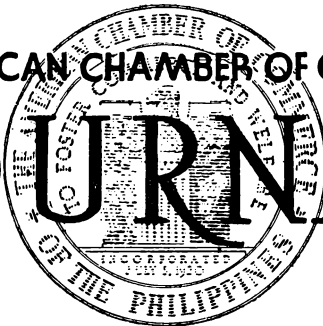


JOURNAL



Editorials

If you were a business man, honestly engaged in the flour-business for the legitimate profit there might be in it and on the chance of which you risked your capital, how would you feel if you got such an order from a government trading corporation as the following from PRATRA (Philippine Relief and Trade Rehabilitation Administration)?

The PRATRA Flour-control Order

Trade Rehabilitation Administration?

Republic of the Philippines
PHILIPPINE RELIEF AND TRADE REHABILITATION ADMINISTRATION
 Manila

February 24, 1948

ADMINISTRATIVE ORDER

No. 4

SUBJECT: Control and Distribution of all Flour arrivals commencing with the S.S. *Canada Mail*.

1. By virtue of this Order, the sale and distribution of all flour shipments commencing with the arrival of the S.S. *Canada Mail* shall be under the control and supervision of this Office.
2. In order to effectively carry out the aforementioned policy, the following rules and regulations are hereby promulgated:
 - (a) All shipments of flour arriving in the Philippines shall henceforth be under the control and supervision of the Philippine Relief and Trade Rehabilitation Administration.
 - (b) Shipments of Canadian Flour shall all be purchased by this Office.
 - (c) Fifty percent (50%), however, of the Canadian Flour that were, prior to the promulgation of this Order, already purchased by bakers shall be released to said bakers provided the said 50% shall not exceed one third (1/3) of their monthly allocation.
 - (d) With respect to American flour, this Office shall purchase by indent order 20% of all allotments to the Philippines.
 - (e) The balance of 80% of the shipment of American flour, shall be released to the respective consignees but under no circumstances should the same be moved by them outside of their warehouses or sold except with the written authorization of this Office.
 - (f) All bakery owners, therefore, as well as all other ultimate flour consumers must directly obtain from this Office the required permits necessary to purchase their respective flour requirements.
 - (g) All flour consumers in the provinces shall be served by PRATRA through its provincial branches or authorized representatives.
 - (h) Authorization papers issued by this Office allocating to bakeries their corresponding consumption, based on the load of any boat, shall be directed to the Chinese Flour Importers' Association who shall be directly responsible to the PRATRA for compliance. The Chinese Flour Importers' Association shall be held responsible for any misbehaviour on the part of its members.

- (i) All authorization papers addressed to the Filipino Flour Importers Association shall be sent to the said Association who shall be charged with the duty of seeing to it that all persons with authorization papers issued by the PRATRA be allowed to get their flour. The Association shall also be directly held responsible for the misbehaviour of its members.

This Order repeals all previous rules and regulations issued by this Office on flour distribution.

(SGD.) **ILD. COSCOLLUELA**
General Manager

So runs this order, issued by a government trading corporation (itself a profit-taking enterprise, and therefore the order is addressed to its competitors), arbitrarily seizing a large part of its competitors' stock-in-trade, at its own price, and asserting practically full control over the rest.

No statement is made as to whence the assumed authority is derived. No reasons are given for the order. No indication is afforded as to how long the order may remain in force. Note the reference to possible "misbehaviour" on the part of both the Chinese and Filipino flour-importers' associations.

It may be asked where, and how under a democratic government, the General Manager of PRATRA got his amazing authority, — if, indeed, he is exercising legitimate authority, and the answer is that he finds it in the Presidential executive order which some months ago created PRATRA, the President still acting by authority of his emergency powers. No act of the Philippine Congress either directly created PRATRA or entrusted its General Manager with such sweeping powers as he exercises.

Assuming, however, that the General Manager of PRATRA exercises powers which may be considered broadly as lawful, does he have the power to go so far as he has in this order? Is he empowered actually to decree, as he does, for example, that "all flour consumers in the provinces shall be served by PRATRA through its provincial branches or authorized representatives"? What about the private firms dealing in flour which have duly registered and licensed branches and agencies in the provinces? Does the General Manager of PRATRA actually have the power to totally suspend the functioning of, if not entirely to eliminate, such legitimate business?

Here, indeed, is a display of bureaucratism in full power and glory, exercised by an entity which can certainly not claim the status of an established government bureau such as the Bureau of Commerce, or of a department such as the

FACTS speak plainer than WORDS



When one of his Goats strayed from the herd, the Goatherd in temper threw a stone, breaking off one of the Goat's horns. Alarmed, he begged the Goat not to tell his master. To which the Goat replied, "Oh, foolish one, my horns will tell the story though I say not a word."

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Department of Commerce, those functions it appears to have taken over and is exercising to an extent and in a manner any regular government office would hesitate at.

It may be asked whether this commandeering, of which the order here reproduced concerns only one commodity among a growing number of others similarly under "control", is actually required so that the Government may deal effectively with some serious shortage or market condition.

As to flour, after a survey both by officials of the Philippine Government and by the agricultural attaché of the United States Embassy in Manila, both recommended to the U. S. Department of Agriculture an allocation to the Philippines of 12,500 tons of flour a month. This was approved in Washington and the flour is being duly received in this country.

There should, therefore, be an adequate supply. It is a fact that it was only after PRATRA first announced that it would place flour under control that flour-stocks began to disappear. The flour, obviously, was being hoarded, and for good reason; one can imagine the difficulty and delay in obtaining purchase-permits or the flour itself from PRATRA, not only in Manila but especially in the provinces.

It may confidently be asserted that there is or would be an adequate supply of flour if the distribution moved normally and freely and was not unnecessarily and arbitrarily impeded by PRATRA.

It is easy enough to see what such authoritarian interference with (it is not simply regulation of) business on the part of an official or semi-official entity, would end in if permitted to continue. This government trading corporation, exercising governmental power, would eliminate all private business in every field it chose to invade. The democratic separation between the government and business would be wiped out and we would have totalitarianism. On the way thither we would have to leave behind private initiative and enterprise, prosperity and progress, and bow our heads to a new despotism.

It is not as bad as that yet, but as long as PRATRA continues active along present lines we propose that the PRATRA initials be taken to stand for the Philippine Retardation and Trade Reduction Administration.

AT the beginning of March, after the foregoing editorial was written, the American Government reduced the Philippine flour allocation by some twenty per cent. At almost the same time, the U. S. Secretary of Agriculture stated in a speech at the National Press Club that—

"Of the 450 million bushels export program, we shipped through the end of December 258 million bushels and that leaves us still 192 million bushels to export. Subtracting that amount from the 375 million bushels remaining after deducting food and seed, leaves 183 million bushels available for feed during the last 6 months of this crop-year ending June 30. We used only 65 million bushels of wheat in the first half of this crop-year for feed, and we might expect that feed used in the second half would range between 125 million and 175 million bushels. Now, if wheat feeding is on the low side of the range, — namely 125 million bushels, that would leave ample grain to take care of all our present domestic requirements and perhaps enable us to increase our export program to a total of 500 million bushels. If wheat feeding should be on the high side of the indicated range, then we will not have the grain to increase our export program above the 450 million bushels."

It is difficult to reconcile this optimistic statement of the Secretary of Agriculture in respect to wheat with the action of the allocation authorities in reducing the Philippine allotment of flour.

The now famous Current Export Bulletin No. 431 (December 31, 1947) of the Department of Commerce, Office of International Trade, Washington, D.C., on the subject of American Export Licensing Policy, stated in part:

"It has always been the desire of those responsible for the administration of export control to employ a procedure for the distribution of licenses which would maintain the greatest degree of competitive private trade. Where the customary channel of importation is through a

private importer, licenses naming private importers as consignees will be given preference and licenses for shipment to foreign government distributive agencies will be considered only under the most exceptional circumstances. . . . The Office of International Trade reiterates. . . its continued desire to minimize the extent of Governmental procurement for export whether such procurement is performed by U. S. or foreign government agencies. Exports of such governmentally-procured material will be authorized only where it is evident that alternative techniques are inappropriate."

Is it possible that there is a connection between the action of the allocation authorities and the interference with the competitive private trade in flour here by PRATRA, and that the former is an indirect expression of disapproval in Washington of PRATRA'S policies?

The special article, "Manila Picks up the Pieces", by Harold H. Martin, in the *Saturday Evening Post* of February 14, 1948, is one of the soundest and fairest and most readable articles

The Saturday Evening Post Analysis on the present situation in the Philippines to have appeared anywhere.

Mr. Martin's observations led him to conclude that there are "three factors on which the future of the Republic hinges". These are: (1) the "Huk problem"; (2) "whether or not the Government can, during the next five years of American aid, build up an economy so strong that the country can carry on alone after American Government help is withdrawn"; and (3) "whether or not the Government can be kept honest".

Philippine leaders would do well to give these three factors, rightly seen by Mr. Martin as of crucial importance, the most serious consideration.

We recently received a number of publications concerning the "Hundred years in Chicago" festival of the International Harvester Company celebrated in October and November of the past year.

The Chicago Centennial of the International Harvester Company
The observance was an impressive one and the Company's exposition of farm machines, tractors, trucks, stationary engines, and refrigeration displays in Burnham Park on Chicago's lake front was visited by over half a million people from all parts of the United States.

Cyrus Hall McCormick invented his reaper on his father's farm in Rockbridge County, Virginia, in 1831, but he did not market any of the machines until 1840. For some seven years he manufactured a few hundred reapers through arrangements on a license basis with agents who had small factories in various parts of the country. Then, in 1847, impressed by the location of Chicago, though there was not a single railroad into the city at that time, he built his own factory there, and that plant, which employed only some thirty men, became the present large McCormick Works. McCormick died in 1884 after he and his brothers, William and Leander, had built the McCormick Harvesting Machine Company into a world-wide organization. His sons, Cyrus and Harold, were active in the business during their lifetimes, and a grandson of the inventor, Fowler McCormick, is now chairman of the Board of Directors of the International Harvester Company which came into being as a merger in 1902.

The reaper revolutionized agriculture and was probably the one machine which more than any other took the world out of an economy of scarcity into at least a possible world of abundance. It took over 33 man-hours per acre to cut grain even with the first reaper and threshing with flails; this was reduced to 3 man-hours by the horse-drawn binder and threshing machine, and to a half-hour by the modern one-man operated self-propelled combine which cuts and threshes the grain as it moves down the field.

Fowler McCormick, in a radio-address, pointed out that "business survival, even for a few years, in an economy of free competition, is the exception and not the rule", and

(Continued on bottom of next page)

Letter of the President to Congress on the Central Bank

February 27, 1948

Gentlemen of the Congress:

IN my message of January 27, 1947, I informed you that a Joint Philippine-American Finance Commission had been created under the terms of an agreement between President Truman and myself, and that I would submit appropriate recommendations when the studies of that Commission on our currency and banking system were completed.

On June 7, 1947, the Joint Philippine-American Finance Commission completed its report, which I submitted to the Congress a few days ago. In that report the Commission, among other things, stated that our present currency system is an "unsuitable permanent system for an independent Philippines." The Commission recommended a reform of the system placing the administration of the currency in a central bank, not only to insure the convertibility of the peso but also to regulate the money and credit supply so as to promote orderly growth in production, employment, and real income.

As suggested by the Joint Philippine-American Finance Commission, I created by Executive Order of August 14, 1947, the Central Bank Council for the purpose of studying the report on this subject of the Commission, and to prepare the necessary legislation with which to implement it. I also instructed the Council to make all the necessary arrangements so that, should the Congress approve its charter, no delay would be encountered in the establishment of the central bank.

I now submit to you the enclosed Bill "establishing the Central Bank of the Philippines, defining its powers in the administration of the monetary and banking system, amending the pertinent provisions of the Administrative Code with respect to the currency and the Bureau of Banking, and for other purposes." This Bill has been drafted under the auspices of the Central Bank Council, and the reform in our currency and banking system envisaged in it is also recommended by the National Economic Council.

In my message to you on January 27, 1947, I stated that I had always favored the creation of a central bank to give flexibility to our currency and to provide adequate administration of credit and exchange. I have always felt the great handicap imposed by our currency system on the economic development of our country. Under it we have to maintain on deposit in the United States \$0.50 for each peso of Treasury certificate in circulation, thus immobilizing an excessively large amount of our dollar resources which are not needed to insure the convertibility of the peso, and which could otherwise be utilized for our domestic needs. The adequacy of our dollar reserve should be gauged by comparison with the needs of the international payments of the country and not with the internal monetary circula-

tion. The contemplated reform in the currency system does not in any manner change the parity of the peso with the U. S. dollar at the present rate of two pesos to one dollar.

I need not dwell at length on the need for a securities market in our country. It will suffice to say that without such a market rehabilitation and industrial development will be very slow. It would be difficult for the Government to float bonds internally. The disadvantages of borrowing outside the country are obvious. Without a central bank, it is well-nigh impossible to develop a securities market. With such a bank, insurance companies, mortgage and savings banks, commercial and industrial concerns, and private individuals will readily invest in government bonds as they would be able to borrow on such securities from the commercial banks as in turn, in case of need, the latter could borrow from the central bank, using the same securities as collateral. Of course, the commercial banks themselves would also invest their excess reserves in government bonds. Another inducement for them to buy government bonds is the fact that the central bank would support the bond market.

There is still another important reason supporting the need of a central bank. Philippine economy is at the mercy of balance of payments disequilibria, which will continue to threaten domestic stability. These economic phenomena seem inevitable in countries with undiversified economies, heavily dependent on international trade and, especially, on a few export products. Cyclical fluctuations in the major world markets result either in favorable or unfavorable balance of payments, which will be reflected in inflationary or deflationary pressures on income, cash balances, prices, and costs. To offset such disequilibria, countries such as ours must adopt compensatory monetary policies in order to maintain domestic levels of income and activity. Without a central bank, the adoption of such compensatory policies is not at all possible.

The explanatory note on the enclosed Bill indicates the principal features of the central bank which it proposes to establish. It provides for the type of bank which is deemed best suited to our country. It embodies all the latest improvements in currency administration which since the early thirties have been found essential to the maintenance of a sound and stable currency and banking system. I know of no other measure which would mean so much to our country. It is my hope, therefore, that it will merit your early consideration and approval.

Respectfully,

(SGD) MANUEL ROXAS
President of the Philippines

The Congress of the Philippines
Manila

described his grandfather not only as a great inventor, but as a "great pioneer in many fields, among them the field of business policy". He declared that the founder's associates and successors "devoted their lives to carrying forward the work he started, — that of keeping the Company financially sound, humanly warm, and alertly progressive". "We...today...give our efforts to the end that we and our Company may continue to be good citizens of this great State and this great City, and to the end that our Company shall continue to be operated fairly, honestly, and efficiently in the equal interests of its stockholders, its employees, and its customers".

As to the future, Mr. McCormick said:

"We consider the future a challenge. One of the ways we intend

to meet this challenge is with a new kind of manufacturing research. We do not believe, as many have said, that the frontier is closed. We have been pioneers throughout our corporate history. We expect to go on being pioneers. We think that the frontier today is a scientific region — a broad frontier open to all who have the courage to explore it. Our manufacturing research department is going to explore that frontier. We hope that it will blaze new trails."

The history of the International Harvester Company is the history of outstanding "individual enterprise" at once in "profit-making" and human service. It is an example of a great inventing, manufacturing, and selling organization under "capitalistic democracy" at its best.

What governmental trust or monopoly anywhere can even approach its record?

The Place of Free Enterprise

By Paul V. McNutt

THERE appears to be some reluctance on the part of private enterprise to participate fully in the Philippine national program of industrialization and economic reconstruction. Capitalists have abundant faith in the social and economic future of the country; thus this reluctance to embark upon new and untried projects stems largely from the lack of a definite political policy as to the relationship between the Government and private business.

The Philippines has adopted the system of free enterprise, under the democratic form of government, as its political and economic policy. This means that the nation sets the rules under which free enterprise shall function, and lets the individual operate freely within the rules. This system has proved historically to bring the greatest good to the greatest number. Yet it has its dangers. The system of free enterprise carries with it the profit-motive. The desire for individual profit brings with it tremendous and wholesome progress in economic development. It also brings with it the temptation to break or evade the rules set up by the state in the national interest. The state must exercise the greatest degree of vigilance to keep private enterprise within the spirit and letter of the established rules. Nor can these rules be static. They must be modified to meet changing conditions from time to time. The pioneer should be encouraged by allowing him profits commensurate with his risk and his skill. But as a new type of venture becomes commonplace, and the necessary skill becomes common property, the free play of competition must be assured in order that the entire people may benefit. When technological advancements reduce production-costs, both the consumer and the laborer who produces should share in the benefits.

The sugar industry and the production of rice are two examples where changed social and economic conditions have justified a decided change in the rules under which they may operate.

In many other branches of industry and commerce, changes in the social and economic situation will call for changes in the rules under which free enterprise may function. These changes must be neither capricious nor confiscatory. But we must realize that any progressive change in the existing economic structure is usually looked upon by vested interests as confiscatory, even though it be a mere correction of accumulated maladjustments. Happily we have seen a growing tendency in private enterprise to realize its social obligations and make corrections at its own initiative. This tendency may be nothing more than enlightened self-interest, but the end result is the same. Voluntary economic adjustments by private enterprise should be encouraged to the utmost and the use of coercive measures should be resorted to only when other means fail.

So private enterprise must be convinced that it will be allowed the fullest opportunity in the development of the commerce and industry of the Philippines, so long as it follows the rules established to serve the national welfare.

Political economists do not agree on the extent to which a government should participate directly in the operation of commercial and industrial enterprises. The people of the Philippines do not generally advocate state socialism. It is the antithesis of the system of free enterprise. Yet there are certainly some businesses which can legitimately

be operated by the Government side by side with private enterprise. Businesses which by their nature are most efficiently operated as monopolies are among them. Public utilities, such as transportation, communication, and power-supply are outstanding examples of businesses properly open to public ownership if practical considerations warrant this. Whether government-operation is more efficient than private operation depends largely upon the competence of the operating agency.

There are other types of business the Government has embarked upon, which might be characterized as examples of state socialism. We have the National Development Company with its textile mills and food-canning plants, and its numerous industrialization projects. We have the Philippine National Bank and the Rehabilitation Finance Corporation. We have government corporations in the tobacco, fiber, and coconut businesses. We have the NARIC in the rice and corn business. None of these corporations are monopolies. They do not preclude competition by private enterprise. They were established to fulfill functions which private enterprise could or would not perform adequately to the national needs. The government banks are undoubtedly here to stay, as they fulfill a need not met by private banks. NARIC represents the efforts of the state to stabilize the production and consumption costs of the basic national diet. The most rabid individualist must admit that famine and hunger may endanger the very life of the nation. Hence, NARIC will doubtless continue as a permanent welfare agency. The others may, or may not, prove to be permanent entities, depending upon whether private enterprise can more adequately perform the tasks now entrusted to it. They should not be kept alive merely for the perpetuation of government power. That is the great danger of "government in business." Until losses become too staggering for the nation to sustain, a government business-enterprise may never revert to private ownership even though the purpose for which it was originally undertaken may have been fulfilled.

There is a likelihood that the economic development of the Philippines may call for additional government-owned corporations, where the capital needs and risks involved do not attract private capital. At the same time, the need should be imperative to justify the Government's entry into commercial and industrial ventures. The essential functions of government should have first call on the men of integrity and talent who are willing to serve their people. We have too few of them as it is. The time and attention of the Administration should not be unnecessarily diverted to the complex problems which a multiplicity of government corporations involves. Hence, every encouragement should be given private enterprise to enter the fields of commerce and industry which are deemed necessary to the national welfare. This encouragement can be given by subsidies, guarantees, or perhaps merely by enabling-legislation which will attract private capital. Full recognition must be given to the profit-motive as the mainspring of economic progress, and to the right of pioneers to expect profits commensurate with the pioneering risks involved. Most important, private enterprise must be given authoritative assurance that the Government welcomes it, will encourage it, will not treat it as a scapegoat, will give it a full measure of protection, so long as it operates within the spirit and letter of the rules laid down for private enterprise.

Problems of Philippine Aviation

By V. A. Brussolo

Vice-President, Philippine Air Lines, Inc.

THE rapid pace at which civil aviation has developed in this country, has brought with it a number of difficult problems. These problems, if not solved within the immediate future, threaten to retard, if not altogether thwart, the growth of aviation in the Philippines.

Airports—The need for better airports and airfields throughout the Philippines is apparent to anyone familiar with air travel. At present most of our fields fall below the standards required for airfields which are to be used by present-day types of transport-aircraft. Commercial service to many airfields frequently has to be closed because of the soft condition of the ground. Unless funds are appropriated for the enlargement, construction, and maintenance of such fields, the development of aviation in this country will be held up, regardless of how the other components of the industry develop and progress. But given the necessary funds, the Civil Aeronautics Administration can do the job of keeping these fields in good condition and maintaining them throughout the year.

Navigation Facilities—The establishment of suitable communications and navigation facilities throughout the Philippines is another "must" to be dealt with immediately. The United States Government, through the Civil Aeronautics Administration, has appropriated \$5,000,000 for the rehabilitation of air-navigation aids in the Philippines, but the maintenance and operation of such facilities will have to be borne by the Philippines.

Airline Equipment—One problem which concerns the airline operations more than it does the Government, is that presented by airline equipment. Outside of the two DC-6's purchased by Philippine Air Lines for its international line, the airlines of this country will eventually have to replace their present-day equipment with new aircraft.

This forthcoming expenditure will mean a tremendous financial strain to the airlines. It must be remembered that all aircraft now being used by the local airlines were purchased from the Foreign Liquidation Commission. In practically all cases, such aircraft saw extensive war service. Although the equipment is suitable from every viewpoint for the conditions now prevailing, yet in a fast progressing industry like aviation new equipment to meet demands of better service will be needed. What makes the situation worse is that the type of aircraft presently used in domestic operations (the C-47) is no longer in production.

Rates—Still another problem which concerns the airlines but which will undoubtedly require governmental aid for its solution, is that of rates. At present there are no fixed minima and maxima in the rates being charged by the airlines for service rendered.

This can lead to the type of competition which would prove ruinous to the industry itself and which might affect the entire national economy adversely. The matter should be looked into thoroughly by the Government. The CAA is doing its best to solve the problem, but it should be empowered to adopt policies which will assure fairness and an equal opportunity for all.

Pilots—There is no question but that the aviation industry in the Philippines today is in dire need of properly trained pilots.

As of June, 1947, there were 59 Americans serving with the airlines as pilots. At the same time, there were 23 Filipino citizens flying with the airlines.

Most of the Filipinos are members of the Philippine Air Force who have been granted five months leave to enable them to fly with local airlines. Since the inception of commercial aviation in the Islands, the Philippine Air Lines, Inc. has adopted a policy of training and checking out Filipino first-pilots, and so far this particular airline has 13 Filipino pilots in service. The airline is definitely looking ahead to training as many Filipino pilots as it is possible to train in accordance with high American standards.

Technical Personnel—That aviation here lacks technical men and women, is easily deduced from the number of individuals licensed by the Administration. The lack will become even more acute as time goes on.

The Government can do a great deal to remedy this situation. The youth of the land should be encouraged directly to take up technical studies. Private institutions of learning should be aided in every possible manner in the giving of technical courses. Sending "pensionados" abroad for various technical studies should be continued and their number should, if possible, be increased.

It should be remembered that throughout the war years this country lost many technicians whose places our younger men are still unable to take.

"We are all familiar with the period of the Japanese occupation in the Philippines. May I say that, if that enemy invasion was military, it was no less cultural and spiritual and ideological. In fact, I believe that nothing would have swelled the ego of the Japanese warlords better than to have succeeded in their latter kind of invasion. That was precisely the reason why, during the long night of this occupation, the Japanese sought by every means, fair and foul or friendly and furious, to poison the Filipino thought, to subdue the Filipino spirit, to mould the Filipino personality after an obnoxious pattern,—obnoxious because that pattern was at once fanatical and totalitarian."

MANUEL V. GALLEGO
Secretary of Education

The Business View

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

Office of the President

From an Official Source

JANUARY 21—According to a Malacañan press-release, the Government will set aside a 5000-square-meters area on Bonifacio Drive and 13th Street for a commercial center available for lease to companies and services connected with shipping. Other unoccupied lots along the Drive will be advertised for lease for warehouses. Work on Pier 9 is underway and the syndicate constructing it hopes to complete the work long before the expiration of the 2 years allowed in the contract.

Jan. 24—The Philippine Alien Property Administrator of the United States, J. McI. Henderson, transfers to President Manuel Roxas, on behalf of the Philippine Government, 61 parcels of agricultural land (some 16,000,000 square meters) in Zamboanga, Davao, Cotabato, and Albay, for the nominal consideration of ₱11; also transferred were the capital shares of stock of the Lamitan Plantation Co., Inc. and the Daliao Plantation Company for ₱2.

Jan. 25 — A severe earthquake, of tectonic origin, shakes the island of Panay. (After-shocks continued for several days. Considerable property damage was done especially in Iloilo City, but only a few lives were lost. C. A. Richards, president of the Philippine-American Chamber of Commerce, New York, sent President Roxas a donation of \$1000 for the President's personal use in relieving the victims.)

Jan. 26 — The third regular 100-day session of the Congress of the Philippines opens.

Jan. 28 — The Conference of Governors and City Mayors which opened in Manila on January 22, adjourns. Gov. M. Cuenco of Cebu was elected chairman, Gov. J. Lingad of Pampanga, vice-chairman, Gov. P. Payson of Ilocos Sur, secretary, and Mayor P. Bernardo of Quezon City, treasurer.

Jan. 29 — The President submits a Bill to Congress which would authorize the expenditure of the proceeds of a loan now being applied for by the Government for the construction of certain hydro-electric projects and the erection of a fertilizer plant. Under existing law, the President may negotiate with either the Export-Import Bank of the United States or the International Bank for Reconstruction and Development or other credit institutions for the required loan of ₱176,000,000. The power projects include the upper Agno river, the Caliraya reservoir, the Maria Cristina falls, and the Ambuklao and Ilogog plants.

February 2 — Lands turned over to the Government by the U. S. Alien Property Administration will be subdivided and sold by the Bureau of Public Lands, actual occupants to be given priority. Houses formerly belonging to the enemy will be placed under the administration of the Bureau of Public Works; the Bureau will sell at auction such buildings as are not needed for government use.

Feb. 4 — President Roxas signs an agreement accepting the donation of 2 hectares of land, part of the 10-hectare area of the Polo Club originally donated by Governor-General W. Cameron Forbes, 8 hectares of which recently was sold to the United States Government. At the request of Mr. Forbes, the 2 hectares will be used for park purposes.

Feb. 5 — Judge Vicente de la Cruz, General Manager of the Shipping Administration, announces that his office will withdraw all vessels from buyers who fail to exercise their option to purchase or in paying their instalments on the purchasing price of their ships; vessels so withdrawn will be sold to others, preferably pre-war operators. The Administration still has a number of FS and F vessels for sale which may be inspected at Pier 10, Manila; also a variety of marine equipment at Guiuan, Samar.

The Cabinet approves a proposal of the Secretary of Agriculture and Natural Resources that 900 heads of cattle be brought in from India for breeding purposes and also 200 milk-goats.

Feb. 6 — The Philippine Government signs an agreement with the U. S. Foreign Liquidation Commission providing for the transfer of 90,000 tons of ammunition at Bauang, Batangas, and Rosario, La Union. The Government will re-sell at auction to third parties.

The President states at a Cabinet meeting that retailers now in the Port Area should be allowed to remain where they are until the Government constructs a government building in which space can be rented to them; he said that no bars or night-clubs will be permitted there after the expiration of six months.

The President issues an executive order fixing toll fees on the Kennon Road to Baguio from Klondyke's Spring to Camp 6 at ₱4 and ₱5 for automobiles of 5-passenger and more than 5-passenger capacity, ₱10 for passenger motor trucks, and from ₱6 to ₱20 for freight trucks according to gross capacity. The Kennon road will be officially opened on the 10th.

Feb. 10 — The President instructs Director of Public Works Isaias Fernando to rush the construction of the west lane of the Ayala Bridge and also to start the reconstruction of the Intendencia Building which formerly housed the National Treasury; the cost of the latter work is estimated at ₱800,000.

Feb. 13 — The President informs the Cabinet that he wishes to segregate 10,000 hectares of land in Davao, a fifth of which would be planted to hemp by the National Abaca and Other Fibers Corporation and the remainder leased to private persons or companies for the same purpose. The NAFCO would probably set up two or three hemp centrals in the region to process the hemp produced. Cost of the project would be met from the proceeds of the former Japanese hemp plantations now under Government control.

The President requests the Oil Commission to come to an early decision with respect to its study of the granting of oil concessions by the Government. Four proposals have so far been submitted to the Commission.

Feb. 14 — Jose Figueras takes his oath of office as Under-Secretary of Labor.

Feb. 17 — The President informs the Cabinet that the Secretary of Commerce is ready to receive suggestions from persons interested in the exportation of raw rattan or "palasan". The Philippine Chamber of Commerce has petitioned the President to place an absolute ban on this exportation to protect the thriving rattan furniture industry here.

Feb. 21 — Announced that back-pay receipts of Filipino members of the USAFFE and recognized guerrilla

units are subject to income tax but may be spread over the years to which the pay corresponds and at the rates then prevailing. Filipino members of the United States armed forces are also subject to the income tax on salaries and allowances received from the United States Government, but expenses incurred for quarters may be deducted. Amounts received from the War Damage Commission in payment of war-damage claims are exempt to the extent that they constitute a return of capital.

Feb. 23 — The conference of the United Nations Food and Agriculture Organization opens in Baguio, with delegations from nine countries in attendance. Nutrition and fisheries experts immediately convened in separate meetings after the brief joint opening session. Ambassador J. M. Elizalde made the welcoming speech.

Governor S. Jogko of Agusan is reported to have "vehemently expressed his opposition to any move tending to block the establishment of a government saw-mill in that province."

Feb. 24 — The President at a Cabinet meeting calls the attention of Secretary M. Cuaderno to reports of alleged illegal entry of jewelry, and the possibility of buying a "detecting machine", which would cost around P40,000, is discussed. Commissioner Arsenio Luz informs the President that the Surplus Property Commission has already sold close to one-third of the bulk of the surplus property in its care, and has in actual cash some P25,000,000 with some P41,000,000 more collectible from the Government. The President instructs Luz to give priority to Philippine contractors in need of surplus equipment. The President orders that the business of gathering turtle eggs in the Turtle Islands, which recently came under Philippine jurisdiction, be put to bid. He also orders the establishment of an immigration office in Zamboanga, Jolo, or Tawi-Tawi.

Banking and Finance

By C. R. LEABER

Manager, National City Bank of New York

SEASONAL factors and developments abroad combined to slow down the tempo of business this month. Banks noted no appreciable decline in the volume of import finance, but offerings of export drafts for negotiation were not up to the levels of preceding months.

Foreign developments affecting banking activities in the Philippines were: first, the sharp decline in commodity prices in the United States; second, measures taken to restrain credit expansion in the same country, and third, the devaluation of the French franc.

The break in commodity prices in the United States affected the export markets for Philippine products more acutely and more quickly than it did the prices of consumer goods which the country imports. Commodity prices have recovered from the lowest levels touched while the wave of selling-pressure dominated the grain exchanges, but a feeling of uncertainty about future trends still persists. It seems likely that the peak of food prices has been reached. The price-decline in the United States may have some effect on the general business situation, but basic factors are still strong, and good opinion is that a commodity debacle is not in prospect at this time.

Further moves were taken by the authorities in the United States to combat undue expansion of bank credit. Federal Reserve Banks advanced rediscount rates 1/4%. The reserve requirements of "central-reserve city" banks were advanced from 20 to 22% of their net demand deposits. Federal and State bank-supervisory authorities issued a joint statement calling upon banks to curtail loans for the financing of speculative activities and generally to exercise

extreme caution in their lending policies. While it is admitted that money markets and financing operations in the Philippines are not directly concerned with measures taken in the United States to restrain bank-lending as a part of an anti-inflation program in that country, nonetheless, it would be unwise to totally ignore them when taking a view of trends in interest rates and availability of credit here.

The devaluation of the French franc, while not vitally important in itself, does have a bearing on our markets. It is believed that it may be the forerunner of other devaluation which, in the aggregate, would exert a downward pressure on the prices of world commodities expressed in dollars.

A glance at the comparative figures below, as issued by the Bureau of Banking, finds little worthy of special comment. Average loans and discounts have receded, deposits are holding their own, and the velocity of business transactions, as reflected by total debits to individual accounts, is on the increase. The circulation figures are interesting, however. An increase of P130,000,000 in money in circulation over last year is not large enough to be called remarkable. It is when one contrasts the circulation today with the figure of P256,000,000 given as the circulation on December 26, 1941, that one realizes how much business is expanding post-war. Even more significant is the realization of the extent of the price-inflation which is highlighted by the circulation figures. Business expansion alone cannot account for a rise in circulation to over three times that of pre-war.

Loans, Discounts, and Advances (monthly averages) (000 omitted)		
January, 1948 P346,012	December, 1947 P349,085 *	January, 1947 P212,010
Total Bank Resources (monthly averages) (000 omitted)		
January, 1948 P847,289	December, 1947 P846,736 *	January, 1947 P767,929
Bank Deposits (monthly averages) (000 omitted)		
January, 1948 P412,567	December, 1947 P413,050 *	January, 1947 P373,610
Debits to Individual Accounts (monthly averages) (000 omitted)		
January, 1948 P125,172	December, 1947 P113,885 *	January, 1947 P103,991
Circulation (000 omitted)		
January 31, 1948 P783,608	December 31, 1947 P769,915	January 31, 1947 P653,366

* Corrected figures.

American Stock and Commodity Markets

By ROY EWING

Swan, Culbertson & Fritz

BECAUSE of the importance of prices of American commodities and manufactured products in present-day world economy, it is probable that not since 1929 and the early 1930's has the action of American security and commodity markets been followed with such worldwide interest as for the past several weeks. For the entire year of 1947, the New York market moved in a narrow range, between a low in the Industrial Average of 163.21 recorded on May 17, 1947, and a high of 186.85 on July 24, 1947. 1948 opened with the market firm and featured by the strength in rails which had advanced into new high ground since early 1947 on the news of allowed rate-increases.

The market turned weak in early January, however, and descended with moderate rallies until February 10, when the widest break in over a year took place. At this point, with the Industrial Average at 165.65, only slightly above the 1947 low, the market firmed, and up to present writing has recovered moderately but unimpressively. Rallies have lacked vigor, and volume has averaged well below a million shares per day,—not a bullish indication.

Judging from recently received market publications from New York, the break came as a surprise to the majority of "professional market prophets". Proponents of the Dow Theory, on the other hand, have contended that the primary market trend has been bearish since May of 1946, when the 1942-1946 bull market terminated. This group took quite a beating in press and market publications in the latter half of 1947, when they were accused of "splitting hairs" in order not to interpret the charts as indicating a reversal of the primary trend from bear to bull. For over a year the market has ignored record productions, earnings, and in many cases dividends, and failed to move up to what in the past has been considered a normal price-earning ratio. According to the Dow Theory, then, the averages have been saying that something is wrong in the economic picture, and while not necessarily predicting a depression or recession, indicating caution until such time as the market has had time to digest the numerous influences on the United States economy. Declines now through the 1947 lows, tested in February but not broken, theoretically would confirm the primary trend as bearish and imply further weakness.

The sharp break in commodities began on February 4, when Chicago corn and wheat fell by the maximum amount permitted in one day, and cotton in New York by \$2 per bale. The break was directly attributed to fear that other currencies would follow the devaluation of the French Franc, but other factors included favorable crop reports and diminishing government buying. On the 5th, grains and corn again fell the limit. The following day the market steadied and rallied irregularly until the 10th, when heavy selling again sent prices down the limit in Chicago, and cotton by \$10 a bale in New York for the first time in more than a year. Heavy liquidation continued in wheat and corn until February 20, when a low for March wheat was made at 2.37-1/2, down from a high of 2.95-1/2 on February 2, and for May corn at 1.96-1/2 on February 14, down from a high of 2.51-1/4 on February 2. Cotton recorded its low on February 13 with New York Spot at 32.38. Since those dates, all commodity markets have been firmer but irregular. As in the case of the stock market, it would appear that markets must have time to digest all recent developments before any definite trend can be established. Meanwhile, indications are that lower commodity prices may be expected. This, of course, will not be bad news to consumers, and over the long term may prove to be what is needed to stop the spiral of inflation, about which President Truman has been and is so seriously concerned.

Manila Stock Market

January 16 to February 15, 1948

By A. C. HALL

A. C. Hall & Company

SHORTLY after the middle of January, the market attempted to rally to the upper resistance area, but was unable to make progress. As is usually the case, a market which cannot advance, can decline, and a sharp fall in prices ensued. The shakeout improved the internal structure, and left prices in a position to respond to any favorable development. Immediately thereafter came the

news of the devaluation of the Franc, which greatly stimulated demand for gold shares in the London market, and, to a lesser degree, in the United States. An Administration statement to the effect that the Philippine Government did not plan any increase in taxes on the mining industry was favorably received. These factors aided sentiment considerably, and a sharp rally resulted. However, as the market again approached the 120 area, as measured by the Manila Stock Exchange Averages, offerings increased and prices declined. This latest sell-off was accentuated by the sharp break in the United States commodity markets, which had an unsettling effect on most stock exchanges in the world. As of today's close, the market looks oversold and should rebound.

The foregoing is a brief account of essentially short-term market developments and fluctuations over the past month. However, I feel it would be useful to review the broader market-picture at this stage, as I find considerable confusion among many investors at present.

In past months in this column, reference was made to the fact that the advance since July, 1947, has, from a technical viewpoint, constituted the second leg of a primary bull market which had its inception in August, 1946. It was stated that this phase would top out in due course, and would be followed by the usual secondary correction, according to the principles of the Dow Theory, before the third and final stage of the major up-trend is entered upon.

It is now clear that this second leg of the bull market topped out on January 3 with the M.S.E. Average at the close of that day registering 122.48. Since then, the anticipated correction has been underway. According to the Dow Theory, this secondary movement, counter to the main trend, may be expected, generally, to last from three weeks to three months in elapsed time and to retrace during this period from one-third to two-thirds of the preceding advance. In this case, the rise had its inception on July 2, 1947, with the M. S. E. Average at 79.18, and the high for the movement occurred on January 3, 1948, with the price-index registering 122.48 or a net gain of 43.30 points. As of today's close at 106.99, the retracement is 15.49 points, or 35.77%. In point of time, this reaction has occupied about six weeks. Thus the current movement has already proceeded sufficiently to qualify as a secondary reaction of approximately minimum proportions. The question now arises as to whether it may be considered to have run its course, and whether we may expect the main advance now to be resumed with eventual penetration of the January 3 level. While this can not be determined at present, an examination of the recent pattern of prices indicates the improbability that the correction has terminated or will terminate until, at least, there is some further testing of today's levels.

The longer-range outlook for the market is that the major trend is bullish, but the minor trend is bearish. When the latter turns upward, the market will have entered upon the third and final phase of a major bull market.

In the unlisted section, Balatoc lost 20 centavos, to ₱3.90, on a turnover of 3,800 shares. Itogons continued to be traded between 7/8 and 8 1/2, with 135,000 shares changing hands, while United Paracale improved to 9 centavos on a turnover of 150,000 shares.

In the commercial and industrial sections, San Miguel was higher and more active on reports of an early stock dividend, but Philippine Racing Club declined 10 points under profit-taking following the recent sharp advance. Far East Oil steadied after a further small decline.

In unlisted commercials, small lots of Jai Alai were traded at ₱21. Other sales in this section were 1,100 Manila Jockey Club at ₱2.80, and 6,130 Ortigas Madrigal y Cia. at ₱15. Philippine American Drug (Botica Boie) changed hands at ₱140.

LISTED MINING SHARES

	High	Low	Close	CHANGE	TOTAL SALES
M. S. E. AVERAGE	120 06	106 99	106 99	Off 11.53	
Acoje Mining Company	P 325	P 28	P 28	Off 05	315,000
Antamok Goldfields	028	025	028	Up 004	142,000
Atok-Dig Wedge Mining Co.	1 32	1 16	1 18	Off .18	380,500
Bago Gold Mining CM.	.075	.0675	07	Up .005	68,500
Batong Buhay Gold Mines	.007	.006	.0068	Up .0008	2,800,000
Coco Grove, Inc.	03	03	03	Up .003	80,000
Consolidated Mines, Inc.	015	.0135	0135	Off .001	8,900,000
I.X.L. Mining Company	06	.0525	06	Up .005	166,000
Lepanto Consolidated	79	.55	.56	Off .24	614,000
Masbate Consolidated	044	026	044	Up .014	1,530,000
Mindanao Mother Lode	1 26	1 04	1 08	Up .02	700,000
Paracale Gumaus Consolidated	13	.12	.12	Unchanged	16,000
San Mauricio Mining	.235	.175	.21	Up .04	35,000
Surigao Consolidated	.41	.345	.35	Off .03	498,500

COMMERCIAL AND INDUSTRIAL

Bank of P. I.	70 00	70 00	70 00	Unchanged	75
Central Azu. de Bais	550 00	550 00	550 00	Unchanged	6
Central Azu. del Pilar	85 00	85 00	85 00	—	37
Manila Wine Merchants	4 50	4 50	4 50	Up .25	1,000
Marsman and Co. Pfd.	45	45	45	Up .05	1,000
Pampanga Bus Co.	1 30	1 30	1 30	Off .10	4,000
Philippine Racing Club	1 36	1 28	1 28	Off .10	31,000
San Miguel Brewery	90 00	78 00	83 00	Up 3.00	2,011
Victorias Milling Co.	120 00	115 00	115 00	Off 5.00	2,630
Far East Oil Development Co.	.185	.16	.165	Off .02	949,525

Insurance

By ARTHUR H. HENDERSON

President, American International Underwriters for the Philippines, Inc.

IN connection with the Fire Prevention Week Drive in the City of Manila now being conducted by the Chief of the Manila Fire Department, certain statistics have been made available which are of considerable interest to the general public.

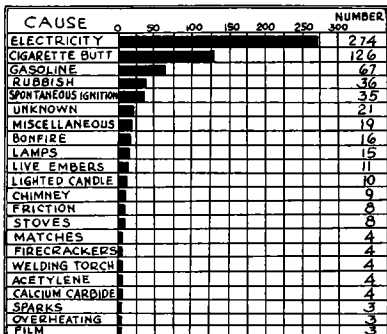
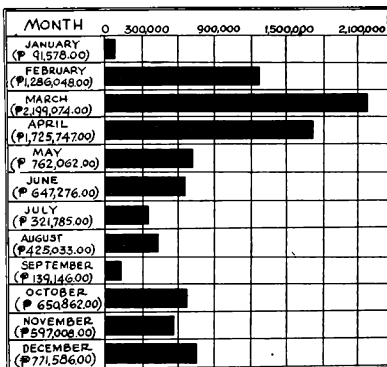
Chief Cipriano Cruz of the Fire Department through his kindness has made available to the public facts which give cause to all for serious reflection.

During the year 1946, 15 people were burned to death and 125 others sustained injuries in the city of Manila. In 1947, 9 persons thus lost their lives and 96 were injured.

In Manila during 1947 there was a total of P47,489,902 of property involved in fires, as compared with P21,302,148 in 1946, with estimated losses in 1947 amounting to P9,617,205, as compared with P4,095,688 in 1946.

It is interesting to note a breakdown of the losses in respect to the type of property destroyed. These were as follows: auto-trucks — P77,783 in 1947, against P25,128 in 1946; buildings — P2,024,834 in 1947 against P977,153 in 1946; contents of buildings — P7,514,588 in 1947 against P3,093,407 in 1946.

Two graphs, one showing the monthly fire-losses in Manila during 1947 and the other the causes of the fires, appear in the next column.



Some interesting statistics are also available as to the operations of the Fire Department which show that during 1947 the fire department expended 7,228 man-hours of effort in pumping 7,627,285 gallons of water through 292,725 feet of fire-hose, while in the year 1946 it required only 5,996 man-hours of effort. The total period of pumping took the Fire Department 1,100 hours and 12 minutes in 1947, as against 834 hours 39 minutes in 1946.

Credit

By DUNCAN BURN

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

INQUIRY through numerous local firms reveals little change in the credit and collection situation in February. Most credit executives indicate that credit extensions increased only slightly, if any, while collections were at much the same level as during January. There is strong indication that increased thought and care is being given to the extension of new credit and the increasing of established credit. In some lines a few companies have been in a

position which would allow curtailment of credit, but such lines have been restricted and in general credit extension has at about the same level in February as January.

Active cooperation among credit executives is continuing. The membership of the Association of Credit Men, Inc. (P.I.) has increased during recent weeks and the active membership is now larger than in December, 1941. Through the Ledger Interchange Bureau of the Association a total of 732 names were processed from mid-November, 1947, through February, 1948, with 61 additional names in process at the time of this writing. The highest credit revealed in these clearings by any single local wholesaler to a single client was in amount of ₱312,000.

Most credit executives recently interviewed state they are watching accounts carefully and are handling credit matters with considerable caution, yet are of the opinion that the present credit and collection situation is not one to cause alarm.

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	1948	1947	
January.....	27,301,000 *	17,543,000	K
February.....	26,030,000 **	17,503,000	L
March.....		20,140,000	O
April.....		19,601,000	W
May.....		19,241,000	O
June.....		17,898,000	A
July.....		22,593,000	T
August.....		23,358,000	T
September.....		23,122,000	
October.....		24,755,000	H
November.....		24,507,000	O
December.....		25,725,000	R
TOTAL.....		255,981,000	S

* Revised

** Partially estimated

Because of the shorter month, February output was slightly under January although the rate per day was higher. Comparisons with February, 1947, and January, 1948, follow: output was 8,427,000 kwh or 48.2% above February, 1947, but 1,271,000 kwh. or 4.7% below January, 1948.

Real Estate

By C. M. HOSKINS

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

DURING February real estate sales generally continued dull, with individual transactions small in average value. Subdivision sales, however, continued active, although such transactions, being represented mostly by unrecorded sales-contracts, do not appear in the statistical picture.

The threat of expropriation of urban landed estates by the Government for resale to present occupants seems to have lessened as a result of a conference between property

COMPARATIVE STATEMENT OF REAL ESTATE SALES IN MANILA

Prepared by the Bureau of the Census and Statistics

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

	1940	1941	1945	1946	1947	1948
January.....	₱ 6,004,145	₱ 962,970	₱ 7,943,605	₱ 4,385,011	₱ 6,030,012	₱ 3,644,734
February.....	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633
March.....	1,415,246	1,532,104	(?)	2,628,190	7,166,866	
April.....	883,207	988,380	213,262	1,916,293	8,611,076	
May.....	403,866	1,129,736	962,008	3,684,937	4,618,181	
June.....	542,187	598,431	1,212,780	3,637,956	3,988,560	
July.....	1,324,861	559,742	1,123,565	4,974,862	4,097,183	
August.....	1,905,828	1,239,414	699,740	4,438,510	5,627,572	
September.....	1,141,114	815,112	1,870,670	4,698,896	7,437,213	
October.....	993,103	1,182,678	2,096,893	5,545,800	6,083,486	
November.....	938,416	858,235	2,555,472	3,340,382	4,177,054	
December.....	1,504,004	(?)	2,874,408	4,025,926	3,205,584	
TOTAL.....	₱17,974,844	₱10,647,285	₱22,890,133	₱45,537,914	₱68,260,104	₱7,524,367

owners and the Administration. The property owners have apparently convinced the Government that they are just as eager to sell their estates as the Government is to have them do so. Since the Government embarked on urban subdivision activities last year, officials have learned from experience many of the problems involved in dealing with squatters and tenants of the lowest income brackets, and are more willing to let private enterprise carry on.

The continued acute shortage of imported building materials is postponing many projected land purchases in the close-in section of Manila. The expected easing up of supply has failed to materialize, largely because of the Marshall Plan and partly because the United States itself has had the greatest winter building operations in history.

Port of Manila

By H. W. TRUSS

Luzon Stevedoring Company, Inc.

IN the August, 1947, issue of the *Journal*, the proposed reconstruction measures to be undertaken in the South Harbor of Manila were outlined, and today it is obvious to all that the work is proceeding at a pace as rapid as might reasonably be expected. In almost every issue, this column has from various directions preached the doctrine that the greatest cooperation would be required from all concerned in the Port if it is to function properly during the construction period. This cooperation has been good in the sense that truckers, stevedores, customs brokers, and importers have met the problem of torn-up streets, closed gates to the zone, and the necessity of trying to carry out port business while avoiding the men and machines of the contractors. There is one side of the situation which calls for a word or two only. It is the problem of getting cargo off the piers and out of the customs zone promptly after its discharge from the ships. With Pier 9 closed, its former capacity of 4 ships discharging at a time is lost, but the Port must continue to discharge and deliver approximately 4000 tons of cargo a day every day, or the inevitable backlog of ships anchored in the Bay awaiting a berth will occur. This everyone wants to avoid, and it can be avoided only if all of the conditions necessary to operate in the Port are kept at an optimum. This means that most importantly the piers must be kept clear of cargo. If cargo is allowed to pile up on the piers and in the sheds, not only do the opportunities for pilferage increase and the chances of damage to cargo mount up, but discharge of ships slows down, and congestion alongside the piers may reach the point where one or more berths must be left idle for the plain reason that there will be no place to put down the cargo.

The writer has pointed out before that in the early

period following liberation, congestion of cargo was inevitable because of the absence of bodegas in the city in which importers could store their goods prior to sale. This situation no longer exists and importers should demand quick delivery of cargo to them by their customs broker immediately a vessel carrying it begins discharging.

This calls for a conscientious effort on the part of customs brokers to quickly remove their clients' cargo, whatever it may be, from the customs zone as soon as delivery permits are issued. It has been frequently observed that customs brokers quite naturally will, in general, move large blocks of homogeneous cargo fairly rapidly, but will frequently neglect to a degree the relatively small blocks of miscellaneous packages brought in by small importers. This obviously has two results. The large importer is favored to the detriment of the small importer, who is of at least as much importance in the economic scheme by his very numbers, as is the large. Secondly, small miscellaneous blocks of cargo pile up on the piers and create a situation which causes losses to the owners and congests the piers. Once placed in the sheds, such cargo is extremely difficult to segregate for rapid and efficient delivery.

The foregoing is definitely not intended to lay what are by their nature serious charges against any one group in the Port family, but is intended to point out the existence of one more condition which demands the highest order of conscientious effort from all concerned to cooperate during the difficult period of construction to enable the Port to function adequately in spite of the reduced facilities.

Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

TOTAL exports from the Philippines for 1947 reached 1,591,313 manifest tons. While this figure is encouraging inasmuch as it far exceeds the total exports for 1946, nevertheless there is still a long way to go in order to equal a normal pre-war year such as 1938, during which year 3,017,766 manifest tons of Philippine produce were exported.

Exports, by countries, for 1947 show the United States by far the largest recipient, with Europe next and, strange to say, Japan in third place.

During 1947 the Philippines exported to—

United States.....	1,007,293 tons
Europe.....	361,874 "
Japan.....	47,092 "
India, Malaya, Saigon.....	41,825 "
Africa.....	38,761 "
Canada.....	26,435 "
South America.....	23,508 "
China.....	22,178 "
Netherlands East Indies.....	18,770 "
Australia.....	3,577 "

The chief item of export for the year seems to have been copra, of which 946,658 tons were reported to have been exported. Because of the abnormal shortages on out-turn weights, however, it would be interesting to know how far this figure is in excess of copra actually shipped.

A steady flow of "surplus material" accounts for most of the 125,738 tons shipped under the heading of "General Merchandise."

Exports, by commodities, for 1947, were—

Alcohol.....	333 tons
Bamboo Poles.....	110 "
Beche de Mer.....	104 "
Buntal Fibre.....	56 "
Cigars.....	184 "
Desiccated Coconut.....	58,357 "
Coconut Oil.....	24,272 "
Concentrates.....	10,301 "
Copra.....	946,658 "
Copra meal.....	37,961 "
Embroideries.....	325 "
Empty Drums.....	2,590 "
Fish, Dried.....	217 "
Food, Canned.....	2,297 "
Fruit, Fresh.....	336 "
Furniture, Rattan.....	7,078 "
Glycerine.....	9 "
Gums.....	1,465 "
Hemp.....	765,760 bis.
Hemp, knotted.....	59 tons
Junk, metal.....	11,320 "
Kapok.....	290 "
Logs.....	3,396,800 bft.
Lumber.....	461,501 bft.
Molasses.....	618 tons
Ores.....	187,661 "
Rattan.....	1,206 "
Rice.....	31,981 "
Rope.....	3,012 "
Rubber.....	1,762 "
Shells.....	1,219 "
Hides.....	1,280 "
Sugar, Raw.....	17,500 "
Tobacco.....	6,588 "
Lard.....	1,163 "
Wines.....	662 "
Transit cargo.....	2,126 "
General Merchandise.....	125,738 "

829 vessels called at the Islands during the year to load export cargo, of which a little less than half were American-flag vessels.

Inter-Island Shipping

By D. M. CAMERON

Everett Steamship Corporation

DURING the month of February, inter-island shipping generally resumed schedules dropped because of typhoons during December and January. The S.S. Charles McDonnell of the Philippine Steam Navigation Company re-entered the Aparri run after repairs at Hongkong necessitated by damage suffered during the December typhoon. The S.S. William Nott is still undergoing repairs in Hongkong for damage suffered during the same typhoon.

Some conjecture developed among operators and shippers as to the position of the nine vessels being operated in inter-island trade under charter from the U.S. Maritime Commission, after the law permitting charters to foreign companies expired on February 29. Charterers, however, were offered the opportunity of re-chartering for an additional year, this arrangement presumably being possible under the Philippine Rehabilitation Act which provides for chartering conditions somewhat different from those required by the Ships Sales Act, under which the U.S. Maritime Commission has been chartering and selling war-builty tonnage to foreign and, of course, to domestic United States companies.

Common carriers participating in the carriage of Philippine export-cargo during the year, were—

	American	British	Canadian	Chinese	Danish	Dutch	Philippine	Honduran	Norwegian	Swedish	Panamanian	French	Total
Vessels.....	393	103	9	18	49	56	51	4	89	48	4	5	829
Tons.....	794,462	104,016	34,554	1,688	132,322	63,012	76,498	6,354	233,478	109,007	14,863	21,059	1,591,313
%.....	49.91	6.6	2.16	.10	8.31	3.95	4.80	.38	14.67	6.90	.92	1.30	100

Total for 1947.....1,591,313

It is believed that most charterers have accepted the Maritime Commission offers, the Philippine Steam Navigation Company having accepted for the five vessels now operated by it. It is likewise believed that some charterers have been delaying negotiations due to their concern over the uncertainty of the availability and cost of bunkers for any time in the future. Fuel prices are steadily mounting, and allocations, while still obtainable, are being pared down by the oil companies.

While not strictly affecting inter-island shipping, an important addition was made in February to the Philippine Merchant Marine when four vessels of the C1-MAV-1 type were acquired by purchase by the Everett Steamship Corporation from the U. S. Maritime Commission, these vessels being the *M. V. Hawser Bend*, *M. V. Studding Sail*, *M. V. Coastal Buccaneer*, and the *M. V. Coastal Champion*, which have been operated by the Everett Steamship Corporation during 1947, together with the *M. V. Turk's Head* and the *M. V. Carrick Bend* between the Northwest Indian port of Karachi and North China, and Japan and Korea, calling at practically all ports en route. This service, known as the Everett Orient Line, will continue with the *M. V. Turk's Head* and the *M. V. Carrick Bend* continuing under charter, and the newly acquired vessels will be renamed: *Malaya Everett* (Coastal Champion), *India Everett* (Coastal Buccaneer), *Philippine Everett* (Studding Sail) and *China Everett* (Hawser Bend). This purchase assures the continuance of the Philippine flag in the Oriental trade, a trade that pre-war was dominated by British, Norwegian, and Japanese tonnage. British and Norwegian companies are rebuilding their fleets and re-entering this trade, in which the Everett Orient Line has won a firm position by frequent schedules and the support of the shippers in neighboring Oriental countries.

Air Transportation

By V. A. BRUSSOLO

Vice-President, Philippine Air Lines

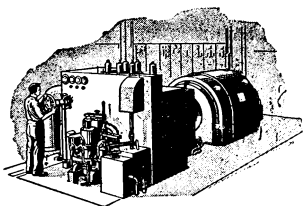
WHAT may prove to be of substantial help in shifting the balance in favor of airlines and helping them in a direct way in the very near future, is a proposal for an international air parcel-post service. Plans are under way for the inauguration of this service between the United States and a number of foreign countries. Special postage charges are being worked out by the U. S. Post Office Department for the carrying of newspapers, magazines, and other news publications to Europe, to begin with, and very probably to points in the Far East. It is calculated that this service will expedite the dissemination of information and will further bring additional income to air-carriers operating international routes. At the time of this writing, the points where this service will begin to operate are the United Kingdom, Continental Europe, South Africa, and some countries in the Middle East and Near East. The basis of this service will be bilateral agreements. The Philippine Government is also considering this plan.

After a whirlwind first month of operation of the newly established Manila International Airport, Nichols Field, this former outpost of military aeronautics is assuming all the aspects of a commercial airport. Of great interest to aviation entities and other companies doing business with the Manila International Airport and the Civil Aeronautics Administration, is the fact that both the U. S. and P. I. Civil Aeronautics Administrations moved their headquarters and general offices to Nichols Field in the early part of February. This move is calculated to concentrate all government entities concerned with matters aeronautical in such a way as to minimize un-



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usual delays brought about by the former wide-spread locations of these offices. Plans are underway also to have small offices for airlines at the Manila International Airport. In answer to the request of airlines operating international routes in the Philippines that a 24-hour service of customs, immigration, and quarantine services be established at the Airport, these government entities have signified their intention and willingness to cooperate with the airlines in what will result advantageously to all concerned.

Crail Hunter, president of Northwest Airlines, who was a recent visitor to the Philippines, predicted "a silver lining in the clouds for 1948." The number of crashes throughout the world in 1947, the temporary withdrawal of "Constellations" from service, the voluntary grounding of DC-6's, — all these have conspired to make 1947 a financial upset for all airlines. However, Captain Eddie Rickenbecker, of the Eastern Airlines, echoes Mr. Hunter's prediction. Bases for Hunter's optimistic expectations in 1948, are improved service and increased passenger volume. Pan American Airways reveals that it enjoyed the greatest volume of business in company history during the year 1947.

Keeping strides with the efforts of airlines and other aviation entities to push forward the frontiers of aviation, the education section of the P. I. Civil Aeronautics Administration has undertaken a program of aviation education throughout all schools in the Philippines in collaboration with the Department of Education. Lectures both of technical and general nature are being conducted in the public schools of the cities and major towns in the Philippines, personally conducted by the Civil Aeronautics aviation education officer, E. C. Morante, together with a staff of technical and non-technical men.

Philippine Air Lines, Inc., which started operations February 14, 1946, with eight C-47 planes, celebrated

its second anniversary with a large air fleet consisting of 49 planes and an air itinerary which is spreading to the far corners of the world.

In November, 1945, during the organizational period of the airline, there were only 32 employees on the payroll. Two years later the company had boosted the figure to 1,428.

Figures tell the story of the airline more accurately. From February, 1946, to January, 1947, PAL carried 141,817 inter-island passengers and 2,479 international passengers. The figures for the succeeding year show 267,938 inter-island and 8,793 international passengers.

Freight put across inter-island terminals in the 1946-47 period was 5,951,114 pounds and for the corresponding 1947-48 period 9,976,993 pounds. Overseas freight shipments rose from 127,809 pounds to 910,840 pounds during the same periods.

Since May, 1947, PAL's capitalization has been increased to P10,000,000 to enable it to expand its operations. The company now has passenger service twice a week to San Francisco, Guam, Honolulu, and Hongkong; weekly trips to Shanghai, and monthly flights to Calcutta, Karachi, Cairo, Rome, and Madrid.

Land Transportation (Bus Lines)

By L. G. JAMES

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

THE current shortage in gasoline and Diesel fuel has had its effect upon truck and bus operation both in Manila and other parts of the country. Importers of fuel-products have assured the Government and consu-

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mers that no serious shortage exists and that none is anticipated.

In some local areas, importers' stocks have temporarily become so reduced that provincial authorities have commandeered existing supplies and assumed responsibility for their rationing. The legal basis for this assumption of authority is questionable. In some cases it has reacted greatly to the disadvantage of operators who have contracts in advance for current fuel requirements. The suppliers have maintained inventories sufficient to meet their contracts only to have their stocks taken over by local authorities who have directed that the stocks be rationed among consumers who have never been customers of the importers in question. Thus, the operator who runs his fleet on a businesslike basis has in many cases been forced to curtail operations while a portion of his contracted-for fuel supply has been made available to competition.

While importers declare that no serious shortage is to be anticipated, the fact remains that 1948 allocations of fuel-products for the Philippine market have been set at quantities roughly equivalent to the 1947 imports. It is estimated that the 1948 requirements will be considerably in excess of those for 1947, due to increase in vehicle registrations and shipping operations. This means that truck and bus operators will not be able to buy their complete fuel requirements, nor will they be able to expand their fleets.

Nearly all pre-war operators have been purchasing new equipment to bring their fleets to authorized pre-war levels by June 30, 1948, as required by the Public Service Commission. It is probable that there will be an average reduction of 10% on deliveries of current fuel requirements due to anticipated shortage of supply. Thus, the operator who has committed himself for definite quantities of new equipment in his rehabilitation program, is faced with the probability of not being able to use it and actually having to reduce his current operations.

Truck and bus operators in all sections of the country (both holders of regular and holders of temporary certificates of public convenience) concur in the opinion that there is too much public transportation on the roads within their areas. The Public Service Commission has announced that it proposes to "screen" all operations during the present year and to cancel the certificates of temporary operators who do not comply with requirements as to type and condition of equipment and with the other conditions under which their certificates were issued. If that policy is effectively carried out, it may serve to remove from operation a sufficient number of vehicles to have some effect on the availability of fuel.

Gold

By CHAS. A. MITKE
Consulting Mining Engineer

THE Chamber of Mines Annual Report for the year 1940 indicated that a total of 79 mining companies, with a combined paid-up capital of P79,096,946, reported mineral production during the year amounting to P92,832,911, an increase of 9.58% over the 1939 production.

Today, there are five gold producers, one copper producer, and one chrome producer, either in operation or about to begin operation; the remainder are dormant or without sufficient funds to rehabilitate their properties.

In view of the crippled condition of the mining industry generally, it would seem that money required to be spent on annual assessment work, which is often of a non-productive nature, might better be spent on rehabilitation.



Dateline: ILOILO, Jan. 25

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Several corporations have already made representations to the Bureau of Mines, asking for postponement of the required work. If other interested parties get behind the movement and also write to the Bureau of Mines, undoubtedly this Bureau, which has in the past always lent a sympathetic ear to the difficulties of the mine operators, will give the matter due consideration.

An interesting bill has recently been introduced in the Philippine Congress. The intention of this bill, according to the explanatory note which introduces it, is to put the Philippine Government into mining and to appropriate ₱26,000,000 for this purpose. The capital of the proposed government mining corporation is to be ₱51,000,000, of which the Government will subscribe 51%, the remainder to be offered to the general public. The explanatory note goes on to state that—

"The purpose of this bill is to produce such quantity of gold and silver which will be turned over to the Philippine Government at mint price, and the metal thus delivered shall be stored and deposited in convenient places by the Government.

"The continuous accumulation of gold and silver metals and storing them in volume shall become the solid foundation upon which the Philippine Currency will rest. It is a fact to be known to everybody that with sufficient gold deposits in bars in our National Treasury, our currency will stand high in the markets of the world and in stock exchanges. Gold and silver, with the American dollar now becoming the master of the world currency, will stand to stabilize our monetary system in relation with all the different monetary systems of the world. As gold is abundant in the Philippines, there being a very big vein in growing out of gold passing through the islands from the Northernmost of Luzon to the Southernmost end of Davao. There is every reason to encourage our Government jointly with our people to enter into this venture which is not only profitable but patriotic in nature. It is developing in a big way one of the biggest and most valuable resources of the country. In view hereof, approval of the bill is earnestly requested."

Certainly, the objective of the bill is one which has a universal appeal. Who would refuse to be a party to "the continuous accumulation of gold and silver metals"? Actual

accomplishment, however, is not so simple. Experienced operators, basing their figures on company records, estimate that only 1 in 800 prospects examined, makes a mine. John E. Kelly, a mining statistician, in the *Mining World* for January, 1947, states that "omitting small companies and scattered mines, 45% of capital invested in a major group of Rand mines, was spent on prospects that never developed further; 34% was expended on development of mines that never produced gold; 14% financed properties that produced, but paid no dividends, while only 7% went into profitable ventures." And this is in the Rand, the world's greatest gold-producing area, where each year about 425 tons of gold, valued locally at \$435,000,000, is now produced. The Philippine government mining corporation might encounter tough going before it finds itself in the enviable position of "continuously accumulating gold and silver metals."

The introduction reads somewhat like a mining prospectus and is reminiscent of one which was a favorite of the late Judge Frank B. Ingersoll. This prospectus referred to the famous "Ancla de Oro", a company organized in early Spanish days to develop the *veta real* at Mambulao (Camarines Norte). It described the deposits of the "Benditas Animas", a claim which had been bought and sold as early as 1788. The vein was said to be "two palms" wide, with the quartz being literally "bedizened" with gold until it "has the appearance of the richest altar-hanging"; not only the vein, but the "adjacent walls are gold-bearing". The document ended with this stirring appeal:

"To those who love their country, the opportunity now presents itself to show that they interest themselves in her progress and welfare. One hundred pesos is the cost of a share, payable in four installments. Even if our hopes, which are fundamentally so conservative, should not be realized, the loss of one hundred pesos will bankrupt no one, so we have no doubt that all will take shares in this enterprise, which is this day initiated."

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The date of this Manila prospectus was March, 1848. Just two months earlier, on January 24, 1848, gold was found at Sutter's Mill by James Marshall, and this year, January, 1948, California celebrated the 100th anniversary of its discovery. As related by the *Engineering and Mining Journal*, Henry Bigler, a worker in Sutter's Mill, recorded Marshall's discovery in his diary in the following words:

"Monday, 24th. This day some kind of mettle was found in the tail race that looks like gold. First discovered by James Martial, the boss of the mill".

It was the commencement of a golden century. Statistics record that prior to 1848 the United States never mined more than \$1,000,000 annually. In 1850, California alone produced over \$50,000,000. During the past one hundred years California is credited with having produced over two billions in "gold".

Many residents of the Philippines are of the impression that our mines are the largest in the world. We have some very excellent former producers within the Archipelago, and several promising undeveloped properties which are beginning to attract the attention of outside investors, but, with one possible exception, we cannot chalk up any world records.

The largest gold-producers are on the Rand. Canada also has some exceptionally fine gold-producers. In base metals, Utah Copper undoubtedly takes the lead. Chile Copper Corporation would probably come next. Since 1914, 304,000,000 tons of copper ore have been extracted and treated (in a matter of 34 years), and the property will undoubtedly continue to produce for many years to come.

The copper mines of Rhodesia, discovered around 1928-30, each of the five having approximately 100,000,000 tons of around 3-1/2% copper ore, have been record producers.

Recently, in Southern Arizona, several large deposits of low-grade copper have been opened up. It is estimated that one — the San Manuel, can mine continuously 25,000 tons of ore a day for the next fifty years, without exhausting its reserves. No figures are available on the other which is believed to be equally as large. These have a very low copper content, — 7/8th of 1%, and work is being pushed to bring them into production.

Lumber

By E. C. VON KAUFFMANN

President, Philippine Lumber Producers' Association

DURING the past month, Secretary M. Garchitorena has heard the pleas of both the small and large lumber producers. The former would like to see the export ban entirely lifted without restrictions, while the latter favor limitation on grades to the United States and a larger percentage of the production, without limitation as to quality, to other countries. This would enable the small producers to take advantage of other markets than the United States market which requires high-grade lumber to regain the price lost to other mahoganies. The small producers cannot expect to ship to the United States on a large scale, owing to the strict rules on grading which only the pre-war exporters are fully familiar with. Neither can they afford to pile up export lumber in their yards for several months until they can make up a shipment. Shipping companies will only call for a minimum of 150,000 board feet, and, unless assured of good anchorage and quick dispatch, will not risk calling at unknown outports.

Only the larger mills probably would be interested in the United States market at present, and by restricting the grades to FAS and No. 1 Common and better, the percentage of their production for export would not be over 25 to 30%. Very few mills can cut more than 20 to 25% of

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their production if restricted to those grades. By allowing an increased percentage to other countries, the small producers might make shipments in the form of logs and possibly sawn lumber. It is doubtful that such a small percentage of producers would ship out logs or sawn lumber in quantities large enough to affect the local supply.

However, a move which would help all producers immediately, would be to raise the present ceiling about P20 per thousand board feet for Lauans. The Government believes that local prices are still too high. This is not so, considering other costs of construction materials and labor. It is known that in an average building, 16% of the cost is for lumber. Cement, hardware, roofing, electric installations, and other materials take up 45%, paint about 7%, and labor 32%.

In smaller construction, the percentage cost of lumber might be about 20%. But on a P20 increase in the price of lumber, the percentage would be raised only about 1%, which is insignificant. Nevertheless P20 per thousand board feet to the producers would mean a lot today. They would be able to enjoy this increase for a few months because although construction is active now, the slack will come in May or June, when the rainy season starts, and prices will again drop below ceilings. Therefore, the average year-around price obtainable by the producers will be lower than at present. The Government should also bear in mind that at least 25% of sawn lumber produced by the mills in form of shorts, narrows, strips, and form-grade is sold at from 30 to 40% less than the prices they receive for commercial sizes. This lowers their average considerably.

Manila prices during February:

	Commercial Sizes	Shorts, Narrows and Strips
Tangle and Red Lauan. P230		P155
Apitong..... 220		150
White Lauan..... 210		145

Per 1,000 Board Feet delivered at dealer's yard.

Copra and Coconut Oil

January 16 to February 15, 1948

By MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company

THAT great tug-of-war known as the copra business continued its erratic contest during the month under review. But this time there was the difference that world conditions threw their weight on the side of deflation, and not only checked advances but nearly brought about a collapse bordering on demoralization. Fortunately, this long-anticipated recession was checked as suddenly as it developed, and is now labelled as a "healthy price-readjustment" rather than anything more painful. Unfortunately, as far as our products are concerned, it once more gave opportunities for quick-action speculation and the resultant confusion always attendant on spectacular shifts of this nature.

The copra market was at its peak on January 15 with sales made at \$325 c.i.f. and sellers hoping for even better things. Buyers soon began to back away, however, and sellers modified their views downward to \$310. On January 26 a sudden break developed in the grain and fat markets of the United States, and oil buyers immediately withdrew, causing copra buyers to again reduce their ideas. At first it was thought the readjustment was not too serious, and buyers were still interested at gradually declining prices. One very bearish factor was the announcement of the setting up of a reserve of \$42,500,000 by Procter & Gamble against inventory losses, which was considered very significant.

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On February 5, however, after a few days of desultory trading, a new and much more serious market-break developed which shot copra down to as low as \$240 per ton c.i.f. with practically no buying in evidence on the way down. But shortly before February 15, it appeared that the market had been fully discounted, and at the end of the period under review, buyers were again showing interest at from \$250 to \$255 c.i.f. The net loss over the period therefore was about 25%, an appalling figure for dealers in any commodity to absorb. During the same time, tallow dropped from 25 cents to 18 cents, with large buyers constantly backing away.

The European market also had its troubles. France was buying the market down when the period opened and was indicating \$345 to \$350 f.o.b. Prices started to sag, however, in sympathy with American markets and owing to the great shortage of U. S. dollars, and while sales were made all the way down, the best indication available in mid-February was \$260 f.o.b. landed weights. During this period, copra was sold to various ports of Europe, to Canada, and to Columbia.

Two new features entered the European picture. With an eye to the abnormal weight-shortages of 1947, European buyers began to insist on buying on landed weights at a small premium. While legitimate sellers would normally welcome reversion to this trade, many of them still lacked confidence in European out-turn supervision unless they could be directly represented at destination. Consequently, such sales were largely confined to the few firms which maintain supervisory staffs in Europe. But with the downward pressure, other sellers may have to come to this arrangement sooner or later, which, in the long run and under proper circumstances, should be a step in the right direction by eliminating unreliable shippers from the trade. The second feature was the attempt of buyers to insist on trading under London Copra Contract No. 2. This envisions payment at destination after arrival of copra against landed weights, without any letter of credit. Obviously this ties up the sellers' money for several months, besides which he must rely entirely on the buyer's good faith. Also, obviously very few sellers are able either financially or by direct supervision to make such deals attractive or even possible. Consequently, only two or three sales were made on these terms, and generally very few sellers will accept them even as a last resort, if then.

SCAP was inactive during the period, but it was reported that SCAP's purchases for 1948 will be heavy, and early interest from them was anticipated.

Locally, copra, which had climbed to as high as ₱63 and even ₱65 per 100 kilos, dropped in the absence of buying-interest to as low as a nominal ₱42 quotation, but recovered by February 15 to nearly ₱50. While naturally fair quantities were available at the start of the decline, dealers were in no wise stampeded into selling at the lower levels.

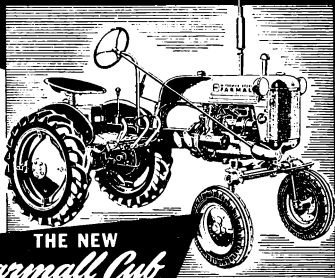
Exports of copra for January were reported as totalling 79,598 long tons, of which 45,867 were shipped to the United States, 14,542 to Europe, 18,339 to Japan, and 850 to South America. Most of this copra was accumulated in December, particularly the SCAP purchases for Japan which should have been December shipments. The figures, therefore, did not represent accurately the real position from the viewpoint of production.

In Manila considerable interest was roused by a series of suits brought against local corporations for non-delivery of copra. To what extent these suits will prosper is problematical. But there are signs of greater vigilance and care in supervising export shipments, and these attempts to tighten up contract-obligations are indicative of a better

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control of the business than was possible last year. The Congress is in session and there is talk of copra legislation both from a revenue viewpoint and in an attempt to improve conditions. Legislation of this type will be closely watched by interested parties.

COPRA prices depend largely on coconut-oil prices, with one exception; that is, that when oil buyers withdraw they withdraw completely and for the duration, while copra buyers are often tempted on declines, thus making the market a little more stable. In this period, large oil buyers after paying as high as 24-1/2¢ per pound f.o.b. Pacific Coast for prompt shipment and 24¢ for forward, withdrew from the market until it steadied momentarily at 21-1/2 to 22¢; then dropped out again and watched oil sink to 18¢ without buying. When they believed a temporary bottom had been reached, they showed more interest and were looking at 19-cent oil when the period closed.

There was much sense to the reasoning of oil buyers. By competitive standards, coconut oil was far too highest priced in comparison with tallow and other alternatives for the soap-kettle. In fact, in mid-February, tallow wasn't worth much over 16¢ pricewise, although in short supply. While copra is short, it is bound to be overvalued. Hence, large soapers may be tempted to change their formulas temporarily to use less coconut oil and more tallow. Whether this will be worthwhile, will depend on tallow supplies. Not much Philippine oil was sold during this period, and coast mills sold only to balance their positions.

Locally, coconut oil was in short supply and only a moderate amount of trading took place. All the business done passed at figures ranging from a top of ₱1.13 to ₱1.15

per kilo to a low of about 95 centavos. By February 15 there was evidence of some small buying interest for March delivery, but by then copra had turned and sellers were not anxious to sell against future copra covers.

Expeller cake was sluggish, but on the weak side. Apart from market conditions, European buyers were saving their precious dollars for more essential purchases. Some little business was done, however, at prices ranging from \$77 f.o.b. down to \$74.50, with no buying interest at the close.

The February decline was hailed as a welcome and overdue readjustment. Prices had clearly advanced too fast and too far. It took the edge off inflation but so far has not amounted to real recession. The specific reasons for the decline were very bullish wheat-crop reports, larger available stocks of oils and fats, a very delicate European situation, and increased consumer-resistance to ever-rising prices. Once the ball was made, it snowballed down the hill beyond ordinary expectations.

The consensus is that further declines are due, probably in the second half-year. Meanwhile, erratic commodity prices with the usual ups and downs are expected, copra, in particular, being constantly under pressure because of expected short supplies during the next few months. The overall picture is downward, but copra still commands a beautiful price, and it is unlikely that the Philippine producer will go hungry this year at least. In fact, he is far better off than producers in the Dutch East Indies where the maximum price for copra is restricted by the Netherlands Indies Copra Board to a maximum of \$99 per long ton for the best sun-dried quality produced, to \$88 for mixed grades, and to \$69 for inferior grades.

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Desiccated Coconut

By HOWARD R. HICK

President and General Manager

Peter Paul Philippine Corporation

THE month of January, 1948, saw the highest copra prices and corresponding raw-nut prices in the history of the Philippines. Unusual copra buying-interest and the much over-publicized typhoon damage, created a buyer-seller situation which was not clear until the end of the month.

Actual investigation of the typhoon damage disclosed exaggeration of crop losses. Certain areas were hard hit and losses may run as high as 40% in these places, but the average loss seems to be around 7 to 8% of the crop in the Luzon region. Most of this loss will occur in the first quarter of the year.

At times, raw material was short due to speculating tendencies and bullish news, but the pressure eased off during the last week in January and indications at that time showed a weakening of all coconut products, copra, oil, and raw nuts.

Interest in the desiccated-coconut business remains high and several small new factories plan to begin operations during the first quarter of 1948, while several present factories plan expansion programs. Particular interest is being shown in areas outside of Luzon.

The following is a summary of the shipping statistics of desiccated coconut for the month of January, 1948.

Franklin Baker Co.	25,796 bags	2,488,270 lbs.
Blue Ear Coconut Co.	7,532 "	753,200 "
Peter Paul Philippine Corp.	16,494 "	1,649,400 "
Red V Coconut Products, Ltd.	9,276 "	927,600 "
Sun-Ripe Coconut Products, Inc.	3,650 "	365,000 "
United Coconut Products, Inc. (Phil.) ..	2,663 "	266,300 "
Isabelo S. Hilario.	3,000 "	300,000 "
Cooperative Coconut Products, Inc.	2,614 "	251,740 "

GRAND TOTAL 71,625 bags 7,001,510 lbs.

Manila Hemp

By H. ROBERTSON

International Harvester Company of the Philippines

THE marked firmness of the hemp market of the previous few months carried over until the middle of January. Davao opened at P58 per picul for loose "J1" and gradually hardened to P62 on January 16. During the same period, non-Davao types of fiber also advanced: "J1" from P44 basis loose to P47. This level proved to be the top of the current movement, with Davao "J1" bringing 27-1/2¢ in New York on January 13 and non-Davao "J1", 22-1/4¢.

About this date, United States consumers refused to follow the prices asked by shippers and withdrew from the market. The action caused buyers here to lower their bids and a nervous market developed. During this period commodities in general began to hesitate, to be followed almost immediately by heavy liquidation, particularly in grains and cotton.

This state of affairs was quickly reflected in the hemp market, which after an almost uninterrupted rise for six months, proved vulnerable. Stored stocks in the provinces began to come out and local shippers showed a tendency to withdraw from the market pending some clarification of the situation. In New York, shippers were anxious sellers, soliciting bids at almost any price. This, coupled with the deflationary tendency apparent in other commodities, made consumers more determined to stay out of the market and let the break run its course.



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The market both in the Philippines and in New York closed very weak. In Davao, loose "J1" closed the month with sellers at P57 per picul. Non-Davao "J1" was quoted at P43 locally. In New York, prices were nominal in the absence of buyers,—around 26¢ for Davao "J1" and 21¢ for ordinary "J1".

The market weakness was not entirely unexpected, as a reaction of sizeable proportions was long overdue. This reaction, coinciding as it did with the general commodity-break, is likely to assume larger proportions than the present position of hard fibers would lead one to expect.

Production for the month was about as anticipated, Davao balings being 22,120 bales, and non-Davao 37,216 bales, compared with 22,841 bales and 32,423 bales respectively, for December.

Sugar

By G. G. GORDON

Secretary-Treasurer, Philippine Sugar Association

THE sugarcane planters from Luzon and the Visayas held a six-day convention from February 16 to 21, 1948, at the Selecta Social Hall, Manila, the avowed purpose of which was to work for the immediate restoration of the sugar industry to its pre-war level.

The convention was addressed by President Manuel Roxas on its opening day and other ranking government officials addressed it during the week. Mr. Jose Yulo, President of the Philippine Sugar Association, also addressed the convention. As a result of representations made, the Philippine National Bank has announced an increase from P6.50 to P7.20 per picul in the amount of the advances

it will provide against the 1948-49 crop. The planters have also formed a cooperative marketing association to control the sale of domestic sugar to the public.

The U. S. Army again indicated interest in acquiring Philippine sugar and solicited an offer to cover the remainder of export sugar available. Such an offer was duly made, but up to the time of writing no action has been taken and the offer has expired. It is possible that the Army will make a counter-offer.

On February 9, the San Carlos Milling Co., Ltd. began its first milling operations since the war and reported a very successful start.

Quotations on the New York Sugar Exchange for the period from January 10 to February 10, 1948, under Contracts Nos. 4 and 5, ranged as follows:

CONTRACT NO. 4 (World Market)

	HIGH	LOW	CLOSE	SALE
March, 1948	4 30	3 80	3 75	4,450 tons
May, 1948	4 25	3 72	3 72	44,450 "
July, 1948	4 25	3 74	3 72	20,800 "
September, 1948	4 25	3 75	3 72	18,550 "
March, 1949	3 92	3 35	3 35	2,150 "
May, 1949	3 90	3 45	3 36	1,950 "

Total sales 92,350 tons

CONTRACT NO. 5

	HIGH	LOW	CLOSE	SALE
May, 1948	5 25	5 01	5 01	113,050 tons
July, 1948	5 25	5 01	4 96	51,048 "
September, 1948	5 27	4 97	4 96	26,200 "
December, 1948	5 17	4 96	4 93	1,950 "
March, 1949	4 85	4 72	4 68	5,484 "
May, 1949	4 85	4 83	4 68	1,150 "

Total sales 198,882 tons

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It is of considerable interest that the quotations on the New York Sugar Exchange show that the price of United States quota sugar and the price of what is called "world sugar", i.e., sugar that has to be sold outside of the United States, are practically at a point of parity and the returns to the Cuban sugar producer will be approximately the same when the sugar is sold against the United States quota or when sold in the free market.

Mr. G. G. Gordon, Secretary-Treasurer of the Philippine Sugar Association, is leaving on a four months vacation leave. Mr. S. Jamieson, alternate secretary-treasurer, will take over the duties of the office during Mr. Gordon's absence.

Tobacco

By the CONDE DE CHURRUCA

Compañía General de Tabacos de Filipinas

THE 1948 tobacco crop is on its way, and in spite of the abnormally bad conditions and the loss of a large proportion of seedlings, the production will probably not be inferior to that of the past year if the weather is favorable, as the enthusiasm of the farmers is great and they are trying to use every plant that is left, transplanting to lower and more humid lands so as to make up for the lack of rain which is the characteristic of this season and which would be a handicap for such a late planting.

The distribution of the 1947 crop in the Cagayan Valley is more or less as follows:

Chinese merchants	38,000 quintals
Tabacalera	34,000 "
National Tobacco Corporation	16,500 "
Bunning & Company	4,500 "
Alhambra	4,000 "
Private buyers	3,000 "
Total	100,000 quintals

The local manufacturers are beginning to run short of stocks, and there is a certain demand for tobacco of the 1947 crop, with a natural advance in prices.

Also during the past month of January there has been a 10% larger sale of Philippine cigarettes; it is very possible that these sales will reach higher levels in the future. Total sales for January were 4,400,000 packets, against 4,000,000 sold the previous month.

The cigar business is practically confined to the local market, but it is a good sign to receive letters and demands, as at present, for Manila cigars from the United States. The high-quality Manila cigar is especially appreciated by consumers, and this might be a basis for future business if strict care is taken so that the exported cigars live up to the good qualities that they stand for.

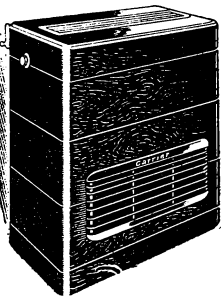
We have to fight against the general opinion in the United States that the Manila cigar is an inferior cigar. Naturally, in price we cannot compete with the cheap American cigar, as they are machine-made and can outsell ours every time.

Only very few smokers, mostly old-timers, know that even the cheapest Manila cigar is hand-made, has a long filler, and is one of the mildest and easiest-smoking cigars in the world. For steady cigar-smokers, there is nothing to compare with it as these qualities are inherent in Philippine tobacco and do not in any way lessen its natural aroma and fragrance.

It is probably our own fault (Manila Cigar Manufacturers and Exporters) that this state of affairs was reached,

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for we gave in to the demands of the important distributors in the United States who were interested only in big sales of many millions of cigars. In that way the export of our cigars reached a grand total of 200 million yearly, but with practically no profit, and the impression created was that our cigar was a cheap one; naturally, it was considered inferior.

Our real chance in reviving our cigar business in the United States is first to introduce a first-class product which can compete in quality and presentation with the best cigar sold and which will be smoked by the discriminating cigar-smoker, and not by the casual one who smokes with his eyes more than his taste and whose opinion is practically valueless.

The moment has not arrived to launch a high-powered advertising campaign, as probably it would not be effective as yet, but little by little we hope to introduce our products in the best smoking circles and give our cigars the standard and recognition that they deserve.

Textiles

By JAMES TRAYNOR

TEXTILE arrivals during the month of January were estimated to be about 30% lower than during the month of December. Substantial arrivals from Shanghai were noted.

Local prices of cotton and rayons fell off somewhat from the level of the pre-holiday period. Sales during the month were satisfactory and new orders booked with American mills were seasonally large.

All during the month of January, American prices remained firm and mills were unable to accept orders for shipment for less than three to four months after receipt.

Legislation, Executive Orders, and Court Decisions

By ROBERT JANDA

Ross, Selph, Carrascoso & Janda

CONGRESS went into session on January 26, 1948. At the time of the writing of this article, however, the only final action taken was the adoption of the joint resolution granting amnesty to political and economic collaborators. For the most of its time, the Congress has concerned itself with committee work and debate.

The bills which have been introduced are by and large of a nationalistic or economic character. Some of these are important, but it is impossible in an article such as this to more than indicate their general nature. Among the more important bills are S. 249 which would repeal the debt moratorium; S. 248 which would condone unpaid interest accruing from December 8, 1941, to February 27, 1945, and H. 1360 which proposes the creation of a powerful central government-controlled bank. Two bills would require investment by corporations of their surplus or funds in the Philippines, — H. 1537, applying to 50% of the reserves of insurance companies on policies written in the Philippines, and H. 1508 requiring all foreign corporations doing business in the Philippines to invest 30% of their surplus in government bonds.

A number of bills would further regulate labor relations.—H. 1511, 1375, and 1566 would require employers to divide their profits with their employees in accordance with the different theories set forth by the authors of the bills (Bill No. 1511 is interesting as limiting this division to Filipino laborers doing manual or physical work); H. 1407 would require business concerns to have designated

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percentages of their employees, technicians, etc., citizens of the Philippines; H. 1361 would purport to set up fair labor standards, prescribing minimum wages, maximum hours, and a sort of Blue-Eagle organization for wage-control; petition No. 357, of the Municipal Board of the City of Manila, requests the House of Representatives to enact a law requiring foreign firms which granted three years back pay to their foreign staff members to make similar payments to their Filipino employees.

A number of bills emphasize the patriotic motive,—H. 1332 would require theaters to exhibit at least 10% of films made in the Philippines by Filipino firms; H. 1385 would limit the drug business to Filipino citizens or to corporations 60% of the capital of which is Philippine-owned; H. 1386 and S. 240 would make it unlawful to transfer lands to those not qualified under the Constitution to own land; and H. 1505 would restrict the business of buying and selling lumber for commercial purposes to those qualified under the Constitution to exploit the natural resources of the Philippines. H. 1437 and 1554, under the guise of regulating the professions of chemical and mining engineering, would restrict the practice of these professions to Philippine citizens.

There has been introduced also the usual smattering of bills relating to taxes.—H. 1350 would allow the City of Manila to impose a tax of 1/2 of 1% on fire-insurance premiums to be used for the purchase of fire apparatus; H. 1599 would relieve veterans from income tax on back pay and other benefits; H. 1603 would increase residence-tax rates and devote the tax to school maintenance; H. 1392 would impose a 20% tax on the appraised value of goods dumped in the Philippines; H. 1421 and 1417 would increase personal income-tax exemptions; H. 1481 would extend the war-profits tax up to the day following the Japanese surrender, and S. 260 would provide for the payment of sales taxes by means of internal-revenue stamps.

H. 1390 would authorize bona fide owners of emergency notes which have not been outlawed to sue the Government under certain conditions; H. 1500 would require the Philippine National Bank to redeem its circulating notes; H. 1476 would provide for the redemption of guerrilla currency and appropriate ₱30,000,000 for that purpose. It is understood that there are a good chance of these three measures passing.

Of an economic nature are S. 266 which would authorize the President to prohibit foreign remittances in excess of ₱5,000 monthly; S. 54 which would authorize the President to act against unjustified increases in the prices of prime commodities; H. 1402 which would exempt debts outstanding from December 8, 1941, to July 3, 1946, from payment of interest corresponding to that period; H. 1401 which would create the Philippine Mining Corporation, capitalized at ₱51,000,000, of which ₱26,000,000 would be subscribed by the Government and the balance by the public; and S. 244 which would fix the division between sugar centrals, owned or controlled by the Government, and the planters at 30% to the central and 70% to the planters.

Many of the foregoing bills are unquestionably unconstitutional and it is doubtful that those not proposed or approved by the Administration will be enacted into law.

The President issued Proclamation No. 51 granting amnesty to economic and political collaborators, which proclamation has since been approved by a joint resolution of both houses of Congress; Proclamation No. 55 announcing the conclusion of an air-navigation treaty between the Republic of the Philippines and the Governments of the United Kingdom and Northern Ireland; and Proclamation No. 56 fixing the value of the Italian lira, effective as of August 2, 1947, at ₱0.005714, Philippine currency.

Also, by virtue of Administrative Order No. 47, the President abolished the Division of Controls in the Ex-

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ective Office and transferred its powers and functions, including the duty of passing upon all transactions of the Philippine Relief and Trade Rehabilitation Administration, the Agricultural Machinery and Equipment Corporation, and the Surplus Property Commission, requiring the approval of the President of the Philippines for their completion and consummation, to the Control Committee of the Government Enterprises Council.

There were no court decisions of interest to the business community during the period under consideration.

Philippine Government Corporations

From an Official Source

FEBRUARY 3 — President Manuel Roxas signs an administrative order abolishing the Division of Control in the Executive Office and transferring its functions to the Control Committee of the Government Enterprises Council. The former Office passed upon all transactions of the Philippine Relief and Trade Rehabilitation Administration (PRATRA), the Agricultural Machinery and Equipment Corporation, and the Surplus Property Commission and made its recommendations thereon to the President. The Control Committee of the GEC is presided over by Secretary of Commerce P. Mapa; the members are Budget Commissioner P. Pedrosa and Gregorio Licaros, executive secretary of the Committee.

Feb. 14 — According to A. V. Tanco, manager of the National Rice and Corn Corporation, there is no cause for alarm in the rice situation this year. NARIC has a stock of over a million bags of rice which, plus the expected

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allocation to the Philippines, is sufficient to cover any deficit in the local harvest. After deducting the estimated losses from typhoons and floods, it is believed that the crop will amount to 24,906,000 cavans of rice as compared to last year's 23,730,000 cavans. NARIC is asking for an allocation of 100,000 metric tons for 1948.

The President announces that he received a resolution of the Senate asking that steps be taken to prevent a further rise in prices of prime commodities and that he called on NARIC and PRATRA to investigate the matter. PRATRA informed him that there was no general rise in prices except in a few critical commodities such as flour and some canned goods. Manila prices of meat and pork have shown some increase largely due to the changes effected in the public markets as a result of the licenses given to new stallholders [after the ousting of the Chinese]. PRATRA itself is operating from 5 to 20 stalls in the various markets to bring prices down. The President has instructed NARIC and PRATRA to continue these efforts and to expand them if necessary. With respect to the rise in cement prices, this is due to a present acute shortage, to remedy which the Cebu Portland Cement Company has already contracted for the importation of 600,000 bags from Japan and the United States. PRATRA has purchased 500,000 bags of cement more. It is believed these purchases will relieve the situation until the CPCC completes its plant expansion during the latter part of the year. Imported cement will be sold by PRATRA at ₱4.20 a bag, which is said to be approximately the landed cost. The CPCC will continue selling its cement at the present price of ₱3.50. The distribution of galvanized-iron roofing is completely under the control of PRATRA and prices are being maintained within official ceiling limits. Regarding gasoline, crude oil, and diesel oil, everything is being done to obtain the necessary allocations from the United States and the Middle East. There is a tendency in the United States not to increase the allocations to the Philippines from that source, but it is believed that the local demand will be fully supplied from importations both from there and the Middle East. The Government advises everyone to economize on fuel oil "because of the impending shortage".

Feb. 24 — The Control Committee of the GEC awards the 90,000 tons of ammunition at Rosario, La Union, formerly belonging to the U. S. Army and turned over to the Philippine Government at the request of the President after 30,000 tons had been dumped into the sea, to the Johnlo Trading Company, represented by former Ambassador Paul V. McNutt, which bid \$335,000. The price to the Government was put at 70% of the highest bid which might be offered.

Feb. 25—President Roxas tells the Agusan lumbermen's delegation which opposed the plan to build a government-owned saw-mill in the province, that the Government is willing to sell the recently acquired saw-mill and logging equipment, valued at ₱1,400,000, provided the lumbermen of the region form a cooperative association to take the equipment over for a 20% down-payment and the rest to be paid within 5 years in the form of lumber to be delivered to the finishing plant to be erected by the National Development Company. The delegation which represents 14 concessionaires in the area who had previously been told that their licences would not be renewed after June 30, reported that they had already invested some ₱2,000,000.

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Philippine Safety Council

FRANK S. TENNY

Director, Philippine Safety Council

INCORPORATION News: The Council has been registered as a non-stock, civic organization with the Stock Exchange Commissioner. The by-laws are being prepared and will be submitted shortly. As soon as this is done we will issue membership notices for 1948.

Organization Items: Mr. V. A. Brussole and Chief Primo Villar have been elected as additional members of the Board of Directors. The technical staff is now complete (for present needs) by the addition of Mr. Angel E. Nakpil as Home Safety Consultant and Mr. Harold H. Keys as adviser on Office, Store, etc., Safety.

Company Safety Programs: Company safety programs are now in progress in the Manila Electric Company, the San Miguel Brewery, Elizalde and Company, the Ang Tibay enterprises, the Pangasinan Transportation Company, and the Rockgas Service. There are other applicants who cannot now be accepted due to lack of time and trained personnel to administer the plans.

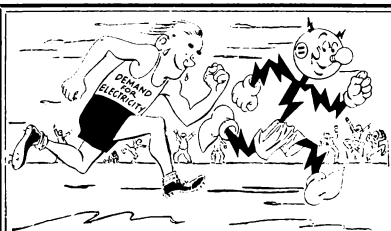
Six of the nine members of the Mayor's Traffic Committee are Safety Council men. Meetings are held every second Monday and there are great hopes for real progress. President Benito Legarda has been made chairman of the sub-committee on Safety Education, Technical Consultant Maj. Frank C. Young is the chairman of the Traffic Law Enforcement sub-committee, Member Vicente Manalo is chairman of the sub-committee on Public Transportation, and Executive Director Tenny heads the Administration group. The Chairman of the entire Committee is Member (City Engineer) Alejo Aquino.

All members are respectfully reminded to give their best support to the annual Philippine Red Cross drive, now in progress. Members Yanzon, Jazmines, and Asistio have been especially helpful to the new Safety Council. We are kindred organizations.

The Safety Council radio programs are scheduled to be re-begun during the early part of March over Station KZMB, 7:30 P.M. every other Tuesday, one-half hour. A new "angle" has been evolved in conjunction with Members Hal Bowie, Bill Dunn, and Wes Wallace.

Recent public services contributed by the Safety Council include attendance and active participation in both the President's and the Mayor's Traffic Committees, a safety treatment of the American School, chairmanship of the Public Safety Committee of the Manila Junior Chamber of Commerce, and several other similar activities.

Pot-pouri: The safety movement is established in Dapunan City; Secretary Mapa is considering a government



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safety program; police instruction of the Customs Patrol Service will begin soon; MERALCO bus accidents are down 38% under last October; the Safety-Council-sponsored plan to replace the Calle Otis bridge with a safe structure has borne fruit, work has begun; mine and fire-safety materials have arrived from the United States and are available at PSC offices.

**COST OF LIVING INDEX OF WAGE EARNER'S FAMILY IN MANILA
BY MONTH, 1946-47
(1941 = 48)**

By the Bureau of the Census and Statistics

1946	All Items	Food	House Rent	Clothing	Fuel, Light and Water	Miscellaneous
January	603.4	759.2	236.4	984.0	363.8	434.8
February	547.2	656.3	236.4	940.3	369.5	460.5
March	525.9	631.0	236.4	940.1	340.4	445.2
April	556.2	684.1	236.4	910.3	345.5	435.9
May	545.1	675.6	236.4	762.5	342.3	409.6
June	538.7	666.4	236.4	737.9	343.3	404.2
July	552.7	704.3	236.4	598.9	341.3	364.6
August	477.9	590.0	236.4	384.7	320.9	346.3
September	477.9	591.3	236.4	378.7	314.5	347.2
October	487.4	587.2	236.4	382.7	405.8	342.7
November	484.8	607.8	236.4	406.4	445.5	305.2
December	461.9	570.8	236.4	371.9	344.7	302.1
1947						
January	425.2	468.2	453.9	381.9	325.2	282.5
February	418.5	454.9	453.9	356.2	344.8	281.4
March	406.8	440.1	453.9	295.2	334.7	279.4
April	387.7	413.3	453.9	269.2	328.9	271.6
May	381.0	404.4	453.9	250.9	325.4	269.4
June	386.3	414.4	453.9	236.8	316.6	268.6
July	393.4	426.8	453.9	217.7	309.3	269.9
August	387.4	419.8	453.9	210.2	292.0	269.1
September	368.9	392.1	453.9	216.4	283.3	266.8
October	358.7	376.3	453.9	212.7	280.5	267.7
November	358.4	376.3	453.9	215.1	280.5	265.3
December	371.9	395.8	453.9	219.1	298.2	262.9
1948						
January	391.2	428.3	453.9	224.5	304.6	249.9
February	368.5	392.0	453.9	223.8	301.1	254.4

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

Revised in accordance with the new survey on "Levels of Living, in Manila" by the Department of Labor and the Bureau of Census and Statistics conducted in December, 1947. The following weights were used in computing the "over-all" maker: Foodstuffs-63.43; House rent-11.96; clothing-2.04. Fuel-light-water-7.73; and Miscellaneous-14.84.

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The People of the East and the FAO

Excerpts from an address by Vice-President Elpidio Quirino at the opening of the Baguio meeting of the United Nations Food and Agriculture Organization.

THE basic concept that gave rise to the Food and Agriculture Organization was inspired by the determination of the Allied Nations to win both war and peace. Food is essential to victory. Satisfaction is an indispensable ingredient of peace and security. Thus when the great Allied war leaders crystallized into the Four Freedoms the paramount objectives of victory, *freedom from want* became one of the fundamental postulates. If the war was to be won, the production of food to keep the armed forces and civilian populations loyal and strong and vigorous, was the surest means; if the peace following victory was to endure, no part of the world, no race on earth of whatever color or creed, must ever again be in want. Material abundance brought our victory in war; material abundance can make our peace everlasting.

When the Allied Nations, at Hot Springs, on the initiative of the late President Franklin D. Roosevelt, surveyed the world food situation in May of 1943, they were amazed to discover that two-thirds of the human race were undernourished. It was obvious to the delegates that a remedy was urgent, that such a remedy must include improvements in the efficiency of food production and distribution, the popularization of the knowledge on scientific nutrition, and the expansion of the world economy so as to increase and improve the world standard of living and insure universal food sufficiency. The Food and Agriculture Organization which eventually came into being was therefore entrusted with the mission to spark the crusade for freedom from want.

There is a new shining hope for the human race in the announced goal of the Organization "to free agricultural producers from the fear of over-production; to free all men from fear of want; to help free the world economy from mankind's fear of depression and scarcity, and from national policies fostering false security through national self-sufficiency leading down the road of war".

Millions and millions of people are happy to learn that this Conference will devote itself exclusively and intensively to the consideration and solution of three vital and concrete problems: namely, the problems of rice, fishery, and nutrition. For these problems are basic in the life of more than one billion people, one-half of the total population of the world. Rice and fish are not only the staple ingredients of their daily diet but are also the main items of their economy.

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These billion people include the largest armies of habitually hungry and starving humanity. From one-half to three-fourths of their number subsist on a food-consumption level too low to maintain normal health and too meager to sustain even the most feeble spark of human contentment. Perpetually suffering from mass hunger, they cannot actively contribute to world peace; on the contrary, in their deep despair, they are likely to give heed and succumb to the fantasies and mirages of dangerous ideologies and thus aggravate the remaining chaos in our time. Food will be their spiritual as well as physical salvation.

In spite of their poverty of food and health the billion people of Asia and the South Pacific are predisposed to the democratic way of life. This fact is evident in their political behavior in times of decision. Those of them who have been free like the Chinese have, of their own accord, chosen constitutional democratic government as their means to security, liberty, and happiness. Those of them who have been subject peoples, now that they are at long last achieving freedom and independence, are likewise following the path of democracy. This patent preference for democracy finds historic cause and justification in the fact that the United States—through its own war of independence which launched the era of colonial reforms, its peerless record of altruism in the Philippines, and its unabating crusade to make the world safe for democracy—has richly earned the right to their moral leadership. In the end, however, the final direction and shape of their friendship and sympathy will depend upon what the United Nations and its agencies, like the Food and Agriculture Organization, can contribute to their welfare. For some nations, it is sad to admit, like individuals, still judge the world by the yardstick of their self-interest.

The East is a material paradox. While Europe and other continents are nearing exhaustion, the natural resources of Asia and the Southwest Pacific remain largely untapped and unexploited. Our peoples are the poorest in material wealth. If we were freed from hunger and poverty and thus enabled to devote our genius to the higher pursuits of civilization and culture in which our ancestors once achieved notable success, the entire world would become the richer and happier. Our region possesses potentialities in wealth and wisdom which, if released, can greatly increase the world's contentment and satisfaction.

It is high time for the East to adopt a program of development to help its own people and to contribute to the contentment and comfort of the rest of the world. Such a program should include, first, the production of enough food for consumption; second, general development in order to insure material contentment and security; and, third, the reversal of the flow of material goods such that the East will itself contribute substantially not only raw materials but also finished products to the world's pool of wealth.

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The "LET YOUR HAIR DOWN" Column

A READER of the *Journal*, speaking of the article in last month's issue entitled, "Why Capital Holds Back", said that it was a valuable article, but that it was "too bad" that it was not published in some other paper. The editor, surprised, asked why.

"Well, you know, the *Journal*, — it is one of those organs of supposed 'selfish interests'... Wouldn't it be better if such truths were published in a publication more likely to be considered *disinterested* than the *Journal*?"

The editor said later that he was so taken aback that he could not think of much to say, but that, as usually happens in such cases, he thought of plenty to say afterward and wished fervently that he had yelled:

"Say, isn't it about time that American business quits apologising for itself!"

Then he would have gone on, full steam, to say that America and the American way of life is largely the creation of American business. He would have said what every student knows, — and what the communists make a sort of accusation of, that our so-called capitalistic democracy had its origin in the growth of cities and the rise of the middle class (mercantile and industrial) which put an end to feudalism and the despotism of barons and kings alike. That was a great historical achievement in itself. But the tremendous technological and general scientific advance, which lies back of the greatest social advance in the life of mankind, is also largely attributable to modern business and industry. So too, more specifically, is the almost miraculous development of transportation and

communication, and, — why stop there? of the development of public sanitation and health, of public education, of the enrichment and broadening of the fine arts.

That is only another way of phrasing what the communists call the economic determination of history. We may admit that history is largely determined by economic conditions and processes, and those engaged in the more purely economic pursuits may take a pardonable human pride in this.

Everything around us tells us of the achievements of this capitalistic democracy. And as capitalistic democracy ended feudalism, so but recently it also smashed the demonic Nazi system with all its hellish power. Today, this "selfish" system is financing and feeding almost the whole world.

The rival socialistic and communistic system which is developing in a part of the world, appears to some minds to possess a moral superiority in that, ideally, it would largely eliminate self-interest and bring about a state of greater equality and social justice through what is called "economic democracy". No one would own anything except certain private possessions. Ownership of all the "means of production" would rest with the people, and these means would be operated cooperatively for the good of all.

But every biologist knows that self-interest can not be eliminated from a living organism, and every ethical philosopher has seen the un-wisdom of this even if it could be accomplished. No man can or should sacrifice himself to others except within certain very clear limits, not only for his own sake but for the sake

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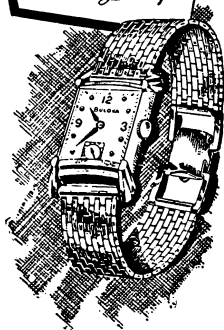
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of those others themselves. What might be described as a world of saps, all sacrificing themselves to each other, would be a very sick, — and sickening, world.

What communists call economic democracy, or the imposition of a practically dead-level economic state upon a people, is actually not democratic at all because it would render every man, and all together, helpless under a government that would ride high over them. Much more democratic is the system under which every man has as nearly an equal start and as equal an opportunity as can be made possible. Under our democratic family system and our democratic educational system, that equality is largely insured to the youth. At the end, matters can again be balanced, as they are being balanced, by heavy estate- and inheritance-taxes, or by the very rich themselves through large public bequests, as is becoming almost the rule in America.

Under communism, ownership does not actually lie with the people, but with that monstrosity, the State, which is to say, the bureaucracy and the top bureaucrat who inevitably becomes a despot. Neither individual nor communal liberties can be retained under such a system, — and with the departure of Liberty, Progress also departs.

The fundamental objection to any form of totalitarianism is that the State must not be allowed to become all-powerful. Just as our very successful American governmental system is a system of checks and balances among the executive, legislative, and judicial branches of the government, so society as a whole should embrace a system of checks and balances as among the government and other social institutions such as the family, the school, the press, the church, and industry. We must maintain a separation not only between church and state, but between the schools and the state, the press and the state, and business and the state if we wish to remain free. All communistic talk of economic democracy is fatally deceiving.

So, let us not be ashamed of owning to self-interest. Let us honestly assert it when occasion demands. The *Journal* is an organ of American business here, just as there are organs of science and religion and art, and if it is read as such, — we don't mind.

Last month we published in this department a letter from an official of an important chamber of commerce in the United States which called our attention to the January issue of *Bataan* as containing con-

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siderable material apparently taken from the *Journal* without credit. The issue in question came to hand later and we found indeed that the *Bataan* editor had solidly filled no less than eight of his pages with (count them) fifteen articles and six tables all taken verbatim from the August issue of the *Journal* — the articles on Insurance, City Planning, Real Estate, Construction, Port of Manila, Ocean Shipping, Inter-Island Shipping, Air Transportation, Gold, Lumber, Copra and Coconut Oil, Desiccated Coconut, Manila Hemp, Sugar, and Tobacco. And though the names of the authors were given, there was not one word of credit to the *Journal*. The only originality shown by the *Bataan* editor was in his composition of the general heading: "Survey of 15 Fields: Manila Executives Report on Business Conditions". On the *Bataan* editorial page appeared the following under the heading, "The Editors Thought":

"Readers would like to know that in the near future they will be receiving even more complete coverage of Philippine economic and trade affairs than they do today. And we feel that today readers of *Bataan* are getting more information and interpretation on this subject than they are from any other one source in the United States or the Philippines. . ."

Bataan is published in Washington, D.C., and purports to be "An Independent Philippine News Magazine." The editor and publisher is Diosdado M. Yap.

To remove any possibility of misunderstanding, we will say that though the *Journal* is uncopyrighted and we invite quotation, we object to such wholesale purloining without as much as a "by your leave", any acknowledgement, or even the vague concession of the word, "Selected".

At the request of the Department of Foreign Affairs, we are sending complimentary copies of the *Journal* to the following Philippine diplomatic and consular establishments abroad: Philippine Embassy, Washington; Philippine Consulate General, New York; Philippine Consulate General, San Francisco; Philippine Consulate General, Honolulu; Philippine Consulate, Los Angeles; Philippine Consulate, Kulangsu, Amoy, China; and Philippine Consulate, Hongkong. We already had all but the last two on our complimentary list. An official of the Department wrote us:

"As soon as other diplomatic and consular offices abroad are opened, you will be duly informed. This Department wishes to express its appreciation for your offer to furnish it as well as Philippine diplomatic and consular establishments abroad with your valuable publication."

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Mr. Alf Welhaven, of Marsman & Company, Inc., in sending us a check for a subscription renewal, wrote the editor:

"Allow me to congratulate you upon the excellence of the *Journal* since you took charge of it. It is now a splendid business magazine. The 'Let Your Hair Down' column is often very entertaining, though I sense you are disappointed because none of the subscribers seem inclined to argue the point with you! Wishing you continued success and with best personal regards, etc."

About readers refusing to argue, we can always fall back on "Admirer", previously quoted on occasion, who continues to send in his missives, to which, however, by this time, the editor has become somewhat hardened.

"Good gad, and now it's 'poetry' you're writing for the *Journal* of the American Chamber of Commerce! Not contented with printing a lot of stuff by *interested parties*, as I have pointed out you do in one of my former letters; not content with writing, as I presume you do, the misleading editorials; not content with writing that insincere stuff in the 'Hair-down' column, you must, forsooth, attempt to prostitute divine poesy. Of course, all you achieved was very inferior doggeral [sic].

"Let me quote the precious verse—

We'd be paying more and more
Though consuming less and less
Till in sore distress
We could pay no more;
Not to digress
The government could assess
Less than ever it did before."

"What kind of foot and number and rhyme is that? Where is the elevation of feeling? Where the imagery?

"But how could anyone work up any literary passion on such a mundane subject as taxation? It's despicable as a poetic theme. How can any verses on it lift up the heart or take one into soft reverie?

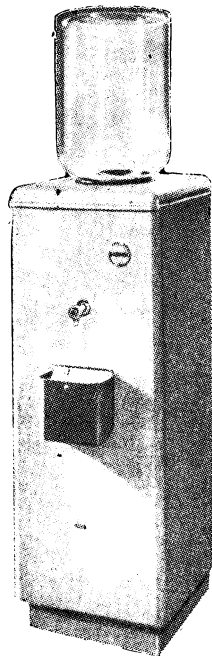
"I, myself, don't pay any taxes. My education has not fitted me for earning a salary large enough for me to have to pay an income tax; I own no property, so pay no property tax. Besides paying once a year for my residence certificate, I pay only, I suppose, what you call indirect taxes, and I don't much care whether I do or not. 'Render unto Caesar, etc.' You catch the allusion. I can see how the rich might get stirred up about taxes, but that still does not warrant poetic treatment. But why do I discuss a literary point with you? I see clearly enough that your real object was not to write poetry, but to stir up opposition to the plan of the Government to increase taxes. Well, I'm certainly not particularly loyal to the Government, which is as capitalistic as the *Journal* is. But I do get a real joy out of seeing the tool turn and bite the hand, ha, ha!

"So don't think you are putting anything over, whether in prose or in your so-called poetry.

"Your staunch Admirer."

We turned this over to the office-boy to read, — he goes to night-school, and he said: "This guy is so nuts that if you print what he says all the time, you'll might get other people as balled up as he is."

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"May be you will be an editor one day," said the editor. And then he said to himself (so he told us) that the office boy might be right because something of the muddle "Admirer" is in seems to transfer itself to the reader. Our apologies to *Journal* readers.

That genuine poetry can not be written on such a subject as taxation, is, of course, false. Here, for instance, is an ironic poem by an American poet, Raymond Holden (quoted from "The Poetry of Freedom", an anthology edited by William Rose Benet and Norman Cousins):

Song for Government

Write a contract with the grass,
Take a tithe from metal earth,
Bind the cloud to dare not pass
Unless it pay what passing's worth.

Sell the birds a lease on air,
Issue franchises for cod,
Tax the lion and the bear,
Gather tribute from the sod.

Levy imposts upon reasons,
And incorporate the soul,
Furnish permits for the seasons,
License field-mouse, charter mole.

Why be limited in scope,
Governing for men alone?
What are stones that they may hope
To remain unbelieved stone?

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The undersigned, A. V. H. HARTENDORP, editor and manager of the American Chamber of Commerce Journal, published monthly in English at the Office of the American Chamber of Commerce of the Philippines, Manila, after having been duly sworn in accordance with law, hereby submits the following statement of ownership, management, circulation, etc., which is required by Act No. 2580, as amended by Commonwealth Act No. 201:

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512 Insular Life Building, Manila
Business manager, A. V. H. Hartendorp,
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Publisher, American Chamber of Commerce of the Philippines
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Sent to other than paid subscribers	1200
Total	1800

(Sgd.) A. V. H. HARTENDORP

Editor and Manager

Subscribed and sworn to before me this 6th day of March, 1948, at Manila, the affiant exhibiting his Residence Certificate No. A 71585, issued at Manila on January 15, 1948.

ENILIO V. SALAS
Notary Public
Until December 31, 1948

Doc. No. 103; page 28;
Book No. II; series of 1948.

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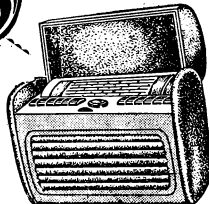
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