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JOURNAL

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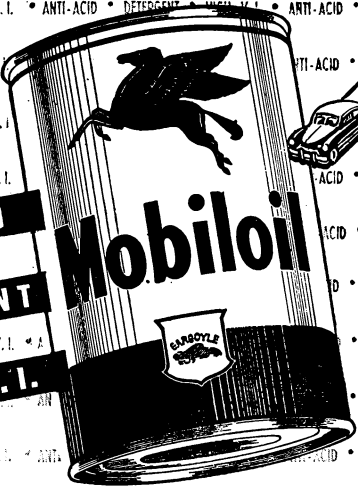
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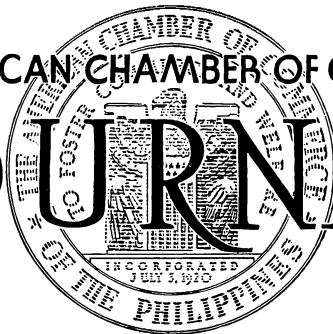


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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

That, as the newspapers have reported, some twenty-five foreign insurance companies, not electing to comply with the new requirements imposed "Nationalizing" by recent legislation, have withdrawn from the Philippines, is a somewhat shocking development, although it does not mean that public interests are immediately and seriously affected thereby. The most of these companies are fire and marine insurance companies and constituted around one-fourth of the total number of such foreign companies in business here, so that the field is as yet far from being entirely abandoned. About half of the withdrawing companies are American.

The withdrawal is, however, significant of a trend that could be highly dangerous if it continued, because the very first principle of insurance is the spreading of risks,—between those who obtain insurance from the same insurance company, between various insurance companies, and between insurance companies of various countries. Such a spreading of risks makes it possible that the individual, business firm, insurance company, or nation upon which a disastrous contingency falls, can be assisted by those other insured and insuring entities whom Fortune has exempted from the contingency.

Insurance is based on the so-called law of large numbers, and the more widespread the base, the sounder is the protection afforded. Extensive reciprocal reinsurance agreements between large companies of different nationalities afford the broadest possible base for the world's insurance structure. Any legislation, no matter how artfully written, which contracts insurance facilities, violates mathematical law and can not be injurious.

It is a fact, also, that the greatest insurance companies of the world, which all do an international business, have their home offices in the wealthier countries,—those with large reserves of capital, not the countries which lack capital of their own and badly need all they can get for economic development and productive enterprise rather than for financial operations.

Great Britain for long wrote most of the fire and marine insurance of the world, and this was not only because

Great Britain itself then owned most of the shipping, but because it possessed the largest reserves of capital. It has been estimated that even of the insurance written in the United States today, Britain still supplies about one half. Great Britain is said to earn an annual net income of \$100,-000,000 from its insurance business in the United States.

The very first thing *not* to do with respect to insurance is to "nationalize" or "localize" it, for this fatally restricts the spreading of the risks and concentrates the liabilities.

A great catastrophe might fall upon one country, or one city, like Manila,—a disastrous fire, earthquake, typhoon, or flood or plague, and the losses would be so great that if all the insurance had been written by local companies, if such a thing were conceivable, these would be wholly unable to meet their obligations to the insured, and general bankruptcy would be piled on top of the physical disaster. The exclusively local companies would have amassed such great and such concentrated liabilities that they could not have found the negotiation of adequate reinsurance possible. Is there any sound reason why a country like the Philippines should take the financial as well as the physical loss in cases of catastrophe when the financial loss could be largely absorbed by insurance placed in other countries or by reinsurance with foreign companies?

Very large corporations sometimes "carry their own insurance", that is, they set up huge reserves of their own to meet possible losses, but an ordinary corporation would not, in these days, even consider doing this. In not a few cases of large corporations which carried their own insurance and then met a great loss, the decision followed to resort to regular insurance. Though non-productive in the ordinary sense, insurance has been called the "handmaiden" of enterprise because most great ventures today would not be undertaken if it were not possible to transfer at least some of the risks.

Recent Philippine legislation requires a proportionately large increase in the statutory deposits of the insurance companies (from ₱100,000 to ₱250,000), 50% of which must consist of local securities, and further requires the local investment of at least 30% of the legal reserves set up for the policies written in the country.

Other countries require such statutory deposits, and in at least some of the States of the United States, these are quite high absolutely, though not in proportion to the amount of business that the insurance companies carry on there. Actually, all such deposits are merely nominal because they could never be large enough to meet all of an insurance company's liabilities in case of bankruptcy. The total assets of an insurance company are what stands behind its guarantees. The statutory deposit requirement is an inheritance from the past and is today of little meaning in any country. The twenty-five insurance companies which have withdrawn from the Philippines considered the statutory deposit of a quarter-of-a-million pesos now required as too high for the amount of business they were doing. Other companies which, presumably, are doing more business, have met the requirement.

As to the higher investment in local securities demanded by the new legislation, this would seem to have much to recommend it, but there are serious objections, too, from the point of view of insurance theory and practice, which definitely call for diversified investment as another means of spreading and reducing risks. In every country there are laws and regulations governing the so-called portfolios of the insurance companies, but principally they provide for diversification, and for preferred issues of bonds and stocks; certain more risky types of investment are forbidden. To what extent the various countries impose "national" or local investment requirements, we do not know, but we may take it for granted that in many countries this matter would not arise as opportunities for safe investments are so numerous that the insurance companies meet with no difficulty in filling their portfolios. This unfortunately is not true, or not yet true, in the Philippines. There is indeed great opportunity for the investment of risk-capital, but opportunity for the safer types of investment, to which insurance companies are or should be everywhere restricted, is not great, especially if the present court interpretation of the Constitution with respect to alien ownership of land is not modified.

One aim of the new legislation is, in part, to reduce the drain on the country's foreign exchange resources. Some persons, indeed, may be under the impression that the foreign insurance companies send vast sums out of the country, but this is not the case. In 1949, the insurance companies sent out ₱6,721,223,* which represented only a small percentage of the total foreign exchange purchased. And what goes out of the country in one year, may come back again the next year in payment of local losses. One Philippine firm alone, for instance, which suffered a destructive fire, was paid almost ₱5,000,000 by the foreign insurance companies.

Another aim of the recent legislation, avowed or unavowed, is to "nationalize" the insurance business, that is, to place it in Philippine hands, but certainly, there is no clearer indication of the self-defeating nature of the "nationalization" policy in general, than is supplied by the present dangerous trend in the insurance field here. As we have attempted to show, complete nationalization of insurance is as impossible as it is undesirable. In insurance, as in no other business to such a degree, the central principle is not competition, but the spreading and the sharing of the risk—internationally, and throughout the whole world if possible.

*According to figures obtained from the Office of the Insurance Commissioner and certain insurance companies, remittances sent abroad by the foreign insurance companies in the Philippines during the past three years were as follows:

	1948	1949	1950
Life insurance companies	₱1,291,000	₱5,468,981	₱2,741,396
Non-life insurance companies	1,672,899	1,252,242	2,047,607
Totals	₱2,963,899	₱6,721,223	₱4,789,003

While the draft of the security treaty among the United States, Australia, and New Zealand, and the draft of the security treaty between the United States and the Philippines Defense Treaties are virtually the same in their respective provisions, it is interesting to note the differences.

The preamble of the treaty with Australia and New Zealand contains two paragraphs which naturally had to be eliminated from the treaty with the Philippines. They state:

"Noting that the United States already has arrangements pursuant to which its armed forces are stationed in the Philippines, and has armed forces and administrative responsibilities in the Ryukyus, and, upon the coming into force of the Japanese peace treaty, may also station armed forces in and about Japan to assist in the preservation of peace and security in the Japan area.

"Recognizing that Australia and New Zealand as members of the British Commonwealth of Nations have military obligations outside as well as within the Pacific area."

On the other hand, the preamble of the treaty with the Philippines contains the following paragraph naturally not in the other treaty:

"Recalling with mutual pride the historic relationship which brought their two peoples together in a common bond of sympathy and mutual ideals to fight side by side against imperialist aggression during the last war."

The third paragraph of the preamble of the Philippine treaty, which corresponds to the fourth paragraph in the Australia-New Zealand treaty, contains an inserted clause which is marked off by parentheses in the following quotation:

"Desiring to declare publicly and formally their sense of unity (and their common determination to defend themselves against external attack) so that no potential aggressor could be under the illusion that either of them [this, of course, is "any of them" in the Australia-New Zealand treaty] stands alone in the Pacific area."

This reference, presumably a restriction, to "external" attack, has been interpreted to rule out the application of the provisions of the treaty to internal disturbances such as those created by the "Huks".

In the final (fifth) paragraph of the preamble of the Australia-New Zealand treaty, which corresponds to the fourth paragraph of the Philippine treaty preamble, the words "to coordinate" are used, while the words "to strengthen" are used in the corresponding Philippine paragraph:

"Desiring further to strengthen their present efforts for collective defense for the preservation of peace and security pending the development of a more comprehensive system of regional security in the Pacific area."

This change of word definitely promises the Philippines more than Australia and New Zealand are promised.

The fifth paragraph in the preamble of the Philippine treaty is added and has no counterpart in the Australia-New Zealand treaty:

"Agreeing that nothing in this present instrument shall be considered or interpreted as in any way or sense altering or diminishing any existing agreements or understandings between the United States and the Philippines."

In the bodies of the two treaties, the first articles are virtually identical, but in the second article the words "continuous and effective" modifying the noun "self-help", are eliminated in the Philippine treaty:

"Article 2. In order more effectively to achieve the objective of this treaty, the parties separately and jointly, by means of continuous and effective self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack."

This elimination of the words "continuous and effective" again favors the Philippines; apparently self-help is not so greatly stressed in the Philippine treaty as in the Australia-New Zealand treaty.

Article 3 is the same in both treaties except that, in the case of the Philippines, it is stated that the parties will consult together "through their Foreign Ministers or their deputies" while the treaty with Australia and New

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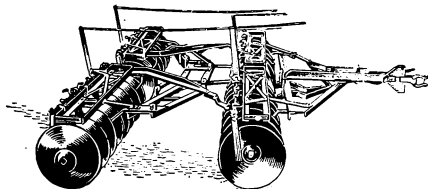


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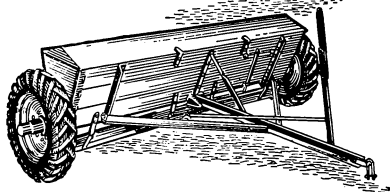
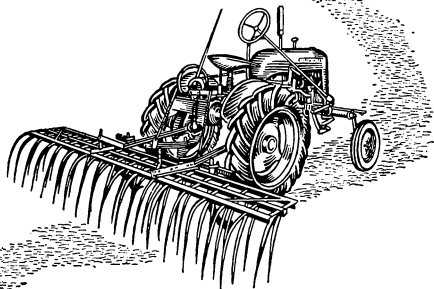
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Zealand provides for the establishment of a Council. Articles 7 and 8 in the latter treaty have no counterpart in the Philippine treaty and read:

"Article 7. The parties hereby establish a Council, consisting of their Foreign Ministers or their deputies, to consider matters concerning the implementation of this treaty. The Council shall be so organized as to be able to meet at any time.

"Article 8. Pending the development of a more comprehensive system of regional security in the Pacific area and the development by the United Nations of more effective means to maintain international peace and security, the Council, established by Article 7, is authorized to maintain a consultative relationship with states, regional organizations, associations of states, or other authorities in the Pacific area in a position to further the purposes of this treaty and to contribute to the security of that area."

Whereas Article 7 of the Australia-New Zealand treaty provides for meetings of the Council "at any time", Article 3 of the Philippine treaty provides that the respective Foreign Ministers or their deputies may meet "from time to time" "regarding the implementation of the treaty" and, in both cases, "whenever in the opinion of either [or any] of them, the territorial integrity, political independence, or security of either [or any] of the parties is threatened in the Pacific."

The establishment of this Council does not imply, as has been suggested by some commentators, discrimination against the Philippines. It is not a "Pacific Council" which the Philippines might have been invited to join, but only a body composed of the Foreign Ministers or their deputies of the three contracting parties. It was recognized that both Australia and New Zealand, as members of the British Commonwealth of Nations, have military obligations outside the Pacific area, and so has the United States. Between only two parties, the United States and the Philippines, such a Council is not necessary as there is direct contact between their respective Foreign Ministers or their deputies. It is very likely, however, that the present bilateral and trilateral treaties may in time be complemented by a general treaty uniting not only the four nations now concerned more directly, but other Pacific nations, too. Then there would be a "Pacific Council" of which the Philippines would be a member.

Because of the two articles concerning the Council, which have no counterpart in the Philippine treaty, Article 9 of the Australia-New Zealand treaty corresponds to Article 7 of the Philippine treaty, and the two differ only in the matter of another reference to the Council in the former.

The final Article 11 in the Australia-New Zealand treaty again corresponds to the final Article 9 in the Philippine treaty.

These two treaties which, together with the treaty of peace with Japan, are scheduled to be signed before this issue of the *Journal* will come off the press, mark, in the words of the *Christian Science Monitor*,

"an important step toward what should eventually be a broader-based alliance of the Pacific-Asian world against aggression. As Asians grow in awareness of the nature of Soviet aggression, they may be readier to abandon a fancied neutralism for a closer integration of their defenses. But the United States can but await this development by stressing the pacific purpose of its Pacific pacts and the mutuality of American-Asian interests."

Another American newspaper stated editorially, "Coming at the same time when we will conclude a formal peace with Japan, the defense treaty will help allay the Philippine fears of Japanese independence."

The two defense treaties and the peace treaty with Japan must be understood to be all of-a-pattern; they complement and reinforce each other. They constitute the beginning of a fabric which will become more and more tightly woven as time passes and danger presses.

We made a reference to the Los Angeles foreign-trade zone in the editorial on the city of Los Angeles in last month's *Journal*, and, possibly in consequence, received from our friend, Mr. Francisco Ortigas, Jr., Manila attorney and Past President of the Manila Lions Club, a copy of a 56-page typewritten report, dated April 24 of this year and entitled "About a Foreign-Trade Zone in the Philippines", which he prepared for the Lions Club. The Club, in turn, submitted the report to President Quirino who, though it was unsolicited, received it with words of appreciation and referred it to the Secretary of Commerce and Industry for study.

We found it the most compendious and interesting brief paper we have seen on the subject. It summarizes the history of "free ports" and "free zones" and quotes from a number of standard works on the subject and from foreign studies, not generally available, of the success of such zones in various parts of the world. It reviews the arguments which have been advanced for and against the establishment of such zones, and closes with a more detailed treatment of the proposal to establish a free-trade zone in Manila. The text of House Bill No. 1567, introduced into Congress last year by Representatives A. V. Raquiza and Severiano de Leon, which would establish a free zone in the Port of Manila, is included, and also the estimated costs of carrying out such a project at a number of possible sites. Mr. Ortigas, however, proposed certain modifications in the Bill to permit of the manufacturing and exhibition of goods within the zone.

It is of interest to know that free zones now exist in many of the principal parts of the world, including Hamburg, Bremen, Copenhagen, Trieste, Barcelona, Hongkong, and Singapore, and although United States ports are not natural intermediate points for any large volume of trade, free zones were opened also, after the enactment of the Celler Act of 1934, in New York, New Orleans, San Francisco, Los Angeles, Seattle, and San Antonio.

Free trade zones have now also been opened in a number of world airports.

The late President Quezon appointed a committee in 1937 to study the question of opening such a zone here, but it was decided, after a preliminary study, to postpone the matter until after independence. The late President Roxas took it up again in 1946 and more recently President Quirino has shown an interest in the possibilities of the project, which has been endorsed, in general, by various Manila business and trade organizations, including the Association of Warehousemen. This *Journal* has from time to time contained favorable references to the matter, notably in the "Port of Manila" column.

Both Mr. Ortigas and the authors of the Bill already referred to point out that a free zone would be especially advantageous at the present time of stringent import controls and the danger of war, as this would permit of stock-piling without relaxing the controls.

The final paragraph of Mr. Ortigas' report, slightly condensed, reads:

"The existence of free zones in Singapore and Hongkong in this part of the world should the more motivate this country to establish such a zone here in order to prevent a divergence of a great volume of trade which might otherwise be handled here. Whatever capital might be invested in the venture would be amply compensated for by the advantages which would accrue to the Philippines in general. It would widen our trade area, would give further incentive to trade movements, would give us greater revenues, in short, would help our national economy a lot."

"The true greatness of nations is in those qualities which constitute the greatness of the individual."—CHARLES SUMNER.

Government and Free Enterprise

By J. A. PARRISH

President, American Chamber of Commerce of the Philippines

FOLLOWING the election of officers of the American Chamber of Commerce of the Philippines for the current year, many enquiries have been received by me as to the policies which would be pursued by the Chamber under the new administration. It might have seemed sufficient to reply that the same policies which have been followed in the past would be continued. However, under conditions which are constantly changing and in the face of new problems which are rapidly presenting themselves, it is thought that a statement of some of the basic principles which underlie the Chamber's policies and an expression of the views held by Chamber members on those current issues which are of the most importance, might not be amiss.

In the first place, the American Chamber of Commerce is wholeheartedly committed to the system of free enterprise in preference to government enterprise. By free enterprise we mean competitive enterprise which is free of restrictions and controls and which is non-monopolistic. Freedom of enterprise means more than opportunity to seek profit in the conduct of one's business. It means that enterprising people are at liberty to direct their skill and their capital as they see fit and to practice their professions, seek jobs, and utilize their time and their tools in such manner as they may prefer. The great vitality which has enabled the United States to perform a miracle of production over the near past may be attributed to the fact that enterprise is more solidly in private hands there than in any other country of the world.

The American Chamber does not concede that it is necessary for a government to engage in business in competition with private capital. Obviously the resources of a government are the resources of the people and where the opportunity exists to engage in business profitably, private citizens and private capital should be encouraged and assisted by government to exploit that opportunity. Government can not raise the standard of living or provide for the needs of the people as well as can the people themselves, nor can government create wealth which is dissociated from the wealth of the people. Private investment and private management should be at the bottom of all planning which a government sponsors or engages in for the development of a nation's resources and for the expansion of industry. Participation in the ownership and management of business invests the individual with pride and determination. A wider spread of participation in business by the average citizen in any country is too badly needed to permit of the government usurping any opportunity which private citizens might exploit in the business field. Nothing so enhances an individual's feeling of importance and security as having a part in the ownership and management of a business, whether it be agricultural, industrial, or merchandising, and the significance and value of this should never be overlooked by the government.

THE American Chamber of Commerce is dedicated to the principle that tax revenue sufficient to meet the cost of essential and desirable government services should be collected from business and from the people on a fair and equitable basis, and that under no circumstances should political or social position be permitted to operate against the settlement of this fundamental obligation. Opposition to a graduated corporation tax has been registered by the American Chamber with an appropriate committee of the Congress. Under a graduated tax formula, for example, diamond merchant Juan de la Cruz as the

sole owner of corporation "A", in which the only investment is represented by a steel safe and showcases, would pay, say, a 16% tax on an annual profit of ₱100,000. On the other hand, ten equally patriotic and respected citizens might form a shipping company, raise sufficient capital to purchase a ship, and proceed to risk this capital in the business of carrying ocean cargo. Being hard workers and intelligent, the ten men operating the shipping company realize a profit of ₱1,000,000 in one year. Divided among them, this profit amounts to ₱100,000 each, or the same amount which Juan de la Cruz realizes as the sole owner of a jewelry business. One very significant difference is that the ten men owning and operating the shipping company had to invest several million pesos in a vessel and in material and equipment and had to employ hundreds of people before their business could even be started. The advocates of a graduated corporation tax contend that the proceeds of the shipping business which accrue to the ten men who invested their capital in it, should be taxed at a much higher rate than the proceeds of the jewelry business owned by Juan de la Cruz alone. Any variation of this simple example will disclose the same lack of logic in a graduated tax formula on the profits of corporations.

LIKewise, the American Chamber has gone on record with a joint congressional tax committee as being opposed to an exchange tax in the form in which it is now proposed. Aside from anyone's attitude toward higher taxes, members of the American Chamber, however, have raised no voice against an increase in the income tax and a higher corporation tax on a flat, across-the-board basis.

The strongest and most fundamental argument against an exchange tax is that it represents a lopsided devaluation of the currency, from which we reap all the disadvantages but none of the benefits of true devaluation. To be obliged to pay a premium for the dollars with which to import a piece of machinery and the fuel to operate it, and at the same time be denied the opportunity to convert dollars back into pesos at a premium, when the product of that machine plus fuel is sold for dollars in the American market, is a simple illustration of how an exchange tax works.

DIRECTLY associated with the subject of taxes is the question of whether in sum and total the implementation of the Bell Report recommendations is not an undertaking too large and too costly for the Philippines to accomplish in a period of the next five years. Under circumstances obtaining here at present, the timing of such a task is peculiarly significant and of the greatest importance. The very appropriate observation has been made repeatedly that the accomplishment of widespread public-works projects, the development of the natural resources, and the large-scale expansion of industrial production will be most difficult and expensive, if not impossible, if undertaken concurrently with what we hope is an all-out and determined effort on the part of the Government to restore

The accompanying article, by Mr. J. A. Parrish, President of the American Chamber of Commerce of the Philippines, was written for the *Philippine Commerce*, organ of the Chamber of Commerce of the Philippines, and appeared in the March issue of that publication. Most of what Mr. Parrish then wrote is still applicable, however, and much of what he wrote, especially on the topic indicated in the title, will always hold good. It is reprinted here by special request for the benefit of *Journal* readers who did not see the original publication.

peace and safety to the people of this country. With respect to this view, we find ourselves in accord with the sentiments expressed by the Honorable Senator Quintin Paredes on the floor of the Senate last year. A portion of that speech is quoted hereunder and is worthy of the most careful consideration of the Congress:

"It is my honest belief, Mr. President, that the main and basic condition, without which no rehabilitation or development plan or project of any importance can be accomplished, is the restoration of peace and order. When people cannot go freely about their business without fear of molestation; when they have to keep their doors and windows locked and bolted, thus to find the protection against malefactors that they cannot find elsewhere; when whole barrios have to be evacuated for fear of bandits and dissident elements; when peaceful citizens become the victims of violence; when property rights are not respected; when one cannot feel safe in his possessions; and when even our armed forces have at times to take the defensive and peaceful individuals die from stray bullets, I assert, Mr. President, that no programs, no development plan or rehabilitation project can be successfully accomplished. Without peace and order, even governmental functions have to be abandoned, and constitutional guaranties are put to naught. Dreams of rehabilitation and development have to be given up."

Members of the American Chamber are of the opinion that before additional heavy taxes are imposed on already frustrated business and on a harassed and discouraged people, the Government should bring about conditions which would be conducive to the development of the country by private capital and by individual initiative. With substantial assistance which in all probability would be forthcoming from the United States, the restoration of peace and order might be achieved with much less tax money than is now proposed. Moreover, when it is again safe to reside and carry on manufacturing and trade throughout the Islands, it is quite possible that private capital, which, though cautious, is always in search of profit opportunity, will take up some of the projects which are now expected to be undertaken by the Government through the application of tax money and funds from the E.C.A. At least the Bell Report program can and should be approached at this time with a view to selecting those projects, such as public roads, irrigation, new land settlement, and the production of power and fertilizer, which would yield the most immediate benefits and at the same time assist in the return of peace and safety in the provinces. The other projects recommended, the objectives of which are more remote, could well be postponed or planned for completion over a longer period than five years.

Members of the American Chamber submit that the peso counterpart funds called for in the Bell Report might to a large extent be raised through the sending here by the E.C.A. of basic consumer goods, which are now scarce and excessively high in price, to be sold to the public through established retailers and at prices which are fair and which would effect a reduction in the cost of living to the entire population. We believe this suggestion is worthy of the most thorough examination by E.C.A. and by the Philippine Congress.

THE new Board of the American Chamber is convinced that much can be done to bring all chambers of commerce closer to the legislative and executive branches of the Government, to the obvious benefit of government and business and therefore to the best interest of the people. Businessmen admit that government is composed of experts in their field, or should be. In simple form the role of government is to promote the welfare of the people, to protect their persons and property, and to administer justice among them. Being of the people, by the people, and for the people, government should exercise care to keep itself close to the people.

Firms which associate themselves into chambers of commerce constitute the primary source of employment

to workers and skilled artisans, of salary compensation to supervisors and executives, and of earnings to those who have invested their capital in business enterprises. As business prospers, so does the citizenry and the state. It seems only reasonable therefore that business, subdivided into firms which elect to associate themselves together for the common good, should reflect the will and welfare of the people in a manner as vital and immediate as does government. Under these circumstances what condition could be more logical and desirable than the maintenance of close association and cooperation between the government and chambers of commerce?

It must be accepted that the directors of the chambers are also experts in the conduct of business and in the general economic field where, in turn, wealth is created to the benefit of all. Chambers of commerce go readily and anxiously to government with their problems when the opportunity is offered, and it would seem not only desirable but prospective of worthwhile results if government adopted it as a regular practice to consult the chambers when plans are under consideration which would affect business and therefore the welfare of the great majority who survive according to the health of trade and commerce in the country.

The American Chamber is most anxious to promote a greater degree of consultation among all chambers, and particularly with the Philippine Chamber, with the view to establishing a practicable pattern for consultation and cooperation between government and representatives of business. The initiative in such a program must be taken by the chambers themselves and when a workable plan has been fashioned, leaders in government will no doubt gladly go along with it.

Admittedly the original and continuous reason for the existence of the American Chamber of Commerce is to promote the welfare of all legitimate business in the Philippines and to offer information, counsel, and assistance to its members. The impression is probably held by the majority that chambers of commerce exist for the protection of business, and to a considerable extent this is true. We all know that in the course of time, in any state, legislation is proposed which, if enacted, would so restrict business and dissipate the proceeds thereof as to do great harm to the economy of the country. On such occasions chambers of commerce undertake to make their voice heard by the proper elements in the government. Through their duly chosen representatives, the members can bring their problems and their views to government and to other trade bodies and influential individuals much more conveniently and effectively than could be achieved by the representatives of single business units acting separately.

In the pursuit of its purpose to promote the interest of its members, the American Chamber directorate counsels against near-term or short-sighted expediency and against positions which might be taken with selfish interest as the objective. In the long run, what is good for business in general and what is fortifying to the state as a whole will also benefit all residents and elements in the state. The American Chamber takes particular precautions to keep all of its approaches to the Government and to other trade bodies free of the suggestion that preference is sought or that the nationality of its members or their historical association with the country should be given special consideration.

Finally, it is the primary aim and aspiration of all members of the American Chamber to be good citizens and acceptable residents of this friendly and hospitable country in which we live and carry on our business.

The 1950 Report of the Central Bank

WE have just received a copy of the 366-page (printed) Second Annual Report, 1950, of the Central Bank of the Philippines, dated March 30, 1951. Even a brief examination shows it to be extraordinarily valuable for reference and study purposes. The first nine chapters, all supported by numerous statistical tables and graphs, constitute an economic survey, and cover the national income, production, prices, employment and wages, international trade, international reserve and balance of payments, government finance, banking, money supply. Five more chapters deal with the operations and accounts of the Central Bank. One important appendix gives the major legal and administrative measures adopted by the Government and the Monetary Board during 1950.

The Foreword of the 1950 Report is an excellent summary, and we feel that we can do no better than to reprint it here in full, as follows:

"This is a review of significant developments in the Philippine economy during the second year of the Central Bank's existence and the policies that the latter has adopted and promoted in discharging its primary responsibilities. During 1950 severe and crucial financial problems strained the Philippine economy in an unprecedented manner. The outlook at the start was gloomy and uncertain. The ability of the Central Bank to administer the exchange controls and of the Government to cope with the heavy financial burden imposed upon it by post-war reconstruction and internal disorders were seriously doubted both locally and abroad. It was generally acknowledged that the economy had all the resources necessary to pull itself out of fundamental economic difficulties in the long run but that the solution of immediate short-run financial problems require greater determination, a more vigorous spirit, a higher degree of administrative competence, and a greater degree of cooperation on the part of the people. The results for the year and for the first three months of 1951 amply justify the view that the challenge is being met and that further efforts would reap bigger dividends in terms of political and economic stability.

"The outlook for 1951 is optimistic, indeed. It appears that the demand for Philippine export products will continue to be high. The strong international reserve position and the assurance of ECA assistance should enable the country to continue its present fight against inflated prices by allowing a more liberal inflow of essential commodity imports, both to maintain consumption at an adequate level and economic development at a vigorous pace. The new tax measures that had been enacted, the energetic collection of taxes, and the greater vigilance being exercised over Government expenditures both for consumption and investment, all assure a more stable fiscal operation this year and that further inflation of the money supply due to deficit financing would be held in check. Voluntary credit control which is being observed by the banks gives further assurance that inflationary pressure from this source will probably be avoided.

"The bright outlook for 1951 should not make all concerned relent in their struggle to keep inflation in check. The international situation is extremely fluid and much of the success of domestic policies may depend upon it. While the improvement of the international reserve and the availability of ECA aid give the country a rare opportunity for increasing the level of economic development and consumption imports, yet the rising tempo of rearmament in the industrial countries like the United States is even now reducing the number and volume of commodities available and creating uncertainties about their deliveries. Although present plans for Government spending for essential services might seem to be within reach of prospective revenues, a deterioration in the international situation could compel extraordinary Government support and financing of military and civilian needs to prepare the country for any eventualities.

"The country is achieving success in solving its major financial problems. Nevertheless, it is still far from attaining a desirable level of production and of real income. Production is still only about 97% of prewar. Per capita real income is only 85% of prewar and although total agricultural production has reversed its prewar position, it is still short of this goal on a per capita basis because of the 27% increase in the population. The long-run prospects for the level of consumption and the standard of living would be gloomy, indeed, unless production outstrips the rate of increase in the population. The solution of the major financial problems of the country is only a condition precedent to substantial expansion in the field of production but the latter does not necessarily follow automatically from it."

The Philippine Long Distance Telephone Company

THE Philippine Long Distance Telephone Company is offering for sale ₱1,500,000 par value 6% 15-year sinking fund bonds, Series A, due January 1, 1966. The refunding mortgage and collateral trust bonds are being offered in order to raise funds to finance part of the cost of the company's continued program of extensions and improvements in its service.

The bonds are dated January 1, 1951, and are issued under an indenture from the company to the Hongkong & Shanghai Banking Corp. as trustee. They are issuable in the form of coupon bonds, which may be registered as to principal only and as fully registered bonds without coupons. They will be in denominations of ₱100, ₱500, ₱1,000 and ₱2,000.

Principal and semi-annual interest (January 1 and July 1) are payable in legal tender of the Philippines at the office of the Hongkong & Shanghai Banking Corp. in Manila or any other office of the trustee established by it and designated by the company's board of directors.

Total amount of bonds approved for issue by the Public Service Commission is ₱8,000,000. Of this amount, ₱5,179,400 is applicable to and reserved for the exchange offer for the first mortgage bonds due July 1, 1953, leaving ₱2,820,600 balance of the principal amount. It is proposed to offer for sale at this time ₱1,500,000 par value

bonds. The company may, at some later date and in accordance with the future requirements of its business, issue the balance of ₱1,320,600 subject to the restrictive provisions of the trust indenture.

The bonds are redeemable in whole or in part at any time at the company's option on 30 days notice at the call price of 107 until January 1, 1952; thereafter the call premium decreases each year at a uniform rate until 100 after January 1, 1965.

The company issued its first mortgage 6% 15-year sinking fund bonds in 1938, which were to be due July 1, 1953, with the amount of ₱3,572,000 outstanding as of December 31, 1941. As a result of the Japanese occupation and the destruction caused by the war, the company was unable to maintain interest payments on a current basis. At the end of 1950, the company owed its bondholders seven and one-half years accrued interest, or the equivalent of ₱450 for each ₱1,000 bond.

Although there is a moratorium on the payment of indebtedness existing at the outbreak of the war, the company was anxious to make an adjustment with its bondholders at the earliest possible date. The moratorium permits the company to delay payment until at least 1958, but on February, 1951, the company made an offer of exchange to its bondholders of ₱5,179,400 refunding and

collateral trust 6% bonds due January 1, 1966, in exchange for the first mortgage 6% 15-year sinking fund bonds due July 1, 1951.

The telephone plant was 90% destroyed during the liberation of Manila and restoration of the service in the postwar period was delayed by circumstances beyond its control. The company did not reacquire from the U.S. Army full control of its properties until August, 1947, and rehabilitation since then has been handicapped by the difficult supply situation which has prevailed in the United States on items of telephone equipment. Aggravating this supply problem were the outbreak of the war in Korea last year and the consequent United States rearmament program.

Despite these difficulties, the company has invested

P6,828,713 in plant and equipment, plus P568,619 in reconditioning damaged equipment during the period June 30, 1947, to June 30, 1951. Under present plans, the firm expects to increase its investment by P3,000,000 to P4,000,000 during the 18 months to the end of December, 1952, depending upon receipt of its orders for equipment in accordance with schedule.

As of June 30, this year, the number of telephones in service represented 72% of the telephones in operation immediately preceding the outbreak of war in 1941. But despite the installation of 2,776 telephones during the six months period ended June 30, 1951, the number of held orders for telephone service increased from 9,551 on January 1, 1951, to 10,175 on June 30, 1951.

—Manila Daily Bulletin

Ambassador Cowen on American Community Policy

WORKING relationships between the American Embassy, the United States Consulate-General, and the American Association of the Philippines have grown even closer in recent weeks following several conferences between leaders of each group and the attendance of Ambassador M. Cowen at an A.A.P. Board of Directors meeting last month.

The full cooperation of the Embassy staff and that of Consul-General Hicks was guaranteed for all American Community matters, as led by the Association. The following letter from the Ambassador to A.A.P. President J. A. Thomas has been received, dated July 28:

"Since talking with you earlier this month on the subject of ways in which the Embassy could be useful to American citizens resident here in the Philippines, I have given this matter considerable thought and have had a number of conferences with members of the Embassy staff to discuss ways and means of promoting the most helpful

possible relationship between the Embassy and the resident Americans in the community.

"It is possible that Americans in the Philippines, not connected with the Embassy or other government agencies, may have the feeling that we here at the Embassy are so involved in our day-to-day, government-to-government work that we have neither the time nor the inclination to perform courtesies and services for private individuals and organizations. Nothing could be further from the truth. The latching of the American Embassy is out at all times to any American citizen who has a problem in which the Embassy can help. It is not only our official duty but our genuine desire to be of assistance to all Americans in any way possible, and at any time.

"I shall appreciate it if you will convey to the membership of the American Association, my personal invitation to call upon me or any member of my staff at any time when they feel that the Embassy can be helpful. I am extremely anxious that every American in the Philippines appreciate the fact that the Embassy is his Embassy and that he may count on courteous and considerate treatment at all times.

"Sincerely yours, (Sgd.) Myron M. Cowen."

—From the American Community Newsletter, August, 1951.

Text of the Mutual Defense Treaty between the Philippines and the United States

THE Department of Foreign Affairs of the Republic of the Philippines and the American Embassy, Manila, issued the following statement on August 16:

"The Governments of the Republic of the Philippines and the United States of America have agreed, in connection with their conclusion of a Peace Treaty with Japan, to execute a mutual defense treaty. The mutuality of interest of the Philippines and the United States in matters relating to the defense of their respective territories were specifically stated in the Bases Agreement of 1947 and the Military Assistance Agreement of 1947. The President of the United States would not tolerate an attack upon the Philippines. It now seems appropriate, as part of the growing treaty fabric of peace in the Pacific, to embody these commitments in a formal treaty of mutual defense. Therefore, the two nations have formally expressed their common determination to defend themselves against armed attack and their joint recognition [of the fact] that an armed attack in the Pacific area on either would be dangerous to the other's peace and safety.

"It is planned that the treaty will be signed during the first days of September."

The text of the proposed treaty follows:

DRAFT OF A MUTUAL DEFENSE TREATY FOR CONSIDERATION BY THE GOVERNMENTS OF THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES.

THE parties to this treaty, reaffirming their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all Governments, and desiring to strengthen the fabric of peace in Pacific area,

Recalling with mutual pride the historic relationship which brought their two peoples together in a common bond of sympathy and mutual ideals to fight side by side against imperialist aggression during the last war,

Desiring to declare publicly and formally their sense of unity and their common determination to defend themselves against external armed attack so that no potential aggressor could be under the illusion that either of them stands alone in the Pacific Area,

Desiring further to strengthen their present efforts for collective defense for the preservation of peace and security pending the development of a more comprehensive system of regional security in the Pacific Area,

Agreeing that nothing in this present instrument shall be considered or interpreted as in any way or sense altering or diminishing any existing agreements or understandings between the United States and the Philippines,

Therefore we declare and agree as follows:

Article I. The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in a manner that international

The Business View

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

The Government

From Official Sources

AUGUST 1—President Elpidio Quirino appoints Daniel Mercado a member of the National Power Board and Gabriel A. Daza a member of the Board of Directors of the National Shipyards and Steel Corporation. Daza takes the place of Felix Padilla who resigned recently.

President Quirino receives Dr. Roland R. Renne, newly appointed chief of the U. S. Economic Cooperation Administration in the Philippines who arrived in Manila yesterday.

Aug. 2—Announced that the President has designated Arsenio Alvendia of the Bureau of Telecommunications and Miguel J. A. Contreras of the Radio Control Board to attend the Extraordinary Administrative Radio Conference to be held in Geneva beginning August 16 at which the new radio frequencies to be assigned to the various members of the International Telecommunications Union will be decided upon.

Aug. 3—The President instructs Secretary of Foreign Affairs Carlos F. Romulo to accept the United States-United Kingdom invitation extended to the Philippines to attend the San Francisco Japanese peace treaty conference opening on September 4. The President told the governors and city mayors at their conference on the 1st that "whether we decide to sign the treaty or not, we will send a delegation to San Francisco to make known to the world the wishes of the Filipino people on this question."

The President, at a Cabinet meeting, instructs the Department Secretaries to submit to him lists of government employees and officials who have reached the age of 65; a law recently enacted provides for the automatic retirement of men reaching this age beginning one year after the effectivity of the act.

Aug. 4—The President declares August 17 a special public holiday in the sub-province of Aurora, Quezon Province, which will be inaugurated on that day; the sub-province includes the municipalities of Casiguran, Dipaculoan, and Maria Aurora.

The President appoints Dr. Gumersindo Garcia as a member of the Board of Regents of the University of the Philippines.

Governor Jose Carag of Cagayan appeals to the President for immediate relief to meet the damage inflicted by the typhoon "Louise"; 80% of the corn crop was destroyed and damaged to public works, including school houses, is estimated at ₱300,000.

The Cabinet, on recommendation of the Social Welfare Administration, approves the exportation of some 1,800 large plows and harrows obtained through UNRRA, and found too heavy for use by local farmers. It also approves a recommendation of Vice-President Fernando Lopez, as head of the Export Control Committee, that Koppel (Phil.) Inc. be permitted to export to Australia 7 large "Rice Combines", valued at around ₱100,000, which also could not be used here.

The German trade delegation, headed by Dr. Walther Hess, members, Dr. Hans Mandel, Dr. Kurt Daniel, Hans Musa, Wolfgang Galinsky, and Miss Gerda Seiffert, arrives in Manila.

Aug. 6—Announced that Under-Secretary of Foreign Affairs Felino Neri is now in Tel Aviv and will sign the air transport agreement with Israel which permits Philippine Air Lines planes on the Manila-London route to stop at Israel; a provisional agreement was signed last December.

peace and security and justice are not endangered and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Article II. In order more effectively to achieve the objective of this treaty the parties separately and jointly by self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack.

Article III. The parties through their Foreign Ministers or their Deputies will consult together from time to time regarding the implementation of the treaty and whenever in the opinion of either of them the territorial integrity, political independence, or security of either of the parties is threatened by external armed attack in the Pacific.

Article IV. Each party recognizes that an armed attack in the Pacific area on either of the parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

Any such armed attack and measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

Aug. 7—The President and his Cabinet approves declaring the period August 13—September 12 "Tourist Month" and the President instructs Acting Secretary of Commerce and Industry S. R. Mendicutto to set up the office of the Tourist Bureau in the new grandstand on the asteta. He inquires concerning the progress of the campaign against the "diploma mills" among the private schools; Secretary of Public Instruction Teodoro Evangelista states he considers the Bureau of Private Schools responsible for the government recognition of such schools.

The President holds a conference with the Philippine Tourist and Travel Association, Inc., and discloses his intention to rebuild the pre-war Mehan Gardens and to revive other tourist "attractions".

The Department of Foreign Affairs announces that an exchange of views has taken place on the possibilities of expanding trade between the Philippines and West Germany. It also announces the arrival of two United Nations experts on cottage industries, Dr. Olaf Hammarstrom and Miss Lysbeth Wallace.

Aug. 8—The President receives the delegates to the second International Labor Organization conference in Geneva, who called to submit their report; the delegation was composed of Sen. E. B. Magalona, Secretary of Labor Jose Figueras, Rep. Francisco Ferrer, Judge J. L. Lanting, Dean Conrado Benitez, and Pedro Fernandez.

The Department of Foreign Affairs announces that the Government is sending samples of Philippine woods for the panelling of the General Assembly Hall of the United Nations Building in New York; the samples include tangle, white lauan, dog, narra, palosapis, and manggeche.

Aug. 10—The President receives the Export-Import Bank mission which arrived on the 5th to survey the economic situation in the country in connection with a projected loan to finance the industrial program; the mission is composed of Lynn U. Stanbaugh, Winter Graves, and Edward Lynch. Lynch will remain in the Philippines for some time; the others will leave shortly for Indonesia and other Far Eastern countries which have applied for loans.

The Cabinet turns down the petition of Chinese Ambassador Chen Chi-ping that Chinese residents in the Philippines be permitted to lease agricultural lands, on the ground that the laws prohibit aliens from leasing or purchasing agricultural lands.

The Cabinet approves government purchase of loose fire-arms in the country, stipulating to require some ₱4,000,000; prices range from ₱30 to ₱75 for serviceable weapons and from ₱10 to ₱25 for non-serviceable ones.

Aug. 11—Announced at Malacañan that government officials and employees have been ordered to stop taking direct or indirect part in the solicitation of voluntary contributions for public or semi-public projects and also to participate in beauty, popularity, and other contests.

Aug. 13—Malacañan announces that Philippine exporters of copra and coconut oil and United States manufacturers of soap have endorsed the Philippine Government representations to the United States Government for the abolition of the excise tax on Philippine coconut oil and copra entering the United States market.

Aug. 14—Australian Minister for External Affairs Richard G. Casey, accompanied by his wife, arrive in Manila on a Qantas Empire Airways plane, for a week's visit. The Minister is on a fact-finding tour of the Orient.

Article V. For the purpose of Article IV, an armed attack on either of the parties is deemed to include an armed attack on the metropolitan territory of either of the parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels, or aircraft in the Pacific.

Article VI. This treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

Article VII. This treaty shall be ratified by the parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of the Philippines. The treaty shall enter into force as soon as the ratifications of the signatories have been deposited.

Article VIII. This treaty shall remain in force indefinitely. Either party may terminate it one year after notice has been given to the other party.

Article IX. This treaty in the English language shall be deposited in the Archives of the Government of the Philippines. Duly certified copies thereof will be transmitted by the Government to the Government of the United States.

Aug. 15—The President in his regular monthly "radio chat" enumerates the Philippine objectives with reference to the peace treaty with Japan as follows:

"1. We desire a categorical acknowledgment of Japan's war guilt and her accountability for the damage wrought in our country. This is fundamental to us as an aggrieved people.

"2. We want payment of our people's just claims. We are against any statement prejudging Japan's liability, but we wish to be given an opportunity to assert our rights and Japan should get herself to making payments in accordance with her capacity within a reasonable period.

"3. We want a guarantee that we never again emerge as a military power to constitute a menace to the peace and security of the Philippines and Asia.

"4. To forestall such a threat, the Philippines desires to have a Pacific security pact, a goal that we have set for ourselves since 1919 and which we are now determined to achieve.

"These are our main objectives. We will go to San Francisco properly prepared to discuss the possibility of their being met, the first three objectives by the proposed signature of the treaty, and the last one in bilateral negotiation with the United States."

Aug. 16—The President informs the Council of State of the new Japanese peace treaty draft, a copy of which has been received. "The concessions won by the Philippine negotiators met with the wholehearted approval of the Council of State was evident in the statements made by the Council members."

By authority of the President, Acting Assistant Executive Secretary Marciano Roque sustains the Cebu City Council in its action imposing an additional tax on the city and which the Provincial Board had disapproved on the ground that the City Charter does not empower the Municipal Board to tax the sale of lumber. Secretary Roque cited the opinion of the Secretary of Justice who upheld similar ordinances passed by the Municipal Boards of Davao City and Butuan City.

Aug. 17—The President receives Maj. Gen. Albert Pierson, newly-designated chief of the Joint U. S. Military Advisory Group (JUSMAG) who called to pay his respects accompanied by his predecessor, Maj. Gen. Leland Stanford Hobbs, who returns to the United States on August 30.

Aug. 18—The President issues an executive order authorizing the Price Administration Board to fix the prices of all commodities for all ports of entry and provincial capitals, as well as inland municipalities, and dividing the country into zones and establishing rates of transportation and handling charges ranging from 1 to 5 centavos a pound for the various zones.

Foreign Under-Secretary Neri returns to Manila from a two-months' inspection trip abroad.

Secretary Evangelista delivers the keynote speech at the Liberal Party National Convention held at the Santa Ana Recreational Hall.

The Executive Committee of the Liberal Party in consultation with the President approves a 9-man senatorial ticket to be submitted tomorrow to the Liberal Party Convention with the list as follows: Antonio Mairino, brother of the President; Secretary of Justice Jose P. Bengzon; Secretary of Education Teodoro Evangelista; former Secretary of Labor Primitivo Lovina; House Majority Floor Leader Raul Leuterio; Former Representative Juan Borja; Secretary of Finance Pio Delrosas; Senate President Mariano J. Cuenco; and Representative Cornelio Villareal.

Aug. 20—The Liberal Party Convention ratifies the senatorial slate as submitted. The President expresses his satisfaction and voices his confidence in a Liberal Party victory at the coming November elections.

Aug. 21—The President issues an executive order upwardly revising the ceiling prices of canned fish, dairy products, drugs, medicines, and household remedies, Manila paper, and certain textbooks.

The Cabinet authorizes the Bureau of Posts and the Bureau of Telecommunications to continue the present services despite the required 4% forced saving provision in the budget which would compel the closing of some 65 radio and telegraph stations; a bill will subsequently be presented to augment the appropriations.

Aug. 22—The President confers with Secretary Romulo, Sen. Vicente Francisco, and Rep. Diosdado Macapagal. Later in the day Secretary Romulo leaves Manila by airplane for Washington in connection with the scheduled conference for the signing of the mutual defense pact between the Philippines and the United States in Washington on August 30 and for the signing of the peace treaty with Japan in San Francisco on September 4 to 8. Secretary Romulo's party, besides his wife, includes Prof. Vicente Sinco, Secretary to the Philippine delegation to the San Francisco conference, and Eduardo Quintero, legal counselor of the Department of Foreign Affairs.

The President issues Executive Order No. 465 reclassifying the provinces on the basis of their annual revenue during the 5 years ending June 30, 1950, the reclassification to take effect on July 1 of this year.

Aug. 23—The Department of Foreign Affairs announces that it has been informed by the Philippine Embassy in Washington that the U. S. House of Representatives has passed House Bill No. 4521 extending the Sugar Act of 1948 to December 31, 1956, with certain amendments; the Bill preserves the Philippine absolute quota of 850,000 long tons of commercial sugar.

The Nacionalista Party directorate decides against Nacionalista representation at the signing of the Japanese peace treaty, refusing to permit Sen. Carlos P. Garcia and Rep. Jose B. Laurel Jr. to represent

the party at the San Francisco conference; the two reportedly took part in the unanimous approval of the present draft of the treaty by President Quirino's 15-man committee and were invited to become members of the Philippine delegation.

Aug. 24—The President designates Col. Jesus Vargas as Acting Vice Chief of Staff of the Armed Forces of the Philippines. He also approves the retirement of Col. Amado N. Bautista from the government service, Bautista having resigned as General Manager of the National Development Company and as a command officer of Regular Army of the Philippines for reasons of ill health.

American Ambassador Myron M. Cowen enplanes for the United States for consultations with the State Department and to attend the signing of the bilateral defense alliance between the United States and the Philippines.

Aug. 25—The President issues Executive Order No. 471 revising Appendix "A" of Republic Act No. 650, banning the importation of certain commodities and providing for the procedure in importing goods under E.C.A. authorization. Fifty-six classifications of imports which includes manufactures which can be produced locally, are completely banned; complete de-control is ordered for canned fish, canned milk, corned beef, Vienna sausage, college textbooks, paper and other material for books, used clothing, etc. The Order also carries an Annex "C" which contains a list of items whose importation will be banned effective July 1 of next year.

The President issues Administrative Order No. 163 amending the composition of the Philippine Port Commission previously created as the government agency concerned with the rehabilitation, improvement, and construction of port and harbor facilities by Administrative Order No. 13, of October 12, 1946. The Commission will now be composed of the Under-Secretary of Public Works and Communications as Chairman, and of (Mr.) Enrique Raos, Charles Parsons (manager, Luzon Stevedoring Company), Jose Fernandez (managing director, Compania Maritima), the Director of Public Works, the Commander of the Philippine Navy, the Director of Quarantine, B. B. Tunold (secretary-manager, Associated Steamship Lines), and Francisco Delgado (vice-president and general manager, Delgado Bros., Inc.).

The President issues an executive order creating a National Advisory Board on Vocational Education to advise the Secretary of Education and to be composed of one representative of each of the Departments of Agriculture and Natural Resources, of Labor, and of Commerce and Industry, to be nominated by the Department Secretary concerned, and three private citizens, eminent in industry, agriculture, and business, to be appointed by the President.

Malacañan announces that Secretary Evangelista has submitted his resignation as Secretary of Education and as Executive Secretary.

Aug. 27—The Nacionalista Party directorate announces the following senatorial ticket: Sr. Jose L. Laurel, former Justice Manuel Briones, Sr., Carlos P. Garcia, Judge Francisco Delgado, former Secretary of Health Dr. Jose Locsin, former Rep. Cipriano Primicias, Rep. Feliberto Verano, and Rep. Jose C. Zulueta, [Gil Puyat, prominent Manila Businessman, is added to the slate some days later.]

The President enplanes for the United States to witness the signing of the United States-Philippines security treaty and to undergo medical treatment. He is accompanied by Sen. Vicente Francisco and Rep. Diosdado Macapagal, chairman of the foreign affairs committees in the Senate and House, respectively, who are members of the Philippine delegation to the Japanese peace treaty conference. Other members of the party include the President's daughter and her husband Chito Gonzales, PHILCUSA Chairman Jose Yulo and his wife, R.F.C. Chairman P. M. Mapa, Central Bank Governor M. Cuaderno, Press Secretary Antonio Arizabal, Dr. Agérico Sison, Lt. Col. Jose Cadenas, Lt. Com. W. M. Lumbao, Liberal Party Treasurer J. Amado Araneta, Counselor Lucas Madamba, Dr. Jose Silva, Celestino Silva (valet), and Emilio Cruz.

Aug. 28—Under-Secretary of Foreign Affairs Neri announces that Sen. Emiliano Tria Tirona is enplaning tomorrow for San Francisco to join the Philippine delegation to the conference there. Mr. Neri states that despite their withdrawal, members of the minority are still welcome to join the delegation.

The Cabinet approves an agreement between the Philippines and the United Nations under which the Technical Assistance Administration of the latter organization will send an expert (Mr. Fer Klem) to assist the Cebu Portland Cement Company in the manufacture of paper pulp; the company owns a 20-ton paper mill and bag-making plant, which is still dependent on imported pulp.

Aug. 29—The President and his party reach San Francisco. Announced that the President has designated Senator Tirona and Prof. Vicente Sinco to take the places of Senator Garcia and Representative Laurel, as members of the Philippine delegation to the San Francisco conference.

Aug. 30—Announced that the President on August 27 signed Executive Order No. 474, amending Executive Order No. 433, defining what may be considered "necessary" industry in connection with the qualifications for tax exemption under Republic Act No. 35.

Aug. 31—President Harry A. Truman and President Quirino witness the signing of the Philippine-American security treaty in Washington, the ceremony being followed by a luncheon at the White House. The names affixed to the document are those of Secretary of State Dean Acheson and Philippine Foreign Secretary Carlos P. Romulo. President Quirino will leave Washington tomorrow for Baltimore to enter Johns Hopkins Hospital.

Manila Stock Market

By A. C. HALL
Hall, Picornell, Ortigas & Company

July 14 to August 24

Banking and Finance

By G. R. HUTCHISON
Manager, Port Area Branch
National City Bank of New York

COMPARATIVE statement of condition of the Central Bank:

	As of Dec. 31 1949	As of May 31 1951	As of June 29 1951	As of July 31 1951
(In thousands of Pesos)				
ASSETS				
International Reserve....	₱460,689	₱561,326	₱544,207	₱534,213
Contribution to International Monetary Fund.....	30,000	30,000	30,000	30,000
Account to Secure Coinage.....	113,306	107,570	107,570	107,570
Loans and Advances.....	77,047	18,645	19,608	29,608
Domestic Securities.....	92,197	234,595	234,536	231,760
Trust Account—Securities Stabilization Fund.....	—	6,848	6,848	6,848
Other Assets.....	20,390	59,982	65,898	71,461
	₱793,629	₱1,019,330	₱1,008,667	₱1,011,460
LIABILITIES				
Currency—Notes.....	₱555,576	₱656,523	₱634,443	₱611,406
Coins.....	74,384	93,722	93,682	93,616
Demand Deposits—Pesos.....	117,682	203,478	202,970	210,170
Securities Stabilization Fund.....	2,000	6,848	6,848	6,848
Due to International Monetary Fund.....	22,498	496	496	496
Due to International Bank for Reconstruction and Development.....	2,389	2,383	2,383	2,383
Other Liabilities.....	2,636	36,966	46,726	64,190
Capital.....	10,000	10,000	10,000	10,000
Undivided Profits.....	6,464	5,215	7,430	8,562
Surplus.....	—	3,689	3,689	3,689
	₱793,629	₱1,019,330	₱1,008,667	₱1,011,460

The further drop of ₱10,000,000 in the international reserve places this figure at the lowest level since September 30, 1950, when it stood at ₱91,000,000. Press reports indicate that the international reserves, including foreign exchange holdings of other banks, decreased from \$368,150,000 in July to \$363,400,000 on August 3 and to \$354,380,000 on August 17, 1951.

In the early part of August, the Economic Control Administration was reported to have allocated about \$2,400,000 to finance a selected list of imports. To date only limited amounts of these funds have been allocated. Recently, a bulletin was issued by the ECA and PHILCUSA outlining the procedure to be followed in taking advantage of this type of ECA assistance. By executive order of the President, the licensing of goods imported under this program was transferred from the Import Control Commission to the Central Bank and it is anticipated that greater use will be made of this type of import financing in the future, thereby lessening the strain on the international reserves of the country.

Letters of credit covering imports are at record levels and most banks are short of cash. Interest rates are unchanged. Merchants are requesting deferment of payment of sight drafts until arrival of steamer, and then request trust receipts for a further 60 days. Collection of receivables is slower than two months ago, but is still satisfactory.

DURING the last half of July, very light offerings and better foreign news encouraged buyers to take a more constructive attitude towards mining shares, with a result that prices moved ahead quite easily. Since the beginning of August, the market has quietly backed and filled awaiting further developments.

An examination of the market action during the past several weeks indicates that the primary trend has probably changed from bear to bull. This conclusion finds support in the market's unwillingness to be disturbed by unfavorable factors, of which a good example is the continuing rather acute tightness of money. If any fundamental weakness had existed in the market's position, there seems little doubt that the shortage of cash would have caused broad liquidation. As it is, however, the only noticeable effect of the monetary situation so far has been to curb an advance. With the passing of the August 15 income-tax deadline, the position will tend to ease, and will show further improvement as our economy approaches its usual seasonal expansion.

During the period of our review, the price of fine gold in the local free market has fluctuated between ₱112 and ₱120 per fine ounce, and currently is quoted at the latter figure.

In the commercial and industrial section of the share market, there has been steady demand for investment issues. Fixed interest securities have ruled firm throughout the period on continued institutional demand.

MINING SHARES

1951 Range High Low	M. S. E. Mining Share Average	High	Low	Close	Change	Total Sales
113.97 88.11	102.47	93.01	98.38	Up 5.11	11,367,289	
0.295 0.16	Acoge Mining Co.	.27	.24	.255	Up .02	586,000
0.06 0.028	Antamok Goldfields	.046	.041	.041	Off .0115	188,528
0.39 0.21	Atok Big Wedge Mining Co.	.28	.31	.235	Up .025	850,000
0.13 0.08	Baguio Gold Mining Co.	.11	.1025	.105	Up .0025	398,000
2.80 2.00	Batocot Mining Company	2.25	2.25	2.25	Up .25	3,100
0.0035 0.002	Batong Buhay Gold	.0033	.0031	.0032	Up .001	300,000
5.30 4.10	Benguet Consolidated	5.00	4.30	5.00	Up .65	22,023
0.085 0.026	Coco Grove, Inc.	.085	.0725	.075	Up .005	501,000
0.017 0.011	Consolidated Mines, Inc.	.0165	.014	.0155	Up .0015	4,929,400
0.25 0.16	Hibzer Gold Mining Co.	.24	.20	.24	Up .045	520,800
0.135 0.075	Ilogon Mining Company	.135	.1125	.1275	Up .0175	617,090
0.045 0.031	I.L.C. Mining Company	.045	.04	.045	Up .005	65,000
0.80 0.59	Loposanto Consolidated	.80	.61	.63	Up .015	471,500
0.038 0.024	Mashate Consolidated	.031	.029	.031	Up .003	428,000
0.43 0.305	Mindanao Mother Lode	.335	.305	.32	Up .005	420,000
0.017 0.011	Misamis Chromite, Inc.	—	—	.011b	—	—
0.09 0.06	Paracale Gumama Consolidated	.09	.09	.09	—	45,000
0.27 0.17	San Narciso Mining Co.	.225	.18	.22	Up .05	21,314
0.35 0.22	Surigao Consolidated	.35	.25	.33	Up .015	620,750
0.035 0.02	Suyoc Consolidated	.027	.027	.027	Off .002	20,000
0.10 0.05	United Paracale Mng. Co.—Ex-Dividend	.10	.065	.095	Up .035	209,000

COMMERCIAL SHARES

1951 Range High Low	High	Low	Close	Change	Total Sales	
142.00 105.00	Bank of the Phil. Islands	142.00	140.00	142.00	Up 13.00	200
—	Bogo Medellin Milling Co.	—	—	30.00a	—	—
96.00 75.00	Central Azucarera de Batangas	96.00	90.00	96.00	Up 6.00	760
171.00 152.00	Central Azucarera de la Cebolla	160.00	160.00	160.00	Off 5.00	79
105.00 100.00	Central Azucarera del Pilar	105.00	101.00	105.00	Up 5.00	103
40.00 30.00	Central Azucarera de Tarlac	40.00	40.00	40.00	Up 2.00	984
—	China Batac Co.	—	—	250.00b	—	—
27.00 27.00	Filipinas Cia. de Seguros	—	—	26.00b	—	—

Inular Life Assurance				6.000			
0.36	0.27	Manila Breadmaking Co.			.30a		
4.15	3.80	Manila Wine Merchants, Inc.			4.10b		
0.38	0.18	Margman & Co., Inc.			1.18		26,300
0.315	0.25	Marsman & Co., Inc.					
0.10	0.085	Mayon Metal 7% Pref*	.315	.25	.30	Up	.05 10,000
0.10	0.085	Mayon Metal 7%			.10b		
105.50	100.00	Meraleo 6 1/2% Metropolitan Insurance Co., Inc.	105.50	105.00	105.00		T2,120
0.75	0.50	Pampanga Bus Co.	.60	.60	.60	Up	.10 23,250
20.00	20.00	Pandico	20.50	20.50	20.50	Up	.50 66
7.50	7.00	Philippine Air Lines	7.00	7.00	7.00	OR	.50 191
27.50	27.50	Philippine Guaranty			27.50a		
0.034	0.012	Philippine Oil Development Co., Inc.					
1.46	1.30	Philippine Racing Club, Inc.			.019b		
35.00	26.50	Sac. Miguel Brewery	35.00	34.00	35.00	Up	1.00 42,558
100.00	94.00	Sac. Miguel Brewery 7% Pref.	100.00	100.00	100.00	Up	2.00 3,700
105.00	102.00	Sac. Miguel Brewery 8% Pref.	104.00	104.00	104.00	Up	5.0 163
16.00	16.00	Universal Insurance & Edmuntson	16.00	16.00	16.00		750
7.00	6.50	Williams Equipment Co. Com.	7.00	7.00	7.00		350

*Ex-Dividend
T—Bond sales reported in units of P100

OVER THE COUNTER

Company	High	Low	Close	Total Sales
Asia Invests. Co. Ltd. Com.	P. 05	P. 05	P. 05	1,750
Demonstration Gold Mines	.01	.01	.01	30,000
Eastern Development Co., Inc.	.005	.005	.005	301,050
Gold River Mining Co., Inc.	.01	.01	.01	66,000
Jai Alai Corp. of the Philippines	5.00	5.00	5.00	509
Mano Sugar Central	3.50	3.50	3.50	3,740
Marsman Investment	1.00	1.00	1.00	1,624
Philippine Electric Mfg. Co.	98.00	98.00	98.00	100
Philippine Long Distance Telephone Co. Refunding Mortgage and Collateral Trust 6% Bonds 1951/1965	100.00	100.00	100.00	P50,000
Victories Milling Co., Inc.	180.00	180.00	180.00	323

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—16,316,000 KWH

	KILOWATT HOURS	
	1951	1950
January	40,713,000	37,661,000
February	37,066,000	33,828,000
March	40,117,000	38,107,000
April	39,197,000	35,378,000
May	40,405,000	37,611,000
June	40,712,000	37,529,000
July	42,041,000*	38,774,000
August	42,830,000*	39,872,000
September		38,791,000
October		40,657,000
November		39,268,000
December		41,099,000
Total		458,576,000

*Revised.

**Partially Estimated.

As expected, output in August set a new record. The increase over August of last year was 2,958,000 kw-h, or 7.4%. A new daily high of 1,490,800 kw-hs was set on August 17.

Real Estate

By ANTONIO VARIAS

Vice-President, C. M. Hoskins & Co., Inc., Realtors

REAL ESTATE sales in the Greater Manila area registered during the month of August numbered 639, with a total value of P5,321,401, as compared with

574, with a total value of P6,101,064, registered during the preceding month of July.

Of the August total, 171, with a total value of P1,890,113, represented deals within Manila proper, while 468 sales, with a total value of P3,431,288, were sales within the cities of Quezon, Pasay, and in the suburban towns of Caloocan, Makati, Malabon-Navotas, Mandala-yung, Parañaque, and San Juan.

Among the bigger sales registered during the month were:

A large tract of 1,069,998 square meters in Diliman, Quezon City, sold by Teresa Tuson to Varsity Hills, Inc., for P934,500;

A tract of 113,333 square meters in Sampaloc sold before the war but registered only lately by Teresa Tuson to the National Development Company for P250,000;

A tract of 811,666 square meters in Quezon City sold by Natividad Manlapit to Amando Clemente for P178,556;

A 3-story building with a lot of 616.6 square meters on Tennessee Street, near Taft Avenue, Malate, sold by Leonisa Averilla to the Philippine Women's Educational Association for P160,000;

A property with a lot of 292.2 square meters on Evangelista Street, Sta. Cruz, sold by Candida Capistrano to Roa Securities Corporation for P76,000;

A parcel of land with an area of 4,000 square meters in Makati sold by Ayrala Securities Corporation to Metro Drug Corporation for P64,000; and

Several parcels of land in Tinajeros and Tugatog, Malabon, sold by Damiana Garcia to Mina Bairan for P44,248.

REAL ESTATE mortgages registered in the Greater Manila area during the month of August numbered 495, with a total value of P15,268,147, as compared with 396, with a total value of P6,696,648, registered during the month of July.

Of the August total, 201, with a total value of P9,413,329, represented deals within Manila proper, and 294, with a total value of P5,854,818, were deals within the cities of Quezon and Pasay and in the suburban towns mentioned above.

REAL ESTATE SALES

(January to August, 1951)

	Manila	Quezon City	Pasay	City Suburbs	Total
January	P4,466,475	P1,267,690	P743,346	P1,453,264	P7,939,775
February	3,549,050	3,775,341	709,598	1,411,773	8,445,762
March	4,562,104	1,698,970	645,878	1,814,525	8,721,477
April	5,272,052	1,178,036	487,954	1,736,585	8,676,696
May	2,586,055	1,394,514	819,779	1,505,885	6,306,233
June	2,793,341	1,435,895	578,954	1,793,395	6,601,585
July	2,839,423	1,056,942	497,387	1,697,312	6,101,064
August	1,890,113	1,986,826	149,318	1,295,144	5,321,401

REAL ESTATE MORTGAGES

(From January to August, 1951)

	P2,105,600	P490,457	P272,300	P1,051,546	P3,919,903
January	5,636,640	1,106,948	809,100	1,722,790	8,346,488
February	3,817,477	1,373,800	245,760	1,070,627	7,408,114
March	3,140,154	902,932	188,750	1,057,926	5,289,762
April	3,753,891	1,150,614	372,032	1,231,810	6,508,347
May	4,215,944	1,584,350	869,144	1,531,450	11,800,888
June	3,233,375	1,188,026	351,750	1,295,497	6,696,648
August	9,413,329	1,926,098	757,300	3,171,420	15,268,147

Building Construction

By JUAN J. CARLOS

President, United Construction Co., Inc.

WITH the coming of the rainy season, the cost of construction work in the city of Manila registered a sharp decrease from P5,152,480 for the month of June to P2,591,570 for the month of July. As per the records of the City Engineer's office, the approximate cost of work authorized during the month of July last year amounted to P2,487,550, in comparison with P4,601,450 in 1949 and P7,771,847 in 1948. Among the big projects that were issued permits during the month under review were:

San Sebastian Convent — a 4-story building at Plaza del Carmen, estimated at ₱600,000.

Saint Theresa's College — a 3-story school building, costing ₱100,000.

A 3-story building for the Centro Escolar University on Mendiola Street, San Miguel, costing ₱150,000.

A reinforced concrete apartment building at 1125 Taft Avenue, estimated at ₱100,000.

An office building at 230 San Luis Street, Ermita, costing ₱100,000.

Generally speaking, the construction business is in a slump. For lack of demand, prices of essential materials continued on the downward trend. Very few architects have proposed projects on their drawing boards. This situation makes it the more incomprehensible why the plans of the proposed Philippine American Insurance Company building in Intramuros have not been approved by the authorities concerned after several months of deliberation and considering the fact that, on an estimated cost of ₱6,000,000 for the proposed building, the annual real estate and residence tax alone that the city of Manila is being deprived of amounts to about ₱100,000. It will certainly be best for everybody concerned if a definite and clear-cut policy could be established regarding the construction of permanent buildings in the Walled City.

Port of Manila

By E. W. SCHEDLER

President, Luzon Brokerage Company

ON my return to Manila, I find increasing interest in the establishment of a free trade zone in the Port of Manila. Our comment this month will bear on such a project.

In mid-July, 1951, your correspondent was invited to attend a conference sponsored by the Foreign Trade Division of the Chamber of Commerce in the City of San Francisco, in the offices of the Chamber. Prominent shippers, importers, brokers, warehousemen, and representatives of the U.S. Customs Service and the U.S. Department of Commerce were in attendance. Mr. Alvin C. Eicholtz, of the San Francisco Chamber, arranged the meeting, and it was a pleasure to see Alvin who was here in Manila two years ago with a trade mission.

The purpose of the meeting was to review the operations of the Foreign Trade Zone No. 3 in San Francisco, to iron out various operational kinks which had arisen, and to consider suggestions and comment from interested parties. The discussion was free and uninhibited, and bent toward making the Free Trade Zone operation more convenient and more useful for international trade, consistent with American laws.

Officials of the United States Government exhibited an open mind throughout the meeting.

Your correspondent was asked to offer his comment to the meeting, and in substance, recommended:

1. That charges be held as low as possible;
2. That regulations be kept at a minimum; and
3. That publicity be given the project throughout the Pacific.

It would seem that the same recommendations will hold if a free trade zone is established in Manila.

A free trade zone is very well described by its title. However, the Propeller Club in the United States summed up the various advantages in the form of a list of "21 Freedoms". This is a specific illustration of the advantages of a free trade zone, and we repeat the list:

TWENTY-ONE FREEDOMS

1. Freedom to bring in anything domestic or foreign not prohibited by law whether dutiable or free.

2. Freedom from quota restrictions.
3. Freedom to transship without entry.
4. Freedom to export or import in the original package or otherwise.
5. Freedom from drawback headaches.
6. Freedom from immediate entry.
7. Freedom from bonds (with one exception).
8. Freedom to have goods immediately appraised and duties liquidated if desired.
9. Freedom from internal revenue tax.
10. Freedom from local liquor control.
11. Freedom from time limits on storage.
12. Freedom to break open and repack.
13. Freedom to inspect.
14. Freedom to sample.
15. Freedom to recondition or clean.
16. Freedom to import part of a shipment and export or destroy the balance.
17. Freedom to re-mark or label.
18. Freedom to mix domestic with foreign goods.
19. Freedom from duties on waste or loss.
20. Freedom to manipulate or otherwise.
21. Freedom from other customs rules and laws.

In contemplating such a zone for Manila, it must be borne in mind that it is likely to operate at a loss for several years. Up to June, 1951, the San Francisco Zone continued to operate at a slight loss. The loss, however, was not a non-recoverable loss to the community, as it was felt that other indirect advantages to the Port of San Francisco, compensated for this operating loss.

Nevertheless, such a project in Manila should be set up with the expectancy that its own books may show a deficit for several years.

Full particulars and tariff for Foreign Trade Zone No. 3, are on file with the Luzon Brokerage Company.

Ocean Shipping and Exports

By E. B. TUNOLD

Secretary-Manager

Associated Steamship Lines

TOTAL exports for the month of July of this year showed an increase of approximately 50% over exports during July of last year.

106 vessels lifted 324,488 tons of exports during the month, as compared to 229,255 tons lifted by 84 vessels during the same month of last year.

Commodities which have registered sharp increases over last year's figures for the same month are: logs from 3,961,639 to 13,623,809 bft; molasses from 4,777 to 17,629 tons; and iron ores from 32,655 to 94,091 tons.

Exports for July, 1951, as compared with exports during July, 1950, were as follows:

Commodity	1951	1950
Beer.....	475 tons	863 tons
Cigars and cigarettes.....	10 "	"
Coconut, desiccated.....	5,640 "	11,153 "
Coconut oil.....	6,028 "	5,945 "
Concentrates, gold.....	128 "	539 "
Copra.....	58,818 "	67,017 "
Copra cake/meal.....	6,212 "	5,512 "
Embroideries.....	427 "	208 "
Empty cylinders.....	655 "	315 "
Fish, salted.....	10 "	37 "
Fruits, fresh.....	30 "	23 "
Furniture, rattan.....	907 "	854 "
Gums copal.....	97 "	64 "
Hemp.....	91,688 bales	54,505 bales
Household goods.....	498 tons	7,247 tons
Junk metal.....	304 "	399 "
Logs.....	13,623,809 bft.	3,961,639 bft.
Lumber.....	4,245,148 "	7,247,486 "
Molasses.....	17,629 tons	4,777 tons
Plywood.....	12 "	43 "
Ores, chrome.....	34,565 "	19,055 "
Ores, iron.....	94,091 "	32,655 "
Ores, manganese.....	1,800 "	823 "
Pineapples canned.....	3,839 "	8,082 "

Rattan, palisan.....	299 "	78 "
Rope.....	360 "	126 "
Rubber.....	100 "	118 "
Shells, shell waste.....	58 "	42 "
Shell buttons.....	11 "	—
Skin, hides.....	61 "	147 "
Sugar cent. raw.....	41,357 "	33,271 "
Tobacco leaf.....	10 "	81 "
Vegetable oil.....	60 "	—
Transit cargo.....	456 "	621 "
Merchandise general.....	855 "	1,448 "

Lumber

By LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Co.

THE big supply of low quality logs in Japan is still affecting our log trade with that country. During the month of July, the export of logs to Japan dropped further to 11,797,184 board feet or about 6,500,000 board feet less than the previous month. The demand for peeler logs in Japan is still big; in fact, recent shipments were mostly peelers for use in the veneer and plywood industries. On the other hand, sawn lumber shipments to the United States during the same period amounted to almost twice the June shipments. The volume of logs shipped to the United States has increased only slightly.

As released by the Bureau of Forestry, the export of lumber and logs for the month of July was as follows:

Shipper	Destination	Lumber	Logs
Agusan Timber Corporation.....	U.S.A.	549,968	
Alvarez, S. J.....	U.S.A.	251,248	
Anakan Lumber Company, Inc.....	U.S.A.	774,022	
Basilan Lumber Company, Inc.....	U.S.A.	747,787	525,369
Biglig Bay Lumber Company, Inc.....	Hongkong	33,325	
Bueno, Valeriano C.....	U.S.A.	17,310	448,798
Dahican Lumber Company, Inc.....	Canada		70,899
Dee Cho Lumber Co., Inc.....	U.S.A.	900,000	
Dingalan Lumber Co., Inc.....	Japan	435,000	190,374
Heracles Lumber Co., Inc.....	Guam	46,401	
Iligan Lumber Co., Inc.....	Okinawa		450,374
Insular Lumber Company.....	U.S.A.	818,257	999,895
Luna, Cipriano & Company.....	U.S.A.	29,456	1,201,199
Marsman Development Company, Inc.....	Canada	133,269	
Martha Lumber Mill.....	Hawaii	133,269	
Misamis Lumber Co., Inc.....	Belgium	66,346	
Nasipit Lumber Company, Inc.....	S. Africa	505,124	
North Camarines Lumber Company, Inc.....	Japan		1,241,919
Pampanga Sugar Mill.....	U.S.A.	203,484	
Reynaldo Lumber Company, Inc.....	Okinawa	185,000	
Sta. Cecilia Sawmills, Inc.....	U.S.A.		450,374
Sta. Clara Lumber Company, Inc.....	U.S.A.		848,210
Suriano, L.....	U.S.A.	1,140,148	
Surigao Timber Company, Inc.....	U.S.A.	116,805	
Villarín, Porferio G.....	U.S.A.	200,000	
Vulcan Lumber Co., Inc.....	Canada		2,069,968
Western Mindanao Lumber Company, Inc.....	U.S.A.	185,000	
Woodcraft Works, Ltd.....	U.S.A.		507
	Japan		1,200,428
	U.S.A.	55,179	
	Hawaii	53,017	
	U.S.A.	1,090	
	Japan		1,350,000
	U.S.A.	299,569	
	U.S.A.	256,192	
	Japan	209,604	
	Japan		235,519
	U.S.A.	11,331	
	U.S.A.		934,071
	Japan		6,068
	Hongkong	49,003	
Totals.....		5,932,839	16,357,694

The résumé follows:

	Lumber	Logs
Japan.....		11,797,184
United States and Canada.....	4,231,354	
Other countries.....	1,701,485	

The figures do not include the rough and dressed lumber shipped to the U. S. Army for use in Japan and possibly Korea. It seems desirable that the Bureau of Forestry should keep a record of these shipments even if for statistic purposes only.

In the local market, wholesale prices have dropped by from ₱10 to ₱15 per thousand bft. due to the completion of deliveries of sawn lumber to the U. S. Army. However, they are not going to stay down long for the simple reason that the U. S. Army is calling for another tender about the end of the month for 50,000,000 bft. for delivery within the next 6 months. The Army is wise in spreading the delivery over a long period because facilities for production, transportation, etc. in the Philippines are not as yet what they should be and producers are glad to supply the Army requirements if they know that they can comply with its strict requirements as to grades, dates of delivery, etc.

Our readers will be interested to know that the government plywood factory in Davao which was being operated by the NAFCO has been purchased by the Sta. Clara Lumber Company. A program of improvement, calling for an outlay of about ₱1,000,000 in additional plywood machinery, has been drawn up by the management, and when this is completed the mill will be one of the most modern in the Philippines. Another plywood company, the Plywood Industries, Inc., capitalized at ₱3,000,000, was incorporated early this year. A modern mill equipped with three rotary lathes, a slicer, and hot and cold presses, is now being erected in Gingoog, Oriental Misamis. Most of the machinery has already arrived and is in process of being installed. Barring unforeseen developments, the new mill of the Plywood Industries, Inc. will be ready to produce hot-pressed plywood early in 1952.

Mining

By NESTORIO N. LIM

Secretary, Chamber of Mines of the Philippines

THE rehabilitation of the Philippine mining industry has dragged on but slowly for the last five years and it is estimated that the industry is as yet not even 40% rehabilitated. The present demand and favorable prices offered for base-metal ores have not proved sufficient to induce the mining companies to rehabilitate their mines, nor to induce new capital to explore new deposits. This is not alone because of the many uncertainties which beset the mining industry everywhere, but also because of the rising cost of machinery and supplies and a pyramiding of taxes here in the Philippines particularly.

It is true that a few gold mining companies now in production have been making a fair return on their investments and that some of these paid dividends in 1950 and in the first half of 1951. This, however, was partly due to the high price of gold bullion which at one time reached ₱168 an ounce before collapsing to a low of ₱114. Recently the price has firmed to ₱118.50 and it is expected to remain steady for the rest of the year. Considering the gloom pervading the industry at present, however, it is not likely that mining will progress unless some of the other unfavorable factors can be modified.

The cold war in Europe and the Korean War are not greatly conducive to the reopening of the pre-war mines in the Philippines because the big capital required would perhaps stand to be destroyed again if war came. The experience of our foreign mining men during the last war was so unbearable that they do not want to be caught again in a foreign country if another world war breaks out.

Most of our mines of importance are in the interior, in the high Sierras and Cordilleras, almost inaccessible except by single company-built roads. Often these areas

are the hiding places of the dissidents. Most of the old mines which have been left unrehabilitated are dangerous even to inspect nowadays. And the wild country where new prospects are generally found are equally dangerous. It is impossible to open up a new mine in such an area without the constant threat of harassment by lawless elements.

The looting, burning, and bombing of the mine plants, shops, and mills during the last war resulted in the loss or destruction of all machinery. After the war, it was for some time next to impossible to get mine machinery and supplies, and what could be obtained later was very expensive. By 1949 conditions had eased and mine necessities could be acquired fairly easily until the import control regulations went into effect in 1950. Excessive delays were then encountered in securing import licenses, so much so, in fact, that some of the mines were on the verge of closing for lack of supplies. Later, PRISCO took over the licensing for the mining industry and that more efficient organization saved the mines from costly shut-downs.

Recently, however, there has been another reorganization of the import control agency and for almost two months now, it has not been possible to order any new supplies or machinery. It is feared that by another month, there will be a general retardation of operation. Mines and mills run 24 hours a day and 365 days a year. There is a continuous consumption of supplies and mechanical spare-parts. Any undue delay in importation may mean a total shut-down of many mines.

Certainly, such conditions will encourage neither the further rehabilitation of old mines nor the opening of new mines.

Since the war, the wage rate has been much higher than pre-war. And the costs of providing the privileges generally granted the miners, such as rice and other food allowances, lodging, water, light, hospital and school facilities are all much higher.

The enactment of the Minimum Wage Law will therefore further discourage the opening of new mines and the rehabilitation of the old ones because the average mine-and-mill cost of extraction of metal or mineral is already so high that profits have been much reduced. The new minimum wage will increase the present cost of production per ton so much that continued operation may not be possible in many cases unless only high-grade ore can be mined, and this means losing a large tonnage of low-grade ore which could be mined profitably before the Minimum Wage Law was passed. The life of many mines has thereby been greatly shortened. And when the minimum wage in the mining industry reaches ₱4.00 a day, which will be in approximately 11 months from now, a crisis may well develop.

The taxes paid by mining companies have also greatly increased. In 1950 they averaged 38% of the net profit for that year and about 28% of the gross production. Results in 1951, considering the higher cost of supplies and higher taxes such as the 17% tax on exchange, will show a still poorer return on invested capital, and this is definitely not conducive to attracting capital to new ventures or additional capital to old ventures.

A list of mining taxes paid by mining companies follows:

1. On mining properties:
 - (a) Real estate tax of ₱1 per hectare.
 - (b) On improvements: 7.8 to 1-1.4% of the gross value.
2. On production:
 - (a) An ad valorem tax on the gold production on a sliding scale basis; an average mine pays 7% of the value of its gross production.
For base metal, the ad valorem tax is 1-1.2% on the gross production.
3. On supplies, machinery, and spare-parts:
 - (a) The dollar exchange tax of 17% on dollar remittance to pay for supplies, machinery, etc.
 - (b) A fee of 2% of the total cost of the supplies on a license is charged by the ICO.

- (c) An excise tax of 7% on the landed cost plus an additional 25% of the landed cost for the expected profit on the supplies, spare-parts, and machinery on the incoming orders of the mining companies.

4. On the profit:
 - (a) An income tax of 27% on the net profits of mining corporations.
 - (b) The withholding tax on individual dividends.

The Government envisions a great industrialization program for the country. Important industries like iron and steel, fertilizer, paper, rubber, tiles, etc. are planned. But such industries require raw mineral materials which the mining industry will have to supply.

The development of the mining industry requires the full cooperation of the Government. This cooperation could come in the form of a reduction of government requirements on mining loans, less burdensome taxes, more roads to inaccessible mining regions, increased land and water transportation facilities, the establishment of peace and order in remote mining localities, and training of young men for the mining industry.

ECA aid may be instrumental in meeting such needs of the mining industry as the Government can not provide. The mining companies will heartily welcome any such aid.

Copra and Coconut Oil

By K. B. DAY AND D. C. KELLER
Philippine Refining Company, Inc.

July 16 to August 15

RECENTLY, one of our readers commented that our column usually showed either buyers or sellers holding off, and he wondered if any substantial volume of business in copra and oil was ever actually done! We confess to a weakness in this respect, but we have tried to show the market trends. The truth is that a lot of business has been done this year; 1951 is a first-class copra year for the Philippines, with production good and markets able to absorb all the Philippines can ship. The exaggerated prices of the first quarter, however, have now settled down in accordance with the lower levels of oils and fats the world over, and have settled down to a point which would be satisfactory by any other measure than the very high export markets of the past two or three years.

So far the 1951 Philippine copra crop is approximately 50% above 1950. In comparing Philippine exports, however, it is interesting to note that while there has been no particular increase in shipments to the United States over last year, shipments to Europe, which were abnormally low in 1950, are up 150%. There are reasons for this. In the United States, in 1950, there was a good deal more stock-piling than in 1951. Also, there has been a trade recession in 1951 and coconut oil, being relatively high-priced, has suffered in comparison with cheaper fats. Consequently, the consumptive demand is down. In Europe on the other hand, there have been more free dollars available for copra, and copra has been less dear to European buyers for edible purposes than other fats, and certainly cheaper than copra from soft-currency areas where sellers have obtained a substantial premium over world markets. Also European requirements are up.

We are now in the middle of the heavy copra-producing season of the year, and from all indications, barring unexpected storms or disasters, the 1951 crop should exceed that of 1950 by a fair margin. However, unlike 1950, production has been relatively steady throughout the year, which should make for more consistent markets. This, however, invites speculation and manipulation and we have seen a good deal of that in 1950. Speculation on a large scale is never very healthful because it often results in temporary shortages and it has certainly interfered with

the orderly marketing of the crop. That is one of the reasons why dealers here are often over-cautious in their selling commitments.

Threats of war have a constant effect on the copra market and the market becomes easy or difficult as the news indicates the probability of peace or the dangers of war. Such things as these, together with the unpredictable actions of governments, makes the copra business a very risky one.

To get back to the period under review. This was a month of reaction from the lows of June/July. From a low of \$157.50 per ton c.i.f., copra advanced slowly to \$180 by mid-August and remained moderately steady at that price as the period ended. A good part of this improvement, which was due anyway, was caused by the report that the United States Government planned to place a floor of 15-1/2 cents under cottonseed oil. While the results of the floor as finally established were not as drastic as anticipated, it did serve to firm up domestic prices in the United States and consequently copra and coconut oil.

This improvement was reflected in the European value of copra which advanced from \$202 to as high as \$217.50, at which point heavy sales by Indonesia in sterling took the edge off the market.

Local prices, as usual, followed outside markets, and the Manila market advanced from ₱27 per 100 kilos to ₱33, a gain of ₱60 per ton at a time of year when copra is abundant.

The advance in copra prices naturally reflected the improvement in coconut oil which rose from 11-3/4 cents f.o.b. tanks, Pacific Coast, to 13-3/4 cents, and from \$290 per ton c.i.f. Europe to \$310. At the close of the period it was felt that both copra and coconut oil were as high as they could go at the moment and that the advance was definitely checked. While the European demand was based on edible usage, the large soapers in the United States who buy most of our coconut oil, were still comfortably fixed and uninterested in bulk shipments from the Philippines.

Denmark received another ECA allocation for meal and purchased a few thousand tons from this market at an average of \$80 per ton c. and f. Copenhagen. The Pacific Coast market continued strong at \$66 to \$67 per short ton c. and f. Coast, with indications that this price would continue.

The shipping situation appeared a bit easier and space was plentiful for the United States and not quite so difficult for Europe as it had been in previous months.

Figures submitted for July shipments are as follows:

Copra			
United States			
Pacific Coast.....	26,852	Long tons	
Atlantic Coast.....	5,034	" "	
Gulf Ports.....	2,538	" "	
South America.....			
Algeria.....	622	" "	
Holland.....	8,422	" "	
Belgium.....	9,000	" "	
Italy.....	1,430	" "	
France.....	3,100	" "	
Syria.....	100	" "	
Germany.....	1,450	" "	
TOTAL.....	58,818	Long tons	
Coconut Oil			
United States			
Atlantic Coast.....	1,553	Long tons	
China.....	309	" "	
India.....	515	" "	
Belgium.....	403	" "	
Holland.....	1,862	" "	
Mozambique.....	288	" "	
South Africa.....	505	" "	
Germany.....	400	" "	
Europe optional.....	193	" "	
TOTAL.....	6,028	" "	

Copra Cake and Meal

Honolulu.....	45	Long tons
Pacific Coast.....	5,667	" "
India.....	500	" "
TOTAL.....	6,212	Long tons

While present price levels are considerably more reasonable than those of a few months ago, and while the rapid decline has been temporarily checked and in fact reversed, the tremendous United States crops in prospect, plus increased production from other areas which is doing much to supply European demand, are factors that must constantly press on copra and coconut oil prices. Barring the unexpected, the long-range prediction today can only be for lower levels, although these levels may only be attained very gradually and over a considerable space of time, and will doubtless be interrupted by temporary market fluctuations.

Desiccated Coconut

By HOWARD R. HICK
President and General Manager
Peter Paul Philippine Corporation

THIS report covers the period from July 15 to August 15. During this period, most desiccated factories continued on reduced production or were shut down. Sales in the United States continued slow and there have been reports of further reduction in prices.

The following are the shipping statistics for the month of July:

Shippers	Pounds
Franklin Baker Company.....	1,314,470
Blue Bar Coconut Company.....	1,242,820
Peter Paul Philippine Corp.....	2,211,600
Red V Coconut Products, Ltd.....	397,000
Sun Ripe Coconut Products, Inc.....	957,250
Standard Coconut Corporation.....	105,000
Cooperative Coconut Products, Inc.....	416,500
Tabalacera.....	
Coconut Products (Phil.) Inc.....	198,275
Total.....	6,842,915
*Zamboanga Factory Production..... 301,300 lbs.	
Lusacan Factory Production..... 941,320 "	
Total Blue Bar Production.....	1,242,820 lbs.

Manila Hemp

By FRED GUETTINGER
Vice-President and General Manager
Macloed and Company of Philippines

THE period under review extends from July 16 to August 15. This period was marked by limited gains in prices of both terminal and provincial markets but this effect was thin and appeared to be caused solely by the necessary re-entrance into the market of otherwise dormant buyers in order to maintain their pipeline. It is merely a continuation of the previous period with probably a bit more interest in order to maintain inventories. Both Japan and London, which were quite active during the previous period, showed definite resistance to present price levels. Japan's normal seasonal increase in demand, which can be expected in August for September/October position, did not materialize and it is felt that Japan, with its more immediate relationship to the Kaesong truce results, is holding off in hope of reduced prices following a workable solution of the present peace talks.

July pressings, totalling 78,495 bales, were an extension of the May/June decline; however, Davao balings

remained at June's level with the Non-Davao areas causing the decline. Total pressings for the first 7 months of 1951 now stand at 638,335 bales, against 413,008 for 1950. This increase of 54% over 1950 is a further decline in the rate of increase maintained earlier in the year.

The following are the comparative figures for the balings of the first 7 months of 1947 through 1951:

	Balings — January-July Inclusive				
	1951	1950	1949	1948	1947
Davao.....	298,682	200,611	129,123	128,410	219,357
Albay, Camarines and Sorsogon.....	168,289	99,917	71,863	122,769	139,792
Leyte and Samar.....	108,273	66,461	66,793	72,591	47,111
All other Non-Davao.....	63,091	46,019	49,487	77,361	47,195
Total bales.....	<u>638,335</u>	<u>413,008</u>	<u>317,266</u>	<u>401,131</u>	<u>453,455</u>

Exports during July, at 97,895 bales, were well above pressings and reflect the general slowdown throughout the industry that is caused by the Kaesong talks. The heavy sales of the April/May period, shipped from July stocks, are not being replaced until the situation clarifies.

The following are the comparative figures for exports for the first 7 months of 1947 through 1951:

	Exports — January-July Inclusive				
	1951	1950	1949	1948	1947
United States and Canada.....	395,171	194,575	113,663	180,905	319,343
Continental Europe.....	103,450	71,213	64,498	66,600	76,186
United Kingdom.....	111,240	44,599	23,207	49,945	28,745
Japan.....	72,333	55,105	79,735	109,661	1,600
South Africa.....	11,243	3,675	2,896	1,857	3,150
China.....	2,845	8,491	8,641	7,436	1,506
India.....	4,032	3,930	2,800	665	4,850
Korea.....	—	3,100	—	—	—
Australia and New Zealand.....	1,300	625	350	42	500
All other countries.....	—	—	80	2,853	1,900
Total bales.....	<u>701,614</u>	<u>385,313</u>	<u>295,870</u>	<u>419,964</u>	<u>437,780</u>

Sugar

By S. JAMIESON
Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from August 1 to August 31, inclusive.

New York Market. In the first half of August the market was dull, with prices drifting downward. The trade was seemingly content to draw on its refined inventories for current distribution, hence refiners showed little interest in raws. In turn, Cuban holders, in virtual control of the supply of raws, refrained from pressing sales. But August and September are normally months of heavy consumption in the United States, and, doubtless with that in mind, the trade by the middle of the month had apparently decided they had permitted their inventories to fall low enough and that the time had come to replenish them. With an improved demand for refined, refiners began to show interest in raws, which resulted in a firmer market and better prices in the second half of the month. Cuban holders proceeded cautiously, selling slowly as prices improved, and showing no disposition to sell heavily below 6.25%. There were indications that sugar deliveries for the second half of August would be better than for the first half, but total deliveries were still far behind last year's figures, being only 4,998,688 tons raw value as of August 18, compared with 5,588,325 tons in the similar period last year, or a decline of 589,637 tons.

On August 1 the market opened steady. Spot was 6.05% and 12,500 tons Porto Rican, Cuban, and Hawaiian sugar for August/September arrival were sold at the same price. There was nothing doing for the next few days. On the 7th, spot had fallen to 6%, and a parcel of 1,520 tons

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Peruvian sugar for end-of-August arrival was sold at 5.95¢. On the 8th, spot was 5.90¢, and 4,000 tons Cubas and 2,000 tons Philippines for September/October arrival were sold at the same price. On the 10th, spot fell to 5.85¢. On the 14th, there was a sale of 15,000 bags Porto Ricos for prompt arrival at 5.86¢. On the 17th the market was steadier, and 2,000 tons of Philippines for prompt arrival were sold at 5.87¢. Refiners were now showing more interest. On the 22nd a Gulf refiner took 2,700 tons Cubas for September arrival at 5.98¢, and spot advanced to 5.90¢. On the 24th, 1,550 tons Cubas were sold at 6.15¢ and 3,200 tons at 6.10¢ for September arrival. On the 27th, there were sales of 2,200 tons prompt Cubas at 6.15¢, and 18,000 tons Cubas and Hawaiians for September-October shipment at 6.20¢, and spot rose to 6.15¢. On the 28th, spot reached 6.25¢, and 9,000 tons Cubas and Porto Ricos for September shipment were sold at the same price. Then there was a pause in the market. On the last day of the month, it closed steady, with a sale of 25,000 bags Porto Ricos at 6.20¢ for September shipment and sellers but no buyers of Cubas at 6.25¢. Spot closed at 6.20¢. On August 29 a sale of 2,000 tons new crop Philippines for December/January shipment was made at 6.10¢.

We give below quotations on the New York Sugar Exchange for Contract No. 6 as of August 31, and, for comparison, the peak quotations during the month:

	Closing Quotations	Peak Quotations
November.....	5.68¢	5.73¢—August 28
March, 1952.....	5.56	5.58 —August 28
May.....	5.58	5.59 —August 28
July.....	5.64	5.65 —August 29

World market Contract No. 4 quotations closed on August 31 as follows:

January, 1952.....	5.78¢
March.....	5.38
May.....	5.38
July.....	5.38
September.....	5.38

The world market spot price on August 31 was 5.60¢, compared with 6.25¢ on July 31. Cuban sales in the world market during the month included the following:

To British Ministry of Food.....	11,000 tons at 6¢ f.a.s. and 30,000 tons new crop for February / March shipment at 5/20¢ f.a.s.
To France.....	6,000 tons September shipment at 5.40¢ f.a.s.
To Holland.....	4,000 tons September shipment at 5.40¢ f.a.s.

The British Ministry of Food also bought 100,000 long tons of Santo Domingo sugar for shipment in equal quantities during January/April, inclusive, at an average price of 5.10¢ f.a.s.

Local Market. (a) Domestic Sugar. The market continued firm. Bureau of Commerce quotations as of August 29 were as follows:

Centrifugal.....	97" —	¢16.25 per picul
	98" —	16.70 " "
Washed.....	99" —	18.50 " "

(b) Export Sugar. Exporters were reported to have paid \$15 per picul, ex mill warehouse, Victoria basis, for a parcel of 2,000 tons for prompt shipment to Indo-China under the auspices of ECA, and we are informed there are further buyers at the same price for the same purpose. This was a much higher price than could be paid for spot deliveries for shipment to the United States, the closing quotation for which was \$13.75 per picul, Victoria basis. There were buyers of new crop sugar at \$13.50,

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Victoria basis, for delivery up to January 31, 1952, but sellers were uninterested and no business was reported.

General. Extension of Sugar Act. Both the U. S. Senate and the House passed the House Bill extending the Sugar Act of 1948 another four years to December 31, 1956, and it has been forwarded to the President for signature. As expected, the Philippine sugar quota of 952,000 short tons was not changed.

1951-52 Philippine Crop Estimate. The Philippine Sugar Association has released a preliminary forecast of 1,189,756 short tons for this crop. It is based on estimates furnished by the Centrals, and, if realized, would be sufficient to cover the 1951-52 domestic quota of 230,000 short tons and the United States quota of 952,000 short tons. Milling is expected to start earlier than usual, particularly in the Visayas, where a few mills will start in the beginning of October and several others the middle of October.

Freight Rates. Negotiations are proceeding between the Sugar Rate Committee of the Associated Steamship Lines and the Sugar Shippers' Committee for the 1951-52 freight on sugar to the U. S. Atlantic Coast and it is expected that a rate will be agreed upon before the start of milling in October.

Cuban Crop. The final 1951 crop out-turn is reported as 6,348,318 short tons, compared with 6,126,099 short tons for 1950.

Tobacco

By LUIS A. PUJALTE

Secretary-Treasurer

Manila Tobacco Association, Inc.

THE effects of the typhoon "Louise" were not as bad generally as reported. Some areas suffered severely, especially in Cagayan, losing a great portion of their

corn crop, but in Isabela the destruction was not bad at all and buying has gone on normally. There is still a fair proportion of the crop in the hands of the growers, and though large-scale buyers have purchased their share of the crop, the numerous small purchasers seem indecisive and cautious.

In general the crop is of very good quality, though over 20% of the crop was badly affected by caterpillars in the plants, which means a greater proportion of stem to leaf. This is specially true of various places in northern Isabela and southern Cagayan.

Count Cosme de Churruta, who left for Spain in December, 1949, and from whom I took over this column in the *Journal* is returning to Manila on board the M.S. *Felix Rouseff*, arriving on the 17th of this month. I feel certain my readers will join me in welcoming him through this column.

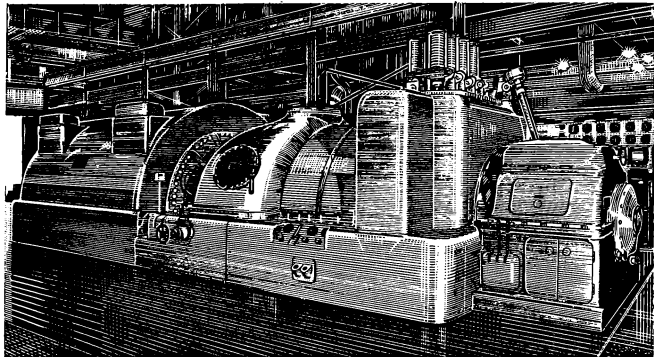
Imports

By S. SCHMELKES
Mercantile, Inc.

ALL figures are in kilos with the exception of those for foodstuffs which are given in package units:

Commodities	July 1951	July 1950
Automotive (Total).....	1,085,897	722,848
Automobiles.....	210,286	75,593
Auto Accessories.....	1,822	445
Auto Parts.....	96,440	196,696
Bicycles.....	3,023	3,532
Trucks.....	41,563	7,759
Truck Chassis.....	178,348	214,240
Truck Parts.....	70,018	114,835

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Board, Fibre.....	—	57,459	Office Supplies (Total).....	49,992	59,789
Cement.....	130,292	103,909	Paper (Total).....	7,619,668	6,491,878
Glass, Window.....	751,017	355,264	Photographic (Total).....	33,464	12,571
Gypsum.....	45,359	1,086,167	Raw Materials (Total).....	783,648	377,959
Chemicals (Total).....	6,197,662	5,088,573	Sporting Goods (Total).....	44,304	13,240
Caustic Soda.....	958,666	137,938	Stationery (Total).....	505,445	415,913
Explosives (Total).....	—	—	Tobacco (Total).....	424,654	4,192,834
Fitarms (Total).....	2,971	109,921	Chucheria (Total).....	71,343	95,855
Ammunition.....	2,971	108,344	Clothing and Apparel (Total).....	245,564	182,744
Hardware (Total).....	7,149,585	5,526,090	Cosmetics (Total).....	7,171	76,509
Household (Total).....	838,889	849,932	Fabrics (Total).....	1,258,162	1,093,671
Machinery (Total).....	2,663,895	2,638,479	Jewelry (Total).....	454	—
Metals (Total).....	13,081,462	8,583,858	Leather (Total).....	144,090	192,277
Petroleum Products (Total).....	48,962,695	70,534,780	Textiles (Total).....	2,405,981	1,961,535
Radios (Total).....	7,543	22,634	Twine (Total).....	148,578	62,160
Rubber Goods (Total).....	1,207,074	675,571	Toys (Total).....	10,850	2,573
Beverages, Misc. Alcoholic.....	14,028	20,464	General Merchandise (Total).....	544,403	320,301
Foodstuffs (Total Kilos).....	44,472,107	23,240,304	Non-Commercial Shipments (Total).....	75,676	47,474
Foodstuffs, Fresh (Total).....	108,037	125,996	Advertising Materials, Etc. (Total).....	15,052	11,521
Apples.....	450	1,664			
Oranges.....	15,925	22,120			
Onions.....	61,022	52,845			
Potatoes.....	7,223	17,971			
Foodstuffs, Dry Packages (Total).....	34,358	34,058			
Foodstuffs, Canned (Total).....	706,620	288,047			
Sardines.....	30,624	129,289			
Milk, Evaporated.....	306,471	64,208			
Milk, Condensed.....	103,246	400			
Foodstuffs, Bulk (Total).....	627,654	438,568			
Rice.....	94,999	—			
Wheat Flour.....	466,755	398,253			
Foodstuffs, Preserved (Total).....	192	269			
Bottling, Misc. (Total).....	1,263,853	1,070,249			
Cleansing and Laundry (Total).....	134,918	1,095,523			
Entertainment Equipment (Total).....	645	13,107			
Livestock-bulbs-seeds (Total).....	1,063	3,180			
Medical (Total).....	743,854	419,048			
Musical (Total).....	48,380	90,092			

Food Products

By G. L. MAGEE

Trading Division

Marsman & Company, Inc.

WITH excessive stocks still available in the market of such commodities as evaporated milk, whole powdered milk, canned meats, and some canned fish, prices during the past month continued weak. As supplies in the hands of Manila importers moved into the hands of provincial dealers, there were slight signs of improvement especially for the better known brands.

Arrivals of evaporated milk during August amounted to approximately 140,000 cases, while 60,000 cases of con-

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Cebu—Iloilo—Bacolod—Davao—Legaspi

densed milk were received during the same period. Prices of the less generally known brands continued at a low level, with a nominal improvement toward the end of the month, but wholesalers' ceiling prices still indicated substantial losses over laid-down costs. Prices of the popular brands firmed with fair demand, but the over-stocked position is not likely to clear for at least three months.

Potted meats and Vienna sausage have been arriving in the market in large quantities since the early part of June. While sales have been active and consumers have shown an encouraging interest in these foods, present stocks will meet the country's requirements for several months to come.

One factor contributing to the steadier prices of imported foods now in large supply was the uncertainty as to the availability of import licenses, even for commodities which have been decontrolled. The Import Control Commission has been confronted with special problems of organization as a result of which few licenses for the importation of food products have been available to importers, except for licenses passed by PRISCO late in the second quarter of the year, many of which were re-validated by ICC.

As far as the local supply of canned fish is concerned, there is now a shortage of certain packs, especially ovals in tomato sauce, prices of which have advanced. Sardines in natural sauce still seem to be in plentiful supply. Opening prices for the new pack were received during the month, but few contracts were taken because of unavailability of import licenses. News from the Monterey district of California as to this year's run of pilchards is most unsatisfactory, with an indication that this year's pack will be much smaller than anticipated. Unless a more satisfactory run of fish develops along the south California coast, the Philippines faces uncertain prospects in securing its usual canned fish requirements.

Although there are good stocks of corned beef in the market, prices firmed during the month with indications that they will continue at present levels.

Flour stocks in the market are now running low, with stocks on hand or in sight sufficient for less than 60 days requirements. Much of the flour now offered has been imported at prices outside of IWA which was permitted at the time when wheat flour was decontrolled. Selling prices for the most salable brands advanced rather sharply at the end of the month and reached figures considerably above the previous ceiling prices. Because of the arrival of non-IWA flour in the market, the old ceiling prices established by PRISCO had been removed, permitting flour price levels to respond to the market situation as to supply and demand.

Toward the end of the month, a move was taken by PRISCO, apparently contemplating another direct importation of flour, and requests for quotations were sent out to the local mill representatives. This action, however, prompted an immediate counter-move on the part of the Chinese Flour Dealers' Association and other entities involved in the flour-quota litigation, finally decided by the Supreme Court in July, which threatened PRISCO with a writ of injunction unless steps were taken to protect the position of the old established importers in compliance with the Court ruling. As a result, PRISCO agreed to withdraw from the picture as a direct importer of flour, permitting the business to go to the firms properly entitled to quotas on the basis of the 1949 records of importations. As things stand at present, it is anticipated that the Import Control Commission will soon take action on applications for flour licenses so that stocks may be shipped during September to relieve the shortage which is already developing. This flour, of course, will arrive at IWA prices. It is anticipated that licenses permitting the arrival of

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some 3,319,000 bags of flour within the next four months will be issued.

UNDER the terms of an executive order signed on August 26, a considerable list of food products was given, importation of which is to be banned immediately. The list included all fresh fish, mixed feeds for poultry and animals, vegetable juices, except tomato juice, certain fresh fruits, fresh eggs and dried eggs, animal oils and fats, canned bacon, ham and poultry, fresh, dried or dehydrated vegetables including white potatoes, and vegetable oils and fats. This order shuts out of the Philippine market a substantial number of imported foods which have been commonly offered, and for which there has existed a steady demand.

Among the items to be banned effective July 1, 1952, are onions and garlic, yeast, and shelled peanuts. These products have been in consistent demand in this country for many years, are common to the people's diet, and are not obtainable from local production in sufficient quantity to take care of the usual demand.

PRICE of rice showed a tendency to advance during the month, influenced larger by the damage suffered by the crops in Central Luzon provinces during the recent typhoons.

Textiles

By W. V. SAUSSOTTE
General Manager
Neuss, Hesselein Co., Inc.

THE Import Control Commission released its final "Rules and Regulations for the Enforcement of Republic Act No. 650" on August 6. While a few minor changes were made particularly as regards supporting papers for license and quota applications, the final regulations are about the same as the tentative regulations which were published in July.

It will be recalled that on July 2 the Import Control Commission ordered a suspension of the release of all licenses which had previously been approved by the old ICA and by PRISCO on or before June 30 but which had not been called for at that time. The purpose of freezing the release of these licenses was to have them re-screened. While this process appears to have been more or less completed by August 1, the Central Bank, by means of a letter dated August 4 addressed to the Import Control Commission and sent to all banks for their information, again froze the release of these previously approved licenses and required that before their release, or before banks established letters of credit against those already released, they be revaluated under the signature of the Executive Officer of the Import Control Commission.

In the case of licenses covering the so-called "Decontrolled" items, the revaluation appears at present to be about 90% completed. In relation to the total number of licenses processed for revaluation, only a relatively small percentage was cancelled. However, with reference to licenses for the "Controlled" commodities, all licenses issued by PRISCO after June 10 but against which letters of credit had not been established, were cancelled.

The foregoing resulted in protracted delay in getting letters of credit established against previously approved licenses, and this caused local prices to advance considerably during the month of August. Percentage-wise, the increase approximates 20% for all categories of textiles. It is to be noted that at no time during the last 90 days, irrespective of the drop in local prices brought about by the liberal licensing policy of PRISCO with respect to "Decontrolled" items, did local prices go below landed costs and/or replacement costs. A few of the staple items

such as denims and certain print cloth constructions, reached a level approximating landed and/or replacement costs, but no losses have actually been taken. The upward tendency which occurred during August might therefore be interpreted as having removed the *threat* of losses from the local textile market.

Due to the fact that the Import Control Commission has acted fairly quickly with respect to the Central Bank's request of August 4 calling for revaluation of certain licenses, it is not expected that the local price structure will rise further during September.

By the 1st of September, the Import Control Commission was able to complete its administrative re-organization and with the publication of its final rules and regulations concerning the submission of applications for licenses and quotas as noted above, and the publication on September 3 of the commodity class and item numbers for decontrolled, controlled essential, and controlled non-essential items, the public was invited to commence the submission of the necessary information and application forms upon which quotas will be established and/or licenses eventually issued.

The only textile item remaining on the "Decontrolled" list is used clothing irrespective of fiber.

The principal textile items which appear on the list of "controlled essential items" are raw cotton, mercerized cotton yarns, cotton twines, cotton ducks, bleached cotton cloth for embroidery purposes and re-export, cotton sewing

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and crochet threads, blue denims and other cottons woven with dyed yarns. Included also are beltings, filter cloth, surgical gauge, rubberized fabrics and surgical dressings made of cotton, and all jute piece goods, sacks, and baggings. Wool and yarn is also included in this list, as are piece goods and remnants made of rayon and other synthetic fibers, including rayon threads and yarns.

All textiles items not appearing in the "decontrolled" or "controlled essentials" lists come under the list of "controlled non-essentials".

While the exact basis for the allocation of exchange against the three basic categories has not as yet been officially announced, it is understood that licenses for "decontrolled" items will, for all practical purposes, be allowed without limitation, and that exchange for licenses covering "controlled essentials" will be issued on the basis of 100% of their 1949 imports as they appear on the Summary of Invoices submitted by the applicants. With reference to exchange for the "controlled non-essential items", it is believed that this will be done on the basis of approximately 60% of 1949 imports.

Prices in the United States remained firm since the cotton production report was announced by the United States Department of Agriculture on August 8. Against an estimate of 17,000,000 bales, the production report revealed 17,266,000 bales, and since this figure was approximately what the trade expected, prices in the United States have been steady all during the month of August. There have been two or three changes both upward and downward, but one has offset the other so that the New York market has been remarkably steady. Some rayons, however, continue to be sold below their replacement costs.

DURING August, arrivals from the United States totaled 19,720 packages, including 10,121 packages of cotton piece goods and 697 packages of rayon piece goods. Included also were 1,399 packages of cotton seine twine and wrapping twine, 1,355 packages of sewing thread, and 3,845 packages of cotton pound goods and 790 packages of rayon pound goods. Arrivals of all textiles, including made-up goods from other countries, consisted of 1,072 packages from Japan, consisting almost entirely of items other than piece goods for wearing apparel, 1,350 packages from Europe, including 1,136 packages of sewing thread, 561 packages of Hessian cloth from India, and 361 packages of miscellaneous goods from China.

August total arrivals from all sources amounted to 23,067 packages, compared with 13,008 packages for July. August arrivals were the largest since January of 1950 and for the first time since then the monthly arrivals have approximated the annual monthly arrivals of 22,600 packages for 1949.

Legislation, Executive Orders, and Court Decisions

BY ROBERT JANDA
Ross, Selph, Carrascoso & Janda

DURING the past month the Supreme Court, in the case of *Uy Hoo & Co. vs. Yuseco*, G. R. No. L-3601, again reaffirmed that Republic Act No. 342 had not lifted the defense of moratorium with respect to indebtedness contracted during the Japanese occupation and held that a plaintiff had no cause of action for collection of such obligations at this time, provided the defense were raised at any time during the course of the action.

The Supreme Court, in the case of *Philippine Alien Property Administration vs. Castelo*, G. R. No. L-3981, held that the right to sue the Custodian depended upon

the consent of the United States since the Administration was an agency of the United States Government which could not be sued without its consent. The Court held that the existing law authorized actions for the recovery of ownership and possession of vested properties in accordance with the procedures outlined but did not authorize recovery of damages against the Administration.

DURING the month the Bureau of Internal Revenue has ruled that the license fee collected by the Import Control Office and the 17% exchange tax collected by the Central Bank must be included as part of the landed cost of merchandise for the purpose of the advance payment of sales tax, except in cases where such taxes were refundable in accordance with law. The ruling is not clear as to the status of merchandise imported without the purchase of dollar exchange.

Philippine Safety Council

By FRANK S. TENNY,
Executive Director

NEWs of local safety activity continues to be intensified, with each month's report being more inclusive than that for the previous month.

Three schools were conducted by the Council in August and September. A security-guard training class was held for representatives from ten firms; an advanced instructors' first-aid training course is underway in conjunction with the Philippine National Red Cross; and the driver training class of the Taxicab Inspection Service accepted 19 students, graduating 10 of them. Thus 90 persons were trained in modern safety procedures and will impart their knowledge to others in their respective companies.

The Fire Prevention Board is currently inspecting local theaters preparatory to establishing up-to-date standing-room and evacuation plans. A committee composed of Fire Chief Cipriano Cruz, Assistant City Engineer Licuanan, and the undersigned has already inspected the Avenue, Capitol, Ideal, Lyric, Palace, Rialto, State, and Times moviehouses. The program includes all cinemas, both in Manila and in the provinces. The Board is also rendering technical and professional assistance to the Dagupan City Fire Department and plans are being finalized to do the same for Tacloban.

A new client member of the Council is the Muller & Phipps Manufacturing Corp., which is beginning operations at the former Lissar plant in Makati. Stress is presently on security and fire-prevention phases.

Plans are progressing on a payroll-delivery plan and inquiries are invited from interested firms. The element of air transportation is a part of the program.

The Board of Directors recently approved the establishment of a Chapter of the Council in Dagupan, Pangasinan. Police Chief Felipe N. Cuison is acting Coordinator. Outside of Manila, there is more PSC activity in the Dagupan area than anywhere else in the country.

The Board of Directors recently adopted a stand favoring Traffic Court Judge Gregorio N. Garcia's unrelenting campaign against serious traffic violators. In spite of pressure brought to bear by disgruntled offenders, both the Council and the Mayor's Traffic Committee have sent him resolutions of support.

Company safety activities continue in the San Miguel Brewery, Meralco, Ayala y Cia., Pepsi-Cola Bottling Co., Delgado Bros. Arrastre Contract, Pantranco, Bachrach Motor Co., Isaac Peral Bowling Alley, Colgate Palmolive Philippines, Luzon Brokerage Co., the Atlantic Gulf and Pacific Co., Philippine Iron Mines, Muller & Phipps, and the Taxicab Inspection Service.



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OTHER VALUABLE REFERENCES

PORTS OF THE WORLD, 1950 ed.— published by Ship- ping World, Ltd. (London)	\$18.50
BRITANNICA BOOK OF THE YEAR 1949 (A record of the the march of events of 1948)	28.00
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THE United States Special Technical and Economic Mission in Manila has made public a revised itemized list of materials and equipment authorized for purchase under the \$15,000,000 E.C.A. aid program for the Philippines, through June 30, 1951.

The specific figures are as follows:

		VALUE	
AGRICULTURE:			
Fertilizer (for distribution in small farm area)			
Ammonium Sulphate	4,000 M/T	\$325,000	
Nitrogen Phosphate Fertilizer	5,000 M/T		
High Analysis, Phosphate and Potash		675,000	
Fertilizer Bags	1,000 M/T	31,000	
Technical Assistance		13,500	
			\$1,044,500
Loa Baños Agricultural College			
Miscellaneous Industrial Materials and Manufactured Commodities		43,000	
Iron and Steel Manufactures		481,000	
Scientific and Professional Apparatus and Instruments		188,000	
Chemicals and Chemical Preparations (excluding fertilizer)		64,000	
Electrical Apparatus		30,000	
Petroleum Products		23,000	
Lumber Sawmill Production		9,000	
Construction Materials		7,000	
Telephone System Materials		3,000	
Technical Assistance		83,000	
			\$931,000
Abae Disease Control			
Agricultural Pesticide	\$ 32,000		
Research Equipment	50,000		
Technical Assistance	13,500		
			\$101,500
Irrigation Pumps with Engines and Accessories (for installation in small farm areas)			
	700,000		
Technical Assistance	13,500		
			713,500
Fiber Research			
Research Equipment	191,000		
Technical Assistance	13,500		
			204,500
Soil Survey and Conservation			
Equipment	154,000		
Technical Assistance	13,500		
			167,500
Coconut Research			
Equipment	77,000		
Technical Assistance	13,500		
			90,500
Agricultural Extension			
Equipment	170,000		
Technical Assistance	13,500		
			183,500
Public Land Subdivision			
Survey Equipment	70,000		
Technical Assistance	13,500		
			83,500
Animal Production			
Inedible Animals	50,000		
Technical Assistance	13,500		
			63,500
Forest Products Laboratory			
Technical Assistance		13,500	
			\$3,597,000

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Laboratory Rehabilitation		91,000
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ESSENTIAL COMMODITIES (for sale through regular commercial channels)		
Tractor Parts	\$302,000	
Truck Parts	457,000	
Faint and Varnish	398,000	
Fish Hooks and Nets	260,000	
Caustic Soda and Carbide	240,000	
Cotton Yarn	222,000	
Tractor Tires and Tubes	20,000	
Leather	505,000	
Raw Cotton	170,000	
Fertilizer	1,000,000	
Oil Cake Meal	92,000	
Fertilizer Bags	84,000	
Pulp, Paper and Paper Products	697,000	
Nitrogenous Fertilizer	1,279,000	
TOTAL FOR ESSENTIAL COMMODITIES		\$5,726,000
MANUFACTURING, MINING		
Cottage Industries		
Equipment	\$316,000	
Technical Assistance	40,000	
		\$156,000
Coal Survey		
Coal Mining Equipment	182,000	
Technical Assistance	30,000	
		212,000
Mining School Rehabilitation		
Scientific Instruments, and Manufactured Commodities	69,000	
Technical Assistance	15,000	
		84,000
Ilocos Textile Mill		
Industrial Machinery and Electrical Apparatus		160,000
Strategic Mineral Survey		
Technical Assistance	136,000	
		15,000
		151,000
Oil Refining Survey		
Technical Assistance		15,000
TOTAL FOR MANUFACTURING		\$778,000
TRANSPORTATION, COMMUNICATIONS, POWER, PUBLIC WORKS		
Railroad Survey		
Technical Services		\$ 60,000
Low Cost Housing		
Industrial Project Commodities	\$573,000	
Technical Assistance	30,000	
		603,000
Electric Power		
Technical Assistance		15,000
Highway Rehabilitation		3,000,000
TOTAL FOR TRANSPORTATION, ETC.		\$3,678,000
EDUCATION		
Specialized Teacher Training		
Equipment		45,000
Rehabilitation Vocational Schools		
Vocational Training Equipment	143,000	
Technical Assistance	30,000	
		173,000
TOTAL FOR EDUCATION		218,000
INFORMATION		
Program Information		
Supplies		50,000
Technical Assistance		27,000
TOTAL FOR INFORMATION ..		77,000
TECHNICAL ASSISTANCE		
Services of Expert Advisors		330,000
GRAND TOTAL TO DATE		\$15,000,000

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COST OF LIVING PRICE INDEX OF WAGE EARNER'S FAMILY¹ IN MANILA BY MONTH, 1948 TO 1951

(1941 = 100)

Bureau of the Census and Statistics
Manila

	All Items (100)	Food (63.43)	House Rent (11.96)	Clothing (2.04)	Fuel, Light and Water (7.73)	Miscellaneous (14.84)	Purchases of a Peso
1948							
January.....	390.7	427.6	453.9	224.5	304.6	249.9	2560
February.....	369.8	394.0	453.9	223.8	301.1	254.4	2708
March.....	349.4	361.0	453.9	214.6	308.1	255.9	2862
April.....	354.6	374.1	453.9	209.4	289.7	254.8	2820
May.....	349.8	360.2	453.9	214.2	289.7	271.6	2859
June.....	354.3	370.4	453.9	205.2	262.2	262.9	2823
July.....	356.4	374.2	453.9	201.3	281.6	262.4	2806
August.....	363.6	385.7	453.9	199.8	281.6	261.7	2751
September.....	370.6	397.2	453.9	199.2	279.6	260.6	2698
October.....	374.9	404.0	453.9	204.8	283.2	257.9	2668
November.....	358.7	394.4	453.9	202.0	281.6	258.7	2712
December.....	365.9	389.9	453.9	202.0	282.4	258.9	2732
1949							
January.....	363.8	386.8	453.9	202.0	279.0	258.9	2750
February.....	343.8	355.5	453.9	203.0	277.5	258.9	2909
March.....	345.3	358.2	453.9	203.0	276.3	258.5	2896
April.....	348.7	362.6	453.9	197.6	287.5	257.1	2868
May.....	348.8	362.8	453.9	197.2	287.5	257.1	2867
June.....	349.0	362.9	453.9	203.9	287.5	257.2	2865
July.....	351.7	374.0	453.9	194.2	265.8	240.5	2844
August.....	351.2	351.2	453.9	205.1	266.5	243.2	2863
September.....	333.6	345.1	453.9	190.3	264.8	243.1	2998
October.....	332.9	343.3	453.9	199.9	264.8	245.0	3004
November.....	339.6	356.1	453.9	191.1	258.4	239.8	2945
December.....	329.6	335.9	453.9	202.0	259.5	256.2	3035
1950							
January.....	332.3	336.8	453.9	202.0	253.1	269.3	3010
February.....	336.9	340.2	453.9	233.3	257.8	284.1	2969
March.....	339.0	341.4	453.9	236.7	257.8	296.6	2950
April.....	331.8	328.6	453.9	237.7	252.9	301.2	3015
May.....	320.2	308.6	453.9	244.7	249.7	309.1	3123
June.....	323.1	310.9	453.9	245.0	249.7	319.1	3095
July.....	332.0	322.4	453.9	253.6	249.7	320.7	3012
August.....	334.4	325.9	453.9	258.7	251.1	328.4	2990
September.....	341.3	335.0	453.9	317.4	252.5	327.5	2930
October.....	352.8	351.1	453.9	337.3	249.7	334.5	2835
November.....	354.1	353.3	453.9	322.8	249.7	335.9	2825
December.....	352.2	350.5	453.9	325.2	249.7	334.8	2839
1951							
January.....	355.2	355.0	453.9	331.5	249.7	334.6	2816
February.....	358.4	359.8	453.9	342.8	249.7	334.4	2790
March.....	352.4	349.3	453.9	375.4	248.8	334.3	2838
April.....	361.2	362.6	453.9	398.6	247.5	334.7	2769
May.....	365.0	367.0	453.9	410.4	247.5	339.5	2740
June.....	367.8	372.0	453.9	399.5	247.5	337.7	2719
July.....	366.3	370.1	453.9	382.0	247.5	339.0	2730
August.....	365.1	371.4	453.9	354.0	247.5	329.1	2739

¹ Average number of persons in a family = 4.9 members.

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The "LET YOUR HAIR DOWN"

Column

IN acknowledgment of a short review in last month's *Journal* of the International Harvester publication on soil management, we received the following note from Mr. Richard M. Bownass, of that Company:

"We have just received our August issue of the American Chamber of Commerce *Journal* and thank you very much for the kind words which you have afforded us on page 284 concerning our recent publication, 'Are we Soil Managers?' This publication has met with very favorable response from its recipients, and we feel as you do that those interested in agriculture are sure to be interested in the contents of our pamphlet.

"Sincerely yours, etc."

We like Mr. Bownass' use of the pronoun "our" with reference to the *Journal*. He might have used the words "the" or "your". We want readers to feel that the *Journal* is theirs.

The following letter from Mr. Herbert K. May, Treasury Attaché, American Embassy, addressed to Mr. Amos G. Bellis, and made available to us by courtesy of the latter, is of interest in connection with the edi-

torial in last month's *Journal* on the Philippine exchange tax of 17% being applied to remittances of United States income taxes by Americans residing here:

"American Embassy,
Manila, Philippines,
August 13, 1951.

"Mr. Amos G. Bellis,
c/o J. P. Heilbronn Co.,
Port Area, Manila.

"Dear Mr. Bellis:

"In your letter to the Embassy for the attention of Minister Harrington, dated May 10, 1951, you outlined your problems in connection with the 17% exchange tax that the Philippine authorities collected on your income tax remittances to the United States.

"A number of suggestions have been made to the Central Bank of the Philippines on ways to have income tax payments to the United States exempted from the exchange tax. The Philippine Central Bank holds to the position that it is not possible under the Philippine laws to grant exemption from the payment of the exchange tax in cases where pesos are converted into dollars for the purpose of United States income tax payment. However, the Bank has stated that it would approve an arrangement whereby income tax payments to the United States would be made in pesos directly to this

Embassy and the Embassy would then remit these payments to the American Internal Revenue authorities. Since the conversion into dollars for the purpose of payments to the Federal Government by the Embassy is not subject to the Philippine exchange tax, the individual income tax payments effected through this channel would also be exempted from the tax.

"The aforementioned plan is only one of several being studied in Washington in connection with a review of the whole problem of the Philippine exchange tax as applied to income tax remittances to the United States. Since nothing definitive has as yet been decided by the government authorities concerned, this is all we are able to report on this question, at this time.

"Very truly yours,

"For the Ambassador:
"HERBERT K. MAY
Treasury Attaché"

The following letter was received from the Acting Secretary L. S. Lozano of the Davao Chamber of Commerce:

"In response to your letter of June 20, 1951, re subscription to the American Chamber of Commerce *Journal*, we found out that a good number of our members are interested in subscribing to the said *Journal*.

"Having received the sample copy of the issue for the month of June, 1951, we found out that most of the contents therein directly affect the business interests of almost all the members of our Chamber.

"We are therefore taking the initiative to subscribe to said *Journal* in the name of the

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Davao Chamber of Commerce and attached herewith is the amount of Five Pesos (P5.00) covered by Money Order No. 218422 for the payment of the annual subscription fee of the American Chamber of Commerce Journal."

AN item which will interest Mr. Tenny and the Philippine Safety Council and many others, appeared recently in a bulletin of the U. S. Information Service. "The American Journal of Public Health reported that in the last 40 years, the life-expectancy of the average industrial worker in the United States

has risen 11 years. Forty years ago, the average life-expectancy was 57 years; now it is 68 years. Among the reasons given by the *Journal* were the growth of industrial medicine as a special profession, better safety measures in factories and plants, and the general improvement in the economic status of American industrial workers."

"Supposing," said the editor in connection with this item, "that you were getting along in years, as I am, and that some magician, say, or, better, some divinity, gave you 11

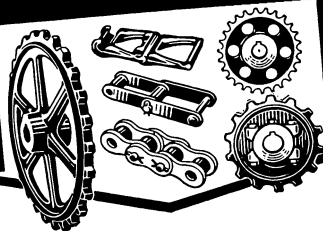
more years of life! Wouldn't that be a marvelous gift, a gift entirely beyond price?"

"So with the whole great increase in the general life-expectancy during the past few decades, to which there are, of course, many contributing factors.

"So many more years, and we have not, like Faust in his bargain with Mephistopheles, had to give our souls in exchange for them.

"It is something that has just come to us, without the most of us being even aware of it, something which we individually may not have done much or anything to bring about. We are just the beneficiaries."

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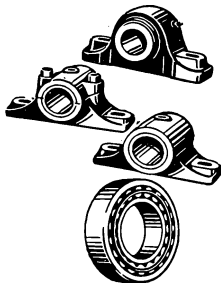
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CRIES of anger and anguish are reaching us from many quarters about the new list of imports to be "banned immediately" by the Government. These include, one gentleman has pointed out, rum and gin, lemons, edible oils and mayonnaise, pickles, and spices. He states that Philippine rums and gins of standard types can compete in quality with those of any country, but that Bacardi rum and Sloe gin are distinct types, not manufactured here, which are needed for a number of popular mixed drinks. "Tourists," he states, "will be annoyed to find them unobtainable." That is so, but what about us'ns, ourselves? Of lemons, he says that the country is far from producing the needed supply, "even the *dayap*, a fair substitute, is not procurable regularly; the *kalamansi* may be substituted for some purposes, but not all. The dietetic and culinary importance of lemons justifies imports to make up for the local deficiency". Then, says the gentleman, there are no locally produced edible oils available in quantity for salad dressings. Without salad oil, mayonnaise can not be made locally. Coconut oil is not suitable for salad oil, as "the oil coagulates and separates when placed in the refrigerator". Of pickles, he declares, these are a "culinary add-to" consisting of numerous specialties made under secret recipes. "Pickles make otherwise insipid foods palatable and encourage the use of previously untried local foods". Of the ban on various spices, he states: "This ban deprives the home and professional cook of the tools of his culinary art. It constitutes an extremely harsh violation of the human palate. The

items mentioned are not produced in commercial quantities of importance here, some not at all. The dollar volume of these items is insignificant compared with the disastrous effect on cuisine. Even the earlier years of the Japanese occupation were made more bearable because of a carry-over supply of spices and condiments. Is another Occupation Way of Life coming to us?"

"Did he say 'coming to us?'" asked the editor. "Haven't we long had it? It has been only recently that I have been able to buy some cheese again, and real fresh butter is still unobtainable and has been for nearly the whole year. Culinarily, the most of us have been living in Manila recently not much better than we lived forty years ago in some remote provincial town!

"I have noted that turkeys (chilled or frozen) are banned, too. I guess there will be no Thanksgiving this year. No, indeed!"

"Man's his own worst enemy," we said.

The next day the editor returned to the subject, probably after consulting an encyclopedia, —he's a shark at that! "You might as well put this down, too," he said. "We have had to wait until these, our own unhappy days, for a revival in many places of something like the old sumptuary laws of ancient Greece and Rome and of medieval Europe, laws which were aimed at sumptuous living and extravagant expenditures for food, clothing, furniture, etc. Sometimes, as at one period in Rome, these economies were called for because of the war with Hannibal; at other times, the rulers wanted to prevent the common people from aping their betters and living above their station; but usually the laws were based on moral and religious grounds, as when one emperor forbade the use of long-pointed shoes! In some of the original Thirteen Colonies in America there were such laws for a time. But by now we should have outgrown them, both those of us who exercise the powers of government as well as those who are governed. People never took kindly to having their private lives "regulated" by authority, or to having their ways of life, and especially their food habits, interfered with. That always soon made for an exceedingly irate citizenry and governments long ago learned to avoid such intrusive, clumsy, tyrannical legislation.

"Why, I read a book on the old African slave-trade once, by a one-time captain of a slave, who wrote that even on those hell-ships, the

poor, chained captives were given the diet they were accustomed to,—rice, corn, or wheat, according to the tribe they belonged to, and, furthermore, they were daily supplied with a little tobacco and a dram of rum! That was intended to keep them more or less in health and as contented as possible during those long, terrible voyages. That was more, by the way, than the Japs did for us. I didn't have a drink, except some *kalamansi* juice which I allowed to ferment, in three years! And now, by gad, our own people are making whisky hard to get for a poor man, even if he could pay a

reasonable price for it, and the same with other good things such as our friend has mentioned when there is plenty available in the world at normal prices if our government authorities did not wilfully stop them from coming into the country or taxing them so heavily that they soar out of the reach of ordinary people. Why make life any tougher than it is, or needs to be? Why limit trade in anything when trade is the life-blood of every economy? When the more we trade, the more prosperous we are? These trade controls are also a throw-back to the mercantilist days of the past

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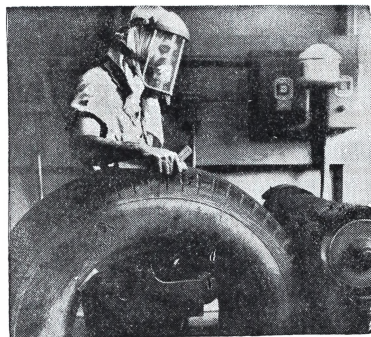
which, once, all sensible people thought had been forever left behind us. Now we are again restricted on every hand, wading knee-deep in laws, orders, ordinances, and regulations, and controls and bans, and with licenses and permits required for about everything we want to do. And everytime we stick our head up, we are socked with some new tax or fee...

"You know, the psychologists will tell you that there are only three things that will affect a new-born baby emotionally; if you have a baby of your own, son or daughter or grandchild, you can try it for

yourself. If you suddenly withdraw support and let the baby think he is falling, or if you suddenly make a loud noise, the baby is frightened and starts crying; and if you restrain him by holding his legs or arms so he can't move, he immediately gets very angry and starts to struggle and scream!

"That's the reflex action of a mere baby, built into him by Nature and by God. Let our authorities ponder on that...ya, all tyrants everywhere!"

"Don't fence me in!" shouted a departing Chamber member who had listened to all this.



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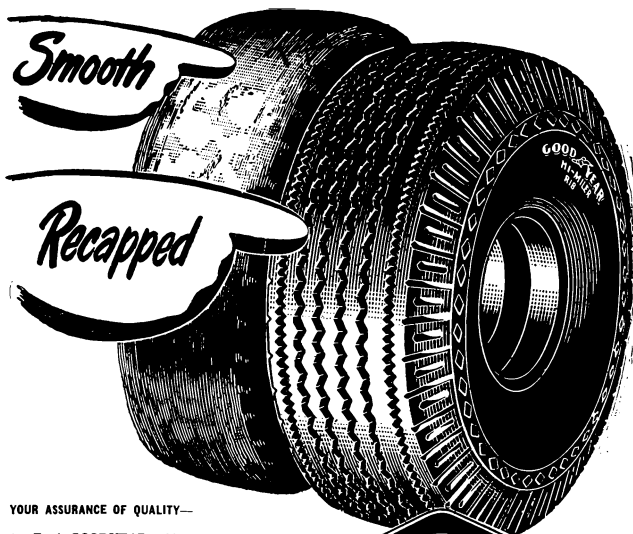
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