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National Economic Council's Fundamental Policy

Sweepstakes History: Where Your Money Goes

BANKING in the COMMONWEALTH

Editorials:

Good from Evil: The Face of Europe

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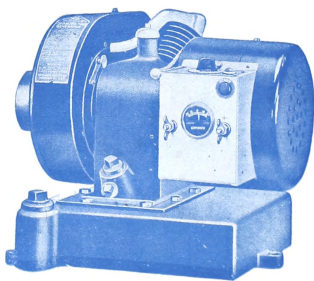


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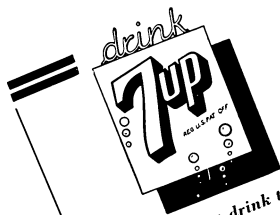
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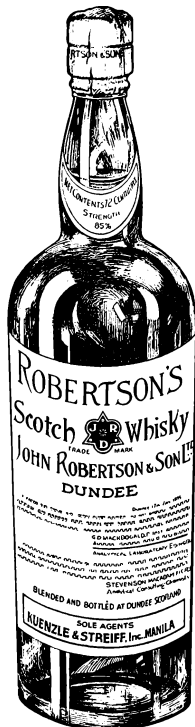
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LETTERS

MADAME YOMARA

—brokerage in the mining
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"I read in this morning's *Bulletin* (August 29) of your kind offer to conduct a group of sightseers through the Walled City on Saturday afternoon. Here is something that may be of interest, showing the progress made. Right opposite St. Paul's Hospital I have just opened a modern up-to-date tearoom and coffee shop, under American management. This establishment is the first of its kind to be opened in Manila (we think she means old Manila), and is modeled along the lines of tearoom, coffee shops in New York. If possible, make the right turn and walk through the old Spanish patio which, by the way, will surprise you in the way it is laid out, and look for the *Tia Juana Inn* sign. Sit down for a few moments and take a cup of tea brewed by myself. Prices are moderate." (On that Saturday, August 20, when Mrs. Beatrice Green, wife of Captain John C. Green, U. S. A., had been getting up a party for a trip through the walled city, she had anticipated that possibly 25 persons would respond to the suggestion. Instead, some 200 were on hand, as much to our pleasure as to our utter surprise. Mrs. Green and ourself were accordingly on the spot, and there was nothing else to do but to go ahead and make the best of it. There seemed to be more men than women, if anything, and mostly officers. So we backed about through the streets, delivering an impromptu lecture on our subject, and perhaps got by in a fashion. Only later were we able to visit *Tia Juana Inn*, to find it all that Madame Yomara, who tells your fortune with tea leaves, says it is. But the precious walled city unfolded to us as never before, and not the least delightful interval in the afternoon was the refreshment hour, at the Re-

collect monastery, where the understanding monks brought down tubs of beer spits and old wines. Thanks, gentle fathers, for we were truly athirst. Twenty years ago, when we began taking an interest in the place, military opinion was preponderant that Manila's walled city had long been dated, as a defense works, but now with aerial attack the thing, the actual protection those old walls and battlements afford from aerial bombardments could not be duplicated with an outlay of millions of pesos. So Royal S. Leonard told us, the young American who pilots Generalissimo Chiang Kai-shek's private plane. It seems it has been demonstrated in China).

E. K. HIGDON

—Ex-missionary in Manila who is founding a N. Y. Philippine bureau.

"Thank you for your interesting letter of June 9, and for the June number of the Journal. I am grateful, too, for your suggestions for the use of the Journal reviews and articles. I shall get in touch with reporters on some of the New York papers, especially the Times and the World-Telegram, and try to get them to give the Philippines a break.

"The other day my family went to the Metropolitan Museum to see an exhibit of Philippines handwork. Some of it they said was quite attractive, but the whole thing lacked a good deal of measuring up to the best the Filipinos do. We are keeping on the alert for things like this with the idea of checking up on them and suggesting how they can be improved, if they need improvement, and how they can be publicized when they aren't or haven't been.

"George Porter has been in the city for three or four days and the Higdon and the Jack Mannings had a good long visit with him yesterday.

"I'll let you know more about this

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Letters cont.

Bureau as things develop in it. Just now we are getting it set up and experimenting. Thank you very much for your cooperation." *

I. VAN METER

—Editorial secretary of the newsmagazine *Time*.

"Many thanks indeed for your extremely interesting letter. I am calling your letter to the attention of our Editor and will be sure to let you know if anything develops." (It's our suggestion of last spring, that it might be worked out between the United States and the Commonwealth that Commonwealth sugar be shipped to the United States in ships either owned there or here, or some there and others here, built to be auxiliaries to the naval fleet when needed; for the reason that this should give the sugar economic acceptance in the American market. Something else is rising in the problem now, at least in California, beet growers have begun improving varieties and methods of cultivation. Some informants surmise they will soon be able by these means to double the yields per acre, and so double the tonnage of America's domestic sugar supply. Is there any better refuge than national shipping?!) *

HON. MANUEL ROXAS

—He has given up political life to drudge through the tedious responsibilities of the chairmanship of the National Economic Council.

"I am pleased to receive the June, July, and August numbers of your magazine and I am sure these publications will help a great deal in the present work now being undertaken by

the National Economic Council." (In future the Council members will receive individual copies of the *Journal*, we believe no other element more than the business community appreciates the Council's work and the decisions it must make). *

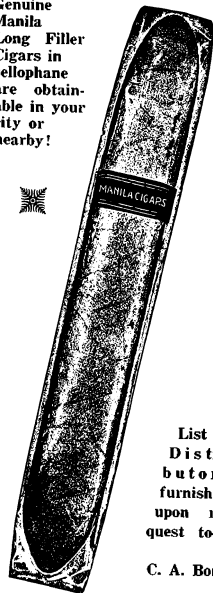
MRS. DAVID F. MCKAY

—Have you ever had a gentle correspondent 85 years old?

"I haven't heard from you but with the care of Jannis you have not so much time. My health is much improved so I am getting on nicely and eating well and drinking buttermilk with cream added to it. So far as I know the family is well. The weather is warm and dry at present. Mac takes me driving almost every evening. I think he never had such a busy summer as this one. He works early and late and is glad to have the practice but I fear is overdoing at times. He never complained of being tired till this summer I plan to go after it gets cooler to visit my sister; she is frail, she was the last time I saw her, and she is all I have left of the eleven I grew up with." (It is typical of a gentleman's letters from El Dorado, Kansas, that have come along regularly during more than 30 years, no complaint in any of them, except about the Democrats, and always some mention of nature, brief but vivid, so that you know the circumstances the community is enduring, and how an old lady's roses manage through a cold winter, and just how her garden grows and her annual canning prospers. Mac is a son, a lawyer; the sister spoken of is a gay young flirt just short of a century old). *

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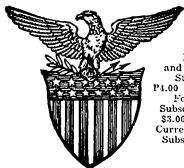
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WALTER ROBB
Editor and
Manager



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Just Little Things

• Most things exhibited during Nepa Week at the Philippine Trust building on plaza Goiti were window-dressing. Fabric colors were too pale, towels lacked the gratifying pile of standard imported towels, baskets were ordinary or below ordinary, shoes and slippers offered nothing new, and the nostrums were repulsive though they may of course be a profitable undertaking. But when we came to Mrs. Arizabal's stall we did find something that seemed really good. It is nurlinen, for men's suits, all white, of mercerized yarn from the United States, and we bought a pattern to try it out. You get it at 93 centavos a yard, 6 yards for a suit. It is a venture of Ilokos Textiles, Inc., in the Perez-Samanillo building. The manager, Antonio Arizabal, says, in a note attached to the suiting, "We are all Ilokanos in this company, who can be forgiven other faults but never the fault of being lazy." He acts in all capacities from delivery boy up, when need is. One partner is a druggist in Binondo, the parian of Ilokanos in Manila, and another is a biology teacher in Sto. Tomas. None has ever promoted mining, which Arizabal takes as a recommendation (and we do, too), though Benito Lopez, a son of Don Vicente of Iloilo, and Arizabal bought a seat in the Manila exchange for P3,000 during the first gold boom, Lopez & Arizabal, held it through the slump, and sold out when the second boom came along.

This nurlinen or linen of the north is woven on hand looms by Ilokano girls and women who get 20 centavos a yard for the work and turn out 3 to 5 yards a day according to their diligence and skill. Five hundred have thus been employed, but Ilokos Textiles thinks another 500 will be working before the close of the year. If the suit-

ing is all that is claimed for it, it should go to town without difficulty. We hope it is.

* * *

• Movies astonishingly crowded for every good picture and many others besides led us to ask managers whether their box offices were doing as well this year as they did last year. We thought they must surely be doing more business this year, but managers say not—they are doing about the same. This is of course very good, and at first-run downtown places the deflation of mining stocks speculation has made no difference. This means that prosperity has hit the people in other ways, and while it may puzzle you to know just how, it all illustrates an economic resiliency characteristic of the country. Distributors have the advantage of more theaters wired for sound, 245 now as compared with 190 last year, and among the new ones are 8 army cadres; to be habituated to the movies is perhaps an essential part of a soldier's training, since it gives him heroes. Local pictures are on the circuits more and more, four big out-fits and a dozen smaller ones now produce them. Tagalog is the popular vernacular, then English, then Spanish. The scripts are filled with worthy rustics, of whom mean advantage is taken by city slickers and prostibulous molls amenable to resumption of purity for sake of love's sweet commendable ways; and the importance of faith is emphasized, naturally. In short, no Eugene O'Neill is needed here, but a Harriet Beecher Stowe is just the ticket; and it is all perfectly understandable, the people like familiar illustrations of their lives' vicissitudes.

Philippine Films, Tait & Harris, make about 16 pictures a year, (Hispano-Parlatone headed by Ramon Na-
(Please turn to page 11))

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Philippine Charity Sweepstakes

The Philippine Charity Sweepstakes expands steadily as a financial support for a number of important Commonwealth charities headed by the Anti-Tuberculosis Society whose sanatorium for care of perilous cases is in Sta. Mesa, Manila. It is a lottery, but there is sport in it with a wide public appeal, and there could probably be no more satisfactory means devised of providing funds badly needed for the charities these funds support. Few tickets find sale outside the country, traffic in the tickets is illicit in the United States, Japan is out of the question, other countries in the Far East have their own sweeps, so it falls out that for the present at least the Philippine sweeps is a local affair.

By this means, the public readily pays a sort of voluntary tax far above that it formerly paid by way of poll taxes for roads and public schools. The legislature is in charge of the law in the matter, and may when sweeps funds increase as they probably will, provide other public uses for the profits.

By courtesy of Auditor C. Ticman of the sweeps office, we have copies of the compiled data beginning with the first drawing and closing with the one in August. Here is what had been done with funds other than prize money and expenses:

Anti-Tuberculosis Society	P1,020,441
Amateur Athletic Federation	838,954
Associated Charities	517,000
Gota de Leche	22,000
Federation of Women's Clubs	26,000
Hospitals	227,347
Asociación de Damas Filipinas ..	70,000
Other charities	144,338

Total (not including August) .. P2,866,080

This derived from collections on seven sweeps summing P11,531,472. The August collections, that derive from sale of tickets, summed P1,906,439 and time in which the distribution of net proceeds will be made has not yet elapsed. Under the present law, the report says, for every peso received from ticket buyers some 16½ centavos goes to the seller as commission, 54 centavos go to prize funds, 21 centavos go to the charity fund, and 8½ centavos go for operating expenses. The seven sweeps prior to August turned nearly 25% of the total from tickets into the support of charities listed above, so it is evident that the management does more in this respect than the law requires.

The sweeps is a new institution. The first sweeps was held September 8, 1935, when the take was P975,332. The second was held December 22, 1935, when the take was P1,936,362. The third took place July 26, 1936, when the take was P1,948,372. Three in 1937, May 16, September 19, and December 19 summed a take of P5,123,783. Thus far this year two have taken place, the take on May 15 was P1,541,423 and that on August 21 was P1,906,439. The largest single take pertained to the sweeps of December 19, 1937 and was P2,033,231; no other had topped the two-million mark.

From proceeds of the first seven sweeps, 64½% or P8,683,798 was paid out in prizes. Two first prizes in the August sweeps were P100,000 each. Two second prizes were P50,000 each, two thirds, P25,000 each. Twenty-two fourth prizes were P5,000 each. Fifty fifth

prizes were P3,000 each. A hundred sixth prizes were P1,500 each, and 200 seventh prizes were P1,000 each. One special prize was P1,000. A so-called charity prize was P716, while 50 extra prizes were P346.06 each.

A full ticket costs 2 pesos, a dollar.

There is now a drop to small prizes and many of them: Eighth prizes numbered 1,199 of P100 each. Four approximation prizes were P1,000 each, 4 P500 each, 4 P250 each, 44 P100 each, and 100 P50 each, a total of 156 approximation prizes. Tickets whose last two digits were identical with the same two digits in the ticket winning the charity prize won P16 each and numbered 11,999.

Thus there were 12,984 prizes among 1,215,789 tickets tossed and drawn in the drums of chance, where it is seen the odds against winning were 94 to 1. Judge Servillano Platon of the Tayabas (province) court of first instance certifies as chairman of the sweeps board of judges that, the August drawing was "kosher" in all respects, and the public auditors certify the take, P2,026,826 from 1,215,789 tickets sold, the total distribution in prizes, P1,307,302.98, together with P506,706.58 set aside for the accredited charities already listed and P212,816.76 for expenses. The whole official report of the August sweeps is in dollars, and below the certifications appear advertisements of the December 1938 and February 1939 sweeps in the same money, making it clear that aim before to be made toward the American sporting purse.

No little might come of this.

Two first prizes of P150,000 each are announced for December this year, two of P60,000 each for February next year, when under new legislation there will be six sweeps during the year or one every two months.

The sweeps office has a quarter-million pesos in fixed assets, chiefly the University Theater building on Taft avenue opposite the University campus that when remodeled for the sweeps offices and ready for occupancy will stand at about P300,000. The very purchase of this property for such a purpose indicates the permanency of this method of raising funds for public and quasi-public uses. Another considerable fixed asset is the mechanical equipment for effecting the drawings. Races are at the Sta. Ana track, and some revenue accrues to the sweeps administration from them, some P13,000 a meet, since the first seven brought P93,757 from this source.

Prizes estimated for December this year and February next year are based in expectations of P1,500,000 worth of tickets sold for each meet, which certainly seems conservative. There is wide patronage of the saints in connection with the purchase of tickets, while schools of parasites, mainly relatives and fellow townsmen, set upon the winners as soon as they are known. As weird an appeal to omniscience as is known was associated with the August drawing, a man in Leyte, who won a first prize, won with a ticket buried in a graveyard after incantatory ceremonies. Hunchbacks, of course, are the better patronized vendors, while it is regrettable that children of the tenderest years are put to this employment in downtown Manila, where their treble appeals are pitiable and annoying. Some may dismiss this, saying *no gain without some loss*, others may hold that the sweeps administration should stop it. If the sweeps grows rich enough, perhaps all such children can be put to school.

New National Economy

Chairman Roxas of the National Economic Council has practical ideas on the course future economy of the Commonwealth should follow.

Manuel Roxas with a good record made on the MacMurray joint Philippine-American commission whose formula for separating the Philippines and the United States without leaving the Islands flat will probably reach Congress, resigns from the Assembly and takes the chairmanship of the National Economic Council with ideas that are potentially practical. His offices are the former offices at the Legislative building of President Quezon when head of the oldtime senate; he has ₱7,000,000 for it, and has begun with a staff of seven men but will add part-time men from other offices until the staff is equipped more or less adequately for its vital undertakings.

The public receives the Roxas appointment favorably, thereby making it incumbent on the man to succeed. But the public should know, what Chairman Roxas has already learned, that the lack of reliable data as a basis of accurate study of most any project suggested is nothing short of astonishing. This makes it necessary to make haste slowly, in many instances; at least it is reassuring that this is Chairman Roxas's prudent attitude. The man searches for men, of knowledge, character, and stamina, and for basic facts. He will be materially accommodated by the new census, when that is available. One of his puzzles is Manila hemp, for example. An appropriation (not yet released) of ₱11,000,000 stands in the books to do something beneficial for hemp. The question is, just what will prove to be practical to be done. Can anyone assure Chairman Roxas that if hemp were bought above the market and warehoused, i. e., sterilized for the time being like a bulk of gold owned by the mint, that the market would rise and that this hemp could be fed back in it without a loss?

There might be no rise in the market, or very little, but more production; and in that case the experiment might fail of its purpose and the government might be left with an appreciable loss. (We discussed hemp last month, and in this issue the reader will find the 1937 report of the British North Borneo Company, where hemp is a recent item.)

A few posers to which Chairman Roxas seeks correct answers: 1) What is the current average wage in the

Commonwealth? 2) What is the current national income? 3) What is the actual population? 4) What is the average family income? 5) What is the actual production of any crop not an export commodity? 6) How much rice is really grown? 7) What is the yearly consumption of rice? 8) How large is the average field of rice cultivated by one family? 9) What is the production cost of a unit of any crop? 10) What is the cost of living here?

This list of ten pertinent economic inquiries gives only a hint of all the information, now lacking or dubiously accurate, that must be gathered, verified beyond doubt, classified and kept accessible.

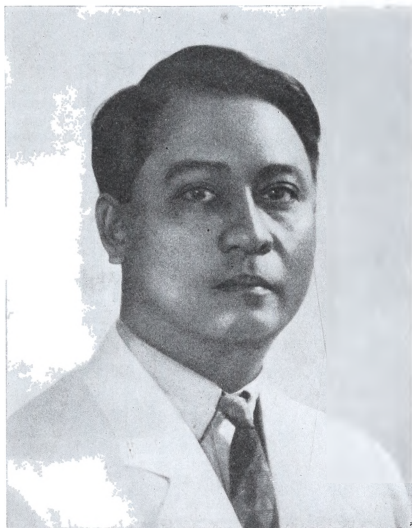
Some of the current assumptions may be given.

A chart in Chairman Roxas's office says current wages average 85 centavos a day, there is not much to back it up. It is hoped to get wages up to the average of ₱1.20 a day by 1949, and level them off at that point. If this is done, basic living costs can not be much disturbed. Really, the question of the common diet needs going into; simple and often skimpy, there seem to be hidden inadequacies in it in certain of the provinces at least—else how do a million persons persist in living in Cebu.

The Roxas commission will step up all necessary scientific work of this sort: how things are produced, at what value and profit if any, how the producers live, and their prospects for keeping old markets or getting new ones.

There is a chart at Chairman Roxas's office relating to production of natural wealth. No accuracy is claimed for it, put it down at best as an approximation. It says that farm products next year will have a value of ₱425,000,000, a value of ₱775,000,000 in 1960. Manufactures next year will run to ₱326,000,000, and up to ₱452,000,000 in 1960. The moderate spread during 20 years is to be noted in connection with Chairman Roxas's determination to do nothing very detrimental to American imports or to raw-products markets overseas, as in the United States. He feels that agrarian prosperity is at the base of a sound national economy for the country. In the same chart, forestry products

(Continued on page 15)



HON. MANUEL ROXAS

Philippine National's 22nd Year

Pioneering in the small-loans field, President Carmona pursues a policy of educating borrowers to prompt payment.

In 1916 Vice Governor Henderson Martin thought the Philippines should have a bank of their own, and with his stenographer, Miguel Cuaderno, repaired to Baguio to draft a charter for such a bank. This was the birth of the Philippine National Bank, one of a number of sound contributions Governor Martin made to this country. (Martin was from Olathe, Kansas, and addicted to a very plain demeanor, but very forthright in all he did, with no fear of pioneering new ground). Governor General Francis Burton Harrison, his cabinet and counsel took up the Martin bank project immediately, and the legislature, bicameral at that time, readily granted the charter. The bank is therefore 22 years old.

Under President Vicente Carmona there is one thing particularly remarkable to report of the Philippine National at this time. This is the small-loans department. The founding of the bank was the initial step toward easier money for commercial purposes, and for agriculture, and toward lower bank interest rates on loans, and now the bank's facilities have been stepped down to accommodate small tradesmen and trades women who borrow only small sums. It is a landmark, the blazing of the trail that, the bank plans, will reach, through its agencies and branches, thousands of other poor folk who still have no access to bank credit and have no other recourse than to borrow, when they must borrow, at usurious rates of interest.

The small-loans department of the Bank was started four years ago under the presidency of Rafael Corpus. The man who urges it along is the new president, Vicente Carmona. Somewhat deceiving in manner and appearance, he is a rank-and-file man who grew up in the public service in the treasury department, and finally, before going to the bank for President Quezon, headed the finance department. His manner of speech is hesitant, but few men are able to say *no* more clearly and stick to it more firmly. His gestures seem fumbling, but he lays his hand on the right paper unfailingly; in fact, he appears soft, superficial, and yielding, but actually he is hard, penetrating, and, from his final opinions, unmovable.

Not that he is callous and unsympathetic, he is rather otherwise because his own career has been no bed of roses. But the rules of business are hard, of banking especially, and he sticks to them in a hard way; and he is penetrating, seeing below the surface of a customer's case; and he is unmovable, quite confident that his own

opinion carefully studied out is as good as the next man's. He blames himself with his own mistakes, so he tries not to make them. And nothing awes him, you have never met a man who cared less for *front*. If anything at all awes him, it is the long way the Bank has to go before it is the bank he hopes to make it, with a peso or two for the poor man and any number of them for the rich man with a legitimate claim for a loan and due security for it. One thing is intolerant to him, injustice.

To see Carmona's gorge rise, lay before him a palpable injustice. In this direction he is a practical idealist.

So his small-loans department is working out very well. It may not quite pay in the material sense yet, but it promises a ledger profit very soon and it is driving usury out of the small shops, such as the market stalls in the city, where many of its customers are found.

These small loans are essentially character loans, one or two friends sign with the borrower, who repays in monthly installments. This changes the old rule of payment in 3 to 4 months with renewal of the note each period. Rates on small loans go as high as 10%, but may be as low as 5% to 6% according to circumstances involved. They substitute, at the market, usurious loans on which the usual rate per peso was 20 centavos a week; for 5 pesos used a week a market woman repaid 6 pesos. Education in use of bank credit goes with the loans, promptitude with payments being the first lesson. It is working out, rather surprisingly well. Which, in reviewing the Philippine National, is the point we wish to get over at this time. Carmona simplifies the situation for these borrowers, explaining that the bank keeps all their names in two lists, a *good*

one and a *bad*, and the borrower who pays even a day after payment is due goes in the *bad* list which affects his future credit rating.

This gets at what is said to be a general fault among the people, procrastination about meeting money obligations. But the records show that the small borrowers are trying more and more to keep their standing in the *good* list. Many market women knowing how much they owe the bank and how much is due every month, know what is due per day and have a receptacle, often a bamboo tube, in which to place it when cleaning up for the day and checking their cash. Inspection is practiced and inspectors have noticed this thrifty prudence among the

(Please turn to page 27)



VICENTE CARMONA
President, Philippine
National Bank

The March of Trade

Officers of the Philippines branch of the National City Bank of New York had a houseful of guests at the Metropolitan theater Monday afternoon August 22, after business hours, well pleased with National City's full-length movie of the drama of international banking behind the world's international commerce. Introductory remarks by the bank's board chairman, James Handasyd Perkins, well fitted the scenes immediately unfolded. A map of the world was well dotted with National City branches, each with a unique commerce to finance.

Such a movie shows the catalytic power of credit, and its fluidity. The bill of exchange, how potent in provisioning our lives. Babylonians used to make them in clay, a practice that the Assyrians obliterated, and that Jews revived profitably after the captivity. In the dark age after the collapse of the Roman Empire, banking and exchange fell into eclipse, yet when light dawned on civilization again, there were the banks, there were merchants eager to risk fortunes in argosies of foreign goods, and there were the necessary bills of exchange, vellum, and soon, paper from Egypt's papyrus. Nothing much has happened since save a steady extension of the business and no end of refinement of its methods.

Means of communication have advanced miraculously, but not in all places. Products from upstream sources still reach seaports in many countries, for export against bills of credit at the banks, in very primitive and humble ways in many countries, as in China and Brazil.

But when they do reach ports, banks are ready to facilitate their sale. Banks are therefore one of man's handiest tools, and we think, far from being to blame as much as they are sometimes charged with being, for ills of the world, really throw their wise influence in quite the opposite direction. This must be true, since banks live from trade and are never satisfied with its volume. It is not banks that are making international trading harder and harder every year, with new barriers to surmount with every new transaction. Banks are surely opposed

to this sort of thing, and probably husband reserves against the day when it will subside and products will exchange between countries more easily.

Therefore, as you looked at the movie, *The March of Trade*, with National City, you gave banking a clean bill of health. Plainly it was profitable, but plainly it was good: sound service at moderate cost, an economy—an indispensable economy.

But what is really influencing world trade did not fare so well under close observation. The overwhelming nationalism of many countries was evident in details all through the picture. Inroads on western commerce, by exportation of the inventions and refined tools of that commerce, were evident. The picture National City has made so well should be stored, to be looked at 20 and 50 years hence, for by the second date at least the commercial world will have been much changed. The ubiquity of banking is matched by the ubiquitous exportation of the most refined manufactures, the very tools by which the finest or most staple of manufactures are produced, with the result that the economics of many countries begin conflicting with one another whereas heretofore harmonious exchange has existed.

Yesterday's entertaining book was *Oil for the Lamps of China*, maybe tomorrow's literature will include a book entitled, *Lamps for America's Oil*, written in a country called China by a young author inspired by China's new manufactures. But fundamental changes in the nature of goods in world commerce appear everywhere, and a discomfited world finding it hard to trade, sees little for it but war. Bankers, if minded, in the sense of being heeded, could find a better way, since their whole training is in ways of common sense, but it is usually the fate of bankers to be called in to patch up disasters after free rein to the wild colt has brought disaster on.

This much seems true: If the world in all its major affairs were implemented as well as its banking is, there would be clear sailing ahead. —W. R.



Photo by Philippines Herald.
E. J. Le Jeune

For a number of years the manager for the National City Bank of New York in the Philippines, Banker Le Jeune has been called to the New York office at 55 Wall Street to be in charge of the South American business, an extremely important part of the great bank's activities. Before coming to Manila, Mr. Le Jeune managed National City's business in Chile; from Louisiana, his French was an easy introduction to Spanish, of which he has fluent command. In Manila both he and Mrs. Le Jeune have been very popular—nowhere the Le Jeunes are known our congratulations on their good fortune be more sincere.



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1938

The American Chamber of Commerce

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this very organization—they are still more ample for the ends of peace.

Suppose for the sheer amusement of it that Henry VIII of England had not made a Spanish marriage and had not engaged in that spoliation of Italy that placed *Deferder of the Faith* in the British imperial title, but had stayed at home peacefully and husbanded England's resources—what would merry England be today? You have not to look far for the answer, merely across the North sea to England's neighbors, Denmark, Norway, Sweden and Finland, where the prevailing ideology has long been that of peace and self-sufficiency: no dream of empire, and no sense of inferiority for lack of empire: and no declining virility, physical, mental, or spiritual, but wealth widely distributed, and wealth accumulating, and bettered ways of living introduced all the time. Merry England would have been that too, if empire had been declined, the home of truly merry Englishmen; more than now live perhaps, and all of them better provisioned. If you could but speak over Hitler's shoulder to the German people you would invite attention to that. For it is as easily demonstrable as a problem in simple arithmetic that conquest is vain, that materially it boots nothing, and in no way does any good at all. When Charles XII of Sweden went campaigning round Europe, Sweden was badly off; she could implement war, but never to her advantage—no country ever can—and now that she swashbuckles no more, she is excellently off, and Swedes infinitely elevated in the world's esteem, deservedly. Sweden is not large, and Swedes are not ascetics, but it is found that nature sees to it that not too many Swedes are born. If all nations would abandon the sword and get back to God they would have precisely the same experience—their countries would suffice them. Germany would not be an exception, rather we should say, almost immediately an outstanding example.

REFUGEES

Forty-five refugee families from central Europe have all been admitted to this Commonwealth and more than twice that number are being selected for admission. Others have come to Manila independently and some of these young men have tramped from office to office during more than a year, seeking work at any price. The lowest we have heard of is P50 a month, a well educated refugee offered to work for that, and it has come to be a fact, begun with the influx from Shanghai a year ago, that the initial pay at which young Americans are put to work is P150 a month, when board and room alone at the Y. M. C. A. costs P110 a month. However, with more refugees coming in, wages must fall below P150 a month. Sickness recurs, some special expenses accrue inevitably. P150 a month is not a living wage at the simplest American living standard basis. On such terms, refugees do the country little good, they in fact do it harm temporarily, and possibly permanently, and will soon wear out their welcome.

All this should be avoided by sending every refugee to the land in Mindanao for subsistence farming exactly on the same basis as Filipinos are sent there, with the refugees' own community and others friendly toward them privileged to help them get started as farmers. No exception should be made even of scientists, until all have tasted the soil. Nor should they be lodged in all-refugee communities in Mindanao; they should be sprinkled into a general community, each refugee homestead bounded by Filipino homesteads. Palestine shows that urban refugees learn rural life quickly and find zest in it. Let the

GOOD FROM EVIL

When this note is written, September 10, the weekend is passing that is, to date, Europe's strongest threat of renewed world war. It derives from the Hitler philosophy, that regeneration of Germany lies in conquest, an expanded Reich and colonial restorations. A nation that thinks that is probably running a temperature, and probably nothing can be done about it. Let us observe however that since Germany invites war she must feel that her economic position is resourceful enough to sustain the extraordinary costs of war; she has therefore no reason to go to war, really, because peace is cheaper: rich enough to carry on a war, a country is not so poor that it can not carry on peace—its sufficiency for war belies its case. It is comparatively artless to carry on war, magnificently ingenious to carry on peace; war is the lesser challenge, peace the greater, and if a country's leadership is chosen for war, or a warlike policy, obviously it is not the best the country affords—it is second rate, not first rate. Its ideology is second rate, in the first place, and its better minds, having thought far ahead of it, will not endure the abasement of going back to it. Countries Hitler would fight have the leadership that peace exactingly requires, an obvious initial advantage. Countries organize more neatly for peace than for war, peace being the harder game; just the same, any country triumphantly organized for war dashes its ultimata to pieces on the bulwarks of

Commonwealth with its abundant land do this thing better than any other country has done it; and then, instead of less than 200 families, at least ten times that number can be taken—with only good resulting all round. Refugees can not be choosers. Pepper new rural communities in Mindanao with them and they will season the whole batch. Let them have ghettos at the ports and work for any wage they can get and the results will not be so happy. Act now! and through the proper agencies. Instead of beggared refugees, new and soon helpful citizens. We are certainly not a man who believes the folk of the refugees' race normally injure a country in any way, we believe on the contrary that normally they do a country infinite good. But sudden incursions of any people into a farming country where professional, industrial, and commercial opportunities are very limited, require management directing the ability of the immigrants immediately to the soil. Some will later leave the soil, but in new employments of their own invention.

1931	2.10	2.35	12,465,128	373,951
1932	1.45	1.65	13,199,719	395,992
1933	1.45	1.50	19,693,394	984,680
1934	1.75	1.95	6,981,733	349,087
1935	1.95	2.10	7,270,004	363,500
1936	2.85	2.90	91,574,177	Cartel begins
1937	2.35	2.45	74,000,968	ditto

We have arranged the data above because the ruling market price of rice is a question much agitated as we go to press. The country has a fundamental question to resolve. We can not go into the merits or demerits of the Rice & Corn corporation, the government cartel that governs the situation, but the table indicates a number of pertinent facts. Rice prices in our part of the world are based on Saigon's vast annual surplus. Questions are, first, how high the Commonwealth's duty should be, second, if the cartel imports, should it pay the duty. We suggest it as a general principle that public corporations should pay all revenue charges that private corporations who are their competitors must pay, difficulty will probably beset any kinder policy. The duty is P2.85 per sack of 57 kilos, and the earlier duty of some years ago was P2.14 per sack. There is the possibility of a graduated duty, regulated by executive discretion. It can be said for the cartel that at the end of August, when our data were prepared, domestic rice in Manila markets was still

A COUNTRY'S BREAD

Year	Cebu		Imports Chiefly from Saigon	
	Prices in Pesos	Cebuans 44 Kilos	Qty. Kilos	Duty Paid
1922	3.00 to 3.30		42,294,888	P1,268,847
1923	2.55 2.65		66,449,039	1,993,471
1924	4.10 4.50		151,108,793	4,533,264
1925	3.60 3.75		101,198,917	3,035,968
1926	4.10 4.20		70,483,920	2,114,518
1927	3.30 3.35		12,511,280	375,339
1928	3.25 3.40		43,757,326	1,312,720
1929	3.60 4.30		105,327,046	3,159,811
1930	2.90 3.20		10,986,866	329,606

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materially lower than the price at which duty-paid Saigons could be imported. This price is not below P7 per sack.

ENORMOUS FUNDS

A treasury surplus of some P200,000,000 is currently reported, a fact incredible to oldtimers who readily recall yearly collections well under P30,000,000. The Treasury's cash as of June is P380,000,000. But wherever you look, you find the Commonwealth has money—a great deal of money deriving largely from excise collections on sugar and coconut oil sold in America, yet money just the same. It is the same with the banks, given major attention in this month's *Journal*. We learned from Bank Commissioner Peñero de Jesus that savings accounts at the banks number 513,706, and in the postal savings bank

356,109, other banks having 157,597. Early next year, the total of current accounts will be accessible. They will turn up in the December reports. Banks are not finding use for all this money. On August 14, 1937 their total loans, discounts and overdrafts summed P185,602,961; on August 12 this year they summed P185,740,353. No change.

Money in circulation is a different story. P177,372,240 last year, P208,156,965 this year, an accretion of nearly P30,000,000 or about 18% in one year. Loans are no greater, but money to loan much more plentiful. Bank deposits as of August 12 this year were P246,900,547, and as of August 14 last year, P235,738,217, an accretion of more than P11,000,000 in one year. Save to note that such figures pose a problem, we state them without comment. They accompany rising prices for staple foods.



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Just Little . . .

(cont. from page 5)

varro about the same number. Coming up are Sampa-guita, headed by Assemblyman Pedro Vera, and Excel-sior, where Ramon Araneta and Placido Mapa are inter-ested, along with Norberto Quisumbing. Navarro is a banker, Commonwealth Savings, and Quisumbing formerly managed the Pampanga branch of the Philippine National. Hispano-Parlatone owns the Fox, a good first-release point for its product, on Rizal avenue.

The Rufino Brothers, with the State and the Grand on the avenue, where theaters sandwich in between drug-stores and Japanese bazaars, will soon have the Avenue ready, a block beyond the Fox not far this side of the Central Hotel. The indigenous old Escolta where better shopping is done and the Lyric and the Capitol flash their marquees, is appreciably Philippine in contrast to the exotic flair of the avenue. But what we chiefly wanted to say is that the movie business is real good.

* * *

We would have mentioned Freda Osborne's *Service Bureau* earlier only we mislaid the notes about it. The address is 431-435 San Vicente just through the Arcade from the Escolta and the phone is 2-38-58. The bureau buys things for you, also runs your errands such as getting flowers to a boat for a friend, or even meeting folk arriving at Manila and helping explain that you're in the provinces but have made all arrangements. The place is open every day, Sundays included, and during week days

(Please turn to page 39)

TIDE WATER ASSOCIATED OIL COMPANY

The Chartered Bank of India, Australia and China

Editor's Note: The following account is taken almost verbatim from a booklet published by the Chartered Bank last year entitled, "The Service of the Chartered Bank of India, Australia and China". We believe the pamphlet worthy of reproduction because in many ways the story of the "Chartered Bank" is also the story of the other great commercial banks of the world. We believe that these international banks have a deal of downright romance in their history interwoven as it is with epoch-making events—and we hope that the reader, after perusing the story follows, will agree.

Official of the Bank, although they have from time to time secured the amendment of the Charter "in order that the Bank might render a more complete service to its clients", have never seen fit to do anything about changing the Bank's official name. The name is still "The Chartered Bank of India, Australia and China", although actually there are important branches in the East Indies, the Malay States, Japan and the Philippines, among other places, while, on the hand, the bank never had a branch in Australia.

The vast increase in British overseas trade and the rapid consolidation of imperial power which occurred during the first half of the XIXth century called into existence a number of banks specially organized and equipped to finance commerce with the East. Hitherto, trade with India had been financed mainly by the so-called "Agency Houses" vaguely associated with the East India Company. The Company, jealous of its prerogatives, brought to bear its vast political influence in an attempt to frustrate those who sought to provide India with modern banking facilities. So serious was the opposition of "John Company" that the founders of The

Chartered Bank of India, Australia and China contemplated, for a time, the abandonment of their scheme. Eventually Her Majesty's Government, to the satisfaction of whom it had been proved that the Agency Houses were no longer qualified to finance the growing trade with the East, set aside the objections of the Company and proceeded to incorporate The Chartered Bank of India, Australia and China under Imperial Charter. The incorporation of the Bank was completed on December 29th, 1853.

Of the few British overseas banks which were granted Royal Charters in the early days of joint stock banking only two remain in existence as originally incorporated. It is therefore not surprising that the name of The Chartered Bank of India, Australia and China should have been abbreviated unofficially to "The Chartered Bank," by which name it is known equally well to those whose business takes them into the City of London and to the humblest inhabitants of the lands beyond Suz.

The increasing scale of financial operations has led to the amalgamation and re-incorporation of many of the older Imperial Banks. The Directors and Managers of The Chartered Bank of India, Australia and China take pride in the fact that, during the 83 years of its existence, this now venerable institution has preserved its Royal Charter, its original name, its original form and, above all, that it has risen to its present position in the world of finance in complete independence. The Chartered Bank is the senior British banking institution in the East, where it is recognized as the standard-bearer of the British financial tradition. On several occasions it has been found necessary to amend the terms of the Bank's Charter, which is in many ways strictly definitive, in order that the Bank might render a more complete service to its clients. Successive Governments have readily acquiesced in the required changes. In many of the countries of the East the organization of the Bank has provided a model for infant banking industries.

Among those who petitioned the Crown for the grant of a Royal Charter of Incorporation to the Bank

were James Wilson (a former Finance Member of the Viceroy's Council and subsequently the founder of "The Economist" newspaper), shipowners, East India merchants in London and the Provinces, and several Members of Parliament. The petitioners expressed themselves as "desirous to establish a bank in London for the purpose of carrying on banking business in India and Australia and the other British possessions eastward of the Cape, and in China and the Eastern Archipelago."

Reference has already made to the obstructionist tactics pursued by the East India Company during the process of incorporation. Even after the Charter had

been granted there were still many difficulties for the founders of the Bank to overcome before business could be begun. It was not until 1857, the year of the Indian Mutiny and a time of serious economic dislocation, that the Bank was able to send a staff to India for the opening of branches. With the proclamation of Queen Victoria as Empress of India and the reform of the Indian Government which followed the pacification of the country, the East India Company's administrative system disappeared and with it the remaining obstacles to the free development of the Bank's business. Within a few years branches had been established at Bombay, Calcutta, Singapore, Hong Kong and Shanghai and authority had been obtained for the Bank to issue notes in the Eastern colonies which had not formerly been under the government of the East India Company. This authority was subsequently extended to include Singapore and certain Treaty Ports in China.

The foundations of the Bank's Reserve Fund, which now amounts to £3,000,000, were laid as early as 1861 and although the Bank's profit-

earning capacity increased rapidly, the Directors of those days wisely refused to recommend the payment of large dividends. This prudent disposition of its resources enabled the Bank easily to withstand the shocks which brought to ruin other financial institutions during the recurrent economic crises of the latter half of the XIXth century.

During the early 'sixties branches were opened at Rangoon in Burma, Batavia in Java, Karachi on the north-west coast of India, and Hankow on the Yangtze River. At this time there was a boom in the cotton export trade of India and China, due to the cessation of shipments from the United States, as a result of the Civil War. The return to normal conditions in 1866 brought disastrous consequences to less prudently managed Eastern banks.

An account of the development of The Chartered Bank of India, Australia and China becomes inevitably a cross-section of world history. In 1870, for example,



The bank's head office in London

the Directors were compelled to instruct their managers abroad to restrict their operations to avoid the risk of loss arising out of the world-wide economic disturbance that had been caused by the outbreak of the Franco-Prussian War.

In 1870 there began a steady fall in the market price of silver, which extended over a period of nearly thirty years, and provoked one of the most serious economic crises in history. The strength and stability of The Chartered Bank during that cycle may be judged from the fact that in 1891 the Bank joined in the guarantee given by the bank of England in connection with the affairs of Baring Brothers and Company. The Oriental Bank Corporation, the largest of the Bank's contemporaries, failed in 1884 and after reconstruction as the New Oriental Bank Corporation again suspended payment in 1893.

The crisis had disastrous repercussions in Australia and several of the banks operating there found themselves in a position of extreme difficulty. At a meeting of the proprietors of The Chartered Bank held in 1893, the Chairman remarked, "Inquiries having lately been made as to whether we have branches in Australia, I will therefore take the opportunity of stating that, although our Charter gives us the necessary powers, he have never had any branches there." When the Bank was in course of formation an influential body of opinion in Australia raised objection, for purely nationalistic reasons, to the establishment in Australia and New Zealand of banks incorporated in England. In deference to this sentiment The Chartered Bank has never concerned itself with Anglo-Australian banking, but, by entering into appropriate reciprocal arrangements with the purely Australasian banks, it has participated to a constantly increasing extent

in the financing of trade between the Commonwealth and the East.

The war between China and Japan in 1895 had the effect of enhancing the commercial importance of Tientsin in North China and the Bank opened a branch there in 1896. At this time Li Hung-chang, the great Viceroy of Chihli, was at the height of his power and influence at the Court of the Empress Dowager. When, in 1900, the Boxer insurgents laid siege to Tientsin the Bank's branch was put into a state of defence, and in common with the rest of the city suffered considerable damage from shell-fire.

The Shanghai branch, opened while the Taiping Rebellion was in progress, has prospered through stirring times. Its doors remained open during the Boxer Rising in 1900, the Revolution in 1911 and the second Revolution in 1927. Business went on, though perhaps not quite as usual, during the civil disturbances in 1925 and the fighting at Chapel in 1932. Since 1915 the Bank has maintained a branch at Peking (now called Peiping), the former capital of China. After the Great War the Bank demonstrated its confidence in the New China by rebuilding its offices at Shanghai and Tientsin and by reopening the branch at Tsingtao.

The Bank commenced business in Japan as early as 1880, when a branch was opened at Yokohama. The rapid rise of Japan as a great mercantile nation, under the enlightened rule of the Meiji Emperor, led to the opening of a branch at Kobe in 1895. In the great earthquake and fire at Yokohama in 1923, the Bank's manager there was killed at his post and the bank building utterly destroyed. Japanese courage and energy have by now removed every trace of that catastrophe and the Yokohama branch of the Bank is housed in a handsome new building. New premises for

the Bank are under construction at Kobe.

With the opening of a branch at Bangkok in 1894, Siam became an important sphere of the Bank's operations. Another branch has since been opened at Tongkah-Bhuket, the centre of the Siamese tin-mining industry. In 1923 The Chartered Bank, in collaboration with the National Provincial Bank Ltd., was entrusted by the Royal Siamese Government with the flotation of a loan on the London Money Market.

Between the turn of the century and the outbreak of the Great War branches were opened at Saigon and Haiphong in French Indo-China, and additions were made to the up-country branches in India and British Malaya. Furthermore the Bank, during this period, improved its organization for financing overseas trade by the establishment of offices in New York and Hamburg.

By 1907 the volume of the Bank's business had outgrown the Head Office premises, which were then situated in Hatton Court, off Threadneedle Street. A new freehold site was acquired in Bishopsgate and the present Head Office was opened in 1909. To make room for the new building it became necessary to demolish Crosby Hall, built in the XVth century. The Directors of the Bank, anxious to avoid the extinction of this historic building, made arrangements for the careful preservation of the fabric and for its reconstruction at Chelsea, where it is now used as a hostel for the women students of London University.

The Chartered Bank rendered valuable service to the Allied cause during the Great War by facilitating the shipment from the East of the vast quantities of raw material required to sustain the greatly expanded munitions industry. Of the Bank's British staff, 199 men—a very large proportion—served in the armed forces of the Crown. Thirty-six of these gave their lives. It is impossible, within the compass of the present sketch, to describe the services towards the prosecution of the war rendered individually by the Bank's officials in England and abroad.

After the War, branches were opened at Kuching in Sarawak and Harbin in North Manchuria.

A branch was opened at Manila in 1875, when the Philippine Islands still formed part of the Empire of Spain. One of the Bank's officials acted as correspondent of *The Times* at the naval engagement in Manila Bay during the Spanish-American War. Today, in addition to the Manila branch, the Bank has offices in the Islands at Cebu, Iloilo and Zamboanga.

The Philippine staff includes C. E. Stewart, Agent; A. J. McIntosh, Sug-agent; L. T. Watty, Sub-agent; R. Ralston, Accountant; and J. MacLennan, L. W. Dixon, W. Watson, J. A. Hamilton and A. M. Crichton, sub-accountants—all of the Manila office; W. G. Hollyer, Sub-agent at Cebu, and W. G. M. Anderson and F. C. Mudie, sub-accountants at Cebu, and G. Dodds, sub-agent at Iloilo.

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The Manila office of the Chartered Bank now occupies the first storey of the new S. J. Wilson building on Juan Luna. The premises are imposing, and compare favorably with offices of the Chartered Bank anywhere else in the world.

New National . . .

(cont. from page 7)

next year have a value of P112,000,000, a value of P150,000,000 in 1960. Aquatic products have a value of P102,000,000 next year, a value of P144,000,000 in 1960. Mineral products have a value next year of P75,000,000, a value of P320,000,000 in 1960. Keep it in mind that all these values are tentative; the valuation of minerals no doubt anticipates a rapidly expanding gold production together with expanding production of base metals led by iron.

Coal is a possibility among the minerals. Iron exports hinge materially on Japan's keeping hold of iron ore regions of China, since Japan is the sole buyer of Philippine iron ore.

Chairman Roxas approves the textile mill founded by the National Development Corporation. It can turn out cotton yarns, and might make cotton staples such as crude muslins not competing decisively with textiles from the United States. We gather that Chairman Roxas would not oppose a temporary customs duty giving such an industry reasonable protection, but that existing duties may be high enough for that; on the other hand, he would look askance at outright and permanent protection, eliminating a necessity for the highest efficiency. Similarly, he approves the Development company's fish cannery at Guagua, Bulacan. In connection with cotton milling and spinning, he thinks it possible that farmers might grow such cotton as the mill requires.

Diversification of crops and common-sense subsistence farming are projects very much to the fore in Chairman Roxas's studies. For this reason, the religious estates engage his attention.

First plans were for the Commonwealth to buy the religious estates and parcel them out to tenants at prices paid slowly, in annual installments. This was changed in the Assembly, at President Quezon's suggestion. There is now authority from the Assembly to lease the estates for 25 years, with option to purchase at an agreed price. Influence of Chairman Roxas is visible here, in that he thinks that what the estates most lack is experienced management and a degree of cooperation among the tenants. He finds that rice employs the land less than 4 months in the year, he hopes to introduce other crops during the remaining 8 months, through cooperation.

Management is the first concern relative to the estates. Next comes credit to tenants such as a planter gets, say at 5% or 6%. Cooperative warehousing is associated with this, there is no reason why the estates should not have common stor-

age places, and rice stored as paddy at such places is a sound basis of credit. Chairman Roxas hopes that cooperation will prove practical to the point where a family will handle 10 hectares, instead of some 2-1/2 hectares as a present, and with the larger tract, better farmed, will really gain a decent living. If good plowing can be introduced, for instance, a power plow can be bought cooperatively that single farmers can not afford; and if a tenant is indisposed at the season for plowing, still his plowing can be done for him and he can be charged with it if the fault is his. It is much the same with threshing, a threshing rig may be cooperatively owned and kept up at a charge of 1% of the crop, a saving of 6%.

A rice mill adequate to the uses of an estate is another step, that the tenants shall have the bran as well as the lowest milling cost. The bran should be useful for poultry and swine, and a crop of corn to fatten both hogs and chickens might fit into the seasons, on some of the land at least, while a cooperative dairy, the milk from carabao cows used on the estate, is not wholly out of the question. All this hinges on the resourcefulness of the management. Through the agency of the National Economic Council, the Commonwealth is out to discover first rate men to be in charge of such projects.

Without capable men, the projects are visionary; with capable men they are entirely practical.

But if land that has been employing four families falls to one family only, the three families displaced present a problem.

To this problem the rich public lands of Mindanao are the adequate answer. Chairman Roxas has his keen eye on them. It is his idea that Mindanao can be settled with subsistence farmers, but not haphazardly. The effort must be cooperative,

with direction given it by the Commonwealth. Communities must be founded, rather than individual farms; and in much the same way as a discouraged estate on Luzon is revived, through credit to tenants and by means of cooperation among them in tasks and undertakings individually impracticable, cooperatively feasible, immigrant communities will be settled in Mindanao. All of which enters into the anticipated increase of value year by year of agricultural production. One plan integrates with another. Beyond is the anticipated growth of population, with every-thing heading up to 1960, under the MacMurray commission plan, when the country goes on a basis entirely independent of the United States.

Plain sailing for the Roxas commission can not of course be expected, unforeseen difficulties are bound to appear. But there is surely little to criticize in the conservatism with which Chairman Roxas begins his work, and the common sense with which he tries to inform the commission's judgment. It is favorable that the population grows rapidly. The commission puts it at 15 million now, and 20 million in 1960. We still wager that a correct census will make it 20 million now, or very near that, and that the steady gain of approximately 2% a year will add 8 million during the next 20 years. This means that domestic markets will be increasingly significant in the country's commerce, while production for overseas markets may also rise, and that additional plans for domestic manufacture for domestic needs will become feasible.

The scope of the National Economic Council's interest embraces all public works, such for example as new road systems in Mindanao. Chairman Roxas speaks of economic roads. These he opposes to highways merely connecting one

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town with another, one region with another, and defines as little roads built for the cheaper transportation of products to the highroads whence they will finally wend their way to central markets or seaports. He embraces such roads in his cooperative plans for the estates, and for new communities in such an island as Mindanao. If you have ever been in Lipa, Batangas, you know what he means. You reach Lipa from Manila by an excellent interprovincial national highway, but you see at Lipa's market men on ponies, with ponies led behind them, the ponies burdened with bundles of hemp stripped in the mountains of distant villages: there has been no other way to bring this hemp to market, and this is an expensive way.

Well, where is all the money to come from? There will be enough, but it is hoped to effect many projects in cooperation with private investors, or even that private initiative will undertake the projects alone. However, if our impression is correct, there will be no delay for private capital to move once the commission is convinced that a project is sound. The source of funds is the excise-tax returns from Commonwealth products sold in the United States: the tax on tobacco and tobacco products, alcoholic products, the 1/2 cent per lb. on sugar, the 3 cents a lb. on coconut

HE CHOSE HIS OWN COUNTRY

President Pedro Campos of the Bank of the Philippine Islands has his bank on a 6% a year basis.

The oldest chartered bank operating in the Far East, Bank of the Philippine Islands dates eighty years ago and was born of a royal Spanish charter under which when America took over from Spain it enjoyed the exclusive right of issuing money. Without this power, it has since been regularly rechartered by succeeding governments as terms of older charters expired. It has weathered bad times, profited during good times, and an unbroken history of banking

oil and oil content of copra. All this makes an ample fund. A chart covers it, but is only an estimate at best and could readily be misleading if quoted in detail. Besides, such arrangements are peculiarly subject to changes by Congress. But the prospect is for money enough, the graver question is sound projects based on sound data, and capable men.

usefulness has long been assured it. Pedro Campos was made its president at the annual meeting in February 1932, and has since that time been reelected annually. In 1933 he upped dividends at the bank, paying 3% for the year, 2% in 1934, 4% in 1935, 4-1/2% in 1936, 6% in 1937, and 3% for the first half of 1938.

Earlier in his service with Bank of the Philippine Islands Campos managed its Iloilo branch, and had been in charge of its foreign department at Manila after that. His banking career began with one of the foreign banks, and when a young man he changed over in order to reach executiveship if he could. Thus he threw his lot in with his country's at a period when the country was very much under-capitalized and local banking was by no means easy-going.

From the beginning of the American period, however, Bank of the Philippine Islands' potential importance was well recognized by the central government. Under Taft's encouragement it was reorganized and its resources amplified with public deposits with the direct aim of reviving the then much depressed sugar industry, and its charter made provision for agricultural loans to effect this objective.

Bank of the Philippine Islands has kept along the same course ever since, its business in sugar remaining important. It is also the bank that facilitated reorganization and refinancing of Benguet Consolidated 28 years ago, a notable feather in its cap because of the subsequent miraculous earnings of that gold property at Baguio.

John S. Hord was the president of this bank whose administration 1910 to 1918 made it sound and modern. (Carl G. Clifford, now the secretary of the Chamber of Commerce, was then secretary at the bank). Mr. Hord was succeeded by Eliseo Sendres, 1918 to 1922. Sendres now lives in France, retired from business, retaining however his Philippine investments, including stock of the bank. After Juan de Ormaechea, 1922-1923, William T. Nolting became the bank's president, and stayed on to August 1925 when, for a short time, J. F. Marias took his place, as acting president. Fulgencio Borromeo was then elected president, 1906, and during six years gave the bank excellent administration. This brings the record abreast of the Campos period and current times. The important trust de

(Please turn to page 27)

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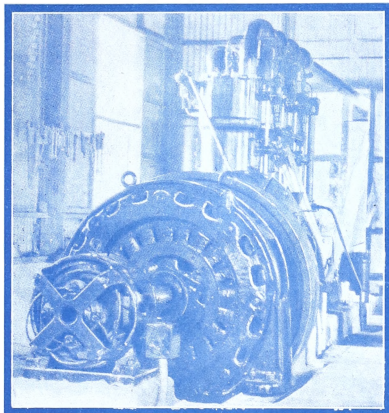
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Manila Daily Bulletin

The Stock Market

(August 15th to September 15th)

Five-month ceiling of 82.50 pierced on August 24th, and averages reached almost 90 two weeks later, on good volume. Everybody hopes it will last.

by James M. Robb



The market, from the 15th of August to the 24th, was a repetition of the dreary sideways movement which has prevailed for many weeks. Atok, Big Wedge and San Mauricio had a good play, however, and some interest was shown in Baguio Gold, Balatoc, Benguet, Demonstration, Suyoc and United Paracale. Other issues stood still. On August 24th, the street was heartened by the fact that a 1.87 gain brought averages on increasing volume to 83.59—more than a point above the 82.50 level, which for the past five or six months has proved to be the resistance point. On four separate occasions, during the past five months or so, averages have hoisted themselves up to the 82.50 level, and then dropped off. The range has been between this high, and a low of around 74.00.

Brokers and speculators waited to see whether the market would maintain this strength. It did, and more. Averages recorded a small gain on Friday, August 25th, on heavy volume (1,780,800 shares) and on Saturday morning another 1.87 gain was chalked up. San Mauricio was a stand-out performer on this day, registering a 5-point gain to 62. This was not only the highest price San Mauricio had brought since March, but was within 17 points of its previous 1938 high. Figures released by Marsman and Company, San Mauricio's managers, indicated continued improvement in this company's financial condition, and, coupled with encouraging underground developments, stimulated public interest in the issue. The half-day Saturday session following was reminiscent of boom times, with 2,331,985 shares changing hands, with a market value of P406,110. Averages continued to advance, adding 2.39 points to 86.95.

This banner week registered a total gain of 5.40 in the averages, to the highest level since March. However, practically all trading continued to be in the blue-ribbon producing issues. Most of the listed stocks, in fact, continued to stand still, thus indicating that the public is uninterested in future prospects but in present earnings. San Mauricio advanced no less than 10 points during the week, from 55 to 65. The short interest dropped from 500,500 shares worth P119,595 to 171,000 shares valued at P49,405. This apparently meant that the shorts became fearful during the week as advance continued from day to day, and covered.

On Monday, August 30th, the market dropped very sharply due to profit-taking. Apparently people were of the opinion that a bird in the hand is worth t. i. t. b. The market moved erratically within a narrow range for three days on good volume, as traders awaited developments. United Paracale added 1-1/2 points on September 1st, and another point on the 2nd, while Marsman and Company also took hold for a point to P37.00. U.P.'s rise was undoubtedly due to the approval by the SEC of the arrangement with Marsman and Company for a realistic re-examination of the latter's participation in net profits, followed immediately by a 2-centavos per share dividend. Quiet trading prevailed thereafter, the averages hovering between 85 and 87. Mine Operations, Mindanao Mother Lode and North Camarines registered gains. The gain

in Mine Ops. was probably due to good reports re development work at Capsay, managed by Mine Operations.

September 8th and 9th saw selected issues continuing to move sharply upward. San Mauricio went back up to 64, and Benguet, in heaviest volume of general trading since March of this year, brought P12.00—its highest price in 16 months. Averages closed at their high point for the move at 89.62. Brokers continued to make money on commissions (for a change) as volume reached 2,629,800 shares with a value of P597,055. Some thirty issues participated in this trading, instead of the mere handful usually bought and sold. Averages dropped back, however, to 87.50 at the half-day session on Saturday, September 12th, in comparatively light trading, only to bounce back again as the new week opened. San Mauricio staged another spectacular advance, going to as high as 74, and closing the day at 70.

The last week of this period saw the local market hit by war scares in Europe, and stocks moved sharply lower as the New York Stock Exchange suffered a severe case of the jitters. Tuesday, the 13th saw a drop of no less than 5.29 in averages, the list closing at 82.51. The statistical department of Hess & Zeitlin expresses the following opinion re this reaction:

"A close analysis into the nature of the market drop, with particular reference to the brokerage firms which handled most of the selling, and the issues which were the largest losers leads us to the following conclusions: The seriousness of the European situation undoubtedly precipitated the reaction, but that alone could not by any stretch of the imagination have been entirely responsible for the large drop. For the past few months certain issues have been advancing rapidly and undoubtedly many speculators over-extended their holdings. A small drop in prices may have forced some of these individuals to cover, each successive sale adding to the seriousness of the decline. On the heels of this first local break on Tuesday, the New York market broke sharply early Wednesday morning. Local traders who also hold commitments in New York may have been forced to sell in yesterday's local market in order to cover their margin accounts in New York."

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New York Stock Market (August 10th)

by Glendon W. Loveles
Ovejero & Hall

Broadly speaking, the market has been unable to make any real headway since early July.

Following the rapid rise that got under way about mid-June and carried the Dow-Jones industrial averages from about 113 to about 139 by July 2nd, the market has been in a broad area of effective resistance with a series of two successive bulges topping out at almost identical spots (approximately the 145 level). The maximum reaction experienced thus far has been down to around the 136 level, thus representing a cancellation of about 25% of the last upswing and therefore somewhat less than the conventional expectations. Because of this fact, expectations of somewhat lower levels are rather widespread.

The most logical explanation for the general sidewise movement of the past month or two is the habitual relationship between business activity and the stock market. With the stock market during the latter part of June and early July running substantially ahead of the business curve, hesitation was natural, but with the vigorous

upswing in business activity (the latter has advanced sharply in the past few weeks and is currently at a new high for the recovery movement), the relationship is about the same now as that existing before the beginning of the dynamic rise in share values. Thus, if it is reasonable to suppose that business activity is to rise still further over the near and intermediate future (best advices indicate that by October the Federal Reserve Board index of industrial production will cross 90—the index for July was 83) then it is illogical to expect any serious or protracted decline.

The foregoing is, of course, predicated entirely upon domestic business conditions, giving no consideration to the evidently serious situation existing in Central Europe. However, the progress of business in America has overshadowed (at least temporarily) the unfavorable political developments abroad which would ordinarily exert a depressing influence on security prices. The unwillingness of the London market to decline seriously in the face of the flood of menacing news is, unquestionably, a reflection

of European opinion regarding the possibility of the present tension developing into a major conflict. From a practical market standpoint, however, this latter contingency must be taken into consideration in planning an investment program. It will be remembered that at the outbreak of the world war in August 1914, the New York Exchange was forced to close in order to prevent demoralization of prices due to the huge offerings of stock from abroad. Closing in the latter part of July the Exchange did not reopen until mid-December and, while the Dow-Jones rail averages failed to decline, the industrials immediately lost about 20 points, and a few days later made their low from which a rise was to begin that carried prices steadily upward for over a year with only one serious interruption.

All things considered, it appears that the principal question, in the present situation, is the internal or technical position of the market and whether the reactionary phase that carried prices down to the 136 level constitutes the full measure of correction necessary. Frequently, in a bull market, underlying strength is such that reactions fail to reach conventional limits and technical requirements are satisfied by an extended sidewise movement. Until more evidence is presented to the contrary, it may be assumed that the current market represents a case in point.

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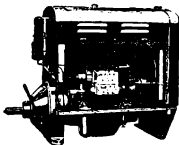
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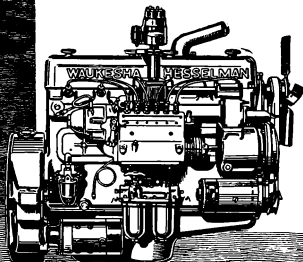
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A Timely Article

By Clay W. Crane
Statistician, Hess & Zeitlin, Inc.

It is quite a common thing for a person who owns mining stocks or who has money available for their purchase to say, during the course of a conversation on mining matters, market conditions, etc., "I am not interested in the market." That this may be literally true is not doubted, but if he would stop to ask himself a few questions he would find that his lack of interest was more superficial than real. Anyone who has been interested in the stock market during a boom period has naturally accumulated securities in a number of types of companies. Some of these stocks may have been purchased with the view of making rapid speculative profits and some with the view of long time investments.

Is there any dead wood in his portfolio? Can he afford not to do a little pruning? Isn't this period of quiet trading, the very time in fact, when as a simple act of prudence, he should carefully go over his securities and separate the chaff from the wheat?

One of the most successful investors when asked what single factor contributed most to his success answered, "My habit of going through my list of securities at least once every six months and *pruning out the dead wood.*"

Years of experience in the investment business has proved that this is by far the major consideration in a successful investment program. Today, as well as yesterday or a year ago, one of the most dangerous things an investor can do is to *buy a stock and put it away in a safe deposit box and forget it.*

The second point that has probably caused more damage to individual investors than any other one thing is the prevalent idea that a person can buy "the market" or expect that he can sell individual issues which he might own when "the market" improves. It must be remembered that he can only buy or sell individual securities. It is impossible to buy or sell the market. It is only necessary to look back a short time to discover many issues on the local exchange which have become almost obsolete which a short time ago were believed to be in an investment category. On the other hand, there are issues selling at two, three or even four times their par value, the names of which, two years ago, were not even known to the public.

It is a reasonable assumption that some of the securities now listed on the local exchange may sink into oblivion while others may sell at prices much higher than their present levels.

A sound investment program requires that investments should be diversified not only as to individual companies, but as to industries and classes of securities as well. Unfortunately it is almost impossible to diver-

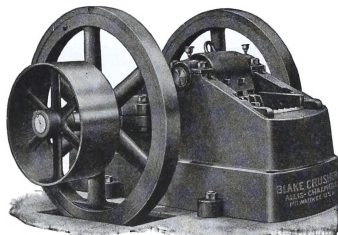
sify to this extent on the local market. By reason of the types of securities available and their more or less limited marketability it is almost obligatory that the bulk of an investor's funds be confined to the mining industry.

Diversification, though in itself a safeguard, is not enough. The investor must appraise individual securities periodically in order to determine whether or not they

should be included in his investment list. A relatively short time ago there were leaders in the Philippine mining industry that are now practically extinct. On the other hand, some issues that were not even thought of some time ago are now among the market leaders; such as North Camarines, Ipo and Big Wedge.

If an investor were to keep himself informed of the securities which make up his portfolio, he would undoubtedly minimize some of his losses. He would also be able to transfer his funds from those companies rapidly approaching insolvency into those which are now in production and on a dividend paying

(Please turn to page 27)



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Culled from the News

BATONG BUHAY: Rumor on the street has it that *International Engineering Corporation*, a Soriano subsidiary, has recently made a complete survey of the *Batong Buhay* proper-

ty, and that a favorable report is expected. There is a possibility, it is said, that *International Engineering* will take over the management and financing of this mine.

ANGELO: Stockholders of the *Angelo Mining Company* were startled last month by charges that certain "lamentable irregularities" had been discovered in the management of the mine by *H. A. Wendt & Co., Ltd.*, the former managers of Angelo. The charges were contained in a letter to stockholders appended to the annual report for 1938, issued by *Mr. L. D. Lockwood*, president of Angelo.

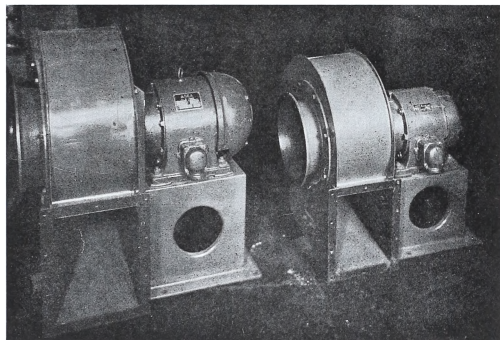
Mr. Lockwood stated that he was surprised to learn, upon his return from the States several months ago, that *H. A. Wendt & Co., Ltd.* had decided to abandon further development work. The management contract was cancelled by mutual agreement shortly thereafter, and Mr. Lockwood moved the offices of the Angelo company to his own law offices in the *Kneeder Building*. An auditors' report was then obtained from *Clarke & Larkin*, which disclosed the "lamentable irregularities" mentioned in Mr. Lockwood's letter.

As for the mine itself, the letter stated that *Mayer G. Hansen*, formerly chief engineer with *Wendt & Co.*, and *George Hezzlewood*, mining engineer also formerly employed by the *Wendt & Co.* as well as *L. J. Sundeen*, general superintendent at the property recommended that further development work be done. On the other hand, *Milton W. Sutherland*, well-known consulting engineer, who examined the property thoroughly at the request of Mr. Lockwood, stated that most of the development work done merely confirmed the first showing made long ago, to-wit, that the property will probably never make a mine.

According to Mr. Lockwood, development work has been conducted efficiently and well. Expenditures on the property, up to the time work was stopped, amounted to about P350,000. Of this amount, P103,267.59 was direct charges against the underground work, and the balance represented the cost of preparatory work, and installation of equipment. Bodega supplies at the mine, such as explosives, mine rail pipe, vent pipe and food supplies total around P50,000. These supplies would bring

(Please to turn page 23)

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What the Diggers Are Doing

MARSMAN: "According to usually reliable sources"*, Marsman Hongkong has been completing arrangements whereby it will undertake the construction of a large project in South China. Should the company get this contract, it is understood that Marsman Hongkong should make a profit of about HK\$1,500,000.

United Paracale: After cogitating the matter for more than two months, the Securities and Exchange Commission finally gave its approval to the deal whereby Marsman and Company will subscribe to 1,941,176 shares of additional stock to be issued by United Paracale, and will agree to the cancellation of the previous arrangement under which Marsman and Company received 15% of U. P.'s net profits. United Paracale stock-

holders unanimously approved the project last June. It is understood that the SEC, before approving the plan, tentatively proposed a different arrangement which, although entirely impracticable, displayed considerable ingenuity of thought.

Marsman and Company also waives its rights to any dividends which may be declared up to January 1, 1939 on the new stock it will acquire, and also agrees to finance United Paracale, to the extent of P600,000, should further financing become necessary. No interest would be charged on any such advances until June, 1940. United Paracale committed itself to declare dividends of at least 20% soon after the agreement was approved.

Directors of U. P. lost no time in declaring the dividend stipulated for,

and it was paid on the 20th of this month to stockholders of record as of the tenth. Last month United Paracale established its third consecutive production record.

Marsman-managed mines produced P1,192,386.90 during August, from 56,958 tons of ore milled and 397,565 cubic yards of gravel dredged. Dredging operations at Coco Grove—which, with Mindanao Mining constitutes Marsman's placer operations—fell off a bit due to the fact that the dredging program mapped out months ago called for both dredges to work marginal ground on the southern and northern limits of the bay, and the dredge "Anne Petronella" worked through tailings left by suction cutter dredges.

* Hess & Zeitlin Inc.

REDUCING THE RISK

The word corporate *security* is a misnomer. It should be corporate *risk*.

Every investment is a risk which is constantly exposed not only to the effects of social, economic and monetary changes, few of which can be foreseen, but also to inter-company operations and activities. No investor can ever protect himself against all risks inherent to the ownership of securities.

But it is possible, even in these uncertain times, to minimize the risk by following a flexible investment plan adopted to your individual objectives.

Reducing the risks can be accomplished by basing each original investment decision on complete, accurate and up to the minute information.

This principle must not be confined only to original purchases but should be used periodically in making "realistic reappraisals" of your portfolio.

Merely to keep abreast of events and individual company operations, to separate rumors from facts and to arrive at intrinsic values in the present markets is more than a full-time job. To separate those securities which have discounted future possibilities from those which have the greatest opportunity for sound appreciation is beyond the capacity of the individual investor.

To minimize successfully one's investment risks means monthly, daily and even hourly *reappraisal* of investment values. This is a job that Hess & Zeitlin, Inc. is equipped for and that it is now doing for many individual and corporate investors.

How can we be of service to you? It is impossible to tell unless we have the opportunity of examining your holdings and studying them in the light of your individual requirements.

We welcome the opportunity to be of service to you—your inquiry will be held in strict confidence and will involve no obligation.

HESS  ZEITLIN, INC.

"SPECIALISTS IN PHILIPPINE SECURITIES"

CRYSTAL ARCADE, MANILA

HAUSSERMANN: Benguet Consolidated and affiliated companies treated 80,979 tons of ore during August, from which P2,190,011.54 was produced. Benguet Consolidated turned in an all-time monthly record, with an out-put of P963,289.18 from 31,038 tons of ore treated. The figures on the month's operations of the Benguet group are:

	Tons Milled	Value
Balatoe	37,695	P1,015,695.58
Benguet Con.	31,038	963,289.18
Cal Horr	5,789	106,567.40
Ipo Gold	6,457	104,459.38
Totals	80,979	P2,190,011.54

Judge John W. Haussermann left on September 12th for the States on a combined business and pleasure trip. He will be gone for from six to eight months. The Judge wanted to get away months ago, but has been forced to postpone his trip several times because of the Balatoe suit now pending in the Court of First Instance here.

Benguet Consolidated, it was unofficially announced, will pay a 30 centavo cash divid-

end on September 30th. Rumor has it, according to Hess and Zeitlin's market letter for September 12th, that Benguet may possibly pay more than a regular quarterly 30 centavos for the December quarter, because of its extremely strong financial condition, and relatively large surplus. H & Z's analysis of the Benguet balance sheet as of June 30th shows that undistributed earned surplus amounted to P8,017,601, and the comment is that there may be something to rumors that Benguet may shortly declare a 100% stock dividend. In order to do this, P6,000,000 of the earned surplus will be needed, and there will still be over P2,000,000 earned surplus remaining.

A letter addressed to the president of Ipo Gold Mining Company by Benguet Consolidated (managers) states that the average cost per ton milled, for the first six months of this year, amounted to P5.81 per ton. This includes mining, milling, and other expenses. The report also refers to the higher grade body, as follows: The lower Ipo ore shoot was first found on the 900 level, which was proved by raises to be near its upper limit. Accordingly, the main

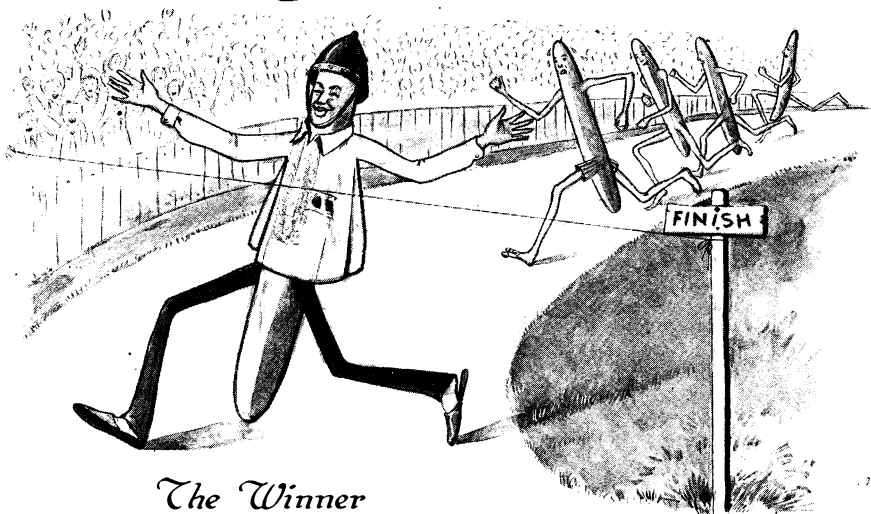
shaft was sunk to the 1000 level, and the vein again opened. At this point the ore shoot, although still only partially developed, appears to be about 250 ft. long, averaging about P20 over a 12 ft. width. Deeper development will again be undertaken by deepening the main shaft. This work is being resumed at the present time."

NIELSON: Lepanto Consolidated Mining Company established an all-time high monthly production record in August, when the mill treated 13,370 tons of ore for a gross production of concentrates valued at P121,730, which was a gain of P30,000 over July—also a record. These figures, it was stated in the Manila Daily Bulletin, represent actual value received for the concentrate f.o.b. ship at San Fernando, La Union; and values were based on copper at \$0.10 per pound, according to Nielson and Company, Inc., managers of the property.

Paracale-Gumaus Consolidated Mining Company produced P56,468.71 during August, from 3,861 tons of ore treated, according to Nielson and Company, managers. This is a new high monthly record for Paracale-Gumaus.

TABACALERA VICE PRESIDENTE

Beats them all



The Winner

Tinago Consolidated Mines, it was firmly stated by Nielson and Company, managers, is still operating its mill, and has not suspended operations on its property in Masbate. The mill has a daily capacity of 50 to 75 tons. Operations started in March. July production amounted to 1,550 tons, valued at 9,819.

No data was available as we went to press respecting the other Nielson interests, Nielson Hongkong, and Hongkong Mines, Ltd.

RALSTON: Benguet Exploration produced P23,691.02 during August, from 3,051 tons of ore treated. Demonstration turned in P145,000 from 9,778 tons milled. These figures are below those of last month.

Demonstration has declared a one centavo per share dividend, payable September 20th to stockholders of record September 15th, thus bringing dividends so far declared this year to 3 centavos per share. It is anticipated that if earnings continue at the present rate, the December dividend may possibly total 2 centavos per share. Ore reserves are higher than they were at the end of 1937, in spite of the fact that Demonstration, up to the end of August, had milled 63,000 tons with a total valuation of P1,066,374. The cash position as of June 30th was very strong, and the ratio of net worth to liabilities—without considering ore reserves—almost 4 to 1.

SORIANO: The three Soriano gold producers were down slightly in their production for August, with the exception of Masbate Consolidated, which set another record—its fourth consecutive record. Total production for Antamok, I. X. L., and Masbate Consolidated for the month was P990,944.7 from 118,053 tons of ore treated.

It is understood that Antam-IXL operations in Africa have resulted in the discovery of a very promising property. No details are available at present.

BAGUIO GOLD: This steady producer was up last month from its July figures, turning out P148,122.80 from 8,943 tons milled. As of June 30th, Baguio Gold's current assets amounted to P564,158, of which P297,776 was in cash or bullion. Current liabilities on that date amounted to P236,107, or a net current assets position of P328,051.

BIG WEDGE AND ATOK: The Big Wedge mine, operated by Atok, registered a slightly lower production figure last month. The mine produced P161,659.10 from 6,059 tons* of ore. Of this output, P155,146, came from ore milled, and P6,513.10 from 8 tons of crude ore.

Rumor along the street has it that development work now under way at the mine has opened up the extension of the Keystone vein.

Both Atok and Big Wedge have declared 10% dividends. The Atok dividend is to be paid on October 1st, while the Big Wedge money will go out on October 5th to stock-

holders of record as of September 24th, 1938.

PHILIPPINE IRON MINES, INC.: Made a shipment of 67,995 tons of ore with an approximate value of P305,977.50 during August. This company is unquestionably one of the best money-makers of any mining enterprise in the country. From January to June of this year, it has paid four cash dividends of five per cent each on common stock, equivalent to P2.50 per share.

Culled from . . .

(cont. from page 20)

very little if sold on the open market, but an asset if work is continued.

A special meeting of stockholders was held on the First of this month, at which it was decided to continue active mining operations. Arrangements were made with the *Philippine Aircraft Corporation* for necessary airplane transportation. This was made necessary by the fact that the Angelo plane cracked up in the mountains a few weeks ago. It is understood that H. A. Wendt & Co., during the period of its management, had made a down-payment on another plane with a manufacturer in the States, and the company may decide to complete the payments and obtain this plane.

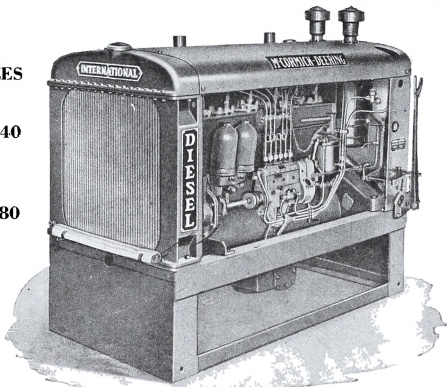
It was also decided to issue calls on the subscriptions to the company's capital stock, in order to obtain funds for further capital development. In this connection,

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THE MINING INDUSTRY AT A GLANCE

Started Milling	MINE	Authorized Capital in 1930 pesos	Par Value	Capital Paid to Date	Daily Capacity	Tons Milled in August	August 1938 Gold Production	Average value per ton	1938 Production to date	Surplus or Reserve	Last Dividend	Total Dividend to date	Total Dividend 1937
1937	Ambassador	.....	1,200	1,200	50	—	—	—	—	—	—	—	—
1932	Antamok	.....	3,000	0.10	2,750,000	750	22,907	P 366,960.92	15.96	P3,131,370	P1,320,550	July '38 P0.02	P0.04 / Cash P0.10 / Stock 100%
1930	Baguio Gold	.....	2,000	0.10	1,300,000	250	8,943	148,122.89	16.56	1,104,830	117,222	June '38	0.01 0.01
1927	Balatoe	.....	6,000	1.00	6,000,000	1,200	37,995	1,015,695.58	26.95	8,543,259	2,192,410	June '38	0.30 0.60
1913	Benguet Cons.	.....	6,000	1.00	6,000,000	1,000	31,848	363,289.18	31.04	7,391,755	4,965,954	June '38	0.30 0.60 1.00
1931	Benguet Expl.	.....	1,500	0.10	500,000	100	3,551	23,691.92	7.77	171,807	17,963	Dec. '36	0.01
1932	Big Wedge	.....	2,000	0.10	717,484	150	6,039	161,659.10	26.68	1,298,985	247,133	June '38	0.01 0.02
1933	Cal Hor	.....	Own by Benguet Cons.	240	5,789	240	5,789	106,567.40	18.41	781,519	—	—	—
1933	Coco Grove	.....	1,500	0.10	1,500,000	13,000	363,565 yds	137,746.46	.38	1,796,226	—	—	—
1934	Demonstration	.....	1,000	0.10	1,000,000	cu. yds. 300	9,775	145,900.00	14.92	1,212,275	249,358	June '38	0.01 0.02 0.04
1936	East Mindanao	.....	1,000	0.10	1,000,000	100	3,194	48,992.58	15.21	386,714	6,672	—	—
1934	Gold Creek	.....	2,000	0.10	700,000	Antamok 603	603	19,368.81	16.13	131,237	—	Jan. '36	0.0075 0.0075
1934	Ipo Gold	.....	1,000	0.10	799,794	200	6,457	104,459.38	16.18	591,817	28,256	Mar. '38	0.006 0.006
1925	Ilogon	.....	2,000	0.10	2,000,000	1,000	30,695	331,648.15	10.90	2,774,834	929,433	July '37	0.075 / Cash 3% / Stock 3%
1931	IXL Mining	.....	1,500	0.10	1,500,000	250	12,915	250,111.00	19.37	2,084,367	443,560	July '38	0.04 0.07
1937	Mindanao M. Lode	.....	2,000	0.10	2,000,000	200	4,700	149,544.60	—	786,760	—	—	—
1933	Nashate Cons.	.....	5,000	1.00	5,000,000	2,000	81,498	363,504.60	4.16	2,586,389	810,330	—	—
1937	North Mindanao	.....	800	0.10	355,229	2,000	336 oz	13,796.00	6.44	130,632	—	—	—
1938	Paracale Gumsu	.....	500	0.10	496,000	cu. yds. 100	3,861	56,468.00	14.11	169,122	—	—	—
1938	North Paracale	.....	2,900	0.10	643,800	100	2,412	15,110.14	6.27	149,591	—	—	—
1936	San Mauricio	.....	800	0.10	800,000	300	9,430	330,300.65	35.03	2,234,446	740,231	Dec. '36	0.04
1938	Santa Rosa	.....	1,500	0.10	1,000,000	—	5,479	113,143.62	20.75	411,413	—	—	—
1938	Surigao Cons.	.....	1,200	0.10	984,934	—	3,232	78,907.09	23.65	331,209	—	—	—
1934	Suyo Cons.	.....	1,250	0.10	1,250,000	350	6,720	148,990.53	22.13	1,991,134	364,755	July '38	0.01 0.01 0.01
1929	Tambig Gold	.....	4,000	0.10	350,850	1,200	23,690	6,799.50	8.29	76,967	309,506	Jan. '38	0.0175 0.0175
1938	Twin Rivers	.....	1,000	0.10	683,550	—	30,367	40,237.60	1.33	191,217	—	—	—
1938	Nashate Gold	.....	1,500	0.10	1,350,000	—	3,217	29,078.88	6.24	45,934	—	—	—
1937	Tinago Cons.	.....	1,000	0.10	500,000	1,266	1,100	6,700.09	6.09	237,232	—	Dec. '36	0.03
1935	United Paracale	.....	1,200	0.10	1,100,000	350	10,194	224,985.17	22.27	1,682,929	388,807	Sept. '38	0.02 0.03
1938	Mindanao Mining	.....	1,600	0.10	596,635	—	34,800 yds	15,796.00	.44	15,796	—	—	—
1938	Mapaso Goldfield	.....	1,500	0.10	1,100,000	—	333.41	8,980.17	26.74	20,116	—	—	—
1938	Nabago Gold	.....	600	0.10	30,000	—	360.63	8,721.78	29.97	12,469	—	—	—
Total	.....	.....	.....	.....	.....	.....	P5,422,517.16	.....	P41,427,271	.....	.....	.....	.....
July 1938 Gold Production		.....		P5,502,433.27		.....		.....		August 1937 Gold Production		P4,280,070.73	

Mr. Lockwood reported to stockholders that H. A. Wendt personally had subscribed to a large block of shares, on which he had paid a small amount, and received a certificate for a small number of fully-paid shares. It is considered likely that Mr. Wendt will be asked to comply with his subscription contract.

H. A. Wendt & Co. has withdrawn from

the mining picture in the Islands. This organization formerly managed *Amalgamated Minerals*, and a few other mining corporations, but the various management contracts have been terminated.

GOLD CREEK: Milling of ore from the property of this company, which adjoins Antamok in the Baguio district, has been temporarily stopped. The Gold Creek ore

was formerly milled in the Antamok plant. The shut-down should not alarm stockholders, as the company is in excellent financial condition, with about P70,000 in the bank, and no outstanding obligations. The shut-down is due to the fact that milling had caught up with development, and it was no longer possible to mill at a profit. A 4-months' period of development work is planned before milling is resumed.

MAMBULAO CONSOLIDATED: Has ratified a milling agreement with *North Camarines*. The contract provides, among other things, that North Camarines will construct a 300-ton mill, and reserve a maximum of 100 tons daily capacity for the purpose of milling the Mambulao Consolidated ore.

According to reliable sources, Mambulao Consolidated has enough ore in sight to justify the contract. It is estimated that the cost for Mambulao, including mining, transportation of ore for 14 kilometers, plus the milling charge will not exceed P14.00.

AMALGAMATED MINERALS: Shipped 2,500 tons of manganese ore to Japan last month. This ore came from its property on Coron island in Palawan. The company made a further shipment of 500 tons from the property of the *Compañía de Minería de Filipinas*, which is controlled by the *Roces* family. In this deal, the company acted as agents for the *Compañía de Minería*, it was stated. Acting as agents for *N. Quismundo and Company*, brokers, Amal-

(Please turn to page 26)

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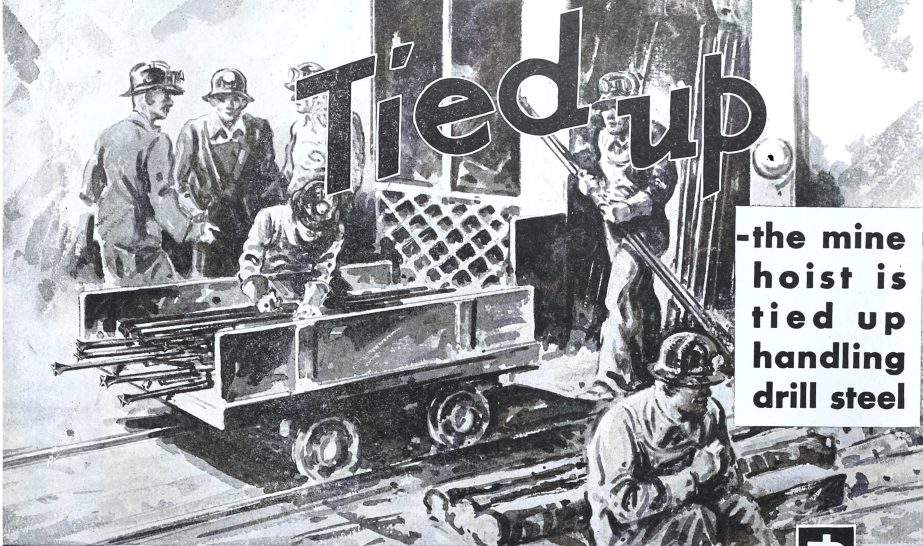


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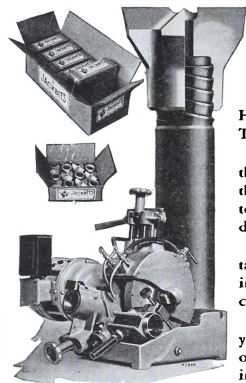
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(cont. from page 24)

gamated Minerals made a shipment of 3,000 tons of manganese ore from the Siquijor property of Mine Factors, Inc., which was reportedly in exchange for a sum o' money which Quisumbing and Company advanced to Mine Factors.

MINE FACTORS: Announced that it made a shipment of 3,000 tons of manganese ore from it. Siquijor property about the middle of this month. It was stated by Mr. H. W. Lombard, an official of Mine Factors, that the ore was sold to the *Luzon Brokerage Company*.

CAPSAY: Ore reserves at the property of the *Capsay Mining Company*, being operated by *Mine Operations, Inc.*, continue to increase at a satisfactory rate, it was stated in a recent progress report made by Mark E. Hubbard, general superintendent at the mine. A letter to stockholders from Mr. R. C. Staigt, president of Mine Operations, Inc. reported that a drill hole in the face of the crosstut from the main shaft has substantiated the downward extension of the Nabob vein 100 feet below the present workings. Actual cutting and drifting on the vein at this point will commence when the power-plant is in operation. Meanwhile, all available power, from the two compressors will be concentrated on expediting the sinking of the main shaft to the

further depth of 120. The report of Mr. Hubbard further stated that construction of the power-house building is being continued. The floor is being laid, and the partitions for the electric shop were about half completed when the report was issued. Other construction work is proceeding rapidly.

An interesting sideline on recent happenings at Capsay is the discovery of extremely high-grade values on the 40 level in the high-grade section of the mine. Weighted average here was ₱768 per ton, for 42 feet, over a width of 4 and 1/2 feet.

SANTA ROSA MINING COMPANY: Reports that its mill treated 5,479 tons of ore, with a total value of ₱113,143.62 during August, or an increase of about ₱6,000 over July production, according to an article published in the Mining Section of the Manila Daily Bulletin. Mill heads ran ₱20.75, compared with ₱17 in July, and Mr. G. P. Nava, general manager of the company stated that he felt optimistic for the future.

NORTH MINDANAO: This new producer established a new record last month, turning out ₱23,520 from 336 ounces of gold from its Cansura, Surigao property, according to an announcement made by the company. Operating expenses during the period were said to be only ₱5,000.

SOUTHERN CROSS: Shares of this company have recently done business at

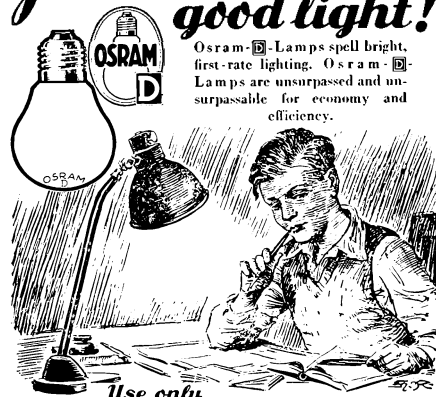
12 cents, apparently on rumors of encouraging development results by *Benguet Consolidated*, the managers of Southern Cross. Benguet's semi-annual report stated, regarding this property, "Further development—has been held in abeyance during the past six months pending completion of development of Cal Horr veins on lower horizon approaching the Southern Cross claims, on the theory that downward extension of these veins into Southern Cross constitutes the main hope of the property. This work is still under way, and it is still too early to make any prediction as to whether the Cal Horr veins will be ore-bearing at lower horizons within Southern Cross ground or not".

EAST MINDANAO, MAPASO, and NABAGO GOLD AND SILVER MINES, INC.: Last month's production reports for these three mines, which all mill at the plant of East Mindanao, were:

	Tons Milled	Value
East Mindanao Mining Co.	3,194	₱48,592.58
Mapaso Goldfields, Inc.	300.69	8,980.17
Nabago Gold & Silver Mines, Inc.	433.41	8,721.78

Mr. H. Gasser, who is the president of *East Mindanao*, has been appointed manager of *Mapaso*, while G. W. Varney, superintendent of *East Mindanao*, will act in the same capacity for *Mapaso*. Mr. Gasser has also been appointed General Manager of the *Nabago Gold and Silver Mines*.

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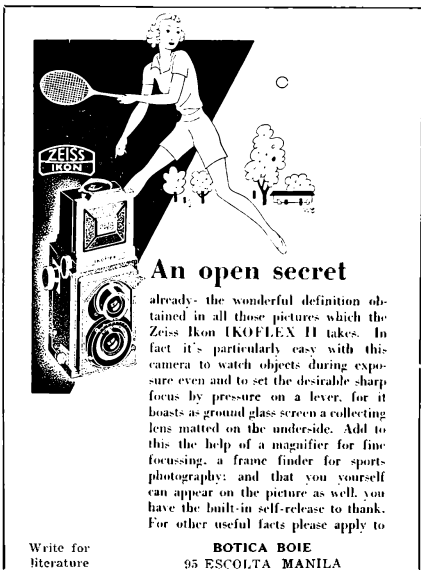
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A Timely . . .

(cont. from page 19)

basis. As matters stand, he is unable, in many cases, even to liquidate some of his holdings.

This is neither an isolated nor an occasional case. It is a characteristic of security trading which happens daily. Undoubtedly, in any one person's investment list are securities approaching insolvency. There is no time like the present to weed these out and to replace them with vigorous expanding issues. A study of the many securities listed on the local exchanges will reveal a number of issues that are selling at what appear to be bargain levels. Whether or not they will suffer temporary market rises or declines is impossible to foretell but for a long pull they are to be considered as good mining investments.

Phil. National's . . .

(cont. from page 8)

Bank's patrons. Not very far off is the possibility of farm tenant credit, a question the Bank is studying carefully. So the Bank extends its usefulness. We checked on the small-loans department at the National Anti-Usury Board, where real effort against usury is measurably successful and where it was reported the Bank had been repeatedly willing to grant credits to clients the board recommended, able to offer surety.

As the *Journal* has recently remarked, this cheaper popular credit will in time induce a large volume of buying power by diverting into channels of active general commerce large sums, in the aggregate, that have heretofore gone into a few usurious fortunes; and more than that, it will found a small-capital business class beneficial to the city.

The older activities of the Bank, general banking and exchange, and agricultural banking, are well known among our readers. President Carmona's report of June 30 gives assets of P186,870,549.41 of which cash on hand or due from banks was P70,259,056.61 and P14,551,006.40 was U. S. government securities and P12,120,583.75 were Philippine government securities. Loans were just short of P60,000,000. The capital is P10,000,000, the surplus the same amount, reserves P6,717,334.25 (and for taxes, interest, unearned discounts and uncollected interest, P5,118,000.98). Individual deposits were just under 40 million, government deposits just under 60 million, semi-government deposits just under 38 million, bank deposits P2,200,985.84.

President Quezon voting the Bank stock (practically all of it is owned by the Commonwealth) created two vice presidencies recently, Dalmacio Pekson long in charge of the loans department, and Primitivo Lovina were promoted to these higher staff positions on grounds of merit. Chairman of the board is José Yulo, secretary of justice while Carmona is vice chairman. Other directors are Eulogio Rodriguez, secretary agriculture & Commerce, Jorge B. Vargas, secretary to President Quezon, Guillermo Gomez, under-secretary of finance, Salvador Lagdamo, head of the National Loan & Investment Board, Victor Buenacamin, manager of the rice & corn cartel, Mayor Juan Posadas of Manila, and Rafael R. Alunan, with Eulogio Reyes the secretary.

Another point to remember in planning an investment program or in shifting an existing investment list is the stock market axiom, "Never buy price". Price is always a relative proposition. Many holders of securities have found that a stock selling at .002 is much more expensive than a stock selling at P10.00. It is true that one can buy more shares at .002 than at P10.00, but this fact alone should never influence a buyer or seller of securities. Another important point is to forget what is commonly called. "The market". All security markets have witnessed certain individual issues drop to a new all time low upon the advance of averages. The reverse is seen when in a downward market some issues advance.

If an investor is working for the prime single requisite that governs stock investments he should reappraise his portfolio continually. His motto might well be, "Look for the dead wood and cut it out."

He chose his . . .

(cont. from page 16)

partment was first proposed by Judge Ford but dates only some twelve years back.

The property occupied by this bank is its own, very valuable, in the heart of the city's financial and wholesale district, and plans for a modern bank building on it will no doubt be carried out within a few years.

Church funds are decisive in the stock and management of this bank. Vice presidents are Santiago Freizas and Rafael Moreno, who is also the secretary. Directors are Luis Abaza, José Araneta, E. J. Deymek, Manuel Elizalde, Adrian Got, Leopoldo Kahn, Eusebio Orense, and Manuel Perez Rosales. These are all potent names in Philippine business. Bank of the Philippine Islands assets are 41 million pesos.



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A blend of finest whiskies, each lending a trace of its own bouquet of year or heather or pine; long years of distilling in vaulted darkness while those many flavors and fragrances were mingled and married together; a touch on the tongue as smooth

as slow music and soft as the falling of dew; a glorious glow that spreads and softens and banishes with every sip a new life of fire! All that's in a name when the name is White Horse. All that's in your glass when you name it.

WHITE HORSE
HANSON, ORTH & STEVENSON,
INC.
Sole Agents **Whisky**

The Nederlands Indische Handelsbank, N. V.

(The Netherlands India Commercial Bank)

Established through a Royal Charter in 1863, "to fill the banking needs of Netherlands India", this international commercial bank has kept pace with the growth in importance of the Dutch East Indies to the world's commerce. The bank has grown from a small enterprise (1,500,000 florins capital) with a single banking office at Batavia, to an integrated banking organization which blankets Holland's colony with no less than 22 branches, and spreads out all over the Far East. Paid-up capital is now 33,000,000 florins—about P37,000,000—and a reserve fund has been built up to 13,200,000 florins (P14,800,000).

These figures seem to be small change when compared with the enormous resources at the command of some of the big banks, such as the National City Bank of New York, the Bank of America National Trust and Savings Association, or the Chase National Bank, but the importance of the Netherlands India Commercial Bank is not measured by the size of its paid-up capital. The thriving and

growing trade of the Dutch East Indies is helped along enormously by the facilities offered by the bank and its branches. Twenty-two branches in the East Indies alone, two in British India—Bombay and Calcutta; one each at Kobe and Tokyo; three on the China coast—Amoy, Hongkong and Shanghai; one at Singapore, and, since last year, one here at Manila. This bespeaks a multitude of services; small banking offices, small staffs, familiar with conditions in their respective localities—in short, personalized banking.

The bank had rough going at first. The "banking needs of Netherlands India" had, prior to the bank's organization, been filled, after a fashion by a few merchant-bankers, i.e. merchants who loaned money on the side against crops and shipments. These gentry had a pretty good thing of it—the sky was the limit on interest rates—and they felt an understandable resentment at the advent of a bank satisfied to receive a normal return from loans. However, the new bank ignored the vested interests and their vested interest rates, and it was not long before it was firmly established and respected throughout the colony. The merchants had, perforce to revert to their business of merchandising, and the bank, on its part, has never bought and sold merchandise.


Although the bank had long been represented in India, Japan, China, and the Straits Settlements, it was not until last year that the governors

at Amsterdam decided a branch in Manila would be desirable. *E. M. Nikkels* is the manager of the local office, assisted by *D. A. ten Groen-huis, Jr.*, as general proxy (assistant manager, to you), and two young Hollanders, Messrs. *Wilmer* and *Nutbey*.

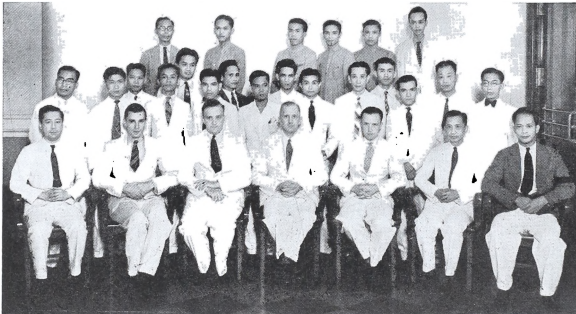
We asked Mr. Grotenhius how the various branch offices of the bank are staffed, and were told that the demand is filled by shipments of apple-cheeked young Dutchmen from home. They come out for an initial period of seven years, after which they get an eight-months' furlough. The next stretch is usually for about five years, and the periods between furloughs become successively shorter thereafter. Retirement comes at about 45 or 50 years of age. This seems to us to be a very early age at which to call it a day, but the Dutch may have the right of it. Certainly we would not turn down a retirement and a chance to see snow again if it were offered to us at 45, or even 35. If that mining stock we've got in the sock ever gets to be worth something

THE PHILIPPINE BANK OF COMMERCE

Opening of this bank at a time when local capital seemed definitely apathetic to investments in any form, and during the period of transition of the Philippines from the Commonwealth to the Republic seemed to be a courageous, if not an audacious, move. Yet the bank already appears to have made important progress. This article is written on September 7th, just two months to the day when the Philippine Bank of Commerce first opened its doors, and a balance



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MANILA, P. I.



The local staff of the Netherlands India Commercial Bank.

sheet submitted to us by the bank's officials as of this day shows that deposits already amount to P800,000.

The new bank is an exclusively Filipino enterprise, Filipino financed and managed. *Dr. Nicanor Jacinto*, a wealthy real estate owner, and rice and sugar producer, is the Chairman of the Board. *Jose Cojuangco*, also a director, is listed as Treasurer. Mr. Cojuangco comes from the wealthy Cojuangco family of Tarlac, one of the largest palay producers of Central Luzon, operating a number of rice mills in Tarlac, Nueva Ecija and Pangasinan. He is also the general manager of the Paniqui Sugar Mills, Inc., which is exclusively Cojuangco-owned. *Antonio Cojuangco*, brother of Jose, is another director. *Ernesto and Vicente Rufino* are also members of the board. *Ernesto D. Rufino* is assistant treasurer. The Rufinos are owners and operators of the State and Grand theaters in Manila, and also operate a number of smaller picture houses in the city. They are now constructing an eight-story building on Rizal Avenue, which will house a hotel, and also what will probably be the largest motion-picture house in the Orient.

Arsenio J. Jison, another board member, is a sugar hacendero from Occidental Negros. He was for many years a ranking officer of the Philippine National Bank. *Miguel Cuaderno*, president, is one of the best-known figures of Cosmopolitan Manila. He was formerly vice-president of the Philippine National Bank, and in recent years has devoted his time to the brokerage business. *Alfonso Calalang*, vice-president, has long been associated with Mr. Cuaderno in his various enterprises. *Lorenzo Sumulong*, cashier, is a practicing attorney.

The bank occupies a portion of the lower floor of the new Calvo Building on the Escolta. The premises are unpretentious, yet dignified and obviously planned for maximum efficiency. The vault occupies the center of the bank premises, placing the tellers' counters and the customers' lobby and the foreign department on the Escolta side of the building. The other half, facing the Muelle del Banco Nacional is taken up by the offices of the personnel, directors' room and the loan department. The entire premises was obviously carefully planned by a banker to secure adequate supervision and efficient operation with a minimum of personnel.

Nearly every bank in the Philippines occupies some unique position.

That is to say, most of the local banks specialize, to a greater or lesser degree, in some particular activity. So with the Philippine Bank of Commerce which, according to its organizers, will pay special attention to the granting of loans at moderate rates

fields of activity will be neglected, for the new bank is fully equipped to engage in every department of modern banking. It has correspondents in every important city in the world.

The Nationalistic character of the enterprise is evidenced by the following statement, made by Dr. Nicanor Jacinto, at the time of the opening of the bank two months ago: "Very few of us perhaps realize the seemingly unbelievable fact that hardly 20% of the total imports and exports of the country is financed by domestic banks. This is indeed anomalous, for under this state of affairs we cannot hope to have a larger share of the commerce of the country".



MIGUEL CUADERNO
President, Philippine Bank of Commerce

of interest to planters of palay in the principal palay-producing provinces of Luzon, so as to enable them to market their produce at the proper time, and not be forced to pay advances made to them by local money lenders in palay immediately after harvest, at which time the price of that commodity is usually low. This does not mean, however, that other

Monte de Piedad y Caja de Ahorros de Manila (“Monte de Piedad”).

This bank, to the same extent as the old Banco de las Islas Filipinas, has a most interesting history, and, in a way, furnishes a link between the old banking system which existed here during Spanish times, and the banking institutions carrying on today. A free translation of the official name is "The Institution for the Loaning of Money to the Poor, and Depository of Thrift of Manila." Montes de Piedad are a familiar Latin institution. Strictly speaking, they are pawnshops, loaning money principally to the poor, and with interest rates kept within certain bounds. The civil code of Spain and the old Spanish code of commerce—both in force here—contain special

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provisions relative to Montes de Piedad. The Monte de Piedad here is entirely dissimilar to these institutions, and better resembles a bank, although it retains its Spanish connections, and is almost entirely managed by Spaniards.

The Monte de Piedad was founded here on August 2, 1882, by a group of powerful Spaniards, including Don Fray Pedro Payo, Archbishop of Manila, chairman, Don Rafael Rodriguez Arias, naval district commander, the then Civil governor of the archipelago, the Brigadier General of Artillery, the Rev. Fray Joaquin Ponesca, Rector of the "Royal and Pontifical University of Santo Tomas," and laymen Laureano Carlos de Oglou, Antonio Ortiz de Zarate, Baltazar Giraudier and Rafael Ortega Diaz. These people, with one other priest whose name nobody seems to remember today, constituted the organization board of the institution.

The bank is not a commercial bank, as are most of the other banks of the city. It does not finance, to any appreciable extent, imports or exports, issue letters of credit, bills of exchange, or engage in the other commercial activities of a commercial bank. It loans money which it receives on savings deposits or on fixed deposits out at interest on jewelry and other personal property, and on real estate. Deposits have grown steadily since the bank's organization: a year after it was founded, deposits amounted to P10,566.76. By 1897 this figure had increased to over a million pesos, which, in turn, mounted to P2,376,402.59 in 1911, P5,633,925.99 in 1918, and P9,786,004.83 in 1933.

During Spanish times, and for many years after the American Occupation, the Monte de Piedad conducted a pawn-broking business in addition to its other activities. Interest rates were reasonable, and many a Spanish and Filipino family were in the habit of taking their jewels and other valuable paraphernalia down to the Monte de Piedad when temporarily embarrassed. It was a form of insurance: you bought jewels when you had money, and when you were broke you took them down to the Monte de Piedad and left them there until you were flush again. Then you bailed out your jewels and bought some more. It worked probably as well as any system yet devised for providing for a rainy day. Transactions were dignified and conducted for the most part, on a high plane of mutual respect between lender and borrower, based on long acquaintance and previous similar business associations. Things are much the same today.

The Monte de Piedad conducts much of the business of the Catholic

Church within the Islands. This is but natural, since the connection between the Church and the bank has always been very close. Officials now directing matters are: Luis Ablaza, managing director, Mauro Blardony y Paredes, Accountant and Secretary, and Jose Ma. L. de Morera, Treasurer. But it is stated that, "this management is subservient to the Executive Committee, Council of Administration, and, above all, the Protector," who is the Archbishop.

The bank's premises (also occupied by the Philippine Trust Company) on Plaza Goiti are of architectural, as well as historical interest. According to Mr. A. Gabler-Gumbert, architect, the building is "the only authentic example of classical renaissance period in Manila." The Intendencia building also can be said to belong to renaissance period, but the Monte de Piedad building features Greek fluted columns in true classical style. The building has housed various enterprises in its time, besides the Monte de Piedad and the Philippine Trust Company, including the short-lived Central Stock Exchange. The Monte de Piedad sold these premises over a year ago, and move to a new location on Plaza Sta. Cruz adjacent to the Cine "Oro" and Manila Motor Company.

During the early part of 1920, the Philippine Trust Company undertook to organize a banking department, having engaged for this purpose an expert banker in the person of J. Elmer Delaney who formerly was connected with the Philippine National Bank as Vice-President and General Manager, and a group of other persons. It was not until September, 1920, however, that the Bank moved from its quarters on Calle Pinpin, corner Muelle del Banco Nacional, to the Monte de Piedad Building when it was fully organized as a regular commercial banking institution. The growth of the Trust Company can be discerned from the following figures:

Year	Amount of Deposits	Resources
12/31/20	P 593,130.30	P 1,732,833.37
12/31/25	4,752,302.43	13,174,521.46
12/31/30	6,230,268.02	11,749,944.66
12/31/35	7,141,116.69	10,800,491.93
12/31/37	8,495,250.37	14,210,315.55

The Philippine Trust Company was originally capitalized in the amount of P500,000 which later was increased to P1,000,000 in order to keep pace with its rapid development. At present it is considered one of the leading banks in the City.

The first president of the Philippine Trust Company was *Phil. C. Whitaker* followed by *M. H. O'Malley*, *Wm. T. Nolting*, *Geo. C. Dankeworth* and the present incumbent, *E. B. Ford*.

The present officers and the directors of the Philippine Trust Company are as follows:

E. B. Ford, President
 P. M. Poblete, Vice-President & Secretary
 F. Ossorio, Treasurer
 I. O. Guzman, Asst. Trust Officer
 Carlos Young, Manager, Foreign Department
 J. L. Corpus, Chief Accountant.
 Directors:

Luis Ablaza
 Director, Monte de Piedad and Savings Bank
 Director, Bank of the Philippine Islands
 E. J. Deymek
 Auditor, Manila Electric Co.
 Director, Bank of the Philippine Islands
 Director, Monte de Piedad and Savings Bank
 E. B. Ford, President
 Leopoldo Kahn
 First Vice-President and General Manager, Levy Hermanos, Inc. (Estrella del Norte) and

Philippine Trust Company

The Philippine Trust Company was organized and incorporated late in the year 1916, for the purpose of carrying on a trust business such as trusteeship, receivership and to act as depository, guardian, executor, administrator and such other fiduciary capacities generally undertaken by trust companies. Trust business in the Philippines was unknown prior to the establishment of the Philippine Trust Company, the idea having been conceived by a group of Americans, headed by *Phil. C. Whitaker*, *Julius S. Reis*, *Thos. L. Hartigan* and *W. H. Lawrence* who have figured prominently in Philippine business and in the legal profession. The Philippine Trust Company has done much toward educating the general public in this kind of business, and from a meager beginning the Trust Company now handles 1023 trusts in the total amount of approximately P1,463,504.73, not including, of course, the other trusts carried by other local banks, and also excluding the Bank's fixed Trusts.

Estrella Auto Palace,
Director, Bank of the Philippine
Islands.

Gabriel La O

Feria & La O, Attorneys
Director, Philippine Long Dis-
tance Telephone Co.

Paul A. Meyer

President, American Chamber
of Commerce
President, Baguio Gold Mining
Co.

P. Verstockt

Director, Elizalde & Co.
Manager, General Azucarera de
la Carlota.

The Philippine Trust Company
has the monopoly of the United States
Army accounts in the Philippines,
and maintains regular branches at
Fort Mills, Corregidor, Fort Wm.
McKinley, Rizal, and Fort Stotsen-
burg, Pampanga.

The Bank is a member of the Amé-
rican Bankers Association and main-
tains correspondents throughout the
principal cities of the world.

The Philippine Trust Company
holds a controlling interest in the
*Fidelity and Surety Company of the
Philippine Islands*, engaged in the sure-
ty business and in life, fire, marine
and automobile insurance. This
company, like the Philippine Trust
Company in the trust business, was
a pioneer in the surety or bonding bus-
iness in the Philippines, it having
been established during the early
days of 1912 by well known Améri-
cans who have later become identi-
fied in different enterprises in the
Philippines, among whom were *Car-
los Young*, President and big stock-
holder of *Macondray & Co., Inc.*, *S.
Erlanger* who established the firm of
Erlanger & Galinger, Inc., *Martin
Egan*, a prominent newspaper man
and former editor of the defunct *Ma-
nila Times*, *Julius S. Reis*, President
of the *Manila Trading and Supply
Company*, and such other well known
old-timers as *H. L. Heath*, *W.
Taylor* and *Edward B. Bruce*. The
Fidelity and Surety Company has
from its inception made wonderful
progress; it being very well and
favorably known throughout the Is-
lands and even in foreign countries.
It maintains regular branches in im-
portant cities of the Philippines such
as Iloilo, Cebu, Zamboanga, Davao
and Baguio, and its bonds are accept-
able by the Commonwealth of the
Philippines and the United States
Government. Like its sister com-
pany, the Philippine Trust Company,
it has undergone changes in its office
staff and directorate, its present di-

rectors and officers being:

Directors:

E. B. Ford, President
Luis Ablaza
E. J. Deymek
Leopoldo Kahn
Gabriel La O
Paul A. Meyer
P. Verstockt

Officers:

E. B. Ford, President
P. M. Poblete, Vice-President &
Secretary
S. Reyes, Treasurer & Asst. Se-
cretary

The Peoples Bank and Trust Co.

This bank was established in Sep-
tember, 1926, largely under the aegis
of American businessmen of Manila,
and it remains today American-con-
trolled. The institution has enjoyed
a steady, if unspectacular growth
from its inception, and, likewise al-
most from the very beginning, has
made its imprint on almost every

The Philippine Guaranty Company, Inc.

(Established in 1917)

SURETY BONDS—

We execute Bonds of various kinds, especially CUS-
TOMS BONDS, FIRE ARMS BONDS, INTERNAL
REVENUE BONDS, PUBLIC WORKS BONDS
for Contractors, COURT BONDS for Executors,
Administrators and Receivers and BAIL BONDS in
criminal cases.

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MANILA

branch of local banking activity, from agricultural loans to advances against bullion shipments.

The first balance sheet—as at the close of business December 31, 1926—was simplicity itself. Assets included loans and overdrafts to nearly P300,000, and P126,000 worth of bills purchased. Furniture and fixtures were carried at P38,492.54, and the bank had cash and cash items amounting to P54,384.15. Liabilities were largely covered by an item of P302,250 for capital paid in, and another of P207,940.62, representing deposits. Assets and liabilities balanced at P565,256.85.

The bank continued to grow during the following year. Assets and liabilities at the end of that year each footed up to P7,334,986.48, which high figure was accounted for in no small part by accounts for collection running to over P4,000,000. Paid-in capital had increased by then to P850,000. Nicholas E. Mullen was the president of the bank, and A. F. Kelly secretary-treasurer. Mr. Mullen retired from the institution some years ago, and now engages in the brokerage business, and other ventures.

William Douglas, now Manager, succeeded Mr. Kelly as treasurer in 1928. By that time the full capitalization of P1,000,000 had been paid in, and the bank had evidently settled down to the normal routine of banking, for its growth thereafter was slow and steady. The first provincial branch was established at San Pablo, Laguna, in 1927.

The Peoples Bank benefitted from the boom conditions which existed during 1928, 1929, 1930 and 1931. Deposits mounted to over P5,000,000, as did loans. Between these years, assets and liabilities balanced at around P17,500,000, including contingent items. The trust business also increased rapidly, assets held in trust amounting to almost P4,000,000 in 1930, and to over P5,000,000 by the end of 1932. The item, "gold bullion in transit" becomes of increasing importance in successive balance sheets after 1934 (when the industry received the fillip of the Roosevelt price increase) and by December 31, 1936, the bank had more than P2,000,000 worth of gold bullion in transit as of that date alone. For a time, in fact, the Peoples Bank had what pretty nearly amounted to a monopoly in this business, due to the fact that it had a branch in Baguio—then, as now the gold-production capital of the Islands—and was thus well equipped to handle the financing of bullion ship-

ments.

Time deposits have grown steadily during the years, and would probably have increased still more were it not for the fact that the Peoples Bank, in common with other institutions, does not pay very much interest on time deposits, and will not until opportunities to place good loans increase. No bank can long afford to pay interest for the use of money which it cannot lean out safely, and at a profit.

The cash-on-hand (including cash due from other banks, and cash items) has stayed high—amounting on June 30th of this year to more than P3,200,000—although the bank has never again had as much cash as it had on December 31, 1936—P7,328,439.55.

Today the Peoples Bank engages principally in "commercial banking", in contrast, for example to the Monte de Piedad and Savings Bank, which confines itself principally to the making of loans on the security of real and personal property, and also in contrast to the Savings Bank of the Commonwealth—exclusively a savings bank. The bank acts as an agent for collection for the account of drawers of bills of exchange, usually against shipping documents. It is prepared to assist exporters in the financing of shipments of Philippine products abroad. Letters of credit and letters of authority lend assistance to importers. The bank sells and purchases foreign exchange in all currencies employed in international commerce. Through its correspondents its drafts, payable anywhere in the world.

Besides the San Pablo branch, offices have been established at Baguio, San Fernando, and Tarlac. Through these branches, the head office at Manila is able to keep in close touch with conditions throughout the archipelago, and is able to assist planters and processors with discerning judgment.

Directors and officials of the bank today are: Judge John W. Hausermann, president; Wm. J. Shaw, first vice president; J. P. Heilbron, vice president; L. Douglas, manager; H. J. Belden, Amos G. Bellis, A. A. Bryan and E. M. Grimm, directors.

Allen L. Dwyre is the assistant manager, secretary-treasurer and trust officer, John G. Whitesides assistant trust officer and assistant secretary, and S. L. Masanga, Carlos Garcia, Angel Reyes and W. M. Moore are in charge of the San Pabol, Tarlac, San Fernando and Baguio branches, respectively.

The Peoples Bank and Trust Company building on the corner of Dasmariñas and David was built at the time the bank was organized. Wm. J. Odum, whom we eulogize elsewhere in this issue, built it along with the building next to it housing the Sun Studio and the two buildings across the street, occupied by the Sterling Products Export Corporation and the American Chamber of Commerce.

WILLIAM JAMES ODUM

It was *Blue Monday* news to all American oldtimers in the Commonwealth to read in their newspapers of August 29 that on Sunday, the day before, William James "Bill" Odum had been drowned in fording a stream near Aritao, Nueva Vizcaya. For Bill (it was a title for him, in a way, as who should say, Sir William and it please you) was a prince of oldtimers, he was only 57 years old, deep lunged, broad shouldered, with great natural strength, ordinarily as at home in the water as Neptune, since diving had once been his job, and was also not merely in the best of health but the very highest spirits. Yet he had drowned. When his number had been run up, that was it. He had drowned while coming back from Dayaka, healed. He had drowned at as happy an hour as his life, by no means un-merry, had ever known.

Odum had been working lately with the Minerva Mining Company, an undertaking of his and a few of his friends at the old Dayaka property after liquidation of Dayaka's unspent funds and the company's dissolution. Odum had discovered Dayaka, three years ago he had, while prospecting, discovered it while chipping at a fault in some quartz with his jackknife. On assaying these chips at Baguio, he had found that they ran 8 ounces of gold to the ton; and so Dayaka had been organized and development work pursued. First it was an association, then when all seemed more than certain, a corporation, but disappointment piled on disappointment, as is common in gold mining, and the end was as described—formal dissolution and the return of the unspent capital to the shareholders.

But some Dayaka shareholders went in with the new Minerva group that took up where Dayaka left off. Odum had worked with Dayaka in the earlier part of its experiment, then had drifted off to prospecting around Sagada, and had only recently gone back to the original ground . . . the first rock in which he as a prospector had seen free gold. Prospecting had inveigled him when his business as a building contractor failed him a few years ago, which had turned up for him a friendship as classic as that of Joseph for Benjamin. This was the friendship of Attorney Charles A. McDonough, always as ready with comradeship and faith and encouragement to

(Please turn to page 38)

Canadian Pacific

	Gross Tonnage	Displace- ment Tonnage
EMPRESS OF JAPAN	26,000	39,000
EMPRESS OF CANADA	21,500	32,250
EMPRESS OF RUSSIA	16,800	25,200
EMPRESS OF ASIA	16,900	25,350

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The Hongkong and Shanghai Banking Corporation

The Hongkong & Shanghai Banking Corporation whose shares stand at enormous premium because its profits are perennially large, was organized in Hongkong in 1866 after business panic and bank failures reverberating out of Bombay had quite demoralized eastern commerce. In contrast with earlier banks that had lost popularity, their heads at London and more or less in the clouds, this bank was organized by the very merchants and shipping men who would be among its greater customers. Its interest has therefore always been associated with that of its patrons, whom it has seen through many a tight situation.

A story of the bank as a whole is recounted interestingly by A. M. Townsend, who, born in 1847, a son of a minister, was by 1866 of some experience in banking in the Far East and held a place in a bank at Hongkong. Townsend's fortune naturally rose with that of the new bank he had joined up with, and from junior manager at London 1901 to 1905, he became senior manager and retired in that position in 1912. In Townsend's time, Japan was rising to power in friendship with England and at one period the Hongkong & Shanghai had all the business of floating the recurrent Japanese foreign loans—a business later distributed between this bank, Parr's Bank, and Yokohama Specie, and long since, of course, passed entirely to Japanese banks.

But China was always the fountain of greater business, China with growing use of imported manufactures, of ocean shipping, or banks and their facilities; China remodeling old cities, meeting indemnities, building railways, a new China where Hongkong would tranship goods in and out of her southern provinces, where Shanghai would become one of the world's very largest ports and cities. Hongkong & Shanghai was in at the beginning of this vast development, and retains all its advantages that remain unaffected by the Sino-Japanese war. Springing lightly as a young man from a failing ship to a sturdier one destined to ride out every storm, Townsend had made a wise choice. The new bank, its headquarters at Hongkong, always knew when big business would be at hand; its association with the merchants and industrialists and financiers who steered his business along enabled it to profit from it.

So it was that the Manila branch was opened so early, 1873, only seven years after the bank was chartered. The Suez canal was coming along, Spain was peculiarly beholden to England, and the British period in Philippine commerce had already begun. The Manila railroad from Manila to Dapagan was soon to be built, a British venture that would help the bank. Exporting boomed, with occasion recessions, and all made business for the bank in its favorite department, foreign exchange. Chinese who were expanding their mercantile activities here were of course good customers of the bank. There was no doubt but that the branch would succeed.

Old export-import houses, originally American enterprises, were to pass to British ownership and use the bank: Russell, Sturgis & Co., Peele, Hubbell & Co.

Though a great deal of the exporting was to the United States, no American banks were here, and few American ships. For many years subsequent to the

The Manila branch of this great corporation dates from 1873 and has a history of remarkable banking service here.

American occupation, bills on Manila hemp destined for New York were written in sterling and cleared through London. Merchants fixed the exchange with London, largely through this bank. Dollars never figured in the trade at all. Many advantages of this commerce remain, British moving a great deal of Commonwealth cargo, both imports and exports, though the bulk of the business is with the United States.

But the Hongkong & Shanghai does a general banking business, of course, and shares with other banks the growing financial stability and general prosperity of the Islands.

The bank has always been located where it now is, opposite the Bank of the Philippine Islands at the intersection of calle Juan Luna and callejon San Gabriel—the most prominent banking corner in the wholesale district. But until 1922 the bank's building was a two-story wood structure, in 1922 the present handsome concrete structure set on piles took the old building's place. Acting Governor Charles Emmett Yeater spoke at the dedication of the new building, and used for his theme Lincoln's exposition of the validity of chattel property and the virtue of thrifty persistence. That one man adorn a beautiful home and enjoy fortune, though Lincoln, is not matter for envy by his neighbors—it is assurance to them that the rewards of their diligence will also be secure.

Up to the establishment of a Philippine currency thirty-five years ago, banks dealt with a great deal of silver currency and there was constant speculation in it. This was only suppressed by alloying the peso and underweighting its silver content. The Philippine government at that time issued no currency, the Banco Español-Filipino had the exclusive right of issue, and the smallest paper bill was the five-peso bill. Below that came the Mex dollar, gross with silver, and subsidiary coins. Checking accounts were few, and checks in the ordinary transactions of business almost unknown. While all this has changed and banks have become the everyday depositories for the general public, an anecdote of oldtimes may not be out of place.

An American merchant friend of a Chinese merchant on calle Rosario whom the American knew to be wealthy, advised the Chinese to open a bank deposit and keep less money round his place. To help the Chinese further, the American went to one of the old banks and recommended him, but the bank said it would not like to accept a new mercantile account of less than P500,000, and this stunner the American reported back to the Chinese. And the Chinese, nothing daunted, rather liked the conservatism of this, which didn't change his decision to become a bank customer. When all was ready, he called bearers who carried his money to the bank in bagfuls, paper, silver, and all. It was a great deal more than the minimum P500,000 and bank clerks spent a full day checking it in.

Early in the American period, a fact now forgotten, the Hongkong & Shanghai was a government depository, first for the military, then for the civil government. Business grows, and now there are eighteen staff men at Manila, with C. I. Cookes the general manager for the Islands.

Milt Sutherland's Mining Yarns

Milton Sutherland who came to Manila originally in 1933 and established the assay office of the Philippine Engineering Company, has lately been here again, taking some stock in Pan Philippines, the company who has Treasure Island in hand. In the first week of October, Sutherland leaves Manila again, to return to his home in California. During his stay in Manila this time, he has been frequently at the office on the questionable errand of winning coffee and sinkers from us, at dice, and sometimes smokes as well. He rarely loses, but his conversation is more than full compensation for defeat. Sutherland is that nexus type of scientific miner whose muscle work in the copper mines at Butte accompanied and sustained his course in mining engineering at the Montana School of Mines: he knows both sides of the game.

That was more than thirty-five years ago, in Butte's heyday, when Don Gillies, for a steel partner in Pittsburgh, Pa., at the Pittsburgh & Montana, was spending \$2,500,000 in prospecting and developing before taking out a pound of copper—and subsequently taking out a fortune. They had figured it out that from the butte the pay veins extended in their direction under the flats, where they nonchalantly sunk shafts to contact them. But quicksand closed the first shaft, and when it threatened the second it was frozen off with ammonia pipes until the shaft could be timbered. However, even this was too dangerous to suit the Montana mine authorities, since a break would have meant death to every man in the mine, and so they took to drilling in hope of finding a spot where the rock bowed toward the surface. Such a spot, not far away, they found, and then at last they had their mine.

The Anaconda was the big mine, of course, and Anaconda became the generic name for all. Twenty-two miles away, at Anaconda, this property had its smelter—Anaconda became the smelter town for Butte's ore, basically copper, less than a dollar of gold per ton, and several ounces of silver. The place was roaring, and filled with Irish. Beyond the Anaconda in one direction were the Neversweat and the Saint (St. Laurence), and on another spur, W. A. Clark's great property that was to insure him a public career capped with a senatorship and permit him to build the New York home that he adorned with collections of art and left to the country as a peculiarly personal legacy. In another direction were High Ore, Diamond, Bell, and Pittsburgh & Montana.

Young Sutherland got his first job from Patrik "Paddy" Ferns at the High Ore,

under Ferns's misunderstanding of his name. Ferns was the mine boss, drawing about \$200 a month. The practice was for men wanting jobs to line up and brace the boss of a morning, and if men were wanted some would be hired. This morning Ferns needed some men, and when Sutherland came along he looked him over and asked his name. "Sutherland," said Sutherland. "Oh, ye're a Sullivan, ye say! Ye're hired then, come to work in th' marnin'!" While Sutherland worked for Ferns, his name stood on the payroll as Sullivan.

Almost fifteen years later, at Bouse, Arizona, Sutherland was superintendent at the ABC mine and had gone to town on errands for the company when there got off the train a lone passenger whom Sutherland instantly recognized as Paddy Ferns. Ferns rode out to the ABC with Sutherland, because hotel accommodations were poor in Bouse, and only learned the next morning when men came round for their orders that his host was the superintendent, whereupon he grew proud over his morning coffee and reminded Sutherland that he had given him his apprenticeship—"what would ye not know now, lad, if auld Paddy hadn't learned ye!" Anaconda then had Ferns on retired pay, with travel expenses, ostensibly looking up new properties. Ferns believed the schools were ruin-

ing mining, turning out a lot of softheaded upstarts many of whom were not even Irish.

Irish bosses at Butte were not soft-headed, nor were they upstarts. Sutherland recalls Jerry O'Neill's exploit. There had been blasting in Jerry's mine, and men had gone back to the head too hastily. Two had been gassed, and had stumbled back into the drift and crumpled up, dead. When O'Neill came along he took them to be asleep, and slapped an angry time slip in each jumper pocket: O'Neill had fired two men whom Nature had already taken off his payroll, and the story of it went the rounds at O'Neill's expense. Jerry was Butte's hardest man.

The ABC at Bouse, Arizona, was the discovery of two cowboys, Thomas "Tommy" Bouse, the little Dutchman for whom the town is named, who still lives there, and Robert "Bob" McMann, who, on selling out to the ABC for \$75,000, half of it Bouse's share, moved to a sylvan place in California, where he recently died.

McMann and Bouse held their property, mainly copper, twenty-seven years before cashing in. And during twenty years they were quite alone at the place, save when an occasional outlaw paid them an unwelcome visit, for Bouse is 40 miles in from the Colorado-river border between Arizona and California, with Needles 100 miles north, Yuma 100 miles south, and Wickenburg

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Junction, toward Phoenix, 100 miles south-east. Bouse and McMann could have made a brass image chortle when recounting their experiences squatting 20 years on that arroyo. Each, working for different outfits, had originally gone out there in search of strayed cattle after heavy freshets in July and August, when with abundant new grass, cattle would scatter widely over the whole range. Each man had blankets and supplies for as much as a month's lone herding.

Wending down this arroyo, dry after the floods, where they knew cattle would be lurking, they had come independently on some very promising float, some malachite and some azurite, and each had taken some of this stuff back to headquarters with him. But on this trip they had not met. However, at the opportune time for it, each now quit his job and struck out for the arroyo, with pack burros loaded for business. McMann hit the arroyo at one point, Bouse at a point opposite, and in prospecting they met midway. But instead of quarreling over which man might have got there first, or racing for it to see which could file his claims first, very sensibly they sat down and formed a partnership, the chief asset of which was a white mule, though at first it seemed to be the docile burro.

Palma verde and ironwood could be found in the arroyo, so in time a fair camp was made.

Nothing else would grow, of course, and the desert boasted only cacti and mesquite. Distances were grand, but not good meals, and neither were the dessert colors and the vasty silence. At least twice a year, it was necessary to get to a town for supplies. Who should go was always decided by games of seven-up, the competitions sometimes lasting a week. The man elected was finally reduced to hoofing it, because the white mule died and the burros proved inconstant.

This introduces a desert feud the partners ruefully observed, among the animals. There were many wild burros on the desert, existing by their cunning. They enticed all the tame jennies to join them, and drove all the men burros far away—making things so hot for them that they never came within halter distance again, but probably went wild too and founded clans of their own in unclaimed territory. But no burro would ever take up with the mule, having great contempt for him, and he, in order to get water and feed, had to stay at the camp. So the situation dragged on, for years, during which the white mule grew old, and a seven-up game decided that Bouse had to go out for supplies, and of course take the mule, which would first have to be shod.

Bouse tried to shoe the mule, McMann his helper, but its kicking made the job hard and it was finally decided to tie its feet all together and truss it up on an ironwood pole, hoofs upward, for greater safety and convenience. This was done, though with difficulty, and at last the mule was well shod for the 100-mile trip to Needles, where on that occasion Bouse had decided to go. But when they removed the hobbles

and gave the mule a chance to get to its feet, they found that when he had stopped kicking he had also stopped breathing. He rolled over from the hobbles, profoundly and irretrievably dead.

After that, the seven-up games, played oftener, took on new significance—the loser had to hoof it to town and back, 200 miles!

To get out gold enough to keep them going, the partners had set up a Spanish *arastre*, or *getter-outer*, a circular plane with a crib around it, over which rocks, to pulverize the ore, were dragged by a sweep. The burros had deserted from this sweep, when their wild fellows made eyes at them, and now that the mule was dead, it was a case of the partners pushing the sweep themselves, slaves at the mills of Gaza! When the stuff was pulverized sufficiently,

mercury was used to draw off the gold in an amalgam. When the gold was sold, the mercury was either recovered or taken into account so it could be replaced. This simple system of economy was complicated when an outlaw came along, with ore of his own to be pulverized and the gold recovered from it, because when the amalgamating process was completed the whole stock of mercury at camp was in the outlaw's gold.

He was all for making off with his gold, mercury and all, but Bouse managed courage to tell him he couldn't do that and would have to leave the mercury behind. How Bouse proposed to recover the mercury was ingenious, but nearly cost him his life. He told the outlaw that he, Bouse, had a worthless old shotgun in the shack whose double barrels filled with amalgam at the middle, (Continued on next page)

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

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

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

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

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

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

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

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

Milt Sutherland's . . .

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

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

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

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

(Continued on next page)

To Mill Our Own Flour

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

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

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

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

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

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

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

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

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

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

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

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

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

Milt Sutherland's . . .

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

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

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

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

Bill Odom . . .

(cont. from page 32)

back Odom in any suggested undertaking, as a bookie is ready to give odds on War Admiral.

In the annals of the oldtimers here, nothing is likely to stand out more eloquently than this unimpeachable friendship—a compliment to both its personalities. McDonough, learned, patient with a pioneer's philosophy. McDonough, temperate, gentle with a companion less restrained. And McDonough, resourceful, backing hesitatingly a prospector's dreams.

This is that rarest thing man knows, true friendship; neither wanting nor questioning, nor doubting, nor faltering, or failing in any way whatever. It is not of the mind. Reason makes no room for it, but rather says that one man is not another's keeper. It is therefore not of this world only. It is of the heart, whose mysterious impulses, two and seventy a minute, beat the mandatory tattoos of infinity.

In his saddlebags on the trip back to Manila where death caught him midway, and in a ridiculous manner, Odom had 3 cans of zinc precipitate, gold!—the first clean-up from 2 5-ton mills got into operation at last at Dayaka! That is why we say it must have been his happiest hour, and an impatient one, in which he arrived on the trail at the little creek where he died. John R. Wagner of the Minerva company reports the gold safely arrived at Manila and gives some details told him at the scene of the tragedy.

Odom did not drown in the Aritao river, as some of the reports had it. He drowned at the ford of a creek about a kilometer beyond the village of Pingkian some 5 kilometers from Aritao. The creek was narrow, but of torrential force on account of flood; though not 5 meters wide, flooded as it was on that Sunday it was repellent with danger—the danger of a millrace. There was a woman in the party whose instinct urged her to say that no crossing should be attempted, but Odom was impatient of delay and anxious above all things to get to Manila with that long-awaited gold. Others in the party were two young Igorot miners, Pedro and Maximo. Odom had Pedro step into the stream and judge whether they should cross.

Pedro waded in, and while the ford was not 5 feet deep the current was such that he said he dared not cross. "Water very strong! No can do!" he said. Then Odom had Maximo try. And Maximo turned back saying, "No can cross, Mr. Bill! I get drowned—I get drowned dead!" Again the woman's instinct reconstituted.

But Odom thought that his pony could, in a couple of leaps, be across. "I'll cross!" he said. "You fellows follow me!" And he urged his little mount on.

With a lunge or two the pony's front feet struck some stones in the ford that made him lose footing and stumble forward in not more than midstream. Odom was hold-

ing the pony's head up with the reins in his left hand, giving him whip with his right hand. But in stumbling, the pony went under, and rolled, and Odom went under too and seemed to come up under the pony's back as its legs struck upward—because Pedro and Maximo saw one of his hands. But that was all, and since his head when the body was recovered had a bruise on it, perhaps he struck on the stones as he left the saddle. He cried for no help, according to report, and it is a reasonable supposition that he was beyond help and already yards downstream. He had on a leather jerkin, a blue miner's shirt, stout shoes, heavy socks, a strap, underwear, and khaki trousers.

The cunning of the current must have torn his clothing loose. When the body was found, at least 10 kilometers downstream,



WILLIAM JAMES ODOM

it was black and buried in sand to the armpits. It was naked, except for shoes. A moment's peril rashly dared had done all this, and the rash daring was typical of the man, whose career had been built of little else than this bold hardihood. He had dared death a thousand times, and death had always taken a ticket. To such a man, it was absurd that a creek not 5 meters wide and not shoulder deep could not be forded *regardless*.

This word *regardless* was typical of Odom. He was always saying he could do something or other, something that was particularly hard to do, *regardless of anything*. And it would turn out that really he could.

Odom was born in Rutland, Vt., in 1881, and in boyhood lived in Boston, a member of a large hardworking Irish-American family occupied in construction work. Naturally, in such a family death by accident is common. About a year ago, a younger brother of Odom's died from World War injuries. He died in bed, and

was the only man in the family that Odom could remember as having done so.

Odom's 39 years in the Philippines were outdoorish and in general highly adventurous. He was 17 years old in 1898, when he stepped up to a recruiting officer in Boston and inquired, "Where's the dotted line?" Thus he joined the 26th U. S. Volunteer Infantry, organized for the Spanish-American War, and in service gained the rank of a corporal. Mark Scott was in that regiment, and so was Walter A. "Monte" La Mountain, that warm and gallant friend of Odom's who owns the Exchange Cafe that was Odom's Manila headquarters after he took up prospecting and mining. Odom's projects were broached and organized round lunch tables at Monte's place, and there the reports were themes of endless brave discussion—with samples poured out among the beer stains.

Odom was an Irish miner and did things in an Irish way.

With the Philippine campaigns ended and peace ensuing, Odom was among the men selected from the dissolving regiments to make up a police force for Manila. He served with the mounted police (disbanded about 1904) and afterward as a patrolman attached to the Luneta station. E. H. Burch was a comrade, also D. E. Blossom, now the head of Blossom & Co., and it was with Blossom & Burch that Odom did his first bit of public works. These two partners had a contract in Capiz to build a number of concrete culverts and bridges on some roads Governor W. Cameron Forbes was getting built there. Burch was on the job, but fell sick, and Odom went down to Capiz to take Burch's place and complete the contract, which he did in record time. (Burch boarded ship for the United States, to recover his health, but died at Honolulu, where he disembarked fatally ill.)

In Capiz Odom met Angela Ibarra, whom he married in Manila in 1910. Mrs. Odom survives, also five children, all grown, three sons living in the United States, one daughter here in Manila, and her sister, married and living in the United States. William, jr. was named for his father and has a talent with the violin of which his father was very proud: the typical pioneer furtively favors the softening graces. The education of the Odom children was carefully looked to by a doting father, in whom sheer sentiment was very strong. But in later years, husband and wife lived apart, Mrs. Odom's home being the Ermita apartment house on calle Sinagoga that was a landmark of modern apartment construction in Manila for years, before a burgeoning prosperity among sugar planters placed some of their capital in similar investments.

Once in the building business, Odom kept on with it, downtown and uptown. About the time he was through with the culverts and bridges in Capiz, a holocaust cleared out calle Rosario, and Odom was in on the construction of four or five concrete business buildings now functioning there.

It had now come time, in 1912, for Dr. H.

D. Kneedler to build the Kneedler Building at the intersection of calle Carriado, back to Estero Segado, and what was to be cleared out in front to fashion Rizal avenue. Odom undertook the contract, and the Kneedler building is first in point of time of the modern business buildings downtown, as well as one of the best built from the viewpoint of durability. It has never settled, Dr. Kneedler says, and was occupied by tenants in March 1913.

All the concrete in the Kneedler building was mixed and poured by hand, mechanical mixers had not then been imported, nor elevated chutes devised for distributing concrete to the forms mechanically.

Then Fred Patstone and Odom built the Masonic Temple, 1913, and there spread all over town many Odom buildings, a number of them built for S. F. Gaches: the Hamilton-Brown/Philippine Education building, the old Heacock Company building now housing the American Hardware, the University Club building, the Insular Life building, the Heacock Company building that earthquake tallied out two years ago, where another is replacing it on the Escolta and calle David, and both buildings at the Port Area housing Manila Trading & Supply, the Philippines Ford agency. Much of

this building was done by the partnership Odom & Cantera, in which the junior member, F. de la Cantera, a Cornell man, was the licensed engineer and architect. Though Odom did not become an engineer in the formal sense—he had gone to war when 17 years old, how could he?—he did in a real sense. He got it by a correspondence course and through experience. He gave mining the same diligent attention, textbooks and yet other textbooks he devoured on the subject, until he was really well informed.

Such was the rough way he trod, always under necessity to dig things out for himself; and he did it with courage, and was gay about its difficulties.

Four buildings are yet to mention, of them housing the Chamber of Commerce. They are the Gibbs buildings at the intersection of Dasmariñas and David that Odom put up 15 years ago for 8 years' rent. At the same time, with Dasmariñas widened, he bridged the Reina Regente canal at Dasmariñas and gave the bridge to the city. The four Gibbs buildings on property owned by Judge A. D. Gibbs face each other across Dasmariñas, each is of 3 stories, and of reinforced concrete. They were about the start of the buildings Odom put up on the rent-pay basis. This en-

riched Odom for a time, and squeezed him out when depression set in, and from capitalist and the status of a bank director he turned to prospecting and mining to recoup.

It was probably imprudent for Odom to do so much building, and so much of it during one time, but he was egoistic and it was his bold nature to do it. The consequence is that his mark is on the town and a number of good buildings are a monument to his bold energy, undaunted in all circumstances. John H. Wagner and Edward Walsh, two of Odom's friends and mining associates, brought his body back from Pingkian as soon as they could reach it after the news of his drowning reached the H. E. Bennett brokerage office where Judge McDonough is a partner. With military honors, burial took place at the Masonic plot in Cementerio del Norte Sunday, September 4, under auspices of Odom's lodge, the Cosmos. And so passed another pioneer, a man of distinction in every undertaking of his life. An example of this is the basement now a usual convenience of new downtown buildings for the parking of cars. Their floors are far below the water line, and it was Bill Odom who pio-

Just Little . . .

(Continued from page 7)

keeps open until 11 at night. Mrs. Osborne says that before opening they "obtained and filed information as to where to buy almost everything under the Manila sun," and besides, arranged for a shopper to buy for them in America—they make themselves useful therefore by saving you time and effort. Stenography and mimeographing are just one more department of this "personal service" establishment, for which Mrs. S. C. Larson and Mrs. E. A. Heise keep the office. It ought to be a natural for provincial residents, but for suburbs too.

● "That was good buntal hat of yours, why did she tear it up?" we said to the cook, toward whom the erstwhile nurse had exhibited this acerbity. "Oh," he said, "it was nothing—just like negroes in the southern part of your country, she thinks if she tears up the hat it will break my mind, maybe make me go crazy—she's silly that way." So we imagined, but the feud continued and the nurse managed to get a suit of the cook's and hang it over the kitchen fire at her home, taking care that the cook learned about it. This was plainly putting the heat on him, aimed at making him run a temperature, especially in the head. He was still nonchalant, no mad crows with her black magic could faze him, educated as he was and with some years in America to boot. Nevertheless, the suit kept warming over that fire and the longer it stayed there the more nervous the cook was, and the less attentive to his work, unable to manage the simplest meal in anything like his old form. But it was only when the nurse yanked out some of his hair that he gave up and quit, and ran away to the provinces as lunny as a yokel. For the hair was for the egg trick, to be stuck partly into the egg and left partly sticking out like some monstrous

accursed tantrum of nature. It seems this egg trick is infallible, that no man can hold out against it, and from the psychopathic case this cook became when it was worked on him we readily believe it.

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Port Area

Manila

The China Banking Corporation

The "China Bank", as it is generally known, is a comparative newcomer among the ranks of banking houses in the Philippines. It was not incorporated until 1920, at which time ₱1,106,400 of its authorized capital of ₱10,000,000 was subscribed. Later capital subscribed was increased to ₱7,713,000, at which figure it remains today.

The bank found a ready field here, not only in financing Chinese merchants but

also in the financing of American and European business houses; particularly importing and exporting establishments. The China Bank assists American and European business to an extent which is seldom appreciated by the public.

Under conservative management, the bank has made steady progress from its inception, as can be seen from the following figures:

	Capital	Surplus & Reserves	Profits	Deposits	Total Resources
Dec. 31, 1920.....	₱2,906,265	₱ 52,880.13	₱ 293,255.50	₱ 5,320,147.04	₱ 9,745,591.64
31, 1921.....	4,973,125	120,982.82	99,462.50	7,845,681.99	14,753,268.29
31, 1922.....	5,131,900	158,217.67	156,163.02	6,973,973.05	15,562,832.41
31, 1923.....	5,312,100	223,573.58	158,874.62	8,651,001.01	17,836,267.71
31, 1924.....	5,713,300	278,364.03	199,944.59	8,109,461.43	19,705,398.55
31, 1925.....	5,713,300	327,106.36	180,156.94	8,345,608.07	18,546,432.38
31, 1926.....	5,713,300	399,435.77	171,399.00	9,933,890.02	21,325,570.43
31, 1927.....	5,713,300	454,248.09	262,256.27	10,014,756.27	23,889,209.54
31, 1928.....	5,713,300	450,138.04	258,182.36	9,746,461.27	25,012,042.78
31, 1929.....	5,713,300	579,379.44	260,429.38	10,911,213.47	23,203,396.54
31, 1930.....	5,713,300	697,055.93	415,047.58	12,916,394.16	23,252,907.63
31, 1931.....	5,713,300	616,358.09	780,803.42	12,238,396.79	24,085,958.30
31, 1932.....	5,713,300	665,064.63	748,109.51	10,476,302.79	21,924,795.26
31, 1933.....	5,713,300	1,052,277.61	795,212.47	13,617,540.33	24,678,590.33
31, 1934.....	5,713,300	1,230,832.61	888,555.64	12,602,616.75	25,691,437.07
31, 1935.....	5,713,300	1,392,764.07	961,425.38	11,658,102.70	25,330,206.64
31, 1936.....	5,713,300	1,464,905.97	1,109,707.54	11,320,681.07	26,088,724.33
31, 1937.....	5,713,300	1,704,496.63	1,215,140.33	11,792,941.19	30,843,484.37

In 1925, the bank established a branch in Amoy, which has been transferred to Kulangsu, since the Japanese attack on Amoy. In 1928 another branch was opened in Shanghai. The establishment of these two branches enabled the China Bank to improve its service in connection with the Philippine-China trade. The bank has a correspondent in very principal city in the world, and is especially equipped to transact domestic and foreign business of every description.

The board of directors includes many of the most prominent Chinese businessmen in the Philippines. The president is *Dee C. Chuan*, who heads *Dee C. Chuan & Sons, Inc.*, an dthe Philippine Lumber Mfg. Company. *Albino Z. Sycip* is the vice-president and active manager. Directors include *Uy Yeto*, managing partner of *Mariano Uy Chaco Sons & Co., Oei Tjoe*, banker, *Chow Sr See*, *Marcelo Nuban, Lee Siau Tong, Li Seng Giap*, *Dee Chia Hong*, president of the *Destileria La Fortuna, Inc., Guillermo Dy Buncio*, president of *Dy Buncio & Co., Inc.*, general merchants, and *Dee K. Chiong*, vice-president of *Dee Hong Lue & Co., Inc.*

The bank premises, located on the corner

(Please turn to page 44)

neered them and showed how to build them dry-tight. *Aritao* means man-owned, *Pingkian* means blade-clashing as in a bolo fight. These are vigorous place names, Odom would like them.

—W. R.

FOREIGN-TRADE ZONES BOARD

At a recent luncheon given by the Staten Island Chamber of Commerce Mr. Newbold Morris, President of the New York City Council, made the following remarks relative to the New York foreign-trade zone. This part of Mr. Morris' speech is reproduced to clear up certain misunderstandings which have arisen regarding the zone:

"The Staten Island zone has already proved itself a direct stimulus to the shipping world, to international trade, and to the local labor market; it is playing its part in the industrial recovery of the Port of New York and is an enterprise which may well revolutionize life in this community and commerce throughout the entire world.

"One of the real hopes of world trade is here on Staten Island. The foreign-trade zone means new vision in foreign trade that the United States' has never before shown in its history. Some day in the not-too-distant future we will gather here again and celebrate a project which has brought billions of dollars in commerce to the City of New York.

"During the month of June, the zone handled merchandise with a total estimated value of \$675,000. On hand as of June 1, were goods with a total value of \$1,800,000. The monthly revenue to the United States Government was approximately \$20,000.

"On a typical day 214 workers were employed in the zone, all of them residents of Staten Island. During the month 62 lighters and eight steamers called there. Twenty-five customers were using the zone facilities for 74 different kinds of merchandise, including balsam, Brazil nuts, coal tar colors, cocoa beans, cod liver oil, electrical apparatus, leather, linen, mica, rugs, straw hats, tapioca flour, and tobacco.

"The value of the tonnage handled at the zone more than doubled in one month. In May, about five and a quarter-million pounds of merchandise was handled, with a total value of \$303,548. In June, the poundage amounted to \$3,187,770, with a value of \$674,774.

"When the Mayor appointed me head of the free port committee in February, I thought at first that something was being inflicted on me. The Mayor told me it had been a headache for three or four years. Now, however, I am proud and glad to be associated with this worthwhile enterprise.

"There is an allotment of \$500,000 in the capital outlay budget for improvements at the Free Port, and we have asked the government, [through the Public Works Administration] for a grant of \$1,334,000 for the zone.

"I want to express my thanks to the Chamber of Commerce for its interest in the Free Port, and to the city and the Federal Government for the cooperation they have given me. Shippers and manufacturers throughout the world are taking an interest in the zone and I know it will be a big success."

—U. S. Department of Commerce.

TOBACCO REVIEW

August, 1938

By P. A. MEYER



RAW LEAF:
Buying in Cagayan and Isabela proceeded very slowly during August. Volume of shipments abroad continues unsatisfactory. Comparative figures are as follows:

Rawleaf, Stripped Tobacco and Scrap
Kilos

Belgium	27,143
British India	128
China	17,991
Czechoslovakia	100
Holland	1,279
Japan	173
North Africa	21
Straits Settlements	826
United States	206,529

August 1938... 254,190

July 1938... 201,956

August 1937... 228,321

January-August 1938... 5,347,021

January-August 1937... 9,181,748

CIGARS: Shipments to the United States compare as follows:

August 1938... 19,272,200

July 1938... 16,366,667

August 1937... 17,430,560

January-August 1938... 122,033,825

January-August 1937... 110,123,732

COPRA AND ITS PRODUCTS

by
KENNETH B. DAY AND LEO SCHNURMACHER



KENNETH B. DAY

Business in August was virtually stagnant. Although markets tended slightly downward, there were no significant price changes during the month.

COPRA—Copra receipts were excellent both in Manila and Cebu, registering an increase of over 13% as contrasted with July receipts, and of over 10% in comparison to those of August, 1937. Even so, it was reported at the end of the month that copra was being held back in quantity in the provinces in the hope of better prices later on. At the same time, copra prices were relatively unattractive and if prices

continue at the same levels, production may be affected later on. In some provinces it is reported that the unusually dry weather of this season may have an unfavorable effect on next year's crop, and in Bicol region the effects of last year's earthquake are beginning to be felt. Nevertheless, there should be plenty of copra available this year if prices are reasonable.

The month opened rather weak with buyers indicating P5.75 for Manila resacada and sellers holding for P6.00. Prices were virtually unchanged throughout the month with no business being done at over P6.00 or less than P5.50, and with most of the business done at P5.75 to P5.85. At the end of the month buyers were indicating P5.65 and sellers were holding for 10¢ higher. During the entire period selling resistance was strong, notably because prices in the provinces were above Manila equivalents, and there was no profit for the middleman in trading.

In Cebu prices were about the same as in Manila, with the Cebu emphasis, of course, on exports. The export market was irregular due to copra charters for Europe at 10/- under Conference freight rates, and a system of advantages given by steamers in the Pacific Coast trade, which caused Coast prices to vary in accordance with whether the sellers or buyers were to provide space.

The European market fluctuated between a high of £10/2/6 for sundried to a low of £9/8/9 for F.M. Toward the end of the month, with the French political crisis, demand for F.M. slackened up; but apart from that F.M. was in greater demand than sundried.

On the Pacific Coast prices fluctuated between a high of 1.90¢ and a low of 1.80¢. A fair amount of export business was done to all markets, with local mills buying their shares but not piling high their stocks as rapidly as they had anticipated.

Shipments for the month were heavy, totalling over 40,000 tons, of which approximately half went to Europe. It may be noted the European shipments of copra for



LEO SCHNURMACHER

the first eight months totalled over 63,000 tons as contrasted with 1600 tons in 1937.

Statistics for the month follow:

Arrivals—	Sacks
Manila	636,228
Cebu	562,758

Shipments—	Metric Tons
Pacific Coast	18,340
Atlantic Coast	3,299
Europe	18,949
China and Japan	248

40,836

Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila	35,631	41,811
Cebu	39,865	46,255

COCONUT OIL—The month opened with sellers of coconut oil offering at 3 cents f.o.b. Pacific Coast and 3½ cents c.i.f. Atlantic Coast with buyers countering 1/8¢ lower. The market dropped to a point where there were sellers of oil at 2-3/4 cents f.o.b. Coast and 3 cents c.i.f. New York. Some little business in the meantime was done at 2-7/8 cents Coast and 3-1/16 cents New York, the Coast business being reasonably prompt and the New York business late, running into next year. Buyers' demands on the Coast were largely from small refiners and in New York from soapers who are willing to take a chance on filling next year's requirements. Demand for New York oil this year was negligible. Trading was limited with buyers backing away all the time in the expectation of lower prices, and with the month ending at a price level of 2-3/4 cents f.o.b. Coast and 3 cents c.i.f. New York.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	2,026
Atlantic Coast	3,385
Gulf Ports	1,485
China & Japan	213
Other Countries	221

12,330

Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila and Cebu ..	20,245	23,463

COPRA CAKE AND MEAL—Both the cake and meal markets weakened during August. The cake market dropped from a European c.i.f. equivalent of \$32 a ton to \$29.75. This, translated into f.o.b. values, meant a drop of P40.80 per metric ton to around P36. Copra meal at the same time dropped from \$27 to \$25 on the Coast with no buyers at over \$24 at the close of the month. A fair amount of business was done to Europe early in the month with trade slackening off toward the end. The demand for meal, however, was negligible throughout the month.

Prospects for good prices for meal and cake for the balance of the year were unfavorable, but local mills were reasonably well covered and were not worrying.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	2,586
Europe	9,246
	11,832

Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila and Cebu ..	8,501	9,009

DESICCATED COCONUT—The August desiccated market showed a slight improvement over July. Average prices were a shade higher, although there were no changes in New York base quotations. Local production was about the same as July, possibly a shade better, some of the mills still running on a partial basis. Ordinarily, July and August are the slack months of the year, because in the summer season the desiccated trade for candy is poor, and conditions should improve in September and October.

Shipments for the month totalled 3,365 tons.

GENERAL—The European political situation was a significant factor in all markets at the end of August. Neither buyers nor sellers wished to take any particular position until political conditions should clear up, for should these conditions grow worse markets might turn suddenly with trends unpredictable at this time. For these reasons, both buyers and sellers operated on the whole very cautiously, and whatever business took place was handled on very close margins.

The freight situation continued to be a thorn in the flesh. The Conference refused to reduce freight rates on copra, oil, and meal to the Pacific Coast to conform with the recent reduction in oil rates to the East Coast, thus resulting in uneven Pacific

Coast rates through discounts and commissions, while at the same time the European situation was controlled by charters extending into October. F.O.B. equivalents, therefore, were varying and hard to standardize.

Prospects for September were doubtful with everything pointing to similar conditions as August unless political conditions in Europe should reach a climax.

FOREIGN EXCHANGE

BY LEON ANCHETA

Manager, Foreign Dept., P.N.B.

The dollar, in the local exchange market, was quiet and showed slightly easier tone during the greater part of the month. Up to the end of the third week, it appeared that the demand could be met by supply available from commercial sources, particularly from proceeds of gold shipments to America. Also a fairly substantial amount of bills covering copra exportation was offered in the market. Consequently, inter-bank sales covering T.T. on New York eased from 9/16 to 1/2% pr. and offer of sellers at the latter rate was not readily absorbed. However, customers' rate ruled the same as in the previous month, viz. 5/8% pr. At the closing week of the month, the dollar again steadied, buyers (banks) being eager to bid at 1/2% pr. with sellers holding for a higher rate, viz. 9/16% pr. Customers' rate remained unaltered at 5/8% pr., both for T.T. and D.D. on New York.

Buying rate for 60 day and sight bills ruled at par and 1/4% premium, respectively, as in the previous month.

Tending to confirm reported arrangement of a lower level in the relation of the pound sterling and U. S. dollar, the former suffered the widest fluctuation and reached its lowest level since the beginning of the year. Opening at 491-3/8, it steadily moved downward reaching 487-7/8 during the first part of the second week, at which time the British Stabilization Fund entered the market to support the weakening sterling. The intervention of the British Control Fund appeared to have renewed conjuncture as to the level at which the dollar-sterling relation would be maintained and the foreign exchange market became actively erratic although the general demand for U. S. dollar continued to be the chief feature.

During the second fortnight the foreign exchange situation became more involved on account of the growing tension arising from the confused situation in Central Europe and as the month approached its close, heavy continental buying of U. S. dollars was in evidence, causing a sharp drop in the pound-sterling to 485-3/4.

No deliberate effort to counteract the sharp appreciation of the dollar appeared in Washington and U. S. Treasury Officials are reported to have stated that the American Stabilization Fund would be utilized in "the usual cooperative capacity with foreign governments", indicating that under the prevailing circumstances, the fluctuations of the sterling would be allowed to

continue.

Concurrent with the attack on the pound sterling, heavy selling brought down the rate on the Franc from an opening of 276 to 272-7/8 at the beginning of the second week. Frequent intervention by the British and French Exchange Controls prevented further serious sharp fall in this exchange which closed at 272-1/2.

No important development took place in the yen which fluctuated concurrently with the sterling-dollar exchange. Opening at 28-11/16, it moved downward, reaching a low of 28-5/16 at the close.

The Hongkong dollar also slumped heavily in sympathy with the pound sterling. Opening at 30.78 it moved down at a wide range, reaching a low of 30.4325 at the close.

After opening at 17-1/2, Shanghai Exchange slumped to 16-1/8. However, it recovered as the month advanced, reaching a high of 17-11/32 and closing at 17-1/4.

REAL ESTATE

By P. D. CARMAN
BOULEVARD HEIGHTS



Following July real estate transfers which exceeded any July on record except in 1935, August business was a very good although a little below that of the same month of 1937. While considerably lower than in August 1936 it greatly exceeds the transfers recorded in any other similar month since 1929.

Sta. Cruz	P	141,529	P	355,290
Sampaloc		1,633,840		246,943
Tondo		104,897		78,847
Binondo		538,011		103,500
San Nicolas		132,467		21,000
Ermita		12,538		111,000
Malate		268,835		141,993
Paco		85,807		41,300
Sta. Ana		27,284		42,516
Quiapo		39,690		11,511
San Miguel		236,987		203,607
Intramuros		61,656		1,150
Sta. Mesa		16,601		14,000
Pandacan		2,537		212
		P3,302,679	P1,372,869	

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FOREIGN EXCHANGE REVIEW COUNTER RATES

	U.S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
August 1938 . . .	201.50	— 201.50	2/0-1/16	— 2/0-7/16	5.80	— 5.60	58.40	— 57.70	37.50	— 33.70	62.50	— 61.90
August 1937 . . .	200.00	— 199.75	1/11-15/16	— 2/0-1/16	7.65	— 7.60	58.70	— 58.40	60.55	— 59.25	62.80	— 61.90

SHIPPING REVIEW

By H. M. CAVENDER
General Agent—Dollar Steamship Lines



The cargo movement for July amounted to 259,655 revenue tons, an improvement over June. The sugar movement was 63,184 tons, centrifugal 51,648 tons and refined 11,536 tons. There is only a small amount left for the present season's quota. Rates are still

low and prices also.

Shipments of coconut products show little change. The desiccated factories forwarded 6,035 tons (40 cu. ft.) indicating that they are working at their normal rate. The only shipment of coconut oil was to the United States trade and amounted to 13,078 tons, all handled by berth line steamers. The tankers are still conspicuously absent. The copra business shows a falling off of approximately 6,000 tons. The United States took only 6,250 tons of copra but Europe upped her purchases to 11,079 tons, Japan bought 223 tons making a total of 16,552 tons. Shippers contend that the disparity between States and Europe rates are crippling business but carriers do not agree and the lines serving the States decline to make any reductions. The crushers shipped 2,424 tons of cake meal to the United States and 7,800 tons to Europe, totalling 10,224 tons. The trade in lard and margarine continues good, the factories shipped 576 tons.

The hemp business shows some improvement in volume. The United States bought 18,446 bales, Europe took 48,646 bales and was again the only customer taking their customary quantity. Japan was again in the market but for 12,942 bales only. Miscellaneous shipments brought the total movement up to 86,899 bales as against 72,546 for June.

The shipments of ores and minerals continue to increase and for July amounted to 94,991 tons. Japan is the heaviest buyer and took from the AG&P mines 73,560 tons of iron ore, from the Elizalde properties an additional 13,600 tons—a total of 87,160 tons of iron ore. Japan also took 2,850 tons of manganese, 2,094 tons copper ore and 2,100 tons copper concentrates. Japan's total is 94,204 tons. The Tacoma smelter got 712 tons gold/silver concentrates including a 30 ton lot of hand picked untreated gold ore. Calcutta bought a shipment of 75 tons of rock asphalt. There was no chromite moved.

The movement of sawn lumber and logs resumed a normal position. The United States took 1¼ million board feet of sawn lumber. Japan took over 5¼ million board feet of logs. Europe, Straits Settlement, South Africa and Australian shipments

brought the total to 7,982,209 board feet. Cigar shipments, 855 tons, show an increase but tobacco leaf shipments remained at the low level of 366 tons. 1,219 tons of Molasses moved. We note increases in alcohol, embroideries, gums, kapok, hides, cutch and transit cargoes. The furniture shipments dropped to only 387 tons. The rope trade also dropped—shipments 402 tons. Declines are noted in fresh fruits, scrap metals, rubber and liquors.

From statistics compiled by the Associated Steamship Lines during the month of July there were exported from the Philippine Islands the following:—

To	Tons	With Misc Sailings	Of Which Tons	Were carried in American bottoms with sailings
China & Japan	111,782	45	7,135	6
Pacific Coast				
Local	41,143	18	9,619	5
Pacific Coast				
Overland	866	8	505	4
Pacific Coast				
Intercoastal	3,163	8	2,091	4
Atlantic & Gulf				

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Ports	72,765	20	10,021	1
European				
Ports	26,936	14		
All other				
Ports	3,000	27	165	2
A Grand Total of 259,655 tons with a total of 90 sailings (Average 2,885 tons per vessel) of which 29,524 tons were carried in American bottoms with 8 sailings (Average 3,690 tons per vessel.)				

SUGAR MARKET REPORT FOR AUGUST

By WARNER, BARNES & Co., LTD.

The first half of the month witnessed a market made apathetic by the very unsettled conditions in the refined sugar trade. During the first week, the reduction of the beet refined price to 4.20¢ was met by an all-round lowering of the cane refined quotation to 4.30¢, with one refiner quoting 4.25¢. Beet interests replied with a further reduction to 4.10¢ and, though the majority of the cane refiners maintained the margin of twenty points, list prices amongst those in the Gulf area sank as low as 4.20¢ and 4.15¢.

The uneasy state of the market was aggravated by the publication of estimates for the coming beet and Louisiana cane crops, indicating increases of about 470,-

000 and 150,000 tons, respectively.

The one encouraging feature of the raws market throughout the first half of August was the absence of pressure from holders who seemed to be prepared to await the outcome of the struggle between the cane and beet refiners. Business was done only in restricted volume and at the 2.75¢ level which had ruled at the end of July.

On August 19th, the A.A.A. intervened with a constructive announcement that, unless circumstances then unforeseen arose before the end of the year, no reallocation of the probable deficiency on the beet sugar quota was contemplated. This deficiency is estimated at about 300,000 tons and, with available supplies reduced by this considerable quantity, sellers firmed up. Simultaneously, conditions in the refined market became less strained and, with some improvement in withdrawals, refiners, at the beginning of the last week of the month, proved ready to follow the advance in holders' ideas. In three cases, list prices were raised again to 4.45¢ and 4.50¢, while raws changed hands at gradually advancing quotations which reached 2.95¢ before the end of the month. At the close, all offerings at this level had been taken up and sellers were asking 3¢. A certain hesitation in the market, however, was to be noticed and it was felt that the peak of the advance had probably been reached.

Quotations on the Exchange have fluctuated as follows during the month:—

	High	Low	Latest
Sept., 1938	1.98¢	1.77¢	1.98¢
Jan., 1939	2.03¢	1.85¢	2.03¢
March, "	2.05¢	1.89¢	2.05¢
May, "	2.09¢	1.92¢	2.09¢
July, "	2.13¢	1.95¢	2.13¢

Latest statistics of world stocks were 4,439,000 tons, compared with 3,382,000 tons last year and 4,044,000 tons in 1936.

Sales of Philippine sugar during the month amounted to 30,396 long tons at prices ranging from 2.75¢ to 2.95¢. There were no second-hand sales.

Business in the local market for export sugar was practically negligible throughout the month. By the end of August, the principal buyers had retired for the present season, though one speculative trader had advanced his quotation to P6.80 per picul without, it is believed, attracting any important business.

In the early part of the month, the domestic market remained quiet, though there were signs of a firm undertone. Most of the individual producers had apparently disposed of their sugar and the remaining stocks were firmly held in the hands of Centrals and the larger dealers. Talk of a Single Selling Agency for domestic sugar has again been revived and seems to have produced a certain feeling of nervousness amongst Chinese distributors. As a result of these factors, bid prices advanced rapidly throughout the second half of August

223 Dasmariñas

Line	VESSEL	Leave Manila	Leave Hongkong	Leave Batavia	Haiphong
M M	"CHENONCEAUX"	—	Oct. 4	—	—
M M	"ATHOS II"	Oct. 13	—	—	—
M M	"JEAN LABORDE"	—	Oct. 27	—	—
L T	"C. DIANGAMANO"	Oct. 25	—	—	—
L T	"C. VERDE"	—	Oct. 1	—	—
N D L	"POTSDAM"	Oct. 22	—	—	—
P & O	"CARTHAGE"	—	Oct. 1	—	—
P & O	"RANCHI"	—	Oct. 29	—	—
L F	"PROCLUS"	—	Oct. 19	—	—
N Y K	"KASIMA MARU"	—	Oct. 8	—	—
N Y K	"YOSUK. MARU"	—	Oct. 21	—	—
C R	"CAP VARELLA"	—	—	—	—
E A L T S	"INDIA"	—	Oct. 7	—	—
H E A L	"MOTEKERK"	Oct. 15	—	—	—
L R D M	"VAN S S A"	—	—	—	—
N L R D M	"Chr. HUYGEN"	—	—	—	—
R L	"BALOERAN"	—	—	—	—
S E A	"NAGARA"	Oct. 7	—	—	—
N M I C A	"LEBON"	—	—	—	*Oct. 1

Legend—

DSLL	—Dollar Steamship Line
P&O	—Peninsular & Oriental
BP	—Blue Funnel Line
NYK	—Nippon Yusen Kaib
MM	—Messageries Maritimes
LT	—Lloyd Triestino
NDL	—Norddeutscher Lloyd
CR	—Chargeurs Reunis
EALIS	—East Asiatic Line—Japan Service

and by the close of the month buyers were quoting as high as P4.35 per picul. Actual business done, however, is believed to have been comparatively small and it is generally thought that the statistical position, though somewhat improved as the result of incomplete fulfillment of the domestic quota, remains unfavourable.

Exports to the United States during the month amounted to 66,000 tons centrifugals and 6,171 tons refined. Total shipments from November 1st, 1937 to August 31st, 1938 were as follows:—

Centrifugals	765,907 tons
Refined	43,434 "

China Banking . . .

(Continued from page 40)

of Juan Luna and Dasmariñas, has long been a landmark. The building of this structure was a piece of far-sighted planning, and the area embraced within Calle Juan Luna, Dasmariñas, Plaza Cervantes and the Muelle de la Industria has since become the financial center of the city, with the erection of the Wilson Building (housing the Chartered Bank of India, Australia and China and the Trade and Commerce building on Juan Luna. Within this area are now located the National City Bank of New York, the Bank of the Philippine Islands, the Hongkong & Shanghai Banking Corporation, the Chartered Bank of India, Australia and China, the Nederlandsche Indische Handelsbank, N. V., and the China Banking Corporation.

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Oct. 9	Oct. 11	—	Oct. 16	—	*Oct. 21	Oct. 28	Oct. 29	—	—	—	Nov. 3	—	—	—	—	—
Oct. 18	Oct. 20	—	Oct. 25	—	Oct. 31	Nov. 3	Nov. 4	—	—	—	Nov. 9	—	—	—	—	—
Nov. 1	Nov. 3	—	Nov. 8	—	Nov. 14	Nov. 17	Nov. 18	—	—	—	Nov. 23	—	—	—	—	—
—	Oct. 28	—	Nov. 3	Nov. 11	Nov. 8	—	Nov. 11	—	Nov. 14	Nov. 15	—	—	—	—	—	—
—	Oct. 5	—	Oct. 9	Oct. 11	Oct. 16	—	Oct. 19	—	—	*Oct. 22	*Oct. 22	—	—	—	—	—
—	Oct. 26	Oct. 27	Oct. 31	—	—	Nov. 7	Nov. 8	—	—	Nov. 11	—	Nov. 16	—	Nov. 19	—	Nov. 17
—	Oct. 7	Oct. 8	Oct. 25	—	—	Oct. 18	Nov. 4	Oct. 26	—	—	Oct. 28	—	Nov. 1	Nov. 18	—	—
—	Nov. 4	Nov. 5	Nov. 9	—	—	Nov. 15	Nov. 20	Nov. 23	—	—	Nov. 11	—	Nov. 2	Dec. 2	—	—
—	Oct. 26	Oct. 28	Nov. 1	—	—	Nov. 7	Nov. 12	—	—	—	Nov. 25	—	—	—	—	—
—	Oct. 13	Oct. 15	Oct. 19	—	—	Oct. 26	Oct. 30	Oct. 31	—	Nov. 4	—	Nov. 17	—	Nov. 24	—	—
—	Oct. 26	Oct. 27	Oct. 31	—	—	*Nov. 6	Nov. 10	Nov. 11	—	Nov. 14	—	Nov. 6	—	Nov. 11	—	—
Oct. 11	Oct. 11	—	Oct. 29	—	—	Oct. 28	Nov. 3	Nov. 3	—	Nov. 11	—	Nov. 16	—	Nov. 23	—	—
—	Oct. 12	—	—	—	—	—	Oct. 31	Oct. 31	—	—	—	—	—	Nov. 22	—	—
—	Oct. 29	Oct. 22	Oct. 27	—	—	—	Nov. 8	—	—	Nov. 13	—	—	—	—	—	Nov. 12
—	Oct. 7	*Oct. 8	Oct. 12	—	—	—	Oct. 21	—	—	Oct. 25	—	—	—	Nov. 27	—	Nov. 1
—	Oct. 28	*Oct. 29	Nov. 2	—	—	—	Nov. 11	—	—	Nov. 15	—	Oct. 31	—	—	—	Nov. 22
—	Oct. 14	*Oct. 15	Oct. 19	—	—	—	Oct. 28	—	—	—	Nov. 1	Nov. 21	—	—	—	Nov. 7
Oct. 29	Oct. 22	*Oct. 23	Oct. 31	—	—	*Nov. 7	Nov. 10	Nov. 11	—	—	—	Nov. 6	—	—	—	Nov. 15

HEAL —Holland East Asia Line
 NLRDM —Netherlands Line Royal Dutch Mail
 RL —Rotterdam Lloyd
 HAL —Hamburg Amerika Line
 SEA —Swedish East Asiatic Line
 J&S —Glen & Shire Line
 EALBS —East Asiatic Line—Bangkok Service
 WL —Wilhelmsen Line
 MMIC —Messageries Line—Indo-China Service

Notes

- a Also calls Gibraltar and Tangier.
- b " " Gibraltar
- c " " Hamburg
- d " " Tourane, Nantes and Bordeaux.
- e " " Jaffa and Haifa.
- f " " Antwerp and Amsterdam
- g " " Sabang, Ville Franche and Alliers.

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 - i " " Cebu and Antwerp.
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CPR	"EMP. OF ASIA"	Sept. 26	Sept. 30	Oct. 2	Oct. 9	Oct. 6	Oct. 8	—	Oct. 17	Oct. 17	—	—	—	—	
SL	"SILVERGUAVA"	Sept. 29	—	—	—	Oct. 10	Oct. 12	Oct. 21	*Oct. 19	—	—	Oct. 23	Oct. 27	—	
NYK	"TAIYO MARU"	Con. Str.	—	—	—	Oct. 16	Oct. 20	—	Nov. 12	—	Nov. 11	—	—	—	
BF	"TATHYBUS"	—	Oct. 13	—	Oct. 20	Oct. 26	Oct. 29	—	—	—	—	—	—	—	
CPR	"EMP. CANADA"	Oct. 10	Oct. 14	Oct. 16	—	Oct. 19	Oct. 21	Oct. 28	Nov. 2	Nov. 2	—	—	—	—	
SL	"H. SILVERCREST"	Oct. 12	—	—	—	—	—	—	*Nov. 15	—	—	Oct. 23	Oct. 27	—	
NYK	"CHICHBU MARU"	Con. Str.	—	—	—	Oct. 22	Oct. 24	Nov. 1	—	—	—	Nov. 7	Nov. 9	—	
BL	"TAI PING YAN"	Oct. 15	Oct. 18	Oct. 23	—	Oct. 27	Oct. 30	—	—	—	—	—	Nov. 13	Nov. 28	
KL	"GRANVILLE"	Oct. 22	Oct. 26	—	—	Oct. 27	Oct. 30	—	—	—	—	Nov. 23	Nov. 17	Nov. 25	
NYK	"ASAMA MARU"	Con. Str.	—	—	—	Oct. 31	Nov. 2	Nov. 10	—	—	—	Nov. 16	Nov. 18	—	
CPR	"EMP. RUSSIA"	Oct. 23	Oct. 27	Oct. 29	Oct. 31	Nov. 2	Nov. 5	—	Nov. 14	Nov. 14	—	—	—	—	
ML	"MARCHEN MAERSK"	Oct. 24	Oct. 27	Nov. 4	—	Nov. 7	Nov. 11	—	—	—	—	Nov. 21	Nov. 17	Dec. 25	
SL	"SILVERTALU"	Oct. 26	—	—	—	—	—	—	*Nov. 25	—	—	—	—	—	
CPR—Canadian Pacific		FL—Fern Line		HL—Blue Funnel Line											
DSSL—Dollar Line		BL—Barber Line		ML—Maersk Line											
NYK—Nippon Yusen Kaisha		KL—Kluxess Line		SL—Silver Line											

MANILA HEMP
By H. P. STRICKLER
Manila Cordage Company

The entire month of August was exceptionally quiet with very little demand in evidence from either New York or London. Prices of certain Manila grades declined slightly as against the opening prices, while Davao grades advanced twenty-five centavos.

During the month under review, the Japanese government issued import permits for a large quantity (exact amount not known) of cordage grades, August-September shipment.

The release of this information served to strengthen the Davao market, and sellers held firm at the closing prices for the last two weeks. New York and London markets failed to respond to this advance in Davao resulting in but little business being transacted.

Nominal Prices of Loose Fiber in Manila Per Picul

	August 1st		August 31st
F	₱12.75	F	₱12.00
I	8.50	I	8.50
J1	7.00	J1	7.00
G	6.50	G	6.50
H	6.50	H	6.25
K	6.25	K	6.25

Nominal Prices of Loose Fiber in Davao Per Picul

	August 1st		August 31st
F	₱9.50	F	₱9.50
I	7.50	I	7.75
J1	6.50	J1	6.75
G	6.25	G	6.50

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M A N I L A

Borneo Company's 1937 Report

The Annual General Meeting of the British North Borneo (Chartered) Company was held yesterday at River Plate House, London, E.C.

Major-General Sir Neill Malcolm, K.C.B., D.S.O., the president, occupied the chair.

The Secretary (Mr. W. O. Pidgeon, A.C.A.), having read the notice convening the meeting.

The President, in the course of his remarks, said:—The report and figures again show added strength and a greater degree of prosperity than any previous report and accounts which your board has presented. In the first place we have been able to recommend the payment of a dividend of 4 per cent, against 2 per cent last year, so that we can say either that the dividend is up by 2 per cent or by a 100 per cent. Both statements are true. Further than that we are able, after paying 4 per cent, to add £35,000 to our carry-forward, bringing it up to nearly £72,000, while our investments have increased in value from £475,415 to £511,460 and our cash in hand at December 31, 1937, was £212,253, against £81,035 at the end of 1936. These are good results, but it must be remembered that they were attained in what was a specially favourable year.

As you can see from the last page of the accounts, the value of rubber exported was over £1,000,000 against less than £500,000 in 1936. Copra exported was valued at £89,000, against £59,000, tobacco at £30,000, against £8,000, and so through pretty well all the list. We cannot expect such good results for this year as the price of commodities has fallen steeply, and the export of rubber is heavily restricted. Nevertheless the results for the first quarter of this year are slightly better than for the same period in 1937, but the month of April shows a substantial drop in comparison with April, 1937. The probability is therefore that the later months of this year will show some falling off in our profits, and that is why we have put such a large amount as £35,000 to our carry-forward.

Reduced Indebtedness

Although I think it right to strike this note of warning, there are certain other encouraging factors which should not be overlooked. First among these is the increased immigration of Chinese owing to the fighting in their own country. The second encouraging feature is the reduction in our debts and expenses over the last few years. The expenditure in Borneo, which in 1928 was £261,692, has been reduced in 1937 to £209,709, while in ad-

dition Borneo charges for depreciation, &c., declined during the same period from £54,970 to £31,932. Further, London standing charges for Debenture interest, &c., have been reduced from £106,443 in 1928 to £73,666 in 1937.

Perhaps most important is the reduction in our debt. Ten years ago our indebtedness, including bank overdraft, certificates, and debentures amounted to £1,731,000. At December 31 last, instead of a bank overdraft we had £212,000 cash in hand, and the debenture debt had been reduced by £454,100 to £1,154,200, while Certificates to the value of £108,000 have been redeemed. That is to say, that the position has improved by very nearly £800,000. Furthermore, by July 1, that is in 10 days' time, that £154,200 will have been paid off, and in our next balance-sheet which will be made up to December 31 next, our debenture debt will stand at or under £1,000,000 only.

Our interest charges will therefore be very greatly reduced and the whole debt will be paid off by the ordinary action of the sinking fund by 1965, even if there should be no more special repayments such as we have been able to make during the last few years. I do not say for a moment that there will not be such repayments, but even without them it will not be so very long now, before that debt is wiped out of our balance-sheet. During this same period we have abolished the gambling farm which used to bring in a revenue of £29,000 and reduced our opium revenue by £60,000.

Important Development of Manila Hemp Cultivation

The third factor is the gradual introduction of new industries, due almost entirely to the enterprise of the small Japanese colony round Tawau.

Of great importance may be the cultivation of Manila hemp, which has gone ahead very fast since I spoke about it last year. The value of hemp exported last year was nearly three times as great as for 1936. Cultivation of this particular fibre has now been taken up by certain British estates and by Chinese and native smallholders; altogether the Governor now has before him applications for 11,000 acres for hemp cultivation. We have the more reason to be grateful to our Japanese planters for the lead they have given after experimenting for at least 20 years, as this is the only Manila hemp grown at present in the British Empire. Its value to our fleet and merchant marine needs no emphasis from me, except to say that for this reason we have made a special feature of our

hemp at the Glasgow Exhibition in the hope of attracting the attention of British enterprise.

It is rather curious that although we have had visits and inquiries from Americans in the Philippines and firms as far away from us as Boston, the Japanese success has so far aroused little interest in London except for our good friends Messrs. Harrisons and Crosfield. It is sometimes said that Manila hemp can only be grown successfully on volcanic soil such as the Japanese have near Tawau, but this hardly seems to be an established fact. An American friend of mine told me that he was growing it successfully on ordinary good alluvial soil in the Philippines and that in his opinion the only essential factor was a steady all-the-year-round rainfall, such as is usually found near the equator. But even if volcanic soil is essential we would appear to have an ample supply in North Borneo. The industry has been proved; all that is now necessary is enterprise and capital.

The Search for Oil

I now come to what can only be described as a potential industry, but may be of greater importance than all the other three put together, I mean, of course, our oil. The prospect is distinctly better than it was 12 months ago. Work is still going on and such hope as there is, is centered upon the Dent Peninsula, the most easterly part of the territory. The geological survey is not yet complete and it may be another 12 months or so before the oil company is able to decide whether to incur the expense of putting down bores or not. Then, even if they do bore, there is no certainty that oil will be found in payable quantities. Much, very much, still remains to be proved, but there is a glimmer of hope now where there was almost none last year.

So much for the commercial prospects of the company, which I venture to think are not discouraging in spite of present depressions. There is, however, one more subject on which I ought, perhaps, to say a further word, and that is opium. It has for the last 10 years been the declared policy of the Chartered Company to suppress the consumption of opium in North Borneo. As the result our revenue from this pernicious trade has gone down from £105,000 in 1927 to £45,000 in 1937. A further step is now about to be taken; I hope and believe that by 1950 little or no opium will be smoked in North Borneo.

The report and accounts were unanimously adopted.

RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA

Traffic Manager, Manila Railroad Company



The volume of commodities received in Manila during the month of AUGUST 1938, via the Manila Railroad Company are as follows:

Rice, cavares	155,345
Sugar, piculs	73,688
Copra, piculs	190,393
Desiccated Coconuts, cases	41,493
Tobacco, bales	3,721
Lumber, board feet	1,108,716
Timber, kilos	1,790,000

The freight revenue car loading statistics for four weeks ending August 20, 1938, as compared with the same period of 1937 are given below:

FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CAR		FREIGHT TONNAGE		Increase or Decrease	
	1938	1937	1938	1937	Cars	Tonnage
Rice	568	684	8,055	8,925	(116)	(870)
Palay	58	33	697	368	25	329
Sugar	227	225	6,798	6,925	2	(217)
Sugar Cane .....	.....	.....	.....	.....	.....	.....
Copra	856	658	7,128	4,788	178	2,340
Coconuts	121	93	1,541	966	28	655
Melasses	7	16	290	277	(9)	(13)
Hemp .....	.....	1	.....	9	(1)	(9)
Tobacco	39	57	246	518	(18)	(272)
Livestock	46	12	361	54	34	307
Mineral Products	382	216	3,142	2,444	166	698
Lumber and Timber	180	91	3,995	2,357	89	1,548
Other Forest Products	2	2	29	14	.....	.....
Manufactures	219	198	2,623	3,199	21	(576)
All Others including L.C.L.	2,543	2,542	17,786	16,969	1	817
TOTAL	5,228	4,828	52,412	47,753	400	4,659

SUMMARY

Week ending July 30,	1,322	1,415	12,981	16,762	(93)	(3,781)
" " Aug. 6,	1,296	869	11,926	7,575	429	4,353
" " " 13,	1,292	1,141	14,716	10,225	148	4,493
" " " 20,	1,324	1,409	13,256	18,255	(81)	1
TOTAL	5,234	4,828	52,412	47,753	400	4,659

NOTE: Figures in parenthesis indicate decrease.

HUBERT C. ANDERSON DIES

Hubert Charles Anderson died at St. Paul's early in the morning of September 5 from peritonitis that followed an emergency operation for acute appendicitis. Thus Manila lost an American of as high a type as has ever lived in the Islands, a man of the rarest character and ability. A prudent judgment had given him a high place in business and an unflinching generous soul had made him a friend of everyone; "Andy" Anderson had not an enemy in the world, but hosts of warm friends as near to him as brothers. He was 56 years old and had for many years been the manager of the Manila Hotel. While the place is an important one and Anderson lent unusual talent to it, it is not the position, but what the man was himself, that explains the whole community's grief at his passing.

Memorial services under the auspices of his lodge, the Corregidor F. & A. M., with Dr. Walter B. Foley of Union Church pronouncing the eulogy, were held at the Central Student Church Thursday afternoon at 4 o'clock, September 9. President Manuel Luis Quezon, with whom Anderson

had just been on a southern-Islands trip, High Commissioner Paul V. McNutt, Major General Douglas MacArthur, Major General Paulino Santos, and many others who are among the highest officers of government and administration here, stood humbly among the mourners. Floral offerings were an inundation of public tribute. The catalogue bore the national colors. Anderson was a veteran of the Spanish-American war who came here first with troops in 1900.

Honorary pallbearers were: General MacArthur, Secretary Jorge B. Vargas of President Quezon's office, Jose Paez, Judge Clyde A. DeWitt, Rafael R. Alunan, R. S. Rogers, Ramon S. Araneta, H. M. Cavender, Francisco Mendoza, Anderson's first assistant at the Hotel, Leon Rosenthal, Frank Courtney, and Frank V. Chamberlain. Masonic pallbearers were H. T. Gevald, and Judge S. W. O'Brien. Colonel Henry Gihouser and A. T. "Tom" Hill represented the United Spanish War Veterans. L. Hayden and E. G. Baumgardner represented the Elks. Mrs. Anderson, long in poor health, is still confined to her suite at the Hotel by the shock of her husband's being cut down at a period that seemed to be the very prime of

his useful life. To her President Quezon sent a holographic letter of personal tribute to her husband, always one of the president's very closest friends and an unbiased and sagacious counselor. It is characteristic of Quezon's own kindness of heart to indite such documents in the sanctity of his study, in his own hand; he has never devoted this thoughtfulness to a more poignant instance.

Anderson was from Lexington, Kentucky, and came to Manila fifteen years ago as a treasury-department man on special duty in the Far East. It was some ten years ago that he joined Walter A. "Monk" Antrim in the Hotel's management, later taking complete charge when Antrim's failing health forced him to remain in California, where he had gone to recuperate. (Antrim died in California, August 24, an able man and hotel-manager himself, highly esteemed here). His Federal connection Anderson had always retained, his advisorship to governors commencing with Leonard Wood had never been extinguished. The formal tribute to him by Masons was pronounced at the memorial services by their Grand Master, Justice Jose Abad Santos of the Commonwealth Supreme Court.

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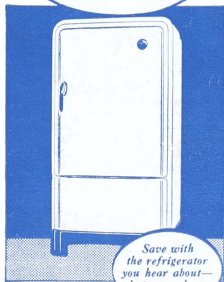
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