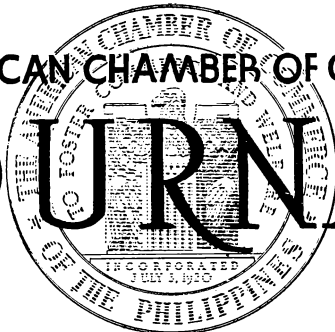


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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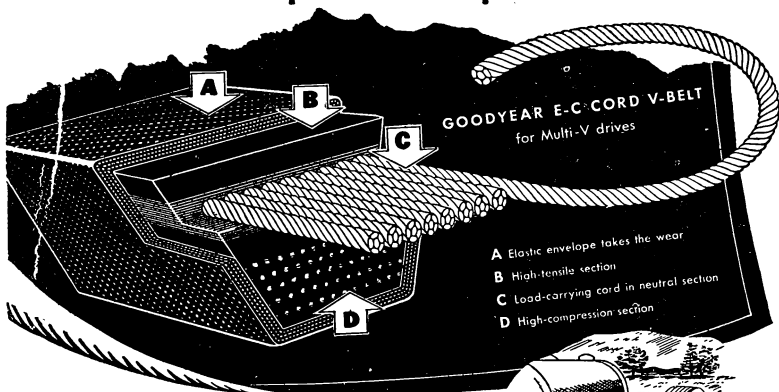
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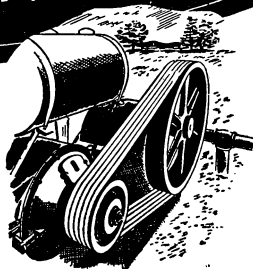


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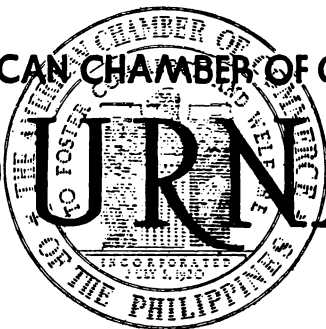
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MANILA

CEBU

THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

The American Chamber of Commerce of the Philippines wishes to express its gratification over the appointment of Mr. Cornelio Balmaceda as Under-Secretary of the new Department of Commerce and Industry, recently separated from the former Department of Agriculture and Commerce.

The Chamber congratulates His Excellency, the President, on having found a man of Mr. Balmaceda's integrity, ability, and experience to occupy this important position, and Mr. Balmaceda on having received the appointment.

Mr. Balmaceda, a Harvard graduate, was Director of the pre-war Bureau of Commerce, and can be said to have risen to his present rank entirely on the basis of merit.

PRATRA, which sounds like the name of some monstrosity in the Indian pantheon, stands for the Philippine

Relief and Trade Rehabilitation Administration, a new government corporation which represents a fusion of the former Philippine Relief and Rehabilitation Administration, the National Trading Corporation, and the purchasing department of the National Cooperatives Administration.

In setting up this new entity, the Cabinet was reported to have been against the inclusion of the relief functions, but as the old PRRA was designated by UNRRA (the United Nations Relief and Rehabilitation Administration) to handle UNRRA relief work in the Philippines, and UNRRA insisted that the PRRA continue to handle this until that world organization terminates its activities here, it was decided that PRATRA would continue the relief functions of PRRA.

Basically, however, PRATRA is not simply an entity which directs and manages the Government's relief and rehabilitation activities, but a government trading corporation after the nature of the former National Trading Corporation which it absorbed,—of the spoiled canned-milk fame.

The powers granted by the Presidential Executive Order which created it, are truly enormous. Pertinent sections of the Order, setting forth these powers, were published in this *Journal* last month. The Order authorizes PRATRA—

"to undertake the prevention of monopolization, hoarding, injurious speculation, manipulation, private control, and profiteering affecting the supply, distribution, and movement of foods, clothing, fuel, and other articles of prime necessity".

Those are very broad, in fact, dangerously broad powers to vest in any general manager or board of directors of any conceivable grade of ability and honesty.

PRATRA may also—

"acquire foods, clothing, fuel, fertilizers, chemicals, construction materials, implements, machinery, equipment required in agriculture and industry, and other articles and commodities of prime necessity, both imported and locally produced or manufactured, for sale in such a manner and at such prices as may be determined by the Board of Directors".

It may furthermore—

"enter into negotiations and contracts with other agencies and branches of the Government and public or private corporations or associations for the manufacture or distribution of goods that it may consider necessary to insure the availability of the supply thereof in the interest of public welfare and the national economy."

It sounds as if the drafters of this Order tried to summarize all the possible economic, agricultural, industrial, and commercial activities of man, and then gave this PRATRA not only blanket authority to engage in all these activities, but to wield a large measure of arbitrary power and control over all public and private entities engaged in these same activities. In other democratic countries, the danger of clothing a commercial entity with governmental powers has long been recognized.

But even that is not all. All this authority and power is to be directed toward a certain designated end which is dangerously invidious on its face, though described in superficially persuasive language. PRATRA is directed—

"to find ways and means of encouraging and assisting Filipino retailers and business men such as by supplying them with merchantable goods at prices that will enable them to compete successfully in the open market".

There could be no warrantable objection to the Government of the Philippines adopting measures to encourage and assist its own nationals in business, provided these are fair and do not unjustly discriminate against other nationals who live and are engaged in business here, contribute to the country's welfare, obey the laws, and pay the taxes.

But the wording of this Order suggests that combinations actually existed which made it impossible, before

PRATRA, for "Filipino retailers and business men" to "compete successfully in the open market". Untrue though this is, the Order implies further that "ways and means" are to be "found" to put all others than these Filipino retailers and business men at a disadvantage. One such "means" would be to job the import allocations in such a way as to serve selected Filipino retailers and business men with certain monopolistic advantages, which certainly would not be "in the interest of public welfare and the national economy."

As a sovereign government, the Government of the Philippine Republic can do pretty well what it wants to do in enacting its laws and issuing its executive orders. There is no one in or outside the Philippines who has the power to cancel a line, although should there be a violation of some treaty right, protest could be lodged.

But for any government to run crassly counter to generally accepted principles of justice and equity in the treatment of all who live under its jurisdiction is, of course, never advisable, and is especially stupid in a country which is vitally dependent upon outside capital.

Fortunately, there are those in this country, men in high places among them, who are not swept away by a spirit of blind and narrow nationalism, and it is to be hoped that they will see the danger of such a spirit at work in drafting the laws and orders of the country.

With respect to PRATRA, the Government evidently developed some misgivings shortly after the reorganization. According to the *Manila Daily Bulletin* for October 20:

"President Roxas and his Cabinet last night decided to restrict the business activities of the PRATRA to non-competitive commodities and directed that government-owned agency to concentrate its efforts in securing goods and materials which are scarce and are being black-marketed here.

"The President made it clear that he does not want the PRATRA to import articles that are already being imported and are sold here on a competitive basis. In order to fulfil the objectives for which this entity was created, he said, it should limit its importations to products that are the subject of black-market prices, such as construction materials."

This constitutes a very timely clarification and rectification, but it can nevertheless not be overlooked that the Executive Order which established PRATRA and which gave it its extraordinary powers still stands unchanged,—powers which it is in a position to exercise most arbitrarily, especially in sales to selected and favored "Filipino retailers and business men" and through the commanding order of imports, at arbitrary prices, in the hands of its competitors,—private business entities.

Before proceeding further in the multiplication of such organizations as PRATRA or bestowing ever greater, and indeed monstrous powers on those which already exist, it would be well for government leaders here to contemplate the fact that our modern, democratic civilization is based chiefly on private initiative and enterprise in economic organization, and that such government corporations as are now being devised are apt to choke and destroy, rather than to encourage and assist such initiative and enterprise in the Philippines.

The recommendations of the United Nations Special Committee on Palestine, probably soon to be put in effect, will tend to right and to alleviate a wrong and a tragedy which runs through the whole of written history and which came to a

Nazi domination of Europe in the mass-murder of over 6,000,000 innocent people. Thousands of those left alive still live in grief and bitterness in huge concentration camps.

Under the program recommended, Palestine, over which Great Britain has held a mandate since World War I, will be recognized as independent after a transition period of two years, but will be constituted as two separate

states, one Jewish, one Arab. The Jews will have about two-thirds, or 6,000 square miles, of the total area,—not all of it, as was promised them in the Balfour Declaration of 1917, which was endorsed by the principal Allied Powers in the Treaty of Sevres (1920). The part of the country to be Jewish is less in area than the State of New Jersey and about the same as the Island of Palawan. The total population of Palestine is estimated at around 1,750,000, of whom some 60% are Moslems, 30% Jews, 7.5% Christians, and 2.5% other than these.

The minority members of the Special Committee recommended the establishment of a federated state, but the Jews object to this on the ground that this would be an Arab state with the Jews in the minority.

Arab spokesmen still bitterly oppose a settlement on the basis of partition, declaring that the United Nations do not have the right to take any part of their land and give it to the Jews, but the situation and the problem it presents is not as simple as that. The problem is international in scope and transcends local considerations. And Palestine was the ancient Jewish home; the Arabs may, in a sense, be said to be the interlopers. Furthermore, the area to be included in the Jewish state embraces but a very small part of the Arab lands. The Arabian Peninsula is around 1,000,000 square miles in area, most of it very sparsely populated.

It was only during the first World War that the Arabs were freed from the Turks who had ruled them for four hundred years. Before that they were subject to the Mamelukes of Egypt. The Frankish crusaders held Jerusalem for almost a hundred years, between 1099 and 1187.

The Hebrews were closely related to that great trading people, the Phoenicians, to whom we owe our alphabet. About a thousand years before Christ, the Hebrews established an independent kingdom which rose to its greatest height during the reign of Solomon. After that the country was invaded and overcome by many nations, including the Assyrians, Babylonians, Egyptians, Persians, Macedonians, Romans, and Byzantines. Repeatedly great numbers of them were carried off into foreign captivity.

The Arabs, or, rather, the Moslems, did have one period of glory, lasting around a hundred years between 650 and 750 A.D., when they overran Persia and Armenia, Northern Africa, and a part of Spain, but during this time the center of Islam shifted from Medina and Mecca to Bagdad, and the so-called Arabic culture was Persian, Egyptian, Greek, Indian, and—Jewish. One historian states: "It is difficult to say, in the case of this Arabic culture, where the Jew ends and the Arab begins, so important and so essential were its Jewish factors."

The Jews and the Arabs both belong to the Semitic race. Traditionally they are both descended from the patriarch Abraham, through different wives. They should get along well together, and the Jews in Palestine say that they do, and that the opposition to them comes not from the common man, but from political agitators in Palestine and other Islam countries, and from feudal chiefs who fear the emancipation of modern ways of life. Palestine, though an ancient center of civilization, is a land which has for centuries been one of the most backward, poverty-stricken, and disease-ridden regions in the world. (The Jews should be paid for cleaning it up!)

Since Palestine was opened to Jewish immigration, it has made remarkable advances in agriculture, industry, and commerce, and the establishment of an independent, prosperous Jewish state, which would draw many of its citizens from all parts of the modern world, would serve as an example and stimulus to the whole Near East, benefiting the Arabs among the other inhabitants.

Probably the great majority of those of Jewish blood throughout the world, especially the better-assimilated, will never wish to leave the countries of their adoption, but the existence of a Jewish "national home" would re-

lieve the social pressure upon the Jews,—the instinctive antagonism toward any "out-group" which is the basis of "anti-Semitism" where this is not deliberately provoked for political reasons, as it was in Nazi Germany. There is nothing "mysterious" in the fact that in many countries the Jews have long served as the most convenient target and scape-goat for the rabble-raiser and the cruelty of the mob.

From the world statesman's point of view, the development of a vigorous, Western-minded, and highly ethical people on the littoral of Asia Minor, would constitute a most important reinforcement of civilization in what is still a potentially turbulent area.

But above all, the rights and dreams of a great race which has made and continues to make most vital contributions to human advancement despite oppression and suffering, must be recognized by the world. Through their loyalty to their ancient ways and traditions during centuries of dispersion, the Jews have largely remained a distinct and single-minded people, who by everything except military reconquest have earned the right to regain a place of their own on earth.

On every side the warning is voiced that the prolonged misery of the people of Europe must be allayed, or they will be overwhelmed by "communism."

Humanitarianism versus Communism Why is this so fatefully true?

Is it that communism could do what democracy is unable to do?

Is it that a transition to communism would be the free choice of the people?

If so, the people and governments of other countries and continents would not have the right, under any true conception of democracy, to interfere. That is what the Stalin oligarchy claims, with tongue in cheek.

It is only because such a convulsion would be the result both of the general demoralization of the people,—political, economic, and psychological, and of aggression on the part of the Russian rulers, that other democratic people, more happily situated, have the right and the duty to exert their utmost effort to save the mother-continent of Western civilization from what would be a cataclysmic reversal of the great democratic movement which began, twenty-five hundred years ago, in ancient Greece.

Does communism offer anything which democracy does not?

Communism pretends to a paternalism (its police-activities are far from paternal) which promises work and subsistence to all,—except those who oppose it. This has its appeal to the weak and poor in spirit; hence the danger of this appeal in time of material and moral deterioration.

A strong, confident people will reject governmental paternalism even at its best, and the infantilism and helotism that go with it.

The communistic system entails not only the loss of choice of work and of residence and the right to quit work or to "strike", but all the fundamental individual, civil, and political rights of democracy, the most important of which are freedom of thought, speech, and press, and the right, through free elections, to control the government rather than dumbly to be controlled by it.

Dictatorship runs directly counter to the naturally independent will and pride of normal men, and it is for that reason that communism, where established, can maintain itself only through a suppression of all real criticism and a ruthless destruction of all opposition. The communist state must begin and end as a police-state, in which the government rules through turning men into driven cattle.

The American policy in bringing aid to Europe in the form, this time, not of armies, but of food and machinery for renewed peace-time production, strikes at the heart of the situation and is based on the belief that men in their right minds will never embrace slavery.

It is this issue of individual human rights and the control of the government by the people, which is of the most crucial importance in the further advance of mankind,—not the issue of property-ownership, of which communism makes so much. That issue is rapidly dwindling in importance with the development of modern technology and the "abundance for all" which is clearly in sight. Well-meaning theoretical communists still think in terms of the past, of limited capital and unavoidable scarcity, poverty and hunger,—to ameliorate which they would make the most suicidal sacrifice, that of the principles of liberty and popular sovereignty.

War has thrown the people of Europe back a hundred years; poverty, misery, hopelessness are general. But that is only temporary, until help can be brought to them. For though democracy requires that men stand on their own feet, it does not preclude mutual aid in time of need. Democracy, indeed, implies cooperation, a standing of the people together, because in their union, rather than in a tyrannical government, there is might.

While the now avowed enemy preaches his Satanic gospel of envy and hate, spreads confusion, and craftily plots to impose his slave-regime upon many nations, the people and the government of the United States of America have never shown a nobler and more enlightened humanity than when they decided,—and so soon after their tremendous sacrifices in the war against fascism, to further tax themselves and to stint their own consumption in order to bring additional material aid to these countries, thus to check by sheer humanitarianism, this new despotism which threatens them and, ultimately, all civilization.

"We have every reason to rejoice that we have locked our destiny with the strongest and noblest nation of the earth."

President Roxas

Ten-year Review of Philippine Business Trends

By Leon Ma. Gonzales

Director, Bureau of the Census and Statistics

TWO and a half years after liberation, the Philippines finds itself in a state of relative prosperity. The strong cash position obtaining at present has been largely responsible for it. Convertibility of the peso into the dollar without difficulty has made this country one of the best markets for foreign goods today. In effect, the import trade for the last two years has been among the highest registered so far in the history of the nation.

A speedy rehabilitation and reconstruction of a war-devastated economy is also another desirable result of an abundance of cash resources. Our business indicators show a rising trend in corporate investments, electricity production, building construction, and gross sales—all indicative of considerable business activity. Cigars and lumber are still below pre-war level, as are many other local industries crippled by war, but they are, however, slowly picking up as the rehabilitation continues to forge ahead.

The local commercial banks are in the pink of condition. Their combined resources have grown to more than

twice that of the base year. Bank loans, discounts, and overdrafts, show a steep uptrend since 1945, a consequence of a liberal loan policy to help speed up economic reconstruction. The bank debits (which represent the sum-total of withdrawals from bank deposits) likewise show a sharp trend upward, another unflinching sign of an active circulation of money that indirectly benefits business in general.

The trend of general business conditions is, thus, upward. Using 1937 as the base or normal year, our index

has risen from 100 of that year to 226.4 as of June, 1947. This index has been arrived at after a scientific weighting process which includes the different items that represent the groups of business activity under Finance, Production, and Distribution. The highest index recorded since liberation was 252.7, and this was for March of this year.

That the strong financial position is the bulwark of present economic activity is further shown by the Index of 399.4 for Finance for August, 1947, as compared with 100 for 1937. In July, 1947, the index was 443.8, one of the highest. The post-war peak was 466.0, for November, 1945, and this happened at the height of inflation in the Philippines.

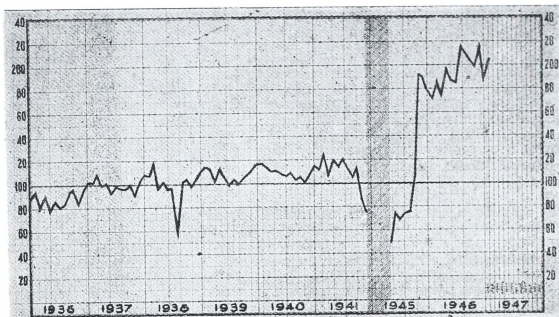
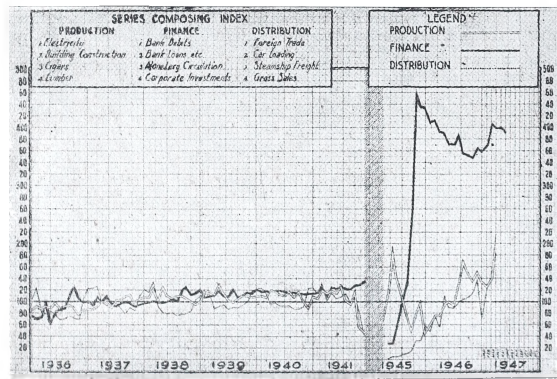


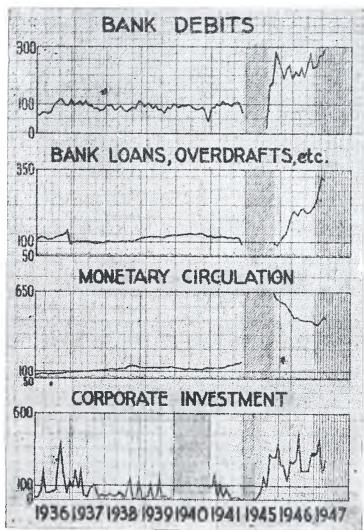
Chart showing the Trend of General Business Conditions
(Monthly average for 1937 = 100)



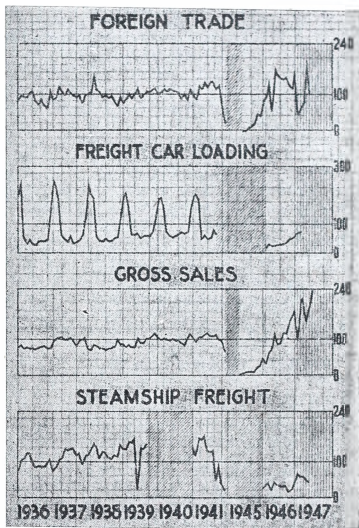
Composite Chart showing the Trends of Production, Finance, and Distribution

Monthly Business Indicators (1936-1947)

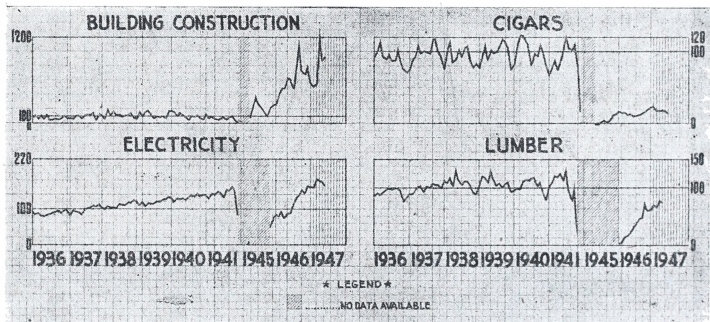
(Monthly average for 1937 = 100)



FINANCE



DISTRIBUTION



PRODUCTION

Production has its strength in the present building-construction boom. Electricity production is also showing a sympathetic trend. These two are largely responsible for the index of 161.5 for Production registered for June, 1947. They make up for the weakness of other industries which may take some time to rehabilitate.

The *Distribution* level is the least impressive among

the three groups, in spite of the unprecedented size of both foreign trade and gross sales. The index for June, 1947, was 124.0, which is only 24 points above the pre-war (1937) level. Freight-car loading and steamship freight have been pulling down the index—a sign that the volume of Philippine products being transported has not yet reached pre-war average.

The Luzon Brokerage Company

By Arthur H. Barrett
Vice-President, Luzon Brokerage Company

SPEAKING before the Seattle Chamber of Commerce, J.B. ("Bart") Richards, Commercial Attaché of the American Embassy in Manila, gave credit to the Luzon Brokerage Company for the part it has played in the rehabilitation of the Philippines now in progress.

By definition, a customs brokerage is an entity which transacts customs business or acts on behalf of others in connection with the importation and exportation of goods, entrance and clearance of vessels, warehousing, and deliveries. The business calls for a full knowledge of customs laws and regulations, tariff classifications, routing of official papers, and filing of formal protests when necessary. The customs broker can be of service to the individual who is baffled by the numerous technicalities involved in the sending or securing delivery of no more than one small package, or to the business firm which lacks the equipment or time for these phases of its activities.

The Luzon Brokerage Company has not only revitalized its pre-war services, but now offers many new facilities to the public. While its main offices are situated in the Port Area, the Company recently opened an office in down-town Manila, and shipping documents can now be handled at both places. The old offices, fortunately, suffered but minor damage during the enemy occupation and in the fighting for the liberation of the city.

The continuing major activity of the Company,—the movement of cargo from the piers to warehouses or customers, involves not only a multitude of technical details in paper-work, but calls for the physical handling of tremendous loads. The Company's equipment now comprises around 100 trucks, large and small, flat-beds and trailers, cranes and derricks. It has the following warehouse facilities available for exporters and importers: three bonded warehouses and two general warehouses on Cristobal Street, Paco; an export bodega just south of the Jones Bridge; a bonded customs storage compound in the rear area of the San Augustine Church; large open storage space in the Port Area; and a barge,—L-265.

Generally the cargo is taken from the piers; however bulk shipments are sometimes delivered shipside. The

shipment must be large enough to make at least one casco or lighter-load, around 30 tons. In such cases no *arrastre** charges are imposed. There is a checking charge of 60 centavos a ton.

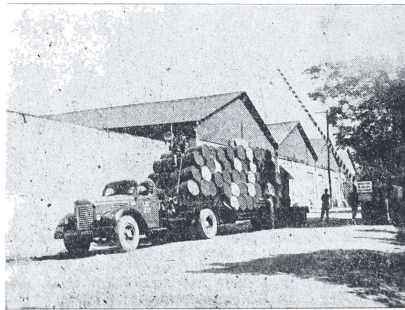
In the case of frozen merchandise or goods of a perishable nature, special delivery permits can be obtained, this involving an application and an affidavit, accompanied by a shipside bond, guaranteeing the filing of the regular entry papers within 72 hours after the goods have been delivered.

The Luzon Brokerage Company, in addition to effecting the delivery of merchandise brought in by ships, also provides a service for merchandise received from abroad through the post office,—technically designated as "parcel mail" or "informal entry". This covers two categories of merchandise,—that entitled to free entry and that subject to duty.

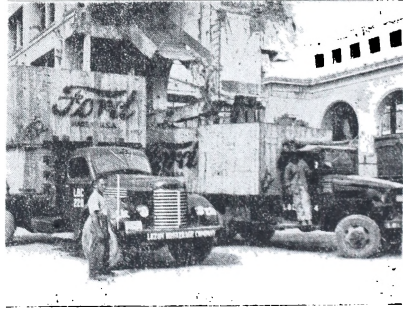
As did every other business in Philippines, the Luzon Brokerage Company suffered heavy damages during the war. The story of destroyed equipment, wrecked offices, death of personnel, and lost records, is familiar to all. But the challenge to begin all over again, to restore and rebuild the business, brought back many of the old-timers and induced new men to lend a hand.

The importance of the brokerage business in the life of a community was emphasized immediately after the liberation in Manila when the United States Army requested the assistance of the Luzon Brokerage Company in clearing the piers and expediting the flow of necessary commodities from the docks to civilian consumers. With a limited number of Army trucks, the goods started moving. Operations were at first conducted on an emergency basis, with the use of any equipment that could be borrowed or salvaged. New equipment was practically impossible to secure because the bulk of shipping-space was required by the military to supply its large forces in the country and in preparing for the planned invasion of Japan. Civilian imports were restricted to only the most necessary commodities.

Rehabilitation and expansion, therefore, were slow,



One hundred forty drums (empty) on one trailer



Some more good loads

but the Company kept forging ahead until February, 1947, when it became a victim of the strike contagion prevalent at the time. In spite of the fact that the employees of the Company were already receiving higher wages than other laborers engaged in similar work in the city, demands were presented for a 100% increase in wages and other desired "benefits". After all negotiations had failed to bring about a settlement, the management, believing that it would be impossible to continue operations under the conditions set by the strikers, decided to cease operation. The understanding and cooperation of the customers who came in to collect their valuable shipping documents at that time, showed how aware all business executives were of the extremely unsettled conditions then existing.

But once again, the emergency brought out the importance to the community of the Company's services. Just after the liberation, operation had been resumed at the request of the military. Following the strike and the decision of the management to quit business, the Court of Industrial Relations ordered the Company, as a "public service", to go on again.

The Company was therefore reorganized and operation was continued under the management of Edmund W. Schedler as Treasurer, and the writer as Vice-President. Mr. Schedler is from Oklahoma and first came to the Philippines in 1924. He was an executive of the Insular Life Assurance Company and of several other insurance and brokerage firms until the war; during the war he rose to the rank of a lieutenant commander in the United States Navy. The writer was a civil engineer with the U. S. War Department and volunteered for duty with the Army Amphibious Engineers in July, 1942. He landed in Leyte with his unit on October 20, 1944, and was discharged as a colonel, ORC, in August, 1946.

The Company now has the services of a number of very capable men, as may be seen from the success with which they handled a number of jobs calling for considerable "know-how". One was the moving of four 28-ton generators from Pier 13 to the Makati Power Plant and placing them in position there, and removing the old generators and transporting them to the Caliraya Hydroelectric Plant at Lumban, Laguna. Another ticklish job was the handling of a 150-foot flag-pole, weighing 4 tons, which was brought to the Luneta with the aid of a tractor-trailer and a dolly placed 30 feet from the end of the pole.

On some occasions the Company has been approached by old customers with requests to add new and specialized equipment. Recently the Company was asked to establish an armored-car service for handling valuables and payrolls. Bullets fired into several vans specially

constructed for this service have shown that the new equipment provided is adequate.

A floating export bodega has been put in operation to handle incoming and outgoing cargoes on inter-island vessels, to eliminate double handling.

In addition to constantly improving its equipment, the Company has expanded the scope of its services generally. Under the terms of an agreement with the General Superintendence Co., Ltd. of Geneva, Switzerland, the Luzon Brokerage Company has been appointed as Agent to operate an inspection service in the Philippines. Company men are now stationed in a number of outlying ports as well as in Manila to supervise and certify surveys of import and export cargo. In the case of copra and copra-cake, for example, this supervision includes the inspection of the cargo by an expert at the shipper's warehouse to ascertain that it is of good merchantable quality. During the inspection, several sets of samples are drawn and sealed in a container by the shipper and the Luzon Brokerage Company jointly. These samples are analyzed by a recognized laboratory and an analysis certificate is obtained, showing the percentages of moisture, oil, and fatty acids. Supervision is also made of the bagging at the shipper's warehouse and in the subsequent weighing of the bags, of which a careful tally is kept, in order to ascertain the number of bags weighed as well as the tare to be deducted from the total gross weight found. Where transportation by truck from the shipper's warehouse to the wharf or to lighters is necessary, a strict control is exercised over the trucks, to insure their reaching their destination with all the bags which were loaded at the warehouse. Many other details are included in the reports which are rendered in connection with this service, which is supervised by J. A. Steiner, a Swiss citizen, who has a valuable background in twenty years of shipping and insurance experience in the Far East.

The Luzon Brokerage Company has been contracted, too, as fiscal representative by the United States Commercial Company and the Reconstruction Finance Corporation for all financial transactions not fully liquidated.

Another expansion of the Company's activities came in July when it began the operation of a service-station on Echague Street to service all vehicles operated by the various federal agencies of the United States Government here.

The Company takes pride in the various services it is extending to its customers. It is fully pledged to move along with other free enterprises in the Philippines in the present effort to restore normal business operations.

**Arrastra* (from the Spanish, meaning literally "boulage") is the operation of loading and unloading the cargo of a vessel. A compensation is collected by the port authorities or some delegated company from the owner of the merchandise for this service, which compensation is called also "arrastra."

"The present issue is simple . . . whether men are to be left free to organize their social, political, and economic existence in accordance with their desires, or whether they are to have their lives arranged and dictated for them by small groups of men who have arrogated to themselves this arbitrary power."

Secretary of State George C. Marshall

The Business View

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

Office of the President

From an Official Source

Sept. 16—President Manuel Roxas, in a speech in Cotabato, urges borrowers of crop-loans from the Government to make the required repayments. He reveals that he had already ordered the repair of 200 steel bridges in the province.

Sept. 17—Secretary of Justice R. Ozaeta, in a letter to the judges of the three branches of the Municipal Court of Manila, calls their attention to the frequent intervention of "fixers" in the business of these courts and suggests that, to do away with this anomaly, the judges refuse to permit the intervention in any case of anyone but the interested party himself and his authorized attorney.

Sept. 17—Malacañan releases a letter from Secretary Ozaeta addressed to the Adjutant General, PHILRY-COM, supporting the City Attorney of Baguio in his decision to prosecute a certain Army officer in the Philippine courts. It was argued that the accident which befell the officer occurred on a recreational trip and therefore was incurred in line of duty; the Secretary held that this could not be considered military duty within the meaning of an article in the Military Bases Agreement.

Sept. 18—Commissioner of the Budget, Pio Pedrosa, in a speech before the Rotary Club, states that revenue collections have increased from ₱58,000,000 the year before to ₱170,000,000 last year, which may still be bettered this year to approximately ₱230,000,000. Last year's actual collection of ₱170,000,000 was increased by the receipt of ₱120,000,000 secured as a budgetary loan from the U. S. Reconstruction Finance Corporation, and ₱23,000,000 from the liquidation of investment bonds. Expenditures decreased from the ₱374,000,000 authorized for the fiscal year just ended, to ₱270,000,000 for the current fiscal year. The budgetted expenditures are still from ₱40,- to ₱50,000,000 in excess of the estimated income. The total appropriation available for public works will, when the ₱240,000,000 of the United States war-damage fund has been released, amount to ₱332,400,000. The amount set aside for the purchase of materials and supplies is ₱14,400,000, and for office furniture and equipment, including automobiles, ₱19,600,000.

Secretary Ozaeta is reported by Malacañan to have rendered an opinion rendering the Pan-American World Airways Company subject to the increased franchise-tax passed by the Philippine Congress last year. The Company contended that the tax should not apply because a general law can not be deemed to amend by implication the provisions of its franchise.

Sept. 19—The executive board of the Philippine Government Employees' Association having petitioned the Reorganization Committee, through its Chairman, Commissioner Pedrosa, to recommend to the President that provincial, city, and municipal employees be extended a basic pay of ₱50 plus bonus and that increases be automatically given to those who are receiving less than ₱80 a month whenever funds are available, the Commissioner states that the matter will be carefully studied. (See under the column "Labor" for the action taken by the President under date of September 29.)

Sept. 20—Malacañan approves the principal special budget of the Bureau of Public Works for the fiscal year ending June 30, 1948, allotting the sum of ₱873,557.70

for the operation and maintenance of irrigation systems, including the purchase of necessary supplies, materials, and equipment. The money will be taken from the collections from irrigation fees (₱12 a hectare) estimated at ₱948,000 for the same fiscal year.

Sept. 22—United States Ambassador Emmet O'Neal presents his credentials to President Roxas, and in a prepared address states in part: "Close and cordial as the relations are between our two countries, and unthinkable as is any weakening of those bonds, I am acutely conscious of the duty and of the opportunity that are mine to foster and strengthen them." President Roxas states, in part.

"The bonds that bind them [the United States and the Philippines] were forged through half a century of mutual confidence and common efforts toward common goals, and have now been rendered indestructible by agreements looking to the insurance of our mutual security. Filipinos and Americans have the same ideals and the same purposes in relation to the peace, the liberty, and the happiness of all the peoples of the world. You will find us always ready to cooperate in all the efforts of your Government toward this end."

Sept. 23—According to a Malacañan press release, the Board on Textbooks will consider textbooks needed for secondary courses in Philippine history and government, applied economics, business English, business mathematics, and "business psychology", bookkeeping and accounting, typewriting, and spelling. Books and manuscripts on Philippine history and government should reach the Board not later than July 31, 1948; on the other subjects not later than January 31, 1948. If adopted, the adoption would be for a period of 6 years.

Sept. 25—Secretary Ozaeta, in answer to an inquiry from the Secretary of the Interior, states that he is of the opinion that the restrictions covering the alienation of lands acquired as homesteads, do not apply to the alienation of lands acquired under the free-patent provisions of the Public Land Act which may be alienated after 5 years.

Sept. 26—The Cabinet is reported to have approved two special budgets, one of the Bureau of Lands for a cadastral survey, and the other of the Bureau of Public Works for the reconstruction and construction of river-control and drainage projects, one of the major projects to be undertaken being an irrigation system in Pangasinan. The Cabinet also approves turning over the Santa Ana area, near the Davao wharf, to the Bureau of Lands for subdivision and sale to "squatters" there. San Ramon Penal Colony, Zamboanga, will be transferred to the Department of Public Instruction for conversion into a model coconut farm. The Secretary of Agriculture and Natural Resources is authorized to open show-rooms in the different Philippine consulates in the United States and Hawaii for the display of Philippine products.

The Cabinet furthermore approved the names submitted for the second group of Filipino business men to go to Japan.—B. S. Coloma of the Veterans Trading Corp.; L. Aranceta, importer-exporter; M. T. Sales, of the Binondo Trading Co.; T. C. Martin, of A. E. Martin & Co.; M. Abad, of Philippine Traders, Inc.; and F. Genato, of Genato Commercial Corp.

Sept. 27—The Philippine-Spanish Treaty of Friendship is signed at Malacañan.

Sept. 29—The Cabinet is reported to have approved the release of ₱1,700,000, following the release of ₱3,400,000 a few weeks ago, or a total of ₱5,100,000, for 3-

500 new classes in the public schools, which, added to 8,300 opened last year, will bring the total to 11,800, raising the enrolment from 1,800,000 to 3,500,000.

Oct. 2—A special ₱478,000 budget of the Bureau of Animal Husbandry for the purchase and production of breeding animals, is reported to have been approved.

Oct. 2—Malacañan releases Proclamation No. 43, dated September 29, making public the declaration on the part of the Republic of the Philippines acceding to the Convention for Promoting Safety of Life at Sea, signed in London on May 31, 1929.

Oct. 4—A Malacañan press release reports on a lengthy Cabinet meeting held last night during which the government reorganization plans were approved in final form. Two executive orders will put them into effect, but Secretaries Ozaeta and Nepomuceno have been assigned to go over the orders before the President signs them, effective October 4. The plans will effect savings of ₱6,009,994. 2,956 positions were abolished (1,078 of them unfilled), but 1,519 new positions were created. The whole number of positions was reduced from 28,127 to 27,049.

Oct. 5—Malacañan issues a press release stating that Quezon City authorities has given notice to real-estate operators that they may not sell any lots until their subdivisions have been inspected and approved by the City Engineer as it is desired to coordinate all such areas with existing and proposed roads.

Oct. 7—President Roxas receives a delegation of over 300 tenants of the Tuason Estate in Santa Mesa, Manila, who are being evicted; he instructs Mayor V. Fugoso and F. Aguilar, head of the Rural Progress Administration, to study ways and means of helping the tenants, but warns that the price of ₱7 a square meter, set by the Philippine Realtors, is considered low enough compared with the prevailing prices of land.

Commissioner Pedrosa, Chairman of the Reparations Advisory Committee, announces that the Philippines have been allotted 3,270 units of machine-tools and secondary metal-working equipment, these constituting about 1.5% of this category of reparation materials to be received from Japan. The Philippines will also receive its initial 5% share of the advance transfer of sulphuric acid, thermal-electric, and nitrogen-fixation plants.

Oct. 8—President Roxas sends a telegram to the Provincial Treasurer, Misamis Oriental, warning him that complaints have been received that deputy assessors are threatening tax-payers to increase their property tax-assessments if they do not vote for the Liberal Party, and that he and all other officials guilty of this illegal practice will be prosecuted and severely punished if this is not stopped.

The President orders the expropriation of the estates of the haciendas Nagtahan, Santa Mesa, and Galas, for subdivision to tenants by the Rural Progress Administration, the Rehabilitation Finance Corporation to advance the funds required. The assessed valuation of the Hacienda Nagtahan is ₱600,000. More than 250,000 people will be affected.

The Cabinet approves the proposal of Commissioner Pedrosa that the Chinese dealers who chiefly are buying the American-made surplus Army cigars, being sold by the Foreign Liquidation Commission, be given permits to export them to eliminate the competition with locally-made cigars.

According to a Malacañan press-release, reports indicate that the recent typhoon did considerable damage to the rice-crop in the Cagayan Valley and that landslides put the Baguio electric-light and telephone systems out of commission. Relief agencies have been ordered to render all possible assistance. Secretary Nicanor Roxas, acting

(Continued on page 247)

Money and Banking

By C. R. LEABER

Manager, National City Bank of New York, Manila

WE have been witnessing a somewhat unusual foreign-exchange market recently, with the supply of dollars exceeding the demand. This condition reverses, at least temporarily, what has persistently been the post-war tendency as a result of the large unfavorable balance of international trade for the Philippines.

Since the latter part of September, there have been heavy exports of copra at advancing prices, and early this month (October) the Philippine Government sold rice abroad from its reserve stocks. These were the dominant factors contributing to the abundance of foreign exchange and, on the other hand, creating a demand by banks for local funds. An immediate result was a compensating fall in banks' quotation for buying dollar exchange.

Bank resources have shown a substantial expansion during the past weeks, according to reports from the Bureau of Banking. From a total of ₱799,770,000 for the week ending September 20, the total resources of 13 Manila banks increased to ₱819,311,000 for the week ending October 4. A significant feature of the returns since August is an almost consistent rise in savings-deposits, week by week.

Total debits to individual accounts reflected a brisk trade-turnover, and total loans, discounts, and advances of ₱334,700,000 reported by banks as outstandings on October 4, is a record high for the year.

Monetary circulation is being maintained at a more or less steady level. The Bureau of the Treasury reports the volume of money in circulation at ₱725,239,000 as of September 30. Predictions are that the velocity and volume of cash in circulation may show gains next year as the international balance-of-payments becomes more favorable to the Philippines.

Another factor which is expected to influence the amount of available cash here next year, will be expenditures by the United States Government, which is estimated will be in sufficient amount to off-set any adverse balance of trade.

A statement from the Acting Chairman of the Rehabilitation Finance Corporation to the effect that a total of ₱66,965,000 has been authorized as loans by this government-financing agency during its first nine months of operation, shows how far the Government has gone in assisting rehabilitation. The R.F.C. started with a capital of ₱50,000,000, which will be augmented from the proceeds of sales of surplus property, and from funds raised by selling bonds. Real-estate loans represented the largest item in R.F.C. disbursements, accounting for almost 50% of the total loans granted. Loans for the reconstruction of industrial plants were the second largest item, or about 30% of the total.

Stock Market

September 16 to October 15, 1947

By A. C. HALL

A. C. Hall & Company

IN this column last month the writer expressed the opinion that the market is in the second stage of a primary uptrend, and that, in due course, prices could be expected to penetrate the previous high point of February 20, 1947. On the latter date our average registered 43.66.

Market action since then has served to strengthen this view, as prices have been in an almost uninterrupted advance during the past month. The market has displayed

MANILA STOCK EXCHANGE LISTED MINING SHARES

September 16 to October 15, 1947

	HIGH	LOW	CLOSE	CHANGE	TOTAL SALES
Acoje Mining Co.	₱ 325	₱ 255	₱ 315	up .095	838,000
Antamok Goldfields	.025	.02	.02	off .005	48,000
Atok Gold Mining Co.	1.20	1.08	1.18	up .08	151,400
Baguio Gold Mining Co.	—	.05	.05	—	20,000
Batang Buhay Gold Mines	.0064	.006	.006	off .0006	950,000
Big Wedge Mining Co.	1.20	1.04	1.20	up .08	73,900
Coco Grove, Inc.	.03	.028	.03	up .004	140,000
Consolidated Mines, Inc.	.0145	.013	.0145	up .0015	16,310,000
LXL Mining Co.	.07	.065	.07	up .005	79,000
Lepanto Consolidated	.52	.375	.49	up .115	1,113,500
Masbate Consolidated	.05	.04	.05	up .007	445,000
Mindanao Mother Lode	.99	.80	.95	up .15	543,750
Paracale Gumaus Cons.	.095	.08	.095	up .015	39,000
San Mauriceo Mng. Co.	.215	.195	.20	off .02	75,500
Surigao Consolidated	.395	.26	.38	up .12	791,250

considerable vigor at times, and at Monday's closing of 40.97 our average was within reasonable striking distance of the year's high.

As measured by our average, price fluctuations during the period have ranged from 33.68 opening and low, to a high of 40.97, closing at 40.50.

The sharpness of the recent advance has probably weakened the technical position temporarily, and some correction is about due.

Turning to individual issues, the demand for shares of base-metal producers has been the outstanding feature. Acoje and Lepanto have registered large advances on greatly increased activity, while Consolidated Mines has also pushed ahead. In the gold mining group, Surigao has registered the largest percentage advance, but Mindanao Mother Lode at 95 was up 15 points and thus marked up its fifth consecutive month of advance. Atok and Big Wedge were relatively neglected.

In the unlisted mining group, activity increased. About 11,000 shares Balatoc changed hands between ₱4 and ₱4.50, closing at the latter figure. Small lots of Siuyoc were done at 3 centavos, while Itogon was unchanged at 6 centavos. United Paracale declined to 9 centavos and East Mindanao was unchanged.

In over the counter dealings, Benguet Consolidated advanced from ₱4.40 to ₱4.67 on a volume of 25,000 shares. Antipolo Mining was strong and active, advancing from 10 centavos to 25 centavos, with 1,250,000 shares changing hands.

In the commercial and industrial section of listed stocks, the most noteworthy feature was the resumption of trading in San Miguel Brewery stock on September 23, following completion of the period of registration of the new stock with the Securities and Exchange Commission. Opening sales were at ₱75 (equivalent to ₱984 old stock basis—13-1/8 new for 1 old—and up ₱257 per share from the last recorded sale of ₱727), and the following day the stock advanced to ₱80. Since then increased offerings have caused an easier tendency, and the stock closed at ₱73 on a total activity of about 5,000 shares.

Elsewhere in this section, trading has been slow. Small lots of Bank of the Philippine Islands at ₱72, and Filipinas at ₱21.50 and ₱22 were reported. Also reported were about 30,000 shares Philippine Racing Club from ₱1.10 to ₱1.14; and small trades in Pambusco at ₱1.52 and ₱1.50; and Marsman Preferred at 50 and 48 centavos and Common at 40 centavos.

Sugar shares were dull except for Victorias which advanced to ₱126 on sales of 360 shares. The only other trade in this section was 29 shares Bais at ₱600.

Unlisted commercial shares were again inactive. A lot of 100 shares Philippine American Drug (Botica Boie) changed hands at ₱140. Manila Jockey Club were traded at ₱2.90. There was an increase in activity in Jai Alai, and 2,300 shares changed hands at ₱14.50 and ₱14.25, off 75 centavos over the month.

Credit

By DUNCAN BURN

Association of Credit Men, Inc. (P.I.)

AS is natural and to be expected with the increased extension of credit, both in regard to larger numbers of accounts and higher limits of accommodation, the frequency of difficulties and complaints increases. Credit is more widely used now than at any time since liberation. Credit-extension continues to increase, and certain lines of business which have thus far been able to remain on virtually a cash-basis are preparing against the time when it appears that the necessity of credit extension will be inevitable.

Numerous inquiries through qualified credit executives, representing various leading business houses in Manila, bring forth certain pertinent opinions and comments. In general, a slowness in collections and a difficulty in certain collections have been increasingly evident in recent weeks. Some concerns felt the tightening begin some three months back, but prominent indications of tightening for most business houses began about the opening of September. Most credit executives, however, are not seriously concerned over the increasing slowness of payments of certain items and accounts. The causes underlying the increased slowness naturally vary. General opinion lays stress on several primary causes. It is virtually impossible, without detailed study and survey, to positively evaluate the importance of these causes with respect to each other or with respect to the general picture of credit. Admittedly the following feelings and opinions each carry weight. Some credit executives attribute slowness in collections to the fact that many purchasers have invested heavily in machinery, equipment, and other items, often at large expense, and that revenues resulting from operations have not yet become normal. The initial expenses of installation and reconditioning and other preparations have been heavy and restricted to a relatively short period, and have thus to an extent depleted assets which cannot be so quickly recovered through operation of the equipment and assets procured. In certain service- and utility-lines, this explanation applies and, coupled with it, is the inclination and tendency to decrease service-charges, which makes for a smaller margin. Similarly, to an extent the tendency in some lines to decrease sales-prices, has restricted the profit-margins. These explanations are logical and to be expected under conditions now existing.

An explanation of a purely local and temporary nature is offered by many who claim that the political campaigns now under way serve as a definite drain on available cash. Cash which might go toward payment of recognized accounts, is diverted into political funds. Contributions for political purposes, are in many instances substantial, and some business people often consider such contributions as necessary and important and to take precedence over contracted obligations in trade. Following the election on November 11, it is anticipated that an adjustment will begin which will offset this temporary condition.

Another explanation of present tightness of collections, is the general tendency of many retail establishments to prepare for as large a Christmas and holiday stock as possible. Retail-trades people make a practice of building up credit-limits with a view to having as wide and large

an inventory for the anticipated brisk holiday-shopping as possible. Therefore, to a large extent cash is saved with the view to its being used where most necessary to allow for the largest selection of stocks. Such retail merchants are inclined to make use of their standings and connections in building up their stocks. It is anticipated that as has been generally true in the past, payments will be fairly prompt immediately following the holiday stock clearances.

Several informed men in the credit field locally are of the opinion that beginning immediately after the Christmas Season, payments will begin to be more prompt; most of them express no considerable concern over the present slowness, though in several instances this has resulted in substantial credit-accounts remaining outstanding. Some firms indicate an unusually large proportion of accounts running 30 to 60 days beyond the terms agreed upon.

Insurance

By ARTHUR H. HENDERSON

President, American International Underwriters
for the Philippines, Inc.

AN invitation was extended to Mr. Cipriano Cruz, Chief of the Manila Fire Department, to meet with the senior fire insurance executives of the Philippines recently.

The purpose of the meeting was primarily to bring about greater coordination and cooperation between members of the Manila Fire Insurance Association and the Fire Department of Manila with the idea of attacking the most critical problems facing the fire insurance underwriters and the Fire Department.

The insurance executives were told that the Fire Department was doing its best to improve operations in spite of the limited facilities available to it, and the Chief outlined his recommendations for improvement in fire protection.

The principal points enumerated by Chief Cruz were the inadequacy of the present arson laws, the lack of adequate equipment for the efficient operation of the Manila Fire Department as well as fire departments in the various municipalities in the Philippines, the inadequacy of funds for the proper maintenance of the department and the pay of personnel, and the necessity for a more stringent enforcement of the Building Code.

The Chief recommended that a joint committee of representatives of the Fire Department and of fire insurance underwriters be appointed to study the situation in its entirety and to see what could be done to solve the problems facing both the Fire Department and the fire insurance underwriters.

As a result of the conference, steps are respectively being taken to appoint committees for a joint study of the problems enumerated by the Chief and the problems of the fire insurance companies as they affect each other.

FIRE losses in the Manila area for the month of September, 1947, are the lowest reported for this year. It is believed that the stringent attitude of fire insurance underwriters has had a material effect in reducing fire losses.

FIRE LOSSES IN THE MANILA AREA
JANUARY TO SEPTEMBER, 1947

1947	Number of fires		Losses		
	Within city limits	Outside city limits	Buildings	Contents	Total
January	60	6	P 42,700	P 48,878	P 91,578
February	71	3	114,615	1,171,433	1,286,048
March	88	11	280,874	1,918,200	2,199,074

April	73	4	497,443	1,228,304	1,725,747
May	45	4	173,402	588,660	762,062
June	63	4	67,302	579,974	647,276
July	33	2	129,503	192,160	321,663
August	54	1	108,362	316,141	424,503
September	38	2	42,574	95,741	138,315

525 37 P1,456,775.00 P6,139,491.00 P7,596,266.00

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	1947	1946	
January	17,543,000	9,286,000	K
February	17,503,000	8,778,000	I
March	20,140,000	10,122,000	L
April	19,601,000	9,849,000	O
May	19,241,000	11,132,000	W
June	17,898,000	11,432,000	A
July	22,593,000	12,333,000	T
August	23,358,000	14,411,000	T
September	23,122,000*	15,018,000	
October	24,700,000**	16,787,000	H
November		15,767,000	O
December		17,984,000	U

* Revised
** Partially estimated

In October electric production increased sharply to a new record output. There was an increase of 1,578,000 KWH or 6.80% over September. Compared with October, 1946, the increase was 7,913,000 KWH, or 47.1%.

Power output is now running over 60% higher than in 1941.

Two important additions to power-capacity were added in October. A third unit at the Caliraya Hydro Station was placed in service on October 2, increasing Caliraya's capacity from 20,000 KW to 29,325 KW. On October 15, a second unit at Blaisdell Steam Station started operating, increasing the capacity of the steam plant from 4000 KW to 16,500 KW.

A comparison of available plant-capacity with 1941 follows:

	October 1947	December 1941
Manila Electric Co. Steam Plants	46,500 KW	29,500 KW
Manila Electric Co. Hydro Plant	7,000 "	16,500 "
National Power Corp.—Hydro Plant	29,325 "	none
Total	82,825 KW	46,000 KW
Maximum Load	61,000 KW	42,000 KW
Reserve Capacity	21,825 KW	4,000 KW

Plant-capacity is sufficient for present requirements, but repeated delays in shipment of transformers and other vital equipment still do not permit complete restoration of adequate service to all areas.

Real Estate

By C. M. HOSKINS

C. M. Hoskins & Co., Inc., Realtors

IN October the President of the Philippines announced that he proposed to have the Government acquire large tracts of land in Manila for resale to present occupants, and to recommend to the Philippine Congress the creation of a Commission to fix subdivision prices.

Construction of residential rental properties has slowed up materially, and new subdivision developments are in a state of suspended animation. Commercial properties are still in excellent demand.

Individual transactions have remained fairly active. Preliminary figures show sales of P4,000,000 for October,

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
January.....	P 6,004,145	P 962,970	P 7,943,605	P 4,385,011	P 6,030,012
February.....	918,873	779,783	1,337,830	2,267,151	7,217,317
March.....	1,415,246	1,532,104	(?)	2,622,190	7,166,866
April.....	883,207	988,380	213,262	1,916,293	8,611,076
May.....	403,866	1,129,736	962,008	3,684,937	4,618,181
June.....	542,187	598,431	1,217,780	3,637,956	3,988,560
July.....	1,324,861	559,742	1,123,565	4,974,862	4,097,183
August.....	1,905,828	1,239,414	699,740	4,438,510	5,627,572
September.....	1,141,114	815,112	1,870,670	4,698,896	7,431,213
October.....	993,103	1,182,678	2,096,893	5,545,800	
November.....	938,416	858,235	2,555,472	3,340,382	
December.....	1,504,004	(?)	2,874,408	4,025,926	
TOTAL.....	P17,974,844	P10,647,285	P22,890,133	P45,537,914	P54,793,870

1947, against P5,500,000 for October, 1946, and against a nine-months average for 1947 of P6,000,000. This month was exceptional in that only three transactions were recorded of P200,000 or more. The average was P12,600 per transaction.

Many sales of land for new construction have been blocked by the growing squatter problem. With population since liberation nearly three times pre-war, tens of thousands of families have moved on to unguarded private property and built shacks and even strong material houses. Ejectment proceedings have proved slow and ineffective, months elapsing before owners can recover their land from trespassers.

Construction

By H. H. KEYS
Architect

THE increasing difficulty in obtaining building materials from the United States is already seriously hampering construction.

Some structural-steel is in the Philippines, some is enroute to the Philippines. With the scarcity of steel and the added restrictions in America, it is difficult for structural steel contractors to quote prices and delivery dates with any feeling of security.

Reinforcing-steel, also now under export license, is becoming more difficult to obtain. Architects are frequently faced with requests from contractors to change specified sizes to a size that may be obtainable. This request is not an attempt at evasion on the part of the contractor. Reinforcing steel is so scarce that one has to build with what the market can furnish.

The building public had shown a commendable desire to use structural steel, but its desire to use steel is almost impossible to carry out without a probable delay of eight or ten months.

The scarcity of reinforcing-steel will undoubtedly make the construction of reinforced concrete buildings increasingly difficult, and this shortage causes people to look for substitutes.

There will undoubtedly be more wood-frame buildings constructed, even though the owners would prefer buildings of more fire-resisting materials.

Many buildings are being erected of hollow cement blocks for walls. These are produced by several different firms. For the most part, they are quite good provided they are used within limitation.

Corrugated asbestos sheets are being used to offset the scarcity of galvanized-iron. While its general use here is fairly recent, its use in the United States goes back many years and has been found successful.

Delivery of steel-windows is improving. Their use in any building is desirable.

Plumbing fixtures are still slow of delivery.

Door-locks are hard to obtain. Butts (hinges) seem more readily obtainable.

Galvanized-iron sheets are under license from the United States and under government control here.

Lumber presents quite a problem. One might say that it was a tree yesterday and a building tomorrow. The

lumber dealers are not to blame for this. For five years there was almost no logging. The present-day demand is great. They have no time to season the lumber properly.

It is very advisable to use kiln-dried lumber for all parts except the framing. Kiln-dried stock-size doors and windows are now being produced in the Philippines. Their use should be encouraged.

There seems to be quite a bit of work contemplated by American firms. Much of this should get under way shortly after the first of the year.

A new building ordinance will be presented for passage in the near future. This ordinance has to do with zoning and imposes some very stringent regulations as to the type of buildings that may be erected in various localities. The City has been divided into districts. Percentage of ground to be occupied, minimum yard-sizes, types of residence, business and industrial buildings are zoned. Property owners and people who contemplate leasing property for various uses should examine this proposed ordinance very carefully. They may find that businesses, apartments, etc., heretofore permitted in certain areas will be banned.

Totals of building permits for September were not available at this writing.

Port of Manila

By H. W. TITUS
Luzon Stevedoring Company, Inc.

ONE of the greatest problems confronting persons concerned with the Port of Manila, and it is hard to find anyone,—from the steamship operator and importer to Juan de la Cruz who buys a can of milk, who is not interested in Manila Harbor affairs, is that of the type of packing employed by shippers for cargo coming by ocean freight into the port. Some 75% of all general cargo coming into this port is packed in fibre cartons, second-hand cases, plywood cases, crates, and other inadequate material. A review of goods discharged in Bad Order from ships in the port over a period of time shows in general the following types of packing materials employed which are wholly unsuited to the contents packed in them:

1. Fibre Cartons:

- Canned goods (food products)
- Paints and lubricants
- Glassware
- Electrical supplies
- Drugs and chemicals
- Office supplies and stationeries
- Cigarettes
- Textiles
- Clothing
- Printed Matter

2. Second-hand Cases:

3. Plywood Cases:

4. **Fibreboard Cases:**
 - a. Textiles
 - b. Rayon and cotton remnants
 - c. Clothing
 - d. Hardware
 - e. Medical instruments
5. **Cotton Bags:**
 - a. Flour
 - b. Sugar
 - c. Salt
6. **Jute Bags:**
 - a. Rice
 - b. Sugar
 - c. Bean
7. **Crates:**
 - a. Plumbing supplies
 - b. Hospital supplies
 - c. Household appliances
8. **Paper Bags:**
 - a. Cement
 - b. Powder, paint, and talc
9. **Wooden Barrels:**
 - a. Hardware
10. **Fibreboard Drums:**
 - a. Powder, paint, and talc
11. **Bales:**
 - a. Textiles
 - b. Printed matter
 - c. Clothing

The objection to the use of fibre cartons is that the weight of contents alone will tend to break them open; also, that when they are used for glassware or bottles, they cannot withstand the normal shocks of handling or pressure of stowage in the ship's hold. The chief fault of this type of packing, however, is that any moisture, whether by normal sweating while stowed in the ship or otherwise, causes the carton to disintegrate. A case in point is that of bottled vinegar, syrup, or catsup packed in fibre cartons. As soon as one bottle breaks due to normal handling or pressure of cargo above it, the liquid released at once causes the carton to disintegrate, ruining not only the contents of one carton but all those adjacent to it.

One important factor contributing to loss through improper packing, is that marks are frequently obliterated as packages are damaged and it becomes impossible to make delivery to consignees. This adds to the congestion of undelivered cargo in the terminal warehouses at the piers, and consequently to the difficulty of making proper delivery of "live" cargo.

It goes without saying that improper packing gives further opportunities for, and in fact encourages, pilferage.

All of the foregoing adds up to the fact that inadequate packing, which results in conditions shown in the accom-

panying photograph, may be cheaper initially from the point of view of the shipper but actually causes enormous losses which must ultimately be borne by the consumer of imported goods. The remedy for this tremendous loss of commodities sorely needed by all here, can only lie in joint action by insurance authorities who can adjust insurance conditions to meet this problem, shipping companies which can and should demand adequate packing for their own protection and adjust freight rates accordingly, and importers who should insist that persons shipping to them do so in containers suited to the cargo. Any additional costs arising from a better grade of packing thus obtained, would be more than offset by lowering the amount of loss now sustained by all concerned.

Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

EXPORTS for the month of September showed very little change from those of preceding months: 114,227 tons for September, as against 146,951 for August.

The expected increase in shipments of logs and lumber did not materialize last month, and judging from reports, no large movement can be expected until all export restrictions are moved.

Shipments of desiccated coconut have steadily increased during the year from 386 measurement tons during September, 1946, to 7,130 measurement tons for September of this year.

A comparison of this year's September export figures with last year's, follows:

	September 1946	September 1947
Cigars.....	177 tons	161 tons
Desiccated coconut.....	386 "	7,130 "
Coconut oil.....	—	1,249 "
Copra.....	75,121 "	86,763 "
Copra cake.....	920 "	2,814 "
Hemp (bales).....	44,598 bales	60,678 bales
Logs and lumber (bft.).....	—	765,788 bft.
Ores.....	800 tons	20,338 tons
Rope.....	389 "	508 "
Tobacco.....	358 "	175 "
Sugar.....	—	—

Inter-Island Shipping

By D. M. CAMERON

Everett Steamship Corporation

SOME concern has been expressed in trading circles in Manila over an article that appeared recently in the local press to the effect that inter-island operators had requested an increase of 150% in inter-island freight and passenger rates. The article was incorrect in its implication that such an increase was desired or intended to be added to present rates. The facts are that the Philippine Ship Owners Association, of which about all owners of inter-island vessels operating from Manila are members, requested in July, 1946, an increase of 150% over pre-war basic rates. In December, 1941 basic rates were subject to increases of 10% and then 15%, and after liberation an increase of 35% went into effect. This percentage was the same as that applied to ocean freights at the same time. When the extremely high operating costs prevailing at that time are considered, it can easily be recognized that the operations by the U. S. Maritime Commission which covered the period from liberation to August, 1947, were carried on at an appreciable loss to the American Government.



Close-up view of glassware packed in cartons. Taken in Bad Order Corral, Pier 13, May 20, 1947.

These costs have receded only in a very minor degree and only in a few categories, while freight tonnage and number of passengers have dropped off sharply.

With the high pay demanded by stevedores and crews and the steadily increasing costs of fuel, the pre-war operators who chartered Maritime Commission vessels, all of which are too large and generally unsuited to the trade, will be forced to relinquish their charters at the end of the initial 6-month period unless rates, at least in certain categories and between certain ports, are raised. The withdrawal of all such vessels would leave the entire inter-island trade to be covered by small F. S.-type vessels, which would, to say the least, put shippers and producers in a very precarious position. Once lost to this area, the Maritime Commission vessels will without a doubt be unobtainable again, and it is generally felt that a number of F. S. vessels presently operated will, within a year or so, be worn out to the extent of being uneconomical except for the very shortest runs. The building of proper vessels which, at present costs, few will undertake, would take years, and consequently inter-island trade could easily break down.

The regular operators, some of which operate a few F.S. vessels, have re-established regular, scheduled runs which in the main are adhered to, and it is only with regular schedules that traders can handle their business in a lucrative way.

A request for reduction in Charter Hire is being considered but even this saving will not make the difference between red and black figures, and only increased freights and/or rates are the solution.

Air Transportation

By V. A. BRUSSOLO

Vice-President, Philippine Air Lines

DURING the months of September and October there were a number of significant aviation developments which airlines in the Philippines cannot afford to ignore, for they will directly or indirectly affect present and future operations of air companies. For a good overall picture, they are herewith presented in chronological order:

1. On September 10, Undersecretary of Foreign Affairs Bernabe Africa enunciated the policy of the Philippine Government with respect to the landing of foreign aircraft in the Philippines. He declared that the "Philippines will follow the policy of air neutrality, granting equal rights to aircraft of all nations to land on Philippine airfields".

2. On September 25, the Secretary of National Defense—under whom the former Bureau of Aeronautics was operating—issued rules and regulations governing the use of domestic government airfields and navigation facilities and imposing fees for their use. Landing fees imposed are based on the types of airports and on the gross weight of aircraft. Business conducted within government airports are also taxed 5% of their gross income. The new regulations further prescribe measures and precautions aimed at promoting safety.

3. Civil Aeronautics Administrator Jesus A. Villamor declared on October 9 that five cities are presently competing with the Philippines in the establishment of the aviation-hub of the Orient, namely, Singapore, Shanghai, Hongkong, Bangkok, and Tokyo. He also indicated that he proposed to build at Nichols Field a metropolitan center inside the international airport compound.

4. On October 13, four American congressmen visited Manila on a fact-finding tour to study civilian aviation. The four congressmen are Leonard W. Hall (New York), chairman; Hugh D. Scott, (Pennsylvania), and James I. Doolittle (Iowa), all Republicans, and Richard F. Harless (Arizona), Democrat. They declared having found the Philippines' aeronautical facilities "below modern standards" and in great need of improvement. Taking up the defense of the aviation situation in the Philippines, Mr.

Daniel Me. Gomez, secretary of Philippine Air Lines, pointed out that the equipment and operations of local airlines could well compare with those of the United States and other modern countries. This brought about a modification of their previous statement from Representatives Scott and Hall, who explained that they had referred specifically to "Philippine airfields and those of other Far Eastern countries which have no facilities for approach, especially in bad weather." "With such problems," they added, "American aid through the CAA can be of great help." In closing, they declared that "there is no doubt the Philippines will play an important role in the development of air commerce. . . Without the Philippines there can hardly be any air-trade in the Far East, considering the Islands' strategic location."

5. On October 16, in his conference with the American congressmen, President Roxas urged that the United States Government consider the feasibility of assisting the Philippine Government financially in the maintenance of airfields in Laoag, Puerto Princesa, and Guianan, including aviation installations thereon.

6. Following this up, President Roxas on October 20, sought a \$5,000,000 annual grant from the United States to maintain these three strategic bases, declaring that they form "a triangular defense of the Philippines, with Clark Field, American Army base, in the center".

7. Toward the end of October, President Roxas announced that plans are under way to establish the largest and most modern airport in the Far East at Nichols Field. Colonel Villamor was appointed Administrator for the International Airport, and work on the project has begun with the Beyster Commission drawing up the plans.

The foregoing events very clearly indicate that the Philippine Government has undertaken an all-out effort to place the Philippines on a par with other nations of the modern world in what concerns air travel.

A forecast of the future of the aviation industry can be found in the fact that, according to Mr. B. J. Talbot of that Company, Northwest Airlines did the biggest business in its 21-year history in August of this year, with profit reaching a new monthly high. In August, Northwest had a net profit of \$566,000 from its business with the Orient alone, thus exceeding expectations at this stage of development of the airline business in the Far East.

Pan American World Airways

ON November 22, 1935, a crowd of 125,000 spectators gathered on the shores of San Francisco Bay to witness the take-off of the Pan American World Airways famed flying-boat, *China Clipper*, on the first trans-Pacific commercial flight in history.

Commanded by the late Captain Edwin C. Musick, the *China Clipper* soared over the Golden Gate and after 59 hours, 48 minutes flying-time landed on the waters of Manila Bay, establishing the first air-link between the Philippines and the United States.

The arrival of the *China Clipper* was an epochal event for the people of the Philippines. Until then, the only link with the Western world had been time-consuming surface travel. Via ship, it had taken passengers, mail, and express weeks to reach the United States. The coming of the flying Clippers slashed that travel time to a matter of days!

For six years, Pan American continued to serve the Philippines. Then the Japanese struck. It was to be four years before the people of the Philippines again saw the familiar insignia of the Clippers. During the war interval, John Oppenheimer, PAA's District Traffic Manager at Manila, and 33 other employees of the airline were interned at the Santo Tomas and Los Baños prison-camps.

Today, two years after the Japanese surrender, the flying Clippers are playing a vital role in making Manila one of the great aerial crossroads of the world.

Land Transportation (Bus Lines)

By L. G. JAMES

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

Since resumption of Clipper service to the Philippines in September, 1946, Pan American's Pacific-Alaska Division has embarked on an extensive program of increasing flight frequencies, slashing travel-time and improving travel-comfort.

Today, the Clippers link Manila not only with the Pacific Coast of the United States, but with all the major cities of the Orient and with India, the Middle East, and England. Manila is on the direct route of Pan American's round-the-world service, the first one-carrier global schedule in the history of aviation. Clippers operating to Manila via San Francisco and Los Angeles, Honolulu, Wake, and Guam, continue to Bangkok and Calcutta, making connections there with Atlantic Clippers of Pan American for Karachi, Damascus, Istanbul, London, and New York.

Another Clipper-service links Manila directly with Hongkong in China. And at Hongkong, Manila passengers also make regular connections with Clippers stopping at Tokyo, Shanghai, Hongkong, Bangkok, and Calcutta on Pan American's second round-the-world route.

All this stimulates trade and travel and a free exchange of ideas with the people of virtually every part of the world.

Before the war, Pan American's trans-Pacific routes were flown by flying-boats. Today, these reliable but relatively slow aircraft have been replaced by fast, four-engine landplane Clippers of the Douglas DC-4 type. And travel-time across the Pacific has been cut to a matter of hours. Instead of making overnight stops at island-stations en route, the Clippers now operate on "cannonball" schedules, landing at the islands for only one hour, long enough to change crews and refuel.

Making this possible, is installation on the Pacific Clippers of the remarkable new sleeperette chair-lounges. No longer do air-travelers have to sit up during the 8,000-mile flight. The reclining-chairs and adjustable leg-rests of the sleeperette combine into full-length lounges. Passengers are able to stretch out during both day-and-night-travel. And at night, curtains around each seat provide compartment privacy and assure a restful night of sleep.

It is not only in the fields of speed and passenger-comfort that Pan American has brought new standards of service to the Philippines. Recognizing the increasing need for swift and frequent air-express, the airline has introduced the *Pacific Trader*, a new all-cargo Clipper, which operates between Manila and San Francisco and return on weekly schedules.

Graphically illustrating the advances made since post-war resumption of service to Manila, are statistics on passengers and express.

Between September, 1946, and August, 1947, for example, the Clippers carried 4,340 passengers to and from Manila, as compared with 1,031 passengers flown by the Clippers during 1941.

Equally impressive are figures on air-cargo. From September, 1946, to August, 1947, the Clippers carried a grand total of 242,974 pounds of air-express, including 15,246 pounds already transported by the *Pacific Trader* all-cargo service. This is contrasted to the total of only 38,384 pounds carried in the year before Pearl Harbor.

Indicative of Pan American's long-range policy of bringing the swiftest and most comfortable means of transportation within the price-range of the average traveler, are the reductions made in passenger fares and express rates. As an example, it cost \$950 to travel by Clipper from Manila to San Francisco in 1938. Today the fare has been reduced to \$726.

Strategically located on the all-weather Central Pacific air-route, the Republic of the Philippines can look to Pan American World Airways for even greater service as it continues its march toward All-Asia leadership.

OF interest to the land transportation business in general, is a recent development which may affect the future pattern of bus operations throughout the Philippines. This is a decision of the Public Service Commission establishing a uniform rate of 1-1/2 centavos per passenger per kilometer, to apply essentially to operators of passenger buses in Central and South-Central Luzon. Heretofore, the rate of 2 centavos per kilometer had been authorized for the various operators concerned.

The Laguna Tayabas Bus Company and the Batangas Transportation Company filed a petition before the Public Service Commission for authority to reduce their existing rate of 2 centavos to 1 centavo per kilometer on all direct trips between Manila and all important terminals served by the companies in the provinces of Rizal, Cavite, Laguna, Batangas, and Quezon. This petition was opposed by the Biñang Transportation Company and the Western Batangas Bus Company on the ground that, under present conditions, it is impossible for an operator to do business at a profit using a basic tariff of 1 centavo per kilometer.

The People's Counsel, an investigatory and advisory board recently established for the purpose of representing the public in cases similar to that under consideration, recommended that a basic general rate of 1-1/2 centavos per kilometer be established for all operators concerned, both for local trips and for through direct trips. The decision of the Public Service Commission followed this recommendation. The result has been the establishment of the 1-1/2 centavo rate by all operators serving the Manila territory and areas adjacent thereto.

The standard pre-war passenger rate in general effect throughout the Philippines was 1 centavo per kilometer. Pre-war cost of operation per bus unit (depending upon local factors and type of unit used) averaged from 11 centavos to 14 centavos per kilometer. Present costs of operation (based upon data supplied from the operation reports of fleet operators in various areas) vary from 28 centavos to 37 centavos per kilometer. It is thus evident that operational costs have nearly trebled, whereas the newly established rate applying to the Central and South Central Luzon area, is only 50% greater than the pre-war rate.

It is, however, probable that operators in other parts of the Philippines will follow suit in applying for authority to reduce rates. This will give the traveling public the benefit of transportation at a cost which is entirely out of line with general price trends.

Management in general has been confronted with serious labor problems during the post-war period of adjustment, but an entirely new theory in Capital-Labor relationships was the cause of the short-lived strike of the employees of the Pampanga Bus Co., Inc. who walked out en masse on October 20.

Recently, the company was reimbursed by the United States Army for the partial value of its equipment and stocks of supplies taken over for military use in 1941, amounting to some P875,000.

The employees union thereupon presented a formal demand for 20% of the amount of the payment, which demand, naturally was rejected by the management on the obvious ground that the settlement represented the value of capital assets delivered to the Army and simply constituted reimbursement therefor. After the walkout,

the dispute was referred to the Court of Industrial Relations which ordered the strikers back to work, the order being complied with on October 22.

At the hearing before the Court of Industrial Relations, where the case is now pending decision, the officials of the striking union offered no argument other than that employees have a vested interest in any payment made to a corporation on war claims or war-damage claims. If the Court should decide that this has any merit, the results would affect every employer who anticipates receipt of such payments.

Gold

By CHAS. A. MITKE
Consulting Mining Engineer

WORLD gold reserves are reported to be at an all-time high. The total supply is said to be around \$37 billion. Of this, the United States holds between \$21 and \$22 billion, while the remaining \$15 billion is distributed among the other nations. This is a tremendous advance over 1914, when countries outside the United States held something between \$3 and \$4 billion. In 1925 this had increased to over \$5 billion, and at the time the Pacific war broke out, the amount was \$10.5 billion. In the interim, gold had been re-evaluated, but even so, the amount of gold in the world had greatly increased.

No accurate information is available regarding gold production in Russia, but aggregate annual production in other countries amounts to \$700 million.

One great trouble still is the uneven distribution. The United States is the greatest creditor country in the world today. The other countries need the goods America produces, but cannot find sufficient dollars with which to pay for them. Suggestions have been made to redistribute American gold-holdings, which suggestions are looked upon with disfavor by the United States Treasury. The International Monetary Fund is endeavoring to divert funds to countries where they can be used most effectively. Switzerland is reported to have made dollar-loans to France and Belgium. Sweden and certain of the Latin-American countries are extending credits to European nations in need.

The purpose of the International Monetary Fund, created in 1944, is to regulate international exchange and to supply short-term credit to member countries. Recently, it made dollars available to Great Britain. The Fund's total assets, in gold and currencies, when all subscriptions are in, are reported to be \$7,700,000,000. Values of currencies are to be adjusted gradually over a period of time. Whether this will occur in time to meet pending emergencies is not known, but many countries are in great need at the present time. France has been reported to be facing a crisis within the next 30 to 60 days; Great Britain has said it needs help before the end of the year; former Ambassador Bullitt, returning from China, reports that \$450,000,000 a year, for three years, will be needed to keep China from falling into the hands of the Soviets. Of this, \$130,000,000 would be used to stabilize currencies, and the balance to cover necessary imports of cotton, gasoline, tobacco, wheat, oil, and manufactured articles,—a cheap price, if it works, compared to what we are pouring into Europe.

It has been said that "if gold is repriced upward, it will not come in the form of a rise in the price of the metal, because of strong opposition in Washington. Washington, alone, is compelling the world to retain the long obsolete valuation of paper currencies."

It is believed far more likely that the change, when made, will be in the form of a revaluation of the paper dollar to fit its buying-power. Very likely, this will come from some country, other than the United States, hard-pressed to find an acceptable exchange medium with which

to purchase necessary products. "When it comes to a choice between depression or a fair price for gold, even the most doctrinaire theorist must bow to the hard fact that gold will always find its level. There is no substitute for gold, and for 600 years, demand has always exceeded the supply."*

There would seem to be a tendency toward exchanging currencies for "hard" money, and, in some instances, hoarding has been noticed. The desire for something tangible, which will not "evaporate" but retain a substantial value in the face of a national crisis, is only natural. In the Philippines, during the occupation, people purchased diamonds, rather than retain the semi-worthless Japanese currency. It has been said that "acceptance" of gold as a token of inherent value is so common a characteristic of all manner of men, that there is scarcely any part of the world in which an individual possessing gold would not be able to exchange it for the goods or services he desires. This is not theory; it is simply an observation on a human trait which seems to come as near to following a natural law as anything else in social science. Gold is trusted as a basis of exchange and as a measure of the value of currencies, to a degree that is not even approached by any other medium. Confidence in gold far exceeds confidence in governments, and possession of gold is rightly regarded as a better security for wealth than the holding of promissory notes. Gold has the supreme virtue of tangible existence and traditional value which makes it *resistant* to political manipulations and *not* exclusively dependent on definitions and agreements apt to become scraps of paper when they run counter to national expediences.

* John E. Kelly, *Mining World*, July, 1947.

Lumber

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

LUMBER producers have submitted a petition to President Roxas urging the lifting of the ban on exports of cut lumber. The present partial permit for logs and flitches is not enough to relieve the producers of their difficulties. They claim that if allowed to export their high-class grades, the local market would not be affected. On the other hand, they would have an inducement to increase their production which would more than offset the amount of lumber exported. They ask for a trial period of six months, after which the President could ban the exports again if there was a shortage in the local market. Local prices being set at a ceiling under Executive Order No. 65, there is no reason to believe that lumber would be sold at higher prices if the Government is as watchful as in the case of other commodities.

The lifting of the ban would be very timely at this moment.

Copra and Coconut Oil

By MANUEL IGUAL
General Manager, El Dorado Trading Company, Inc.
AND KENNETH B. DAY
President, Philippine Refining Company

ON September 15, we reported that the copra market closed with buyers bidding \$170 c.i.f. Pacific Coast and with sellers holding out for \$175 c.i.f. Immediately thereafter, reports of the corn-crop shortage and the consequent strengthening of tallow, brought the market rapidly up to a point where copra was sold in volume at up to \$195 c.i.f. by the 20th of the month. The increase had been too rapid, however, and it began to be felt soon there-

after that the edge was off the market, grains and lard being unsettled, and the only real strength being reflected in tallow.

For that reason, copra eased a bit to \$185. But within a few days tallow jumped to 21¢ and later to 22¢ for prime quality. The copra market reacted to this by advancing, first to \$190, then to \$195, and eventually, toward the end of September, several thousand tons were sold to Canada at \$205 c.i.f. This caused sellers to increase their ideas immediately thereafter to \$210 and over, although only \$200 was recorded as sold to Pacific Coast, and this on a very limited scale. However, lard and grains promptly sold off, with the natural result that heavy offerings of copra during the first few days of October at \$200 c.i.f. were declined, and the entire market structure looked weaker with the exception of tallow, which still maintained unexpected strength.

The general opinion was that American crushers were well covered for October November shipment and in some instances for the remainder of this year, and consequently showed less interest in Philippine offers. This led to a decline in quotations which, however, was not as abrupt as it might have been because Philippine sellers who were not well covered on previous commitments, some of them, at substantially lower prices, took advantage of the halt to cover in, rather than to offer freely. This was good policy particularly because the peak of the copra season appeared to be past. Nevertheless, copra gradually sold off from the high of \$205 c.i.f. Pacific and \$210 c.i.f. Atlantic, to \$182.50 c.i.f. Pacific, and on October 15, the end of the period under review, it was felt that business could not be developed at over \$180 c.i.f. Pacific Coast.

During this whole period, the European market was extremely quiet. On September 15, business was done at \$170 f.o.b. No substantial business was reported thereafter until well into October, when a small lot was traded at \$180 or a fraction better. SCAP came into the market on the 10th for 3,000 tons of copra for the American section of Germany, and bought their requirements at \$190 f.o.b., which was considered an excellent price on that day. By October 15, European buyers who had been holding back, both in expectation of lower prices and because of lack of dollars, began to register interest, and on this date 2100 tons were sold to Sweden at \$182 f.o.b. When the period closed, however, the market had an easier tendency and the general opinion was that although there was no apparent weakness in the general oil and fats structure, we were likely to see lower prices for a while.

Copra exports for the month of September were reported (subject to revision) as follows:

To United States destinations	35,243	L.T.
Europe	43,631	"
South America	1,500	"
India	6,900	"
Total	87,274	L.T.

The coconut-oil market opened on September 15 at 13-1 2¢ with desultory trading. From there on it advanced along with the copra market, but not as spectacularly. Owing to the tank-car shortage reported last month, which now appears to be a difficulty of considerable future duration, Pacific Coast crushers found difficulty moving their oil to the Atlantic Coast. Consequently, spot tanks sold at high premiums, and in fact any promised delivery before the end of the year commanded a far better price than next year's shipments, which were offered at substantially lower figures. On this basis, spot oil went as high as 18-1 2¢ to 19¢ f.o.b. Coast. October November December shipments sold up to 17-1 2¢, while January forward could not bring better than 15-1 2 to 16¢, and eventually were entirely neglected. As copra prices declined, oil prices followed. Some Philippine crushers took advantage of this situation to sell round lots of October November December oil to the Atlantic Coast at competitive prices.

Locally, the price of copra, which started at \$29 on September 16, rapidly increased to a high point of \$38, only to decline gradually at the end of the period to \$33. Local oil, which was selling at from \$56 to \$58 per kilo increased to \$75 to \$77 when copra was selling for \$200, and thereafter declined to \$72 to \$74 by October 15.

Expeller cake for Europe improved considerably during the month, business having been reported on September 16 at \$72.50 per long ton f.o.b. as contrasted with bids available on October 15 said to be as high as \$78 f.o.b.

There was a great uncertainty regarding the market at the time the period closed. On the face of it and statistically, there was nothing very weak in the picture. At the same time, it was felt that prices were fully high, and consumer-resistance plus heavy crops of cottonseed, soybeans, and peanuts might well take the edge of the market and keep it from advancing further. European buying was manifestly curtailed by lack of dollars, and the big question-mark was when and to what extent the United States will aid Europe by supplying these dollars for the purchase of fats, and also to what extent the United States will draw from its own resources to supply fats to Europe. The United States itself was, however, in another inflationary spiral, which might well translate itself into higher prices for everything, including copra and coconut oil.

Under these conditions, it would be a bold man who would undertake to predict what might happen next, and conservative dealers were not taking a position one way or another, but were following the market and trading only in stocks actually in sight. Once again the market was made to order for speculation, but in view of the bad experiences of several speculators during the past month or so, there was less tendency on the part of dealers to commit themselves to any definite market theory. The gradual decline in production and arrivals which were seasonally due, and which had been already discounted in American markets, contributed to this policy. In view of unsettled conditions and the unpredictability of so many factors, the general feeling was, both in Europe and in the United States, that the next month should see additional price fluctuations, both up and down.

Synthetic Detergents

Considerable publicity has been given recently to the future of synthetic detergents more commonly known as "soapless" soaps. Synthetic detergents have entered the market held by soap for a thousand years, and their rapid development has been spectacular. Some quarters estimate that output this year may reach over 600,000,000 pounds with the possibility of 1,000,000,000 pounds next year. While the soap industry is one of the largest in the chemical markets, with an approximate annual output of 3,000,000,000 pounds, and while it is alleged that the future of soapless soaps does not lie in the replacement of soap, but rather in the development of new uses which are not practical or possible for conventional soaps, unquestionably soapless soaps have been found a satisfactory replacement in many of the uses of ordinary soap. This is considered in some quarters a potential threat to coconut oil, and accounts for the possible move on the part of the industry to request the United States Congress to eliminate the excise tax of 3 cents per pound. Under present conditions of fats and oils shortage, undoubtedly consumer demand can absorb all the soap and all the detergents now being produced. Obviously, however, if detergent production continue to skyrocket, the American soap market will not permanently be able to digest the combined output.

Although animal and vegetable fats are used in synthetics, research has been chiefly applied to petroleum products, from which a large amount of detergents is now being produced. Many feel that, with the excise tax re-

pealed, coconut oil can probably stand the competition, and, if markets should ever be forced down to even approximately pre-war levels, synthetics might find it hard to compete successfully. However, if at these lower levels Philippine coconut oil still has to shoulder an excise tax of 3 cents, copra producers will eventually have to shoulder the burden, and this might form a very serious threat to the welfare of the industry. Only time will tell the outcome, but the problem is one to be watched.

Philippine Refining Company, Inc.

IN the morning papers of Tuesday, October 7, appeared an interview given by Mr. Geoffrey Heyworth, Chairman of the Board of Lever Brothers and Unilever Limited, stating that the Philippine Refining Company, Inc. is planning to erect a modern coconut-oil mill in Manila at an estimated cost of ₱4,000,000. The amount involved being considerable, it has been deduced that the enterprise itself must be a very large one.

The Philippine Refining Company, Inc. and its predecessors have been in the coconut-oil business in the Philippines since 1915. Prior to the war, the Company operated two large coconut-oil mills, one in Manila and the other in Cebu. Both of these mills were wrecked by the Japanese near the close of the war, and the Company's investments out here were largely wiped out thereby.

Inasmuch as we have been in this business so long, however, and have been identified as one of the productive enterprises of the Philippines, it has been decided that both duty and inclination dictated at least a partial restoration of our previous endeavors. To this end, we contemplate the erection of a mill here in Manila of approximately pre-war capacity. Costs have risen so high, however, that the erection of such a mill will require several times the pre-war investment.

Methods of processing copra have changed over the years, and our new mill naturally will be built on the latest and most modern plans, and should be an efficient producing unit when it is completed about a year from now.

In conjunction with this mill, we expect to continue the manufacture of refined products, including edible oil, vegetable shortening, margarine, and laundry soap, an enterprise which we embarked upon in 1939.

If after the completion of this mill additional investment in this country appears warranted, we shall give consideration to reviving our Cebu installation.

While fixed capital investment in any new country must naturally involve a considerable amount of risk, it is the opinion of our Company that the announced policy of the Philippine Republic to encourage and protect foreign capital must be taken at full value; and that in a Democracy, continuing to function under the American principles of free enterprise, there should be an opportunity for legitimate business to carry on substantially as it did before the war.

Moreover, the Philippines has treated us hospitably for over thirty years, and we feel a moral obligation to do our part in helping rehabilitate the country. It is for these reasons that we, together with so many other concerns, have begun to try to restore, at least in part, our pre-war business.

KENNETH B. DAY

Desiccated Coconut

By HOWARD R. RICK

President and General Manager.

Peter Paul Philippine Corporation

THE following report covers the calendar month of September, 1947. During the period, there was a very large and sudden increase in copra prices which resulted in much speculation on the part of planters and

contractors. As a direct result, and due to State-side rumors of further increases, it was difficult to obtain nuts without paying large premiums over the copra equivalent value.

Several factories were consequently forced to shut down for short periods in order to secure sufficient raw nuts for processing. The general trend of increased copra prices and speculations as to the limit of the copra advance has led to limited nut-buying and the holding of low nut inventories until the market becomes more stable.

The market activity saw prices go from ₱40 to ₱70 per thousand nuts delivered to the factory, where the market remained at the end of the month with a general trend toward easing off in October.

The great demand for desiccated coconut in the United States continues and shows indications of continuing for another six months. There is considerable activity in the United States to push and advertise desiccated coconut for use in new candies. This campaign may add considerably to the pre-war volume of the desiccated coconut business.

SHIPPING STATISTICS OF MANUFACTURERS OF DESICCATED COCONUT FOR THE MONTH OF SEPTEMBER

Blue Bar Coconut Products Co.	1,837,100
Canlubang Sugar Estate	Shipped by Franklin Baker Co.
Cooperative Coconut Products	Shipped by United Coconut Prod.
Franklin Baker Co.	2,713,260
Marsman & Co., Inc.	405,200
Peter Paul Philippine Corp.	2,006,000
Philippine Desiccated Co.	Shipped by Blue Bar Coco. Co.
Red V Coconut Products	714,000
Sun-Ripe Coconut Products	1,000,000
United Coconut Products, Inc.	384,000

Manila Hemp

By MURRAY COOK

International Harvester Company of the Philippines

THE month of September witnessed a firm and active market for Manila hemp. Starting quietly at a price of ₱45.50 per picul for Davao J1, the market soon firmed up. By September 9, the price had risen to ₱49, with some business reported at ₱50 per picul. Even at these prices, loose hemp was scarce and difficult to buy for a few days until sellers appeared and a slight reaction took place.

The market remained steady to firm, around ₱47.50 for Davao J1 to about the third week of September. At this point, exporters showed more desire to buy, resulting in a sharp advance in the market. By the end of September, buyers were eager at a price of ₱51 per picul, closing the market for the month on a firm basis.

During the month under review, a steady and orderly market existed in the non-Davao grades. Opening quietly at a nominal price of ₱37.50 per picul for J1, the market—in sympathy with Davao, slowly advanced to ₱38.50 during the first three weeks. Supplies other than United Kingdom grades were extremely scarce and difficult to buy. Fortunately, demand for lower grades by United States manufacturers continued steady, and exporters kept comfortably operating. The last week of September was one of little activity in the absence of sellers, and exporters were content to digest previous purchases. The market closed very firm at a nominal price of ₱39 per picul for J1.

Production during September was within a few bales of the August figure supplied by the Fiber Inspection Service. A total of 76,594 bales were produced, which again established a post-war record for any one month. This exceeded the total number of bales for August by 164 bales. Davao production was off to 29,106 bales, while the non-Davao grades accounted for the balance of 47,488 bales, a post-war record for non-Davao. Of the total of 76,594 bales produced, approximately 47,000 bales were United States grades. Non-Davao production is still tending toward lower grades.

Sugar

By G. G. GORDON

Secretary-Treasurer, Philippine Sugar Association

FOR the purpose of receiving proposals of the Associated Steamship Lines regarding the freight-rate on sugar for the coming milling season, a committee of sugar shippers consisting of Messrs. Gordon, Bridgeford, and Rosales was appointed recently to meet with a committee of the Associated Steamship Lines.

Although the Indian Government has allocated a quota of jute bags to the Philippines, some sugar centrals are still facing the problem of securing their sugar-containers, in view of the inability of Indian suppliers to make further shipments from Calcutta. Other sources are being explored with the hope of finding satisfactory substitute containers.

The War Damage Commission held a public hearing on October 20 regarding the Commission's ruling on the filing of war-damage claims by the centrals on behalf of the planters, and also for determining the valuation of sugar to be used as a basis of war-damage claims by centrals and planters. A large delegation of planters and central representatives attended this hearing.

In view of the impending departure of Mr. Juan Cojuangco for the United States, Mr. Jose Cojuangco has been elected member of the Executive Committee of the Philippine Sugar Association for the unexpired term.

The following centrals have reported that milling operations have begun:

La Carlota
Lopez Sugar Central
Bogo-Medellin Milling Company

Quotations on the New York Sugar Exchange for the period from the second half of September to the first half of October ranged as follows:

	High	Low	Close	Sales
May	5 22	5 01	5 15	44,000 tons
July	5 20	4 98	5 16	10,750 "
September	5 19	5 00	5 18	2,100 "
December	5 23	5 06	5 23	250 "

TOTAL SALES

57,100 "

Tobacco

By the CONDE DE CHURRUCA

Compañía General de Tabacos de Filipinas

ACTIVITIES in leaf tobacco are quiet, and only a small amount of local trading was done last month.

Some tobacco was exported to Algeria (French North Africa), but the shipments were the result of previous contracts a few months old.

The last typhoon which crossed northern Luzon could have had severe consequences for the tobacco planters; luckily, very few had started preparing the seed-beds, of which about one-third has been lost and must be replaced. That is the advantage of early planting; there is always time to replace losses caused by bad weather and storms. Also, the early crops, if not damaged, produce tobacco of better quality because the harvesting then has a very good chance of being done under the most favorable weather conditions. On the other hand, the not very enthusiastic or active farmers will not risk having to do their planting twice, and so plant as late as they can to avoid possible floods.

The cigar industry, one of the most famous of the Islands, has been very badly hurt by the war. Most of the factories lost everything, stocks, machinery, and buildings.

Part of the machinery was looted and sold to uncontrolled manufacturers and cannot be traced, the result being a persistent sale of inferior quality cigarettes and a falsification of a few of the most saleable brands.

The Bureau of Internal Revenue and the Manila Tobacco Association are giving serious consideration to this problem and hope in a near future to effect control over the sale of cigarettes, so as to protect the public from products that are not guaranteed by the official inspections which are a necessary part of this business.

The local cigar business has been greatly hurt by the flood of Army surplus cigars, which irresponsible small merchants and street-vendors are peddling everywhere, underselling the local product. The usual tax is supposed to be paid on these cigars so as to give a fair chance of competition to local makes, but it is obviously impossible to control the thousands of peddlers throughout the city, and the result is a very unfair competition.

The harm done to the leaf tobacco-farmers and cigar-factory workers is considerable, and will only come to a stop when the surplus cigars are banned or the supply runs out.

Machinery

By V. E. LEDNICKY

Edward J. Nell Company

THE machinery market in the United States is definitely improving insofar as deliveries to the Philippines are concerned. There is also a definite tendency for prices to rise steadily and to continue to do so until the expected recession begins.

Although most manufacturers have a large backlog of orders, they prefer, if possible, to ship to countries not hampered by exchange restrictions, and the Philippines happens to be one of the favored few which are allowed by the United States Philippine agreements to pay drafts promptly. When shipping to many other countries, the manufacturer often has to wait 90 days or more for his money. Such a long wait ties up too much capital for the average manufacturer and he cannot afford to take the risks of doing so.

Although many factories are equipped to turn out much more than they are doing at present, they are unable to get operatives for machines, and it is no uncommon sight to see whole rows of idle machines in many plants. The officials concerned give several causes for the lack of labor, both skilled and unskilled. Two of the principal of these are that several hundred thousand young men are taking advantage of the "G.I. bill of rights" and are attending college, and that many others have gone into business for themselves with the aid of government loans. The high price of lumber and food products has attracted a great many young men who would otherwise be working in a production-line.

Mechanics' wages are high but they cannot compare with the income of a farmer today. The wheat grower of 1941 was broke and in debt, but now, after six years of high prices and bumper crops, he has more money than he knows what to do with, while the factory worker is struggling along against the rising prices of foodstuffs and can barely make ends meet.

During the war the price of metals was controlled and this tended to keep prices of manufactured products down, but as soon as controls were removed, prices of metals skyrocketed. Even at the present prices, there is a definite shortage of lead, zinc, and copper; in fact, the shortage of copper this year will reach the substantial amount of 100,000 tons. Government reserves are being rapidly depleted, if they are not already gone, and there is no immediate relief in sight.

Before the war, mines were forced, because of low prices, to operate at a loss or at no profit, so they did a

minimum of development work. During the war, metal was a prime necessity and was used at a rate of ten times normal. In order to get sufficient production with limited crews, it was imperative that high-grading be resorted to. The best ore was taken out and only the low grade was left, and there was no time to develop future reserves. As the matter stands today, many mines cannot operate at present prices because their ore reserves are too low-grade and they won't have funds to carry on extensive development work until the reserves will have been brought up in grade. There is only one solution, and that is to raise the price until production costs are covered. Naturally an increase in the price of metals will necessitate an increase in the price of finished machinery. It is a vicious circle and only a depression or a recession, as it is now called, can stop the rat race.

Automobiles and Trucks

By J. L. MANNING

Manila Trading & Supply Company

THE records of the Division of Motor Vehicles reveal the following figures on revenue collected from vehicle registration and drivers' licenses for the periods indicated:

1941.....	₱5,300,000.00
1945.....	1,431,552.81
1946.....	8,221,666.18

These figures are particularly interesting in view of the fact that actual fees per vehicle are exactly the same at present as obtained before the war. A total of 118,630 drivers' licenses were issued in the period from January 1 to June 30, 1947.

A survey of market conditions in the automobile and truck trade, indicates a substantial increase in credit-sales from January of this year through October. The majority of truck credit-sales are being consummated on the basis of 50% in cash and the balance payable in 6 equal monthly installments. Automobile credit-sales are generally 50% to 75% in cash and the balance in 3 to 4 equal monthly installments.

It is estimated that between 35% to 40% of automobile sales are now being made on a time basis, as opposed to the strictly cash transactions for the first 7 months of this year.

Best estimates on truck sales would indicate that at present over 50% of all sales are made on an installment basis, whereas in January of this year less than 20% of the total were on a credit basis.

All indications are that the market and demand will remain strong and that merchants are in possession of an adequate inventory to handle requirements.

Drugs, Health Supplies, and Toiletries

By FRANK A. DELGADO

Assistant General Manager

Philippine American Drug Company

AN anomalous situation prevails today in the Philippines in the marketing of such consumer items as packaged medicines, surgical dressings (cotton, adhesive plaster, etc.) toiletries, razor-blades, tooth-brushes, combs, sun-glasses, household dyes, insecticides, shoe-polishes, and numerous other items imported and distributed by drug wholesalers and importers. The anomaly is that in recent months distributors in Manila frequently

receive notices from the United States of actual or planned price increases for the subject products, notwithstanding a definite local heavily-overloaded inventory-situation which has resulted in quite a few of the items now selling at distressed and give-away prices, well below either actual landed costs or replacement costs.

Despite the rising price-trend in the United States for a number of drugs, insecticides, cosmetics, toiletries, and drug sundries, many of these items continue to be sold in the Philippines at less than "State-side" prices.

However in justice to the American drug industry, it should be pointed out that in the United States, consumers are spending only 3.12% more today for nationally advertised packaged drugs and toiletries than they did in 1939. Mr. C. C. Caruso, President of the National Drug Wholesalers Association pointed out in April, 1947, that the drug business was almost alone among the great industries in the United States in maintaining a record of scarcely a price increase from 1940 to 1946. Most of the price increases referred to in this review have occurred since April.

The situation is particularly disturbing and confusing when a distributor receives for example a shipment of absorbent cotton, the price of which has substantially increased, and finds it impossible to make sales because competitors are actually selling at prices below his cost.

Under circumstances such as this, where it is impossible to meet such "cut-throat" price competition, it would seem that the best possible policy to adopt would be to discontinue ordering such an item or order it in greatly reduced quantities, until the supply and price situation assumes a normal tone. It is to be hoped that prices will adjust themselves as inventories are lightened. In the meantime, however, the situation is further aggravated by the disposal of surplus P.X. supplies such as razor-blades, certain brands of tooth-paste, talcum powder, shampoos, etc. Such surpluses when thrown on the market and added to the already excessive over-supply situation, result in the squatting sidewalk-peddlers with which Manila abounds hawking well-known brands of American shaving-creams at ₱1.00 (\$0.50) a dozen, hair-combs at 5 centavos each, Gillette razor-blades at 3 or 4 packages for ₱1.00. It is very difficult for legitimate business establishments paying high rents to meet this competition. The difficulty is even greater when one considers that on a great number of the products the legitimate dealer pays a luxury tax of 20% and on others 5%. Even though he sells at much less than absolute landed cost, he must pay the tax.

A brief explanation of the cause of the present oversupply situation would seem in order. The 15- to 18-months period following the war, was one in which consumers eagerly sought goods. Selling was to a large extent effortless. There was to a large degree a substantial amount of capital and cash, with restricted available quantities of merchandise. During and especially after the war, many new firms sprang up and engaged in businesses that were new to them. Many of them made their capital in the "buy-and-sell" business. Another factor not to be overlooked is that several of the relatively small pre-war wholesale dealers, who were actually no more than sub-wholesalers and who were regarded by the large wholesalers as customers, decided to expand, import direct, and compete with the older and larger established wholesalers. Regardless of the tremendous cost of supplies, they in turn sold at high prices, particularly during the nearly two years that American troops spent so freely in the Philippines; and while many of them were wiped out and still others will probably disappear, a considerable number have swollen the present ranks of importers and wholesalers of drugs, cosmetics, chemicals, and similar products. It is estimated that for every one pre-war dealer in the subject products, there are now two or three such dealers, even though some of them may not be large.

Therefore, during the early post-war period, not only the legitimate pre-war dealers were placing large orders, but the newcomers in the field were doing likewise, thus for every pre-war importer there were two or even three, and it was not uncommon for an advertisement to read: "Just received a shipment of women's dresses, canned-sardines, men's shoes, liniment, penicillin, hardware, metal-roofing and cosmetics." The result was that although it sometimes took a second or third shipment, the pipe-line was finally filled to overflowing, and then, to add fuel to the fire, surplus Army supplies began to be thrown on the market and continue to be offered up to the present.

The supply-situation was complicated further when the Philippine Government during 1946, through its National Trading Cooperatives, placed large orders for such products as mouth-washes, pharmaceuticals, laxatives, sanitary-napkins, adhesive-plaster, and the usual items dealt in by wholesale drug houses. This action on the part of the Government was ostensibly designed to "prevent monopolization, hoarding, injurious speculation, manipulation, private control, and profiteering affecting the supply, distribution, and movement of articles of prime necessity." It may be of interest to note that the agency in question appears also to be confronted with an excessive inventory problem and is reported to be making offers of part of its stock below cost.

Another contributory cause to the overloaded inventory-situation was the shipping by American manufacturers of large supplies to this country, even if the item was in short supply in the United States. For example in April, 1947, Canada, the United States neighbor, was threatened with a critical shortage of soap, notwithstanding plentiful supplies in the Philippines, and frequent fresh arrivals. It should be mentioned that at about this time, acting in support of President Truman's anti-infla-

tion drive, a large number of American soap manufacturers reduced their prices approximately 10%.

It may be appropriate to remark, if it is any consolation to the drug wholesaler in the Philippines, that in the United States retail inventories swollen far beyond normal levels accounted for a sharp decline in manufacturers' shipments of toiletries for the first four months of this year. The same study revealed also that January, 1947, dealer-stocks of toiletries were 32% over January, 1945. The indication was that retailers were reducing inventories.

A recent occurrence will illustrate the overloaded market for certain items. Early in October, the Manila representative of one of the largest drug houses in the United States received a cable offering quinine tablets, which had just been freed from government control in the United States, at what seemed a very low figure. But a survey of prevailing prices in the Philippines revealed that they were being and had been offered at much lower prices here.

With the warehouses of Manila filled with the type of consumer goods under discussion, the only solution which seems to present itself for legitimate, long-established drug wholesalers, importers, and distributors, is to recognize that on a substantial number of the subject items they must take a partial or complete loss, depending on their actual realizable value on today's market, and carry them on their inventories only at such value. Incidentally, proper action should be taken regarding insurance at the new value. It is better to take a partial loss on such items immediately, than to wait and take a greater or complete loss later. This, of course, is difficult medicine for the wholesaler to swallow, particularly in view of the currently high operating cost. Wages, salaries, and all other expenses have increased greatly, and the tendency is for them to continue to rise. In the United

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THE ASSURANCE OF GOODWILL ON THE ROAD

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STANDARD-VACUUM OIL COMPANY
PHILIPPINES

States, 63% of the wholesale druggist's cost of doing business is labor. The subject of operating cost bring up the real need of trimming expenses to meet the lower sales-value volume brought about by—

1. Unemployment and general economic conditions;
2. Reduced prices which may not provide margins which adequately cover the always high wholesalers' handling cost. It is a well-established fact that when sales begin to recede, it is impossible to bring down the cost of operations proportionately. According to the National Wholesale Druggist Association, "a slump of 20% in a wholesaler's sales results in a rise of 2.7 in wholesaler's operating cost, which is enough to wipe out completely their entire net earnings."

Obviously, a step in the remedy to relieve the local current high-inventory and low-price situation, is to purchase ultra-conservatively, oftener, and in smaller quantities, and to keep inventories down. Part of the cause of the situation under discussion was abnormally large purchases, with consequent high inventories. While it is realized that the wholesale druggist in Manila must carry a larger inventory than his American counterpart, it is nevertheless interesting to know that according to an estimate of the U. S. Commerce Department, based upon returns from 153 drug wholesalers, their inventories at the end of May, 1947, averaged only \$410,000 (P820,000). During May, these same wholesalers enjoyed average sales of \$232,100 (P464,200). A handling-costs study, completed early in 1947 for the National Wholesale Druggist Association by Prof. H. J. Ostlund of Minnesota, revealed that for the 20 drug wholesalers who were surveyed, average annual sales amounted to \$3,750,000 (P7,500,000) each. These figures indicate, assuming the inventory remained constant and there was an approximate mark-up of 25%, that five or six turnovers may be expected annually and that, if drug wholesalers in the Philippines

exercise maximum care in placing and timing their orders, they should do a reasonably large business on a relatively small inventory.

Another important step that should be taken, is to write the American manufacturers of the products which constitute a supply problem and urge them in their own interest and in the interest of the drug wholesalers affected, to engage in an aggressive and generous advertising campaign designed to move the products in question into the hands of consumers. In at least two instances this plan has proved successful for a local wholesaler who now contemplates writing many other manufacturers. Unfortunately, many American manufacturers who advertised very heavily before the war and who continue to do so in the United States, have taken advantage of the situation and seem to have reasoned that if they received tremendous unsolicited orders from the Philippines for 12 to 18 months after liberation, why plow back part of their profits by buying advertising-space in foreign newspapers? This is a strange attitude for any member of an industry that ranks in the United States among the first four in expenditures for advertising. During 1946, some 20 American firms manufacturing drugs, cosmetics, soaps, and related products, spent over \$1,500,000 each in advertising. Several of them spent sums as high as from \$3,000,000 to nearly \$13,000,000.

Many manufacturers who are newcomers in this market have displayed sounder judgment and, as a result of well planned promotional programs for their products, are already well established.

One could appropriately quote Mr. James Hill, Jr., President of Sterling Drug, Inc., who recently stated, "Manufacturers must continue to advertise if they are to halt sales declines." This remark, however, should apply to foreign markets such as the Philippines just as much as it does to the United States.

THIS EMBLEM . . .

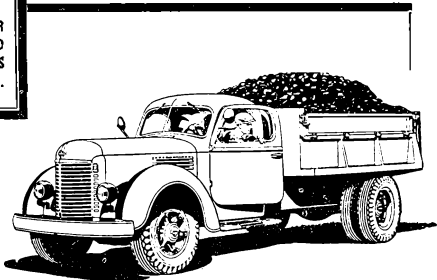


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INTERNATIONAL HARVESTER COMPANY
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154 MARQUES DE COMILLAS, MANILA

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INTERNATIONAL Trucks

To alleviate the local supply problem, not only should the American exporter resume and increase advertising in the Philippines, but he should allow larger and fairer margins of profit to meet the tremendous post-war increase in the costs of doing business in this country, which includes losses of cargo through pillaging, greatly increased labor and salary cost, transportation cost, etc. Distributors in the Philippines, just as in the United States, need a margin commensurate with the proved cost of handling goods in the units or quantities in which they are customarily ordered.

American manufacturers of high-grade prestige lines (perfumes, cosmetics, treatment-lines, and related products) will be wise to exercise care in the selection of exclusive distributors and select one who will use discretion in obtaining reasonable high-grade outlets for resale. Their export sales may not be quite as large at the start, but from a long-range point of view it will pay the American exporter of a high-grade line to pursue a policy of selective distribution, otherwise he may find his line has been killed by falling into the hands of sidewalk-peddlers and other low-grade outlets.

Textiles

By JAMES TRAYNOR

SEPTEMBER arrivals of American textiles were estimated to be about double the quantity that arrived during August. The arrivals from Shanghai were approximately three times greater than during August. These increased arrivals were sold readily enough, although some sold at cost or lower. The American grades suffering most from Shanghai competition, were printed, bleached, and unbleached goods. No new important busi-

ness for these grades has been placed with American mills for several months and no business is expected in the near future.

No arrivals were reported from Japan during September.

The volume of business placed with American mills during September is estimated to be better than during August, and according to reports this is also true of the volume placed with Shanghai mills.

The New York market continued to be firm and increases were reported on most grades. The delivery situation with American mills is still "far ahead", but importers are now beginning to place orders for shipment up to next March April. Until recently, importers were reluctant to place orders for deliveries so far ahead.

All during September the off-take was satisfactory and toward the end of the month local prices on some grades, which were overstocked, adjusted themselves in line with cost.

Legislation, Executive Orders, and Court Decisions

By ROBERT JANDA

Ross, Selph, Carrascoso & Janda

THE Congress of the Philippines has not been in session during the past month and there is no new legislation to require comment. Attention is directed, however, to the coming session opening in January next year. The Congress will consider the economic and legislative programs proposed by the Beyster Report and by the recommendations of the Joint Philippine American Finance Commission. Legislation of far-reaching significance to the business community will undoubtedly be enacted.

ATLANTIC GULF & PACIFIC COMPANY OF MANILA

EXECUTIVE & SALES OFFICE
222 REGINA BUILDING
TEL. 2-83-64

ENGINEERING DEPT. & SHOPS
PUNTA, SANTA ANA
TEL. 8-63-32

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PIONEER ENGINEERING WORKS

YORK CORPORATION
LINCOLN ELECTRIC CO.
WALSH REFRACTORIES CORP.
MARION POWER SHOVEL CO.

During the month there have been no decisions of the Courts of outstanding interest to the business community. However, the newspapers report that the Supreme Court had voted to decide the case of Krevenko versus Register of Deeds of the City of Manila adversely to plaintiff. If so, the result would be that aliens and alien-controlled entities would be constitutionally disqualified from owning residential and commercial real estate. Because of the adverse effect of disqualifying foreign capital from participating in the reconstruction of Philippine urban properties, it is sincerely hoped that the report will prove to have been incorrect.

The Supreme Court in denying mandamus in the case of Schoenbeck versus Barrios, in effect held that stateless persons of former enemy nationality were not disqualified from applying for Philippine citizenship, prior to the conclusion of a treaty of peace between the Philippines and the country of their former nationality, if they can show they were divested of their former citizenship prior to outbreak of the war.

In Executive Order No. 97 the President waived all unpaid additional progressive taxes provided in section 2 of Commonwealth Act No. 567 to be paid by the proprietors or operators of sugar mills for the 1941-1942 crop. Payments made prior to the date of the Order, however, are not refundable.

In Executive Order No. 93 the President abolished the National Enterprises Control Board and turned over supervision of government corporations to the Government Enterprises Council which was created by the Order. The properties and operation of Metran were transferred to the Mani'a Railroad Company. Certain other government corporations were consolidated or reorganized.

The Collector of Internal Revenue in General Circular V-39 publicized opinion No. 210 of the Secretary of Justice which held that the term "manufacturers", as used

in the Internal Revenue Code, does not include those engaged in the business of re-sawing or re-cutting of already manufactured lumber into smaller sizes, or the planing, surfacing, or otherwise finishing of such lumber. The result is that such processors are exempt from the percentage and other taxes payable by lumber manufacturers. The Collector revoked previous rulings and circulars of his office inconsistent with the opinion of the Secretary.

Philippine Government Corporations

From an Official Source

Sept. 17—The appointment of Secretary M. Garchitorenza of the Department of Agriculture and Commerce as Chairman of the Oil Commission, is announced. The Commission was created by joint congressional resolution in May. It will take steps toward the exploration, development, and utilization of the petroleum resources of the country,—whether through the National Development Company or through private entities, or both, will depend on the study and recommendations of the Commission.

Sept. 19—President Roxas and his party visit Capiz to inspect the site of the proposed addition to the NDC cannery in the town of Panay. A tripling of the capacity of the plant was recommended by the Beyster Commission. It is planned to can meat as well as fish, and hog and cattle raising will be undertaken by the NDC in the interior towns of Ilayan and Aklan. Manager V. Sabalvaro asked for ₱500,000 to rehabilitate the Capiz fish industry, which presently nets the Government some ₱25,000 weekly.

Sept. 22—Budget Commissioner Pio Pedrosa, speaking at a meeting of delegates of the National Cooperatives

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Administration, states that one of the great tasks the Government faces is the nationalization of the retail trade, but that it is clearly not in Philippine interest to adopt a policy that is unfair or antagonistic to other countries or their nationals here who have assisted materially in the economic development of the country and have a right to be treated with equity and justice. The Government will not compel patronage to be given to Filipino retailers just because they are Filipinos, but will extend to them such encouragement and such facilities as may properly be extended to enable them to stand on their own worth. This involves also the development of private initiative. He states that the National Cooperatives Administration and provincial trading corporations (under the auspices of the Bureau of Commerce) were organized for this purpose. There are now 1,195 consumers' cooperative associations with an authorized capital of P32,500,000 and a membership of 250,499. The provincial trading corporations have organized as subscribers some 2,000 of the 60,000 Filipino retail merchants in various localities, the corporations serving as procurement agencies. He states these two organizations must be coordinated and that therefore the provincial trading corporations will be transferred to the National Cooperatives Administration which will be renamed the National Cooperatives and Small Business Corporation. The purchasing functions will be transferred to the new Philippine Relief and Trade Rehabilitation Administration (PRATRA).

Sept. 26—Members of the Cabinet decide to initiate the floating of the bonds of the Reconstruction Finance Corporation by each purchasing at least P100 worth.

The Cabinet agrees that the Surplus Commission be paid at least P300 for each jeep or other U. S. Army surplus vehicle turned over to a government entity.

Sept. 27—President Roxas appoints Commissioner Pe-

dro's *ad interim* vice-chairman of the board of directors of PRATRA.

Oct. 1—Five officials and employees of the National Trading Corporation are suspended pending a final report of an investigating committee which is looking into certain irregularities allegedly committed by them.

Oct. 4—Malacañan release a report that 10,000 cases of canned milk belonging to the National Trading Corporation have spoiled. Further large losses are entailed in the decrease in price. The milk was bought in early 1946 at P15 a case and now sells for P9. The National Trading Corporation opened business on October 19, 1945, and from that time up to June 30 of this year sold food-stuffs amounting to P16,249,232.70, the purchases during this period totaling P17,987,752.47. Despite the losses indicated, the Corporation reported a profit of P426,011.16 as of June 30, 1947, and a profit of P494,523.02 as of June, 1946.

Oct. 7—President Roxas casts the government votes at the stockholders' meeting of the Manila Railroad Company. Commissioner Pedrosa is elected President, F. E. V. Sison remaining General Manager. The office of Comptroller is eliminated, in line with the policy of President Roxas of segregating the auditing from the accounting work in all government-owned corporations. For the fiscal year ending June 30, 1947, the Company incurred an operating loss of P786,000, and no provision has been made for the payment of interest and amortization on the bonded indebtedness to the former English owners of the Company. Only 866 kilometers of the pre-war 1,140 kilometers of trackage was operated during the year; 64 locomotives as compared to 146 pre-war; and 2,037 cars of all kinds as compared to the pre-war 2,889. During the year, the Naga-Ligao line, 68 kms., the College-Pagsawitan line, 28 kms., the San Pablo-Lucena line, 44 kms., and the College-San Pablo line, 44, kms. were rehabilitated. Eleven

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steel bridges were completed, with a total length of 582 meters; ten bridges, with a total length of 240 meters, were temporarily repaired. The Company has filed claims with the War Damage Commission amounting to P29,000,000. Assets before the war amounted to P117,000,000. During the past year, assets were increased by P20,000,000 represented by advances made by the Government of P12,500,000 and special assets received from surplus Army property valued at P8,000,000. Accumulated operating losses since before the war amount to P4,355,000, but the amounts are diminishing.

Secretary Ozacta, answering an inquiry of the Secretary of Agriculture and Natural Resources, states that the National Development Company will have exclusive control, supervision, and administration of the land reserved for government lumber-production, and that it will be exempt from complying with the forestry laws and regulations relating to cutting, gathering, and removing timber and other forest-products, but that it will have to pay the regular forest charges and must comply with internal revenue laws and regulations.

Oct. 9—Announced that Madox Brown is the new press relations officer of the Beyster Corporation, relieving J. S. Hinchman.

Oct. 11—According to a Malacañan press release, the annual stockholders' meeting of the Manila Hotel Company was held yesterday, with Commissioner Pedrosa presiding as President of the Manila Railroad Company, the controlling entity. For the fiscal year ending June 30, the Hotel made a net profit of P836,192.85, and the General Manager, Col. Manuel Nieto, and the board of directors were highly commended for this showing. Colonel Nieto's main recommendation was for the appropriation of funds required for the reconstruction of the air-conditioned wing of the Hotel.

Labor

From an Official Source

Sept. 17—Malacañan announces that the strike at the Pandacan plant of the Caltex Company is not a conflict between capital and labor but between two rival labor unions, one of which demanded the dismissal of three employees who were members of the other, the Company refusing to do this without a previous hearing of the men concerned.

Sept. 22—Malacañan announces the settlement of the Caltex strike, an agreement having been reached that dismissals or lay-offs will be determined by a committee composed of two representatives of the Company labor association, two of the National Labor Union, and one of the Department of Labor.

Sept. 29—President Roxas issues an executive order authorizing provincial, municipal, and chartered city governments to grant the living bonus, which lapsed the end of June, for the new fiscal year ending June 30, 1948, payments not to be in excess of the scale fixed by the National Government for its own officers and employees and provided that their financial condition permits this payment.

Oct. 4—Secretary to the President Nicanor Roxas, in a speech on the Malacañan grounds at the program given in honor of 113 "exemplary employees" of the Government selected for this distinction, states that these employees should serve as models to others and that merit alone should be the basis for advancement in government service.

Malacañan reports that hundreds of families on Panay Island receive some P50,000 a week from around 3,000 relatives working under contract with the Luzon Stevedoring Company for the U. S. Navy Supply Corps in Guam. They are paid a minimum daily wage of P3.50, free food and housing, and various privileges, with a guarantee of 5 days' work a week. At the end of his year's contract, an employee is given a bonus based on his earnings, and free transportation home. If he seeks reemployment after his vacation, he is given preference over new replacements. Filipino laborers are given priority over any other nationality in Guam job-placement, there being a scarcity of local labor.

COST OF LIVING INDEX OF A WAGE EARNER'S FAMILY IN MANILA

BY MONTH, 1945 TO MAY, 1947

Prepared by the Bureau of the Census and Statistics
1941=100

	All Items	Food (59.15)	House Rent (8.43)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)
1945						
March	559.8	635.5	236.4	1695.2	237.1	674.4
April	598.8	702.1	236.4	1611.9	254.3	661.4
May	689.7	799.4	236.4	2041.5	380.7	734.8
June	745.8	872.7	236.4	1860.8	410.8	788.7
July	751.5	886.9	236.4	1664.2	393.4	794.1
August	724.7	848.5	236.4	1484.5	397.6	774.3
September	708.4	852.4	236.4	1034.0	367.7	709.1
October	735.3	937.8	236.4	1045.1	466.1	499.5
November	747.8	955.8	236.4	1017.0	480.2	499.9
December	669.4	852.7	236.4	1030.3	401.9	463.0
1946						
January	603.4	759.2	236.4	984.0	363.8	434.8
February	547.2	656.3	236.4	940.3	369.5	460.7
March	525.9	631.0	236.4	940.1	340.4	445.2
April	556.2	684.1	236.4	910.3	345.5	435.9
May	545.1	675.6	236.4	762.5	342.3	409.6
June	538.7	666.4	236.4	737.9	343.3	404.7
July	552.7	704.3	236.4	598.9	341.3	364.6
August	477.9	590.0	236.4	384.7	320.9	346.3
September	477.9	591.3	236.4	378.7	314.5	347.2
October	487.4	587.2	236.4	382.7	405.8	342.7
November	484.8	607.8	236.4	406.4	405.5	305.2
December	461.9	570.8	236.4	371.9	344.7	302.1

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1947 ¹						
January.....	394.1	468.2	236.4	381.9	326.2	282.5
February.....	389.5	454.9	236.4	356.3	344.8	281.4
March.....	378.6	440.1	236.4	295.2	334.7	279.4
April.....	360.3	413.3	236.4	269.2	328.3	271.6
May.....	354.2	404.4	236.4	250.9	325.4	269.4
June.....	358.6	414.4	236.4	236.8	316.6	268.6
July.....	364.1	426.8	236.4	217.7	309.3	269.9
August.....	358.0	419.8	236.4	210.2	292.0	269.1
September.....	340.4	392.1	236.4	216.4	283.3	266.8
October.....	331.1	376.9	236.4	212.7	280.5	267.7

¹ Weekly average only

² Weights

Philippine Safety Council

FRANK S. TENNY

Director, Philippine Safety Council

The Philippine Safety Council is well represented on both the President's and the Mayor's Traffic Committees. Majority of committeemen and both chairmen are PSC members. Progress is expected.

Mine safety meeting held on 29 October with Labor Secretary Magsalin and Safety Engineer Maluanag. Other safety matters also discussed. Announcements to follow.

Plans are underway for large public fire-fighting demonstration. Participants will be Manila Fire Department, PHILRYCOM Fire Department, and Universal Trading Corporation.

Weekly radio program, newspaper and magazine publicity, and other routines continuing.

Traffic Handbook, Driver's Training School, and Chauffeur's Qualification List now being planned and worked upon.

Your comments, suggestions and questions are welcome.

The Safety Council is now instructing Rizal City Police Department weekly.

Other Chambers of Commerce

Chamber of Commerce of the Philippines

LAST month the United Technological Organizations of the Philippines was definitely linked with the Filipino business community. The occasion was the third quarterly session of UTOP, when President Gil J. Puyat, of the Chamber of Commerce, was guest of honor and speaker at luncheon. The organization is a militant entity of architects, chemical engineers, civil engineers, mechanical and electrical engineers, and mining, metallurgical, and geological engineers—the Filipino technicians—and the Chamber of Commerce of the Philippines is the organization of Filipinos in business. Both aim at building the Philippines with the technical and business know-how of its nationals.

The central theme of the speech of President Puyat was industrialization, its handicaps in the past and the obstacles that lay in our path. Without mincing words in tracing pre-war Philippine economy, he stated this was the result of imposed legislation emanating from the Federal Congress, which made Philippine trade relations completely dependent upon American essential and luxury goods, impaired our industrial development, and caused us to place emphasis on the wrong things in economic development. (It must be recalled that we opposed the imposition of Philippine-American free-trade on the floor of Congress. A vigorous speech was delivered on the subject by the first Resident Commissioner, the late Pablo Ocampo). As a consequence, President Puyat asserted, there developed a national psychology, unhealthy for the advance-

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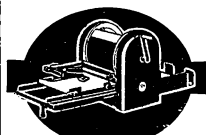
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ment of the technical sciences, resulting in a national complex against technical training both in industry and agriculture.

A present obstacle to our industrialization, he asserted, is the Trade Act; so long as there is free importation of American goods, it will be hard for Philippine business with limited capital to compete,—a situation which is aggravated by the anomaly of Philippine exports being limited, while Philippine importation from the United States is unlimited.

The Chamber of Commerce of the Philippines advocates the amendment of the Trade Act, in favor of limited free trade for certain staple Philippine products in exchange for capital goods from the United States. Recalling his recent trip, Mr. Puyat explained the importance of dollar-credit in world economy, pointing to England, whose people are limiting what they consume in order to sell to foreign countries and the United States to gain dollar-credit.

Reiterating the stand of the Chamber that the Trade Act be amended so that Philippine imports be limited to essential goods, President Puyat declared that "Philippine business should be given full freedom and opportunity to develop itself, and could do so without government aid if only Philippine business, Philippine technology, and Philippine labor get united."

This is a re-definition of the stand of the Chamber. It is not against government pioneering in business ventures, but in favor of the Government yielding to business—to Filipino business, since our independence—whenever the latter is ready to take over. It is not against the Government starting industrial projects, but in favor of it turning them over to private capital when it is ready to step in. It is against the Government crowding private enterprises when these produce enough to meet consumption demands.

This speech of President Puyat was well received by the public. The *Manila Times* had this to say:

"Mr. Puyat agitates for a change from the feudal economy under which we stagger onward, to a well-balanced modern economy in which we would be free to limit imports, stimulate the kind of productive enterprises peculiar to the country and its people, and where business would operate without government intervention. These are all realizable because practical, under a revised Trade Act between the Philippines and the United States. This statement poses a big 'If' which only Malacañan, and the combined efforts of progressive capital and labor, an articulate press—in short, public opinion—can resolve."

P. J. OCAMPO, Secretary

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Spanish Chamber of Commerce of the Philippines

IT would be a serious omission as well as a discourtesy on the part of the Spanish Chamber of Commerce not to make mention in this column of the Amity Pact signed between Spain and the Philippines in Malacañan Palace on September 27.

The ceremony was simple but dignified, and both His Excellency, President Manuel Roxas, and the Honorable Teodomiro de Aguilar, Spanish Minister Plenipotentiary, underlined in their speeches the sincere affection which has united the two countries since the European discovery of these beloved Isles by Magellan in 1521, during the reign of the great Philip II.

President Roxas made allusion to the blood-compact entered into by Legaspi and the Rajah of Manila in 1528,

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and said that the Pact that had just been signed is more sincere because the two countries are now on a plane of equality as independent nations.

Their friendship, the President said, is based on the solid foundation of the common religion, culture, language, and family institutions which is Spain's legacy and which will be forever treasured by the Filipinos.

The Pact marks a milestone in the history of the relationship between the two nations, and it is with pride and pleasure that we write of it here. The Spanish Chamber of Commerce views the future relations between them with optimism, certain that the Pact will promote a continuing cultural and economic interchange, and will make possible the closer commercial relations which will contribute to the further economic development of the Philippines.

JOSE M. ROSALES, *Secretary*

Office of the President

(Continued from page 227)

chief of the Executive Office, states there is no danger of a rice-shortage as the National Rice and Corn Corporation has large supplies.

Oct. 10.—President Roxas sends a telegram to President Chiang Kai Shek extending cordial felicitations on the 36th anniversary of the Republic of China.

The Public Service Commission issues an order fixing bus rates at 1.5 ¢ a kilometer per passenger. Some 50 operators in Luzon will be affected.

Oct. 11.—The Cabinet is reported to have approved the recommendation of the Secretary of Agriculture regarding the policy on Port Area leases. Leases of those who have not built on these areas within the specified time will be cancelled. Rents received from sub-lessees will be divided equally between the Government and the lessees. A section of the Port Area (to be designated by the Secretary of Agriculture in concurrence with the City Engineer and the Urban Planning Commission) will be set aside for the construction of postal-telegraph and telephone offices, banks and office space for importers and exporters, brokers, and commission agents, the section to be subdivided according to the requirements and allocated through public bidding.

Oct. 12.—Corregidor is formally transferred by the United States to the Philippine Republic in impressive ceremonies, Maj. Gen. G. F. Moore, war-time commander of the fortress stating: "With it go the warmest wishes of all Americans . . . that until the end of history no other flag than that of the Philippine Republic shall ever fly over the hallowed ground of Corregidor".

President Roxas, in his acceptance speech, states in part:

"For almost half a century Corregidor stood sentinel at the entrance to Manila Bay, a symbol of military power. But to the Filipinos it was more than that. To us it was the citadel of liberty and democracy, for we knew that its powerful guns would never be fired except in defense of freedom. It fulfilled its mission with a heroism unsurpassed in the annals of war. It has become in our eyes a symbol of justice, of liberty, of democracy, to which this Republic is eternally dedicated. . . . Corregidor is an indestructible monument. . . . It will serve to remind this and future generations of my fellow countrymen that these are the ideals for which so many gallant soldiers gave their lives. May God give us strength and perseverance in the fulfillment of these principles for the enduring benefit of all mankind."

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Earlier in the day, in ceremonies held at Pier 9, the Dredge *Barth* was transferred from the United States to the Philippine Government, through the Army Corps of Engineers, the funds for the purchase having been supplied by the American Government under the Philippine Rehabilitation Act. This is the first dredge acquired by the Philippine Government since the war, and it is understood that another dredge will shortly arrive from the United States to be acquired in the same way. In addition, the Government has purchased from United States Army surplus equipment in Guam five suction-dredges, one of which has already arrived at Iloilo and is undergoing repairs there. The other four hopper-dredges are expected to arrive and to be in active operation by the end of the year. In expressing his appreciation of this further proof of American goodwill and willingness to assist in the country's rehabilitation, the President stated that it is believed that with these seven dredges the Government will have sufficient equipment to improve the ports and harbors of the country, neglected since the war. The *Barth* valued at ₱6,000,000, was commissioned by the U. S. Army Corps of Engineers on March 2, 1945. It has a displacement of 2000 feet at 11 feet draft. It is a sea-going hopper-dredge, with a rated hopper-capacity of 720 cubic yards which can be filled in 20 minutes by a centrifugal pump with two 15-inch suction pipes. It is expected to be assigned first to dredging and clearing the entrance to the Pasig River, and after that may be sent to Iloilo, Pulupandan, and Cebu, though its permanent station will be Manila.

Oct. 13—At his first press conference in many months, President Roxas touched on a number of matters of interest to the business world. He defended the proposed sale by the National Rice and Corn Corporation of more rice to the Dutch East Indies, stating that 16,300 tons of rice bought from the United States have already been sold to the East Indies by NARIC in an advantageous transaction. In taking precautions to guard against shortage, the Philippine Government made purchases in accordance with rice allocations approved by the International Emergency Food Council long before it was possible to obtain any accurate estimates of what the Philippine production would be. The total thus acquired was less than 3% of the total estimated consumption requirement. During September and October of last year, NARIC was selling some 500,000 bags a month, while during September of this year, sales amounted to only some 10,000 bags, the cause of this reduced sale being the large stocks of rice coming in from the provinces. Present stocks of NARIC total over 2,000,000 bags, which it would be unreasonable and unwise to hold, the more so as rice begins to spoil after six months. The President stated that it is not possible to reduce prices now because of the enormous losses this would impose on the Government,



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but that this may be done later when it has been possible to export the rice already purchased at relatively high prices. In reducing prices, however, he said that the Government must take the interests of rice-producers into consideration. "In order to definitely solve the rice problem in the Philippines, we must not reduce prices so rapidly that it will discourage farmers who are now making every effort to increase their production."

On the loss of the National Trading Corporation through spoiled canned-milk, the President stated that this would probably not exceed ₱117,000, and that despite this loss, the Corporation made a net profit of ₱426,000. Yet, he said—

"The Government is engaged in business activities with no aim of making profits. The National Trading Corporation and other similar government organizations have been organized to render service particularly to Filipino merchants. It is the mission of the National Trading Corporation to import commodities from abroad for resale to small Filipino merchants at practically cost price in order to enable Filipino retailers and small merchants to compete with others dealing in the same commodities now in the field. When the need for this service in this line will no longer exist, the activities of the National Trading Corporation, and other corporations will be curtailed."

The President also announced at this press conference that the Government had concluded an agreement with Westinghouse International for the establishment of an electrical manufacturing plant, to involve an investment of some ₱4,000,000. The machinery and equipment needed, estimated to cost ₱1,000,000, will be supplied by Westinghouse on a rental and royalty basis; ₱1,500,000 will be supplied by local capital; ₱500,000 will be subscribed by the National Development Company; and ₱1,000,000 will be supplied through a bond issue. The plant will be owned and operated by a corporation now being formed, the Philippine Electrical Manufacturing Corporation, and will first engage in the manufacture of fluorescent lamps, this to be followed by the manufacture of incandescent bulbs, not only for local consumption but also for export. The Company will have the privilege of utilizing Westinghouse patents on a royalty basis. 80% of the production will bear the trademark of the local corporation and 20% that of Westinghouse, the latter to be sold entirely abroad. For the future it is contemplated also to manufacture generators and various other types of equipment. In connection with the program, Westinghouse has agreed to train a score or so of Filipino engineers in its plants in the United States.

As to the machine-tools to be brought in as reparations from Japan, the President stated that due publicity will be given to a comprehensive inventory when this has been completed. After various government entities have determined their requirements, "which I expect will not be very large", the remainder will be offered at reasonable prices and on an installment-payment basis to those who can show their need of them.

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Secretary of Justice Ozaeta declares that "something abnormal, if not anomalous is happening in the Supreme Court" if the report which appeared in a local newspaper is true that "a highly placed official" of the Court told the editor that sometime last February the Court voted 8 to 3 on the still unwritten decision that aliens may not acquire lands or any improvements thereon in the Philippines. The editor claimed also that this official had told him that his editorials attacking the constitutionality of Secretary Ozaeta's contrary opinion "had helped in a big way" to bring the justices to a decision in the matter.

"The newspaper editor's alleged informant, judging from the nature of the supposed revelation, could be no other than a member of the Court itself. It is hard for me to believe that a member of the Court, unless he lost his sense of proportion and propriety, would make such undue and uncalled-for revelations to the press in total disregard of a long-standing and heretofore inviolate and sacred unwritten law governing the deliberations of the Supreme Court. Under that law the vote on a pending case must never be revealed by any member of the Court to anybody, and much less to the press, before the decision is signed and actually promulgated and published. One of the reasons for that law and practice is that the vote does not become final, and the Court or the members thereof are free to change it at any time before the decision is actually promulgated.... Furthermore, for a member of the Court or any responsible person to say to any newspaper editor that the latter's editorials had influenced the decision of the Court, is to put the Court in a bad light, to say the least."

(Note.—A few days later, Justice Gregorio Perfecto publicly admitted that he was the informant, stating that he did so to "dissipate speculation and misunderstanding". He stated that he disclosed the vote "because I believe that in an ideal democracy, the one our people is striving to attain, no public act of any official should be screened from the people's gaze. Besides, I could not close my eyes to the fact that, while our decision is pending promulgation, more and more lands are being transferred to aliens and registered in their names, and it is hard to remain silent in view of the grave consequences the situation may lead to in regard to the national interests of present and future generations of our people." He expressed his apologies for causing his colleagues "any embarrassment which I never intended to cause".

Secretary Ozaeta said that Justice Perfecto's statement "left the next move up to the Supreme Court".

On the 16th, Justice Pedro M. Tuason, in explaining his dissent from a Court resolution calling upon the editor to explain why he should not be held in contempt, stated that "it is unfair and unjust to call a man to the bar of justice for committing an act which was encouraged, aided, and abetted by a member of the Court... that the Justice concerned has already made an apology and that he is beyond the power of the Court to punish or discipline, does not alter the moral aspect of the case.)

Oct. 14—President Roxas issues an executive order proclaiming the assumption of jurisdiction and administration over the Turtle and Mangsee Islands and constituting the former group as a special municipal district of the Province of Sulu and the latter as forming a part of the Municipal District of Balabac, Province of Palawan.

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Books

INDUSTRIALIZATION OF LATIN AMERICA, edited by Lloyd J. Hughlett, first edition, published by McGraw-Hill Book Co., Inc., 1946; distributed by The Philippine Education Co. Inc., P12.50.

FOR many years businessmen and industrialists in the Philippines looked to the United States for information, guidance, and help in their problems. Businessmen here have tried to pattern their methods after those of the United States. Sometimes this practice brought good results, sometimes disastrous ones; but always businessmen in the Philippines had to modify American methods drastically before applying them. By now it is obvious to most people that the methods of the highly industrialized United States cannot be transplanted in toto and indiscriminately to the agricultural Philippines.

Businessmen here realize now that in many ways they have more in common with their counterparts in the countries of Latin America than in the United States. Cultural, economic, social, and even political

conditions are similar to a surprising extent, and the problems that are found here are often also found in Latin America. It behooves us to study the experiences of American businessmen in Latin America, perhaps to profit by them.

Bearing all this in mind, you will want to make a careful examination of a recent book published by McGraw-Hill: "Industrialization of Latin America." This is a timely symposium on Latin America conducted by thirty business leaders from the United States and from Latin America. To businessmen, exporters, and leaders in all fields of industry and technology, this book provides a comprehensive, over-all picture of the present-day, Latin American industrial system from a practical point of view. It interprets and evaluates trade potentialities, analyzes economic trends affecting manufacturing activities, and attempts to anticipate the direction of future developments in diverse industries.

With each specialist writing on his field, the following subjects are taken up in separate chapters: cement, chemicals, communications, fishing, food, leather, metal-working, mining, paint and varnish, petroleum,

pharmaceuticals, power, publishing, pulp, paper and lumber, sugar, textiles, and transportation. The chapter "Mining Industries and their Industrialization" is particularly comprehensive, with nine men contributing their viewpoints. The concluding chapter of the book is written by Spruille Braden, Assistant Secretary of State of the United States.

OTHER BOOKS ON THE SUBJECT:

CUBAN COUNTERPOINT: TOBACCO AND SUGAR, by Fernando Ortiz, Knopf, 1947, P9.20. How tobacco and sugar have influenced life in Cuba.

LATIN AMERICA: COUNTRYSIDES AND UNITED REGIONS, by R. S. Platt, McGraw-Hill, 1942, P9.60. An economic geography of South America.

OPPORTUNITIES IN LATIN AMERICA, by Ralph Hancock, Essential Books, 1946, P6.90. Discusses opportunities for trade, industry, and investments.

PAN AMERICAN ECONOMICS, by Olsen and Hickman, Wiley, 1943, P9.40.

PAN AMERICAN YEARBOOK, 1945, by Pan American Associates, P11.00. Combined encyclopedia, almanac, and directory of trade and industry.

THE PEOPLE AND POLITICS OF LATIN AMERICA, by Williams, Ginn, 1945, P12.50. A well-rounded history.

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The "LET YOUR HAIR DOWN" Column

ONE of the best compliments to the *Journal* and its fine company of regular contributors came from the head office of the National City Bank of New York during the past month. The Manila branch of the Bank wrote us:

"With reference to our letter of September 4 and yours of September 6, 1947, regarding our New York Office subscription to your *Journal*, will you kindly arrange to have your next issues delivered to us for the attention of the undersigned?"

"Our Head Office has requested us to forward them by air mail.

"Yours very truly,

"E. J. CARVAJAL
Pro-Manager"

Apparently, the New York office of the Bank wants to receive each issue of the *Journal* as soon after it is out as possible. The cost of mailing a 40-page issue of the *Journal* to New York is P4. Of course, the Bank can afford this easily enough; still the managers there must think it really worth while to incur this extra expense.

We also received a letter from the editor of *Bus Transportation*, "The Magazine of the Bus Industry", founded in 1922 and published in New York. He wrote that the McGraw-Hill World News Bureau had sent him L. D. Lockwood's article on bus transportation, published in the July issue of the *Journal*, and that he would like to reproduce this as a "feature" in his publication. He asked our permission for this and also for some photographs to illustrate the article. We turned the letter over to Mr. L. G. James, Judge Lockwood still being away. This reminded us of the Biblical bread, cast on the waters and returning after many days.

One of the regular contributors to "The Business View" pages, in sending in his "copy" for this issue, wrote:

"I am finding the *Journal* very interesting and look forward to it monthly."

This, from a business man who, himself, by contributing, like some thirty others, a monthly "column", helps to make the *Journal* as interesting as it is! Many of these regular contributors, we have noticed, seem hardly able to get over a feeling of surprise at their own creation whenever an issue of the *Journal* comes fresh off the press, though this happens every month now.

They are like the architects and engineers, masons and metal-workers, electricians, plumbers, and painters, who, working together, construct a fine building, and who can hardly believe that it was actually themselves who brought the noble and stately edifice into being. Truly, in this lies one of the deepest joys of human cooperation. To create, to construct, to organize, to establish, to improve, to embellish,—these are the functions of man. They are rooted in instincts which, happily for the race, are far stronger than the instincts which tend to destructive action. That is why conflicts of all kinds between men, between classes, between nations, must ultimately cease.

Secretary of State George C. Marshall, in speaking before the Congress of Industrial Organization in Boston on October 16, made one statement in particular which can not be given too wide a circulation. It was this:

"Everyone agrees, I think, that labor plays a vital part in the functioning of the

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modern state. If labor can be confused or embittered, if labor can be made to lose faith in the community of which it forms a part, then the core of any national society is threatened. . . The enemies of democracy know this, and it explains the efforts they make to undermine the confidence of the labor element in the stability of our institutions and the soundness of our traditions. . . The hope and possibility of future gains for labor. . . are absolutely dependent upon the preservation of civil liberties. . . The present issue is simply. . . whether or not men are to be left free to organize their social, political, and economic existence in accordance with their desires, or whether they are to have their lives arranged and dictated for them by small groups of men who have arrogated to themselves this arbitrary power."

This "Hair-Down" column is about the only part of the *Journal* which is not functioning just as we hoped it would, fairly readable though it may be. As we stated, when we began it, in the July issue, the column was to be open to very frank expressions of opinion on anything which had to do with business, including, for good measure, the business of living. Anyone bothered by anything was invited to come in and "let his hair down". The editor says that, contrary to his experience with the *Philippine Magazine* before the war, when, in a somewhat similar column, he could always pick from a large correspondence,—ideas on everything, arguments, objections, lamentations, kicks, he has so far received very little of that kind for this invitingly open space.

One explanation is that the *Journal* is naturally more limited in scope than a literary-political monthly. It may be, too, that business men as a class are less articulate than most other people, or that they are more reserved, more restrained, more patient,—perhaps more cautious. Of course, we already have a good number of Manila business men writing regularly in their columns in "The Business View" pages. They unburden themselves there to some extent. But there should be others who have something on their minds or who want to get something off their chests, at least occasionally.

We are not asking for "fan" letters, although an expression of approval and support now and then is very heartening. Nor do we think of ourselves as like some unhappy song-leader, on a stage, who is trying to get a reluctant audience to join in the singing. What we want is to get the readers of the *Journal* to exercise here their right of free speech. We want blows struck for the truth or what seems to the writers to be the truth. And from this column should arise not only bold declarations, but shouts of anger, sarcastic laughter, cries of pain, appeals for help. We want



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sparks to fly from this column. We want it to be one of the first things the readers will turn to. Here, too, things do not need to be too closely reasoned, or always too seriously meant. Here is a place where our readers may assert themselves, have a good rowdy time, and relax, if they can.

For example, at the risk of wrecking the Philippine cigar industry, and dangerously challenging Count de Churruca (who edits the "Tobacco" column), the editor would, here and now, lodge bitter protest against the agitation and the official action which is depriving him of what has recently been his favorite smoke,—the excellent, American-made, Army-surplus, Webster cigars, and which threaten to make further purchase of any other of these surplus cigars impossible. What the editor demands to know is why these surplus cigars, some of them of the best American brands, should go to the Chinese in China, who probably won't appreciate them, and be denied to us here. The cigars are here, where there is a demand for them. Why should they be shipped away? They were paid for and brought here by the American Army, with American tax-payers' money, and we are denied even these leftovers. Is it true that there are so many of them and that they would continue to be offered in the market for so long a time, that the sale here would really do any serious or lasting injury to our tobacco and cigar industry? The editor smoked Philippine cigars for thirty years at the rate of at least a box a week, so he has done not a little for home industry as it is. He is now on the prowl for Websters, and anyone who has any for sale doesn't have to send them all the way to China to find a buyer.

In closing, and in spite of the fact that the *Manila Daily Bulletin* on several occasions recently quoted from the *Journal* at length without giving us the usual credit (though this may have been done through oversight), we wish to extend our heartiest congratulations to the publishers and staff members of that excellent newspaper for again having established themselves in a place of their own. The Roces papers deserve credit, too, for their hospitality and assistance to the *Bulletin* until it could instill its own plant. That is the kind of cooperation even between "competitors" which makes one feel especially good about our so-called "competitive system".

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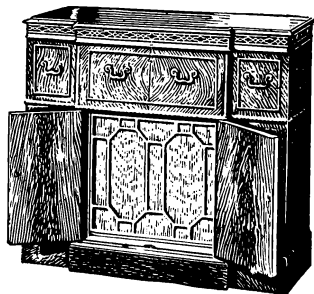
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