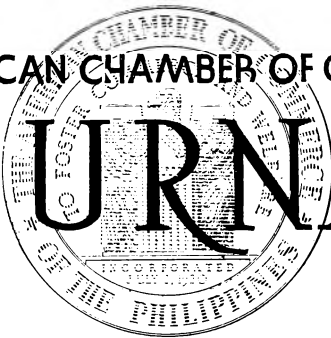


THE AMERICAN CHAMBER OF COMMERCE

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Manila Rises From The Ruins

Rebuilding Gets Started

By **BERNARDINO RONQUILLO**

Manila's skyline has already undergone quite a change even before rebuilding has hit its stride. In 1945 downtown Manila was a heap of rubble and debris; but in 1946 the city literally rose from the sorry sight it was just after liberation. The residential area south of the Pasig was transformed early in 1945 to almost flat country-side with very little life; today quonset huts and other light material houses are helping to fill the void caused by the worst conflagration that ever hit Manila during the first two weeks of the battle for the Philippine capital.

A beginning is all that has been made in the way of rebuilding, but progress has been amazing, when one considers the obstacles that had to be surmounted, namely:

1. The uncertainties of the zonation plan which up to now has not been put into effect due to the conflicting ideas of property owners and city planners over the widening and improvement of streets in downtown Manila particularly;

2. The general dearth of funds to enable small home-owners to start building new homes;

3. The delay in the payment of war damage claims for which possibly a million claimants are waiting.

4. Scarcity of building materials for reconstruction on a larger and more extensive scale or the reluctance of many prospective builders to start rebuilding due to the high cost of construction.

The tremendous demands for housing to accommodate the thousands of city inhabitants left homeless necessitated the hurried setting up of temporary quarters, but until now this problem has hardly been relieved and, despite the rental law, tenants are complaining they are not getting enough protection from the excessive rates charged by landlords. Increases of 50 to 100 per cent in rentals have been already effected or are about to be effected as a result of the heavy demand for more accommodations.

The necessity for setting up quarters to house business offices and stores was even more urgent in order to restore normal economic life and start the rehabilitation of the Islands' shattered national economy. Hence, the comparatively greater

headway made in rebuilding business establishments than in rebuilding homes. As a general rule, strong material construction last year was confined to the repair and rehabilitation of prewar structures, some of which were so badly damaged the cost of putting them in shape was almost as much as the cost of building new ones on a normal prewar basis.

The encouraging fact about city rebuilding is that many of the big prewar business establishments have been restored and reopened. These include a number of buildings in downtown Manila, like the Wilson building, the Trade and Commerce building, the Soriano building, the Aguinaldo building, the China Banking Corporation building, the National City Bank of New York (Ayala) building, the Hongkong and Shanghai Banking Corporation building and the El Hogar building on Juan Luna and others around the banking district; Insular Life building and Filipinas building on Plaza Moraga; the Calvo building, Perez Samanillo, Regina and Fernandez buildings on the Escolta (the Heacock building having been purchased by the U. S. government; the

Monte de Piedad building on Plaza Goiti (practically intact); Great Eastern Hotel on Echague; Central Hotel on Rizal Avenue; and a number of other edifices on downtown business thoroughfares.

The theatres and movie houses which grew up in the decade that followed the depression years and which contributed to Manila's skyline had all been virtually completely restored before 1946 drew to a close. They include such fine structures as the Avenue Hotel and theatre, Ideal Theatre, State building on Rizal Avenue; Lyric and Capitol on the Escolta; Times Theatre and Life Theatre on Quezon Boulevard. A number of new movie houses have also sprung up in the area levelled by fire, particularly in the Quiapo district.

Official figures on city construction (which do not show all the rebuilding accomplished in 1946) tell an even more convincing story of the definite gains scored in lifting the once beautiful "pearl of the Orient" from the rubble and ruins of war. City construction, including repairs, in 1945 (officially recorded by the

(Continued on page 16)



Escolta in January, 1947

Mayflower Photo Studio

The Road Back

To Normal Production—To Normal Labor Employment Not An Easy One

The tobacco industry did not rank as the largest, or the next largest industry in the Philippines before the war. Nevertheless it did play in a very important role in the industrial organization of the country, creating about ₱10,000,000 worth of export products a year and providing employment (on the manufacturing end) to about 20,000 people. As an agricultural crop, it ranked eighth in area planted, approximately 58,000 hectares having been planted to tobacco in 1940. Not the largest industry, no. But one that for many years, decades and even centuries (it is an old industry in this country) has brought in a steady income for many thousands of people, farmers and factory workers.

The great plants of this industry were concentrated in the Manila area, where the four leading manufacturers of cigars and cigarettes were located — Tabacalera, La Insular, La Yebana, and Alhambra. Agriculturally, the industry was centered in the Cagayan valley, the two provinces of Cagayan and Isabela in 1939 producing 17 million kilograms of tobacco out of a total production of 32 million kilograms. The province of Isabela far out ranked all other provinces with 12 million kilograms. Outside of northern Luzon, the only important producing area was Cebu, which accounted in that year for approximately 2 million kilograms.

As was true of every other industry of the Philippines, large or

small, the liberation of the Philippines found the tobacco industry lying in dust and rubble. In their last orgy of destruction, the Japanese blew up or fired many industrial plants that up to then had partially or wholly escaped injury. Of the large factories named above, only one remained—Alhambra. La Insular was destroyed by fires from the second American bombing of the city in September, 1944. But Tabacalera (La Flor de la Isabela on Isaac Peral St.) and La Yebana were the victims of the Jap scorched earth policy.

The great Alhambra plant on Tayuman St. emerged from those days of destruction almost unscathed. When the Japs blew up a nearby bridge, the force of the explosion shattered every window pane throughout the factory and office buildings; but otherwise it was intact. The managerial and factory staffs were ready and prepared to resume operations almost before the smoke of battle cleared away. Nor was the destruction of the Meralco power plant a hindrance, for the factory was the fortunate owner of its own power plant on the premises.

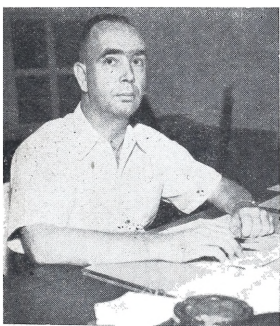
For several reasons it is worthwhile at this time almost (two full years after the liberation of Manila) to visit the Alhambra plant and to study the degree of success that has attended its efforts to return to its prewar production and labor employment levels. The results should throw a light on not only the tobacco industry of the Philippines but also on industry in general. The very fact that it is one of the few factories of any kind whose rehabilitation did not depend on the securing of new machines, etc. from abroad gives its experience in this post war world peculiar interest to the student of Philippine industrial conditions.

The Alhambra Cigar and Cigarette Company was first organized in 1898. Its early years were beset with financial difficulties, and in 1912 it passed under the control of Kuenzle and Streiff, a well known Swiss company, who incorporated it with a capital of ₱800,000, all of which was in common stock form and was closely held by the original incorporators. The original factory was on Novaliches St., but in the early 1920s the buildings of the La Flor de Intal were secured on Tayuman St. and the factory was moved to that location. The cigarette factory annex was built a few years later.

Alhambra has always been strictly a manufacturing concern, buying its supplies of tobacco leaf in the open market. Most of its stocks were purchased in the Cagayan valley, where the company maintained five or six expert tobacco buyers, and several warehouses or bodegas. When the battle for Luzon began in January, 1945, these bodegas were filled with some 30,000 bales, much of which was 1941 production and purchase. But during the first six months of 1945, as a result of the bitter fighting in the Cagayan valley, 65% of their bodega stocks were destroyed. Probably the same percentage of loss was applicable to tobacco stocks generally.

As has been said, this factory was ready and able to resume production (which means also "employment") almost before the smoke of battle had cleared away. The first real obstacle it encountered was unfortunately placed by the government, in the form of requirements for re-registration (being a corporation). In spite of all that the company could do, this process consumed months, and it was October, 1945, before it was finally permitted to resume operations.

This period of enforced idleness was the source later of much difficulty and trouble not only for Alhambra but for the bona fide tobacco industry generally, and also for the government. It was during this period that cigars and cigarettes became bootleg products. Numerous small



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Treasurer-Manager, Alhambra Cigar & Cigarette Co.



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Factory Manager, Alhambra Cigar & Cigarette Co.

Illicit establishments looked quick ad vantage of abnormally prices for cigars and cigarettes, and the temporary forced suspension of legitimate manufacturers from production, with a resultant serious loss of revenue by the government. Of special concern to legitimate, well-known manufacturers was the fact that the boot-leg producers imitated the labels of famous brands for the purpose of marketing their products. Protection against this mal-practice was far from sufficient. The consequence, in the case of Alhambra, was that it became necessary for them to take unusual and expensive precautions in preparing their own labels when they were finally permitted to resume production. To some extent the emergence of the boot-leg manufacturer, during this period when the market was unwisely left to them to exploit, created problems of revenue collection that until today continue to cause financial loss to the government.

The problems that Alhambra has had to meet and solve since it resumed operations in October, 1945, are fundamentally no different from those of industry in general in the Philippines. They involve such questions as inflated labor costs and raw material prices. A brief description of the specific situation at this one factory is worthwhile.

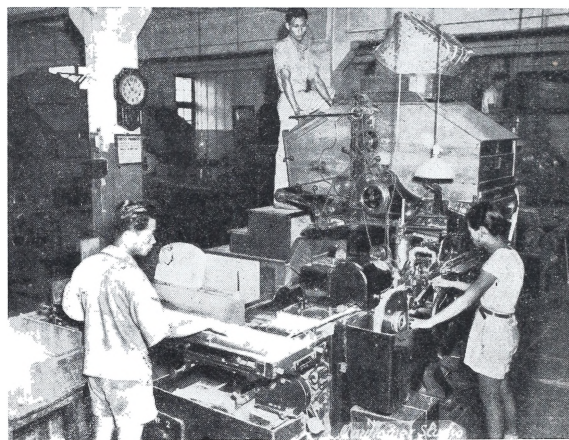
By January, 1947, Alhambra had travelled the road back to normal production to the extent of 25% in cigars and 15% in cigarettes. As an employer of labor, it had progressed 30% of the way back to normal. Quite an achievement when it is learned that the present scale of wages is three and a half times prewar and the present cost of tobacco is five to six times prewar costs. And little short of miraculous when it is learned that some of its products are selling for little less than two times prewar prices, and none of them as much as three times prewar prices. For example, Corona cigars now sell for P28 per hundred as against P16.60 before the war; and Alcalde cigars for P20 per hundred as against P8 before the war (all factory prices). The Alhambra Blanco cigarette (short) before the war sold for P80 per thousand packages of 30 cigarettes each, including P39 tax. In spite of inflated labor costs and raw material prices, this popular brand is now being sold at P150, which price includes P60, in taxes. Until January 1, 1947, the factory price was P230, which included an P120.—tax. A decrease of P20 in the factory price (minus tax) brought the cigarette down into the

lowest tax bracket, which meant P60 less in taxes. In a nutshell, the company gets P20 less than before January 1, the government gets P60 less, and the buyer at the factory pays P80 less. But there has been no reduction in wages or in raw material prices.

The most serious obstacle in the way of further progress is the continued shortage of tobacco. Last

year's crop was approximately one-third of normal. It was anticipated that this year there would be an increase in tobacco plantings that would bring the crop up to 50% of prewar levels. But after the seed beds were planted last October in the Cagayaif valley, a typhoon with rains had almost disastrous effects. What the final crop will be it is impossible to

(Continued on page 13)



Cigarette machine—three out of nine machines are being operated



Assembling cigar boxes

Mayflower Photo Studio

Report On The Mining Industry

Contributed by the

Bureau of Mines, Mr. Demetrio Andres, Officer-in-charge

Mining was a major industry of the Philippines before the war, being a close second to sugar which led by only a few million pesos. If the war had not broken out sugar might have been displaced by mining as the premier industry of the Philippines by the end of 1941.

Prior to the war, 57 mines were in actual production. They consisted of 38 gold, 5 chromite, 5 iron, 6 manganese and 3 copper mines with a total production from 1935 to 1940 of the following values:

1935	.....	P 33,289,897
1936	.....	47,496,225
1937	.....	57,494,278
1938	.....	72,055,756
1939	.....	82,980,021
1940	.....	91,607,210

The mining industry gave employment to 42,931 laborers in 1940, used 84,267,607 board feet of lumber, bought P36,660,647 worth of machinery and consumed 228,746,462 K. W. H. of power.

The almost complete destruction suffered by the mining industry during the war has been evaluated by the Bureau of Mines at about P121,000,000. Many of the mines that suffered complete destruction may never be opened up again. Among the few companies which have been able to rehabilitate their mines, only two are today in actual production. The lack of machinery and the high cost of labor are delaying the opening of many mines, including the readily accessible ones.

In the Baguio Gold District, Benguet Consolidated Mining Co., Balatoc Mining Co., Big Wedge Mining Co., and Lepanto Consolidated Mining Co. are rehabilitating their mines.

The 1000 ton mill which Benguet and Balatoc are putting up between their properties will soon be completed. It is 2000 feet northeast of the Balatoc main haulage level and is about 7000 feet from the Keystone vein of Benguet. It is expected to open operations in the early part of 1947. The company's current payroll covers more than 2,000 employees.

Big Wedge is the only mine in the Baguio District which was saved from heavy destruction during the war. The mill is about 80% intact while the mine is in fair shape, although two shafts were badly



Mayflower Photo Studio

DEMETRIO ANDRES

damaged due to timber decay and caving in of heavy walls. Many small parts of the mill were stolen during the Japanese occupation. Every effort is being exerted to get the mill back in operation during 1947. The payroll of the company last October contained 250 men as against 160 men last June.

Lepanto Consolidated is now preparing the site and foundation for a new 500 ton mill, and is reopening and making its mine ready for stopping ore as soon as the mill is completed. The Lepanto mill was razed to the ground and the mine blasted during the last minute resistance of the Japs in that place.

In the Paracale district only small scale rehabilitation is going on in San Mauricio, United Paracale and Coco Grove. The Companies are gathering and putting together what is left of the power plants and are repairing and reconditioning what is left in the mines.

Treasure Island is also putting the camp and mine into operation, employing over 100 men.

Masbate Consolidated is now cleaning and putting its mill and power plant into condition, which were left practically intact, by the Japanese.

In the Surigao District, Mindanao Mother Lode and Surigao Consolidated are now in operation. A new dredging company is assembling a dredge to work a placer ground ad-

joining the North Mindanao Mining Co. property. Surigao Consolidated is actually milling their oxidized ore mined by open pit, at a rate of about 150 to 200 tons a day by table and flotation. Operations have been hindered recently by labor difficulties. Mindanao Mother Lode has been busy putting the mine and camp in shape for mill operation by the middle of 1947 but due to the shipping strike on the Pacific Coast the shipment of their machinery has been delayed another six months.

Among the base metal mines, Consolidated Mines is the first shipper of ore to the United States, present shipments amounting to 12,000 tons of chrome ore monthly. Benguet Consolidated is mining their chromite deposit on a profit sharing basis. The camp was completely damaged, while the road and bridges were in very bad shape after the war.

Acoje Mining is doing some repair work on their property but so far no chrome ore shipments have been made.

At Cagayan, Oriental Misamis, Luzon Stevedoring Co. has started reopening its chromite mine. Repair on the road is going on rapidly. Also the Soriano interests are busy exploring their chromite claims southwest of Cagayan.

Among the manganese mines, Luzon Stevedoring is now opening the Philippine Nippon Mine on Busuanga Island, where the camp, pier and road are being repaired. The mine was badly damaged during the occupation.

Coal mining is booming in Cebu at the present. The demand of coal is great at the Cebu Portland Cement Co. and, since no importation is available, native coal is being used.

The monthly production of the Cebu Coal District during 1946 was:

January	....	954.02 tons
February	....	938.56 "
March	....	1277.72 "
April	....	828.86 "
May	....	3016.97 "
June	....	3796.36 "
July	....	5043.25 "
August	....	5895.20 "
September	....	5702.65 "
October	....	7583.24 "
November	....	2709.31 "

(Continued on page 23)

Stock Market Review for 1946

By A. C. HALL AND CO.

The past year witnessed the resumption of official trading in the Manila Stock Exchange. The Exchange actually opened its doors on January 26, but previous to that date trading in securities had been carried on over the counter by Exchange members.

On the resumption of trading, the Securities Commission permitted the Exchange to grant official listing to all issues listed at the outbreak of war provided that the companies in question were in a position to effect share transfers. On January 26th, seventeen companies met these requirements. The Exchange was permitted subsequently to add to this group as soon as other prewar issues opened their share transfer offices. Later in the year, however, the Securities Commissioner amended this ruling, withdrew automatic relisting privileges, and placed certain requirements on companies seeking relisting on the Exchange. At the present time, there are thirty four stocks officially listed as compared to ninety issues on the Big Board during late 1941.

The shares of previously listed companies which have not yet applied for relisting are meantime traded over the counter. In addition to these issues are such unlisted stocks as Benguet Consolidated Mining Company and Far East Oil Development which have always been traded over the counter.

Business transacted on the Exchange during 1946 was of considerably smaller proportions than during prewar years. The approximate total value of transactions during 1946 amounted to slightly over P20 million. Of this total, the mining section accounted for about P17,000,000.

MINING GROUP

The improvement which commenced late in 1945 gained vigor early in the year, and selected issues advanced sharply during January and February under the impetus of a substantial demand from the United States. The rise was aided by an artificial shortage of stock. Potential sellers, attracted by high prices of some issues, were unable to dis-

pose of their holdings, for one reason or another.

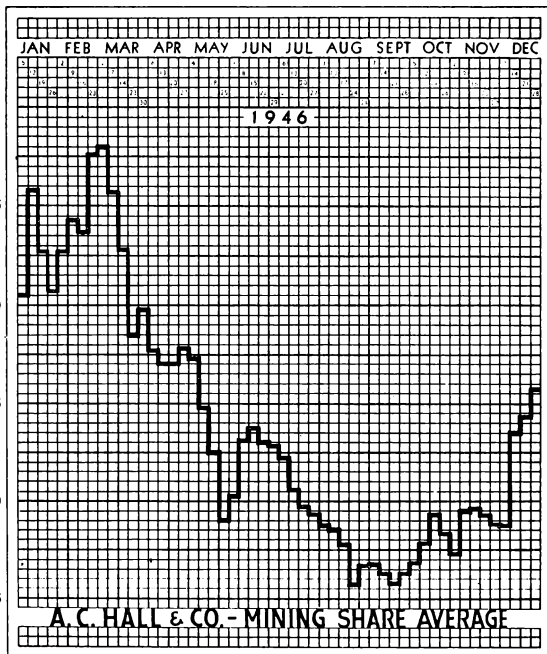
The rise topped out late in February when our mining share average reached a high of 49.85. By then additional transfer facilities were available, and local holders, desirous of raising funds to finance other business interests, became ready sellers. At about the same time, investment demand from the U. S. slackened as the first rush of post-war speculative enthusiasm evaporated in Wall Street. Furthermore, it had become more evident that the rehabilitation of Philippine Mining Companies was going to take a longer period of time than many people had hitherto considered possible.

For most of the year thereafter, the market was in a sustained decline. Prices hit bottom during August and September. Actually on a daily closing basis the low point in

the average was reached on September 26 at 25.55. However, prices had traded in only a one point range on very small volume for about a month prior to that point, generally indicative of a sold out market. An old adage is that a market that cannot decline can advance, and this was again witnessed as prices moved steadily forward since early October to close the year at 35.60, or almost forty percent better than the low point of September.

In our opinion the Manila Stock Market, is currently performing the traditional function of Stock Markets all over the world. It is the barometer of public opinion, and coming events. The recent advance reflects investment faith in the future of this country. The market's technical action at present suggests that the highs of 1946 will at least be tested during this year. (In-

(Continued on page 19)



JOURNAL

Published Monthly in Manila, Philippines
The American Chamber of Commerce
of the Philippines, Publishers
Robert S. Hendry, Editor

Entered as second class matter Dec. 10, 1945
at the Post Office at Manila, P. I.
Subscription rates: One year in the
Philippines, P5.00; United States
\$5.00 U. S. Currency.

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ANNUAL REPORT OF THE AMERICAN CHAMBER OF COMMERCE

This past year has been a year of change and development and we may well add, progress in all lines of commercial and industrial activity. In fulfillment of its promises, the United States granted political independence to the Philippines on July 4, on which day in the presence of high-ranking representatives of the American people, the new Republic of the Philippines was proclaimed. From all points of view, this was the outstanding event of the year. To Americans in the Philippines it was of particular significance, for they found it necessary to adjust themselves to their new position as aliens in the Philippines.

The year has been a particularly strenuous one for merchants. Difficulties in getting merchandise into the Philippines have been numerous and at times very trying. Shipping shortages, due to strikes in America, berthing shortages and warehouse shortages in Manila have all contributed to the merchant's problems. These difficulties are gradually being solved.

In the city of Manila many changes have been effected. Much of the rubble has been cleared from the commercial districts. Many large office buildings have been repaired or are in process of repair—though in some the repairs are of a temporary nature. Many new buildings have been erected, and while most of these structures built of lumber are for temporary use only and some would best be classed as shacks, they are relieving the much needed housing problem for business. Dozens of stores and offices are occupying these temporary structures. The continued shortage of adequate building materials has prevented permanent construction requiring steel and cement.

The situation in the Port Area has improved considerably during the year. By releasing important piers and industrial and commercial properties in that area, the U. S. Army made it possible for civilian enterprises to expand their operations to the benefit of conditions generally. Pilferage of incoming cargoes still consti-

tutes an important problem, but losses have been reduced materially during the past few months.

Transportation facilities of all kinds have improved remarkably during the year. Inter-island shipping and land transportation have been extensively improved in quantity and quality. But it is in the field of air transportation that the greatest developments have taken place. The end of 1946 found Manila one of the world's great air centers, a fact that has contributed in an important way to the solution of many of our problems.

Most of the financial institutions of the country—banks and insurance companies—were rehabilitated or re-opened during 1946, local banks and insurance companies having been extended aid by the government. Eleven banks are now operating, as compared with 16 before the war. Deposits reported by the eleven banks, however, are twice as large as pre-war deposits in the 16 banks, amounting in November, 1946, to P480,000,000. Indicating the general confidence in the future, the Bank of America announced in November, 1946, its plan to establish a branch in Manila early in 1947.

Due to the almost complete destruction of the Philippine industrial plants, exports lagged far behind imports in volume during 1946. However, in the latter half of the year, the volume of exports showed a notable increase. This increase was contributed to mostly by copra and hemp. The total value of copra exported was for the year about P70,000,000. Half of this total (P35,000,000) was exported during the last three months of the year. Total shipments of abaca to the end of October (the last date for which figures are available) amounted to 167,288 bales valued at P8,005,472. While the United States was by far the most important buyer of both products, other countries shared in the trade to some extent. Altogether 12 countries (including the United States) secured copra from the Philippines, and three countries secured hemp.

Before the end of the year, the Philippine government had acquired from the United States Surplus Property Commission more than two billion pesos worth of surplus property at less than 25% of its original cost. Included in the transfer were ships of various tonnages, machinery, equipment and supplies that will aid the rehabilitation of Philippine industry. Such items as are not required by the government and its various branches will be offered for sale to the public.

The moratorium on debts remained in effect at the end of the year, to the detriment of merchants who sold machinery and automobiles and trucks on deferred payments plans before the war. These merchants are still denied the right either to collect their accounts or to effect the return of their properties.

The First Congress of the Republic passed Act No. 62 which established rules and procedures for the constitution of corporate records. This Chamber has met with other organizations in Manila for the purpose of securing desirable changes in the law for the benefit of corporations and owners of stocks.

Late in the year, the Philippine War Damage Commission established its offices in the Aguinaldo Building on Juan Luna Street and will probably distribute claim forms to prospective claimants in February. This Chamber has initiated a movement to amend the basic war damage law so as to make it more effective in rehabilitating the industries of the Philippines.

With the granting of independence, the tax obligations of Americans in the Philippines presented a confused picture. This Chamber took an active part in clarifying the situation. Work in this direction has not

(Continued to page 21)

Primitivo Lovina, president and general manager of the Reconstruction Finance Corporation, announced at a press conference on January 17 that its initial capital of P50,000,000 has been allocated to various rehabilitation projects. The allocations are as follows:

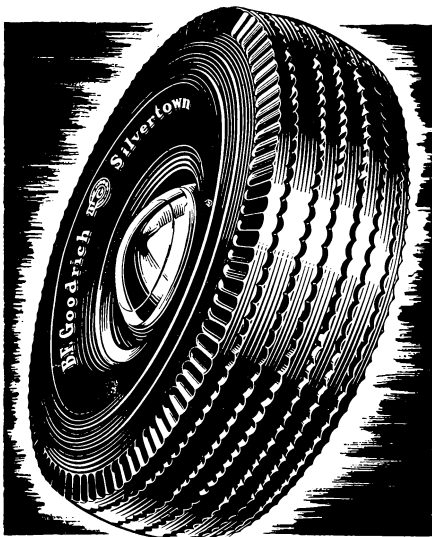
- P15,000,000 for industrial loans
- 10,000,000 for agricultural loans
- 10,000,000 for home-building
- 7,000,000 for purchase of large estates for subdivision and resale to tenants
- 5,000,000 for loans to provinces, cities and municipalities
- 3,000,000 for loans to public utilities

The sum allotted to industrial loans will be used for the reconstruction of the sugar centrals destroyed during the war, so that this premier Philippine industry may speedily be reestablished.

The home-building program has already commenced. Mr. Lovina announced that a total amount of P300,000 had been advanced to borrowers up to the date of the announcement. Loans for the rebuilding of destroyed homes are charged an interest rate of four percent per annum. Loans for the construction of new homes are charged an interest rate of six percent per annum. The second type of loan is charged a higher rate of interest because the funds used for the purpose are taken from government funds entrusted to the RFC for investment, not from the rehabilitation funds.

The first loan by the RFC to a local government was made to the municipality of Pasay, Rizal Province, in the amount of P200,000. The purpose of the loan was to reconstruct the public markets and slaughterhouse. Mr. Lovina stated that the corporation will consider favorably applications from local governments for the reconstruction of waterworks, electric plants and other self liquidating projects.

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An Iron and Steel Industry for the Philippines

By—CHAS. A. MITKE, Consulting Engineer.

As the year 1947 commences, the possibilities for industrial expansion in the Philippines appear greater than ever. Taking one specific item—iron and steel—this is the first time in years that we are confronted with a world shortage.

The present large demand for iron and steel products in the Philippines offers an opportunity for the construction of an island iron and steel plant. Furthermore, the location of these islands places the Philippines in the center of a circle which takes in points as far distant as Gualdocalan, New Guinea, Dutch East Indies, Singapore, Straits Settlement, Burma, Siam, Indo-China, China, etc. Therefore, a plant in the Philippines could supply any of these countries.

Most of the essential raw materials are mined in the Philippines, and those which are not available here in sufficient quantities may be obtained from adjacent countries.

Leafing over the Philippine Mining Year Book for 1941, I find that on page 114, I made the following statements:

"High grade iron ore is available in Paracale, Samar, and Marinduque; manganese in Busuanga, chrome and alumina in Zambales, and water power in Mindanao.

"If ever there was a combination of natural conditions for the development of a large new enterprise for the future growth, industrial expansion and preservation of a country, it exists in the strategic mineral and power resources of the Philippines."

In regard to the natural resources of high grade iron ores, there are four important producers which were active before the war; the Philippine Iron Mines at Larap, with an annual productive capacity of 600,000 tons; the Insular Mine Operators Inc., with a capacity of 200,000 tons; the Gold Star Mining Co. at Marinduque, with 300,000 tons, and the Samar Mining Co. Inc., with 400,000 tons. All this ore ran 60% iron and had a low moisture content. These are all low cost smelting ores, and were formerly purchased by Japan and treated in the large Yawata fur-

naces. Approximately 1,500,000 tons a year for the next fifteen years can be furnished by these former producers.

In addition to the above, the Philippine Government owns the large Surigao iron deposit with a billion tons reserve. It is one of the largest iron ore deposits in the world and formerly belonged to the United States Government, which gave it to the Philippines.

The approximate analyses of this ore is as follows:

Iron	48.00%
Chromic Oxide	1.00%
Nickel	1.00%
Manganese	1.00%
Moisture	10.00 to 18.00%

This is a laterite deposit and its metallurgy has not as yet been worked out. In 1940, the Mitsui engineers, who were performing research work on the Surigao ores, estimated it might take them another five years to solve the metallurgical problems. At that time they stated that their furnaces could not stand the extremely high heat required to melt the Surigao ores.

Limestone for fluxing ores can be obtained in a number of places in the Islands. Coke can be imported from Southeastern Borneo; Newcastle, N.S.W. Australia, or obtained by mixing French Indo-China high grade semi-anthracite coal with Philippine fines and treating the mixture in coke ovens. Before, and during the war, the Japanese mixed French Indo-China coal with Nagasaki fines, and coked them for use in the Yawata plant. In 1946 I saw the same thing being done in the automatic coal mixing plants in the Yokohama area.

The Pauley Commission has recommended that all Japan's steel tonnage in excess of 2,500,000 tons be made available for reparations. The peak of Japanese production in 1944 was 11,000,000 tons. The difference between 2,500,000 and 11,000,000 tons would be 8,500,000 tons, which, if intact, would be available for reparations. However, much of the productive capacity of the country has been destroyed, and the actual production figures at the present time are very much less.

When I was in Japan in 1946, I studied a number of these plants, and found that, while at first glance,

many appeared to be total wrecks, due to incendiary bombs which had started fires on roofs and destroyed all combustible material, a closer inspection revealed that many of the I-beams which formerly supported the roofs, were not even bent. Like wise, much of the machinery, which extended off and on for many miles in the highly industrialized areas, and which at first appeared to be totally destroyed, was not as badly damaged as might be expected, and with a little repair could be put in operation again.

The great opportunity in the Philippines is three-fold:

First:—For the Government to develop the Maria Christina Falls to its ultimate capacity of 1,000,000 horse power, the water for which is supplied by nature's ready made lake—Lake Lanao. According to some engineers, all that is required is to deepen the channel and install control gates. A. D. Williams, Director of Public Works in 1941, often told me "this would provide the cheapest power in the world". Anywhere up to half a dozen plants could be installed at the various major and minor falls. The construction of power lines to the water fronts, both North and South, certain areas of which might be set aside for industrial purposes. The building of about 100 kilometers of concrete roads to connect power plants and cities with the industrial plants along the water front. The building of power plants, construction of roads, and installation of power lines, etc., might involve an expenditure of approximately P300,000,000. and take about four years.

Second:—Invitations might be extended to a number of large industrial corporations which would be prepared to invest the necessary capital to utilize the power in various enterprises, such as "iron and steel mills"; "copper smelting and electrolytic plants"; "chemical industries" large enough to supply fertilizers for the agricultural areas of the Philippines; "pulp and paper mills"; "ceramic industries"; "aluminum industry"; "ferro-chrome and ferro-manganese smelters"; "ship-

building and ship repairs"; "the manufacture of machine tools"; etc.

The Road Back...

(Continued from page 7)

Third:—*Small businesses* would automatically spring up once the larger ones were in operation. Henry Ford frequently used to mention that it took several thousand small businesses as feeders or suppliers to his large motor works.

An effective iron and steel industry would require an investment of approximately P250,000,000. This would be needed, in part, to set up the plants obtained from Japan, and to supplement them with a great deal of new equipment. While I saw some electric blast furnaces in Japan that were new, most of the equipment had been used and will require extensive repairs. A large part of the machinery was modeled after American designs as many of the Japanese engineers formerly worked in steel plants in the Eastern part of the United States, and on their return home designed the Japanese installations along parallel lines. While P250,000,000, may seem a large figure, some of the plants I saw in Japan, at today's prices, would cost as high as P400,000,000. The big Mitsubishi plant cost much more than this.

A Philippine iron and steel company would, first of all, have to select a suitable site and prepare the ground to receive the machinery. This would undoubtedly include rolling mills, blooming mills, sheet and tube mills, coking ovens with their subsidiary or by-product plants using waste gases for the manufacture of ammonium sulphate, oils, tars, dyes, and other products. It would also require a fleet of iron ore boats to transport the iron ore, coal, chrome and manganese from the mines to the reduction works in Mindanao, as is done in the Lake Superior region (Michigan and Min-

foretell at the present time. Although present prices of tobacco would normally be considered highly attractive famine conditions in the Cagayan valley have made food crops still more attractive to the farmer. Until the basic problem of food is solved, much land formerly planted to tobacco will continue to be closed to that crop. Making a difficult situation still more difficult, transportation costs are also extremely high. Before the war it cost P2 to haul a bale of tobacco overland from the Cagayan valley to Manila. Today the cost for the same bale, from Isabela province, is P7 and seemingly little prospect of reduction.



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JOURNAL

Labor In The Philippine Republic

By CARSON TAYLOR

(From an address before the Manila Rotary Club)

Less than 35 years ago the United States Congress deemed it necessary to confirm existing legislation prohibiting slavery, involuntary servitude and peonage in the Philippines and the kidnapping of persons to be sold into slavery here or elsewhere. It is only logical to assume that offenses against humanity of this character were being committed; it is only reasonable to believe that the Congress acted upon reliable knowledge of their commission.

The advancement of labor in these less than four last decades has been rapid if not complete. There has been a succession of labor laws designed to protect and better the lot of the laborer, the servant, the mechanic, employee and tenant.

As far back as 1915 legislation was enacted to protect contract laborers. In 1923 the Sixth Philippine Legislature approved regulations for the employment of women and children, prohibiting the employment of the latter below certain ages and their working in dangerous enterprises or those which might tend toward moral corruption. The Ninth Philippine Legislature provided free emergency medical treatment for employees and laborers of commercial, industrial, and agricultural establishments.

These were but a few of the laws intended to benefit employees and tenants that were adopted over a period of years.

In 1936 the First National Assembly enacted legislation setting forth the rights of unions to engage in collective bargaining. The law, in part, said:

"All associations which are duly organized and registered with, and permitted to operate by, the Department of Labor, shall have the right to collective bargaining with employers for the purpose of seeking better working and living conditions, fair wages, and shorter working hours for laborers, and, in general, to promote the material, social and moral well-being of their members, and no labor organization shall be denied such registration and permission to operate, except such whose object is to undermine and destroy the constituted government or to violate any law or laws of the Philippines, in which case it shall be refused registration and permission to operate as a legitimate labor organization."



CARSON TAYLOR

This Act, unlike any legislation existing in the United States, took precautions to make certain that labor unions should not have the unbridled right to operate without regard to the public interest or without control. It required that legitimate labor organizations which were duly registered and permitted to operate, must keep books and records containing alphabetical lists of their members, minutes of their meetings and that once a year they must submit to the Secretary of Labor a report of fiscal and other activities during the previous year. Failure to comply with this requirement was cause for revocation of the labor organization's license.

The precautions taken against unions, however, were not one-sided. The same legislation made it a felony (and provided penalties) for any employer to intimidate or coerce his employees with the intent of persuading them not to join a legitimate labor organization of their own choosing. It invoked the same penalty against employers who dismissed or threatened to dismiss employees because of membership in legitimate labor unions. This was a far cry from the days when it was believed necessary to enact legislation prohibiting slavery, peonage or involuntary servitude.

1940 witnessed the adoption of even more far-reaching labor legislation designed to protect the rights and interests of working men and women. In many ways this was the

Philippine counterpart of the bitterly disputed American Wagner Act. It was called the National Labor Relations Act, and it was protested by industry because of its drastically restrictive provisions and the regulations promulgated thereunder as well as by those sections of labor which wanted more and more freedom for themselves and even more restrictive regulations of employers.

Commonwealth Act No. 103, adopted by the First National Assembly, was "An Act To Afford Protection of Labor by Creating a Court of Industrial Relations Empowered to Fix Minimum Wages for Laborers and Maximum Rentals to be Paid by Tenants, and to Enforce Compulsory Arbitration Between Employers or Landlords, and Employees or Tenants Respectively." It also created the Court of Industrial Relations, having jurisdiction throughout the entire Philippines, to consider, investigate, decide, and settle all questions, matters, controversies, or disputes arising between or affecting employers and employees or laborers, and between landlords and tenants or farm-laborers and to regulate the relations between them.

The Court was directed to take cognizance for the purpose of prevention, arbitration, decision, and settlement, of any industrial or agricultural dispute causing or likely to cause a strike or a lockout. Such dispute might arise from differences regarding wages, shares or compensation, dismissals, lay-offs, suspensions of employees or laborers, tenants, or farm-laborers, hours of labor, or conditions of tenancy or employment.

The only requirements imposed upon the Court for its intervention in such disputes were that the number of employees, laborers, or tenants, or farm-laborers involved exceeded thirty and that the dispute be submitted to it by the Secretary of Labor or by either or both of the parties to the controversy. Here again was a difference between the Wagner Act and the Philippine law. In the latter the employer was given the right to refer a dispute to arbitration. In the United States he was denied that right.

Broad powers given to the Court authorized it to fix minimum wages, with the consent of the President of

the Philippines for employees, laborers and tenants. It was empowered to require production of books, statements of accounts, records, and other financial statements by both parties involved so as to make a just determination of fair minimum wages. Under the American Wagner Act the union is confronted with no such requirement when seeking increased wages or in substantiation of strikes or other actions against employers. The burden of producing files and records for the scrutiny of an interested government agency falls solely upon the employer.

In the Philippine law violations of the Court orders, awards or decisions, by either the employer or the labor organization constitutes contempt of court. Also under the provisions of Commonwealth Act Number 103, both of the parties may appeal to the Supreme Court within ten days after its award, order, or decision.

There is another fundamental and vital provision of the Philippine law. Pending award or decision by the Court with regard to a dispute, no employee, tenant, or laborer shall strike or walk out of his employment when so enjoined by the Court after hearing and when the public interest so requires; and if he has already done so he shall forthwith return to it by order of the Court. In the event of failure of the employee to return to work upon Court order, the Court may authorize the employer or landlord to accept other employees, tenants or laborers.

The law also protects the employee by providing that while a dispute is pending before the Court, the employer shall not accept other employees and, unless the Court authorizes otherwise, shall permit his employees to continue in service

existing before the dispute arose.

No employer or landlord is permitted to suspend, lay-off, or dismiss any employee, laborer, tenant, or farm-laborer, without just cause, from the time a laborer association or organization or group of laborers or tenants or farm-laborers has presented to an employer or landlord a petition or complaint regarding any matter likely to cause a strike or lockout, provided the Department of Labor has been notified of the petition or complaint, or while an agricultural or industrial dispute is pending before the Court. In case of non-compliance with any award, order or decision of the Court of Industrial Relations after it has become final, the judgment may be enforced by a writ of execution or any other remedy provided by law in Courts of First Instance.

Legislation enacted in 1938 fixes the legal working day for industry and business at eight hours and the normal work week at 48 hours with the provision that if an employee is required to work on Sundays or holidays, except under certain unusual circumstances, he be paid at least 25 percent more than his regular rate.

In 1935 the Bureau of Labor under the administrative supervision of the Department of Labor was created as an indication of the ever-increasing interest in labor and labor problems.

Although Commonwealth Act Number 103 was enacted in 1940 the critical turn of world events soon thereafter and the encompassment of the Philippines in these affairs delayed for many years the test of the operation of the law. In the United States after Japan launched on its campaign of conquest the tremendous industrial potential of that nation was forced into reality. Nevertheless it was

delayed and hindered by strikes in certain industries, labor in the early days took advantage of its new found freedom from restraint. It must be said, too, in all fairness that certain industrialists, in their fight against ever-increasing controls appeared to put self-interest before that of country.

Throughout the entire war period in the United States reports to the people of labor-management disputes raked and irritated a substantial portion of the public and prepared opinion for the swing of the pendulum away from labor and the unions which purported to represent it as well as from domination by government agencies and control by regulations, the outstanding characteristic of which in many instances was partiality and prejudice.

In the Philippines in the grim days of the occupation there was no opportunity for expression of labor-management discord. The Japanese have never been noted for their efforts to better the lot of the employee, laborer or tenant. With the liberation, however, both labor and management in the Philippines came to the threshold of great mutual opportunity. And with the granting of independence for this nation they both stepped through the open door which, on the one hand can lead to their tremendous advantage and the benefit of the entire Philippine Republic, on the other, can be devastating and even ruinous to all three.

For the immediate future the Philippines has need of many workers. There is much work to be done—enough for all. By this I do not mean necessarily in the field of urban development, although we all know there is plenty of room for that. But, we must first rehabilitate those things which bring wealth to the Nation, and, by bring-

(Continued on page 22)

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— — — TRADE & COMMERCE BUILDING — — —

MANILA

Manila Rises . . .

(Continued from page 5)

city engineer's office from April to December) consisted of 2,887 permits approved by the city government carrying a total valuation of P12,186,150. In 1946, the building activity as measured by value was quadrupled, a total of 2,687 city permits, being given with a combined valuation of P46,092,567—decidedly a new record in city building construction from the peso point of view. The high cost of construction was largely responsible for the large value. The above figure would probably have been still larger but for the delay in the approval of the zoning plan and the shortage of materials for reconstruction.

In comparison, the prewar annual rate of construction seemed low. Total 1941 city construction consisted of 2,190 permits issued by the city engineer's office which carried a combined valuation of P5,692,470, or a monthly average of less than half a million pesos against the 1946 average of about P4,000,000 monthly.

From this building activity, city government last year collected P191,184.17 in fees. In addition, the city government collected P19,822.19 from the setting up of 2,125 sign-boards.

City construction in 1946 gained impetus in the latter part of the year although the early months of the year saw activity greatly accelerated in comparison with the 1945 rate of construction. The year's trend as shown by the figures on approved permits also showed construction as slowing down during the rainy season and picking up during the dry months.

The following figures from the city engineer's office indicate the monthly rate of building activity in 1946, showing the number of permits issued by the city engineer and the total approximate cost of building:

	No. of Plans Approved	Approximate Cost
January . . .	451	P2,133,335
February . . .	452	2,502,140
March	436	4,883,490

April	487	3,355,952
May	538	4,514,310
June	541	3,921,450
July	454	3,124,040
August	483	4,926,690
September	507	2,416,170
October	535	4,658,500
November	468	4,627,390
December	435	5,037,100

The 1946 figures seem big especially compared with prewar building statistics; but they were not big enough when compared with actual requirements for new housing and store and office space to meet the increasing demands of business expansion. From a broad and long-term point of view, building experts would hardly call 1946 a year of rebuilding. Probably 1947 will witness the real beginning of reconstruction to restore Manila's skyline and make it, according to plans envisioned in the zoning plan blueprint, a bigger and better city than it ever was in the past.

But this job of rebuilding is expected to take a number of years, probably as long as the restoration and rehabilitation of the country's basic economy itself.

The factors that would make 1947 a bigger year in building activity than last year are apparently just the reverse of those that held back the potential demand for full-scale rebuilding in 1946 to wit:

1. Availability of more funds for construction with the expansion and liberalization of credit facilities;
2. Availability of more tools and supplies for rebuilding, with the arrival of more machinery and equipment, hardware and building materials from the U.S. and other possible suppliers;
3. The start of payments on small claims by the war damage commission which will benefit small owners; and
4. The possibility of the zoning plan being finally completed and put into effect.

If newspaper advertising of new products are on the market is any index to business and trade trends, then 1947 is likely to become the real

beginning in rebuilding. A year ago, most of the display advertising in Manila papers gave almost overwhelming emphasis to foodstuffs. Today, advertising copy shows that more products vitally needed in rebuilding have arrived and are now available. Advertising has definitely shifted to other goods the demand for which started to be evident last year and will very likely continue for some time to come. These include machinery and equipment farm and industrial tools including tractors, motor and marine engines, electrical appliances, office supplies, and various types of hardware and building materials and supplies.

In 1947, too, there is likely to be a greater supply of lumber which will permit home-building requirements to be more easily met. The lumber industry is anxious to expand to a point which will not only satisfy the local demand but also provide for export, particularly to the United States which is reportedly willing to pay attractive prices in order to supplement its domestic supply which is considered hardly enough to meet the tremendous demands of the U. S. housing program.

Local importers of building materials from the U.S. continue to be somewhat pessimistic over the prospect of obtaining adequate supplies this year because of the labor troubles which necessarily set back production schedules in the heavy industries. But the overall picture of U. S. industry now indicates a possible step-up in American shipments of industrial goods vitally needed in the rehabilitation work in war-ravaged countries. The New York *Journal of Commerce*, in a recent survey, predicted that American exports of heavy machinery and equipment, railway equipment, electrical appliances, textiles and a number of other items will increase in 1947. This estimate was made on the basis of a peak export trade amounting to around \$10 billion, against the previous prewar high of \$8.2 billion in 1920.

Steel circles in the U.S. also forecast a considerable expansion in the production of the metal-working industries. The significant thing about this forecast is that it was predicated on the possibility of continued labor troubles and material shortages.

With all the possible favorable factors pointing to a substantial step-up in building activity, Manila can well look forward to another year of brisk rebuilding that is likely to be on a more permanent basis.

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List of Government Owned and Controlled Corporations and the Purposes of their Creation

1. *National Development Company*

—It was organized to serve as an agency of the Government in the furtherance of its economic policies and to promote and maintain a sufficient general production by an efficient coordination of the productive forces of the country and to secure a stable market for Philippine products.

2. *Philippine National Bank*—It

was created to engage in the general banking business and to serve as the official depository of the funds of the Government and its instrumentalities.

3. *Manila Railroad Company* —

This is a corporation organized for the purpose of constructing, maintaining and operating a railway line.

4. *Philippine Charity Sweepstakes Office* — This is a public

corporation created by a special act of the Legislature for the purpose of directing and managing the holding of charity horse race sweepstakes.

5. *National Coconut Corporation*

—This corporation was organized for the purpose of establishing, keeping, maintaining and operating drying plants or copra driers or coconut centrals with a view to adjusting the coconut industry to a position independent of trade preferences in the United States, and to provide facilities for the better curing of copra products and the proper utilization of coconut by-products.

6. *National Abaca and Other*

Fibers Corporation—It was organized to insure a permanent, sufficient and balanced production of abaca and other fibers for the requirements of the local industry and for exportation and to stabilize the price of abaca and other fibers.

7. *Government Service Insurance System* — This office was

created to provide an insurance system for government employees in order to promote their efficiency and welfare.

8. *Metropolitan Water District*—

It was organized for the purpose of furnishing an adequate water supply and sewerage service to the inhabitants of the City of Manila and outlying municipalities.

(Continued on page 20)

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Manila Stock Exchange Report—1946

Pre-war
Closing Opening High Low Close

LISTED STOCKS

Banks and Insurance

Bank of the Philippine Islands	P104.00b	P 65.00	P 65.00	P 50.00	P 58.00
China Bank	105.00b	80.00	110.00	80.00	110.00
Peoples Bank	70.00b	50.00	50.00	50.00	50.00
Filipinas Cia. de Seguros	30.00b	13.00	15.00	13.00	15.00
The Insular Life Assurance Co. Ltd.	30.00b	—	—	—	6.00b
The Philippine Guaranty	26.00b	—	—	—	16.00b

Commercial and Industrial

The Manila Wine Merchants	P 1.20b	P 2.50	P 3.05	P 2.50	P 3.05
Marsman and Co. (Common) .....	.50a	.45	.90	.40	.85
Marsman and Co. (Preferred) .....	.50a	.45	1.00	.45	.95
Pampanga Bus Company	1.32	3.50	3.70	1.20	1.90
Philippine Racing Club .....	.57	1.70	1.82	.90	1.06
San Miguel Brewery	135.00	150.00	335.00	150.00	335.00

Sugars

Central Azucarera de Bais	P400.00a	P500.00	P 530.00	P500.00	P521.00
Central Azucarera de La Carlota	80.00a	75.00	105.00	75.00	102.00
Central Azucarera de Pilar	80.00a	80.00	95.00	80.00	100.00
Central Azucarera de Tarlac	65.00a	65.00	90.00	65.00	80.00
North Negros Milling Co.	100.00a	—	—	—	—
Pampanga Sugar Development Co.	23.00a	25.00	25.00	21.00	21.00
Victorias Milling Co.	100.00a	100.00	100.00	100.00	100.00

Mining

Antamok Goldfields Mining Co.	P 0.0525	P 0.07	P 0.07	P 0.035	P 0.045
Atok Gold Mining Company .....	.53	1.20	1.50	.60	1.16
Baguio Gold Mining Co. ....	.16	.20	.22	.07	.08
Batang-Buhay Gold Mines, Inc. ....	.0042	.007	.011	.0056	.007
Big Wedge Mining Co. (*) .....	.45	1.10	1.60	.70	1.10
Consolidated Mines, Inc. ....	.0057	.007	.017	.006	.015
I X L Mining Company .....	.20	.22	.27	.08	.08
Lepanto Consolidated Mining Co. ....	.215	.22	.40	.12	.385
Masbate Consolidated Mining Co. ....	.08	.15	.16	.07	.075
Mindanao Mother Lode Mines, Inc. ....	.54	.75	.96	.48	.64
San Mauricio Mining Co. ....	.155	.65	.65	.275	.275
Surigao Consolidated Mining Co. ....	.205	.39	.41	.27	.32

OVER THE COUNTER PREVIOUSLY LISTED STOCKS

Commercial-Industrial-Sugar

Jai Alai Corporation	P 8.30	P13.00	P15.00	P10.00	P15.00
Bacolod-Murcia	—	10.00	11.00	9.00	9.00
Talisay-Silay	—	6.00	6.50	6.00	6.50

Mining

Acoje Mining Company	P .315	P .32	P .43	P .18	P .20
Balatoc Mining Company	4.00	5.00	6.00	3.00	3.60
Coco Grove, Inc. ....	.065	.055	.0725	.03	.037
Demonstration Gold Mines, Ltd. ....	.035	—	—	—	—
East Mindanao Mining Co. Ltd. ....	.06	.03	.03	.03	.03
Itogon Mining Company .....	.23	.22	.24	.085	.11
Paracale Gumaus Consolidated Mining Co. ....	.235b	.22	.22	.09	.11
Suyoc Consolidated Mining Co. ....	.13	.105	.11	.05	.0525
United Paracale Mining Company .....	.20	.225	.28	.10	.135

MISCELLANEOUS

Benguet Consolidated Mining Co.	P 3.30	P 5.00	P 7.10	P 3.20	P 3.90
Far East Oil Development Co. ....	.22	.35	.50	.18	.50
Manila Jockey Club	1.60	1.80	3.00	1.80	2.80

a = Asked price;
b = Bid price
* New Stock

Stock Market . . .

(Continued from page 9)

ciently, for chartists, the low point of our Mining Share Average for 1945 was 21.15).

The accompanying chart shows the year's fluctuations as plotted on a weekly closing basis.

As regards individuals issues, the outstanding performers were Atok, Benguet Consolidated, Big Wedge, Lepanto, Mindanao Mother Lode, San Mauricio and Surigao. All of these issues ended the year substantially above their prewar close.

COMMERCIAL AND INDIVIDUAL

The feature of this group has been the sustained demand for San Miguel, resulting in a spectacular rise in these shares. This reflects the remarkable increase in demand for the Company's products. Philippine Racing Club shares have been actively traded all year in a wide price range. Jai Alai stock has been in demand latterly, and the years closing sale of P15 as compared with P8.30 in December 1941 reflects the public estimate of this corporation's potential earning power when 'Quiñelas' will again be enjoyed by Manilans.

SUGARS

The past year has witnessed a welcome return of investment demand for shares of this group. All active issues are in good demand at higher prices than prewar thus reflecting optimism on the future of the industry.

BANKS AND INSURANCE

With the exception of China Banks, all issues in this group have lost ground marketwise as compared with 1941.

Until the status of occupation payments is decided, losses arising therefrom cannot be accurately determined. Whatever the final decision in

the matter the entities involved have suffered substantial losses as a result of the Japanese occupation. However, past operating records of these corporations suggest that in the years to come their war losses will be recovered with comparative ease. The year's closing bid quotations hardly reflect the market for these stocks, as there are no material sellers except at much higher prices.

NEW AIR ROUTE

The new 'Northwest Passage to the Orient' was recently inaugurated by the Northwest Airlines. A new DC-4 plane was the first to fly the new route, arriving in Manila on January 15. The plane landed at the Manila international airport at Makati after completing its commercial survey flight.

Among the passengers on this first flight over a new route were Donald J. King, vice-president of the Northwest Airlines, two CAA representatives (Richard D. Schall and Cady R. Bullock), F. G. Jarvis, civil air attaché of the United States in Shanghai, and Donald E. Bateman, Manila oldtimer and ex-internee at Sto. Tomas. Bateman is district

traffic manager for the Manila office of the Northwest Airlines. Before the war he was passenger agent of the Everett Steamship Co. in Manila.

Mr. King explained that the new route is by way of Canada, Alaska, Tokyo and Shanghai. The flight by this route from Minneapolis, Minnesota, to Manila can be covered in 44 flying hours. Northwest Airlines, according to Mr. King, was organized by a group of U. S. army flyers who operated from Alaska to Asia during the last war. They came to the conclusion that the new route is more convenient than the customary route through Honolulu and across the South Pacific.

Northwest Airlines has announced that it expects to start scheduled flights over the new route by May 1. The schedule calls for three flights a week.

Other arrivals by this first survey flight were: Chester M. Brown, Thomas W. Cumming, Robert A. Ebert, James J. Fauteux, Waldo L. Hollingsworth, Lewis H. Larson, Paul I. Linden, George D. Linklater, William McKnight, Ralph E. Nelson, Alroy D. Piepgras, Ronald E. Stelziz, Barnett H. Stevens, John Woodward, Ernest Yoris and Eugene Zimmerman of the Shell Oil Co.

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MANILA

(Continued from page 17)

9. *National Power Corporation*—This is a public corporation created for the purpose of undertaking the development of hydraulic power and the production of power from other sources.
10. *Rural Progress Administration*—This corporation was organized to promote small land ownership and to improve the living conditions and the general welfare of the rural population; to acquire big landed estates and to subdivide the same into small lots for resale or lease to *bona fide* occupants or in the absence thereof to persons qualified to acquire public lands.
11. *Philippine Relief and Rehabilitation Administration*—This office was organized as an agency of the Government to deal with UNRRA and other relief agencies; to plan, coordinate and administer the activities for the relief of victims of war and other calamities; to coordinate the procurement and equitable distribution of supplies and equipment for relief and rehabilitation and to study and formulate plans for the rapid rehabilitation and reconstruction of the Philippines in agriculture, industry, trade and commerce.
12. *National Trading Corporation*—It was organized to purchase, store, provide storage facilities for foods, clothing, fuel, fertilizers, chemicals, building materials, implements, machineries and equipment required in agriculture and industry and other articles of prime necessity and to sell them in the manner and method customarily followed in trade to prevent scarcity, monopoly, hoarding, speculation, manipulation, private control and profiteering.
13. *Metropolitan Transportation Service*—This was created to coordinate, maintain, and operate the passenger bus service formerly established by the Economic Control Administration and to avail and make use of the equipment and supplies turned over to the then Commonwealth Government by the United States Army.
14. *National Tobacco Corporation*—This was established to promote effective merchandising of leaf tobacco in domestic and foreign markets; to establish and maintain balance of production and consumption of leaf tobacco and such marketing conditions therefor, as will insure living wages to tobacco farmers and laborers; to improve living and economic conditions of tobacco farmers and laborers by gradual and effective correction of irregularities in the industry; and to improve quality of leaf tobacco.
15. *National Land Settlement Administration*—It was organized to facilitate the acquisition, settlement and cultivation of lands; to encourage migration to sparsely populated regions and to facilitate the amalgamation of the people in different sections of the Philippines and to develop new money crops to take the place of the present export crops which may suffer from the loss of preference which they enjoy in the American market.
16. *National Cooperative Administration*—This is an office created for the promotion of cooperative enterprises.
17. *National Housing Commission*—This was created for the purpose of acquiring, developing, improving, constructing, leasing and selling of lands and buildings or any interest therein in the cities and populous towns with the object of providing decent housing for those who may be found unable otherwise to provide themselves therewith.
18. *Surplus Property Commission*—This was created to take charge of the acceptance, administration, sale and disposition of surplus property acquired by the Government of the Republic of the Philippines from the Government of the United States.
19. *Cebu Portland Cement Company*—This corporation was organized for the purpose of engaging in the manufacture, development, exploitation and sale of cement, marble and other kinds and classes of building materials and the processing or manufacture of materials for any industrial or commercial purposes.
20. *National Rice and Corn Corporation*—This corporation was organized to aid in the rehabilitation and stabilization of the rice and corn industry in the Philippines through the maintenance of stable price for said commodities, the prevention of speculation in the marketing thereof and the exploitation of consumers.
21. *People's Homesite Corporation*—This was organized to ameliorate the living conditions of the people by stimulating home building and thrift; to establish modern residential communities and to aid people of moderate means to acquire a lot and a house.
22. *National Food Products Corporation*—This corporation was organized to engage in canning and preservation of fish, meat, vegetables, dairy products, fruits and other foodstuffs and to secure stable market for the manufacture thereof in the Philippines or abroad; to conduct experiments in connection with the production, canning and preservation of food products; to manufacture cans and other containers and to finance the producers of raw materials needed for this enterprise.
23. *Rehabilitation Finance Corporation*—This corporation was organized and took the place of the Agricultural and Industrial Bank and whose main business is to grant loans for the rehabilitation, establishment or development of agricultural, commercial, or industrial enterprises including public utilities and to grant loans to government owned and controlled corpo-

rations and political subdivi-
sion for their rehabilitation.

Editorial . . .

(Continued from p. 10)

24. *Manila Hotel Company* — This is a subsidiary of the Manila Railroad Company. It was organized for the purpose of engaging in the business of operating, conducting and managing hotels and hotel properties.
25. *National Footwear Corporation* — This corporation was organized to promote the local footwear industry. It is a subsidiary of the National Development Company.
26. *National Warehousing Corporation* — This corporation was organized to establish bonded warehouses in different parts of the islands. This corporation is not in operation now.
27. *Insular Sugar Refining Corporation* — This corporation was organized to engage in the refinery of sugar. It is a subsidiary of the National Development Company.

been completed yet, but definite progress has been made. There is in Manila at the present time an American Commission which is studying the problem in preparation of the concluding of a convention between the two countries to govern the taxing of Americans in the Philippines and Filipinos in America. This Commission, which is assisting Ambassador McNutt, is open to suggestions, written or oral, by interested parties.

Since the American Army released the Post Office building to the local postal authorities, there has been a great improvement in the handling and distribution of mail. The telegraph service of the post office has also been extended and improved.

Although the Chamber's activities as a general bureau of information were necessarily continued to some extent during 1946, they were not as dominant as in 1945. The Chamber was still called on during the year in review to furnish proof of death to people in America of friends and relatives in the Philippines, and certificates of births of children now in the United States who were born in

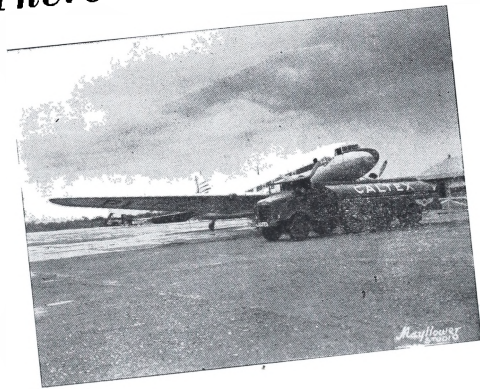
(Continued on page 22)

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ing wealth to the nation promote the well-being of all the citizens.

We must work to produce. We must produce the things for which we can receive payment in the world's markets. These things are not only the articles and produce of industry, but are the products of the natural resources of the Philippines. As we progress in the production and development of those things which the world will come to us to buy, we can give time, effort and investment towards the rounding out of the national economy.

In return for our exporting of increased quantities of the things which the Republic can produce, we shall secure foreign exchange. With a favorable trade balance on the export side, we can look to the importation of greater quantities of the manufactured articles and things which we do not have here.

Increased amounts of these imported goods in our markets will bring prices down. A downward trend in prices means a lessening in the terrific inflation to which we have been exposed in the mere cost of living. Management and employers in general are unable to meet the top demands of workers under an inflationary condition unless they force still higher the inflationary spiral, which, in the end results in disaster for all. But, management and industry and labor can meet the demands of the worker by reducing prices through increased production. It is again, I believe, a basic matter of the operation of the law of supply and demand.

I believe that labor is entitled to a living wage. I believe further that it ought to be possible for a worker to secure to himself a decent and adequate scale of living on the basis of his earnings. The inflationary way of making these ends meet is to raise wages to try to meet rising prices, but the two never can be equalized because in the final analysis prices will always remain higher than wages. The alternative, as I have said I believe, lies in producing enough to bring prices down through normal operation of the laws of economics.

At the same time consideration must be given to the fact that the prices of manufactured articles here are conditioned, in part, by the basic cost of production at the place of manufacture, plus the cost of transporting them to our markets. This would seem to indicate, on the basis of price indexes in the United States and in other industrial countries, that some increase in costs is going

to prevail regardless of local factors. If the worker is to be paid more for producing a given article it follows that the manufacturer is going to have to charge more for it.

The same is true here. If agricultural workers are to be paid more for growing rice, then the price of rice in the market is going to be higher than it was before the war. I believe a basic upward adjustment of our wage structure is in order. I do mean this on the basis of emergency bonuses to compensate for temporary increases in living costs, but on a permanent basis. This is an axiom which has been developed out of the experience of other countries as they worked their way up the scale of civilized progress.

We all of us, I believe, would prefer to see this matter worked out without upheaval. At this time—as never before—we in the Philippines cannot afford to have a situation, already delicate, further disturbed. It is a time for understanding on the part of both employer and employee. In terms of human progress there is no such thing as the good old days. Rather than look backward, we must all look forward, and in looking we must also work towards a better estate for everyone.

In this country of vast, untapped natural resources there are ample good things for everyone. But none can have them unless all work for them. Labor must realize that industry, which after all had the basic money investment here, has been hard hit, yes, in many cases prostrated. On the other hand, employers must realize and understand that the mass of the people who work for a living have also lost, many of them far more in proportion than the employer group. I do not mean to weigh one loss against the other in any sense whatsoever. I appeal only for mutual understanding of the problems that confront both groups.

Labor cannot be expected to work for less than the cost of his daily food and other normal expenses of living. If the Philippines will attain the goal of self-sufficiency in food production, the first great triumph of the new Republic will have been accomplished.

Labor, on the other hand, cannot expect sudden and unwarranted gains, sudden social and economic benefits from an economy which is struggling hard to arise in the face of great industrial war losses or from a government which is having a difficult time in making both ends meet.

To make unreasonable demands will not only delay solid gains for

labor, but it may well negate the possibility of labor achieving them. It will serve to promote dissension among the Philippine people. The example of American experience where middle class people turned on labor is only too vivid and recent.

Within the framework of present Philippine labor legislation there are ample safeguards for both employee and employer. It is the high privilege of both labor and capital to make them work for the benefit of this new Republic.

What the employers and the government to do and for labor and what labor does to itself may be the most important factors in the future economic development of the Republic of the Philippines.

Editorial . . . *(Continued from p. 21)*

this country. People in the United States continued to ask the help of the Chamber in locating friends and relatives in the Philippines, which help was given whenever possible.

The general lines of the Chamber's activities are indicated in the discussion of developments and conditions in the first part of this report. Members have been apprised specifically of these activities by the 107 Bulletins issued by the Chamber during the year. In addition numerous correspondence has been handled with American manufacturers and exporters seeking representation in the Philippines.

The Chamber donated to the American School the sum of Six Thousand Pesos (P6,000.00) by relinquishing that sum from the School's indebtedness to the Chamber of P12,000.00.

The following new members have joined the Chamber during the year:

1. American Factors (Phil.) Inc.
2. Armour & Company
3. Bataan Motor Corporation
4. Liddell & Company, Inc.
5. Nestle's Milk Products (Export) Inc.
6. Neuss, Hesslein Company, Inc.
7. Peter Paul Philippine Corporation
8. Philippine Industrial Equipment Co.
9. Philippine Motors, Inc.
10. Andres Soriano
11. Universal Trading Company, Inc.
12. John R. Wagner

The By-Laws have been revised during the year and will be published as soon as the Chamber's reconstituted incorporation papers have been approved by the Securities and Exchange Commission.

An Iron . . .

(Continued from page 13)

nesota) where the iron ore is hauled 500 miles, by water, to Cleveland, Ohio.

Aside from iron and steel, large chemical works are needed for the manufacture of all kinds of fertilizers, necessary to enrich the soil for the various crops in the Philippines. Such installations would require about the same amount of capital as the iron and steel plant. The average rice production per acre in Japan is stated to be three times that of the Philippines. This is largely due to the constant use of fertilizers. For example, it has been found in Japan that every ton of phosphate rock imported and processed into fertilizer, increases the yield in wheat and rice from two to six times its former production. The most commonly used processed fertilizers in Japan are ammonium nitrate and ammonium and phosphoric sulphate.

Undoubtedly, a number of Japanese chemical plants will be declared surplus, and the Philippines might have the rare opportunity of securing plants for the manufacture of various fertilizers. Also, soap, lye, caustic soda, chlorine for water purification, and many other useful articles.

For centuries, little or no fertilizer has been used by agriculturists in the Philippines. The soil generally, has become impoverished, and the production per acre is low. More recently, small amounts of artificial fertilizer were imported from foreign countries.

If fertilizers can be produced in quantity at a low cost and their use made obligatory, the increased yield per acre would go a long way towards solving the food problem and agrarian unrest.

Report on the . . .

(continued from page 8)

The National Development Co. has also started to open the Malangas Coal in Zamboanga. Over P300,000 has been released for this purpose and they expect to produce next year.

Mining in Semirara coal fields is being resumed. The Sinukuan Coal is working its holdings on the Island.

Considerable interest in the mining industry of the Philippines has been shown by some capitalists from the United States. Representatives of some mining interests in the States are examining mining properties in the Islands with the

hope of finding property to be either bought outright or financed and operated on a royalty or profit sharing basis. Among those now examining properties are: The Panamas Inc., Philippine-American Corporation and Col. Tallant of Freeport Sulphur.

EXPORT CONTROL RELAXED

The government is gradually relaxing control of the exportation of commodities for which there is no longer much public demand or the supply of which now exceeds normal domestic requirements, a Malacañan spokesman said on January 21.

This official revealed, however, that the export ban on critical commodities or articles such as building materials, rice and popular brands of textiles will continue for a long time in order to provide adequate protection for the consuming public.

The government has stricken from the long control list certain unpopular classes of textiles such as those used for draperies, ready-made dresses bought at high prices from abroad, cheap brands of cigarettes, chemicals and medicines certified by the bureau of health to be not needed here, according to the spokesman.

Some surplus materials which were sold by either the foreign liquidation commission or the surplus property commission such as large tractors were also dropped from the control list, it was revealed.

Malacañan has turned down persistent pleas of lumber men for the lifting of the ban on lumber because this material is greatly needed in the rehabilitation and reconstruction of the nation, the informant said.

The government is closely watching the trends of domestic supply and demand on controlled commodities. If it finds that there is a substantial supply of a certain product or there is no more demand for it locally, the ban will be lifted so that the owners could sell them abroad. In this way, it was pointed out, goods that otherwise would rot here could be disposed of profitably.

DIVISION OF STANDARD CREATED

On January 15, President Roxas released a directive creating a division of standards. The new division was placed in the bureau of commerce and will be under the administrative control of Director of Commerce S. R. Mendinueto.

Director Mendinueto explained that the purpose of the new division is to aid the rehabilitation and future expansion of Philippine export trade. By effecting a dependable system of standardizing Philippine export products, it is anticipated that the local exporter will find it easier to find customers abroad. "We cannot hold any market with sloppy products," explained Mr. Mendinueto. "The imperative need of our export trade is therefore the standardization of all export commodities and the exclusion from export shipments of those article or products falling below a given set of standards. Only thus will Philippine products retain the goodwill not only of the American market but of such other foreign markets as they may secure in the future."

The main function of the new division will be to classify all export commodities. However it will also make surveys of foreign markets to find out what particular products are desired in each and the qualities preferred.

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STATISTICS ON BANKING RESOURCES, LIABILITIES, AND MISCELLANEOUS ACTIVITIES

(Prepared by the Bureau of Banking from reports submitted by 11 operating commercial banks)

<i>Resources</i>	<i>Week Ending Nov. 23, 1946</i>	<i>Week Ending Nov. 29, 1946</i>	<i>Week Ending Dec. 7, 1946</i>	<i>Week Ending Dec. 14, 1946</i>
Loans, discounts and overdrafts	P184,804,112	P185,921,612	P188,303,557	P188,924,868
Investments	39,863,434	39,863,146	39,910,480	39,906,914
Due from Head Office and/or other Office or Offices which supplies working capital to foreign banks . . .	50,032,685	46,716,701	56,208,999	62,705,444
Due from other banks in the Philippines .	39,688,867	38,068,650	42,568,405	41,837,976
Due from banks outside the Philippines .	149,246,217	160,801,534	166,263,645	169,295,987
Cash on hand	173,491,713	169,673,645	159,811,182	154,648,872
Balances in clearing account	34,500,000	33,500,000	37,500,000	36,500,000
Other resources not included above	155,737,390	154,177,277	153,982,275	155,545,100
TOTAL RESOURCES	P827,364,418	P828,722,565	P844,548,543	P849,365,161
<i>Liabilities</i>				
Demand deposits	P226,274,110	P221,202,267	P225,134,231	P231,727,082
Savings deposits	118,754,269	120,161,640	122,098,458	123,857,584
Time deposits	9,848,601	9,978,344	10,060,141	10,371,125
Deposits of public funds	138,536,882	144,021,982	148,536,891	146,188,462
Due to Head Office and/or other Office or Offices which supplies working capital	53,098,509	53,326,556	52,112,777	48,135,108
Capital - domestic banks	33,414,400	33,414,400	33,414,400	33,414,400
Surplus, reserves and undivided profits . .	16,021,109	16,168,819	16,281,259	16,222,833
Due to other banks in the Philippines . . .	2,868,859	3,068,721	2,906,814	4,428,335
Due to banks (Clearing House depository)	34,500,000	33,500,000	37,500,000	36,500,000
Due to banks outside the Philippines	7,618,051	7,913,347	9,539,724	8,550,017
Other liabilities not included above	186,379,628	185,966,489	186,963,845	189,970,215
TOTAL LIABILITIES	P827,364,418	P828,722,565	P844,548,543	P849,365,161
<i>Miscellaneous</i>				
Exchange bought since last report - spot .	P 15,832,676	P 13,564,564	P 13,440,069	P 17,057,652
Exchange bought since last report - future . . . . .	. . . . .	2,295,161	250,000	889,525
Exchange sold since last report - spot . . .	15,702,541	11,936,252	14,378,421	14,454,691
Exchange sold since last report - future . .	2,136,713	2,165,214	2,397,055	5,769,571
Import bills whether for the purpose of collection only or otherwise received since last report	8,541,506	3,910,506	9,733,394	7,901,514
Export bills sent abroad whether for the purpose of collection only or other- wise since last report	4,616,835	4,375,277	2,550,101	5,140,592
Debits to individual accounts since last report	88,028,755	79,840,968	90,210,387	102,631,328
Letters of credit issued since last report .	13,730,732	11,248,510	16,684,880	15,503,477
Trust department accounts:				
a. Court trusts	1,364,778	1,310,431	1,338,232	1,351,839
b. Private trusts	4,013,875	4,025,063	4,038,176	4,123,513
c. Corporate trusts	7,582,254	7,582,254	7,582,254	7,582,254

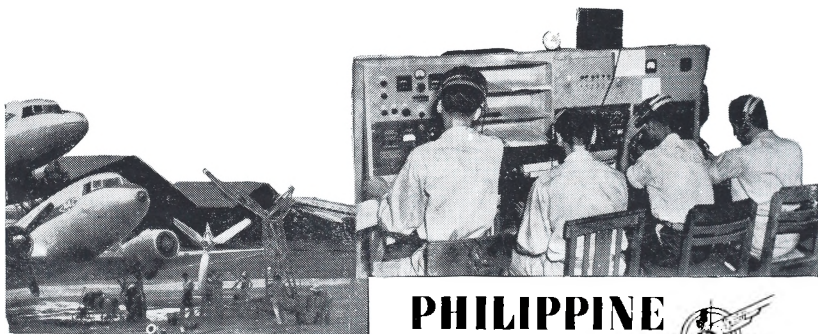


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