limited, particularly for this time of year.

As usual, then, we leave the copra market on September 15 in a very confused and unpredictable condition, but subject to considerable downward pressure from United States buyers, who find themselves in a substantially better position than a month ago.

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Effects of European Currency Devaluation

ON September 19, the British pound was devalued by 30-1/2% from \$4.03 to \$2.80, and sterling area countries immediately devalued their currencies correspondingly. The question at once arose as to how this might affect Philippines copra and oil which are sold in competition with sterling producers. The immediate effect was of course psychologically bearish, and prices started to decline. The decline was short-lived, however, and prices began to stabilize themselves at not very much below pre-devaluation levels. But this is not a long-range answer, and it will take time to determine the real end-result.

A few points stand out. First, sterling area producers can undersell Philippine producers in both American and European markets. But in the American market they must hurdle the extra processing tax of 2 cents per pound,—about \$25 per short ton of copra. If they want dollars badly enough to pass up more profitable European markets, they will do this, but \$25 a ton is a weighty deterrent.

Secondly, Europe is still very short of fats and oils, and prospective world supplies of copra and coconut oil this year are somewhat disappointing. It is unlikely therefore that there will be any great pressure of copra on the market. Consequently, Europe will probably be able to take care of outside copra, which because of devaluation has a preference in sterling markets, leaving American buyers still chiefly dependent on the Philippines.

American markets are depressed due to large crops surpluses and threats of industrial unrest. Prices cannot therefore be expected to advance much except for distressed buyers. But in the United States, the laws of supply and demand will ultimately govern, and for minimum requirements prices must follow availability of copra. What this will mean for the Philippines must depend during the coming months on available supplies. Whether European buyers will still look at Philippine copra is problematical, but not impossible, although obviously they will draw on supplies from sterling areas as far as they can. Were it not for ECA dollars when earmarked for purchases from the United States or the Philippines, in which European purchases have largely been made in recent months, Philippine copra would find it hard indeed to supply the European market.

Certainly, there is nothing bullish for copra and coconut oil in devaluation; on the contrary, it is on the whole bearish. Prices should tend to be lower than they otherwise would. In another year, and with increasing world production of fats and oils, it may become a serious factor. But statements to the effect that Philippine copra and coconut oil face immediate ruin from devaluation appear, to say the least, premature.

Desiccated Coconut

HOWARD R. HICK

*President and General Manager
Peter Paul Philippine Corporation*

THIS report covers the period from August 15 to September 15, 1949. Generally the industry continued at slightly reduced capacity, with the Blue Bar Company remaining shut down in Luzon.

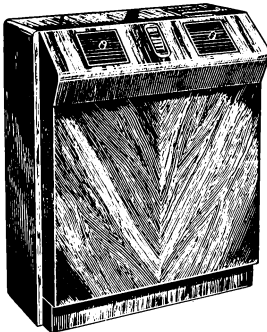


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The copra market eased off after remaining quite steady during the first part of the period, and toward the close of the period copra and nut prices became bearish. We can look for a considerable fall in price due to the pound sterling drop as well as the drop in shipping rates for the coming period.

It is too early to say what the drop in copra shipping rates will do to desiccated coconut factories as far as purchasing nuts is concerned, but already indications are that around the coastal areas the middlemen are absorbing a large part of the differential and that the freight drop has not been of much assistance to desiccators. Although it is too early to give a definite opinion, events to date have only proved how definitely the desiccators are tied to copra events and prices.

Labor-management problems remained at a minimum during the period. Standard Coconut Corporation had a flare-up of labor difficulties which to the date of this report have not been settled. The issue has become largely an inter-union squabble with the company caught in the middle.

We officially welcome into the ranks of the desiccated producers, Red V's new factory in Oroquieta, which we hear is a fine factory, well planned, and making use of all labor-saving devices possible. This marks a post-war effort to establish multi-plant operations, as did Blue Bar before the war.

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

Shippers	Pounds
Franklin Baker Co.	3,941,560
Blue Bar Coconut Company	218,070
Peter Paul Philippine Corporation	1,014,000
Red V Coconut Product, Ltd.	2,325,600
Sun-Ripe Coconut Products, Inc.	291,000
Standard Coconut Corporation	506,300
Cooperative Coconut Products	599,700
T a b a c a l e r a	575,000
Coconut Products, Inc.	186,210
Luzon Desiccated Coconut Corp	237,370
	9,904,810

Sugar

By S. JAMIESON

Alternate Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from September 1 to September 28, 1949.

New York Market.—September opened with sales of Cuban, Puerto Rican, and Philippine sugar at 5.95¢ for September/October shipment. Thereafter sellers held out for 6¢, at which price a fairly large quantity of sugar, mostly Hawaiian, was on offer; but buyers showed little interest, apparently hoping that, to ease the supply situation, Washington would increase the United States consumption quota. This hope was realized on September 13, though not before buyers had paid 6¢ for 10,000 tons of Cubas for October shipment, by the announcement made by the U. S. Secretary of Agriculture that the 1949 United States consumption quota would be increased by 250,000 short tons, making the total quota 7,500,000 short tons. Of this increase, Cuba was allotted 246,600 tons, making her total United States allotment 2,888,735 short tons. This had no noticeable effect, however, on sellers' idea of price, and buyers finally gave up their idea of getting prompt arrivals below 6¢ and purchased about 30,000 tons at that

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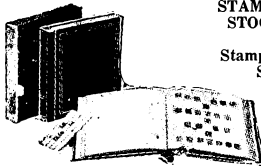
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price. The market continued to gather strength, sellers holding out for 6.05¢, and the price finally went over the 6¢ level with the purchase of 20,000 tons of Cubas at 6.03¢, followed by about 30,000 tons more at 6.05¢. At the close there are sellers but no buyers at 6.05¢.

During the month, the following sales of Philippine sugar were reported:

3,500 tons ex warehouse New York at 6¢
6,000 tons for September shipment at 5.95¢
13,000 tons new crop at 5.75 for January/February shipment

In the face of the steadily advancing price of raw, refiners raised their price of refined from 7.85¢ to 8.05¢, effective September 26.

We give below the quotations on the New York Sugar Exchange as of September 22 for contracts No. 4, 5, and 6:

	Contract No. 4	Contract No. 5	Contract No. 6
September	4.18	5.67	—
November	—	—	5.53
December	—	5.59	5.45
January	—	5.55	5.41
March	4.09	5.31	5.22
May	4.08	5.30	5.21
July	4.08	5.30	5.21
September, 1950	—	5.32	5.23
November, "	—	—	5.24

Local Market.—(a) Domestic Sugar. Sufficient stocks of 1948/49 sugar are said to be on hand to meet local needs until November 15, by which time adequate supplies are expected to become available from new crop sugar. Current prices for old supplies are from P19.50 to P20.00 per picul, ex mill warehouse, for centrifugals. Dealers have already entered into contracts for new crop centrifugals at the following prices ex mill warehouse: P19.00 to P19.50 per picul, October delivery; P17.50 to P18.00 delivery first half of November; P16.00 to P17.00 delivery during second half of November; and P16.00 delivery up to December 15. They are indicating P15.00 to P15.50 for delivery after January 1, 1950.

(b) Export Sugar. Exporters are quoting P13.90 to P14.25 per picul, ex mill warehouse, for delivery up to October 31, and P13.40 to P13.50 for later delivery. Mills and their planters will likely sell a large part of their first new crop sugar in the domestic market, and, in consequence, the quantities offered for sale as export sugar will probably be quite limited, especially during the months of October and November.

Several Negros mills start milling in the latter part of October.

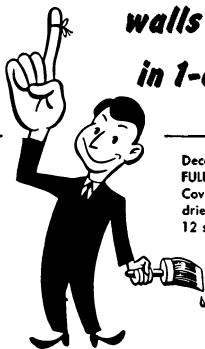
General.—Freight Rate. Negotiations are proceeding between shipping agents and shippers for a new rate on raw sugar from the Philippines to United States Atlantic Coast ports, to be effective upon the termination of the existing rate of \$15.50 on October 31, 1949.

Java.—The latest estimate of the new Java crop reduces the quantity to 200,000 tons. The original estimate was 350,000 to 360,000 tons. There is thus no likelihood of sugar being available for export from Java during the coming season, since their home consumption is more than 200,000 tons. The reduction is ascribed to a recrudescence of the disturbed conditions in the sugar districts which has made it difficult to safeguard the growing crop.

Hawaii.—The longshoremen's strike has not yet been settled, but since the government took the port facilities, several steamers have been loaded with sugar for delivery to United States Atlantic Coast ports.

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Manila Hemp

By H. ROBERTSON

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

THIS review covers the period of August 16 to September 15. During these thirty days, the market ruled quiet but inactive. Closing values were somewhat under the highs for the period, due to the tendency of Philippine sellers to press sales on the prevailing thin market.

World demand for abaca at present prices is strictly limited. In view of the continued poor demand for rope, United States consumers feel that prices are too high to justify purchases except for their immediate requirements. Japan is still out of the market except for small quantities of particular grades. SCAP may re-enter the market in October. The dollar shortage precludes any real demand from the sterling area, although small ECA purchases were recorded during the period.

Locally, prices continue to run higher than outside demand warrants. Expected lower production for October and November probably accounts for this. It is apparent that 1949 production will run 90,000 to 100,000 bales below that of 1948.

Philippine provincial quotations, September 15:

Per Picul
Basis Loose

Davao I	P59.00	— Up	₱4.00	per picul since August 15.
Davao J1	57.00	— Up	3.00	" " "
Davao G	48.50	— Up	1.00	" " "
Non-Davao I . . .	P56.00	— Up	6.00	" " "
Non-Davao G . . .	39.00	— Up	3.00	" " "
Non-Davao K . . .	24.00	— Unchanged	"	" " "

New York quotations, September 15:

Per Lb.
c.i.f.
New York

Davao I	26¾¢	— Up	½¢	per lb. since August 15.
Davao J1	26.	— Up	¼	" " "
Davao G	23¼	— Up	¼	" " "
Non-Davao I . . .	26¼	— Up	2¢	" " "
Non-Davao G . . .	19¼	— Up	1¼	" " "
Non-Davao K . . .	15¢	— Up	¾	" " "

Production for August, 1949, reached only 31,666 bales. This represents a decrease of 3,959 bales from July, 1949. Non-Davao August balings totaled 16,936 bales—down 2,267 bales from July; and Davao, 14,730 bales—down 1,692 bales from July. August production was the lowest recorded for any month since November, 1948. Exports for August amounted to 24,880 bales. Production for the first eight months of 1949 was 348,932 bales, against exports for the same period of 320,750 bales. January/August production for 1949 was 87,031 bales lower than production for the same eight months of 1948.

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Manila

Tobacco

BY THE CONDE DE CHURRUCA
President, Manila Tobacco Association

FOR the first time since liberation, the corn crop of Northern Luzon has been saved and harvested by the farmers. It is a big crop, amply sufficing their needs. As a consequence, farmers will be prepared to plant a larger amount of tobacco, and if the weather plays no tricks, we can expect a proportionately big crop. A few years of good weather would be the real basis for the rehabilitation of the tobacco industry.

It is much too early to make any guesses as to the next crop, but tobacco seed is being distributed in large enough quantities to enable the farmers to plant many seedbeds.

EXPERIMENTS with Virginia seed (that has not been changed for 4 years) have given good results as to quality but have proved very expensive in comparison to the results obtained. It will not be possible, because of the high wage cost, to produce this tobacco by administration, but if the farmers would be willing to cooperate and the Government and private entrepreneurs would build a large enough number of curing sheds, very good results could be obtained in certain regions of the Philippines as this tobacco could be sold to factories at better prices for the farmer than the native type, and it would be cheaper for the factories than the better grades of imported Virginia.

To promote this matter, it would be necessary, in the first place, that some local type of Virginia cigarette be manufactured and accepted by the public. It would have to be made, at the beginning, from imported Virginia leaf, and little by little this would be blended with the local Virginia. In time, by progressive improvement, a minimum of imported leaf would be needed.

It would not be too easy for the factories to hit upon the right type of cigarette, one which will be appreciated by the public, for it would have to be both cheap and good. But this would be the only way to procure a market for native Virginia leaf.

Once a locally manufactured Virginia cigarette is well introduced, it would not be hard to progressively change the blend to the native Virginia.



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It is out of the question, however, to encourage our farmers to produce Virginia tobacco instead of native in quantity at once, for if it were produced in any volume, there would be no buyers prepared for it.

The factories have first got to produce a good cigarette (even at a sacrifice), one which local smokers will indeed prefer to the imported type.

All this would therefore involve a parallel process that would take time, but it would produce an important business and keep many millions of dollars from leaving the the country.

Chemicals

BY HERBERT FISCHER

Philippine American Drug Company
(Botica Boic)

IMPORTS of chemicals into the Philippines have reached a level which is being steadily held, indicating that the supply is meeting the demand and that consumers are buying by the week or month instead of stocking up months in advance to be assured of a sufficient supply.

Increased sales in certain items have offset decreases in others which were subject to speculation. Philippine industry, which is the heaviest direct consumer of chemicals, demands a certain flow of imports and this flow will increase with the development of local industry. The present import control over luxury items which restricts the import of ready-made preparations, will act an incentive toward the establishment of new industries, though some restricted items, well and favorably known, will continue in demand.

Some of the largest American soap, dentrifice, cosmetic, and perfume manufacturers are reported to be preparing to manufacture locally, and while they will no doubt import most of their raw materials and their containers, they will certainly purchase some of their raw materials, such as alcohol, here. Ultimately, most of the containers, — bottles, cardboard boxes, and labels may also be made here.

It is too early to make any definite statement with respect to the effect of the sterling devaluation on local prices of chemicals. There may or there may not be a shift to European suppliers, depending upon availability and prices.


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Textiles

BY JAMES TRAYNOR

THE market during September was more active than at any time since January. This activity is the result of several factors, the most important of which is the seasonal increased consumption, common toward the end of the year, usually beginning in September. Ordinarily importers buy for this year-end activity, but this year buyers have used extreme caution due to depressed prices which have ruled during the past 5 to 6 months. Inventories were therefore held at a conservative level and are now low enough to cause many grades to be in short supply, and with the consequent upward adjustment in prices, importers feel more confident in making new commitments.

There is a feeling in the market that if the current rumors of further restrictions by the Import Control Board are put into effect, the normal demand for textiles could not be satisfied.

The New York market continued to be firm and nearby deliveries very difficult to procure. Some mills in the United States have sold as far ahead as next February. Prices in New York continued to advance throughout the month.

Legislation, Executive Orders, and Court Decisions

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

THE Supreme Court has just rendered an interesting decision on the liability of a lessee for the agreed rental during the period of the Japanese occupation.

In Case No. G. R. No. L-1802, decided September 30, 1949, the Court said:

"We do not agree however with plaintiff that the non-payment of rent worked to rescind the contract. The failure of the defendant to pay rent during the war was due to impossibility inherent in the nature of the thing to be performed. In this aspect of the contract the payment was the very thing promised by the lessee, the very foundation, the sole consideration of the contract for the lessor, and the lessee's failure to make good the promise was due to causes over which it had no control and for which it was in no manner at fault. The war led to its officers' incarceration or internment and prevented them from receiving cash from their principal or from working to earn money. There is no difference in the animating principle involved between this case and that of

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a promissor who is unable to fulfill a promise to sell a house because the house was burned down.

"It will perhaps be contended that after liberation the defendant was in a position to pay the rent in arrears and yet did not do so. This failure, in our opinion, should not operate as a forfeiture of the right of the lessee under the contract. Its refusal was not due to any notion of bad faith but to an honest belief that it was not under obligation to pay. This claim for exemption can not be dubbed frivolous in the face of the fact that the lower court sustained it and of the vehemence with which the proposition is urged by counsel upon us.

"The judgment of the lower court is reversed as to the obligation of the defendant to pay rent from December, 1941, to the date preceding the first payment after January, 1945. The decision is affirmed regarding the prayer to rescind the contract."

In the case of San Miguel Brewery, Inc., Case No. 271-V, decided September 17, 1949, Judge Roldan of the Court of Industrial Relations said:

"Section 1 of Article III of the Constitution of the Philippines regulates the acts of the laborers and employers in a strike. Sec. 1 provides: 'No person shall be deprived of life, or property without due process of law, nor shall any person be denied the equal protection of the laws.' In any strike the rights of four groups of persons are affected—the strikers, the employer, the workers who did not join the strike, and the public.

"In the application of the constitutional provision abovesaid, the laborer has the liberty to sell his labor to whom he chooses and to stop rendering his service when he so determines; the employer is at liberty to operate his business in the way he pleases and to employ those whom he selects; the non-striker has the liberty to join or to refuse to join the strike or to stop or continue his service; and, the public has the right to continue its dealings with the employer. All these rights are sacred and must be respected in accordance with the laws enforced."

Another point the Court made was that wages were not payable for time lost during the strike last year. The Court said:

"As to the demand for the payment of the wages that the strikers lost on the occasion of their strike on November 22, 1948, the Court understands that a strike is a voluntary and deliberate cessation of work on the part of the workers. Upon this consideration and based on the equitable tenet of a fair day's wage for a fair day's labor, this demand falls of its own weight and must be, as it is hereby, denied."

As to the claim for the equivalent of 3 years' pay for rehabilitation, the Court said:

"This demand has been the subject of a similar petition in Case No. 26-V of this Court between the National Labor Union and the petitioner. This Court then and there rules that 'the company should not in fairness be responsible for the back pay of three years during which it had not been benefited because all the properties and plants of the company were operated and utilized by the Japanese Army of occupation during that period; and, moreover, there had been no evidence at all as to who among the employees worked during the occupation in the company'.

"Conditions have not changed since then. No new evidence had been presented by respondents to justify a new

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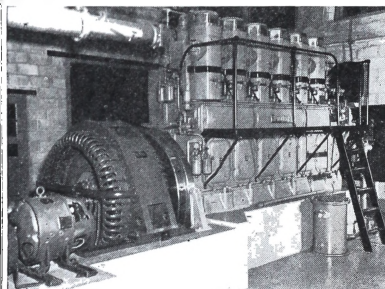
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decision on the matter. For these reasons, this demand is denied."

As to the legality of the strike, the Court said: "A perusal of the evidence submitted by both parties on the matter of strike leads the Court to conclude that at least in the Coca-Cola Plant located at Otis Street, Manila, in the Magnolia Plant located at Aviles Street, Manila, and in the Polo Plant located at Polo, Bulacan, employees were coerced and intimidated from rendering their usual services to the San Miguel Brewery, and, in the Polo Plant there was use of coercive words, display of force, threats and acts of violence, during the strike.

"... With regards to the strike, the Court finds that the means employed in its furtherance were violative of Constitutional and legal provisions in forces in this jurisdiction and declares this strike illegal. As a consequence, those responsible for this illegal strike can be dismissed."

Philippine Chamber of Commerce Program . . .

(Continued from page 436)

creed time and again, whether in this country, in the United States, or elsewhere. One such measure is the import control. I recall that we endorsed for approval the law establishing the import control as a temporary measure. While I do not argue on the beneficial effects of the import control, such as the conservation of our dollar reserves, by canalizing the import trade to essential commodities and capital goods and restricting the importation of luxuries and non-essential goods, the fact of the matter is that we favored it as a temporary measure. I shall suggest to the Board that we send a referendum to the members asking them to give their opinion as to the continuation or repeal of the import control so that we may arrive at a definite stand on the matter.

8. There is no question that our system of taxation is top heavy, considering the rather simple economic structure that we have. On top of this, there is always danger of double taxation—taxation by the local government and taxation by the Government of the Republic. Taxation is one of the greatest restrictions on the progress of business. I am not arguing against taxes which are reasonable and bearable, and which are imposed under the principle of ability to pay. But there are taxes in our system of taxation that are defective and which operate as impediment to our economic development and the progress of business. I intend to direct the preferential attention of the Taxation Committee of the Chamber to this problem.

9. Our obsolete tariffs should be revised. The tariffs enforced now are colonial in nature. They have been in force "mutatis mutandum" since 1909. Certainly, the Government of the Republic should revise our tariffs. As a matter of fact, such revision has already been started. It came to a head with a proposal submitted to the National Economic Council. Such proposal has been circularized to the members of the Chamber and I am urging all the members to make such suggestions as they may deem proper so that we can study and contribute to the revision of the existing tariffs in a manner to suit best our national interests.

10. The labor-management relationship should ever be kept harmonious. The success of any business enterprise depends, to a large extent, on that harmony. Labor should be given a just wage and human treatment and Capital should be entitled to a fair and reasonable profit. Labor-Capital disputes should be minimized as they tend to disrupt business and entail great economic loss. I propose to have a study of all

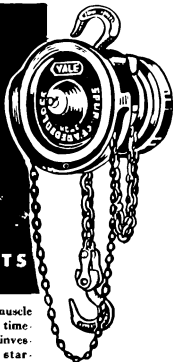
(Continued on page 462)

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

(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (59.15)	House Rent (8.45)	Cloth- ing (6.52)	Fuel, Light and Water (13.94)	Miscel- laneous (17.86)	Purchas- ing Power of a Pen.
January	603.4	759.2	236.4	984.0	363.8	434.8	1.657
February	547.2	656.3	236.4	940.3	369.5	460.5	1.827
March	525.9	631.0	236.4	940.1	340.4	445.2	1.992
April	556.2	684.1	236.4	910.3	345.5	435.9	1.798
May	545.1	675.6	236.4	762.5	342.3	409.6	1.836
June	538.7	666.4	236.4	737.9	343.3	404.2	1.856
July	552.7	704.3	236.4	698.9	341.3	364.6	1.809
August	477.9	590.0	236.4	384.7	320.9	346.3	2.092
September	477.9	591.9	236.4	378.7	314.5	347.2	2.092
October	487.4	687.2	236.4	382.7	405.8	342.7	2.052
November	484.8	687.8	236.4	406.4	346.5	305.2	2.063
December	461.9	570.8	236.4	371.9	344.7	302.1	2.165

1947 ²	(100.00)	(63.43)	(11.96)	(2.04)	(7.73)	(14.48)	
January	426.2	368.2	453.9	381.9	326.2	282.5	2.346
February	418.5	454.9	453.9	356.2	344.8	281.4	2.389
March	406.8	440.1	453.9	296.2	334.7	279.4	2.458
April	387.7	413.3	453.9	269.2	328.9	271.6	2.579
May	381.0	404.4	453.9	250.9	365.4	263.4	2.625
June	386.3	414.4	453.9	236.8	316.6	268.6	2.589
July	393.4	426.8	453.9	217.7	309.3	269.9	2.542
August	387.4	419.8	453.9	210.2	292.0	269.1	2.581
September	368.9	392.1	453.9	216.4	293.3	266.8	2.711
October	358.7	376.3	453.9	212.7	280.5	267.7	2.788
November	358.4	376.3	453.9	215.1	280.5	265.3	2.790
December	371.9	395.8	453.9	219.1	298.2	262.9	2.689

1948							
January	391.2	428.3	453.9	224.5	304.6	249.9	2.556
February	368.5	392.0	453.9	223.8	301.1	254.4	2.714
March	349.4	361.0	453.9	214.6	308.1	255.9	2.862
April	356.1	374.1	453.9	209.4	289.7	254.8	2.808
May	349.8	360.2	453.9	214.2	289.7	271.6	2.859
June	354.3	370.4	453.9	205.2	283.2	262.9	2.823
July	356.4	374.2	453.9	201.3	281.6	262.4	2.806
August	363.6	385.7	453.9	199.8	281.6	261.7	2.751
September	370.6	397.2	453.9	199.2	279.6	260.6	2.698
October	374.9	404.0	453.9	204.8	283.2	257.9	2.668
November	368.7	394.4	453.9	202.0	281.6	258.7	2.712
December	365.9	389.9	453.9	202.0	282.4	268.9	2.732

1949							
January	363.8	386.8	453.9	202.0	279.0	258.9	2.760
February	343.8	355.5	453.9	203.0	277.5	258.9	2.909
March	346.3	358.2	453.9	202.0	276.3	258.5	2.896
April	348.7	362.6	453.9	197.6	287.5	267.1	2.868
May	348.8	362.8	453.9	197.2	287.5	257.1	2.867
June	349.0	362.9	453.9	203.9	287.5	257.2	2.865
July	351.7	374.0	453.9	194.2	295.8	240.5	2.844
August	337.5	351.2	453.9	196.3	266.6	241.2	2.963
September	333.6	345.1	453.9	190.3	264.8	243.1	2.998

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

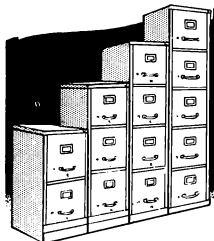
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The "LET YOUR HAIR DOWN" Column

THE editor was full of talk one day this month about a diplomatic reception he had attended the evening before,—the reception at the Netherlands Legation in honor of Lt. Col. John P. Prior who was on that occasion decorated with the Royal Order of Orange-Nassau. But to listen to the editor you would have thought that he is the one who was decorated.

"You know," he said, "I don't go out very much, but the Netherlands Legation is near my house and I got up energy enough to go last night. And everyone I talked to seemed glad to see me and had something good to say about the Journal. Even the woman. I was surprised!"

He quoted himself:

"You mean to say you read the *Journal*? A businessman's paper; economics, finance, statistics, market reports! A woman: I can't believe it."

"But it's true, all right," he went on with a self-satisfied smile. "They told me that their husbands always take their copies home with them and these wives get a chance to read them then. They read mostly the editorials and the 'Hair-Down' column and some of the articles of a more general nature. I hadn't thought of it before,—that we have women readers. But I am convinced now that we have. And it's a very nice thought."

Well, since he put it that way, we didn't jeer.

"It does something to me. It will humanize my job now that I can think of men and women readers. Not that I recommend starting a cooking or housekeeping section, of course. But somehow the thought will soften and mellow the spirit. . ."

"Soften is right!" said we.

Exclaimed the editor:

"Is there no one around here with a touch of feeling, any sense of gallantry?"

TALKING about the ladies,—it was a cheerful group of Chamber members' wives who on the morning of September 29 inaugurated the new Coffee Shop

on the Chamber's premises. A special committee composed of Mrs. Parish, Mrs. Newton, and Mrs. Most, assisted by Mrs. Willimont, the office-head, did a fine job in making the place a really attractive clubroom,—light, airy, comfortable, and quiet. Some fifty or more of the ladies attended, played a little bridge, talked, and had coffee, sandwiches, cake, and what other home-made good things are now provided there. (In view of what the editor had said about the reception he attended, we took especial note of the fact that on this occasion, at least, none of the ladies took any notice of him.)*

The place is now open to members and accompanied guests, and the wives, of course. A chit-system has been established to eliminate cash-handling problems. Bills will be sent out at the end of each month.

Editor's note:—Is that so! I was at my desk and probably looked too busy.

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And speaking of men and women, a friend sent in a note which read as follows:

"Life is never dull. Here is the latest: Labor in the United States is now demanding a one-week 'Paternity' leave with pay. I repeat, 'Paternity.'"

Perhaps this is to be taken as a modern equivalent of the ancient classical and primitive *couvade*, a custom which required a man to go to bed at the birth of his child, fast and groan, all with the idea of emphasizing his paternity and making birth easier for his wife.

We received the following letter from a reader of the Journal who asked us not to use his name:

"In connection with the statement in the editorial in the September Journal on the United Nations Declaration of Human Rights that this is 'not binding law', I came across the following paragraph in Secretary-General Trygve Lie's introduction to the fourth annual report on the work of the United Nations, which is very much to the point:

"It is true that this Declaration is not law, but neither have been many of the most influential documents of history. The United States' Declaration of Independence, and France's Declaration of the Rights of Man were not laws when they were proclaimed.

"Nevertheless, the Universal Declaration of Human Rights has behind it the force of public opinion, and public opinion is the source of all law whether it be national or international. The Declaration sets a standard for Governments to live up to. Its power for good is incalculable wherever people are deprived of freedom because of their beliefs, wherever there is discrimination because of the color of a man's skin or for any other reason, wherever people do not have a fair opportunity to enjoy a decent living standard, education for their children, and security in times of illness, accidents, and old age.

"The Declaration, furthermore, is only the first, although the most important, of the steps being taken by the United Nations to extend respect for human rights more widely in the world.

"The Declaration has behind it the force of public opinion'. We in the Philippines should remember that. Our Solicitor General should remember that. Did you send him a copy of your September issue?"

We did.

Mr. Stevens, President of the Chamber, a great kidder but with a heart of gold, and a power behind this Journal, has left us for a while to go on another visit to the home country, and all we can think of now in our depression is that he has promised to be back before the end of the year. May the great planes which will bear him and his wife through the skies be strong of wing.



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**Philippine Chamber of Commerce
Program . . .***(Continued from page 458)*

labor disputes that may arise and to find and suggest means of removing the root causes of such disputes.

11. My last but not the least point is my desire to have the full support of the entire membership of the Chamber of Commerce of the Philippines. I am giving as much time as I can to the performance of my duties and responsibilities as head of this premier organization, but I knop I will not make a headway unless I get the full support cooperation, sympathy and goodwill of the members of the Chamber who have conferred upon me the signal honor of elevating me to the position of read of the organization.

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SWORN STATEMENT*(Required by Act No. 2589)*

The undersigned, A. V. H. Hartendorp, editor and manager of the American Chamber of Commerce Journal, published monthly in English at the Office of the American Chamber of Commerce of the Philippines, Manila, after having been duly sworn in accordance with law, hereby submits the following statement of ownership, management, circulation, etc., which is required by Act No. 2586, as amended by Commonwealth Act No. 291:

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(Sgd.) A. V. H. Hartendorp

Editor and Manager

Subscribed and sworn to before me this

29th day of Sept., 1949, at Manila, the af-

fiant exhibiting his Residence Certificate No.

A-49130, issued at Manila on January 17, 1949.

G. V. McClure

Notary Public

Until December 31, 1950

Doc. No. 64; page 2.

Book No. 36; series of 1949.

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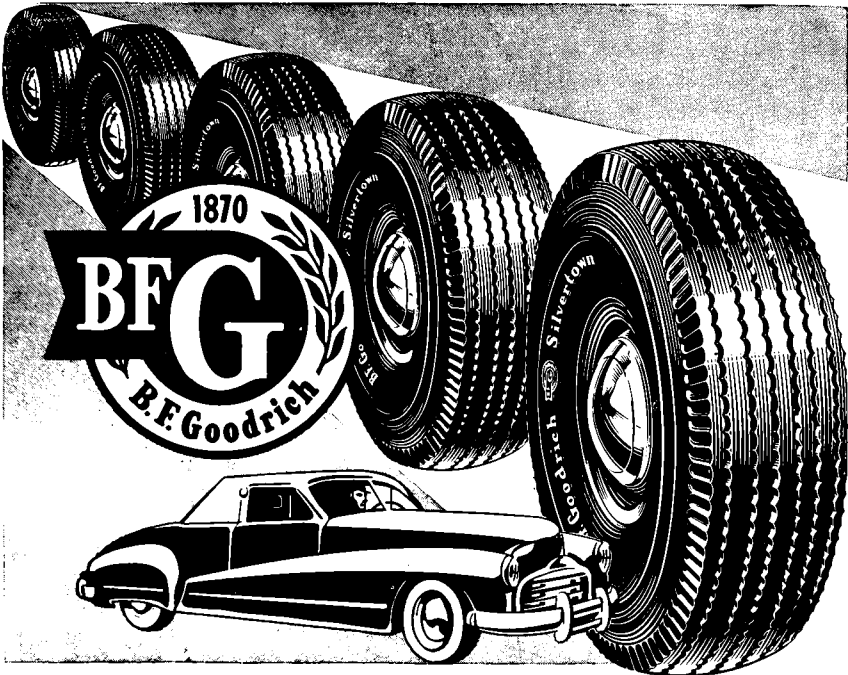
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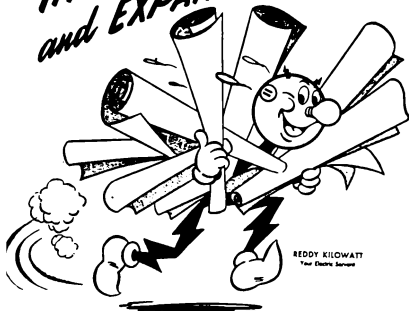
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