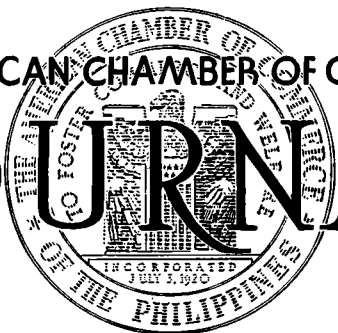


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JOURNAL



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Editor and Manager

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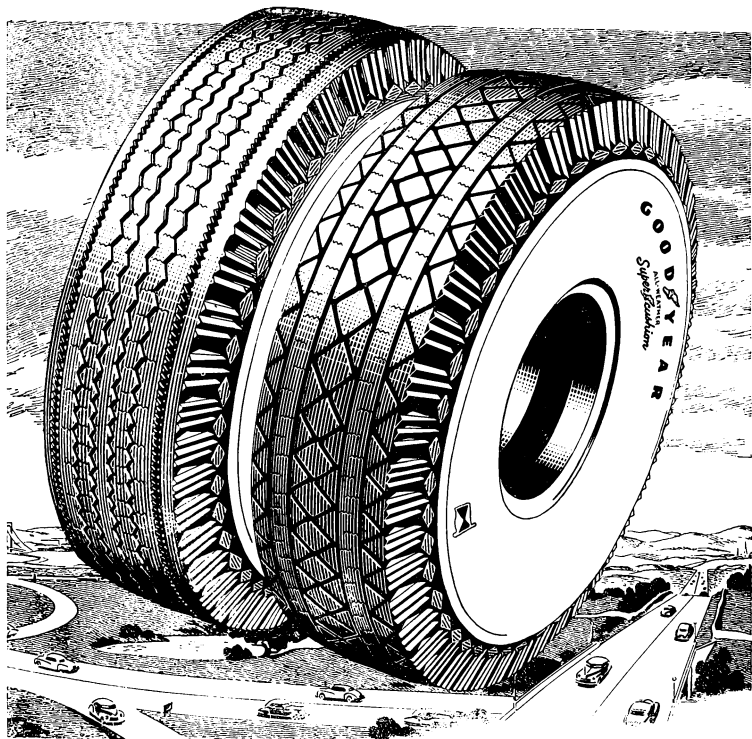
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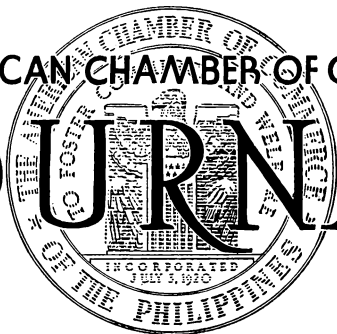
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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"...to promote the general welfare"

The proposal to call a preliminary conference of authorized representatives of such countries in East

The Proposed Southeast Asia Union

Asia and around the Pacific as may desire to participate in the formation of a union to "contain and counteract," on a political and economic, rather than a military basis, the menace of Communism, was the chief result of the dramatic visit of Generalissimo Chiang Kai Shek to the Philippines and of the two-day conference between him and President Quirino in Baguio last month (July 10 and 11).

The visit was unannounced, but it was stated in the communiques which were issued that the Generalissimo had come at the invitation of President Quirino. The President himself said in a later radio address that his invitation was a reiteration of an invitation extended during the lifetime of President Roxas.

President Quirino is generally credited with having taken the initiative in the matter, but it was the Generalissimo who made the visit, and there are indications that the Chinese Minister in Manila played an important part in arranging the meeting. It is almost certain that there were no previous consultations with the United States Government and no American representatives were present at the conference. It was emphasized that the Generalissimo came in his private capacity and that the conversations were of a purely informative and exploratory nature.

Communist voices, of course, were quick to assert that President Quirino was acting for the United States, but it is clear that the Washington reaction was cool, if anything, though a section of the American press, led by the *New York Times*, was decidedly sympathetic.

Ultior motives in proposing such a union, just now, have been ascribed to the Generalissimo and also to President Quirino, and this possibly accounts in part for the "coolness" in Washington, but in view of the undeniable importance *per se* of an autochthonous

and spontaneous development of this kind, such considerations may well be dismissed. More recently, in fact, the Washington attitude was decried as still "aloof," "but receptive."

At any rate, President Quirino resolutely pushed the plan,—as did Generalissimo Chiang in China, and one of President Quirino's first steps was to summon Ambassador Romulo to Manila to assist him in making the preparations for the projected meeting. The President and Mr. Romulo held a number of prolonged conferences and the text of a "letter of instruction" addressed to Mr. Romulo, which places him in full charge of what is to be done, has just been released.

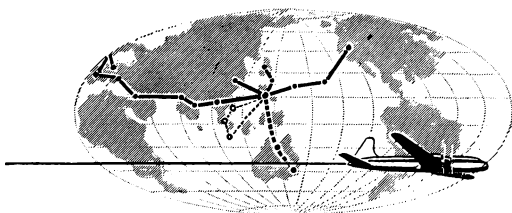
The letter is an excellently framed and worded document and declares that the project, in the light of Philippine history and the history of some other nations of Asia, is "rooted in deep stirrings of political consciousness." The letter marks one important modification. The early proposals all referred to "Asia," "East Asia," the "Far East," and the "countries around the Pacific," but the letter speaks only of "forging a closer union among the peoples of *Southeast Asia*."

This, it will be seen at once, narrows the scope of the proposal but makes it a more practical one.

There has never been any question among democratically-minded people as to the desirability of an Asiatic union against Communism, but there has been and there remains the question of its practicability.

It was emphasized from the first that the proposed union would be one not of military, but of moral forces. According to the letter:

"I envisaged such a union to be essentially an act of common faith on the economic, political, and cultural level, in tune with the work of the ECAFE and the program of UNESCO, and that it would involve no military commitments. For I am convinced that in the long run the strongest defense against totalitarian subversion would lie in providing a life of substance and contentment and promoting higher living standards among the Asian peoples. Thus it would be a real union on the basis of common counsel and assistance for the preservation of peace, democracy, and freedom in Asia."



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Both President Quirino and Chiang Kai Shek indicated that American support, in one way or another, is hoped for, and the letter recalls that the President last April, following the initialing of the North Atlantic Pact in Paris, declared—

"on behalf of our Government that it was imperative that the free countries of Southeast Asia, with the active support of the United States, should consider at the earliest possible moment the conclusion of a parallel safeguard in Asia."

It is obvious that the United States Government could view with only disquietude any attempt at forcing its hand, fundamentally sympathetic though it no doubt is. However, meanwhile, and some days before the publication of the letter to Mr. Romulo, President Quirino was invited by President Truman to come to Washington,—a visit which it is known President Quirino has long been desirous of making. Although there are a number of important matters that the two heads of state are to discuss, it is not to be doubted that the proposed union will also be a subject of consultation. Perhaps American advise is already to be seen in the narrowing of the scope of the project to which allusion has been made.

There is no doubt that the formation of such a union as is envisaged would serve both to alert the people of Southeast Asia to present dangers and stiffen their morale,—apart from such advantages as there might be in closer economic collaboration. All this would not only be desirable, but appears necessary.

A danger is that the establishment of the union would tend to give the member nations a false sense of security. In case of aggression, what, actually, could they do with the armies of China defeated and the others with hardly any armed strength at all? But if the promotion of a false sense of security were guarded against, then an anti-communist entente, if effectively welded together even only on a largely non-material plane, would be of great political and moral value. In time it could lead to an alliance of substantial material power.

The United States can not afford too greatly to disperse its power. It appears to be the present policy of the United States Government to "keep its eyes on the target" in Europe. Probably it is thought in Washington, rightly or wrongly, that not too great a fear need be felt for the armed power of the Chinese communists, at least with respect to aggression outside of China.

It is probably true that the real danger, today, is communist penetration and infiltration through communist "cells" in non-communist countries, but it is precisely on this level that an anti-communist moral entente, such a union as is envisaged, would be most valuable.

We need most of all to strengthen the belief in democracy throughout the world, for few peoples of the world have as yet had the opportunity to test it for themselves so triumphantly as have the people of the United States.

So we may wish President Quirino well.

If I ever hear that any of you are trying to play the big man's game and forgetting the small man, I'll be back in here fighting. — The late A. P. Giannini, founder of the Bank of America, speaking to his executives when he retired in 1945.

The Office of the American Chamber of Commerce during the past month made a canvass of various churches, fraternal groups, and other associations in the Philippines with a view to compiling figures on the rehabilitation funds received by them from the United States.

The following is the compilation:

Catholic Church	\$1,923,996.91
Episcopal Church	1,500,000.00
Methodist Church	1,300,000.00
Philippine Union Missions, Seventh Day Adventists	1,000,000.00
Presbyterian Field Office	1,245,000.00
Lutheran Service Center	(Figures not available)
Knox Central Church	(None as yet)
Temple Emil	15,000.00
Young Men's Christian Association	1,011,500.00
Young Women's Christian Association	121,000.00
Knights of Columbus	10,000.00
Boy Scouts of the Philippines	12,500.00
Girl Scouts of the Philippines	5,500.00
Masonic Lodges	172,000.00
Benevolent Protective Order of Elks	250,000.00
Philippine National Red Cross	904,640.00
Philippine War Relief Organization	645,092.96
Manila Symphony Society	(None as yet)
Escoda Memorial	27,965.74
Total	\$10,144,195.61

Over P20,000,000 nobody has said much about, from (directly or indirectly) mostly private donors in the United States. And the list is probably not complete and funds continue to come in.

A friend of ours recently received a personal letter from a well known member of Congress,—we have no authority to name him, in which he gave expression to certain ideas and feelings we in the Philippines must take into account: as they are those of a very influential man who takes a part in the determination of American government policy.

He wrote:

"The Administration now in power is active with the notion of industrializing the whole world with American capital, which means capital advanced by our Government, which means our tax-payers, including myself.

"Of course, private capital will not venture off our shores unless it can be assured of protection in the place where it is employed, and with the growing of state socialism and of state monopolies all over the world, how is private capital going to be protected?

"It isn't going to be, and, hence, it isn't going to venture.

"If private capital can not be protected, you know well that the countries that would like to have Government (U.S.) money are not going to bother very much about repaying rich Uncle Sam! They never have, have they?"

First paragraph — Fact.

Second paragraph — Fact and question.

Third paragraph — Answer, probably correct.

Fourth paragraph — Recapitulation, conclusion, and a final sarcastic rhetorical question, the affirmative answer to which lies in notorious historical fact.

The whole represents an expression of Congressional attitude and temper.

Moral for us: Let us be very careful not to try Uncle Sam too far by further adventuring into state socialism and further toying with state monopolies which, together or separate are anathema to the whole American view of life.

President Quirino's proclamation ordering the half-masting of the Philippine Flag for one week and the state necrological services held in Malacañan were touching as well as fitting expressions of the late Justice Frank Murphy who died suddenly of a heart affliction on July 19 at the age of 59.

Mr. Murphy was a noted Catholic liberal and one of the first supporters of the Rooseveltian "New Deal." His place in Philippine-American history is that of the last of the American Governor-Generals and the first of the U. S. High Commissioners in the Philippines, in which two offices he served both our peoples during the years from 1933 to 1935.

It was he who ably guided this country through the difficulties of that important transition period and the distinguished qualities of his strong yet tactful leadership were generally recognized.

On November 14, 1935, the day before the inauguration of the Commonwealth of the Philippines, he delivered a notable address on the state of the nation before a joint session of the Philippine Legislature in which he voiced certain wise counsel of which we, today, may well be reminded.

He realized fully the importance of the occasion and had given much thought to the preparation of this address. The following is taken from a summary published in the *Philippine Magazine* of December, 1935:

"Nov. 14. — The Governor-General addresses the Philippine Legislature in joint session on the 'state of the nation,' counselling the Filipino leaders and people to put aside personal aspects where the interest of the Government is concerned and declaring that 'all officials should be humble before the majesty of the law' and that 'above personal success and personal loyalty, the good citizen and true patriot will place the supremacy of the law, duty to the state, and devotion to the public welfare.' He praises the leaders and the Legislature, pays Spain a tribute for its contribution to Philippine culture, speaks of the rapid progress of education, of the improvements in public works, shipping, and aviation, stresses that economic advances made here have not been based on exploitation but that 'a good share of the profit has been passed all the way down the line, resulting in the highest labor wage in the Orient,' and declares that the Philippines 'had led during the American administration all other Oriental countries in progress made in health and welfare,' refers to the progress made in penology 'with the adoption of the most advanced institutions in use in the United States and Europe, states that public finance is on a sound basis but warns against excess expenditures, and ends with the statement, 'The great and happy venture of the American and Filipino people is not yet ended. With an altered framework and broader autonomy, the Philippine Government goes on under the American Flag with the full confidence and support of the people and Government of the United States.'"

Though now the Commonwealth has given way to the independent Philippine Republic, we still may say that the "great and happy venture of the American and Filipino people is not yet ended," for many, though less formal, ties continue to hold them in fruitful association. Though leaders pass away, may the great and happy venture never end.

It is well understood that modern technology has been the principal factor in the development of so-called Big Business, and that Big Business, in turn, has been an important factor in the development of what is now called Big Government. As stated before in these columns, the two serve as very necessary checks upon each other,—government restraining business and business restraining government to the general public interest.

Some thinkers believe that one or the other, either government or business, will in the end become all-powerful and will establish a state which, whether fascist or communist in origin, will be inherently the same monstrous thing. These theorists say that democratic government is possible only under the conditions of an agricultural and small-enterprise economy, not under the conditions of modern industrialism.

Is then the "independence and self-determination of the individual" under democracy to be inevitably lost and are we to resign ourselves to a society that will be built on the "discipline and dependence of a large majority of its members"?

That is a question asked once again by Gerald Tanquary Robinson in an article in the July issue of *Foreign Affairs* entitled "The Ideological Combat".

He accepts the fact that there is a trend toward a new statism, stating:

"It is essentially the character of the tools, rather than the character of their ownership, that produces mass organization and mass discipline in an industrial society; in both Pittsburgh and Magnitogorsk, the forces of technology operate to this end... Machine industry seems to prepare the worker to appeal to the state for help, and to accept the discipline of the state..."

Yet, though, as Mr. Robinson states, "there is hardly a man in the United States who does not believe that within recent decades it has become necessary for the Government to do much more for the people than it did a hundred years ago" —

"there still persists here, and perhaps more vigorously here than in any other great country, a vigorous individualism and a strong and wholesome fear of all great concentrations of power, whether in private or public hands".

The phrase, "there still persists", impresses the writer of this editorial as rather weak, but another sentence of Mr. Robinson's is stronger:

"The Soviet Union is challenging the United States to renew and develop for our time the magnificent inheritance of western individualism,—an inheritance that has come to us out of the faith and morals of Christianity, the rationalism of the Renaissance and the Enlightenment, the English gift of compromise, the liberty of the democratic revolutions, and the ancestral independence of the farms and shops and homes of America."

Mr. Robinson advocates that we learn to recognize the fundamental difference between "government action which is designed to build up the independence and self-sufficiency of the individual citizen, and government action which tends to establish permanent discipline and dependence", applying this as a test in determining whether any state action is good or bad, and of course, supporting it in the one case and opposing it in the other.

He points out that the "chief surviving centers of fundamental self-determination" in America, as in most countries, are the individual homes, farms, and small business enterprises. He would have the American Government act to save rather than to destroy these. The development in the production of cheap electric power and its distribution to "innumerable industrial undertakings of the smallest size" could, he thinks, result in the recapture by village shops and by farms of a good share in industrial production.

And to humanize the work process in machine industry, he sees a hopeful prospect in the development of labor participation in management, "with special emphasis on the smallest functional division of the plant, where the issues are simplest and the worker is best able to deal with them", coupled with

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piece-rate wages and profit-sharing. This, he states, "might do something to give the individual worker a sense of vital participation in the day's work".

"If in the machine age the philosophy of individualism is to be preached, with full effect, to our people, the practice of individualism must be accessible to them, even in the factory."

If we can "renew and develop for our time" the spirit of individualism, then—

"our people will feel a new strength and a new sense of purpose and direction. The country can have again, in Europe, an even greater influence than it had a century and half ago; perhaps it can even extend that influence to Asia and Africa, where Communism ought not to be the only accessible philosophy of change in societies that have got to be remade. If we can first learn it, we can teach the new individualism overseas by precept, and above all by example...."

Thus concludes Mr. Robinson.

TO the writer of this rather sketchy review, it appears that Mr. Robinson is somewhat too fearful for democracy and too tentative in his conclusions, though his suggestions and proposals are good.

Americans and most other human beings do not have first to learn the "new individualism" or any individualism. A proud and independent spirit naturally dwells in all men which can be destroyed only by overwhelming force or misfortune. That brave spirit can take both big business and big government in its stride and dominate and direct them.

We need never fear the ultimate outcome of either an "ideological" or military conflict with any totalitarian power. The present Russian menace is not an ideological, so much as a "pathological", one,—as is suicide in the case of a neurotic or running amok in the case of a man in a despairing rage. The minds of the Russian leaders are as sick as those of the Nazi leaders of evil memory.

The true spirit of individualism and self-determination, that spirit which inspires the love of, and the demand for, freedom and liberty and our constant assertion of the right to follow our own purposes and shape our own ends, is not based on mere intellectual conviction or on the promptings of a merely political or an idealistic faith, but on our deepest human instincts. It is fiery and irresistible spirit. It is what makes us men.

That spirit everywhere is on the democratic side and against the totalitarian. Ultimately, in any contest, that aggregation of power will win which has the voluntary backing of the greatest number of free individuals, who, unlike cattle and sheep will not merge into the herd, and will not be controlled.

The American Chamber of Commerce, during the Political Activity month, sent out the following memorandum to all its members:

"Concerning the coming elections for various offices in the Republic of the Philippines, the attention of the members of this Chamber is called to Section 56 of the Revised Election Code (Republic Act No. 180) which reads as follows:

"Active intervention of foreigners.— No foreigner shall aid any candidate, directly or indirectly, or take part in or influence in any manner any election."

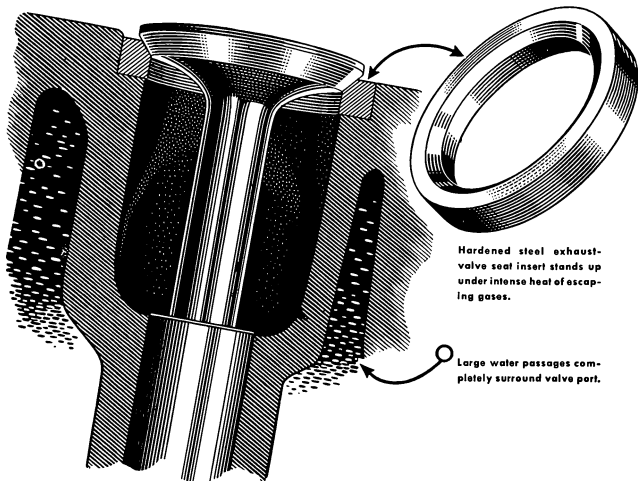
"The attention of the members of this Chamber is also called to the statement of His Excellency, the American Ambassador, in an interview published in the *Manila Chronicle* of July 3, 1949, as follows:

"In reply to a question whether political significance is attached to any consideration the Administration may give these matters (increased war damaged payments and military assistance to the Philippines), Mr. Cowen said: "I have noted there have been insinuations in various quarters of the Philippines that consideration of the matters is being related to the coming Philippine presidential elections. I touched on this question in a radio address I made in Manila on Memorial Day, and I can not reiterate too strongly that this Government adheres to the principle, not only in the Philippines but everywhere, of the fundamental right of the people to elect officials of their own choice. I hope all Americans in the Philippines, whether in official or private capacity, will recognize the necessity, which is not only a moral but a legal one, of non-interference in a matter which is one solely for decision by the Filipino people.""

In view of the absence from Manila of a number of members of the Board of Directors of the Chamber and the recent departure of several more on vacation to the United States, threatening a loss of quorum, the resignations of Mr. J. T. Hicks, the Vice-President, and of Mr. F. L. Worcester were regretfully accepted and Mr. E. A. Parrish and Mr. E. A. Perkins were elected as new members at a meeting of the Board held on July 13. Mr. R. J. Newton was elected Vice-President.

Mr. Newton is Vice-President and General Manager of the Williams Equipment Co., Ltd., Mr. Parrish is General Manager of the Philippine branch of the Standard-Vacuum Oil Company, and Mr. Perkins is head of the law-firm, Perkins, Ponce Enrile & Contreras.

"YOU can not, you must not renounce the great moral responsibility which you have assumed in ushering into the family of nations this bastion of democracy. The fortunes of the Republic of the Philippines are inextricably tied up with those of her neighbors in the Far East as well as with the United States. We are confident that American diplomacy will reckon with the present-day situation in Asia as equally urgent as the contemporary situation in Europe, if not more."—President Quirino in a statement made on the occasion of the presentation of his credentials by Ambassador Myron M. Cowen.



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The 1943 Pact with Japan and the "Confidential Agreement"

By A. V. H. Hartendorp

*For frantic boast and foolish word,
Thy mevy on Thy people, Lord...
Lest we forget—lest we forget*

—RUDYARD KIPLING

UNFORTUNATELY, men's memories are short, and when some men rant today on "imperialism", "foreign influence", "special privilege", the "national patrimony", and like catch-words, we may well think back to the "Pact of Amity and Alliance" with Japan, which was published in the Japanese-controlled *Manila Tribune* of that day and we may also consider two memoranda in connection with that forced "Pact" between the spider and the fly, here made public for the first time.

The first of these memoranda is entitled, "Memorandum on Questions between Japan and the Philippine Arising from the Philippine Independence", and the second, "Basic Principles and Policies."

Copies of both came into the hands of the writer during his internment in the Santo Tomas Camp, and are included in his still unpublished book on the history of Santo Tomas and of the Japanese rule in the Philippines. Subsequent to the liberation, the writer made a check and established the authenticity of these documents.

First, however, it is well to reprint the text of the "Pact of Alliance" between the puppet Philippine Republic and the Empire of Japan, which was signed in Malacañan on the afternoon of the day of the inauguration of the "Republic", October 14, 1943, although nothing was published about this until after the Pact was "ratified" by the hand-picked "Assembly" on the 18th.

The President of the Republic of the Philippines and His Majesty the Emperor of Japan, now that Japan has decided to recognize the Philippines as an independent state;

being determined that the two countries shall closely cooperate, each as good neighbors respecting the self-asserting independence of the other, to establish Greater East Asia based on justice, thereby contributing to the peace of the whole world, and being determined firmly and unshakably to eradicate all sources of evil in the way, have resolved for that purpose to conclude a Pact of Alliance and named their respective Plenipotentiaries, that is to say:

The President of the Philippines,
His Excellency Mr. Claro M. Recto, Minister of State;
His Majesty the Emperor of Japan,
His Excellency Mr. Syozo Murata, Zyusanmi,
Ambassador Extraordinary and Plenipotentiary;
who after having communicated to each other their respective Full Powers, found to be in good and due form, have agreed upon the following articles:

Article 1—There shall be between the High Contracting Parties perpetual relations of good neighbor and amity on the basis of mutual respect of sovereignty and territories.

Article 2—The High Contracting Parties shall closely cooperate on matters political, economic, and military for the successful prosecution of the War of Greater East Asia.

Article 3—The High Contracting Parties shall closely cooperate with each other for the establishment of Greater East Asia.

Article 4—The matters of detail necessary for the execution of the present Pact shall be determined through consultations between the authorities concerned of the High Contracting Parties.

Article 5—The present Pact shall come into force as from the date on which the High Contracting Parties shall have completed the ratification of the Pact.

Article 6—The present Pact shall be ratified as soon as possible. The ratification shall be exchanged at Manila as soon as possible.

In witness whereof the respective Plenipotentiaries have signed the Pact and hereunto affixed their respective seals.

Done in duplicate, at Manila, this 14th day of October, 1943, corresponding to the 14th day of the 10th month of the 18th year of Syowa.

Terms of Understanding Attached to the Pact of Alliance between the Philippines and Japan *Ad Article 2 of the Pact.*

The principal modality of the close military cooperation for the successful prosecution of the War of Greater East Asia stipulated in the present Article shall be as follows:

The Philippines will afford all kinds of facilities for the military actions to be undertaken by Japan; the Philippines and Japan will closely cooperate with each other to safeguard the territorial integrity and independence of the Philippines.

In witness whereof the undersigned, duly authorized to that end by their respective Governments, have signed the present Terms of Understanding.

Done in duplicate, at Manila, this 14th day of October, 1943, corresponding to the 14th day of the 10th month of the 18th year of Syowa.

To allay the fears of the people, puppet officials declared that this "alliance" was "defensive only", but Premier Tojo, in Tokyo, said that now "the Empire of Nippon looks forward to the successful prosecution of the current war in close collaboration with the Republic of the Philippines."

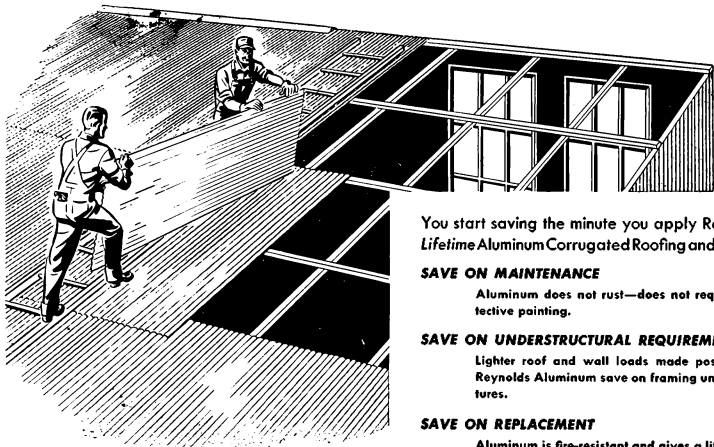
Though the "Ad" to Article 2 of the Pact stated, in the second paragraph, that the Philippines would afford "all kinds of facilities for the military actions to be undertaken by Japan," this was, while comprehensive, still indefinite, and Section 4 of the Pact, which stated that "matters of detail" were to be "determined through consultation", left the question open as to what "details."

THE principal Japanese propaganda organ, the *Tribune*, furnished no further enlightenment, and few people ever knew of the confidential "Memorandum on Question between Japan and the Philippines Arising from the Philippine Independence" which was drawn up, or of the other memorandum, already referred to, on "Basic Principles and Policies."

The two memoranda outlined the "understanding" arrived at for complete Japanese control of major industries and industrial establishments, including mines, sugar mills, machinery, manufacturing and repair plants, shipyards, and munition factories; also the principal sawmills and electric enterprises; of the distribution of liquid fuels, and of enterprises connected with the production and distribution of raw cotton, Manila hemp, and coconuts; of the country's finances and currency; of all trade in "important commodities," etc.

Ostensibly, this control was to be exercised only during the prosecution of the War of Greater East Asia, but the phraseology was so ambiguous, obviously intentional, that textual criticism here would be only a waste of time. The control covered the whole

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economy like a monstrous octopus, and no one could believe that the hold of its foul tentacles would ever voluntarily be relaxed.

The one grace, which may be considered a saving grace, was that the memoranda said nothing definite about Filipino cooperation with Japan to the extent of bearing arms in actual fighting against America.

*Memorandum on Questions between Japan and the Philippines Arising from the Philippine Independence.**

The undersigned having reached the following understanding on questions between Japan and the Philippines arising from the latter's independence, have made out the present memorandum.

(A) Industries

I. In view of the necessity of meeting the demands of the Japanese forces during the prosecution of the Greater East Asia War, the Japanese forces shall exclusively manage the mines, factories, and workshops listed below, for which the Philippine Government shall provide appropriate exceptions in respect of the exercise of its administrative power.

The control associations and similar organizations connected with such mines, factories, or workshops shall be directly subject to the guidance and supervision of the Japanese Forces. Measures to properly respect the shares of non-enemy character of such mines, factories, or workshops shall be devised by the Japanese Forces.

(1) Mines:

- (a) Copper mines (including gold mines containing copper);
- (b) Manganese mines;
- (c) Chromium mines;
- (d) Other mines needed by Japan for the prosecution of the Greater East Asia War;

(2) Butanol factories and sugar mills intended for the production of butanol;

(3) Principal machinery manufacturing and repairing factories;

(4) Principal shipyards;

(5) Munition factories.

The enterprises other than those listed above shall be transferred to the Philippine Government.

The Philippine Government shall pay attention not to hamper the economic activities of Japanese subjects and Japanese enterprises. With regard to the under-mentioned enterprises in particular, which are closely connected with the prosecution of the Greater East Asia War, the Philippine Government shall especially ensure the improvement of efficiency and the increase of production by way of capital participation and financial and technical assistance to Japan.

Pending completion of the procedure of transference, the status quo shall be maintained in respect of the enterprises to be transferred and the guidance and supervision of the control associations and similar organizations connected with these enterprises.

(1) Mines other than those listed in Item 1;

(2) Shipyards and manufacturing and repairing factories other than mentioned in Item 1;

(3) Workshops for motor-car repair and assembly;

(4) Principal saw-mills;

(5) Electric enterprises;

(6) Distribution of fluid fuels;

(7) Enterprises connected with the plantation and the collection of raw cotton;

(8) Enterprises connected with the purpose, collection, and processing of Manila hemp and other similar fibers and coconuts.

(B) Transportation and Communication

I. Air transportation, main overseas marine transportation, overseas electric communication, and radio broadcasting shall be operated by the Japanese forces exclusively during the prosecution of the Greater East Asia War, while the Philippine authorities shall provide the Japanese forces with all facilities in this regard. However, the above-mentioned enterprises, except overseas air transportation, may be transferred to the Philippine Government even in the course of the prosecution of the Greater East Asia War, if circumstances permit.

II. The harbors that are of military importance shall be managed and operated by the Japanese forces for the time being.

III. With regard to main marine transportation lines within the territory of the Philippines, the Hito Unko Bu (The Philippine Marine Transportation Company) shall be reorganized as soon as possible into a corporation of Philippine nationality, jointly owned and managed by Japanese and Filipinos, which shall be charged to conduct the unified management of the said lines. Procedures to realize the above effect shall be decided upon by consultation.

However, the Japanese shipping enterprises may operate on these lines for the time being.

IV. The railroad (including the main motor-car transportation lines now under the management of the Rikuu Kanri Kyoku (The Bureau of the Management of Land Transportation) and the internal electric communication shall be transferred to the Philippine Government as soon as possible.

The two Governments shall in mutual cooperation adopt necessary measures to maintain the existing unified management of each of the said enterprises even after their transference. The Philippine Government shall thereafter obtain capital participation and financial and technical assistance from Japan.

In operating these enterprises, the Philippine Government shall give priority to the military requirements of the Japanese forces.

Procedure to realize the effect mentioned in the preceding three paragraphs, shall be decided by consultation, except the cases falling under Item III of (E).

(C) Finance and Currency

I. The deficit of the revenue of the Philippine Government, which will inevitably occur immediately after her independence, shall be partly made up by bond issues of the new Government and the remainder by the Japanese Government by way of loans from the Southern Development Bank; however, the Philippine Government shall exert adequate efforts to ensure as soon as possible its financial independence.

II. The Philippine Government shall, in making up the budget appropriate the expenditure necessary for her co-operation with Japan in the prosecution of the Greater East Asia War.

III. During the prosecution of the Greater East Asia War, the Philippine Government shall consult previously with the Japanese Government in prescribing the tariff rates, as they are related to the mode [mode] of war-time trade stipulated in (D), while the collection of duties in principal ports shall be affected for the time being by the Japanese authorities on behalf of the Philippine Authorities.

IV. Pending the completion of a new note-issuing system of the Philippines, the present issuance of the military notes by the Southern Development Bank shall be continued.

V. With regard to foreign exchange and financial and currency measures related to foreign countries, the Philippine Government shall consult previously with the Japanese Government.

(D) Trade

I. The trade of the Philippines in important commodities with Japan and with other regions shall be conducted directly by the Japanese Government during the prosecution of the Greater East Asia War, provided that due consideration be given to the interest to be shared by Philippine firms in the actual handling of such commodities. The control associations and similar organizations connected with trade shall be directly subject to the guidance and supervision of the Japanese forces.

II. The trade other than mentioned in the preceding paragraph shall be assigned as far as possible to the disposal of the Philippine Government.

(E) Enemy Property

I. The enemy property that was owned by the former Philippine Government of [or] local governments shall be transferred without compensation to the new Government.

II. The enemy property falling under item I of (A) or item I of (B) shall be managed by the Japanese forces as heretofore.

III. The Philippine Government shall adopt measures for the prohibition of the transference of enemy property, and co-operate with the Japanese forces in the administration of enemy property.

* Grammar, capitalization, punctuation, etc., as in the original.

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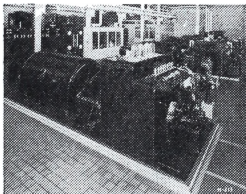
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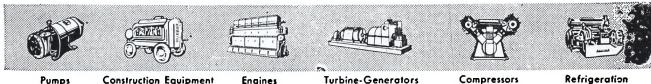


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(F) Enemy Nationals

The control of the nationals of the countries that are in a state of war or have severed relations with Japan, who are present reside in the Philippines, shall be effected by the Japanese authorities stationed in the Philippines, and the Philippine authorities shall extend to the former such co-operation as may be needed.

(G) Japanese Subjects

In order to effect perfect and smooth operation, particularly, in the economic field, between Japan and the Philippines, the Philippine Government shall, in respect to the enjoyment of civil rights, etc., accord Japanese subjects such treatment not unfavorable compared with that of the Philippine nationals.

The second memorandum ran as follows:

Basic Principles and Policies

The independence of the Philippines having been proclaimed and the Republic of the Philippines duly established and a Pact of Amity and Alliance having been concluded between Japan and the Philippines based principally on the recognition by Japan of the Philippines as an independent state and on the mutual respect of sovereignty and territories, the following understanding has been reached by the two Governments:

I. Title to all State and Public Property belonging or appertaining to the Filipino people and to the former government of the Philippines, its political subdivisions and instrumentalities, as the inception of the Greater East Asia War, including all military and other reservations, shall be considered as vested in the people and the Republic of the Philippines as of the date of the establishment of the Republic.

II. Pursuant to the Pact of Amity and Alliance abovementioned, the two Governments shall enter into agreement regarding the occupation during the Greater East Asia War of military establishments and other public properties required by the Imperial Japanese Forces for military operations.

III. Pursuant to the same Pact, the Philippine Government shall make the necessary adjustments in the management, operation, and utilization of certain properties and enterprises required to facilitate military operations to be undertaken by Japan, in accordance with the following conditions:

(1) All corporations, associations, and other entities organized and/or entrusted with governmental or semi-governmental functions shall be owned and managed exclusively by the Philippine Government, and all such corporations, associations, and entities as may have been heretofore organized, controlled, or administered by the Japanese authorities shall be forthwith turned over to the Philippine Government; provided, however, that the Philippine government and the Japanese Government may agree upon the utilization, management, or operation by the latter for the duration of the Greater East Asia War, of the following entities and properties:

(a) Manila Railroad Co., including the main motor car transportation lines now under the Rikun Kanri Kyuku (Bureau of Land Transportation Management);

(b) The main marine transportation lines with [in?] the territory of the Philippines, now under the management of the Hito Unko Bu (Philippine Marine Transportation Company);

(c) Cebu Portland Cement Company;

(d) All electrical enterprises, including the National Power Corporation and the electrical plant belonging to the City of Baguio;

(e) Principal machinery, manufacturing and repairing factories;

(f) Principal shipyards, and

(g) Munition factories.

(2) Should the Philippine Government consider that any of the corporations and entities referred to in Paragraph (1) have already achieved their governmental purposes, and should decide to organize new entities to undertake the same activities exclusively for profit, the Philippine Government may organize new enterprises to take over such activities wherein Japanese interests may subscribed to not more than 40% of their capitalization. In all of these ventures, the co-operation

of the Japanese government may be sought in regard to technical assistance and proper financial facilities. In enterprises established for purely private ends, Filipino citizens and Japanese subjects will be free to share in their organization and capitalization, in any proportion they may decide, subject only to the limitations of the Constitution.

(3) All mines essential for the production of war materials such as copper, manganese, and chromium, which are owned and/or controlled by the Philippine Government shall remain with the Japanese Government for exploitation and utilization for the duration of the Greater East Asia War. This condition shall extend to the exploitation and utilization of lumber and other natural resources required for military operations.

(4) Air transportation, main overseas marine transportation, overseas electric communication, and radio broadcasting shall be operated by the Japanese authorities exclusively during the prosecution of the Greater East Asia War. However, the above-mentioned enterprises, except overseas air transportation, may be transferred to the Philippine Government even in the course of the prosecution of the Greater East Asia War, if circumstances permit.

(5) Harbors of military importance shall be under the control of the Japanese authorities when required for military operations in the course of Greater East Asia War.

IV. During the prosecution of the Greater East Asia War, the two governments shall hold consultations on all matters affecting trade between the Philippines and Japan and other regions, foreign exchange and other financial matters related to foreign countries. With regard to tariff and trade on important commodities, the following conditions shall be taken into consideration:

(1) In prescribing tariff rates, consideration shall be given to the mode of wartime trade between the Philippines and Japan and other regions, and the collection of duties in principal ports of the Philippines shall be effected to conform to the exigencies of the control of harbors by the Japanese authorities. For the time being, until more convenient arrangements can be made, the collection of such duties shall be effected by Japanese authorities on behalf of the Philippine government.

(2) Trade in important commodities between the Philippines and Japan and other regions shall be under the supervision and control of the Japanese Government during the prosecution of the Greater East Asia War, provided, that due consideration shall be given to Filipino citizens who desire to engage in such trade or business. Trade in other commodities shall be placed at the disposal of the Philippine government.

V. The control of the national[s] of the countries that are in a state of war or have severed relations with Japan, who at present reside in the Philippines, shall be effected by Japanese authorities and the Philippine Government shall extend to the former such co-operation as may be needed. Nationals of other countries and persons without nationality or owing no allegiance to any country shall be under the control and supervision of the Philippine Government, and the Japanese authorities shall extend to the former such assistance as may be needed.

VI. Enemy properties not required by the Japanese Government for prosecution of the Greater East Asia War shall be transferred to the Philippine Government and their management and ownership shall be subject to future negotiations between the two governments.

VII. Subject to the limitations provided in the Constitution, the Philippine Government shall accord to Japanese subjects equal treatment as that accorded to Filipino citizens by the Japanese Governments.

THE reader will have noted that the second memorandum is a condensation of the first, with some changes. The most important change is in the last paragraph, which, in the second document, refers to the "limitations provided in the Constitution."

The Constitution referred to was not the Constitution of the Commonwealth, which is today the Constitution of the Republic of the Philippines, but a pseudo-constitution which bore only a superficial resemblance to a genuine basic law, embodying accepted democratic constitutional principles. In this

fraudulent opus, qualifying clauses nullified every limitation of arbitrary power and every definition of a right.

As to the country's natural resources, this "Constitution," in Section 1 of Article VIII, declared:

"All agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all sources of potential energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines or to corporations or associations at least 60 per centum of the capital of which is owned by such citizens, subject to any existing right, grant, lease, or concession at the time of the inauguration of the government established under this Constitution."

The Japanese were further protected by Sections 7 and 8 of Article XI, entitled, "Transitory Provisions," as follows:

"Section 7. The provisions and limitations provided for in this Constitution notwithstanding, the President of the Philippines may enter into an agreement with any foreign nation for the utilization of natural resources and the operation of public utilities, which agreement shall expire upon the termination of the Greater East Asia War."

"Section 8. All property rights and privileges acquired by any person, entity, or corporation, since the outbreak of the Greater East Asia War, shall be subject to adjustment and settlement upon the termination of said war."

This left the situation sufficiently indeterminate for the purposes of the Japanese overlords.

HAD this so-called "Constitution," the "Pact of Amity and Alliance," and the Memorandum on "Basic Principles and Policies," actually represented the mind of the people, the rape of the Philippines would have been converted into an even more tragic prostitution.

The bogus Constitution ended with one obviously sincere paragraph which provided, after the war, for the election by popular suffrage of delegates to a convention which would formulate a NEW CONSTITUTION to be submitted to the people in a plebiscite.

This, on the part of the authors of that document, is to be interpreted as having been not only a promise, but a barely disguised cry of shame, for which, in their sore extremity in those terrible days, we may now accord them some modicum of honor.

Application of Republic Act 35 on Tax Exemption of New Industries

DURING its first session, the First Congress of the Republic of the Philippines passed a bill, which, approved by President Roxas on September 30, 1946, became Republic Act No. 35. The Act, authorizing the exemption of new and necessary industries from the payment of internal revenue taxes, is short, and reads as follows:

"Section 1. Any person, partnership, company, or corporation who or which shall engage in a new and necessary industry shall, for a period of four years from the date of the organization of such industry, be entitled to exemption from the payment of all internal revenue taxes directly payable by such person, partnership, company, or corporation in respect to said industry.

"Section 2. The President of the Philippines, shall upon recommendation of the Secretary of Finance, periodically determine the qualifications that the industries should possess to be entitled to the benefits of this Act.

"Section 3. This Act shall take effect upon its approval."

As little was generally known about how or to what extent this Act was being implemented, and this matter is of especial interest to Philippine business, the editor recently wrote the following letter to the Secretary of Finance, inquiring as to the facts:

"The Hon. Pio Pedrosa
Secretary of Finance

"Dear Mr. Pedrosa:

"Would you be so kind as to inform me as to what the present qualifications are of those industries entitled to the benefits of Republic Act No. 35, as determined by the President of the Philippines under Section 2 of that Act?

"I should also like to know what persons, partnerships, companies, or corporations have so far taken advantage of the provisions of the Act, or, if the names can not be given or there are too many of them to be listed without much trouble, of their number and, possibly, the amount of new investment these entities represent.

"With this information at hand it might be possible for the Journal to give this constructive piece of legislation more publicity than it has so far received."

To this letter the following reply has now been received:

"With reference to your letter of June 27, 1949, relative to the industries which may be entitled to the benefits of Republic Act No. 35, I have the honor to inform you that, as provided in the said Act, the particular industry must be 'new and necessary' in order to qualify for exemption.

"The term 'new' has been interpreted as referring to those industries which had not been commercially exploited in the Philippines before the war.

"The term 'necessary' would refer to industries which contribute to industrial and economic development.

"To date, the President of the Philippines, under Republic Act No. 35, has approved exemptions from all internal revenue taxes directly payable by industries engaged in the local manufacture of plastic articles, steel windows, kitchen and household utensils, nails, etc.

"Inasmuch as the Philippines is just entering the initial stage of its industrialization, it may be stated as a general proposition that a wide variety of industries or enterprises which may be established locally would fall within the scope of the exemption granted under the provisions of Republic Act No. 35.

"A paper mill, steel mill, caustic soda plant, factory for the manufacture of electrical appliances, etc. would be among those which are believed to be within the purview of the exemption contemplated in Republic Act No. 35.

"Respectfully,

(Sgd.) PIO PEDROSA
Secretary of Finance"

While Secretary Pedrosa's answer is phrased in rather broad terms and no particulars are given, we believe that it will nevertheless be helpful to those considering investment in "new and necessary" industries here.

Recommendations re the Mining Industry

By the Chamber of Mines of the Philippines

July 5, 1949

Honorable Placido L. Mapa
Secretary of Agriculture and Natural Resources
M a n i l a

Dear Secretary Mapa:

ON June 7, 1949, you called a meeting of representatives of the mining industry at the Department of Agriculture Building, Echague Street, Manila, which, as announced by you, was held at the request of His Excellency, the President of the Philippines, for the purpose of threshing out the present problems of the industry and in order to formulate a plan of assistance by the Government.

BEFORE proceeding, we believe it necessary to give you a clear picture of what the mining industry actually was before the war and what it looks like at present, so that we will see the difference and will know the real extent of the rehabilitation needed.

As the last world war started in the Pacific area on the 8th of December, 1941, no complete records of the industry were kept during that year. However, complete records were kept by the Chamber of Mines of the Philippines from 1936 through 1940. During 1940, 79 mining companies with an aggregate paid-up capital of ₱79,096,946 reported a total production amounting to ₱92,832,911, which represented an increase of 9.58% over 1939 production.

The breakdown of 1940 production is as follows:

GRAND TOTAL GOLD AND OTHER METALS OUTPUT — 1940

Mineral	Quantity	Value
Gold	1,109,252 oz.	₱76,834,425
Silver	1,407,871 oz.	1,989,365
Copper concentrates	7,957 tons	3,338,636
Copper ore	29,874 "	854,995
Chrome ore	166,092 "	2,612,192
Iron ore	1,236,226 "	5,554,992
Lead concentrates	1,058 "	118,008
Manganese ore	52,166 "	1,420,389
Grand total	—	₱92,832,911

Fifty mining companies, including 2 copper producers and 5 placer mines produced the gold and silver, while 7 chromite companies produced the chrome, 16 gold mining companies including the Lepanto Consolidated Mining Company produced copper concentrates, 2 produced copper ore, 4 produced iron ore, and 6 produced lead concentrates. There is no silver mine in the Philippines; silver is produced as a by-product in mining gold.

Out of the 79 operating mines, 24 distributed ₱18,335,215 in dividends to their stockholders. In contrast to the other major industries of the Philippines, the capital of which is owned by a few rich individuals or groups of individuals, the capital stock of the mining companies which is divided into millions of low-value certificates, is owned by thousands of stockholders of different economic standing. With the exception of some foreigners, the stockholders are scattered all over the Philippines and they are the ones directly interested in the rehabilitation of the industry.

The mining industry directly employed 42,931 workers in 1940 to whom a total of ₱21,984,914 was paid in wages. Among all industries, mining paid the highest wages to laborers, and housing facilities in the mining camps were better than in any other industry.

The mining industry paid ₱7,447,615 in taxes to the Government in 1940, spent ₱36,660,647 for materials and supplies exclusives of lumber, and consumed 228,746,462 K.W.H. of power. The industry consumed 84,267,609 board feet of lumber, valued at ₱4,866,162. It was generally believed, although there are no available figures to prove it, that the 1941 production of the mining industry had actually passed the ₱100,000,000-mark.

On the other hand, the production during 1948 is as follows:

MINERAL PRODUCTION IN THE PHILIPPINES — 1948

Mineral	Quantity	Value
Gold	—	₱14,617,456
Chrome ore	256,853 tons	5,281,801
Copper concentrates	4,704 "	1,955,500
Manganese ore	25,566 "	751,853
Iron ore	18,289 "	252,000
Grand Total	—	₱22,838,247

It will be seen that the production of the whole mining industry for 1948 was only 24.6% of the production for 1940 and possibly about 20% of the production for 1941. It will also be seen that about 80% of the industry has not yet been rehabilitated. That is the extent of the rehabilitation needed if we would restore the industry to its pre-war condition. Comparing the production for 1948 with the production for 1940, mineral by mineral, it can be said that with the exception of lead concentrates and iron, the base-metal mines are on their way to rehabilitation, whereas gold mines are lagging quite far behind. Gold production for 1940 with the by-product, silver, amounted to ₱78,323,790 whereas the production for 1948 was ₱14,617,456.82 only, or about 18.54% of the former. Most of the mines which have not yet been rehabilitated are gold mines.

THE problems of the goldmining industry in the Philippines are similar to the problems of the same industry all over the world. Whereas the costs of labor, machinery, supplies and materials have soared to two or three times the cost before the war, the price of gold has remained pegged at \$35 a troy ounce, the price fixed for the metal in 1934. As a result, the operation of a gold mine precludes the making of any profit, the only incentive behind private enterprise. In our opinion, gold mining operation can only be carried on under any of the following conditions:

1. Where some profit is made in spite of the high cost of production due to the unusual richness of the ore.
2. Where some form of subsidy or aid is extended to the industry by a government.
3. Where due to lack of government restrictions a free open market in gold is permitted.

Most of the gold mines in the Philippines are of the marginal or low-grade type, and with the exception of one gold mine among those already in operation, none will be able to continue operation if the producers are required to sell their gold at ₱70 a troy ounce. Even the one gold mine we are referring to may not continue in operation for any length of time. Due to the high cost of production, it will be compelled to leave much of its low-grade ore underground, so its reserve of high-grade ore may easily be exhausted.

The Republic of the Philippines being party to the International Monetary Fund Agreement, we can not make any specific recommendation under conditions Nos. 2 and 3 as enumerated in the foregoing because action along the lines indicated might be construed as in violation of the agreement. However, we earnestly recommend that the Government through appropriate official channels, investigate what is being done by the governments of gold-producing countries such as Canada, South Africa, Western Australia, the Belgian Congo, and perhaps other gold-producing countries to assist in the rehabilitation of the mining industry in those regions through a system of subsidy to the mines to the end that similar action may be taken in the Philippines. For its part, this Chamber unreservedly places itself at the disposition of the Government to assist in the necessary investigation and the obtaining of needed data.

WE will now proceed with the other recommendations voiced in the meeting. As this Chamber was requested to submit a compilation of the recommendations, circular letters were sent to representatives of the mining companies immediately after the meeting, requesting them to furnish this Chamber with statements of their problems and with corresponding recommendations for inclusion in this report. A resume of the recommendations made to help the mining industry as a whole, follows:

1. *Production Tax.*—The production tax at present being collected on the output of gold mines is a great deterrent to the increase in the production of such mines because it practically penalizes such increase in production by taxing it at a maximum of 10% whether the mines make any profit or not.*

On the other hand, all other minerals including base metals, are charged 1-1/2% only, irrespective of the amount of the output. This a very clear case of discrimination against gold mines, especially onerous in view of their present difficulties. In most countries of the world, no tax is charged on the production of mines, so we believe that the tax should be eliminated if the Government really wants to help the mining industry. The Government should for the present be contented to depend on the income tax. When conditions in the industry improve, collection of the production tax could be resumed.

2. *Compensating Tax.*—The compensating tax is a heavy burden on many mining companies which before they can resume operation must purchase costly machinery, equipment, and supplies from abroad. It is recommended that the compensating tax on machinery, equipment, and supplies used by the mining industry be suspended for a period of 5 years.

3. *Assessment Work.*—The present law requiring that P200 worth of annual assessment work be done on each mining claim results in a waste of money. It serves no useful purpose other than to protect a locator against claim jumpers. It accomplishes little, if anything, toward the exploitation of the hidden resources of the nation. The mining companies should be permitted to concentrate the assessment work required on a group of claims to any one claim selected by them to enable them to get real value from this tax. This would help them in making constructive plans for the development of their property.

4. *Forestry Charges.*—The provisions of Section 1833 of the Administrative Code granting the holder of a mining claim a gratuitous license to cut timber on his claim should be allowed to continue indefinitely. It is true that the forest charges paid under the forestry law are not large. However, as timbering of mine tunnels is an indispensable factor in mining and as most of the tunnels in gold mines caved in during the war, much timber is required before those tunnels can be opened up again. To help the mining companies, all lumber they must purchase should be exempt from the forestry tax.

5. *Miscellaneous Taxes.*—Republic Act No. 215 exempting mining companies which have not yet resumed operation from the payment of certain taxes and fees in force up to December 31, 1949, should be extended for 5 years more. The payment of occupation fees on mining claims under Section 241 of the Internal Revenue Code should be suspended for a period of 5 years as a further inducement toward the location of new claims and the performance of exploration work thereon.

It is also recommended that the general exemption from taxation extended to new and necessary industries by Republic Act No. 35 should be extended to those mining companies whose properties were destroyed during the war. Senate Bill No. 361 could be used as a model. This bill would exempt from taxation for a period of 5 years any business whose plants,

properties, or equipment were damaged or destroyed during the last war by not less than 50% of their value.

6. *Financing Facilities.*—Some gold mines not yet in operation and some base-metal mines both in operation and not yet in operation need financing aid from the Government. They need long term loans at a nominal rate of interest. The gold mining companies need funds to put their mines in proper condition and purchase necessary machinery and equipment. Some base-metal operators need funds to increase their output and to market their products. They would agree to contract the loans on the security of (1) their machinery and equipment, (2) blocked-out ore reserves, (3) war damage claims, and (4) the mines as a whole on the valuation recommended by the Bureau of Mines.

7. *Ocean Freight Rates.*—Some companies are encountering difficulties in shipping copper concentrates and other ores to the United States. They are forced to pay very high freight rates in view of the monopolistic control over shipping by members of the Associated Steamship Lines. . . .

8. *Lighterage Charges.*—Some mining companies producing base-metals complain that the operators of lighters are also buyers of ores at prices dictated by them. If the miners do not want to sell their ores, lighters are made available to them only at exorbitant rates. As the mining companies suffer big losses when they are required to pay demurrage, they recommend that the Shipping Administration help the mining industry by having some lighters made available for lease to them.

9. *Hydro-electric Power.*—Some mining companies have signified their willingness to develop hydro-electric power at their own expense in connection with the operation of their mills and other camp requirements. But the present procedure of the Government in granting concessions for hydro-electric installations is too complicated. Furthermore, the applying companies face the possibility of being classified as public utilities, which they most certainly do not want to be. It is recommended that the procedure for obtaining hydro-electric concessions be simplified and made easier for mining companies.

10. *War Damage.*—The good offices of the Republic are solicited to urge on the War Damage Commission the speedy payment of the war-damage claims of the mining companies.

11. *Labor Problems.*—It is recommended that appropriate action be taken by the Government through the Court of Industrial Relations or through legislation to allay the fears and misgivings of the mining industry due to the instability of labor conditions. According to Bureau of Commerce statistics, living costs and wages have both reached practically the same level. There is now no further justification for agitation among the laborers. The present standard wages in the various mining districts for different classes of work should be legalized to avoid instability.

12. *Legislation.*—In addition to the changes recommended in respect to the various taxes mentioned, the mining companies also recommend that they be given assurance that during a fixed period of time the tax situation will remain stable. It is further recommended that while the industry is in process of rehabilitation, no harassing legislation of any kind be enacted.

13. *Increased Appropriations for the Bureau of Mines.*—It is recommended that bigger annual appropriations be given to the Bureau of Mines to enable it to widen its scope of activities and increase its usefulness to the mining industry. The Bureau of Mines is the only authoritative source of information to which inquiring capitalists here or abroad can turn. Unless the Bureau is adequately staffed and given sufficient funds to carry on and continue to completion the mineralogical and geological surveys and investigations that it has begun, and to extend this work also to other areas not yet surveyed and to publish the results thereof, a splendid opportunity will be lost which, if taken advantage of, would greatly benefit the country.

14. *Mines of Tomorrow.*—In view of the present difficulties encountered by the mining industry, no prospecting work to discover new mines is being carried on. If the Government fails to act and allows this condition to continue indefinitely, the time may come when the mining industry will totally fade out. In order to encourage prospecting and to find new mines which may add wealth to the nation, it is recommended that venture capital be encouraged to develop

* Section 243 of the Internal Revenue Code provides as follows: "Sec. 243. Ad valorem taxes on output of mineral lands not covered by lease. — There shall be assessed and collected on the actual market extracted or produced from all mineral lands, not covered by lease, an ad valorem tax, payable to the Collector of Internal Revenue as follows:

(1) On gold —

1½%	on P	1 to P	500,000
2½%	on	500,001 to	1,000,000
3½%	on	1,000,001 to	1,500,000
4½%	on	1,500,001 to	2,000,000
5½%	on	2,000,001 to	2,500,000
6½%	on	2,500,001 to	3,000,000
7%	on	3,000,001 to	4,000,000
7½%	on	4,000,001 to	5,000,000
7¾%	on	5,000,001 to	6,000,000
8%	on	6,000,001 to	7,000,000
8½%	on	7,000,001 to	8,000,000
8¾%	on	8,000,001 to	10,000,000
8½%	on	10,000,001 to	12,000,000
9%	on	12,000,001 to	14,000,000
9½%	on	14,000,001 to	16,000,000
9¾%	on	16,000,001 to	18,000,000
9%	on	18,000,001 to	20,000,000
10%	on	20,000,001 and over.	

(2) On all other minerals, one and one-half per centum of the value of said output."

promising prospects to bring them to the stage where they can be given a valuation.

Under present regulations, the owner of a mining claim can not obtain a permit from the Securities and Exchange Commission to sell stock to the public to obtain funds to develop his claim unless he can show that exploration and development work had already been done on his claim and positive commercial ore had been blocked out.

But that is the time when all mining is in the speculative phase, and the Bureau of Mines and the Securities and Exchange Commission should be requested to devise means whereby the owners of promising but undeveloped claims may be authorized to sell stock to the public. Only in this way may venture capital be obtained to develop such promising prospects; otherwise no new mines may be developed at all.

THE mining industry which was next only to the sugar industry in importance to the country before the war,

is the last of all the major industries to receive the attention of the Government. Nevertheless, we wish to express our profound gratitude to you for giving the representatives of the mining industry an opportunity to publicly outline their problems and to submit appropriate remedies. We earnestly hope that the forgoing recommendations will be duly studied and favorably acted upon by the authorities concerned. As the recommendations do not call for any monetary aid or subsidy but only for the suspension of certain taxes to give the industry a chance to grow, we believe that the Government could easily afford to grant the requests made.

Very respectfully yours,

CHAMBER OF MINES OF THE PHILIPPINES
By Jesus S. Cabarrus
President

Trade Promotion A Jaycee Recommendation

By Ernesto Escaler
*Treasurer, Regina, Inc., Assistant Secretary-Treasurer,
Pampanga Sugar Development Company*

THERE is a pot of gold just waiting to be tapped by Philippine businessmen. It is not the kind one usually dreams of finding at the end of a rainbow. This one really exists in a mine of opportunities unlimited, just at the other side of the Pacific ocean—in the United States of America.

This is the unanimous impression gathered by the world delegates of the Philippine Junior Chamber of Commerce composed of young executives all below the Jaycee age limit of 35 years. This delegation made a scheduled speaking tour of 86 cities of the United States, Canada, Mexico, and Cuba, under the auspices of the United States Junior Chamber of Commerce, which counts with more than 1,500 chapters all over the country. The Philippine Jaycees addressed prepared audiences at business meetings and banquets given in their honor by American Jaycees, who brought to these gatherings the leading businessmen of their communities, and at the meetings of the Rotary, Lions, Kiwanis, and other similar civic clubs, the members of which were all interested and greatly impressed in hearing the Philippine story. This same story was repeated by the Philippine Jaycees in 115 speeches, 1,798 column inches of publicity for the Philippines in the leading periodicals of the country, 23 radio broadcasts in the United States, Canada, and Cuba, 5 television appearances, all reaching a total combined audience estimated at about 45,000,000.

The impressions obtained by this group of Filipino Jaycees are necessarily those gathered during a very fast but extensive coverage of the American scene. This short article is also based on mere impressions gained by a young businessman in search of business opportunities on a whirlwind tour during which he tried to see everything between breakfast and bed-time.

When the delegation reassembled at San Francisco for the trip home, everyone had the same predominant impression,—that the average American was very much interested in and impressed by the Philippines, especially when reminded of the fact that our nation is their only and last democratic friend and ally in this half of the world, where communism is making its bid for supremacy. Another realization was that we have so far done little or nothing to take advantage of this goodwill and interest of the American people.

In almost every gathering addressed by the Filipino Jaycees a portion of the audience would invariably approach them, congratulate them on their speeches, and ask the same set of questions that always came up with stereotyped monotony. Why have we never been told about these things? Where can we see samples of your buri hats, abaca products, rattan furniture? Where can we get those good old Philippine cigars? Where can we get some literature on Philippine business . . . tourism . . . Philippine products?

All of which questions add up to one conclusion of fact—that the American people know little or nothing at all about the Philippines and its products. But they are definitely interested.

In an effort to find the best source of information on Philippine matters and products, toward which we could direct our many curious inquirers, we discussed the problem of trade promotion with our Consular officials in the few places we found them in the United States. We asked them if they had samples of Philippine hardwoods, buri products, abaca articles, and similar manufactures which would appeal to American buyers. We asked them if they could supply printed matter on Philippine business to those who are interested. The answer was always the

same evasive refrain—"We have no samples and no propaganda matter here. We are always asking the Home Office to supply us with these materials. We have appealed to various government agencies to send us samples of native products—but nothing has come of these requests." They all agreed that trade promotion materials and literature about the Philippines, were of utmost importance, if they were to justify their existence as trade representatives of the Philippine Government. They admitted that they receive numerous inquiries for samples of Philippine products—and the only reply they can make is, "We are expecting them in the near future."

One incident has stuck in our minds, apropos of the evidence of missed opportunities we have seen all along our route. A member of the consular staff in Chicago told us that a representative of the great Marshall Field Company, one of the largest merchandizing companies in the world, inquired concerning the addresses of Philippine suppliers of buri and abaca novelties. The Consulate could show no samples so it gave the prospective purchaser from Marshall Field a list of our local merchants dealing in these articles. Later on after a follow-up inquiry, it was learned that Marshall Field could not find a single Philippine source which could supply them the volume and quality of the goods they wanted to order. If only our local business could have pooled its efforts to meet this profitable demand, a new and very promising market would have been opened. But nothing further was done about it. The pot of gold was there. But no one seemed interested.

Our tour of the United States was made just at the start of the summer season. In many places huge window displays featured arrays of summer articles like straw hats, panama hats, straw bags, slippers, abaca rugs, and similar tropical goods. These displays attracted considerable attention. But we noticed one thing,—that the great majority of these straw, fiber, and abaca articles were of decidedly inferior quality and much more expensive than similar articles we manufacture locally. We could turn out these kinds of articles, and of better quality, at lower costs. Yet these products from Mexico, Cuba, and Porto Rico were creating large sales all over the country. We could only shake our heads at the thought of what profits we could reap if we could only bring our own products of that kind to the attention of American buyers. In Detroit we saw a large sale of straw slippers in a great department store, which were being literally gobbled up by eager buyers because they were being sold "at a very low price of \$2.00." We could sell our own abaca slippers, which are more attractive and more durable, on that same counter at half the price,—and what a sale that would be!

During the summer, American buyers, mostly the women, have always shown a fondness for exotic, tropical apparel and accessories. They are always looking for something new, something different from the ordinary run of plastic-nylon-aluminum articles that flood every store-counter. We could very well exploit this natural market for novelties with our Igorot curios, Ilocano table-linen, buri shopping-bags, buri hats, abaca slippers, buntal hats, abaca rugs, and similar articles manufactured locally. We were

particularly besieged with inquiries as to where our American friends could get that "lovely rattan furniture," and "those quaint wooden shoes made in Manila, which would make such beautiful beach shoes." Buyers for the big department stores are eager to see our products. All we have to do is to show them what we have to offer, and it would not be difficult for us to find a ready, willing, and profitable market. But we have to show them first.

Nowhere else have we been more impressed than in the United States with the importance and necessity of trade propaganda. One example of this type of salesmanship is particularly vivid in our minds. In a great majority of the cities we visited, we almost always met with "travelling conventions" of apparel salesmen. These "conventions" are held by the sales-representatives of almost all the apparel and garment manufacturing companies in the United States. They have their coast-to-coast schedules, which are given wide advance publicity all over the country. They select the best hotels and there take from 20 to 50 rooms where each salesman sets up his individual display of his company's products. A large section of the hotel is thus transformed into an improvised exposition where are shown the latest styles of articles to be placed on the market for the coming season. Buyers all over the surrounding counties flock to these travelling convention-expositions and then give their orders for future deliveries. It has been suggested that Philippine businessmen could easily unite in such a cooperative effort, get all their samples together, and join one of these travelling expositions, one that would suit the particular articles we are trying to promote. These samples could be exhibited by only one or two men who could at the same time solicit and receive orders.

At New Orleans, the Jaycees were shown around the famous International House of that city. This is a large office building which houses a permanent exposition at which a great number of foreign countries exhibit their native products. Orders are received at the individual display room of each country. Very moderate rents are charged for room space for exhibit purposes in this building. The products represented there have found many new permanent customers among the multitude of businessmen that flock to this International House from all of the surrounding States. True to our recurrent pattern,—the Philippines was not represented in a single exhibit.

These are typical examples of practical possibilities in trade promotion. The Philippine businessmen singly, or grouped together for greater effectiveness, or the Government itself in the interest of boosting a badly needed export trade, could certainly adopt these or other means, any means at all, as long as we do give the American public the opportunity of seeing what we have to offer them. Once that is done, the rest should follow without much difficulty. The American interest in the Philippines is now at its peak. Dollar exchange is no problem. We still have virtually no trade barriers between our two countries. The pot of gold is there. All we have to do is to reach for it,—that is, if we are interested.

The Business View

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

Office of the President of the Philippines

JULY 1—President Elpidio Quirino administers the oath of office to Col. Margarito Torralba as deputy chief of staff of the Philippine Constabulary.

The President confers with a number of the members of the Philippine Air Mission who are leaving today for Karachi, Pakistan, to negotiate an air transport agreement. The Mission will also visit India, Greece, Egypt, Israel, and Siam for the same purpose. It is composed of Lucas Madamba, Chairman, and J. M. Arreglado (Foreign Affairs Department), D. M. Gomez (Philippine Air Lines), A. E. Albert (Civil Aeronautics Administration), and Capt. E. G. Lavadia (Philippine Air Force).

Budget Commissioner Pio Joven informs the Cabinet that all essential services which were financed by the United States Government up to June 30, will be continued by the Philippine Government under temporary financial arrangements pending regular budgeting, but that only essential personnel will be retained.

JULY 4—Patriotic ceremonies are observed on the Luneta in the morning and at the American Embassy in the afternoon. Official felicitations are received from President Truman and from many other heads of state, Ministers of foreign affairs, and others, including Chiang Kai-shek, Franco, Ernest Bevin, Queen Juliana of the Netherlands, and the Presidents of France, China, Argentina, Cuba, and the Swiss Federation. President Quirino's message to President Truman was:

"Please accept, on this the 173rd anniversary of American independence and the 3rd of our own, the most cordial greetings and felicitations of the Republic of the Philippines and the Filipino people. My countrymen join me in wishing you and the American people continued strength, prosperity, and vision to sustain your role of world leadership on which liberty-loving nations everywhere place their hopes for a life of expanding freedom, peace, and justice."

President Truman's message was:

"It gives me much pleasure to extend greetings and good wishes to the President and people of the Philippines on the occasion of this anniversary of their national independence. These anniversaries are significant both to the people of the Philippines and the United States and I am sure that our peoples will be found associated always with other freedom-loving peoples of the world in zealously guarding the fundamental principles under which free men live."

JULY 7—The President receives Mr. Oliver Zi, a Chinese official, who discussed with him the promotion of trade between the Philippines and Formosa. He declared that the island is able to export coal, cement, sea-products, etc., and needs rope, hemp, copra, lumber, and other Philippine products. Mr. Zi will also visit Siam and India.

JULY 8—The President administers oaths of office to Dr. Cecilio Putong as Under-Secretary of Education, Benito Pangilinan as Director of the Bureau of Public Schools, and Venancio Trinidad as Assistant Director of Public Schools.

The Department of Foreign Affairs announces that the following consulate transfers have been ordered: Roberto Regala from San Francisco to Australia; Alzate from Australia (Sydney) to Honolulu; Mariano Ezeleta from Shanghai to San Francisco; Meynardo Farol, former Consul in Portland, Oregon, will be assigned to Calcutta, India; Tagakotta Sotto, Vice-Consul in New York, will also go to India as Vice-Consul.

Eugene H. Clay, first assistant and economic adviser to Ambassador Myron M. Cowen, who arrived in Manila on the 6th, calls on the President, accompanied by Chayge d'Affaires T. H. Lockett. During the war Mr. Clay was the economic adviser to General Eisenhower and later to Gen. Lucius D. Clay, who is his uncle, when he was military governor of Germany. Mr. Clay was also chief deputy of the economic mission to Greece and economic adviser to the American Ambassador there. He resigned as special assistant to the administrator of the Economic Cooperation Administration to assume the Manila position at the request of Ambassador Cowen.

JULY 10—Generalissimo Chiang Kai-Shek arrives in Baguio by plane from Formosa (Sunday, noon). President Quirino issued the following statement:

"I am most happy to receive Generalissimo Chiang Kai-Shek. I have long wanted to meet him personally as an admirer of his strong will and

effective leadership of Chinese affairs during his time. I am glad that I am now going to have an opportunity to exchange views with him regarding the overall picture of the situation in the Orient. I am hopeful that during his stay with us in the Philippines the relations between the Filipino people and the Chinese people will henceforth be stronger and that our common efforts to make our two peoples live a life of contentment will find a common ground of understanding for the development of our two countries in particular and Asia in general. I am confident that his visit will be fruitful of results toward this end and that the common understanding among the peoples of Asia will be greatly enhanced."

The Generalissimo issued the following:

"It is most gratifying that upon the invitation of President Quirino, I am given the opportunity to make this personal visit to the Philippines. I feel happy to be in your midst, not only as a guest of your President, but also as an old friend. We both feel happy to state that throughout the Chinese people and myself fought on the same side during the second World War, and at whose attainment of full nationhood and independence, China, besides the United States, was the first country to establish diplomatic relations with the Philippine Government. While my visit will necessarily be brief, both President Quirino and myself expect to have a full exchange of views at our meeting on matters of our common interest, especially the question of the menace of international communism in the Far East."

JULY 11—The following joint statement of President Quirino and Generalissimo Chiang Kai-Shek is issued at the Mansion House during the evening:

"During the past two days we had a full exchange of views on matters concerning Sino-Filipino cooperation and the relations among all the Far Eastern countries. We both feel happy to state that throughout the meeting the atmosphere was permeated with spirit of frankness and harmony. In our discussions we agreed that the relations between China and the Philippines should be further strengthened and that concrete and practical measures should immediately be taken by our respective governments for the promotion of a closer economic and cultural cooperation. We also had a full discussion on the imperative of coordinated full development of the Far Eastern countries in order to insure their stability and security. In view of the lack of close collaboration among them in the past and considering the gravity of the Communist menace which confronts the freedom and independence today, we deem it necessary that these countries should at once organize themselves into a union for the purpose of achieving solidarity and mutual assistance to contain and counteract that common threat. A preliminary conference of authorized representatives of these countries, desiring to participate in the formation of this union should be convened at the earliest possible moment to devise concrete measures for its organization. It is our hope that other countries in Asia and the Pacific will eventually respond to the highest aims of the proposed union."

Generalissimo Chiang Kai-Shek further stated: "Although I have come to the Philippines upon the invitation of President Quirino to confer with him in my private capacity, I shall, as leader of the Kuomintang, undertake to advise and request the Chinese Government to give its full support and to take steps to implement the agreements as announced in the above joint statement."

The Department of Finance directs government collecting officers to accept government back-pay certificates of indebtedness in payment of taxes and government hospital obligations, not only those incurred before the enactment of Republic Act No. 304, but those incurred after that date.

JULY 12—President Quirino, informed of a "sympathetic reaction" in Washington to the proposed Pacific Union, states: "I am happy to learn that. It is not surprising because, after all, the countries taking the initiative in the move to contain and counteract the advance of Communism are friends of the United States." He summed up his conference with Chiang as the first of the steps in the pursuit of a "program of moral rearmament through economic and political cooperation among countries facing the menace of Communism." He "emphasized that the present scheme does not involve the military question . . . [but] calls for coordination of mutual economic and production efforts to enable the people threatened by Communism to live in security and contentment and to eliminate hunger and discontent upon which Communism thrives." Later, at a press conference, he states that "the Philippines and China did not bother the United States because it is the intention of these two Far Eastern countries to organize themselves with whatever resources they have to stop Communism as their contribution to the American campaign against Communism. We are not asking anything from the United States. On the other hand, we are doing our bit here as our contribution."

The Generalissimo leaves Baguio on the Presidential plane *Laong Laan* for Floridablanca, Pampanga, where he boards his own plane, *Ching Mei*, to take him back to Formosa.

JULY 14—Estimated that total revenue collections for the fiscal year ending June 30 will amount to around P320,000,000, an increase of about P57,000,000 over the preceding fiscal year, according to E. L. Meer, Collector of Internal Revenue.

Banking and Finance

By C. V. GRANT
Sub-Manager, National City Bank of New York

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

	As of January 31	As of May 31	As of June 30 (in thousands of pesos)
ASSETS			
International Reserve . . .	P714,969	P682,648*	P641,617*
Contribution to International Monetary Fund	30,000	30,000	30,000
Account to Secure Coinage	113,106	113,306	113,306
Domestic Securities	—	3,686	9,739
Due from Treasurer of Philippines	—	—	7,626
Other Assets	19,320	21,994	22,681
	P877,395	P851,634	P824,969
LIABILITIES			
Currency: Notes	P621,521	P544,970	P534,425
Coins	73,035	74,372	74,293
Demand Deposits — Pesos	169,351	152,153	135,438
Dollars	—	40,553*	40,649*
Securities Stabilization Fund	2,000	2,000	2,000
Due to International Monetary Fund	—	22,499	22,499
Other Liabilities	1,488	2,052	2,128
Capital	10,000	10,000	10,000
Undivided Profits	—	3,035	3,537
	P877,395	P851,634	P824,969

* Note: The Demand Deposit liabilities in U.S. Dollars are deposits of the Treasurer of the Philippines. These amounts are included on the Asset side as part of the International Reserve.

July 15—The President authorizes the release of P900,000 for the eradication of a plague, the most serious in 37 years, of "army worms" which is spreading rapidly over 22 provinces, including those of central and southern Luzon and also Mindoro and Palawan. Considerable damage has already been done to rice-seedling beds. The caterpillars (of the moths *prodenia litura* and *spodoptera mauritia*) also attack sugarcane and grass.

Indonesian trade envoy Harsono Resoatmodjo has informed the Philippine Government that the first Indonesian Consul-delegate to the Philippines will arrive next week. Reported that the President last week decided to establish a Philippine consulate in Jogjakarta. Observers state that Indonesia is considered a vital link in the proposed Pacific union.

Secretary of Finance Pio Pedrosa has issued new instructions to be followed in the inspection of baggage at the air port and the piers in an effort to expedite this for the encouragement of tourism. Personnel will be detailed to issue certificates of exemption from tax clearance at the air port and customs-house.

July 16—The Philippine-Pakistan air treaty is signed, the first of such to be negotiated by the Philippine air mission now there.

The Radio Control Board, headed by Under-Secretary of Commerce Filemon Cosio, lays down rules extending the greatest possible freedom to political speakers in the use of the radio. Stations must divide the time as equitably as possible among properly authorized speakers and no censoring will be permitted except in respect to libelous and slanderous matter. Political broadcasts must be clearly stated to be such both at the beginning and end of a program.

The National Economic Council and the Central Bank issue figures showing that of the total paid-up capital registered by corporations and partnerships during the period from 1946 to the present of P117,000,000, Filipino investment amounted to P58,000,000, or 49%. Chinese own 32%, Americans 14%, and the rest is in small percentages among other nationalities. A total of 2,609 corporations and partnerships were registered during the period, among which 1,681 were Filipino, 603 Chinese, and 260 American.

June 17—According to the Government Enterprises Council, the net worth of government-owned industrial and commercial enterprises has risen from P120,000,000 in 1946 to P355,000,000 by the end of 1948. It is emphasized that the government program is confined to enterprises which private capital has shown a reluctance to enter and that the Administration has adopted a policy to dispose of these enterprises to private Filipino capitalists once they are operating at a profit in order to encourage free enterprise and avoid government competition with private capital.

July 18—The National Economic Council recommends that the balance of the subscription of the National Development Company to the Philippine Electrical Manufacturing Company, amounting to P375,000, be paid out of advances to be made to the NDC by the Government for new development projects. It is indicated that the manufacture of electric-light bulbs by PEMCO will soon begin. The Council also recommends that P890,000 needed for the operation of the pulp and paper mill of the NDC at Mandaluyong be released immediately. The Council further recommends that the offer of the International Hotels Corporation (subsidiary of Pan American Airways) to make a study of the tourist industry here, be accepted, expenses to be borne by the Manila Hotel. The Council expresses agreement with the recommendation of the Philippine Contractors Association that surety in lieu of cash bonds be accepted in public bidding as the putting up of 5% cash bonds is tying up operating capital.

The Department of Foreign Affairs announces that the fertilizer quota from the United States has been tentatively set by the Office of International Trade at 5,000 tons nitrogen content; total available for allotment to countries all over the world has been set at 52,000 tons. Ambassador J. M. Elizalde has inquired whether PRATRA will continue to control all fertilizer importations or whether private importers will be allowed to function.

July 19—The President issues Proclamation No. 134, revoking Proclamations Nos. 12 and 16, series 1946, listing the values of foreign currencies for purposes of assessment and collection of customs duties, as recommended by Secretary of Finance Pio Pedrosa; the listing is based on prevailing exchange values.

Secretary of Agriculture and Natural Resources P. L. Mapa having reported that the irrigation pump experiments

The June 30 statement was high-lighted by the drop of P41,000,000 (\$20,500,000) from the previous month in the International Reserve. A decline in the amount of dollars received from the United States Treasury for account of the various United States Government agencies, which supplements the foreign exchange earned from exports, resulted in banks having to rely heavily on the Central Bank for import exchange cover.

The Government floated its first issue of Treasury bills on July 11. The offering, on a discount basis, was composed of P1,000,000 one-year certificates. One of the Manila banks was the successful bidder at P98.50. It has been reported that the proceeds of these certificates will be used to meet preliminary expenses for the development of the new Capital City.

The revised rates established by the Central Bank on June 24 for exchange transactions with the commercial banks, still hold; selling 200.81 telegraphic transfer, and buying 200.75 telegraphic transfer.

The rates between which the banks are permitted to quote to clients are unaltered at:

	Selling	Buying
U.S. Dollars, T.T. over \$500.00	P201.50	P200.50
U.S. Dollars, Demand over \$500.00	P201.375	P200.375
U.S. Dollars, T.T. and Demand under \$500.00	P202.00	P200.00

Banks generally are quoting for prime business telegraphic transfer 201.25 selling, and 200.625 buying.

The decreasing velocity of business turnover, particularly in evidence the past few months, continues, while importers are carefully watching price-trends in the United States. Merchants in general complain that collections are slow.

Stock and Commodity Markets

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

June 22 to July 21, 1949

NEW YORK STOCKS.—The market has displayed quiet, sustained strength in the face of some disturbing news, which included the Sterling crisis and the possibility of a strike in the steel industry. The expansion in trading activity accompanying some of the daily advances is bullish, but perhaps recent volume figures are somewhat misleading due to heavy trading in a few low-priced stocks.

At its closing today, the Industrial average is back up to the level prevailing before the May-June decline, but the Rails have lagged behind, and are still about 7% below their corresponding point.

Market fluctuations during the period, as measured by the closing Down Jones Averages, are as follows:

	June 21	High	Low	July 21
Industrials . . .	165.71	175.60	165.64	174.59
Rails	43.27	45.17	42.45	44.87

Money market conditions now favor high-grade investment securities, and bonds have been quite strong recently. This is a favorable sign as far as it goes. Experience shows that firmness in the bond average is always a preliminary to any substantial advance in stocks.

However, the most important factor in the stock market is still the probable extent of the current recession. So far, there has been a considerable sag in business activity, and this has been reflected in a number of poor earnings statements recently released, with more to come. All of this has been expected, and has had little effect on stock prices. In the past, it has always been noted that the market has overdiscounted the business cycle. It has been anticipating this let-down for a long time, so possibly it is reasonable to conclude that present price levels are conservative on the whole, unless the business decline is to get substantially worse during the next several months.

COMMODITIES.—The Government report as of July 1 estimated total Wheat production as 1,190,000,000 bushels which is the third largest on record, but about 150,000,000 bushels less than the June 1 estimate. The report halted the recent advance in futures, but further damage to spring wheat is still possible. July Chicago was quoted at \$1.99½ against \$2.00 on June 21. Indicated Corn production is large but weather will be an important factor from now on: Futures were irregular, the July open interest is large with deliverable stocks small in comparison; July Chicago is quoted at \$1.42-3/4 and December \$1.17-5/8, as compared with \$1.32-1/8 and \$1.14-3/4 a month ago. Cotton worked moderately higher on commission-house short covering, New York October being quoted at 29.71, compared to 29.43 a month ago. Domestic Sugar futures were lower in sympathy with some easing in the seasonal improvement in demand, and September No. 5 was quoted at 5.38 against 5.46 last month.

MANILA MARKET.—Following further mild weakness early in the period under review, the market has since displayed a pronounced ability to notice good news, which is in sharp contrast to the bearish psychology prevailing during May and June. Up to the present, the advance has been highly selective,

but general sentiment has improved and this should cause a broadening of demand as time goes on.

At this time of year, it seems appropriate to call attention to the strong seasonal characteristic which have been a feature of our market since the war. For four years, peak prices have been registered during the first quarter, to be followed by prolonged declines, which have bottomed out in the third quarter each year up to 1948. As the sell-off in June this year had all of the earmarks of the final stage of a bear market, it may well be that the seasonal pattern is in the process of repeating itself again, particularly as local monetary factors tend to support these swings.

MINING SHARES

1941-49 Range	High	Low	Close	Change	Total Sales			
122.49	60.32	M. S. E. Mining Average	68.64	60.65	69.78	Up	8.57	
P .375 P .11		Acocje Mining Company	1.16	1.16	1.16			1,000
.020	.01	Antamok Goldfields	.01	.01	.01			224,100
.91	.43	Atok-Big Wedge Mining Co.	.49	.441	.49	Off	.01	440,000
.075	.035	Baguio Gold Mining Co.	.055	.055	.055	Up	.01	30,000
3.40	2.00	Balatec Mining Company	3.75	3.20	3.75	Up	.35	14,715
.0072	.0025	Barong Buhay Gold Mines	—	—	.0021b			—
.031	.018	Co. Groc. Inc.	.019	.018	.018	Off	.003	60,000
.015	.01	Consolidated Mines, Inc.	.0125	.01	.01	Off	.0025	1,010,000
.08	.04	Ilocos Mining Company	.05	.05	.05			10,000
.075	.025	I X L Mining Company	.025	.021	.025			32,000
.44	.42	Lepanto Consolidated	.51	.451	.51	Up	.11	297,400
1.75	1.21	Misamis Mining Co. of Mines	.60	.44	.59	Up	.14	390,000
.08	.06	Paracale Gumus, Inc.	—	—	.06b			—
.26	.105	San Maurice Mining Co.	—	—	.14b			—
.43	.21	Surgico Consolidated	.28	.23	.27	Up	.04	318,000
.44	.011	Suyv Consolidated	—	—	.04b			—
.091	.04	United Paracale Mining Co.	.047	.047	.047	Up	.008	20,000

COMMERCIAL SHARES

1941-49 Range	High	Low	Close	Change	Total Sales			
670.00	115.00	Bank of the Philippine Is.	168.00	167.00	168.00			162
620.00	100.00	Central Azucarera de Bais	—	—	610.00a			—
155.00	81.00	Central Azucarera de la Caracota	141.00	141.00	141.00			80
60.00	40.00	Central Azucarera de Tarlac	12.00	12.00	15.00b	Up	P10	10
107.00	70.00	Central Azucarera del Pilar	—	—	81.00b			—
200.00	173.00	China Banking Corporation	—	—	180.00b			—
23.00	22.00	Filipinas Cia. de Seguros	23.00	23.00	22.00			44
1.00	3.65	Manila Wine Merchants, Inc.	—	—	3.65a			—
150.00	140.00	Metropolitan Insurance Co.	110.00	110.00	110.00	Up	P5	11
1.43	.21	Pamlico Bus Company	.50	.50	.50			2,000
.305	.065	Philippine Oil Development Co.	0.105	0.065	0.065	Off	.04	317,000
1.42	1.00	Philippine Racing Club	1.04	1.00	1.00	Off	.14	2,190
31.10	26.00	San Miguel Brewery	27.00	26.10	27.00			3,275
100.00	71.00	William Equipment Co. Pfd.	90.00	90.00	90.00			29
10.00	7.00	Williams Equipment Co.	—	—	7.00b			—

Over-the-counter business in mining stocks was principally confined to Benquet Consolidated which was strong and active following the listing of this stock on the New York Exchange: About 51,000 shares were traded in the range of low P3.95, high P5.30, closing P4.60. Other business included 40,000 shares Taysan "A" at 12 centavos, and 50 shares Philippine Iron Mines Common at P25. In commercial issues, business reported included 315 shares Compania Maritima at P52; 1150 shares Manila Broadcasting at P1.30; 7,600 shares Manila Jockey Club between P1.95 and P1.90; and 84 shares Victoria Milling Company at P145.

Insurance

VICTOR H. BELLO

Supervisor, American Foreign Insurance Association

MUNICIPAL Ordinance 3297, which became effective on July 1, 1949, in essence and as carried out by fire insurance companies licensed to do business in the Philippines, requires that every person shall pay "a municipal tax of one half of one per centum of the total premium collected on fire insurance policies covering properties located within the City of Manila."

GROSS SALES (TEN LEADING BUSINESS FIRMS) 1937-1949
Bureau of the Census and Statistics
 (1937 = 100)

	1937	1938	1939	1940	1941	1945	1946	1947	1948	1949
January	95.1	75.5	88.8	106.7	104.8	—	49.6	160.9	225.2	213.5*
February	102.5	71.6	80.3	99.8	95.9	—	34.6	228.9	228.3	241.3
March	106.9	85.2	87.1	104.3	107.2	—	61.1	218.8	257.5	289.6
April	107.5	81.4	79.8	100.3	105.6	—	75.1	155.3	254.0	231.2
May	100.4	76.9	80.1	97.5	113.0	1.6	117.5	216.0	273.8	261.3
June	100.3	76.6	107.7	103.5	117.0	5.4	85.3	249.4	308.7	278.9
July	105.7	72.0	90.8	98.8	110.0	8.4	89.7	240.4	313.2	—
August	97.4	75.2	90.8	98.3	109.8	10.4	118.9	202.8	272.2	—
September	83.4	76.8	103.3	93.1	114.0	110.7	116.4	219.2	261.1	—
October	97.0	80.1	103.4	85.8	100.1	10.8	147.0	222.9	252.5	—
November	100.4	104.2	110.1	105.6	97.7	21.4	165.1	278.7	215.8	—
December	104.3	88.6	119.4	119.1	64.8	27.9	184.4	291.8	263.4	—

* Revised figures for January, February, and March.

"The proceeds of the tax shall be expended exclusively for the acquisition of fire-fighting equipment for the City Fire Department, subject to appropriation by the Municipal Board."

Fire insurance policy holders will therefore find on policies issued on or after July 1, 1949, and covering property (real or otherwise) in the City of Manila, an additional charge on their premium of 1/2% of 1% of such premium.

Fire insurance companies in general disapprove of this ordinance on the principle that a tax obtained from the few to favor the many is inequitable.

Credit

BY W. J. NICHOLS

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

ONE of the chronic problems constantly confronting the credit executive is not only when to refuse credit to a customer but how to refuse it. If a client is bluntly told that he is not a desirable prospect for a charge account, his feelings are immediately hurt and valuable goodwill may be lost. Sometimes a customer of good paying habits and reputation is temporarily overextended and unable to settle his accounts promptly. While it is often necessary in these cases to withhold further extensions of credit, it should be done in such a way that resentment is not created. There is probably no perfect way to say No, but we believe that if a refusal is made with tact and politeness much is accomplished toward keeping patronage and good relationship alive. Too frequently credit men are callous and indifferent when a friendly letter or interview would be more effective.

It seems to us that there is a need among credit managers for some sort of a digest of commercial laws now in effect in the Philippines. Answers to such questions as what constitutes legal evidence of settlement of an obligation, the essential requirements of a binding contract, libel laws in the exchange of credit opinions, and other related information would, if combined in a handy form, serve as a valuable reference guide for every-day credit work.

Real Estate

BY C. M. HOSKINS

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

THE month of July showed a substantial increase in real estate purchases, with a total recorded of 204 transactions having a value of P3,019,784, as compared with 259 transactions valued at P2,793,217 for June. Several transactions closed during July have not yet been registered.

Mortgages registered in July amounted to P12,446,530, as compared with P7,559,958 for June.

Comparative figures on transfers for the first six-month periods of 1946 to 1949 are as follows:

1946	P23,488,400
1947	41,729,193
1948	33,084,753
1949	23,078,167

Electric Power Production

Manila Electric Company System

BY R. J. BAKER

Manila Electric Company

	1949	1948
January	33 746 000	27 301 000
February	31 110 000	26 021 000
March	34 776 000	26 951 000
April	33 048 000	26 871 000
May	34 453 000	28 294 000
June	34 486 337*	29 216 000
July	35 706 500**	31 143 000
August		31 993 000
September		32 012 000
October		33 943 000
November		32 661 000
December		35 104 000
TOTAL		361 510 000

* Revised
 ** Partially estimated

This month three records were established. The monthly output exceeding the month of December, 1948, by approximately 600,000 kwh. A daily output of 1,241,400 on July 30 and a peak-load of 87,550 kwh on the same day. The previous peak was 87,400, on December 31, 1948. The increase over July, 1948, was 4,563,500 kwh, or 14%.

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REAL ESTATE SALES IN MANILA, 1940-1949

Prepared by the Bureau of the Census and Statistics

Note: A large percentage of 1945 sales and a diminishing percentage of 1496 sales, represent Japanese Occupation transactions not recorded until after liberation.

	1940	1941	1945	1946	1947	1948	1949
January	P 6,004,145	P 962,970	P 7,943,605	P 4,385,011	P 6,030,012	P 3,644,734	P 3,965,420
February	918,873	779,783	1,387,830	2,267,151	7,217,317	3,879,633	2,701,668
March	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719	3,362,635
April	883,207	988,380	213,262	1,916,293	8,611,076	5,021,093	3,677,630
May	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799	4,253,395
June	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246	2,793,217
July	1,324,861	569,742	1,123,565	4,974,862	4,097,183	5,146,529	3,019,784
August	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,786	
September	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581	
October	993,103	1,182,678	2,096,893	5,545,800	6,083,486	5,350,376	
November	938,416	858,235	2,555,472	3,340,384	4,177,054	3,046,287	
December	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,386,248	
TOTAL	P17,974,844	P10,647,285	P22,890,133	P45,537,914	P68,260,104	P57,798,121	P23,773,749

The largest transaction recorded during the month was the purchase for P472,000 of the 8,586-square-meter parcel on Azcarraga Street near Legarda by the Philippine College of Commerce and Business Administration. Although only registered last month, the deal was closed a couple of years ago, before PCCBA began construction of its multi-million-peso school plant.

The seller was the Minerva Real Estate Company, a Sam Berger corporation, which bought the property from a religious corporation several years ago.

This is the site of the old Civil Hospital, established about 1902, which was replaced by the Philippine General Hospital on Taft Avenue in 1912. The Civil Hospital building thereafter became the Minerva Cigar Factory, which was eventually acquired by the late Sam Berger, who had his commercial offices, including the Acme Film Company, at the same site.

Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

TOTAL exports for the month of June carried by 92 vessels amounted to 198,180 tons. Whereas this figure is considerably in excess of the amount of cargo carried during the same month last year, it is 50,413 tons less than the amount listed during the preceding month of May.

Most commodities showed a falling off from last month, principally copra, scrap metal, ores, and sugar.

This can probably be attributed to the drop in the copra market, the ban on the export of scrap

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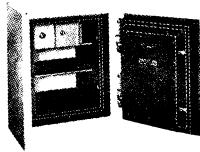
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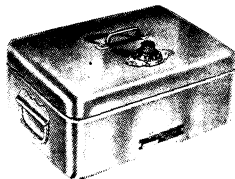
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Standard Interior

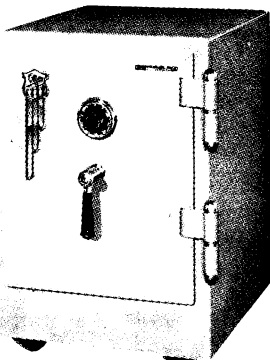


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metal, less demand for certain ores, and the tapering off of the sugar season.

Exports for the month of June this year, as compared with exports for June last year, are as follows:

	1949	1948		
Alcohol	40 tons	—	Furniture, rattan	499 "
Beer	1,147 "	—	Hemp	47,228 bales
Coconut, desiccated	9,007 "	6,498 tons	Household goods	226 tons
Coconut oil	5,681 "	2,508 "	Junk metal	5,086 "
Concentrates,			Kapok	303 "
copper	2,361 "	107 "	Logs	1,448,462 board feet
Concentrates, gold	559 "	110 "	Lumber	1,484,078 "
lead	135 "	—	Molasses	1,350 tons
Copra	34,748 "	49,490 "	Ores, chrome	18,583 "
Copra cake, meal	7,084 "	3,813 "	iron	23,805 "
Embroideries	146 "	120 "	manganese	3,395 "
Empty cylinders	301 "	271 "	Pineapples, canned	11,298 "
Fruits, fresh	118 "	62 "	Rattan	98 "
			Rope	284 "
			Rubber	60 "
			Shells	52 "
			Sugar	58,207 "
			Tanning extract	94 "
			Vegetable oil products	56 "
			General cargo	1,320 "
				22,462 "

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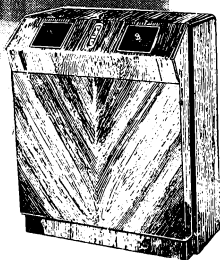
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FOREIGN TRADE OF THE PHILIPPINES
FIRST HALF YEAR 1949 COMPARED WITH 1948

Bureau of the Census and Statistics

Month	1949			1948		
	Total Trade	Imports	Exports	Total Trade	Imports	Exports
January	139,808,710	99,203,670	40,605,040	168,756,643	91,465,820	77,290,823
February	148,146,009	105,063,518	43,082,491	172,918,845	108,417,862	64,500,983
March	186,592,751	136,377,480	50,215,271	175,560,504	125,094,966	50,465,538
April	124,373,818	76,760,529	49,613,289	161,083,915	98,722,256	62,361,659
May	120,480,336	70,536,144	49,944,192	141,840,940	102,703,448	39,137,492
June	136,383,985	86,694,717	49,689,268	135,039,959	79,730,908	55,309,051
Total First Half Year	855,786,609	572,636,068	283,149,551	955,200,806	606,135,260	349,065,546

Mining

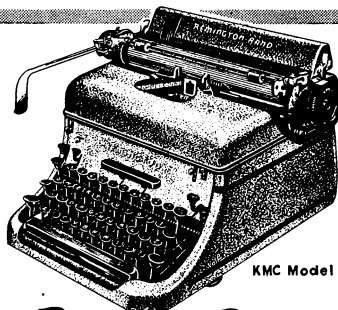
BY CHAS. A. MITKE
Consulting Mining Engineer

June Production

Acoje Mining Co.	3,500 tons	worth	P105,000.
Benguet - Balatoc	46,007 "	"	682,071.
Mindanao - Mother Lode	7,600 "	"	219,890.

Lepanto Consolidated .	15,920 "	concentrates produced	2,087 tons,	worth	492,000.
Atock - Big Wedge	12,035 "	"	"		389,624.
Consolidated Mines . . .	10,250 "	"	"		205,000.
Surigao Consolidated .	7,322 "	"	"	ex-div.	228,496.

INCENTIVES to increase mine production, and also to search for new and previously unknown orebodies, are becoming common topics of discussion in countries, where mining is an important



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issue. Chile provides assistance to miners; Canada has an Emergency Gold Mining Assistance Act, and has also offered other inducements. South Africa gives encouragement to miners, and now, in the United States, legislators are thinking along the same lines. As mentioned in an earlier article, President Truman, in his "Message on the State of the Union", at the time of his inauguration, said:—

"I recommend legislation which will authorize incentive payments for the exploration and development of *strategic and critical minerals*."

At the present time, there is before the American Congress what is known as the "Murray-Engle" bill. This bill is a compromise measure in that it contains parts of several former measures on mining subsidies. It sets up a \$100,000,000 fund for exploration payments and production premiums. Mr. Engle, one of the authors of the bill, is himself a mining engineer from California and is therefore fully conversant with the needs of the miners.

Under the proposed bill, exploration contracts could be made which would provide for fe-

deral contributions of part of the costs, determined on a sliding scale. Contributions could not exceed 90% of the first \$10,000; 80% of the next \$10,000; 70% of the next \$30,000; 60% of the next \$50,000; 40% of the next \$100,000; and 10% of any amount in excess of \$250,000. The contributions could go up to 50% of costs in excess of \$270,000, when the Director found that the project was desirable for the purpose of the act, and the applicant was unable to bear more than 50% of such excess.

Advance payments could be made for exploration projects on which annual cost did not exceed \$150,000. *Payments would be made on the search for new ore deposits or for extensions of known deposits.*

Something along these lines has been suggested for the Philippines which is so badly in need of new producers. It is known that very few of the closed-down mines will ever re-open unless the price of gold goes materially higher than at present. The problem confronting the country therefore is the finding of

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new mines or "prospecting and developing the mines of tomorrow".

The Philippines present a fertile field with many known mineral prospects. When venture capital was available about fifteen years ago, the best known prospects at that time were tested out in depth and ultimately became the *mines of today*.

During the past nine years, many new promising prospects have again been located in virgin territory, but so far, there is no *venture capital* available to open up these *mines of tomorrow*.

Since new mines mean dollar credits to these Islands, possibly something might be done along the lines now proposed in America. Even though the United States is a country rich in minerals, it is offering new incentives to promote an extensive program of exploration for more minerals thereby to open up more mines.

If the Philippine Government were able to follow suit, even in a more modest way, such, for instance, as authorizing the allocation of P1,000,000 for an exploration and development campaign, it is believed that the results would much more than pay for the venture capital thus advanced.

Lumber

BY LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

THE month of June registered a further drop in export with 2,579,958 bd. ft. as compared to 3,114,857 bd. ft. for the month of May. Logs comprised 49% of this amount and sawn lumber 41%.

Most of our export, as usual, went to the United States,—45% as compared with 70% of the previous month, followed by Japan with 35%, and all other countries nearly 20%. It is very probable that the export to Japan, which consists mainly of veneer logs, will materially increase in the future. Shortly before the outbreak of the war, Japan was operating around 100 veneer and plywood mills, and it will require increasing quantities of our woods as the mills are rehabilitated. Japan used to import an average of 111,000,000 bd. ft. a year before the war, surpassing the United States in volume to the proportion of 6 to 1.

Conditions in the local market remain as in the previous month. With the low price of lumber, numerous lumber mills either switched their production to other centers or temporarily stopped operation. As a result, lumber prices have not registered a further drop, as they generally do during the rainy season when construction slows down.

The lifting of the export ban last month had no effect on the amount of our export, although it has helped slightly in that it is no longer necessary to go through the usual red-tape when applying for an export license. Many lumbermen are of the opinion that it was a mistake to have put a ban on exports after Liberation as at that time the United States was in great need of hardwoods. We could have sold from 25 to 30% of our log production at fair prices in the United States, thereby hastening the reconstruction and rehabilitation of our mills destroyed during the war.

The log trade in Japan is of interest to many Philippine producers, particularly now that America has cut down its importation to a minimum. Some

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local producers, however, fear that competition in the next tender by SCAP will be so keen and the price will be so low as to leave little or no profit to loggers. Before the war, Japan took from 76,000,000 to 181,000,000 bd. ft. of veneer logs annually, and the price was so low then that about the only return sellers got, after deducting taxes, etc., was their salaries and wages.

AN important addition to our wood-using industries is the installation of several veneer and plywood manufacturing plants of which there are now three in actual operation, with two more expected to be in production within the next month or two. The Santa Clara Lumber Co., the International Hardwood & Veneer Co., and the mill of the National Abaca and Other Fibers Corp. (NAFCO) in Davao, produce in the neighborhood 900,000 sq. ft. of plywood a month, but these mills will be capable of doubling this amount when certain operational difficulties have been overcome. Two other mills which will come into production soon are those of Woodworks, Inc., situated at Tandoc, Camarines Sur, and the Philippine Plywood Corp., at Tagcauan, Tayabas. The former will be equipped with two veneer lathes, a slicer, and a hot-press, enabling it to turn out phenolic bonded plywood and doors. Conditions in the tropics are so severe to glues that for best results, plywood should be bonded with phenolic or urea resin glues.

Of the three mills in operation, only the International Hardwood & Veneer Co. is equipped with a hot-press, although we understand that the Santa Clara Lumber Co. has ordered a hot-press in addition to its two cold-presses. There is no doubt that many more

plywood mills will be established in the Philippines because we have the raw materials here and because considerably more plywood could be absorbed in the local markets. From reports released by the Bureau of Commerce, the quantity of plywood imported in 1947 was 3,498,055 sq. ft., valued at P860,704, and in 1948, 7,810,638 sq. ft., valued at P1,848,960.

Copra and Coconut Oil

BY MANUEL IGUAL
Executive Vice-President,
El Dorado Trading Company, Inc.
AND KENNETH B. DAY
President, Philippine Refining Company, Inc.
June 16 to July 15, 1949

IN a market such as coconut oil is going through at present, where buyers consider the product definitely overpriced, the tendency is to keep inventories at a bare minimum and rely on current purchases to replenish the minimum requirements which cannot be dispensed with. Moreover, with future prospects pointing to lower prices, the temptation is to sell short. This makes the market particularly vulnerable to unexpected factors affecting supplies adversely, and is likely to backfire against the buyer who cannot wait and the speculator who fears being caught short. Disappointing copra supplies, due largely to the continued decline in oil and copra prices, upset the copra market twice in the period under review, at neither time very seriously or for long, but on both occasions sufficiently to add an additional gamble to an already over-speculative business.

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On June 15 the copra market was stagnant at around \$140 c.i.f.P.C. and perhaps \$135 f.o.b. for Europe. Buyers were talking the market lower, but sellers were continuing to resist and we know of no actual business at under these prices, which however were chiefly for immediate or prompt shipment. During the last few days of the month, however, one of the Coast operators was caught short and within three days bid the market up \$25, culminating in sales at \$160 c.i.f. for July shipment. European quotations also advanced and on July 1 there were buyers for small quantities at as high as \$150 f.o.b.

This flurry was soon over, shorts covered themselves, again the markets started down, and business was done at \$145 or a bit more, with indications of continuing recession. On July 12, however, Pacific Coast mills awoke to the fact that copra was not in good supply, and that they were short anywhere between 10,000 and 14,000 tons to meet August oil commitments. Overnight, therefore, this very sensitive market tightened up and on the 15th business was done as high as \$165 c.i.f.P.C., a pleasant surprise to copra producers. Again the spurt was shortlived, and even on the 15th there were signs that the edge was off. It could not be disguised, however, that there will probably still be plenty of demand for copra throughout July, but presumably at somewhat reduced prices. At any rate the decline was temporarily checked during this period, and the price improvement gave new incentive to copra producers, who have been neglecting copra-making on a continuously falling market.

On July 15 there were sellers at \$165 c.i.f.P.C. or \$150 f.o.b. with buyers holding back, but with good grounds to believe that coast mills are still somewhat

short as well as some operators who have European shipments to make. There still is very little interest for August copra, most of the demand being for spot.

MEANWHILE, coconut oil was slower to move, particularly on the East Coast where it hung persistently at around 12 to 12½ cents per pound for August delivery, with July at a premium. This was influenced to some extent by threats of July importation of Dutch East Indies oil via Rotterdam. Nevertheless, the market did advance, and reached a point where July delivery was sold in New York at 15 cents and August 12¾ cents, possibly 13. As in copra, there was a subsequent reaction, and on July 15 buyers were again on the sidelines and waiting for lower prices. It was felt, however, that with Coast mills still short, East Coast buyers would have to re-enter soon to cover their requirements. Coast prices, being based on tank cars instead of bulk, fluctuated even more widely, and the spread in prices between July, August, and September oil was at times as much as 3 cents per pound, a very exaggerated spot premium, and an unhealthy one.

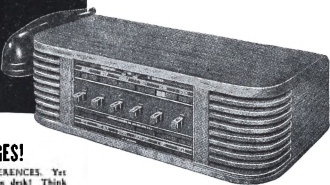
During this period Philippine dealers sold a fair but not a great amount of copra and Philippine oil mills did a considerable volume of business to the Atlantic Coast, as well as a small amount to the Pacific.

LOCAL markets followed export trends closely, Manila prices ranging from P24 to P28, down to P25, and then back to as high as P30. Cebu prices ranged from P25 to P28. Supplies were disappointingly light, but gave promise of marked improvement if prices remained steady.

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Copra exports for June again lagged behind, totalling 34,748 tons as contrasted with 53,488 in June, 1948, and distributed as follows:

U. S. Pacific Coast	22,064 tons	
U. S. Atlantic Coast	3,174 "	
U. S. Gulf Coast	1,636 "	
Total	26,874 tons	
Canada	500 "	
Europe	7,272 "	
Ecuador	102 "	
Total	7,874 "	
Grand Total	34,748 tons	

Coconut-oil exports totalled 5,681 tons, as against 2,108 tons in June, 1948, distributed as follows:

United States Pacific Coast	316 tons
United States Atlantic Coast	3,857 "
Europe	1,508 "
Total	5,681 tons

For the first six months of 1949, copra exports totalled 239,340 tons, as contrasted with 349,826 tons in 1948, and 447,693 tons in 1947, a truly remarkable decrease. Coconut-oil exports, on the other hand, are increasing modestly, totalling 25,757 tons for the first half of 1949, as contrasted with 15,556 tons for the corresponding period of 1948, and 8,496 tons for 1947. Indications are that the overall local production of coconut oil is increasing gradually.

As predicted last month, copra cake and meal were easy, European prices ranging from \$38 f.o.b. down to \$36 and Coast prices from \$54 c.i.f.P.C. down to \$53, with the tendency downward. On the Coast,

the preference seems definitely to be switching from meal to expeller cake, which Coast mills are selling in bulk.

THE London *Financial Times* of July 4 makes the following statement:

"There is a surplus of oils and fats in hard currency territory with low price levels, but a shortage in the rest of the world, where very high prices prevail. The surplus, however, is inadequate to cover the shortage even if, by some means, it could be made available to the rest of the world. . . . In 1948, supplies for Europe and the rest of the world excluding the United States, increased by 880,000 tons over 1947. In 1949 the increase over 1947 is expected to be nearly 1,100,000 tons. This is not thought satisfactory, the rate of increase being lamentably slow considering the serious world shortage."

Europe appears to be largely out of our picture at present, and the Philippines today is chiefly dependent on United States markets to sell its copra and oil. United States markets, although perhaps light on coconut oil, have a great surplus of other oils and fats. Consequently, in spite of minor fluctuations and notwithstanding world shortages, the prospects for marketing our oil and copra during the remainder of the year at today's levels are not too good, and ordinarily lower prices would be expected. Nevertheless, the Philippine copra crop is short, and American requirements, even though at a minimum, must be filled. For that reason there is still a chance that Philippine oil will remain at what appear to be artificially high levels, provided supplies do not pick up considerably during the next month. Usually at this time of year they do, but they have been disappointingly slow so far in 1949. Consequently, although signs at present point to lower prices for

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copra and oil, there is nothing certain about it, and until the market is more sufficiently supplied, minor fluctuations and spot premiums are likely to continue, but with an overall downward tendency.

ON July 27, President Truman signed a proclamation restoring the two cents additional excise tax assessed against coconut oil processed from copra of other than Philippine origin effective August 27.

Prior to independence, this additional tax was imposed as a special protection to the Philippines, and it was subsequently continued in the Philippine Trade Act of 1946. The preference was temporarily waived in 1946, however, by agreement between the Presidents of the Philippines and of the United States, because of the world shortage of copra and coconut oil at that time. It was to be restored when supplies of Philippine copra and oil were again adequate. This is now assumed to be the case, and President Truman's action is but a compliance with the agreement, and restores the tax to its previous status.

The significance of this additional tax is that copra and coconut oil of other than Philippine origin must pay a considerably heavier processing tax than Philippine copra and oil, the consequent result being that to all intents and purposes Philippine copra and oil should have a virtual monopoly in American markets. This should serve to stabilize prices of these

commodities, but will probably have very little effect on overall prices, because with plenty of Philippine copra and oil available, prices will be controlled by effective demand. The chief advantage to the Philippines of the additional tax, therefore, will be to prevent undercutting of normal levels by oil and copra produced outside of the Philippines, generally in soft-currency countries, where the urge to obtain dollars tends to encourage low selling prices.

Desiccated Coconut

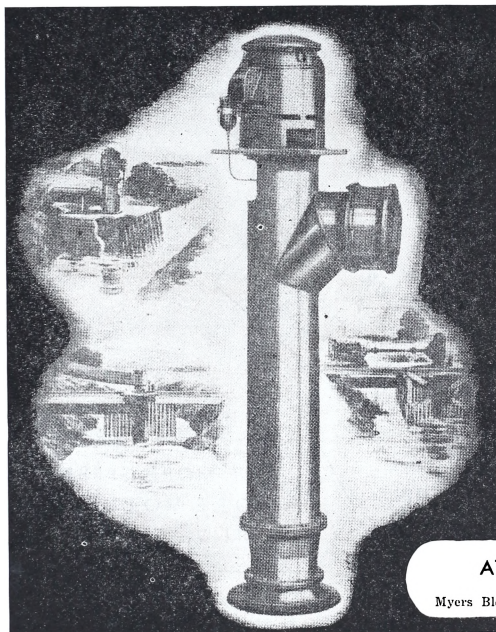
BY HOWARD R. HICK

President and General Manager
Petr Paul Philippine Corporation

THIS report covers the period from June 16 to July 16, 1949.

Generally the situation in the industry has been maintained under normal condition. No major developments or changes have occurred and aside from the shutting down of some plants in Luzon (PPPC is not operating since July and Blue Bar is still shut down) all other plants are under normal operation. Red V Coconuts Plant in Oroquieta is undergoing tests preparatory to actual production.

Price of copra now stands at P27 which marks an increase over the price a month ago.



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Manila

The following statistics indicate the shipments of desiccated coconut for the month of June:

<i>Shippers</i>	
Franklin Baker Co. of the Philippines	3,857,920 lbs.
Blue Bar Coconut Company	429,920 "
Peter Paul Philippine Corporation	2,467,600 "
Red V Coconut Products, Ltd.	2,075,000 "
Sun-Ripe Coconut Products, Inc.	498,500 "
Standard Coconut Products	81,400 "
Isabelo S. Hilario	0 "
Cooperative Coconut Products Inc.	275,000 "
Tabacalera	250,000 "
Luzon Desiccated Coconut Corp.	0 "
Coconut Products Corporation of the Philippines	172,440 "
Universal Trading Co.	0 "
10,207,760 lbs.	

Sugar

BY S. JAMIESON

Alternate Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from July 1 to July 30, 1949.

New York Market. June closed with 75,000 tons of raws, mostly Puerto Ricans and Philippines, on offer at 5.90 cents, and refiners, on the one hand, showing little interest in the offers, while sellers, on the other, were not forcing the sugar on the market. Both parties were seemingly disposed to let matters ride until the long week-end holiday for July Fourth was over. On the resumption of business after the holiday, there were indications that sellers would shade their price and that moderate quantities might be bought at 5.85¢, and on July 7 small lots of Puerto Ricans, Philippines, and Cubas were actually sold at that price. As the longshoremen strike in Hawaii showed no signs of an early settlement, the California and Hawaiian Refinery, San Francisco, continued its buying of available Philippine parcels, and as these became scarcer, turned to Cuba for supplies, buying there about 25,000 tons at the equivalent of 6.03¢ New York basis, duty paid. It is estimated that altogether this refinery has bought about 75,000 tons of Philippine sugar. It also bought a small lot of Puerto Ricans at 5.94¢ c.i.f. San Francisco. In spite of a good distribution of refined, the Eastern refiners stayed out of the market for raws, though indicating interest if sellers would shade their price, and on July 19 sellers let go of small lots at 5.80¢, followed next day by a sale of 2,000 tons Philippines nearby at 5.75¢. It became evident that refiners would be active buyers at these prices, but, though further small lots were sold at 5.80¢, sellers generally held out for 5.85¢ to 5.90¢. In the last days of the month, the market developed a firmer tone, and closed with sellers at 5.90¢ and buyers at 5.85¢ for suitable positions.

In the New York sugar exchange quotations for the period June 24 to July 22, 1949, we are including quotations for the new contract No. 6 as well as for contracts Nos. 4 and 5. Contract No. 6 was referred to in our previous review and trading in it started on July 18.

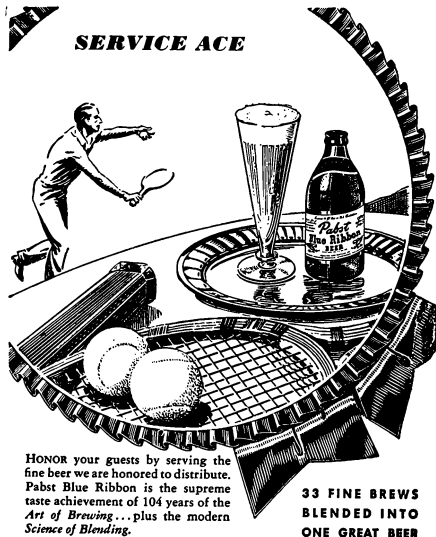
CLOSING QUOTATIONS ON THE EXCHANGE

From June 24, to July 30, 1949

	Contract 4	Contract 5	Contract 6 (From July 18)
July	4.11	5.35
September	4.11	5.37
November	5.29
March	3.87	5.12	5.07
May	3.85	5.12	5.07
July	3.89	5.16
September	3.89	5.16
Total sales	59,900 tons	126,000 tons	46,100 tons

Local Market. (a) Export Sugar. Buyers were quoting nominally P13.50 per picul ex mill warehouse for any 1948-49 export sugar that might yet be available. It is reported that forward contracts for fairly substantial quantities of 1949-50 sugar, for delivery up to December 25, 1949, have been made at prices ranging from P13.00 to P13.25 per picul ex mill warehouse, and buyers seem disposed to enter into further contracts at P13.00.

(b) Domestic Sugar. The market developed considerable strength and at the close there were buyers at from P19.00 to P19.50 per picul ex mill warehouse for centrifugals. It is reported that dealers and large users of domestic sugar are interested in making forward contracts for 1949-50 domestic centrifugal sugar on the basis of P16.00 per picul ex mill warehouse.



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General. 1949-50 Philippine Crop. A preliminary estimate places total production at 790,000 short tons as compared with 723,600 short tons (approximately) for the 1948-49 crop. In some of the Visayan districts planting was delayed by a prolonged dry spell, but rains have now fallen, enabling some districts to catch up on their planting, besides having a beneficial effect on the cane already planted.

1948-49 Cuban Crop. It is reported that the final out-turn was 5,763,014 short tons, as against 6,674,950 short tons for 1947-48.

United Kingdom. The British Government has decided to reduce the present ration of sugar from 10 to 8 ounces weekly, and to re-impose the ration on sweets, hoping thereby to effect a saving of 180,000 tons of sugar purchases from hard currency areas.

Manila Hemp

By H. ROBERTSON

*Vice President and Assistant General Manager,
MacLeod and Company of Philippines*

THIS review covers the period June 16 to July 15. We have witnessed during this time what might be termed the initial period of readjustment of abaca prices following the period of the inflated post-war values.

For several months we have stressed in this review the depressed state of the United States cordage industry, and the very cautious attitude of abaca consumers over all the world. Abaca values declined only slightly earlier in the year when almost all other commodities declined materially, but, undoubtedly, a

latent weakness was present in the abaca market although not reflected in prices at the time. The withdrawal of SCAP buying late in June when its appropriation for the fiscal year July, 1948, to June, 1949, became exhausted, proved to be all that was necessary to bring out the incipient weakness of the market. The deteriorating dollar position in Europe and the fact that Germany and Norway were overstocked with abaca and endeavoring to resell their surplus, made it increasingly clear to United States buyers that their more or less complete withdrawal almost certainly would lead to substantially lower prices, which United States consumers quite rightly felt were overdue in view of the depression-level operations of the cordage industry in the United States. Continued poor demand for the finished article made such a policy easy and, in many cases, absolutely necessary.

The SCAP withdrawal is only temporary. It will probably be back in the market by September or October when details of the new appropriation will have been worked out. It is expected that the requirements for the fiscal year July, 1949, to June, 1950, will run about the same as last year.

It appears certain that we have now witnessed the death of the longest bull market for Manila hemp in history. The advance began in September, 1940, with Davao J1 around P10 per picul, and terminated in February of this year, when this grade hit a high of P70 per picul. It is impossible to say at what level abaca prices will finally flatten out, but there is little doubt that the high prices which have ruled for about the last year will not return in the foreseeable future.

The severity of the decline during the last four weeks is illustrated in the following Philippine prov-

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incial and New York quotations as of July 15, showing the decline in prices since June 15:

Philippine provincial quotations as of July 15:

	Per picul basis loose			
Davao I . . .	P52.50	— Down	8.50	per picul since June 15.
Davao JI . . .	51.50	— Down	8.50	" " " " "
Davao G . . .	44.59	— Down	8.50	" " " " "
Non-Davao I . . .	47.00	— Down	15.50	" " " " "
Non-Davao G . . .	35.09	— Down	10.00	" " " " "
Non-Davao K . . .	24.00	— Down	3.50	" " " " "

New York quotations, July 15:

	Per lb. c.i.f. New York			
Davao I . . .	25 1/4¢	— Down	3¢	per pound since June 15.
Davao JI . . .	24 1/2	— Down	2 7/8¢	" " " " "
Davao G . . .	22 1/2	— Down	2 1/2¢	" " " " "
Non-Davao I . . .	24	— Down	4 3/4¢	" " " " "
Non-Davao G . . .	18 3/4	— Down	2 3/8¢	" " " " "
Non-Davao K . . .	13 3/4	— Down	1 1/4¢	" " " " "

The readjustment in the price of abaca which has probably passed through only its initial phase should not work any great hardship on local producers who, even at prices lower than those now ruling, still have a good margin. On the contrary, the decline should in the long run benefit the Philippine abaca industry as a whole because prior to this decline, the industry had just about priced itself out of the United States market. Cheaper substitutes were being increasingly used and had such a state of affairs continued, it would eventually have lead to the possibly permanent use of substitute fibers.

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All consuming markets ruled very weak during the period under review, with no business to speak of outside of limited stockpile purchases, principally of Davao grades. Exporters pressed sales which in the very weak state of the market naturally led to a wide break in prices with only negligible business being transacted. Philippine buyers have shown little or no interest, preferring to stand by and await some indication as to the level at which prices will settle down.

At the time of writing, both consuming and primary markets continue very weak.

Production for June, 1949, was 45,847 bales — an increase of 4,673 bales from May, 1949. Non-Davao balings totalled 24,567 bales — up 1,660 bales from May. Davao balings were 21,280 bales — up 3,013 bales from May. Exports for June amounted to 45,089 bales. Production for the first six months of 1949 amounted to 281,641 bales, against exports of 266,054 bales for the same period. Production for the first six months of 1948 amounted to 362,246 bales — 80,605 bales more than for the first six months of 1949. Production for the second half of 1949 should exceed considerably that of the second

Tobacco

BY THE CONDE DE CHURRUCA
President, Manila Tobacco Association

THE National Tobacco Corporation, under the able direction of the Hon. Cornelio Balmaceda, Chairman, and Mr. Vicente Formoso, Manager, is giving very special consideration to ways and means of improving the quantity and quality of the tobacco crops, with the aim of eventually arriving at results that will permit Philippine tobacco to adjust itself to world market conditions, and thus become again a source of income to the country.

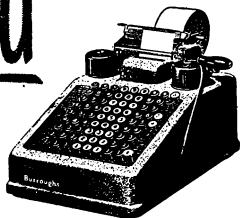
It is stated officially that prices have been fixed at a high level so as to encourage the farmers to plant more, thus to increase production and consequently to lower future crop prices.

Following is the list of prices fixed for the different localities and grades:

Prices per Quintal (46 kilos)

Province of Isabela	Pueblos	
	altos	bajos
For 1a. Clase	P42	P36
" 2. & 3a. Clase	35	34
" 4a. Superior	32	32
" 4a. Corriente	30	30
Province of Cagayan		
For 1a. Clase	P34	P32
" 2a. & 3a. Clase	32	30
" 4a. Superior	30	28
" 4a. Corriente	26	26

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" 2a. & 3a. Class	23.00
" 4as.	16.10

Province of Pangasinan

For 1a. Class	P32.20
" 2a. & 3a. Class	23.00
" 4as.	16.10

Obviously, at such prices the tobacco dealers and manufacturers will not be able to buy the lower grades unless they are prepared to suffer a substantial loss; in spite of a willingness to co-operate with the Government, they will be forced to wait for bigger crops and lower prices, reducing their business for the present.

The higher grades of tobacco in Isabela province, from which wrappers and binders can be obtained, will be purchased, as always, at a high price, for the competition to obtain this tobacco is very keen.

But for the rehabilitation of the tobacco business, a further loss of foreign markets, even if for just a year or two, will mean another set-back; in some instances, foreign manufacturers using Philippine leaf for blending may be forced to switch to other tobaccos, and perhaps may discontinue the use of our leaf for good. The higher cost of leaf tobacco for manufacturers will put local cigarettes at a still greater disadvantage in competing with cheap imported brands, and will also probably encourage the importation of Virginia leaf tobacco from the United States, as this can be obtained at fairly attractive prices and suits the taste of the public.

All in all, we believe the Government is conducting a dangerous experiment; only time will tell.

One of the products which competes with ours most seriously in European countries is the Santo Domingo leaf tobacco. During the month of June, 6,500,000 kgs. have been refused at \$25 per 100 kgs. f.o.b. Offers from Kentucky have been refused at \$28 per 100 kgs., and Rio Grande dealers are offering at \$30, accepting payment in pounds. To be able to meet these prices and sell at about \$30 Manila, per 100 kgs. f.o.b. a quintal (46 kgs.) would have to be valued at a maximum of P27.60 f.o.b. Manila, allowing for a 5% margin — P1.38.

Fixed expenses for fermentation, commissions, transportation, arranging, inspection fees, etc.	P 7.00
Overhead expenses depending on volume of purchases, about	5.00

P13.38

There would be P14.22 left for the farmer.

Although the stated prices can be paid for the lower grades of the Pangasinan, Union, Ilocos, and Visayan provinces, it is very doubtful that they can be maintained in the Cagayan Valley where the farmers last year received between P25 and P40 a quintal, depending on the quality. Exporters' possibilities will be considerably reduced because they will be obliged to sell at prices much over those of the world market, and even then will sustain a loss, for with small-volume purchases the overhead expenses run well over the P5 limit.

In the local manufacture of cigars and cigarettes, especially the latter, it is necessary to produce cigarettes which will attract buyers because of their low price, for if there is no saving, smokers, follow-

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ing the trend of fashion, are apt to switch to the imported products. We therefore have to employ the cheapest leaf tobacco possible, and anything higher than P20 per quintal at the factory makes it very hard to compete with the cheap imported cigarettes and the products of clandestine manufacturers who resort to all sorts of tricks to avoid legal requirements.

We are well aware of the interest that the Government is taking in assisting farmers, workers, and business in general, and some practical achievements like the enactment of Bill No. 2217 (Republic Act No. 419) are to the benefit of all.

Import control, if wisely applied, may also help the industry. The statistics will tell us what has been achieved after the first six months, though no great results will be felt until after at least a year, as large stocks had been accumulated by importers.

The problem that has to be solved is simply how to obtain bigger crops of tobacco at substantially lower prices, and, more difficult, how this can be done without disrupting existing business conditions already none too good.

Some of the following suggestions, put forward by the Manila Tobacco Association, may be worth trying:

1. Distribute seed to the farmers at the right time.
2. Provide seed beds, on government lands and with government funds, in the different tobacco regions so as to help the farmers who have not enough seedlings for transplanting when bad weather conditions damage their own.
3. Extend such facilities as working implements, carabaos, etc., to farmers who need them.
4. Give more lands to families which can develop them.
5. Mechanize some of the harder labor so as to help the farmers produce bigger crops. (The farmer would gladly pay a small fee for assistance in this matter.)
6. Distribute fertilizer to improve yields; provide better irrigation facilities; control insects and pests.
7. Offer cash prizes to farmers in each district who obtain (a) the biggest crops, (b) the best tobacco, (c) the best classifications, etc.
8. Compensate in cash the farmers who lose their crops because of floods, typhoons, etc., but oblige them to help other farmers who have bigger crops than they can handle.
9. Subsidize farmers who because of world market conditions, have received inadequate payment for their crops.
10. Prepare for the future and increase the number of farmers by systematically emphasizing to the younger generation the necessity of agriculture to make the country as self-sufficient as possible; help young people to get established on farms.
11. Intimate co-operation between the Bureau of Agriculture and the National Tobacco Corporation is desirable. We know the Bureau of Agriculture has very capable men, but its funds are inadequate. It would probably save a lot of money and avoid duplication of personnel to combine the efforts of the two organizations.

Summing up, we believe that the problem of increasing tobacco production has to be solved by attacking the causes, and these are, as we have pointed out: a decrease in the number of farmers, as many of the younger people prefer to enter other lines of activity; lack of means, caused by the losses suffered during the occupation; very bad weather conditions during the past three years. Although it is not possible to change adverse weather conditions, much can be done to ameliorate the effects, so that our farmers will not get too discouraged and turn to other enterprises.

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Legislation, Executive Orders, and Court Decisions

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

THE BALLANTYNE SCALE.—The value of Japanese currency was the subject of considerable study in the early days of liberation, Mr. Alk of the Foreign Funds Control section of the U. S. Treasury Department, and Mr. Belgrano of the Bank of America, financial adviser to U. S. High Commissioner McNutt, both worked on this problem.

At the request of President Osmeña, Mr. D. L. Ballantyne of the Chase Bank, who had been stationed at Hongkong prior to the war, came to the Philippines in 1945 as a Special Bank Adviser to the President.

Mr. Ballantyne developed a schedule by which debts in Japanese currency could be paid with the equivalent in post-liberation currency, verified from known transactions of exchange between Japanese invasion currency and pre-war Philippine pesos, of which approximately ₱200,000,000 were in circulation as of January 1, 1942. It is substantially the same as the solution recommended by the others who worked on the problem. The schedule prepared was:

1942	1.00	1945	
1943		January	4.00
January	1.05	February	5.00
February	1.10	March	6.00
March	1.15	April	9.00
April	1.20	May	12.00
May	1.25	June	15.00
June	1.30	July	20.00
July	1.40	August	25.00
August	1.50	September	30.00
September	1.60	October	40.00
October	1.70	November	60.00
November	1.80	December	90.00
December	2.50	1946	
		January	120.00

After that schedule was prepared, Commonwealth Act No. 727 was approved, effective January 18, 1946. Among other items, this act contained the following:

"SECTION 1. All payments made on demand or tendered and accepted during the period of the Japanese invasion on obligations incurred or contracted prior to and during such period shall be considered valid, and all obligations thereby satisfied during the period of Japanese invasion shall be considered fully discharged."

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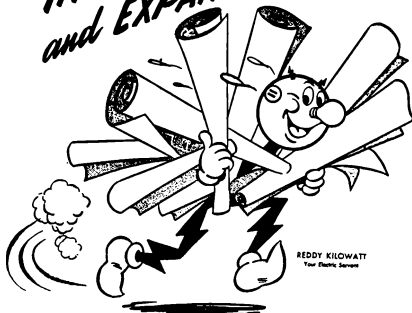
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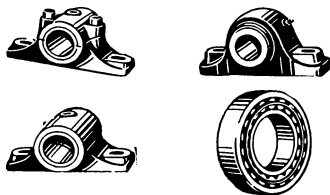
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"SEC. 4. Any balance remaining unpaid on an obligation incurred or contracted during the period of Japanese invasion, including contracts of sale with right of repurchase and other contracts of similar nature, shall be liquidated in accordance with the value of the Japanese Military note in relation to the Philippine peso obtaining on the date when and at the place where the obligation was incurred, unless the parties had agreed upon another value or kind of money in which the obligation shall be discharged. In case of disagreement as to the relative value of the Japanese Military note on the date the obligation was incurred, the determination of the proper value shall be left to the competent court."

"SEC. 6. All remaining balances of deposits made with banks or other institutions of credit including mortgage banks, savings banks, commercial banks and trust companies, or with private individuals, prior to the Japanese invasion, shall be valid and collectible in legal tender currency after the liberation of the Philippines but shall earn no interest during the period of Japanese invasion;..."

The United States Government opposed this law on the ground that it would legalize payments made in Japanese currency on pre-war obligations, to the detriment of creditors.

On April 1, 1946, official information was received that President Truman had disapproved this bill.

On April 30, 1949, in the case of Hilado vs. De La Costa, G.R. 150, the Philippine Supreme Court said:

"... Contracts stipulating for payments presumably in Japanese was notes may be enforced in our courts after the liberation to the extent of the just obligation of the contracting parties, and, as said notes have become worthless, in order that justice may be done and the party entitled to be paid can recover their actual value in Philippine currency, what the debtor or defendant bank should return or pay is the value of the Japanese Military notes in relation to the peso in Philippine currency obtaining on the date when and at the place where the obligation was incurred, unless the parties had agreed otherwise. In the absence of evidence of the value of the Japanese war notes in terms of Philippine currency, and for the purpose of this decision, we may adopt the Ballantine scale of values for the Commonwealth (now Republic) peso in terms of the peso in Japanese war notes during the occupation, which gives the ratio of 90 to 120 pesos in Japanese war notes to one peso in Commonwealth currency on December 24, 1944,"

Following the principle of that decision, the Philippine Supreme Court, in case No. 1525, Soriano vs. Abalos, July 27, 1949, said:

"It is also maintained by petitioner that the damages awarded to respondents were based erroneously on a value equal with that of Japanese war notes as were due in December, 1944. We believe that this contention is well taken. Petitioner is not liable to pay now in Philippine currency the same number of pesos in Japanese war notes to which he was sentenced on December, 1944. He is liable only to pay

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the equivalent which may be determined by means of the Balentine scale of values, as held in *Hidalgo v. De la Costa*, G. R. No. J-150. According to that scale the value of Japanese Military Notes in relation to the peso in Philippine currency on December 1, 1944, was 90 to 1. Consequently, instead of the sum of P3,200.00, petitioner should be sentenced to pay yearly P35.55 as damages beginning May, 1944, until the property is finally delivered to respondents.

"For all the foregoing, the judgment of the Court of Appeals is affirmed with the only modification that the petitioner is sentenced to pay respondents, counting from May, 1944, until the property is delivered to respondents, as damages the amount of P35.55 yearly, plus costs. If the price consigned in court was destroyed, petitioner must bear the loss."

Mr. Justice Perfecto concurred with the further observation that in his opinion Commonwealth Act 727 was not subject to veto by the President of the United States and that the Ballantyne formula has the force of law.

Textiles

BY JAMES TRAYNOR

THE local textile market continued to be satisfactory during the month of July. The highly restricted purchasing in the New York market that went on during the months of February through June has shown its effect on local prices which have now come into line with replacement costs. Importers have shown more confidence in making commitments at present New York levels, but are still cautious.

The arrivals during July were about the same as for the month of June. Inventories are being kept at a sound level and sales and collections are reported to be satisfactory.

Office of the President . . .

(Continued from page 337)

at Pasig, Taguig, and Taytay, in Rizal Province, carried out by the Bureau of Plant Industry, have been highly successful the President directs that plans be drawn up to expand irrigation through the use of pumps.

In connection with the plans for Far Eastern economic collaboration, initiated by the President, Malacañan releases figures showing that during the past year the Philippines has bought a great deal more than it sold to possible members of the projected Pacific Union and that closer trade liaison would tend toward a better balance. The Philippines bought P45,000,000 worth of goods from China and sold only P4,000,000 worth to China. Comparative figures for other countries are: East Indies,—P30,000,000 against P10,000,000; India,—P13,000,000 against P3,000,000; British East Indies,—P11,000,000,000 against P213,000; Australia,—P2,500,000 against P1,500,000.

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The President receives a courtesy call from John B. Jordan, a Washington, D. C., businessman, who is here to investigate investment possibilities in heavy industry on behalf of an American syndicate (unnamed). He states that he came here at the invitation of Mrs. Jean Harrison, who has mining interests here, and that so far he finds local conditions favorable.

July 20—The President issues a proclamation calling for a week of national mourning for the death of Justice Frank Murphy, last American Governor-General of the Philippines and first U. S. High Commissioner.

Announced that the Philippine Electrical Manufacturing Company of which the National Development Company is a stockholder, will start producing fluorescent lamps by December and incandescent lamps by the middle of 1950. On a one-shift a day basis, the plant will have an estimated production capacity of 625,000 fluorescent and 2,500,000 incandescent lamps a year. PEMCO will operate under Westinghouse licenses and will sell 25% of its output to Westinghouse for export from the Philippines; PEMCO will be the sole distributor for imported Westinghouse lamps in the country. PEMCO was organized in October, 1947, jointly by the Government and the Philippine Industrial Equipment Company, with an authorized capital stock of P2,000,000, to which the NDC subscribed 25% and PIECO and its associates the rest. The machinery is leased from the Westinghouse International Electric Company.

The President's Action Committee for Social Amelioration announces that P20,000 is being allocated to purchase raw materials to start a number of home-industrial projects among displaced persons in the Central Luzon provinces, including the weaving of hats and mats, fish-net making, embroidering, and the manufacture of coconut-husk products and shell bric-a-brac.

July 21—Emerson Ross, ECAFE (Economic Commission for Asia and the Far East) deputy executive secretary, states that the development of the iron and steel industry is being given top priority: Philippine experts are quoted as saying that the Philippines has iron ore reserves aggregating 22,000,000 tons, not including the Agusan deposits, and scrap metal reserves estimated at 2,000,000 tons.

July 22—A requiem mass is held in Malacañan for the late Justice Murphy.

The Cabinet approves the reclassification of the port of Ozamis, Occidental Misamis, as a national port.

July 23—The President takes up the proposed construction of a national shipyard in the Mariveles-Sisiman area, Bataan with Col. A. N. Bautista, of the National Development Company, and Bernardo Abdera, chief of the Philippine Reparations Mission in Tokyo. The project involves an outlay of some P16,000,000; buildings and equipment may be purchased from the Oregon Shipbuilding Corporation, Portland, and much other machinery is available from reparation materials already received from Japan.

Commodore Jose Andrada, commander of the Philippine Naval Patrol, appeals to the public for cooperation in safeguarding lighthouses and others aids to navigation, especially buoys and wreck-markers; he states the looting of self-operating lighthouses and wreck-lights has grown to an alarming scale. The legal penalty for tampering with navigational aids is imprisonment for from 2 to 4 years or a fine of not less than P1,000, or both.

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COST OF LIVING INDEX OF WAGE EARNER'S
FAMILY¹ IN MANILA BY MONTH, 1946 TO 1949
(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (59.15)	House Rent (8.43)	Cloth- ing (6.52)	Fuel, Light and Water (13.94)	Miscel- laneous (17.85)	Purchas- ing Power of a Peso
January .	603.4	759.2	236.4	984.0	363.8	434.8	1657
February	547.2	656.3	236.4	940.3	369.5	460.5	1827
March . .	525.9	631.0	236.4	940.1	340.4	445.2	1902
April . . .	556.2	684.1	236.4	910.3	345.5	435.9	1798
May	545.1	675.6	236.4	762.5	342.3	409.6	1835
June	538.7	666.4	236.4	737.9	343.3	404.2	1856
July	552.7	704.3	236.4	598.9	341.3	364.6	1809
August . . .	477.9	590.0	236.4	384.7	320.9	346.3	2092
September	477.9	591.3	236.4	378.7	314.5	347.2	2092
October . .	487.4	587.2	236.4	382.7	405.8	342.7	2052
November	484.8	607.8	236.4	406.4	346.5	305.2	2063
December	461.9	570.8	236.4	371.9	344.7	302.1	2165

1947² (100.00) (63.43) (11.96) (2.04) (7.73) (14.48)

January .	426.2	368.2	453.9	381.9	326.2	282.5	2346
February	418.5	454.9	453.9	356.2	344.8	281.4	2389
March . . .	406.8	440.1	453.9	295.2	334.7	279.4	2458
April	387.7	413.3	453.9	269.2	328.9	271.6	2579
May	381.0	404.4	453.9	250.9	325.4	269.4	2625
June	386.3	414.4	453.9	236.8	316.6	268.6	2589
July	393.4	426.8	453.9	217.7	309.3	269.9	2542
August . . .	387.4	419.8	453.9	210.2	292.0	269.1	2581
September	368.9	392.1	453.9	216.4	283.3	266.8	2711
October . . .	358.7	376.3	453.9	212.7	280.5	267.7	2788
November	358.4	376.3	453.9	215.1	280.5	266.3	2790
December	371.9	395.8	453.9	219.1	298.2	262.9	2689

1948

January .	391.2	428.3	453.9	224.5	304.6	249.9	2556
February	368.5	392.0	453.9	223.8	301.1	254.4	2714
March . . .	349.4	361.0	453.9	214.6	308.1	255.9	2862
April	356.1	374.1	453.9	209.4	289.7	254.8	2808
May	349.8	360.2	453.9	214.2	289.7	271.6	2859
June	354.3	370.4	453.9	205.2	283.2	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	2638
October . . .	374.9	404.0	453.9	204.8	283.2	257.9	2665
November	368.7	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	365.5	453.9	203.0	277.5	258.9	2909
March . . .	346.3	358.2	453.9	202.0	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

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

² Revised in accordance with the new survey on the "Levels of Living in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

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The "LET YOUR HAIR DOWN"

Column

WE received a letter during the month from the U. S. Department of Commerce, Washington, D. C., asking us to make a slight change in the addressing of the Journals sent to the Department. The letter stated:

"The Department of Commerce appreciates receiving your periodical, which is of considerable value to its analysts... We are grateful for your cooperation."

IN a letter to the editor, I for B. Powell, one of the leading British authorities on the Philippines, said in part:

"I am very glad to be having the Journal once again. Apart from the war period, I have now been reading it for over 20 years. Such a long time breeds a feeling of real affection, and that is why I was anxious to have the Journal once again as soon as I knew that it had started up once more... I find the section on Legislation and Court Decisions most useful (if a mere historian may use the word 'useful') and so is the summary of the Malaccan press releases and the record of bills passed by the Congress. Being very human and a gossip, I join with your other readers in finding the 'Hair-Down' column interesting, though it has not yet won so warm a place in my affections as your old 'Four-o' Clock' in the Philippine Magazine. That is perhaps because your Chamber hasn't yet been sufficiently long in any one place for you to make your room the rendezvous for Manila's interesting folk and for visitors from across the seas. I have, however, had from it news on our mutual friend Marquardt and of Hornbostel and a picture of what there is left of Old Manila and the rise of the New which no one else had given me. It would take me too long to list the Journal articles which I have found of especial interest, but I recall there were several in your double number of last autumn, there was your Santo Tomas record in the December number, and since then an illuminating one on American capital in the Philippines. Your editorials in the Journal, like your old ones in the Magazine, are well written, critical, frank, and of great interest to a long-range student of affairs Philippine like me... I wonder could we have from you articles about the American firms in business in the Islands. You have done Macondray. May we have other such historical articles? May we have also each year in addition to the most useful list of laws passed, a critical review of the work of each session? You used to have such an article each year in the Philippine Magazine. Would it be asking too much to have an article on shipping and on each other important industry, one by one? And on the main provinces, and the chartered cities, —government, politics, and trade? It

probably would. You would hardly have the time. But here's one reader who would welcome such articles. In thanking you for so much, I am appreciative enough to ask for more... All my issues have come through except that for January, 1948. Have you a copy I might have to complete that year? I should also like to have any copies you may have before the July, 1947, issue, which is the number I started up with again... Doc Beyer will have given you all my personal news. My kindest regards and thanks. Ever yours," etc.

Mr. Powell has been a very steadfast friend ever since he spent a year or so in the Philippines, a long time ago, to make a study of the Philippine Government as it was constituted at that time. One can see, from all the articles he asks for, why he is an authority. But the list made the editor throw up his hands. "If Powell only knew what a time I am having to shake those articles loose which we do print!" he said. "I am always trying to get just the kind of articles he mentions. I go around, I talk, I write letters,

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I outline, I beg. But I am not dealing with literary people and artists, and scientists and professors, and officials and politicians now, as I did when I was publishing the Philippine Magazine. They were easy to get good stuff from. Those kind of people naturally write; they like to write. But businessmen! They are practical men, doers, managers, executives. They are busy. Their time is worth too much. They write, of course, or, at least, dictate, letters, instructions, plans, programs, reports, but to sit down calmly and write an article for general reading is something most of them have not the patience for,— and if it is not that, then the very idea of coming out with a signed article has them bluffed. I have a suspicion also, that, among themselves, they rather look down on a writing fellow, especially the occasional writer who is not a professional. But the reportorial kind of writing,—writing at second-hand, from a short interview and hastily taken notes, is hardly worth while either. And so good articles, authentic, vital, important articles, about business by businessmen, are all too rarely written."

"I shouldn't be the one to say it," concluded the editor, "but I, at least, think we have been doing very well in getting the writing out of our businessmen which we have been getting for the Journal. Powell is just asking too much. But we'll keep on trying."

AS Mr. Herdman's column article on Food Products reached us after this issue of the Journal was made up and we thought it an important article, we decided to run it in this column. We assure the readers of the 'Hair-Down' column, — there may be a few, that the material thus displaced was of no importance whatever.

Food Products

By C. G. HERDMAN

Marsman & Co., Inc.
Director, Trading Division,

CONDITIONS existing in the Philippine market on imported food products remain unchanged from June in all essentials. Very ample stocks exist of all principal commodities and in fact the market is seriously overstocked on canned milk.

Information at hand with regard to further supplies of canned fish is anything but encouraging. Stocks in the Philippines for the moment are ample but we are now in the period of heaviest consumption and it is very probable

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that all local stocks will disappear within the next 60 to 90 days. In the meantime the new fishing season in the Monterey district in California is supposed to have started on the 1st of August. Information from California, however, is to the effect that the cannery workers have demanded materially increased wages and other benefits from the cannery owners. Similarly, the fishermen and the fishingboat owners are demanding higher prices for the fish, and the cannery owners, believing it impossible to meet these demands and operate at a profit, are making no effort to open the canneries. There is also information to the effect that although fish were running in Monterey Bay district around the end of July that that

run has disappeared and that fish presently would not be available even if the canneries were working. The full moon comes on August 9, hence fishing in any quantity, even if fish are available, will not be possible until about August 12. Hence even if all other difficulties are settled and fishing is resumed, shipments are improbable before the 15th or 16th. Should the fish-run in the Monterey district be very light, as was the case in 1947, then we will probably be faced with shortage of canned fish in this market, as supplies in quantity would not be available until the fishing starts in Southern California, October 1, at which time this market should be practically bare of stock.

WITH regard to wheat flour there are ample stocks at present in the Philippines and afloat to take care of nearby requirements. The International Wheat Agreement entered into between the countries which are signatories to the agreement and ratified it, became effective on the 1st of August, with the result that wheat flour, which is being furnished from Canada to the countries included in that arrangement, has been reduced by about \$0.60 per 100 lbs. below prices ruling to non-member countries and in the United States. The difference between such prices amounts to as much as \$0.80 per 100 lbs. on some grades of flour. The Philippines does not enjoy this preferential price as, although it was one of the countries which signed the agreement, it has never been formally ratified by the Philippine Government and cannot be formally ratified until the Senate reconvenes, which is expected to be in January, 1950.

In the meantime, the Philippine Government authorities are endeavoring to have the Philippines included among those countries enjoying the benefits of the International Wheat Agreement with the anticipation that agreement will be duly ratified as soon as it becomes possible to do so. Negotiations to this effect are underway, but as yet no information is available as to whether or not they will be successful.

RETAIL sources around Manila report increasing sales during the month of July due to the opening of schools and colleges and the influx to Manila of provincial students. This applies, however, only to certain lines. They advise that retail sales in general continue on the down-grade due to constantly decreasing purchasing power. Provincial retail stores generally report continued decreased sales except in certain commodities which are in seasonal demand.

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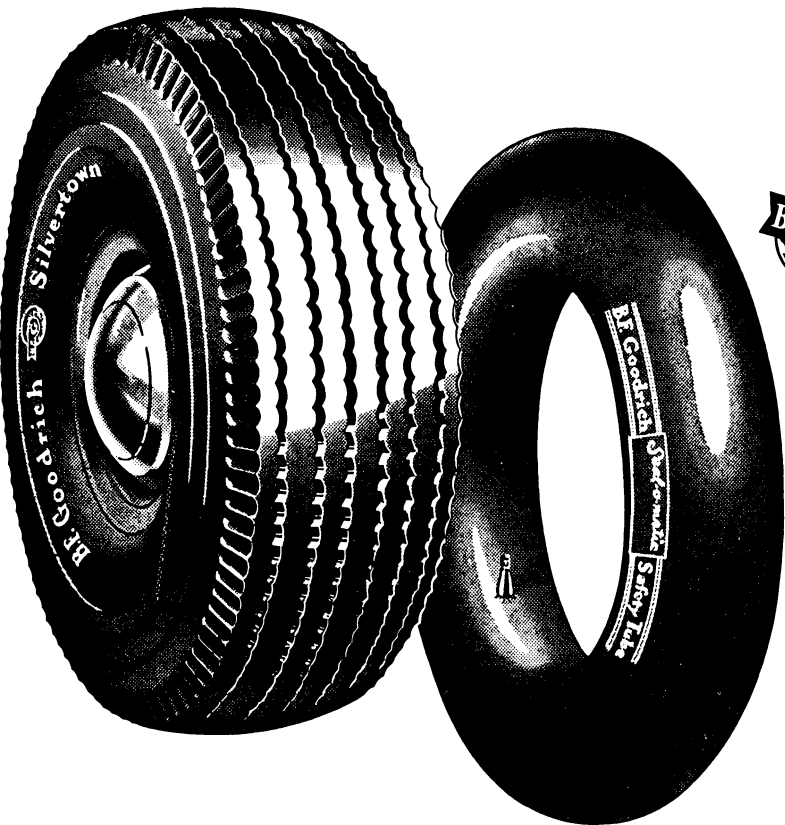


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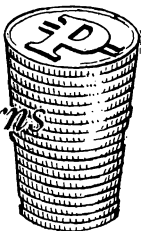
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