

Mindanao Oilpalm

We could grow the oilpalm in Mindanao and sell it profitably, if only

This magazine has, on various occasions, pointed out that one of the biggest question-marks in the economic future of these islands is agricultural competition from the Dutch East Indies (officially known as Netherlands India), the Malay States, and other areas to the south. Free trade with the United States has resulted in raising the standard of living of Filipinos to a point which is now the highest enjoyed by any Asiatic people. "High Standard of Living" is just another way of saying "high wages", and, while President Quezon's dissatisfaction with the present purchasing power of the Filipino people has a rational basis, it is nevertheless true that the average wage accruing to both agricultural and industrial laborers in this country is incomparably higher than the pitances with which laborers in all other Asiatic countries must be content. Borneo, Java, Sumatra, the Malay States and the other tropical countries to the south can and do raise precisely the same products cultivated here (including hemp) and are increasing their agricultural acreage at an impressive rate. Which would not be cause for alarm were it not for the fact that they are raising these things more cheaply than they can be produced here, marketing them more cheaply and are succeeding in underselling the Philippines in competition for world markets.

Take the oilpalm. The African oilpalm (*elaeis guineensis*) can be cultivated successfully in Mindanao. There is no doubt of this: Director Silayan of the Bureau of Plant Industry has conducted experimental plantations of this palm for many years, and four-year-old trees are now bearing. A syndicate, known as the Mindanao Oilpalm Syndicate has 1000 hectares (the maximum area allowed corporations under the law) under cultivation in the Kidapawan Public Lands Subdivision on the Davao-Cotabato highway in Mindanao. The big island is in about the same northern latitude as the Malay States and Sumatra, which two countries have increased their oil production by leaps and bounds since they first imported the plant from West Africa.

The United States is far and away the world's biggest buyer of palm oil. Practically the entire Sumatra production is disposed of in that market, a recent survey by the Institute of Pacific Relations discloses. Since 1935, a combination of forces has resulted in an ever-increasing demand for palmoil in the United States. The Institute believes that these forces have been: 1. A sharp decrease in the domestic production of fats due to the disastrous 1934 droughts, 2. Cotton-crop control, which reduced the supply of cotton-seed oil, 3. A destruction of pigs, reducing the domestic

supply of lard fat, 4. Palm oil, *even after duty* is cheaper than any substitute, 5. An intelligent, extensive advertising campaign has tremendously increased the demand.

World production of oils and fats averages around 8,000,000 tons per annum. Palmoil production runs around 185,000 tons—about 3% of total oil production. The product is used for vegetable butter and vegetable oil, for the manufacture of cosmetics, for tin-plating (in which it has a monopoly), in soap-making and candle manufacture, as engine fuel and lubricating oil, and in the manufacture of dynamite and explosives. The world price has remained constant since 1910 at between 30 and 36 English pounds per ton (1000 Kg), in spite of a tremendous increase in the world supply. New uses for the product are constantly being discovered.

So there you seem to have an ideal situation which should encourage the development of a new industry in the Philippines—the cultivation of the African palm, and the production of palmoil and kernels. A strong world demand, steady world prices, successful experimental cultivation, climatic conditions exactly similar to those of Sumatra and the Malay States where the palm is extensively cultivated—What can hold back this development? Well, in 1946, unless the present program is altered, the Philippines becomes an independent republic. Our products now pay duty, and will pay more and more until 1960, when full duties are applied. There is no reason to anticipate that palmoil from the Philippines will be accorded special treatment. And, even if it is, will this fact in itself compensate for a wage differential of P0.30 a day (estimated) in Sumatra and the Malay States, and P0.60 per day (likewise estimated) in the Philippines? Furthermore, labor troubles are out of the question in those countries, run as they are under a policy of strict native control by white supervisors. Sporadic strikes (all directed at American concerns) of recent months here do not augur well for future peaceful relations between capital and labor in this country. Particularly does this seem so when it is remembered that all strikes which have so far occurred have been on the part of laborers in comparatively high-wage industries—oil, transportation, furniture manufacture, etc.

President Quezon, Secretary Rodriguez of Agriculture and Commerce, Quintin Paredes, and other Filipino leaders have all stated publicly that the Philippines must develop new agricultural products and new markets against the day when the American market becomes a competitive proposition. One of these new industries might well be the production of palmoil, and it

is for this reason that we have chosen to write on it. That, and because this possible new product perfectly illustrates the tremendous problems facing the country in its efforts to develop new wealth—a wage level ("standard of living," if you like) out of all proportion to Asiatic standards, coupled with incipient labor troubles, which, together, may make it impossible for the country to meet competition.

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could be heated at that point, to vaporize the mercury. Cool wet rags bandaged round the ends of the barrels would condense the mercury fumes and reduce the stuff to liquid again. Intrigued by the suggestion, the outlaw consented to trial of it, and of course, with care and patience, it actually worked.

But the amalgam could not be tamped too firmly in the gun barrels, nor could there be too much of it at a time; in fact, Bouse's mercury recovery plant, as was found by experience, had to be operated with the utmost delicacy. However, seeing that precious quick silver trickle back into tangible existence was fascinating; it was almost alchemy, and load after load of amalgam was treated, until only a rather full load was left. A radical, whoever he was, contended that the amalgam remaining could all be run in one load, but a conservative, probably McMann, cried this down and insisted that they make it two loads. The third man, a middle-roader, cast the die in favor of the radical. In went all the amalgam left untreated, therefore, with considerable tamping to get it all within range of the heat, while the fire was stirred to new activity. The technique of this proved defective, gas gathered at the heating point, and with a terrific explosion the amalgam was blown from the gun barrels at both ends.

There was now but one thing for Bouse to do—to head for the cover of the arroyo and the ironwoods. For the outlaw, uncharitable about the accident, felt right away that he had been duped by superior minds; and before Bouse could get far away, though he ran like a rabbit, the outlaw was emptying a vindictive pistol at him and might have killed him had not Bouse thought to imitate the rabbit's zigzag along with its speed. McMann remained neutral. Next morning, after Bouse had spent the night in the open, when he approached the shack he found the outlaw had relented and it would be safe for him to suggest a means of repairing the loss. This was nothing more complicated than to pan the yard for it, which the three men proceeded to do, and when it was recovered and the outlaw was ready to make off with it, to town or wherever he might be going, Bouse made no point of the fact that a good deal of his quick silver was still in it, and neither he nor McMann ever saw the man again.

When Sutherland surveyed the Bouse-McMann property, advised ABC to buy it, and got the partners \$75,000 for it, he asked each man what he would do. Bouse said
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To Mill Our Own Flour

Only two thirds of Philippine flour imports derive from the United States—wheat for local milling could all be bought there.

Some wheaten loaf has come to be a staple in the diet of millions of Filipinos during the past generation or two, and an almost forgotten fact is that there was a flour mill on Calle Tanduay when America occupied Manila in August 1898. Even less remembered is the fact that prior to Britain's ascendancy in Philippine trade, friars milled wheat here for many years and found suitable wheat lands in certain regions of Cavite and Batangas, such as the black loam of the well elevated lands along Tagaytay ridge; but that was at a time when problems of economy were by no means close, and no one bothered to learn whether it paid to raise this wheat or not—it was raised because no other wheat was available.

Modern experimentation has been lacking to prove whether the Commonwealth has good wheat lands or not, that is to say, lands that one season after another might grow a suitable yield of wheat per acre, and pay better when planted to this crop than when used for something else. So we say nothing about wheat growing, our subject is wheat milling—something we believe quite practicable.

The Commonwealth is importing about 100,000,000 kilos of wheat flour a year. Sometimes Australia leads in this trade, sometimes the United States. The 1936 imports were 92 million kilos, 35 million from Australia, 30 million from the United States. Canada commonly takes third place, 18½ million kilos in 1936. The 1937 imports were lower, just over 75 million kilos, 27 from the United States, 27 from Australia, 13 from Canada.

But this year's flour imports are higher, with more than 60% coming from the United States and below 30% coming from Australia. Flour is not impervious to spoilage; it is very finely milled, aromatic, safe harbor as well as a sure pantry for many sorts of insects, rodents too, and highly absorbant of moisture and subject to molds; mills pack it in muslin bags, porous and measurably fragile, and in shipping it is handled in nets, on trucks and barrows, through chutes, on men's shoulders and in every other conceivable way; over wide seas, as from America to Manila or from Australia to Manila, there is an inevitable loss of weight as well as change of the quality of flour.

Once the bakeries here and in the provinces get hold of this flour, hardly one of them has hygienic storage for it; yet it is better to buy in the biggest lots the baker's purse can afford, or that may be packed into the bakery in any fashion, for advantages in price and delivery costs, as well as an assured supply.

The argument of all this is that for a good many reasons perhaps, the Commonwealth should import wheat instead of flour; it might be advisable to work out arrangements to mill the wheat in this country, at different cities well located for provincial distribution, and

therefore to buy the whole supply of wheat from the United States as a factor in the reciprocal trade arrangements that are to be effected. It can be put down as certain that when the people get their teeth into really good loaves from really fresh wheat flour, their appetite for the loaf will grow enormously and wheat will therefore prove to be one of the prime items in a balanced commerce. In mills, where wheat is easily shifted from bin to bin and aerated and dusted, milling follows demand and the flour is always fresh.

The nutritive and palatable differences between fresh flours and stale flours are remarkable.

Let an army be raised in a bread-eating country and sent to campaign some place where the flour reaches its field kitchens only after long shipments, and the first thing that blossoms in the homeside newspapers is complaints about the baking, the rancidity and the sourness of the flour. This teaches that if milling once started here, it would soon preempt the field.

But there is more point to the argument than this. When the Commonwealth milled its own flour, it would also fatten its own beef and produce a portion of its fresh milk. The mills should be built with facilities in view for use of the bran and shorts, which, when alfalfa should be added, would fatten beef and batten milk cows. The first saving would be of freights, wheat would ship cheaper than flour. The next would be the bran and shorts, utilizable in dairy barns and stock pens. A bushel of wheat weighs 60 lbs., from which comes 40 lbs. of flour, and nearly 20 lbs., since there is some slight waste, of bran and shorts, both excellent feeds. Mills capacious enough to supply the Commonwealth 100,000,000 kilos of flour a year, would also supply it at least 45 million kilos of these good stock feeds—even more important than the flour itself.

The mills (or other immediate subsidiaries) would then be buyers of cattle from the provinces, to stall-feed for the city markets; and they would maintain dairies, to use up the whole stock of bran and shorts and convert it into fresh milk. Stall-fattening of steers would be necessary, besides economically advisable, because steers from the range, brought in for feeding, would have to learn the trick from hunger and the example of their tamer comrades in adjoining stanchions.

If the Commonwealth went about this commercial reform in earnest, in a decade or two it would make all its own flour and grow and fatten all its own beef; and it would make some inroads on its bill for imported milk, while the diet of its people would be measurably improved. We link milling, dairying, and beef-fattening together because it is no novel combination and because we believe no provincial markets would offer for the bran and shorts, nor would there be a cuntry nearby (as Denmark is nearby England) to exchange milk and butter for these by-products of flour milling.

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he would stay on, he wouldn't think of leaving a town named for him, but McMann was all for California. McMann said he was going to find a place in the hills of California where it occasionally rained, and he could grow alfalfa, and have a rosetree

over a corner of his porch, the porch of a decent cottage he would build. He was sick and tired, he said, of a country where the only growing things were cacti, mesquite, palma verde and ironwood. Each partner realized his ambition. Sutherland was afterward able to pay McMann a visit at

his pretty California place, with its rosetree and alfalfa field, and found the man, in his age, completely happy; and you will find Bouse happy back in Arizona.

We hope business calls Milt Sutherland to Manila again, his reminiscences are well worth the coffee they cost.