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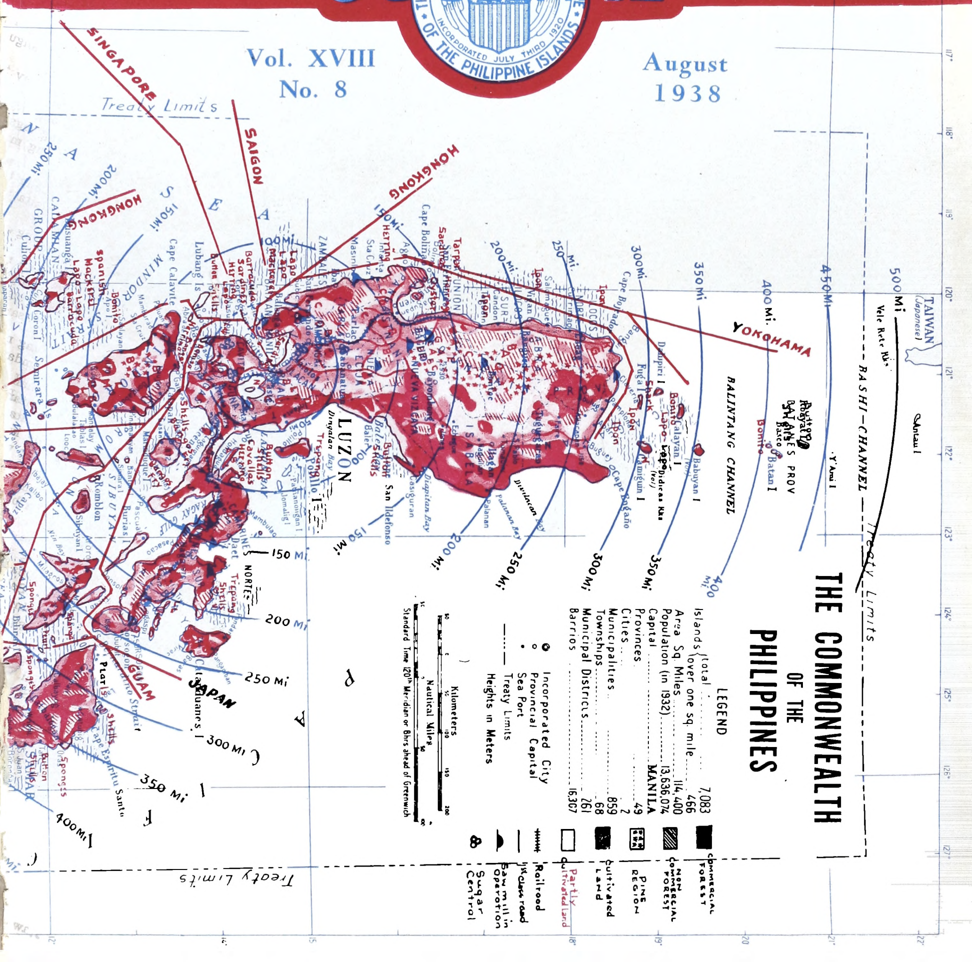

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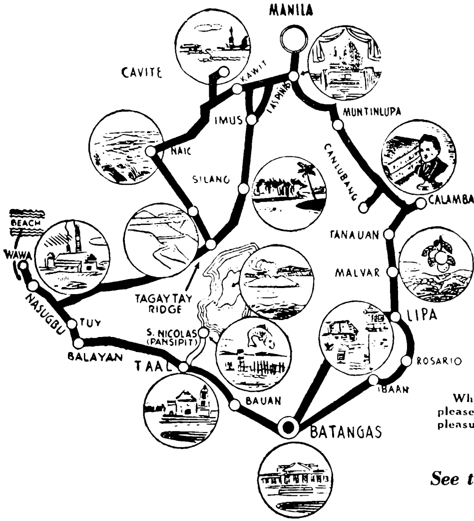

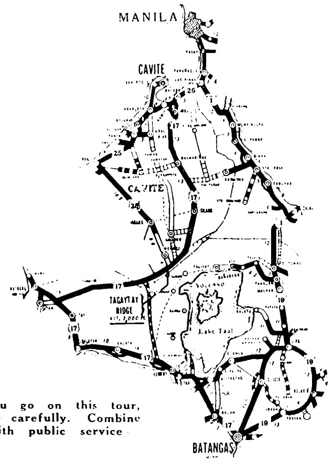

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THE AMERICAN CHAMBER of COMMERCE JOURNAL

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WALTER ROBB *Editor and Manager*

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Just Little Things

● The delay suffered in docking at Manila by the *Empress of Japan* on her July voyage, a delay of 28 hours, because a cholera case had disembarked from the steerage at Hongkong, occasions remark on the impregnability of the United States Public Health Service's quarantine work at Commonwealth ports; and first of all our own, where the head of the service, Dr. H. F. Smith, has been in charge since 1912. When the *Empress of Japan* hove to for practique outside the breakwater Sunday morning, July 17, there was no question about her cabin passengers because they had all been immunized to cholera, dysentery, and typhoid and could have had no contact with the woman ill in the steerage who had embarked at Shanghai. Cabin passengers therefore landed at once, and all others besides who had been immunized. Persons remaining were all held, and 168 bacteriological tests made, when two persons positive for cholera were detected together with four suspects, and all were taken at once to San Lazaro for care and treatment.

Then, made safe, the ship came up to Pier Seven. Hongkong had cabled twice after she left there, first that cholera was suspected in the case in question, then that the microscopic test was positive. Dr. Smith had only one recourse, the one he followed. You may not know what he did during the shambles at Shanghai incident to the war there, August 8 to December 22, working the Mariveles quarantine station overtime. He handled 221 ships with 65,000 persons on them, 35,000 of whom were passengers. Where immunization was wanting, the necessary bacteriological tests were run by Dr. Smith and staff, and no fewer than 296 cases positive for cholera turned up. So expeditious was this tedious work that the average delay of ships disembarking crews and passengers to help things along was from one to two and a half hours; many ships were not in a hurry, and the work was done aboardship, and in one instance the delay was 40 hours. Of all this, that keeps the Commonwealth clear of Asiatic plagues and pestilences, save such contagion as goes with the wind, e. g., influenza, little is ever heard. But it's good work.

* * *

● Little wonder that women don't trust men more than they do, we are really untrusthworthy—about as much so as boys who come back from the grocer's with caramels when they were sent to get soap. Take the trio of us who were in The Hub the other day, trifling time away in weird discussion of whether *Of Human Hearts* was an acceptable movie. We were very serious, until a woman came up with a pup in tow and said she'd dropped her glasses the night before and had to sell the pup for money for a new pair. It was a good pup, German Police, and let us all pat it and stroke its neck and whack its tummy. It even had a name, Fritz, and would munch crackers: "Look at that, fellows! He's smart, all right! Look at him down that cracker!" None of us needed a pup, much less had any of us gone downtown to buy a pup, but all of us wanted this one right away. But only Fred got him, because he was the one man among us who could pungle up 75 pesos for him. Fred lives six flights up. A German Police dog, and his prototype this flea-bitten pooch, is going to do Fred a lot of good. You can all see that.

* * *

● A young Filipino electrician approached an American manufacturer with a proposition to apply a claxon to the factory clock so the clock would sound the work-time and quitting hours. Go head, said the manufacturer, bust yourself. But the clock was old, the electrician brought it back and said it was too far gone for the scheme to work. But he looked as if he really had the idea in him, so the manufacturer bought him a brand new clock, pendulum type, the largest size he could find. When the electrician, much pleased to be given a second chance, had gone away with this new clock, the manufacturer remembered he did not even know the man's name, much less where he might live or have his shop. But in four days the electrician was back at the factory with the clock, doing all he said it would do and working perfectly. It may be a new idea, the manufacturer advised him to try to patent it here and abroad, especially in the United States. The job, clock included, came to about 40 pesos.

* * *

© One of the more interesting oldtimers in the foreign communities of Manila is Dr. Carlos Jahrling who is treating himself and Mrs. Jahrling to a vacation abroad beginning this month. He owns the Sta. Cruz Drugstore, where he began his professional and business career in Manila forty years ago at the wage (it could not be termed a salary, surely) of ₱500 a year, little more than ₱40 a month. But he had a credo: *Science is Success*. His universities had been Barcelona, Madrid, and Munich. His graduations had been *cum laude*. His researches in Philippine botany (also in Californian) have been more than you'd think. A colleague publishing at the University of Wurzburg dedicated jointly to Dr. Van Leenwen, the director of the Buitenzorg Gardens at Batavia, and to our neighbor Dr. Carlos Jahrling. Educating his daughters, Dr. Jahrling sent them to the Central School of Manila.

* * *

© You may wish to know something more about *Of Human Hearts*, M-G-M's picture that ran a week at the Ideal and might, the management believes, have run twelve days if fixed schedule had not pulled it off. You are probably betting, along with us, that the picture will rank an oscar when Hollywood makes its 1938 awards. But we are not quite so brash in our expectations for the actors, among a number of whom it would be hard to choose. Walter Huston as the circuit rider, Parson Wilkins, played admirably; we have known personally some hardshelled preachers of that type, even if you are younger than we and have not had the pleasure. But Huston's support was acting as skillful as his own, including James Stewart's portrayal of the son, and Huston's part needed all this support to carry it through to the high drama it certainly reached.

The casting director, whoever he was, is, in our mind, the hero of the job. Moreover, you have seldom seen sets better done, and the photography has rarely been surpassed either in Europe or America.

As usual, it was the crowd downstairs that kept the picture running. Right up to the last showing practically every downstairs seat was filled. It was this patronage that convinced the management that the picture could have been kept on five days more. You would expect popularity for a genre picture such as this one, in the home country, but what is more significant is the popularity that will take it triumphantly round the world.

There is an American way of life, and this, in rudiment, is it. The world, apparently, approves, applauds, and would even follow it.

There is no idealization in *Of Human Hearts*. Portrayal is accurate and the meaner side is shown with the better in every character. Even with the handsome bend in the Ohio, the mean landing at Pine Hill appears. The essential meanness of all communities man ever founded, shows in the essential meanness of Pine Hill. But it comes out that even so, what is one man's poison is another's meat; and though Pine Hill was a place sordid and cynical enough, for young Wilkins to conceive the ambition to be a doctor, yet there were no artificial barriers in his way: the boy *could* be a doctor, caste not being known, though his origin was so penurious and so lowly.

We suppose the world is really stirred by this sort of drama, and that it is as American, even yet, as Lincoln's cabin. You can go nowhere without finding that the cheap-seat folk are for it, very definitely.

At a number of passages, during both times we saw the picture, people around us, old and young alike, blubbered frankly. Most of all, at one of the more dignified interludes, the scene, from actual history, between President Lincoln and the young field surgeon, Lincoln showing Dr. Wilkins why he should write his mother regularly. Such drama is evidently quite common in the world. It must still be true that the poor of whom Lincoln once observed God had made so very many are, as Chaucer put it, plentevous, and much dependent on their Maker's love for special dispensations and occasional forgiveness.

Bradbury Foote devised *Of Human Hearts* for the screen, from Honore Morrow's novel *Benefits Forgot*. Clarence Brown directed the production, and Herbert Stothart arranged the music. The house was always in an uproar during the choir scenes and over the singing. Possibly that is why we caught too little bass to suit us in the familiar hymns. We wanted to be reminded of Towne Wolfe's bass, in the church choir at Excelsior down on the Cimarron; two generations later, yet the same hymns and under much the same circumstances.

John Carradine played *Lincoln*, Beulah Bondi had the part of Mrs. Wilkins, the minister's wife, and the remarkable character sketch in the hillbilly cabin, the widow's part, *Sister Clark*, was the work of Leonora Roberts. Robert McWade was the Pine Hill doctor, and Gene Lockhart the janitor at the surgery college in Baltimore—another bit of excellent work, neither too much nor too little. Every excursion through the piece brings you back to Clarence Brown's exceptional directing. As technique, it stands with *Grand Hotel*, *Dead End*, and *Cavalcade*. But it is possible that Brown's work was more than half done for him by his casting director; anyway, no one, at any point, was permitted to steal the show, even if anyone had been so inclined, the result being that we have all seen it, and reveled in it, and it has left no bad taste in the mouth.

The success of great productions such as *Of Human Hearts* and *Robin Hood* should warn Hollywood against the pinchpenny policy with which it opened the year. Hollywood is the capital not of movies as such, but of a new art; the last thing it can afford, if the sheriff is to be kept at bay, is shoddy economized pictures. Every so-called feature picture must be its own ballyhoo.

It happens that among our neighbors who know the country where *Of Human Hearts* is laid is Charles M. Cotterman. He was born in a somewhat better part of Ohio, and lived there until he was twelve years old, when the family, on reports from a pioneer whom they knew, moved to Nebraska and found a homestead some twelve miles out from Albion. The country in the picture is southeastern Ohio, in the iron region, and there were still circuit riders there during Mr. Cotterman's boyhood. It is not a very forward region even now, outside the towns.

Lincoln's lines read at the winter window overlooking the sombre Potomac as Wilkins sits in the pres-

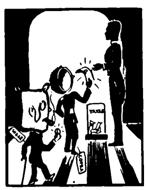
(*Please turn to page 13*).

Tax Discrimination

● **Inquiries in the statistics indicate remedies that might aid recovery of the bulk of Commonwealth cash (export) crops.**

Unless something evades us, the statement is true that all Commonwealth products sold overseas pay the equivalent of the sales tax, 1½% of the invoice values, *sugar excepted.* Of sugar sold overseas, 58% pays no tax of this kind at all, and 42% pays a special lower rate of 1%; the 58% is reckoned as sales directly made by planters, it being their share of the sugar at the mills, and the 42% is the (average) mills' portion of the crop. Best able one year with another to sustain taxation, sugar is believed not to pay more taxes than other crops as is sometimes claimed, but certainly to pay the least tax of all.

Last year, from total consignment abroad, the Commonwealth collected ₱3,500,000 in ad valorem levies that in every way are equivalent to levies on exports. These levies continue this year, of course, and were the sales tax to be raised, they too would no doubt be raised to the same percentage. They handicap sale of Commonwealth products overseas, their abolition is therefore advised except in the case of sugar—whose sole market is the United States where it enjoys a favored position unquestionably to be long continued. Sugar has claims on universal support in the Commonwealth, but not, we surmise, precisely the claims usually asserted in its behalf. It has the claims of a good cash crop involving comparatively heavy tonnage into an assured market, whence possibly 70% of money from all sales of it comes back to the Commonwealth. One authority thinks 75% of the sugar money gets back into the country, and stays here, but this seems far too high an estimate.



Sugar believes it supports two million persons here. Copra certainly supports a much larger number, possibly even the more than four million that is often mentioned. Yet sugar pays much less tax than copra; and while sugar enjoys, as it should, a favored market, and will in all probability enjoy that market indefinitely, copra has no favored market and sells at the world price, even in the United States, where the tax in limitation of its use is 3 cents gold a lb. on its oil content. Yet copra yielded a crop value, from exports alone, of ₱79,000,000 last year, money that remained in the Commonwealth widely distributed among hundreds of thousands of producers, a sum estimated to equal the sugar money that came to the Commonwealth in the same period—all for a few mills and a few hundred planters aside from wages and production expense.

Let us say right here why we believe Commonwealth sugar will retain a favored position in the United States market.

First, *Cuban sugar must.* Sugar is the foundation of Cuba's economy, America can't let Cuba down economically because of her continuing responsibility under the Monroe doctrine, because of the practical importance of reciprocal trade with Cuba, and a peculiar historical responsibility America has there, and because of america's vital interests at Panama, in the Canal Zone and the Panama Canal itself, to say nothing of the Nicaraguan canal that must some time be built. Cuba then, will continue to hold an allotment in the American sugar market, at a duty rate lower than the maximum. Practically, it is her right, as well as an advantage to the United States. Second, American domestic sugar is strong enough to keep itself and Cuban sugar protected with a duty. Third, to the same degree that this duty is modified for Cuba, we think it a reasonable assumption it will also be modified for the Commonwealth. Special circumstances probably inescapable govern both situations.

The doomed crop here is Manila hemp, not sugar. Manila hemp's economic position will be covered elsewhere in this issue of the Journal, where the reader may see whether he agrees with us.

Sugar has been politically influential here, in great provinces such as Iloilo, Negros, and Pampanga as well as through planters of powerful position and influence in the general government; and it was also sensible enough, long ago, to found an association for its mills and another for its planters and to give both political and scientific attention to its vital problems. The result, naturally, is considerable dust in the public eye and commensurate advantages for sugar; but a serious economic approach, while it must recognize sugar's eminence, will not evaluate sugar as sacrosanct as a white elephant or a breviary. Sugar may still be touched, and the eloquent suggestion is that it may even be taxed as much as other products with reasonable impunity.

Now just what tax does sugar pay?

The 871,045 metric tons of Commonwealth sugar sold overseas (in the United States) last year paid ₱2 a ton wharfage charges, ₱1,742,090. The total invoice value was ₱115,412,307 of which 42% or the value of ₱48,473,169 paid the specially low ad valorem tax of 1% or a total of ₱484,732 which is somewhat less than half a million pesos. Laying aside charges incidental to all products shipments, last year's sugar paid taxes of ₱2,227,822, chiefly the wharfage charges of ₱1,742,090. It pays to advertise, and it pays even better to organize, a hardboiled remark not intended to be flippant.

But copra, a poor-man's crop widely throughout the Commonwealth, including Iloilo, Negros, and Cebu, was taxed much more—notwithstanding it had to be sold at world prices and that it brought the Commonwealth, up to the end of 1938, no less than ₱114,000,000, or the whole worth of a year's sugar crop, and much more than the value that actually comes to the Commonwealth—in proceeds from the 3-cent excise collected in the United States on the oil content and returned to the Commonwealth treasury; and also notwithstanding that here this sum of windfall revenue from copra may be used, with presidential consent at Washington procured, for everything, even for sugar, *except everything benefiting copra either directly or indirectly.*

(Please turn to page 14).

Our Hardwood Business

Year	Total Production of Mill Sawn Lumber in B.F.	Domestic Consumption in B.F.	Export in B.F.	Percentage Domestic Consumption	Percentage Exports	Domestic Per Capita Consumption of Timber and Sawn Lumber in B.F.
1927	189,102,893	125,914,597	63,188,296	66.58	33.42	35.6
1928	227,069,862	156,152,742	70,916,120	68.76	31.24	44.6
1929	252,273,182	177,408,350	74,864,832	70.32	29.68	50.5
1930	208,371,883	152,173,227	56,198,656	73.02	26.98	44.6
1031	132,978,894	96,909,638	36,069,256	72.87	27.13	35.8
1932	147,542,973	133,404,693	14,138,280	90.41	9.59	30.4
1933	172,305,205	145,882,373	26,422,832	84.66	15.34	29.8
1934	221,343,256	182,084,248	39,259,008	82-26	17.74	44.5
1935	247,913,516	202,381,004	45,532,512	81.63	18.37	49.0
1936	202,106,215	237,130,375	54,975,840	81.17	18.83	55.6
Total	2,091,006,879	1,609,441,247	481,565,632	77.02*	22.98*	

* Relative importance of Domestic Consumption and Export of Mill Sawn Lumber for the ten-year period 1927-1936.

In this commonwealth, the south makes the money and the north gets it. Larger production is in the south, larger consumption here on Luzon, with Manila the big clearing port for exports and the only material financial center. The central Luzon valley can honestly boast of growing most of the country's bread, and exportable tobacco qualities come from Cagayan and Isabela, but the south comes through with the great cash crops marketed mainly overseas, mainly too in the United States: copra, Manila hemp, sugar. Lumber is no exception, the hardwood production of the Commonwealth is chiefly south of Luzon. On Negros, at Fabrica, Insular Lumber's potential of 65 million board feet is the largest hardwood unit in the world. Findlay Millar's mill in Lanao, at Kolambugang, northern Mindanao, can cut 3-½ million board feet a month.

The Joseph S. Johnston group of small mills in Zamboanga have a respectable total output per month, and there are numerous other large and small mills definitely placing the major production of Commonwealth lumber south of Luzon despite the importance of timbering and lumbering in Benguet and Camarines Norte for uses of the mines.

Lumbering is not currently prosperous here. The table making the subhead of this review shows that 80% of the cut has to be sold in the domestic market. The greater profit always derives from the 20% of the cut sold overseas, where the going is currently far from good. This may change for the better before the end of the year, because the American market for Philippine mahogany is the best in the list and recent provision by Congress for easier and better organized financing of much needed new building throughout the country should revive demand for materials.

But it is always to be remebered that lumber is but one of many popular building materials nowadays, and that domestic lumber has the edge over ours: not of course in quality, but in price, available supply, and the fact that it is a local product. A court fight for use of the term *Philippine mahogany* in the American market was won by the Philippine Hardwood Manufacturers Export Association at cost of more than ₱400,000. But new objections have been filed and the fight has necessarily been renewed. In the British Empire, imperial lumber has an edge of 10% over ours. This affects such good markets as South Africa and Australia. You simply can't get into such a market as Hongkong, supplied, chiefly with logs, from Borneo.

There is no nearby market, in fact, Japan taking logs exclusively. Shanghai, if rebuilt, will be a possibility, but the prediction is reasonable that even should that market reopen, competition from exploitation of new tropical forest regions will be surprising—especially from Borneo. Distant markets, including both American coasts, involve high freight charges: To Atlantic or Gulf ports $24 per 1000 board feet; to Pacific ports $16; to Europe (base rate) $28.75; to South Africa $25; to Australia $21.75; to Shanghai $6, and to Hongkong $4.80. When ocean rates upped a year or so ago, new rates on our exported lumber rose higher than the average.

Borneo charges including taxes on 1000 board feet of sawn lumber are ₱3.93. Philippine charges are 44% more, ₱5.67. Borneo lumber is like our southern lumber and the mere statement of these comparative charges precludes additional charges on all Commonwealth lumber sold overseas. It is quite enough for the industry to manage against the duty advantage that Borneo has in British Empire markets and to pay the Commonwealth ₱1.74 per 1000 board feet more than Borneo charges lumber. It is equally apparent that Commonwealth lumber sold locally, four parts in five of the whole cut, should be charged no more taxes than are now levied; any such charges would affect export prices and hinder sales overseas, besides affecting local consumption adversely.

When the local market is active, a condition that at all times needs encouragement, mills have more leeway in quoting for export at a margin of profit.

Currently the local market is in a funk, lauans and

NAME OF COMPANY	Capital Investment	Total Dividends paid for the 7-year period 1931-37	Average Percentage of Return Per Yr. During Period 1931-37	Total Forestry Charges and Taxes Paid 1931-37	Percentage of Capital Investment Paid in Form of Taxes & Forestry Charges 1931-37.
Cadwallader-Gibson Lumber Co. ..	₱1,845,653.47	none	none	₱ 827,574.33	45%
Findlay Millar Timber Co.*	1,500,000.00	₱111,150.	4.2%	1,130,919.67	75%
Insular Lumber Co.	5,616,830.03	747,440.	2%	1,783,285.63	32%
Atlantic, Gulf & Pacific Co.	2,604,925.05	none	none	468,549.58	18%
Port Lamon Lumber Co.	1,816,713.06	30,273.33	0.24%	530,623.47	29%
Philippine Lumber Mfg. Co.	1,020,639.32	50,000.	0.7%	498,057.14	49%
North Camarines Lumber Co. ...	(Out of business since 1937, hence figures not available)				
Lagoma Lumber Co.		none	none	51,597.87	86%
Anakan Lumber Co.	1,517,013.61	none	none	560,095.94	37%

* In 1937 this company for the first time in the last 10 years paid a dividend on its common stock (15%). Theretofore, it had paid dividends on its preferred stock *only* and never in excess of 10%.

(*Please turn to page 36*)

Taxation of Distressed Crops

Commonwealth Cash Crops (Exports) Compared at Five-Year Periods

COMMONWEALTH CASH CROPS (EXPORTS) COMPARED AT FIVE-YEAR PERIODS

Period	Compro and Coco Oil	SUGAR	Manila Hemp	TOBACCO
	Pesos	Pesos	Pesos	Pesos
1909	15,345,730	11,216,574	33,792,000	6,640,008
1914	15,960,540	22,119,186	38,389,630	8,355,064
1919	82,558,880	30,415,701	53,703,052	31,390,084
1924	68,325,826	83,736,173	59,900,916	19,725,718
1929	89,501,524	106,488,298	56,841,100	17,579,888
1934	20,799,991	130,909,161	17,323,136	10,387,532

The table above brings out the distressed crops of the Commonwealth, Manila hemp, copra, and tobacco—hemp and copra mainly grown south of Manila and tobacco mainly grown on the Isabela-Cagayan valley far in the northern part of Luzon. From a high value of ₱89,501,524 in 1929 at the end of the next five years copra (including coconut oil exports) dropped to a total of ₱20,799,991 or more than 75%. From a high value of ₱56,841,100 in 1929, with 1924 a little higher, Manila hemp dropped in 1934 to the sum of ₱17,323,136 only, or nearly 75%. From a high value of ₱31,390,084 in 1919, fifteen years later, in 1934, tobacco and tobacco manufactures including exported cigars dropped to the total value of only ₱10,387,532.

The current position of all these cash crops will be noted by the reader in the commodity reviews at the back of this magazine. Always in the instance of sugar, deduct some 35% for proceeds from the crop that remain abroad. The current reviews will show that hemp, copra, and tobacco are still distressed and that they therefore comprise the major marketing problem the Commonwealth confronts. But though hemp, for example, is abundant and low-priced, the Commonwealth's practical monopoly of its production is envied and nothing is left undone that might tend to destroy it.

The Commonwealth's Fiber Inspection Service lists eighteen locales of Manila hemp in the archipelago.

Albay is credited with 143,344 bales last year, Camarines Sur with 60,429, Camarines Norte with 8,914, Sorsogon with 113,282, Catanduanes with 60,199. This is the total for the Bicol region, southeastern Luzon, 386,178 bales most of which pertained to a subsistence economy among the peasants although there are some large hemp holdings here.

Leyte grew 218,815 bales last year, Samar 71,821, North Mindanao 103,241, Mindoro 7,591, Marinduque 785, Bohol 59, Capiz 3,835, Cebu 2,890, Iloilo 942, Oriental Negros 6,774, Romblon 203. This Bisayas total is 416,656 bales attributable with general accuracy to a subsistence economy among poor and small holders of land and sharecroppers.

Jolo's production of 23,279 bales falls in the same category.

South Mindanao is left, with 461,210 bales chiefly from Davao but increasingly from Cotabato because of new roads and recent homesteading as well as the maturity of a few plantations with general stores as market centers. Japanese grow the major portion of South Mindanao's hemp, by no means all—perhaps a total of 300,000 bales in a grand total as stated above.

The United States has for thirty years tried to transplant Manila hemp to the Canal Zone and make it yield commercially in that soil and climate. It was perhaps ten years ago that the Dutch got plantations going in Sumatra, where secrecy surrounds the enterprise. A British syndicate now bids for capital to cross Commonwealth hemp with wild varieties discovered in a certain fertile region of Jahore, the syndicate alleging: (1) That Japanese produce most of the Commonwealth output, comprising a monopoly; (2) that the Admiralty complains about the *empire* substitute fibers it has been obliged to utilize in marine cordage and says nothing but Manila hemp will fill requirements; and (3) that Manila hemp is badly prepared in the Commonwealth for use in cordage, and *too high priced.*

The syndicate proposes to grow hemp in Jahore with coolie labor.

Then there are the new Borneo plantations, that in our judgment are quite likely to turn the trick and afford both Britain and Holland good sources of Manila hemp outside the Commonwealth at coolie-labor prices in a time comparatively brief.

Now there is not a consumer of Manila hemp, outside the small cordage factories here, who is not unceasingly concerned to discover new sources for the fiber or to establish such sources. This is entirely natural. They utilize Manila hemp together with some softer fiber inferior in tensile strength, and naturally, they play off one fiber against the other; cheap hemp bears sisal, cheap sisal bears hemp, and so with maguey and henequin. It takes no extensive exposition of the fundamentals in the market, to demonstrate the avidity with which all buyers fasten upon possible new sources of Manila Hemp regardless of the low prices the fiber may actually command. It is an essential raw product in all prime cordage, and therefore is never bought cheap enough to suit the buyers. But the main point is, it is always an effective club over softer fibers—all quite as effective in their turn in the hemp market.

With the buyers, legitimately using both Manila hemp and the softer fibers, and even hemp for binding twine in harvesting machines if it is cheap enough, it is always a game of both ends against the middle. Major production of the softer fibers such as sisal centers in Yucatan and neighboring Central American states, while Manila hemp is here, so the factor of sheer distance is decisive against any possible collusion between sisal and hemp affecting the American market. Japan relies heavily, ordinarily, on Manila hemp, but she too experiments with softer fibers while Holland and Britain derive supplies from colonial sources.

Ersatz keeps Germany from being a very great buyer of Manila hemp while reconstructing her marine and naval power, she goes in for substitutes. But no doubt, she, like Italy, finds the cellulose in Manila hemp handy for powerful explosives (*Ken*, current issue, July); and both Italy and Germany leading the category of the have-nots are interested in cheap hemp, the very cheapest possible. We will soon show how the Commonwealth can produce this cheap hemp, after a fashion, but meantime we would take up one more marketing point.

The cordage industry is the main customer for Manila hemp, more for rope and cables than for binder twines. Britain and the continent like to do a good deal of the processing of the fiber themselves, employing a good deal of labor in so doing, so they go in for the lower coarser grades, J-2 and below. Japan, who in recent years bought nearly half the output, goes in for all grades, even the tow, the bulk of her buying being the American grades above J-2 because her merchants in the industry sell in all markets and have reached the rank of leading Manila exporters. Cordage factories buy fiber in large quantities, large shipments at

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THE AMERICAN CHAMBER OF COMMERCE JOURNAL

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W. W. BERCAW ON INCOME TAXES

Recent congressional legislation deferring to points urged upon Congress by the American Chamber of Commerce and by High Commissioner Paul V. McNutt in his testimony in committee last February at Washington, changed certain conditions affecting Americans' obligations in the Commonwealth respecting Federal income taxes. Incapable of digesting the situation ourselves, we asked W. W. Bercaw, a United States Internal Revenue Agent, to provide us a digest intelligible to our readers, and the following is his response:

"The United States Revenue Act of 1938 became law on May 28, 1938.

"Three of the sections, Nos. 812, 821 and 813, of this law provide for the refund of amounts collected under prior laws.

"Philippine residents are benefited by these sections to a greater extent, probably, than residents of any other place.

"Persons who live in the Philippines, therefore, who have paid taxes and interest to the United States should be familiar with the new law, and they should know how to get refunds if they are entitled to them.

"The first section of the new law herein discussed is No. 812. This provides that there is no Federal tax due on income resulting from sales in the Philippines of goods bought in the United States. And, that income from such sales is from Philippine sources. The law is retroactive from its inception in 1925. Therefore, if you have been selling goods in the Philippines which you bought in the United States, you have no United States income tax to pay on the income from such sales. This section relieves Spanish, British, Chinese, Japanese, etc., merchants and corporations from the tax that they may have been formerly liable for. Many merchants in the Philippines were greatly relieved as this section removed a substantial liability. As to Americans and American corporations, they are still liable for Federal taxes on income from such sales unless they are exempt under Section 251 (80/50). No. 812, however, aids Americans in meeting the conditions for exemption under Section 251, since it makes the income from such sales entirely from Philippine sources. If any taxes have previously been paid on such income, see the United States Revenue Agents for assistance in preparing and filing claims for refund.

"As to the next section discussed, No. 821, this provides for the reduction of interest of 6%, which accrued during the period October 24, 1933 to August 30, 1935 on delinquent Federal income, estate and gift taxes. This benefits everyone irrespective of nationality or residence who has paid interest to the United States in excess of 6% on the taxes mentioned, which interest accrued during the stated period. Therefore, if you have paid any interest in excess of 6% which accrued during such period, a claim for refund should be filed *immediately* with the United States Revenue Agents. All persons, so far as known, entitled to refunds of interest, have been notified and advised to file claims. *Claims under this section must be filed by November 27, 1938.* If claims are not filed by the date given, no refunds will be made.

"*Section 813.* This affects American citizens and American corporations only. It wipes out back penalties and interest on Federal income taxes for the years 1917, 1918, 1919 and 1920, and extends the time for payment of such taxes to July 1, 1939, if certain conditions are met, as follows:

(1) The citizen must have been a resident of the Philippines for more than six months during the year for which the tax was due.
(2) The citizen or corporation would have been exempt on Philippine income if the 80-50 law had been in effect in the year for which the tax was due.
(3) Refunds of interest and penalties previously paid will be refunded if:
    (I) Claim is filed before July 1, 1939.
    (II) The interest and penalties were paid after May 28, 1936.

"All persons, so far as believed to be entitled to refunds, have been specially invited to file claims. Persons who have not filed claims, or who have paid any interest or penalties on taxes for the years 1917 to 1920, since May 28, 1936, should contact the United States Revenue Agents promptly.

"Attention is invited to the fact that any taxes for the years 1917 to 1920 are not required to be paid before July 1, 1939, if the person who owes the taxes can meet conditions (1) and (2) above. The taxes may, however, be paid before July 1, 1939. The liability for taxes, if any, is determinable before July 1, 1939. In other words, if any tax for 1917 to 1920 is payable on July 1, 1939, find out how much it is beforehand.

"As to the 80-50 law, or Section 251, which has been referred to in this article. During the World War years, 1917, 1918, 1919 and 1920, American citizens and corporations were required to assist in carrying on this war by paying Federal war income taxes regardless of the place of their residence and regardless of where they earned or acquired their income. In 1921, Congress enacted the 80-50 law. This was not retroactive. It began with the year 1921. It provided that American residents of the Philippines were exempt from American income taxation on Philippine income if 80% or over of their incomes, (over specified periods), was from Philippine sources, AND (conjunctive) if 50% or over of their incomes, (over specified periods), was from businesses engaged in within the Philippines, AND if none of the Philippine income was received in the United States."

LIMBO

Pan American Airways had the catastrophic misfortune to lose their *Hawaii Clipper* airship Friday, July 29, when the last word, about half past twelve, when luncheon must have been in progress, was that the ship was bucking strong headwinds and was some 600 miles from Manila off Surigao. Nothing since, and the most painstaking search by all concerned, notably the Army and the Navy, indicates that the plane must have plunged into Mindanao Deep from some casualty not to be unexpected in such stiff weather, and to have sunk at once—fast at first, then more slowly, but steadily—to the bottom. Drama and tragedy collude to make such incidents of modern life startling and somewhat shocking. Fifteen lives were taken by the vindictive elements in less than that many minutes; there were six passengers, nine crew members headed by Captain Leo Terletsky in command.

The most valuable life involved seems to have been that of Dr. Earl McKinley, dean of medicine at George Washington University, whose researches in the biological mysteries of leprosy seemed to have been approaching the mark. His purpose in returning to Manila was an errand related to his researches, he had colleagues here.

There will necessarily be a stretch-out of the clipper Pacific service until another ship now under test replaces the *Hawaii Clipper.* Naturally, the new ship eclipses the old in size, speed, and power. Current aspirations are for stratoplanes, cruising higher, faster, and of course more safely, above strata of heavy winds and sudden storms, under cabin-pressure. They will be right along, you can find them described in detail in July's *Fortune.* (By the way, ours is missing—it bears our name and we should like it sent to the office). Men ask whether the disaster will make a difference in Pan American's patronage. We think not; it was never so either of ships or trains, and has not been so of airplanes; fatalities aloft are fewer than fatalities in motorcars on highways, or of trains, based on passengers carried and miles flown, and insurance companies wager with you that you'll come scatheless from commercial flights for very nominal sums. Men fly, that's all, and henceforth always will; and it is rare that they do not fly with complete escape of danger. Formerly it was pestilence that took your friends off suddenly, and by wholesale, and in that day life's span would not average forty years. Nowadays, occasionally, modern transportation does the trick, though on a diminutive scale comparatively, and life is both longer and pleasanter. We prefer our times to the old centuries; we are glad to reason that the supernatural never intervenes, death comes when it will, and that man, though not omniscient, is, on the whole, the master of his whole environment, air and all.

OCCUPATION DAY

Since as matters stand the Commonwealth will have been separated from the United States in 1946 on July 4, two years before the fiftieth anniversary of the American occupation of Manila August 13, 1898 rolls round, President Quezon chose to have Filipinos celebrate the fortieth anniversary this year and was very successful in making the celebration cordial, sincere, and impressive. With honors and courtesies to America's great representative here, High Commissioner Paul V. McNutt, America herself was honored, and President Quezon did not neglect due tribute to the American community here. It was all gratifying, press commentaries included, and should have received a good hand in the United States. It was the first official and formal celebration of Occupation Day; it was amendatory in character to soothe forgotten wounds and conciliate the future.

We trust it will be no belittlement of all this if we seize occasion to make it plain that our doubts as to the new economy seemingly being evolved for the Commonwealth are not allayed either by what we hear of these efforts or the current prosperity of the Commonwealth. Our confidence goes no farther than belief in the sincerity of the good-neighbor policy of the Roosevelt administration. We will not accept, on Occupation Day or any other day, a congressional policy complied with by President Roosevelt that does with Commonwealth commerce with the United States almost what it will. We think the weights in the balance far from equal, right now, and that more weight tends to be added on America's side. We do want the two countries to stay together, as apparently everybody here does—and possibly a sober majority of Congress always will, at the final test—but we sensed injustice from the first in abandonment of the McKinley policy and we still believe it should be revived. Congress is now skirting very close to exploitation; we will not give such a policy

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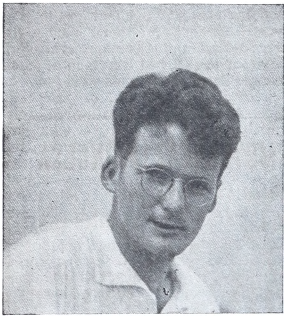
Young Men Worth Knowing



RALPH KEELER

One way to prepare yourself for a position on the staff of an important daily newspaper is to take a course in metallurgy, at the Colorado School of Mines, and receive a degree in Metalurgical Engineering. This system is also recommended for anyone desiring a position as editor of a magazine. At least, the procedure worked out very well for Ralph Keeler, Mining Editor of the Manila Daily Bulletin, Editor of the Baguio Bulletin, Editor of the Marsman Magazine, and Philippine correspondent for some eight or ten mining publications all over the world.

Of course Ralph really intended to be a metalurgist when he graduated from the Philips Exeter Academy back in 1927, and matriculated at the Colorado School of Mines. In fact, he held to this course in spite of considerable parental objection; Keeler, senior was a Yale man, and Ralph himself took the entrance examinations for Yale, and duly enrolled. He is still enrolled, but that is far as he went with it. After that, metals—how to dig them out of the earth's crust and how to separate them efficiently and cheaply—lured him to Colorado, where they teach you how it is done.

They taught him a lot about mining and metalurgy in four years at Colorado, but they didn't have any suggestions to make about getting a job, when he graduated with the class of 1931. That was a black year for miners; out of a graduating class of 75, only about 7 got jobs. And they were jobs, too, not positions. None of them had the remotest connection with mining—filling station jobs and the like. Ralph wrote about 300 letters to companies big and little which he suspected might need a good metalurgist, shift boss, mucker, slag picker, janitor, or roustabout. He guesses the letters are still filed away; anyway he has never had a reply to any of them.

Alma mater stepped in at this point to solve the economic crisis. The School of Mines needed someone to take over the job of assistant director of publications. Colorado publishes a number of technical mining journals and alumni publications, and Keeler accepted the position (it carried Faculty ranking) with a glad heart. You see, it was not just a job. It not only gave Ralph something to use for money, but it also provided the practical encouragement Ralph needed to put the important question to the young lady who is now Mrs. (Jane) Keeler. Further than that, that first experience in journalism permanently changed the course of Ralph's life. He hasn't worked in or about a mine since.

Yes, all in all, it was a good job. There was just one thing wrong with it: it didn't last long enough. Along about 1933, after Keeler had been assistant publications man for about a year and a half, the University authorities decided they had to curtail expenses, and one way to accomplish this was to abolish (permanently) Ralph's job. Denver, Colorado, was the next stop, and a job as police reporter and mining editor on the "Rocky Mountain News" (Scripps-Howard).

Meanwhile, Roy C. Bennett, editor of the Bulletin had decided that the mining industry then burgeoning was going to amount to something and the paper ought to have somebody who knew mining and had had newspaper experience to handle it. This was in 1933 when the first boom came along and Mr. Bennett wrote to the Colorado School of Mines outlining his requirements and asking for suggestions. They put him in touch with Ralph. In late 1933 after considerable correspondence on the subject, Bennett went to the States on one of his infrequent vacations, and interviewed Ralph in Texas. The upshot of the whole thing was that the Bulletin got a mining editor, and Mr. and Mrs. Ralph Keeler arrived in Manila.

Ralph had his own job to make on the Bulletin. He stayed in Baguio for two years, (where he started the Baguio Bulletin—weekly mining supplement), not coming to Manila until 1936, when it became apparent that Manila, and not Baguio was to be the center of the mining industry of the Philippines. Marsman and Company approached him about that time with the idea of a house magazine, and Ralph took on the job of creating and editing the Marsman Magazine, a job which he still holds. So far as is known, this publication is the only one of its kind in existence.

Mr. and Mrs. Keeler like it here; Ralph is convinced that the mining industry is now firmly established as one of the most important in the Islands; and they plan to stay indefinitely. Two youngsters have come along, Hayes, 5, (named after a grandfather), and Marcia Jane, 18 months.

One thing of which Ralph is particularly proud is his extensive library on Philippine mining and mining companies. It is

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Just Little . . . .

(*continued from page 6*)

idential chair and writes to his mother are from Shakespeare's *As You Like It*, the song by Amiens, one of the duke's gentlemen, in Arden forest:

Blow, blow, thou winter wind,
Thou are not so unkind
As man's ingratitude;
Thy tooth is not so keen,
Because thou art unseen,
Although thy breath is rude.

Chorus

Heigh-ho! sing, heigh-ho! unto
the green holly:
Most friendship is feigning,
most loving is folly:
Then heigh-ho, the holly!
This life is most jolly.

Freeze, freeze, thou bitter sky,
That dost not bite so nigh
As benefits forgot:
Though thou the waters warp,
Thy sting is not so sharp
As friend remembered not.

Carradine used only the first three lines of each stanza.

* * *

● *Catholic Trade School* the sign says, at the intersection of calles Tayuman and Oroquieta. It is an activity of the Society of the Divine Word founded in 1924 by Father William Finnemann, now a bishop and the apostolic prefect of Mindoro. Arnold Jansen founded the society, in 1875.

This trade school on calle Oroquieta is one of the supports of the society in this field. First, there is a store selling school supplies, books, stationery, etc., and sacred emblems and statues. Patronage is quite good, but larger orders come by mail from the provinces; there is a regular shipping department where orders are always being filled and shipped away. Then there is a print shop, very good and well equipped, where the trades of printing are taught and practiced: linotyping, presswork, and the rest of it. Brother Adolph is the master bookbinder, for example, and Brother Laurentin the master typesetter. Brother Clemens, drowned a few weeks ago at Pagsanhan, had charge of presswork. Rector at the school is Father George Puder; others round the office are Father Marx and Brothers Vitus, Flores, Carlos, and Lucian.

Some hundred young men are employed, at 1 peso to 3 pesos a day, forty of them living in and others, married, having homes of their own. Those who live in get board and room as part of their wages. Apprentices are selected at the society's schools in the provinces: San Carlos college at Cebu, Vigan seminary at Vigan, Ilokos Sur (taken over from the Jesuits), high schools at Bangued, Abra, and at San Jose, Mindoro. There are elementary schools at Bangued, Tayum, and Lagangilang, all in Abra. Work goes along with studies in these schools, apparently a society creed. You may have wondered what the big school is that ornaments the new calle España. It is a seminary of the society's where a carpentry shop employs 25 young men. The working day takes up 8 hours, in Manila and at the seminary, outside which the young workmen pursue their book studies. Formerly the school tried to give this instruction too, under recognition of the government, but requirements and inspections were constantly annoying and it was given up—the boys go out and study where they will.

Outside help comes chiefly from the United States. Formerly there was some from Germany but now practically none. A history of the society sold at the school costs ₱2.50. Interesting totals are, for such a young organization, 11 bishops, 5 apostolic prefects, 1 apostolic administrator, 1600 priests, 700 seminarians in theology, 500 in philosophy, 1800 lay brothers, 4000 high-school students, 200 candidates for brotherhood. San Carlos at Cebu has 700 students. In every faculty member it is easy to surprise a keen zest for his work.

Tax Discrimination

(*continued from page 7*)

Besides, if sugar should be in the future a small but valuable pillar of support to the independent Commonwealth, copra is certain to be a much larger and stronger one; and if it may not yield much tax, yet it will keep body and soul together in literally millions of peasants who without their everbearing palms would be all but sure to break the peace. Observe how salutary to public order copra is, wherever produced; no mass disturbances are ever heard of in the copra regions, and there is therefore even that factor in its favor.

Copra pays, of course, the regular 1½% ad valorem levy on the invoice value. So do coconut oil, meal, and cake. Wharfage of ₱2 a ton on 509,841 tons of copra, oil, meal, and cake sold overseas last year was ₱1,019,680. Copra reaches shippers and local refiners through dealers who pay the merchants sales tax of 1½%. A like tax is paid again on it, either as a sales tax or an ad valorem on exports. A conservative valuation of the 236,544 metric tons of copra sold overseas last year and the quantity that yielded the 162,768 metric tons of coconut oil sold overseas last year would be ₱60,000,000, and sales and ad valorem taxes were at least 3 centavos in the peso, a total of ₱1,800,000. Other exports deriving from copra are manufactures, *Purico* the cooking compound being an example, and it is astonishing that they too must pay the ad valorem tax of 1½%.

Including wharfage, ₱1,019,680, copra certainly paid the Commonwealth treasury more than ₱3,000,000 last year on total invoices abroad summing just under ₱79,000,000. Sugar paid ₱2,227,822 that was chiefly the wharfage charges of ₱1,742,080. Copra's payment in relation to the invoice total was as 1 to 30, nearly, sugar's 1 to 50; or copra's tax approached 4% of the invoice value while sugar's fell short of 2%. We have already suggested there is no comparison of the distribution of the proceeds, distribution of the proceeds from copra is much the broader. Our data from the customs report will be rechecked by Kenneth B. Day, of the Philippine Refining Corporation, an expert and one of the larger copra buyers, for conservatism, since the assumption that copra including oil will have paid 3 centavos in the peso before leaving the Commonwealth does not appear in the customs report and requires experienced confirmation.

There should also be remembered, ₱13,000,000 worth of desiccated coconut prepared here last year and sold chiefly in the United States against Ceylon's product; and though there is a duty, Ceylon's costs and freights are lower. This manufacture stood the enormous tax of ₱270,000 at the ad valorem rate of 1-½%, and paid ₱82,000 wharfage tax besides.

It seems clear to us that the good position of the Commonwealth's sugar in the American market could be utilized by the Commonwealth to advantage sales of other surplus products abroad, and also that this should be done. Since it has been legally possible to fix the ad valorem for sugar at 1%, it should be equally easy to raise this to a bracket absorbing all ad valorems now paid by products equally or even more basic in importance and yet much harder to sell: Manila hemp, copra, and tobacco in the leaf. All these are products that obviously should be relieved from tax levies on their sale abroad. If the Commonwealth cared to effect this without going far afield to make up the loss of revenue somewhere else, it is apparent that sugar could carry the burden easily. It may be really fortunate, rather than unfortunate, that the ad valorem possibilities are so flexible.

Sugar, we take it, would be very much strengthened by such legislation. It would no longer keep bobbing up that sugar was specially privileged in the tax laws and not chipping in its full share of the revenues. This also seems to be a matter limited to the Commonwealth's jurisdiction, therefore something that may be done for the distressed crops without approval at Washington; or if the Commonwealth would not go quite so far, it certainly could wisely go as far as copra and coconut oil. A million pesos thrown on sugar in behalf of copra would hardly be material, and another million pesos a year in behalf of the remaining distressed crops could be very lightly borne. The better repute this would give sugar with the whole public of the Commonwealth together with the eloquence it would give its case in the United States is all worth careful consideration—aside from the imperative relief the distressed crops require.

The theme of this paper is unbiased. It is simply that taxation of exports is economically unsound unless the exports in question have an assured and favored market and are easily sold at material profit. In this theme, sugar, in the Commonwealth, is the export that is the exception to the rule. If therefore you can by any means strike a bargain with Congress, make the logical and feasible adjustment of your export levies. Even so, you will be but making up for past indulgence.

Taxation of . . .

(continued from page 9)

a time, according to the market, and there is a great deal of market hedging in the game—a game entirely fascinating for the man whose natural bent it suits.

It is the buying in bulk that makes the ad valorem of 1-½% on Manila hemp exports a vital factor often standing in the way of sales. Bear in mind that big buyers for cordage interests are in constant telegraphic touch with the big markets, New York, London, and lesser centers such as Marseilles. A hemp exporter tells us that the ordinary sale comprises 100 to 250 bales, 13 or 13 to 35 tons of 2,240 kilos, the long ton of commerce, in which there are 8 bales. We can see from this whether the ad valorem of 1-½% is an appreciable item. It would not necessarily follow, were this item removed, that use of Manila hemp would be upped because sales at lower prices could be made: there is always sisal as well as maguey. Nevertheless, hemp trading position would be better, and it might generally be the case that the grower received more for his crop.

Let us see what the tax figures:

Last year's Manila hemp sold overseas comprised 165,339.4 tons of 2,240 lbs. each, or 1,322,715.2 bales the invoice value of which shown by the customs report was ₱43,279,373. (As a whole, the year was unusually good for hemp, contrasting with the unusually bad year current). The crop last year reported by the Fiber Inspection Service that okays the baling and classifying was 1,304,483 bales; exports somewhat exceeded the year's crop, and it is seen that domestic consumption is negligible and without effect on prices. The ad valorem tax of 1-½% on last year's exports of Manila hemp summed approximately ₱200,000 more than the 1% ad valorem on sugar exports and was a total of ₱649,191.

In a commodity such as Manila hemp selling in bulk lots, a cost item of ₱3.93 per ton is a substantial quite large enough to make or break sales hinging on a close margin. On a shipment of 100 bales or 12-½ tons, no large one, it is ₱48.13; on a shipment of 31-¼ tons or 250 bales, still mere everyday trading, being 250 bales, it is ₱122.81, leaving no doubt that Manila hemp could be traded with more facility were this tax not charged. Very glaringly, too, here is a substantial charge, turning up every day in export invoices, that the fiber world can see adds to the cost of Commonwealth hemp; and this, of course, is the worst sort of advertising.

But this is not the whole tax paid by Manila hemp sold overseas. When exporters at Davao buy hemp at the auctions, sales are by the growers and no tax applies in the transactions. But even in Davao, substantial lots go to dealers, and from them at last to exporters, and to dealers' sales to exporters the tax of 1-½% applies. In other regions there are no auctions, dealers paying 1-½% on sales handle the whole output. The table boxed on the first page of this article helps the reader make his own deductions, but ours is that a minimum tax of 2-½% can be estimated to be paid by all Manila hemp exported, as an average, and that last year this summed ₱1,081,984 in invoices summing the grand total of ₱43,279,373. *It is ₱6.54 per ton.*

Here is considerable slack that, presumably, the Commonwealth could take up at any time in behalf of hemp. The suggestion rises that the market should be studied carefully, and that the tax ought to be suppressed in favor of some better one if it be found burdensome to sales or discouraging to the industry. If data already exist at Washington, these should be studied. Should be Brookings Institute find interest in the problem, it should be encouraged to ascertain the facts and bring them out. We now know merely that exported hemp is heavily taxed, and the *prima facie* evidence is that this should not be the case.

Such a tax adds materially to costs, and will certainly tend to drive plantation hemp production into Borneo.

A related matter is the levy made on exported cordage, rope and cables, a further illustration of how ready the country has been during the past to tax enterprise and pile up intermediate charges annoying to the curt transaction of business. Here is an actual—

Shipment Ex ss "Empress of Japan" May 23 450 packages Manila Rope, 19 772 Kilos to Messrs. (Blank) Honolulu.

Amount of Invoice		₱ 8,422.44
Charges—		
Freight	₱1,293.99	
Insurance	25.26	
Lighterage	49.43	
Wharfage	39.54	
Customs stamps ...	3.30	
Bank exchange	42.11	
Sales Tax	105.27	1,558.90
		₱ 6,863.54

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Direct Taxes Above:

Wharfage		₱ 39.54
Customs stamps		3.30
Sales Tax		105.27
Indirect		21.16
Total		₱169.27
Indirect Government Tax:		
Freight	₱1,293.99	
Insurance	25.25	
Lighterage	49.43	
Bank Exchange	42.11	
1-½% on	₱1,410.79 or	₱21.16

This too makes an interesting study to all who may be concerned for the welfare of overseas commerce, since it is probable that a sales tax of ₱105.27 on rope valued otherwise at ₱6,758.27 is an actual handicap to sales. Please remark the freight rate, summing ₱65.60 approximately per metric ton; in no comparison with the rate *away* from United States ports on rope, we have observed in an earlier number that such a rate has the practical effect of nullifying, to a considerable degree, an act of Congress admitting duty free into the American market six million pounds of Commonwealth cordage a year. Rope is a good cargo with which to trim a ship, and in practice is scattered about and so used, yet here is a freight charge of nearly 20% or 1/5 of its f. o. b. value, no doubt an agreed conference rate.

Here is a condition to be rectified in favor of the basic commodity, Manila hemp; but rectification would entail negotiations, while the tax on exports is a matter merely for the legislature's attention. A government indifferent to its own levies on basic exports will hardly be at all times well treated by freighters: if it sets the rule of all the traffic will bear, freighters will follow it gladly. We have always taken it for granted that in any market and for at least some profit, our hemp would always sell, but with the new potentialities of Borneo this may not remain a sound assumption; and as a matter of honest fact, it never was—there never was a time in our studied experience when levies on hemp and cordage exports should have been imposed.

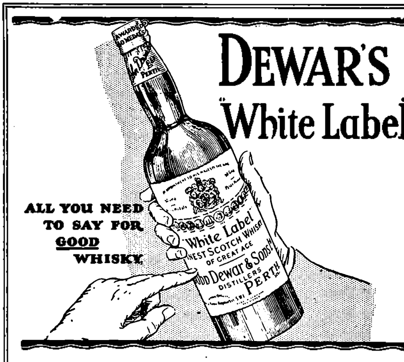
Now let us see how, with no more large plantations, Manila hemp will manage in future (say after ten years) with or without the export levies imposed.

Hemp will remain a cash crop, a cash crop of many poor squatters and homesteaders on the public domain, notably in Mindanao where new roads and interlocking highways will make the wilderness accessible to pioneers. There will probably be little money one year with another in growing it, yet it will be grown for much the same reason that a desperate levee worker joins a dice game, because baby needs a new pair of shoes. An illustration of this type of economy is well remembered among a settlement of Dunkards—they go unshaven, and wash each other's feet—in the Cherokee Strip during the first winter or two after *the opening*.

Ragged, indeed almost naked, and unable to grain their teams or even provide more than the scantiest fodder, these faithful pioneers hauled stovewood more than forty miles to market at Enid for the price of a sack of flour and a few potatoes and a little salt for them and their livestock. It took the better part of the week; we know this because they often made camp at our place near Enid, where there was a well and where they could muster one of their beloved religious meetings. (They would bring along a branch of oak, or something to throw off for us, in payment of courtesies extended them). Now they couldn't afford these long trips, for never more than a dollar—yet they couldn't afford not to afford them, for it was either make the trips or starve.

A good deal of just this sort of economy may be relied upon in the Commonwealth, we imagine, from now on out; and certainly it may be anticipated of hemp, a crop for which it is already the general rule except on the large plantations. Remarks on tobacco will be reserved to a later time, since it is a northern crop, but most of all that

(*Please turn to page* 37)



MINING REVIEW OF THE

AMERICAN CHAMBER OF COMMERCE JOURNAL

Aerial view of the property of San Mauricio Mining Co. showing the plant & company buildings.

Short Selling

• An analysis, with particular reference to the local market.

By JAMES M. ROBB

There are few subjects connected with the business of buying and selling securities more controversial than short selling. For many years bitter and acrimonious debate has raged on the New York Stock Exchange between brokers and traders favoring unrestricted short selling, and those who damn "shorts" as destroyers of the market and a menace to the nation. This is the natural result of the fact that a short is, inevitably, a pessimist. He believes, as a result of study of the market and of business and political conditions, that stocks are overpriced and are certain to decline. He backs up this opinion by contracting to sell stock at the market, expecting to "cover" at lower prices later. The difference between what he contracted to sell the stock for, and what he buys it for is his profit.

This is short selling reduced to its simplest terms. The practise, logical and innocent-appearing though it may be, has been known to result in speculators jumping off into space from upper floors of New York skyscrapers. Normally calm and dignified gentlemen, after a "bear raid", become metamorphosed into incoherent, apoleptic wrecks. For a "bear", when he first forms his opinion as to the future course of the market, runs counter to the opinion of everybody else. We are all optimists at heart, and 99 per cent of us speculate on the *upside*. Excluding those who buy stock strictly for investment, most people buy hoping to sell at higher prices. When enough people feel that way, a bull market results. When that market recedes for any reason, a lot of people lose money. And they don't like to see "shorts" cleaning up at their expense.

One of the biggest bears who ever operated, James R. Keene, once had to hire bodyguards to protect him from bodily harm after he cleaned up millions selling short during a particularly disastrous market collapse. Of course, Keene himself was in large part responsible for the bitter feeling people had toward him at that time—he took fiendish delight in striding out on the stock exchange floor shouting "sell 'em, sell 'em, they're not worth anything! Sell everything! Anything you get is a gift!"

That is the fundamental reason for the widespread opposition to short selling: shorts make money while everybody else loses. Of course, this is not the reason that is put forward most often in arguments for the abolition of short selling. Shorts are accused, sometimes justly, of raiding a sound market, forcing it downward by offering large blocks of stock for sale which the market cannot absorb; of spreading false rumors about a stock issue, etc. Brokers have been known to use clients' pledged securities (which they have power to use for their own account) to short a market, thus knifing their own clients, since those same clients have obviously margined their holdings in anticipation of a rise.

Defenders of short selling point out that it acts as a check on a runaway bull market—now recognized as an evil since it leads to collapse of inflated values with possible disorganization of the economic machinery of the country. Further, since shorts must cover some time, short selling also is a check on a violent downswing. Another argument in favor of short selling which is probably not so valid as these two, is that speculators enter the stock market with their eyes open. They hope to make big profits—to get something for nothing—and have no kick coming if they lose their shirts. The writer personally inclines toward this view, although recognizing that the twenty percent or so who buy stocks strictly for investment must be protected.

Regulation of short selling: There was very little regulation of the practise of selling short on the New York Stock Exchange until 1934. What limitations there were before that time were checks upon unethical practises described in the last paragraph, and were not regulatory of legitimate short selling as such. In that year the reform movement known as the New Deal got around to reforming the stock market, and the newly-created Securities and Exchange Commission, with the somewhat unwilling cooperation of the Board of Governors of the Exchange, imposed a set of regulations designed to protect legitimate market investors to a certain extent from the risk of violent market downswings which could be said to be engineered or at least helped along by bear operators. Within these limits, the practise was allowed to continue, the Commission realizing, apparently, that legitimate short selling does indeed perform a useful function by checking runaway boom markets, and braking runaway bear markets when shorts buy stocks to cover their selling commitments. In point of fact, short selling has, in the long history of the Exchange, been outlawed only at very rare intervals, during periods of great emergency, and then only for very short periods. The last time was for a few days when England went off the gold standard.

Both local Exchanges barred short selling last year, under pressure, it is said, from members who were heavily loaded with margined securities (which they, in turn, had pledged to the banks) at the time of the market collapse which set in about the time of the famous Quezon-Sayre statement. It was not until the First of this month that short selling was again permitted (on the Manila Exchange, with the International following suit), under regulations patterned after those now in effect in New York. Trading in futures—stocks for future delivery—was also installed, although likewise under strict limits.

Short sellers are very vulnerable to regulation: The paramount weakness of a bear's position is the fact that in order to sell short at all, he must commit himself to sell stock *which he does not own.* This fact makes him highly vulnerable to regulation by any agency with authority. If he actually owned the stock which he contracts to sell, he very probably could not be regulated at all, or at least not to the extent to which his activities are regulated at present. Any man has a perfect right to sell stock (or anything else) which he owns, at any price at which he chooses to sell it. (As a matter of fact, many capable lawyers have always doubted the validity of the pegged prices imposed by both Exchanges last year.)

The regulations adopted here have obviously seized upon this outstanding weakness in a short seller's position. Limitation of shorts' activities is accomplished primarily by making it hard to acquire the use of stock sufficient to cover selling commitments. This becomes apparent upon examination of the "Rules Governing 'Short Sales', 'Loaning of Securities' and 'Futures' " issued recently by the Board of Governors of the Manila Stock Exchange.

Definition of a "Short Sale": Paragraph 1 of the Rules defines a short sale as follows: "A 'Short Sale' means any sale of a security listed in the Exchange which the seller does not own or is consummated by the delivery of a security borrowed by, or for the account of, the seller." The last clause in this definition is the more important one, since (see Paragraph 2, *infra*) all short sales must be consummated (by delivery of certificates to the buyer) in the same manner as any other sale and this is accomplished through the seller's broker, who must go out and borrow certificates for his client, unless he happens to have them on hand himself. (*infra*)

Short Sales Distinguished from Futures: Paragraph 2 of the Rules ordains that "Short sales shall be consummated in the same manner as regular sales". This, naturally refers one to the general rules governing trading on the Exchange, and the whole machinery whereby ownership of stock is accomplished quickly and easily between brokers on the floor is applicable to short sales. "Shall be consummated" means, simply, that certificates must be delivered to the buyer at the close of trading on the date that brokers for the buyer and seller note a sale on their little memo pads, and deliver a copy of the memo for recording on the ticker and on the big board.

Since a short seller hasn't got the certificates, and yet is under obligation to deliver them before the close of trading, he has to obtain them somewhere. He does this through his broker, who, (Par. 8, Sec. a, *infra*) must have made previous definite arrangements for obtaining the certificates before making the sale. Unless his broker has certificates on hand which he either owns or has authority to lend under the usual margin agreement, he must go out and borrow them from another broker. The business of loaning securities between brokers is covered in several paragraphs of the Rules:

Paragraph 3, for example, provides that "Members shall segregate securities on which they are lending money (i. e. margined stock) from securities on which they have no lien, the latter being known as 'custody securities' (for example, securities purchased for a client on a regular buying order, held for the client's account and subject to his call), and every broker handling short sales must first set up his books and arrange his certificates showing a clear division between margined and 'custody' securities." Paragraph 1 of the Rules governing Loaning of Securities is practically a reproduction of this paragraph.

Paragraph 2 of the Rules governing loans provides that, "Members may lend securities to each other with the borrowing member putting up 125% margin in cash or securities at current market value." The paragraph contains provisions for adjustments in the event that a borrowing member puts up securities instead of cash, and the securities advance or decline in price.

The short seller, as provided by paragraph 5, may deal on margin, and is required to put up 50% (of the market price of the stock sold) with a minimum of 25% in cash, "the balance in securities at market value of double the difference between the cash deposit and 50%."

These provisions create two distinct relationships: those between the seller's broker, and the broker from whom he borrows certificates (putting up 125% margin), and those between the seller and his broker. Under paragraph 6, the seller is credited on his broker's books with the proceeds of the sale, without interest. His broker has recourse against him for eventual delivery of the certificates, and the client is likewise liable for all dividends, rights, etc., which may accrue on the stock before the sale is covered.

Finally, Paragraph 8 (b) provides that "No short sale may be effected—at a price below the last regular transaction recorded on the board of the Exchange." This provision is designed to prevent a repetition of the 1936 panic which was touched off by a broker going up on the Board as a seller of San Mauricio several points below the market price. Bears may now *anticipate* a decline; they cannot *create* one, at least not by this means.

Other provisions are designed to eliminate sharp practise by brokers. Paragraph 9 prohibits brokers from effecting short sales *while acting as brokers*, with their own stock except when, 1. "He or his firm is willing to sell at a point below that mentioned in his client's order, or, 2. except when by reason of his failure to execute an order, he or his firm is compelled to supply, through his error account, securities named in the order".

These provisions simply provide that a broker, after accepting a short sale order from a client, cannot fill the order with securities of his own or owned by his firm unless he or his firm 1. agrees with the client that the market will go down, and is willing to take a chance by selling to the client at a point below the market price, or 2. the broker or the firm makes a mistake; fails to execute a short sale order after accepting it, and is compelled to make the mistake good.

Paragraph 9 (b) prohibits the practise, said to have been indulged in by some brokers in the past, of dealing on the short side in securities pledged to them by clients on margin agreements.

Paragraph 9 (c) is designed to prevent "dumping" of large blocks of stock in order to effect a rescession in the market.

Other miscellaneous provisions are of slight importance. Paragraph 10 deals with off-sets and intra-office sales by odd-lot dealers. Since an odd-lot broker accepts buying and selling orders in quantities below the units of trading, and, consequently, does not use the machinery of the Exchange until his accumulated orders equal units of trading, special provisions must be written for him. A few brokers have odd-lot desks. Paragraph 11—entirely superfluous—states that the Board of Governors, in their discretion, may suspend short selling. Certain other provisions require brokers to segregate margined stock on which they have authority to lend, from "custody" shares; to denominate each order when received as a short or long sale, etc.

The Rules are obviously a compromise between those favoring unrestricted short selling, and those who would abolish the practise altogether. You can still sell short, but your broker must deliver certificates to the buyer before the close of trading on the date that the sale is made. You can sell on margin, but you must put up at least 25% in cash, and 50% in securities at the market value—or a total of 75% margin, unless you can put up 50% in cash. Your broker has to put up 125% in securities with the broker from whom he borrows the stock for your account. Your broker must at all times so keep his books that the Board of Governors of the Stock Exchange can determine at a glance what his clients' positions are at any one time. The Board can suspend short selling at any time.

Those speculators who have made money on the short side feel that the Rules are too stringent. Their dissatisfaction is understandable: after all, stocks go down three times as fast as they go up, and anyone can make money (and lose it) just as easily on the short side as on the long, and three times as fast. These people are forced to trade in stocks for future delivery—"Futures"—if they want to avoid the limitations of the Rules on Short Selling. And since this market is a market of headlines, where anything can happen from day to day and usually does, trading in futures is not likely to attain very large proportions.

As we went to press, short selling was negligible. As one broker put it, "what would you short?" With Averages fluctuating within a ten-point range, on small volume, short selling is not only dangerous but unprofitable from the point of view of the risks involved. It will probably not be until the public reenters the market, and some kind of volume develops on rising prices, that short selling will appear to any extent. And then we will see how the new Rules work.

A Timely Article

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

The question often arises as to which of the two issues, Benguet or Balatoc, is the better buy. This, naturally, is rather a difficult question, but a consideration of certain pertinent facts and a brief comparison of the two issues will, it is believed, give a good answer.

In 1937, Balatoc reported a net profit, after all charges including depreciation of ₱1.09 per share, the amount per share before deducting depreciation being ₱1.19. This profit was reported from an average monthly production of 37,000 tons of an average value of ₱29.26.

During the first 6 months of 1938 Balatoc produced a monthly average of 36,646 tons of an average value of ₱29.13 per ton. After deducting all costs, including depreciation and depletion, the net profit for the period was ₱3,489,234, an amount equal to ₱0.58 per share. This is equal to ₱1.16 a share on an annual basis or slightly more per share than the 1937 actual results.

Based on the present capital of 6,000,000 shares, Balatoc paid dividends amounting to ₱1.00 per share in 1937. In March and again in June of this year, a dividend of ₱0.30 per share was paid. This would indicate that Balatoc might pay ₱1.20 per share for the full year 1938. The first six month earnings, however, indicate that Balatoc would have to extend itself somewhat in order to pay that amount. It must be remembered that Balatoc cannot pay much more than it earns because there is practically no accumulated surplus from which to draw. (On June 30 earned surplus totalled ₱14,280.)

Indicated ore reserves at Balatoc give rise to the belief that the life of this property will be exceptionally long. The milling capacity, which will be gradually increased until it reaches a daily average of 2,000 tons, will make available a larger amount of what is now termed marginal ground. Although it is not expected that the increase in milling capacity will have much effect on earnings, it will undoubtedly prolong greatly the life of the mine.

Therefore, taking earnings, dividends and the possible life of the property into consideration and giving consideration also to its management and financial backing, it would seem reasonable to assume that this stock could sell at approximately ₱10.00 a share or ten times actual dividend and about ten times earnings. At any higher level it would appear that this stock was selling more on a speculative basis than as an investment.

Assuming, as has been pointed out, that Balatoc is worth ₱10.00 a share—what is Benguet worth?

For each share of Benguet the holder has an indirect ownership of approximately two-thirds of a share of Balatoc. With Balatoc worth ₱10.00 per share, it would mean an indirect ownership through a share of Benguet of ₱6.65. The next question to consider is what the Benguet direct interest is worth, not counting the interest in the Balatoc stock.

In 1937 Benguet reported a profit, *from its own operations*, of ₱5,170,624, an amount equal to ₱0.86 per share on the 6,000,000 shares of Benguet outstanding. This profit was reported from an average monthly production of 32,010 tons of an average value of ₱920,440.

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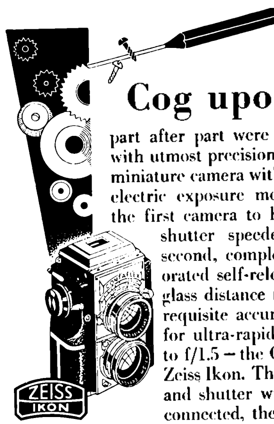
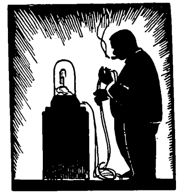


The Stock Market



(July 13th to August 13th)
Sideways movement continues. Some investment buying of blue-ribbon issues in evidence, stimulated by record-breaking production figures.

The stock market during the period under review was a strictly selective proposition. Prices neither declined nor rose, on the average, to any appreciable extent, and it is impossible to state that the "market" was either "up" or "down". During the first week (ending July 16th) trading was very thin, and nearly all issues lost slightly every time they were sold on the board. However, Benguet Consolidated gained 20 centavos to 10.20 and San Mauricio gained one-half to 44-½.

The second week (ending July 23rd) recorded continuous gains ranging from fractions to a peso, under the leadership of dividend-payers or investment issues. Marsman and Company showed a gain of ₱2.00 from its closing bid-price the previous week, due, some said, to rumors of an impending big dividend declaration. The gold share average as computed by Swan, Culbertson & Fritz, closed the week at 81.84, the highest point since June 13th, and a gain of 7.20 points over the close of the previous week. Trading volume on the Manila Exchange passed the million-peso mark for the first time in five weeks, the total being 7,470,726 shares, valued at ₱1,130,833 as compared with the previous week's total of 2,241,410 shares valued at ₱430,074. The market advanced for six successive days from the opening of trading to the close on Saturday, July 23rd. Saturday registered an important spurt, due to Malacañan's announcement that the special session of the Assembly would not consider additional taxation of mine output.

The advance did not continue, however, and during the third week averages lost 2.70 points over the close of the previous week's trading. Volume held up well, however, both the Manila and the International registering about the same number and value of transactions as they did the previous week. Marsman and Company gained three pesos and a quarter to close at 37.25 at the end of the week.

An unusual feature during this period was trading in lower-priced stocks. Heavy sales were recorded in Consolidated Mines, Ambassador Gold, Associated Mines and Paracale-Daguit. The undertone at the close of the week was strong, although some profit-taking was in evidence.

The week ending August 6th was disappointing, registering an almost continuous drop in prices. The market action was almost identical to what it was three weeks before, with Benguets moving consecutively higher while the rest of the issues

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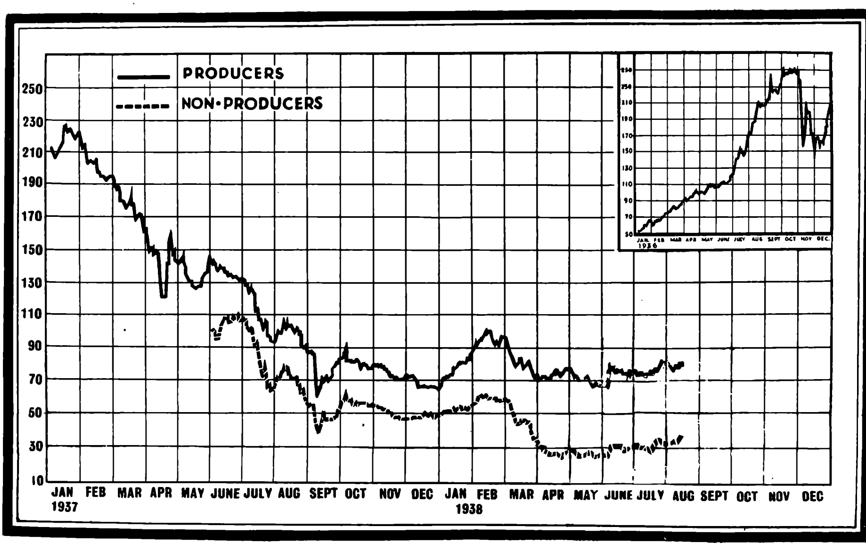
Market Graph for 1936, 1937, 1938, prepared exclusively for the Journal by Clifford A. Greenman.



Culled from the News

DYNAMITE: Formation of a local corporation, known as the National Powder and Dynamite Company, to manufacture dynamite and explosives resulted directly in a reduction in the freight rate on these items from P130 to P80 per ton recently. The reduction was made by the Conference in response to pressure from exporters of dynamite and explosives from the United States to the Philippines. As a result, big Philippine mining companies, including the Benguet group, signed a three-year contract with one of the largest dynamite and explosives manufacturers in the United States, to fill their requirements exclusively with this manufacturer. The freight reduction has been passed on to these mining companies, and the contracts run for three years, that being the initial period during which the lower freight rates will apply.

Directors of the local company declared themselves "uninterested" by this development, pointing out that they expect to be able to meet competition from imported products by lower costs of production, and do not expect to rely on the fact that imported dynamite and explosives pay freight charges. As for the new long-term contracts, they pointed out that it will be at least two years before the local company will be able to produce a case of dynamite anyway, so that it makes no difference to them who supplies the market during that period.

CORRECTION: Last month we published an item to the effect that *Santa Rosa*, which will have a cyanide unit in operation soon, in conjunction with its flotation unit, had not had success with the combination, and planned to close down the cyanide section. Obviously, since the cyanide plant had not been completed at the time the article appeared, the information was incorrect. While it is true that several mines have tried cyanide plants in conjunction with flotation units before, with discouraging results (due to high copper content in most Philippine ore) it does not follow that Santa Rosa will have this same experience. As a matter of fact, the flow sheet adopted by Santa Rosa has been approved by the chief of the ore dressing laboratory of

(*Please turn to page 28*)

What the Diggers Are Doing

MARSMAN: Correction: The July issue of the JOURNAL carried the news item that stockholders of *San Mauricio* at a special meeting unanimously authorized the board of directors to take necessary steps to increase the capital stock of the company from ₱800,000 to ₱1,000,000 and the number of shares from 8,000,000 to 10,000,000, and to permit *Marsman and Company* nominees to subscribe to 1,500,000 shares of the increase at par. This was stated to be in exchange for the cancellation of the management contract which San Mauricio has with Marsman and Company. In this respect, the story was not correct. In point of fact, the management contract is still in effect, and will not be cancelled. What will be cancelled is the previous 15% participation which Marsman and Company has been getting in the profits of the mining company.

The plan is thought to be beneficial both to San Mauricio and to Marsman and Company. The latter company will subscribe to exactly 15% of the total net capitalization of the former (after approval by the SEC of the increase in capital stock), and, therefore, should dividends be declared, will still receive exactly 15% of the net profits, as before. However, this 15% will be paid as *dividends*, and will not be a charge on the company before dividends can be declared. Thus, obviously, the day when San Mauricio will become a regular dividend-payer is brought closer.

In reporting that the management contract will be cancelled, the JOURNAL merely fell in with common belief. Despite full publication of the details of the arrangement by both Marsman and Company and San Mauricio officials, the opinion has been general that the former company would bow out as the manager of both San Mauricio and *United Paracale*. It must be understood that this is not the case.

COCO GROVE: As forecast in the July issue of the *Marsman Magazine*, July production of Coco Grove fell off considerably as regards value, although yardage handled by the two dredges increased. The Marsman organ stated that as was contemplated in the original production plans, lower grade gravel would be dredged in July. Cubic yards

(*Please turn to page 30*)

New York Stock Market

By Glendon B. Loveless
Ovejero & Hall

Signs of business improvement in America are becoming more emphatic, establishing the first real grounds for hope since mid-1937 when business indices began their spectacular decline.

The first faint evidence of returning confidence displayed itself in the attitude of the public towards the $100,000,000 debenture issue of the U. S. Steel Corporation in the early part of 1938. This offering of bonds to the public was the first financing, by the Corporation, involving the sale of bonds since 1907. Nevertheless, the debentures were over-subscribed before they were issued and went to a premium bid almost at once. In contrast to this, was the experience of the underwriters who, early in 1937, offered $50,000,000 Bethlehem Steel Corporation debentures. When repeated lowering of the offering price of this latter issue failed to attract buyers, the underwriters were finally forced to absorb the greater portion themselves.

What, then, was the reason for this about face on the part of investors in the short space of a few months? The answer, we believe, is that, within that comparatively short period, investment confidence began to return, and funds which had hitherto been idle, began to seek employment. Recent action of the stock market has furnished additional evidence to that effect, in a quickening of investment and speculative interest in common stocks.

Ordinarily, surplus funds are at a minimum at depression lows and improved security values are largely brought about by anticipated increased earning power on the first sign of better business conditions. However, in the present instance, the pressure of idle funds, seeking investment upon almost any terms, has apparently been an important factor in the current rise, and it therefore seems likely that the effect of improved earning power may make its influence felt at a later period in the improvement cycle than is customarily the case.

In appraising the market, we discover, for example, that investors are paying $70 for Chrysler Corporation whose earnings report for the first 6 months of this year show net income of only $1.31 a share, nor is this an isolated case. As a matter of fact, it has been authoritatively stated that the present price-to-earnings ratio of the market, as a whole, is higher than in 1929.

Business activity, as measured by the New York Times Business Index, stands at 81.7 today, against a low on June 4th of 75. The improvement has yet to produce a visible effect on earnings which, in the long run, are the only basis upon which a sound bull market structure can be erected and maintained.

Meantime, the technical position of the market appears as satisfactory as at any time during the recent rise. Adverse news in the form of border clashes between Russia and Japan and uninspiring second quarter earnings reports, have signally failed to shake out any appreciable amount of stock, this, too, in the face of a 34 point rally which has experienced only two 3 point reactions. Nevertheless, a technical correction will eventually take place, the timing and extent of which is, however, very difficult to determine.

While it is true that most experienced observers during the middle of June were expecting a further decline in security prices, and further, that the initial upward impulse from a period of almost complete stagnation was probably mainly the result of short covering, the subsequent action of the market indicates that the bear market has, in all probability, run its course. It is evident that cash buying of equities has been substantial. Moreover, it is almost safe to assume that much of the buying, other than short covering, has been of investment character, and that the market has not yet reached the stage where, "cats and dogs" are being bid up indiscriminately.

A Timely . . .

(continued from page 20)

During the first 6 months of 1938 Benguet produced an average of 35,809 tons of an average value of ₱28.27 per ton. From this production Benguet reported a net profit, *from its own operations*, of ₱2,728,808, equal to ₱0.45½ per share. This is an amount equal to ₱0.91 per share on an annual basis. In analyzing Benguet's 1937 income account it appears that of Benguet's earnings about 95% comes from the operation of its own property and that of its wholly owned subsidiary, Cal Horr. Income from secondary operations by virtue of management contracts, etc. amounted to only ₱109,484. During the first 6 months of this year, instead of having an income from secondary operations Benguet actually suffered a loss.

Although it is expected that the increase in Benguet's milling capacity will be reflected in a larger tonnage, it is not thought that it will exercise any influence in the per share earnings; however, as in the case of Balatoc, it is expected that the life of the property will be prolonged.

Therefore, using the same yardstick for Benguet as was used for Balatoc, or ten times earnings, it can be estimated that a share of Benguet alone should be worth about ₱8.60.

In addition to the earnings and the life of the property, the dividends paid should be given some consideration. Based on 6,000,000 shares, Benguet, in 1937, paid dividends equivalent to ₱1.00 per share. In March and again in June a dividend of ₱0.30 per share was paid. It would appear reasonable to assume that dividends of an equal amount if not more will be declared and paid in September and again in December.

As has been seen, through a direct ownership of one share of Benguet, the holder has an indirect ownership of two-thirds of a share of Balatoc, which amounts to ₱6.65. Also, that through *direct* ownership, the share of Benguet is worth ₱8.60. Together, through direct and indirect ownership, a share of Benguet should be worth ₱5.26 more than a share of Balatoc.

It must be remembered that the above hypotheses are theoretical and based entirely on a ten times earnings and dividend ratio, but they are given in an attempt to answer the prevailing question as to the theoretical comparative value of the two issues.

The Stock . . .

(continued from page 21)

sagged lower. Trading was extremely thin. News dispatches regarding the Russo-Japanese border combat undoubtedly contributed to pessimism, although other security marts were little affected, and obviously interpreted the affair from the beginning as a mere border clash which was unlikely to develop into war. The New York market moved higher, and higher prices prevailed for most commodities. Large purchases of gold bars featured the London gold market, at successively higher prices.

The purely selective character of this market became clearly apparent during the last week. Averages moved up due to higher offerings for blue-ribbon issues. However, although the averages went to 80.01 (the first time they had broken

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THE MINING INDUSTRY-AT A GLANCE

Started Milling	MINE	Authorized Capital in 1000 pesos	Par Value	Capital Paid to Date	Daily Capacity	Tons Milled in June	June 1938 Gold Production	Recovery per ton	1938 Production to date	Surplus or Reserve	Last Dividend	Total 1938 Dividend to date	Total Dividend 1937
1937	Ambassador	₱1,205	₱0.10	₱ 599,266	50	980	₱ 10,083.18	10.29	₱ 78,830	—	—	—	—
1932	Antamok	3,000	0.10	2,750,000	750	24,014	379,194.03	15.79	2,764,409	₱1,320,550	July '38 ₱0.02	₱0.04	Cash ₱0.10 Stock 100%
1930	Baguio Gold	2,000	0.10	1,300,000	250	9,280	140,544.32	15.14	956,707	117,222	June '38 0.01	0.01	0.015
1927	Balatoc	6,000	1.00	6,000,000	1,200	37,673	1,108,348.48	20.42	7,527,563	2,192,410	June '38 0.30	0.60	Cash 1.35 Stock 50%
1913	Benguet Cons.	6,000	1.00	6,000,000	1,000	30,878	920,740.70	29.82	6,428,466	4,965,954	June '38 0.30	0.60	1.00
1931	Benguet Expl.	1,500	0.10	500,000	100	—	27,564.46	—	148,116	17,963	Dec. '36 0.01	—	
1936	Big Wedge	2,000	0.10	777,404	150	5,582	180,268.32	32.29	1,126,426	247,133	June '38 0.01	0.02	
1935	Cal Horr	Own by Benguet Cons.			200	4,829	90,169.26	20.54	674,952	—	—	—	
1936	Coco Grove	1,500	0.10	1,500,000	13,000 cu. yds.	352,055 yds.	163,312.53	.46	1,658,480	—	—	—	
1934	Demonstration	1,000	0.10	1,000,000	300	9,078	152,500.33	16.80	1,066,375	249,358	June '38 0.01	0.02	0.04
1936	East Mindanao	1,000	0.10	1,000,000	100	3,048.35	42,982.00	16.01	296,721	6,672	—	—	
1934	Gold Creek	1,000	0.10	700,000	Antamok	817	12,593.54	15.41	120,868	—	Jan. '36 0,0075	0.0075	
1934	Ipo Gold	1,000	0.10	799,794	200	6,289	91,738.68	14.59	487,358	28,256	Mar. 38 0.006	0.006	Cash 0.015 Stock 3%
1925	Itogon	2,000	0.10	2,000,000	1,000	31,042	354,301.62	11.41	2,440,186	929,433	July '37 0.0075		0.015
1931	IXL Mining	1,500	0.10	1,500,000	250	12,284	305,313.97	24.85	1,834,256	443,560	July '38 0.04	0.07	Cash 0.0425 Stock 50%
1937	Mindanao M. Lode	2,000	0.10	2,000,000	200	74,104	357,301.18	4.82	2,222,885	—	—	—	
1935	Masbate Cons.	5,000	0.10	5,000,000	2,000	4,980	91,388.10	18.35	637,205	810,330	—	—	
1937	North Mindanao	800	0.10	355,220	2,000 cu. yds.	176,117 oz.	12,322.39		114,836	—	—	—	
1938	Paracale Gumaus	500	0.10	496,000	—	3,213	47,051.74	15.27	112,654	—	—	—	
1936	Royal Paracale	2,000	0.10	643,800	100	2,574	17,633.85	6.85	134,461	—	—	—	
1936	San Mauricio	800	0.10	800,000	300	9,538	334,740.16	35.10	1,894,144	740,231	Dec. '36 0.04		
1938	Santa Rosa	1,500	0.10	1,000,000	—	5,470	107,557.06	19.66	300,999	—	—	—	
1938	Surigao Cons.	1,200	0.10	984,934	—	3,060	82,425.00	23.67	255,302	—	—	—	
1934	Suyoc Cons.	1,250	0.10	1,250,000	350	667	144,491.45	21.65	942,143	364,755	July '38 0.01	0.01	0.01
1929	Tambis Gold	4,000	0.10	390,850	1,200 cu. yds.	21,957 cu. yds.	11,187.90	0.59 cu. yd.	70,167	309,506	Jan. '38 s0.0175	s0.0175	
1938	Twin Rivers	1,000	0.10	683,550	—	24,502	31,464.80	1.28	60,980	—	—	—	
1938	Masbate Gold	1,500	0.10	1,350,000	—	3,196	24,963.08	7.81		—	—	—	
1937	Tinago Cons.	1,000	0.10	500,000	1,266	1,550	9,819.00	6.33	230,532	—	Dec. '36 0.03	—	
1935	United Paracale	1,300	0.10	1,100,000	350	9,572	226,539.14	23.67	1,458,015	388,807	Mar. '38 0.01	0.01	
1938	Mapasa Goldfields	1,500	0.10	472,213	—	302.41	11,136.00	36.87	11,136	—	—	—	
1938	Nabago Gold & S.	600	0.10	30,000	—	262.24	3,747.00	14.30	3,747	—	—	—	
Total							₱5,502,433.27		₱36,084,881				

June 1938 Gold Production — ₱5,502,376.07 July 1937 Gold Production - ₱4,159,744.65

Occupation Day

(continued from page 11)

good repute, we think it disreputable however many the millions of sop-money it is sugared with. Congress has sole power over this commerce. The constitution provides that, but the power should never be exercised without the approval of the Commonwealth, the equities all carefully assured. But we understand that Occupation Day and its glory anticipates new petitions to Washington, and with our own attitude clear, we rejoice.

—W. R.

The Stock . . .

(*continued from page 26*)

through the 80 ceiling in nearly three weeks) many issues were unchanged, or sold at even lower prices. Volume was very poor, due to the fact that speculative buying was entirely absent, and what buying there was was of an investment character. Investment buying of itself does not make for high volume on any stock exchange. Big Wedge and Atok rose 1-½ centavos, the former going to 27 and the latter to 31-½. Other stocks traded, and which registered slight gains, were Demonstration, Ipo, Balatoc, Coco Grove, and I X L.

Hess & Zeitlin's market letter for August 10th, carried the following paragraph: "Since the middle of June, averages have moved slowly and practically featurelessly between 74 and 82.50, touching 74 on three different occasions. At the present time, the averages are almost halfway between each extreme. This situation cannot continue forever. Sooner or later, traders can expect a movement which will carry the averages through the top or below the bottom. We confidently expect the move to be on the upside. Certainly present prices of the issues that go to make up the averages, are low."

J. M. R.

Culled from . . .

(*continued form page* 22)

the *American Cyanamid Company*, among others, and it was only after long and careful study that the scheme was adopted. Santa Rosa's technical staff believes that the cyanide-flotation mill will reduce shipping expenses of concentrates to the United States (a considerable item in mine costs, as Mr. Crane's story last month pointed out), and will also afford higher percentages of recovery.

We publish this correction with pleasure, and we wish Santa Rosa every success. We know the JOURNAL is read, by the fact that every mistake both big and small (this was a big one) is immediately called to our attention by mail, by phone, and by personal interview, usually a day or two after the magazine comes out. Very rarely does anybody praise us for a timely or well-thought-out story. We suspect that our circulation is much greater than the number of copies we print monthly, and some day we are going to print a "whopper" that everybody knows is not true, just to find out what our circulation really is. We have deep plans laid to print an inconspicuous paragraph to the effect that "Congress has passed a bill authorizing President Roosevelt to pay $100 per ton for Philippine sugar, with no quota limits," or something like that, and count the telephone calls and letters we receive. After that, we can jam a big increase in advertising rates down our advertisers' throats.

QUARTERLY 10% DIVIDENDS

Atok Gold operating *Big Wedge* has been on quarterly 10% dividends since December when it paid the first 10% dividend on its capital of ₱1,000,000 all paid-in, W. W. Harris announces. The reason why Atok was not included in our July list of mining companies paying dividends between January and May 31 this year is that Atok is an operating company not functioning on its own property. But Atok, following its 10% December dividend, paid 10% on April 6 and another 10% about the same time in July, this 10% being for the year's second quarter. Expectation is that in October another 10% will be paid for the third quarter. Atok's gold production at Big Wedge during six months January-June was ₱942,616 with millheads remarkably high. The mill's rating is 150 tons a day, our table on the producing mines shows July's output together with that for the full seven months. June's figures are before us as we write (July 26) and show June millheads ₱46.61, far the highest in the list, June output ₱215,783 or nearly a quarter million pesos.

Output is divided 60% to Atok and 40% to Big Wedge now, but Mr. Harris says the prospect is that before the end of this year Big Wedge's indebtedness to Atok for capital invested in the property's development will have been fully paid, when the division will be 50% for Atok and 50% for Big Wedge. This company, Big Wedge, with paid-in capital of ₱777,-404, has paid 2% in dividends, the latest dividend, 1%, having been paid as of June this year.

We understand that, shortly after Atok took over the management of Big Wedge, some exploration work, both dog-holing and diamond drilling, was done near the surface on what is now known as the extension of the Benguet Keystone vein. Results of this work were, to a certain extent, discouraging, and further development work at that time was stopped. Extension of the main haulage level is expected to cut this area within the next two weeks about 225 feet below the surface. It may or may not open up a new ore body at Big Wedge.

GUMAUS GOLDFIELDS: Has entered into a new agreement, following the cancellation of its management agreement with *Marsman and Company* a few weeks ago. Under the new agreement, Gumaus will sell 15 tons of ore daily to the *Philippine Smelter*. The latter will pay 90% of gold content at the fixed price of ₱70 an ounce, 85% of the silver content at market and market price for the silica. The smelter is buying this ore chiefly because of the high silica content. It is understood that the ore will run approximately ₱20 a ton in gold.

MINE FACTORS: This company announces that it will make a shipment of 3000 tons of manganese before this magazine goes to press. This will be the first shipment since the company was reorganized. The new contract entered into since the reorganization is said to be on a much better basis than the old ones. Terms are, briefly, ₱18 per ton on a basis of 45% manganese and 20% moisture. Should moisture be under the base rate, and manganese content above base rate, the company will receive premiums above ₱18 per ton. An additional shipment of 3000 tons is expected to be made shortly, and with funds from these two shipments, the company will be able to carry on operations. The Japanese buyers will pay freight, while Mine Factors will pay ₱2.75 per ton for lighterage.

MAPASO: A well-known group of local capitalists, with a record for success in both general business and mining, has purchased control of Mapaso capital stock. The ability of these men is unquestioned, and their management should prove beneficial both to the company and to its stockholders.

Meanwhile, Mapaso reported that 301 tons of ore, with an average value of ₱42.20 per ton were milled at *East Mindanao* during the month of July—a gross production of ₱12,700. This is in accordance with the scheme outlined some time ago to mill a certain amount of high grade ore, so as to provide funds for further mine development.

SYNDICATE INVESTMENTS: Held its annual meeting on the 12th of last month. *Jose Ozamis*, an Assemblyman, was elected to the board. Old members of the board were re-elected, including *R. C. Staight*, Chairman and President, *E. W. Staight*, vice-president and treasurer, *Fremont Clarke* and *J. R. Herridge*.

Mr. R. C. Staight reported to the stockholders in his annual letter as follows:

Your Board of Directors submits herewith the Annual Report of your Company for the Fiscal Year ending May 31, 1938.

GENERAL POLICY

The complete collapse of the local mining share market during the period under review created an extremely difficult situation for investment companies. All sense of values gave way to panic psychology and your Board of Directors consequently feels that under these most trying circumstances the present status of your company is relatively favorable.

Your Company has made very substantial additions to its holdings of Mine Operations shares and has also acquired an important interest in the Capsay Mining Company.

For the information of our shareholders we include herein the report of a disinterested and competent mining engineer on the Capsay Mine, which is operated by Mine Operations, Inc. on a profit sharing basis. This mine will be brought into production this year with an initial mill installation of 100 ton capacity. The consensus of technical opinion as to its potentialities seems to assure a success comparable to the achievements of a well-known producing and dividend-paying mine in the same vicinity.

Your Company also owns a large participation in the Southwestern Engineering Company of the Philippine Islands. This Company has active contracts for the construction of three mills, the aggregate cost of which will be approximately ₱1,500,000. Revenue from this source is expected during our current year.

DIVIDENDS

The last dividends declared by the Company was 2½% on Preferred shares and 7½% on Common shares and was paid on July 6, 1937.

Accrued dividends on Preferred shares now amount to ₱67,500.00.

INVESTMENTS

Your Companies' investment portfolio, consisting for the most part of shares in affiliated companies, has been valued in the light of your Directors intimate knowledge of the affairs and future prospects of these companies, and the valuation represents, in their opinion, as well as in that of your Auditors, a fair figure under existing conditions.

We include for your approval a Balance Sheet prepared and certified by our Auditors, Messrs. Bayne & Company.

For the Board of Directors,

R. C. STAIGHT
Chairman

Manila, P. I.
June 25th, 1938

SYNDICATE INVESTMENTS, INCORPORATED
Manila, Philippine Islands
BALANCE SHEET—31st May, 1938

ASSETS

Investments		₱ 662,020.19
(Part pledged as collateral security)		
Client's Contract:—		
Investments Held	₱ 6,860.62	

(*Please turn to next page*)

Furniture and Fixtures:—		
Cost	₱ 5,426.88	
Less: Depreciation	916.18	4,510.70
Notes Receivable		111,287.70
Accounts Receivable:—		
Southwestern Engineering Co. of P. I., Inc.	₱ 3,950.00	
Expenses Recoverable	1,217.72	
Employees Investment Account	6,111.00	
Miscellaneous	1,017.50	
Current Accounts with Brokers	45,212.49	57,508.71
Prepaid Charges		11,135.00
Cash on Hand and in Bank		59,528.29
Dividend Bank Account		77.82
		₱906,068.41

LIABILITIES

Accounts Payable:—		
Client's Personal Account	₱ 1,150.26	
Nalesbitan Mining Co.—calls unpaid	1,875.00	
Miscellaneous	1,246.84	
Unclaimed Dividends	77.82	
Current Accounts with Brokers	76,964.81	₱ 81,314.73
Client's Contract:—		
Investments Held	₱ 6,860.62	
Reserve for Market Fluctuations		15,000.00
Capital Stock—Issued and Fully Paid:—		
1,000 Common Shares @ ₱100 each	₱100,000.00	
9,000,000 Preferred Shares @ 10 cents each	900,000.00	1,000,000.00
NOTE: Preferred Stock Dividend Accumulations:—		
Last Quarterly Dividend declared 1st July, 1937—accrued to date 7½%.		
Surplus:—		
Balance at 1st June, 1937	₱ 33 756.97	
Less: Dividends Declared	30,000.00	
	₱ 3,756.97	
Loss for year ended 31st May, 1938—	(194,003.29)	(190,246.32)
		₱906,068.41

HENRY HUNTER BAYNE & CO.,
Auditors.
Certified Public Accountants.

CLAIMS SUIT: Another court action over priority rights to work mining claims developed recently when *Surigao Mines Exploration, Inc.* filed suit against *Mindanao Mother Lode Mining Company* in Surigao, questioning the right of the latter company to claims in barrio Taganaan, Surigao.

AGUSAN GOLD: Has offered for sale a part of its capital stock to its existing shareholders, at the rate of two shares for every five shares now held, at par of ten centavos per share. Two centavos is required in cash, and the balance at the rate of one centavo per share monthly until paid, without interest.

A letter sent to stockholders by *K. H. Hemady*, president, states that a profit of ₱1,000,000 is anticipated from the sale of iron ore from a deposit owned by the company in the Paracale district. The operating company has started work on the construction of a road, houses, and a railroad, preparatory to mining the ore for shipment to Japan. The operating company is bearing all expenses. Another iron deposit, near Aparri, has been offered to Elizalde and company, which has sent an engineer to inspect the deposit. Two gold properties in Mambulao are being explored.

Benguet Consolidated's halfyear receipts Jan.-June this year, ₱7,856,137.10 may be expressed for analytical purposes as 7.86 units. Labor at ₱745,284 takes almost one unit, about 10%, and supplies at ₱717,444 take more than 9/10 of another. Add power at ₱165,238 and miscellaneous mine outlay at ₱67,000 and you have knocked out two units and ₱123,000 besides. Taxes at ₱465,044 take 6/10 of a unit. Benguet has left as gross halfyear profit after all expenses or operation are cared for, 5.47 units out of which depreciation summing ₱385,378 and the manager's bonus of ₱129,-507 are taken, leaving something less than 4.96 units or 63% net operating profit for the halfyear. Dividends paid quarterly now take 3.6 units, leaving 1.9 units accumulated for future disposition.

Benguet is in its twenty-third dividend year. The showing here summarized entails no diminution of ore-in-sight, the report to June saying the ore reserve position continues to improve. Since the mine was rehabilitated in 1913, production has summed ₱84,809,117. Next comes Balatoc's ₱73,978,757, next Antamok's ₱17,043,445.

What the Diggers . . .

(continued from page 23)

handled amounted to 452,055 with a gross value of ₱163,313 or an average of 46 centavos per cubic yard. The high yardage indicates that an increase in gravel handled can be anticipated during ensuing months. Meanwhile, it is interesting to note that, despite a comparative low level of gravel work in July, the average for the year to date is about 10% higher than was estimated by the company in its published estimate of ore reserves.

Usually reliable sources, according to *Hess & Zeitlin's* market letter for August 6th, report that the dredges are now in higher grade ore again, and, beginning with this month's production, total recovery should increase.

The five producing Marsman mines in the Philippines together produced ₱1,223,-384.90 during July, from 56,826 tons of ore milled, and 452,055 cubic yards of gravel dredged. This output is slightly under June, but *United Paracale* made a new all-time high with ₱226,539.14 from 9,572 tons milled, and *San Mauricio* and *Suyoc* were only slightly under record figures.

HAUSSERMANN: The four Haussermann gold producers turned in ₱2,219,-997.12 last month from 79,669 tons of ore treated. This was almost ₱50,000 over the June figure, in spite of the fact that *Ipo Gold* registered a substantial decrease in production.

Hess & Zeitlin's market letter for August 11th, announces that analysis by H & Z's statistical department indicates that there should be a much bigger spread on the stock exchange board between *Benguet* and *Balatoc* stock prices. In fact, the spread indicated is more than ₱1.40. It must be remembered that Benguet, besides being a thumping big producer in its own right, has a tremendous interest in Balatoc stock, and about 40% of Benguet's profits come from Balatoc earnings. Therefore, when you buy a share of Benguet, you are also buying Balatoc stock.

During the first six months of 1938, Balatoc produced an average of 36,646 tons of an average value of ₱29.13. After deducting all costs, including depreciation and depletion, the net profit for the period was ₱3,489,234, an amount equal to 58 centavos per share on the 6,000,000 shares outstanding. This is equal to ₱1.16 per share on an annual basis, and compares with the 1937 profit of ₱1.09 per share.

During this same period, Benguet produced an average of 35,809 tons of an average value of ₱28.27. After deducting all costs, including depreciation, a net profit of ₱5,050,773 was reported; an amount equal to 84 centavos per share on the 6,000,000 shares outstanding. This is equal to ₱1.68 per share on an annual basis, and compares with the 1937 per share profit of ₱1.48 per share. Of the total profit, an amount equal to 38½ centavos per share of Benguet represents dividends received from its stock interest in Balatoc.

Ore reserves of Ipo, as computed by that company's managers, have increased tremendously. At the end of 1937, ore reserves were estimated at 44,030 tons of an average value of ₱10.70 per ton. On June 30, however, ore reserves were estimated at 77,867 tons of an average value of ₱17.39. This means that Ipo has sufficient calculated ore reserves to run its 200 ton mill for more than a year with ₱17.39 ore. In addition, the mine managers say "we have every reason to believe there is a substantial tonnage of ore below this level."

RALSTON: Benguet Exploration passed its June production figures last month, while *Demonstration* was slightly lower. Benguet Exploration turned out ₱27,564, while Demonstration produced ₱152,533 from 9,078 tons of ore treated.

Demonstration has paid dividends for two and a half years at the rate of 4 centavos per share. Earnings this year to date, and the financial condition of the company at the end of the first half of this year indicate that an extra of 1 centavo will be paid, according to the statistical department at Hess & Zeitlin.

Mr. Conrado Garcia, sales manager of the *Manila Machinery Company* and connected with that organization for many years, passed away last month. His death is a distinct loss to his company, and a source of deep regret to his many friends and acquaintances.

SORIANO: Masbate Consolidated, by far the largest lode gold operation in the Islands in point of tonnage, established its third consecutive monthly production record in July, with an output of ₱357,301 from 74,104 tons of ore treated. This is a gain of about ₱15,000 over the June figure. This makes an average recovery of ₱4.82 per ton, which is slightly higher than the average for any one month this year, but exceeds the 1937 average by only 3 centavos per ton.

As was anticipated, *Antamok* fell off in production last month, due to the fact that it was working lower-grade ore. The mine produced ₱391,787.57 from 24,831 tons of ore treated, as against ₱402,322.63 from 23,606 tons in June.

Should Antamok continue to encounter lower-grade ore, controversy may be expected to arise over the wisdom displayed in investing Antamok's reserve for ore depletion in *Antam-IXL*. While a reserve for depletion is entirely arbitrary, and is really no "reserve" at all, in the strict sense of the word, still it is a back-log that it is nice to have. For instance, a nice depletion reserve may enable a mine to continue paying its regular dividends during a temporary period of smaller profits. However, we understand that Antamok has encountered higher grade ore at deeper levels, and that this ore may be milled in two or three months. In April and May, the mill heads were even lower than in July. The average for July of ₱15.77 per ton compares with an average for the full year of 1937 of ₱20.61 and

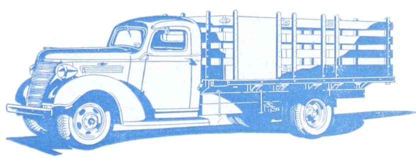
(*Please turn to page* 44)

REAL ESTATE, BUILDING AND COMMERCIAL REVIEWS

AMERICAN CHAMBER OF COMMERCE JOURNAL

What a fine face! And also, fine bananas!

UP TO DATE COMMERCIAL REVIEWS



Recreative Interisland Trips

● The middle and southern islands of the Commonwealth have always had a special lure, and now good comfortable ships give access to them.

If you only knew Iloilo years ago, you would not recognize the place now; and if in the early years of a long sojourn in the Philippines you had some acquaintance of Cebu, you would not recognize that bustling port city today. All through the Bisayas and Mindanao and Sulu such changes are visible on every hand—who for example the veteran who knew his Lanao under Pershing who would believe that he could now motor in ten hours from Keithley to Davao? And where is the man who knew his southern Mindanao even five years ago, with the flagging down of an occasional trading boat steaming along, either to buy your hemp and copra at its supercargo's price or leave it ashore, who can possibly think of a motor highway through Cotabato and along this fertile coast without seeing it?

We can swear by experience that the whole country is worth another look, and some friends say that you can no longer have the low-down on Manila unless you have made the circle of the provinces beyond Luzon. What is important, if it could be impressed, is that such travel is utterly comfortable nowadays, if not almost luxurious; and ashore too, the hotels and lodgings, while in no wise modern, are perfectly satisfactory as to mere creature comfort: clean rooms and beds and wholesome appetizing meals, about what you would get in Kansas before it spruced up for Landon's presidential candidacy.

Honeymoons to Baguio? Sure, very fine. Yet here's a ship, a good new ship, steady, swift, spacious of deck and cabin; and her schedule takes you to places that are just like places in the tropics—because that's just what they are. Perhaps you'd like that, who wouldn't?

The good ships are many, and we are going to name as many as our list contains, but there is general agreement that the *Mayon* of the Dollar agency queens them all. Leave Manila Tuesdays at 2:30 p. m., have a day in Iloilo, another in Zamboanga, another on the way back at Cebu, touch Iloilo again, and get back to Manila Sunday morning—₱100 with cabin, ₱70 without, third class ₱34.40 which deprives you of a place at the cabin tables. The ship makes any time she pleases, keeps her schedule easily, you revel in the cloying beauty of inland tropical seas and behold a hundred islands that fulfill all the requirements Gable lays down for scenes of poetic isolation in the picture *It Happened One Night*.

On deck on nights, you *can* reach up and toy with the stars. And there *is* a man in the moon, when you see it full, and a woman with him: in island legend they are angels, lest you misapprehend.

No one ashore is precisely angelic, all the ports are mundane and attractive. Don't imagine everything exotic is over in Bali (worthy as that remarkable civilization is) or down around Bangkok. There is a mountain people far back in the wilderness of Cotabato whose dances executed by girls tell a history of long migrations, *overseas;* this people has never seen the sea, for centuries, yet that's the story, so well told in the clever evolutions of the mystic dances that even the stranger fully understands. Drums accompany; their eloquence is such that only men past their prime dare play them. Younger men cave in at the drums. It is the most unique illustration of the something that's in barbaric rhythm we know of. You can dodge into the wilderness for it if you wish, at Cotabato, but you'll have to inquire of the school superintendent for its whereabouts; we know only one American, a supervising teacher a few years ago, who has witnessed it, and he was the second pale face the people had ever seen, a Spaniard being the other. At that time this people did not know that Spain had ever possessed the Philippines, and that America had come afterward had no significance.

Money meant nothing, but tinned foods meant everything; not of course the food, immediately thrown away, but the tin containers that could be polished and converted into ornaments. Salt was the only lack, and game was traded for it. The teacher told us that the long dance told of storms at sea, and even battles; he was not spoofing, and such are some of the mystic wonders of the Mindanao wilderness, soon to pass and give place to new roads and new settlements. The dance was an all-day affair, its intensities made the girls' ankles bleed, but the trance moved them and they danced out the whole tradition. This people neither reads nor writes.

Of course the hastening traveler will not care for this sort of thing, but you feel it round you in the mystery of night at very quiet places.

On the *Kenao* and the *Legaspi* of the Everett line managed by the genial and capable G. P. Bradford the sea food is a specialty much praised by trippers gratified by the first rate service and accommodations on this remarkable route, 12-½ idyllic cruising to just the places you have always been curious to see: From Manila to Cebu, Dumaguete (visit Silliman University, and great coconut plantations), Bais, where sugar is the attraction, Zamboanga lazying away its whilom activity under our Lady's blessed protection, Cotabato sprawling just as keen Chinese traders would have it at the effluence of a sluggish river watering magnificent hinterlands fit for every tropical crop, Port Holland on Basilan, where there is lumber, and Jolo—then a doubling back over the same route—all for ₱90 first class.

Men at Work is the infallible attraction throughout this lazy voyage. All over Cebu with her too congested population, men at work at every conceivable task, and women and children with them, to cover their backs and satisfy their hunger. Here are hundreds of thousands of peasants fit in every way for pioneering Mindanao as the new highways give access to its wild acres; access however hazardous, to a fertile wilderness. And here, however hard the work, are patience and happy faces. Cebu has some mineral wealth, thank goodness, supplementing to a degree the productivity of her fields, many of them yielding niggardly. But Cebuanos have irrepressible spirits. Cebu is gay and cordial.

Hard by Dumaguete stands Silliman within its handsome grounds and surrounding a campus already traditional to thousands of Bisayan graduates. There is not another minor port quite like Dumaguete, because of Silliman; though Central Philippines College at Iloilo has claims, there are other schools there and it is not in a unique environment. You will also like the highways into the mountains at Dumaguete, and through the groves of coconuts certain corporations have developed with a view to dividends.

Bais is sweet with sugar, men at work! men at work! Yellow cargoes of cane on trains of flatcars, yardsful of these golden argosies at the mill whose yawning maw fed by gargantuan mechanical forks hoisting the cane to the dripping crushers is never satisfied. Men at work! Steamy rows of jacketed boilers, bibulous and audible, drunken with potent sap; and quiet rows of centrifugals, gadgeted and gauged like the boilers but thoroughly deceptive, doing all their dervish mysticism out of sight—steel dancers behind curtains. It is a soiled process, but the residue, the dry pulp with the sugar squeezed and heated and beaten and crushed out of it, now being stacked near the fires by endless-belt carriers, is clean as wheaten chaff. Somewhere off in another part of the mill, granulated sugar by the exact hundredweight pours down glossy chutes, to be trapped at the bottom in gaping jute bags stenciled with the mill's heraldry. Attendants sew these bags shut quickly—men at work!—and conveyors take them off to the warehouses where they soon bulk to the very ceiling: tons enough of short-sweetening to supply the world, you would think, really but a portion of the Bais mill's quota, while all the quotas together will not suffice America six weeks.

But it's grand, it's grand industry, really; and thousands of Bisayans and hundreds of planters take their living from it. Men at work! men at work! They all like contracting best, a lump sum for a stint of labor, but much of it is wage work and a mill will outpay a planter when it comes to laying cash wages on the line: as in the west, so here.

Zamboanga has perhaps the Commonwealth's most open, most picturesque and attractive municipal park. In work, fishing is to the fore here, and in factories, men busy in lumber mills and more men busy winning tanin from cutch—the dark waxy tanin going of course to America. Another factory turns out prime desiccated coconut meat, shredded or flaked. It's nice driving about, and bartering with Mohammedans for sarongs and the like. You can see Petit Barracks and the house that was successively headquarters of Leonard Wood, Tasker Bliss, and John J. "Black Jack" Pershing when they, by turns, from 1903 to 1913, governed as dictators the Moro Province of that period. Pershing left the more gallant traditions behind him, Wood the fondest memories. There's a lot of *Wood* about the place, and equally in Jolo. Wood invited and encouraged the American pioneers, even those at Davao, and they bucked the jungle with the feeling that he was backing them—as in fact he was.

There is club of course, all the ports have these pleasant oases. See too the penal farm at San Ramon if you wish, penologists praise it because tilling the soil is regenerating, living in the open restores physical health, and prisoners so handled not only tend to reform, but their combined production relieves the state of the expense of their detention. Men at work! men at work in gray!

Lumber is the thing at Port Holland on marvelous little Basilan, where at another point the large rubber plantations have headquarters. Yards here are not jammed with cane cars, one is jammed with logs, the other piled with lumber from which the seasoned part is selected for shipping. The logs are monsters, a meter, two meters in diameter and sawed to decent milling lengths since in the forest they have stood eighty, a hundred, and a hundred fifty feet high. In the yard, many of them are huddled as if they had some animate spirit, as if they feared the saw heard yonder under the hood of the millshed: they are huddled like wild elephants in a kraal, and they do not escape. Men at work! Men at work with canthooks and cranes manage them with ease, and a long line moves ever toward the saw. They are moved up with chains, slipped when they reach the carrier and are made fast. There they go! truly like elephants, gigantic and pachydermatous, like elephants on a frieze at Angkor; and the saw whines for them, and transmutes them into slabs for the world's handsomest boards with an incredible deftness.

Heavy work! and men are at it! for man can do anything. But the saw, driven at many revolutions a minute, does not grant this concession. The carnivorous saw whines the refrain, "I am master here! I am master here!" and men handling it, always terrified of its temper, keep their distance as it devours elephant-logs all day long; and if shipments are brisk, at night as well. The saw whines high and hungrily as it starts the cut, and growls deeper, still whining, its teeth muffled in kerf, as it cuts through to the end. But toward the end the whine rises in scale once more, and when the slab falls away the men are quick to shift the carriage and give the saw another hold.

The most startling sight of all is how that carriage shoots back with its weight of log and is set over instantly just the precise inch, or fraction of an inch, then jammed into the champing saw again.

Now on to Jolo to the Chinese pier, one of the world's primary pearl markets and the greatest rendezvous for gala Mohammedans known in the Islands. Some pearlers here are well powered and send their men down in diving suits; others however, filling the little harbor, the traditional vintas with striped square sails that belly to the wind in arcs as brilliant as rainbows. Jolo is redolent with color, primary color marking strong character in the people who love them. Nearly everything the divers bring up is commercial shell, for the button trade, and will come to Manila or go to Japan, but there is always a pearl occasionally, and fairly priceless ones are not uncommon. Joloanos dicker in pearls as Manilans do in stocks; for a generation, one or another of the Kornitzer brothers—one finally wrote a book about it—was stationed at Jolo for nothing else than to pick up choice pearls; and they could do it because their cabled descriptions were accepted in Paris, London, and Amsterdam among the great jewelers and gem merchants.

No divers in the tropics can stand more punishment in the water than Suluanos, these fellows round the dock at Jolo among them; none goes deeper or stays longer, or has better technique against sharks and sword fish. You will like all manner of trinkets from Jolo, and you will like the garden-like cultivation of the island seen conveniently from the first rate roads leading everywhere. Men at work! men at work in hemp, and men at work over the sides of vintas as you cross Sulu sea and Basilan channel—men at work where sharks look for prey, men who may at any moment have to wait for the strike, when the shark must turn backside up, then lunge with their pearling knife for the shark's heart. It is all so quiet, unobtrusive, utterly deceiving; and it may even seem monotonous, but not if you were doing it. Anyway, it is pearling.

If you have an evening here at Jolo, walking about the streets you may come upon an occasional taint in the air, acrid yet somehow sweet. Behind that door close-bolted for the night an opium seance is in progress. The costly pills have been rolled and cooked, and now the alchemic fumes have been inhaled and young Chinese sojourn for a few hours, till their hard work shall overtake them again, in a land of powerful dreams where they are masters of their fate and captains of their souls. Pass on, no use citing the police: Jolo and all Sulu is a region of weird ways and much illicit traffic, equally in personal indulgence as in commerce in goods.

The first thing to do, should a man settle at Jolo, is to learn to wink at ways that don't concern him. But there is work enough, with all the curious play; the more than 70,000 persons on Jolo must keep regularly busy to earn their keep and support their numerous hierarchy topped by the sultan and his suite.

Now it is time to double back toward Manila and bring to close this fortnight's well-compensated recreation.

We have told you in some detail of two schedules to the Bisayan and southern islands. We can't repeat and tell you of a number of others, but it is legitimate to acquaint you with the ships and the routes they make; the ships are but recently in service here, and some are new, and all of them resourceful enough to assure comfortable travel to all the places, full of interest, at which they call.

Estaban de la Rama runs the new *Don Esteban* between Iloilo and Manila. We learn that a larger boat is coming on from Europe for similar business, and even that two may be built—or are they actually in the building?—in Italy for highseas service out of Manila.

A word or two about Compañia Maritima interislanders, prides of young Carlos Fernandez following his father's footsteps in the local shipping business:

The *Corregidor* advertised the Far East's fastest ship leaves Manila at 3 p. m. Tuesdays, gets you to Surigao and the new gold country there at 10 p. m. Thursday, and back to Manila Saturday at 2 p. m. with stops both ways at Iloilo and Cebu. She has a bar and airconditioned cabins. (There's no space for Surigao this time, but we recently ran some true yarns about the place, and will of course have more to say recurrently as mining progresses there—more particularly some comments on the iron the Commonwealth may exploit there on its own account).

The *Negros* leaving Manila Sundays at 8 a. m. lands you in Iloilo in 23-1/2 hours. (Compare with the old *Vizcaya*, lumbering away two tossing nights at sea, one full day and two miserable part-days). This convenient round trip includes Pulupandan and the opportunity to motor through the sugar towns of Negros, where you have 23 hours. The estates and mills are baronial, bases of an economy unique to the province, and the capital, Bacolod, has a gaudy air that pleases while it twitches at your smiles: you laugh *with* these free-spending gentry, inescapably histrionic in all they do, and there are no better hosts anywhere.

The *Panay* leaves the river at 7:30 a. m. Fridays, and at 9:30 next morning, Saturday, quite the hour for a business round of the town, you are in Cebu. You make Dumaguete at 10 that night, Misamis Sunday at 8 a. m., leaving at noon for Iligan 2 hours away; then back to Dumaguete, back to Cebu Monday at 1 p. m., and on next morning at 7:30 for Manila, where you dock at 9:30 Wednesday morning, having had 4 hours at Iligan, and another four at Misamis—quite enough for considerable sight-seeing and pursuit of business.

The *Luzon* makes the Manila to Cebu run somewhat slower, in 35 hours. This ship takes you on from Cebu to Bugo, Oriental Misamis, site of Philippine Packing's pineapple cannery that has founded a new northern Mindanao industry and proved a profitable venture for California money. To see the fields, to watch the factory process—all this is intelligent observation. Boholanos go down to do the work, as it comes time to do it, and all the labor is altogether satisfactory.

The *Leyte* and the *Mactan* are other small ships of the Compañia Maritima line with a schedule somewhat similar to one already described: Manila, Cebu, Dumaguete, Cagayan, Dipolog, Zamboanga, Jolo, and Cotabato; certain of these ports are touched twice during a voyage lasting from Tuesdays at 7 p. m. to Sundays of the following week at 7 a. m. Notice that both northern and southern Mindanao are included in the schedule. Two ships visit the eastern Bisayas regularly, the *Romblon* and the *Cebu*, while every ten days the *Masbate* calls at Bulan, Casiguran, Sorsogon, Catarman, and Laoang.

The *Bohol* and the queen of the Maritima fleet, the *Basilan*, offer other twelve-day cruises south that embrace flourishing little Davao, where a whole day is spent and affords time enough to motor to the great Ohta and Furikawa hemp plantations, or one or the other, and to some of the older American plantations now converted from Manila hemp to coconuts. In the course of such a day, it will probably be possible to look in at a hemp auction where small farmers get exactly the same prices for their hemp as the large plantations do. In town the club will be hospitable, besides any member of the community there, and should you stay over the lodgings are first rate respecting both meals and rooms. The *Basilan* is one of the larger and swifter interislanders (among which, as we have said, the *Mayon* is tops so far); the *Basilan* has spacious decks, including a sun-deck, spacious cabins, and pride in her cuisine, and the *Bohol* is much like her.

You can see from all that has been said here, too briefly for full justice either to the regions affected, the ports to be seen, or to the companies exhibiting the enterprise, that has brought it all about, that in very recent years interisland travel has been stepped up in speed and comfort and thoroughly revolutionized. The competitive rates are low, for illustration we have quoted some of them. If you have either occasion or opportunity to get away from Manila and actually see the provinces of the Commonwealth that are producing the greater portion of its wealth—its sugar, its hemp, its copra, its rubber and lumber—there is probably not a route in the list that would fail either your business designs or your pursuit of sheer recreation and personal pleasure. A number of the routes, and the ships plying them, offer rewards veritably enviable. Nor will yesterday's knowledge of the Philippines suffice; changes are swift, some of them acute, and the salvation of the knowledgeable man is to keep his observation abreast of the swing forward.—W. R.

Our Hardwood...

(continued from page 8)

tanguile, apitong and all the commoner woods are delivered to Manila by the mills and actually sold to the yards at ₱32 to ₱45 per 1000 board feet, with the freight and incidental delivery charges running an average of ₱10 per 1000 board feet. On 1000 board feet of lumber, a mill pays forestry charges on at least 5 cubic meters of logs, often 6, these charges summing according to classification ₱2.50 to ₱6 and coming out of the ₱32 to ₱45 per 1000 board feet the yards pay the mills. What the mills get just now is therefore ₱32 to ₱45 per 1000 board feet in the local market, less ₱12.50 to ₱16. Labor employed is considerable, lowest wages ₱1.50 per day, graders getting ₱150 to ₱500 a month, and with such prices current locally and a very indifferent overseas demand, mills do not turn a profit.

Lumber in this Commonwealth is eminently an industry in which studies in taxation should look beyond the surface. It is not enough that a large plant looks thriving and usually manages to keep operating, the fundamental question is the net return on invested capital during a period of years sufficiently extensive to average better times with bad times.

This has been done for the legislature by Messrs. DeWitt, Perkins, and Ponce Enrile (a work of Mr. Ponce Enrile's) in behalf of the Philippine Hardwood Manufacturers Export Association that has spent so liberally of its common funds to establish Philippine mahogany in the United States. It shows that no respectable income is being earned on the ₱52,696,775 invested in the industry. It also shows the forestry administration well remunerated, in the table on page 8.

Of capital in the milling industry, 31% is Filipino and 38% American; almost 70% is Filipino and American. This is vital in tax research, exploitation of Commonwealth forests by alien interests is absent from the situation altogether: if some Japanese capital gets out logs to sell in Japan, apparently this is but an additional sale of timber with almost no effect on domestic milling and the fortunes of the domestic mills. *Japan will no buy lumber*, but inclines to buy logs here to close the gap a bit between all she sells by way of manufactures and all she buys by way of products. But she won't buy lumber, and if forced away from our logs would find other logs equally suitable to her needs somewhere nearby, as in Borneo. We learn that she, like Australia, utilizes 75% of the logs she buys in veneers—the Philippines makes no veneers.

Last year exports of lumber and logs measured 593,620 cubic meters of which 429,657 went to Japan in form of whole logs; only 163,693 cubic meters left the Commonwealth for other markets, and probably this went mainly in form of lumber. Forestry charges paid by logs taken by Japan and Australia contrbiuted materially to costs of administration, a way in which a business in logs where lumber can not be traded helps maintain lumber in other markets actually accessible to the manufactured product. This is one of the reasons why higher charges on logs for export should be rejected by the legislature. Since a foot of lumber sold overseas is matched by 4 feet sold locally, using approximations, from meterage sold overseas as lumber last year a total cut for the year may be estimated at about 800,000 cubic meters. This is something less than twice the log exports to Japan *supra;* so it is good to export logs, to markets where lumber will not be taken, the logs paying a third of the total forestry charges and taking up a charge of 33-1/3% that otherwise would be laid against lumber alone. Forestry charges topped ₱3,000,000 last year; that logs paid more than ₱1,000,000 is favorable to the lumber.

It is now only necessary to refer back to Borneo's distinctly lower charges in order to conclude that neither our lumber nor our logs should be taxed more than each now is. The lumber industry in its Ponce Enrile brief to the legislature goes farther, contending that scaling should be corrected to conform to what average log yield in sawn lumber actually is. There is now estimated 2-½ cubic meters of log to 1000 board feet of sawn lumber, but the industry claims that more than 6 cubic meters go into the production of 1000 feet of lumber; only 40% of the scaled measurement comes out as merchantable product, 60% is waste. (Here is no doubt a point on which administration and manufacturing will never reach an accord. If the forestry charge sums no more than the administration needs and actually uses in forest benefactions, the point is unimportant).

To preserve overseas lumber markets and foster log markets, and find new ones up to the total yearly cut the forests will provide without depletion of permanent stands where these are at all advisable, should deeply concern the Commonwealth administration. It is a big factor in the prosperity of our southern islands, and of great social import on Luzon. Last year, logs cut into lumber sold in the American market brought ₱31.05 a cubic meter, the customs report shows; and logs sold overseas to Japan brought only ₱8.14 a cubic meter. This difference of almost 300% in returns per cubic meter, in favor of lumber as against logs, largely went into additional employment of local labor. Finally, to an industry as hard put to it as our lumber industry clearly is, may be left, with all advisability, the problem of grading its own export product and disciplining its own members if any one of them grades deceivingly and endangers the commerce.

Buyers will set the requirements in every case, and to add something to forestry charges in behalf of official grading would be merely to provide more public employment and saddle every unit of logs and lumber with a higher total cost in order to do it. Buyers would still lay down their particular requirements, and pay accordingly, and come back on mills and loggers as they do now with complaints against everything not to their liking. The industry says official grading would be superflouous. This seems fully evident.

There comes up the sales tax on lumber consignments abroad. Last year it must have summed below ₱70,000 or 1-½% of a total of some ₱4,200,000. It is not much, but it is a tax on an export enjoying no favored market. We make it about ₱1.15 on every 1000 board feet, logs of course excluded. We think the industry should be consulted, and if this tax is sometimes a barrier in closing sales at a net profit, or is otherwise objectionable, it amounts to almost nothing by way revenue and therefore should be crossed off, the tax on domestic sales continuing as it is. This would be in line with the practice of charging lumber exports no wharfage. We believe the industry would tell the government frankly whether the 1-½% ad valorem on its export invoices is a factor of any importance in quoting for sales. Were we the government, we would abide by what the industry said. It is an industry that right along has been ready to lay its cards on the table. Of late we have seen the term Philippine mahogany flashing out as casual allusions in periodical literature, as in *Notes & Comment* in the *New Yorker* a week or two ago, as casual as a mention of Brooklyn, the Garden, or Hester Street would be. We take this as most encouraging on the main point; in a little while it should be worth the half-million it has cost the industry, because then it will be intruding regularly into building specifications and will be the guaranteed trade term that the lumber behind it deserves.

Taxation of...

(continued from page 16)

has been said about hemp applies as well to coconuts, and copra, the other distressed crop in the south that is the subject of this month's researches. Both productions will come to be more the means of the poorest subsistance of many small farmers and to a much lesser extent the occupation of capital on large estates. We discuss in another paper the inadvisability of the export levies on copra.

REAL ESTATE

By P. D. Carman
BOULEVARD HEIGHTS

July real estate transfers greatly exceeded any similar month on record (with the one exception of July 1935) the total being swelled heavily by one very large transfer in Sampaloc to the Government and sales exceeding ₱50,000 in the following districts; three in Binondo, two in San Miguel and one in Malate. Even without the large transfer to the Government, the total would exceed that of any July since 1918 except in 1926, 1931 and 1935.

Sales City of Manila 1938

	June	July
Sta. Cruz	₱ 585,657	₱ 141,529
Sampaloc	155,367	1,633,840
Tondo	105,932	104,897
Binondo	25,000	538,011
San Nicolas	29,000	132,467
Ermita	570	12,538
Malate	239,128	268,835
Paco	76,978	85,807
Sta. Ana	65,735	27,284
Quiapo	132,648	39,690
San Miguel	18,000	236,987
Intramuros	—	61,656
Sta. Mesa	15,000	16,601
Pandacan	5,398	2,537
	₱1,454,413	₱3,302,679

MANILA HEMP

By H. P. STRICKLER
Manila Cordage Company

The short-lived period of foreign demand experienced the latter part of June resulted in a dull and weak market for the first eighteen days of July. At this point both London and New York buyers became interested and prices advanced with a fair volume of sales being reported. The market remained strong until July 22, when New York showed signs of weakening and London followed the trend on the next day. The market remained quiet and dull for the balance of the month with closing prices of Manila grade up slightly over the opening, while Davao grades closed at fifty centavos under the opening price.

Nominal Prices of Loose Fiber in Manila
Per Picul

July 1st.		July 31st	
F	₱12.00	F	₱12.75
I	8.00	I	8.50
J1	6.75	J1	7.00
G	6.75	G	6.50
H	6.50	H	6.50
K	6.25	K	6.25

Nominal Prices of Loose Fiber in Davao
Per Picul

F	₱10.00
I	8.00
J1	7.00
G	6.75
F	₱ 9.50
I	7.50
J1	6.50
G	6.25

Italy Free-Zones Some Ports

By JOSEPH D. RAVOTTO
United Press Staff Correspondent

ROME . . . (UP) . . . . . Fascist Italy is seeking to become a world shipping market where goods from every country could be sent in transit, stored, finished and reshipped to foreign destinations duty free.

Italy is gifted to play such a role because of her fine geographical location and because of the excellent facilities which her natural harbors give her.

Her Adriatic ports could be handsomely utilized as gates to Central Europe and the Balkans, her southern ports as transit points between the Orient and the Occident and her ports on the northwest coast as accesses to northern Europe.

Such a rich prospect has been envisioned by the government for many years. It is because of such a likelihood that a decree-law was passed in 1927 creating free zones in 14 of Italy's major ports. It is only recently, however, that new stimulus was given to the idea.

Because of the huge expense involved to set aside these free zones, Italy until recently hesitated to go ahead because of a feeling of doubt as to the success of the plan. The signing and renewal of many trade accords in the interval since the Ethiopian conflict, however, has changed this doubt to confidence.

According to the 1927 decree, duty free zones would be set aside in Genoa, Leghorn, Naples, Palermo, Trapani, Syracuse, Brindisi, Bari, Barletta, Ancona, Venice, Trieste, Fiume and Zara.

The last three ports have had free zones on a limited basis for a number of years to serve Austria, Jugoslavia and Hungary. With the realization of the Anschluss, Italy has signed a new accord with Germany reportedly assuring Trieste's future as a free zone port. Albania has special port facilities at Bari which is tantamount to a free zone.

The principal motivating the creation of the free zone is not alone to set aside areas where goods can be landed, stored and reshipped without the payment of any duty, but to give impetus to a new and profitable industry—that of finishing non-Italian material on Italian territory by Italian labor.

It is recalled that Italy has already approached Brazil, attempting to convince the South American republic to ship all her coffee for European and Mediterranean consumers to Trieste, unfinished and in bulk. According to the proposition, Brazil could store, sort and pack her coffee in the allotted free zone and reship it to the various points of destination.

Only recently Italy, in her trade negotiations with South Africa, similarly offered to set aside a free zone in Genoa where the Boer nation could send her frozen meats and fruits for storage, sorting and reshipment to the Continent. Italy has also approached Switzerland, offering the landlocked Federation the use of Genoa as an outlet to the sea.

It is thus evident that Italy has offered similar facilities and advantages to many other nations.

Aside from the great prestige that Italy would certainly gain as an international centre of exchange, there are six other sound reasons prompting Fascists to create these zones. They are:

1. *Use of Italian Labor*—Thousands of Italians would be employed as longshoremen, storehouse workers and clerks, laborers in the factories to finish and sort the goods and as train loaders. This would be an outlet for some of Italy's unemployed and part-time workers.

2. *Use of Italian Equipment*—Italian ships would certainly carry additional traffic to and from these zones. Italian harbor equipment and harbor boats would also be used to load and unload the material to and from the ships. Italian trains would naturally get a great bulk of the traffic destined for many points on the Continent.

3. *Defray Harbor Upkeep*—Each of the Italian ports mentioned has a certain amount of overhead to pay for the cost of operation. Additional traffic to these ports would help pay these operating expenses and in several cases put the ports on a paying basis.

4. *Stimulate Banking Activity*—Italian banks with branches abroad would naturally be asked to handle some of the banking activities for those firms doing business through the free zones.

5. *Stimulate the Creation of Foreign Firms in Italy*—Many of the firms doing business through the zones would find it convenient to open branch offices in the Italian ports.

6. *Introduce Foreign Money to Italy.*—The opening of foreign branches in Italian cities, banking activity caused by the business exchanges and the coming of foreign merchants to Italy would bring foreign money into Italy. The presence of foreign merchants and their families would bring in still more additional cash to the sorely tried Fascist coffers.

Men Worth . . .

(continued from page 12)

probably the most complete library of its kind anywhere, containing, as it does, every scrap of printed matter and information on the subject that Keeler could get his hands on. He files everything away (he tells us he has the JOURNAL complete for the past five years), and controls the material with a card-index system. But he says that if he ever publishes some of his stuff he will have to leave town.

ARMAND (BERT) POULIN

"Why don't you write about somebody else, who is more important than I am?" was Bert Poulin's reaction, when we approached him for his story for this series. The query emphasized this young man's modesty, but his point was not well taken. In the first place, this page does not concern itself exclusively with men who can be considered "important", whatever that word means. We introduce, rather, young men who are active in the business and professional life of this community; who "get about"; who intend to remain here permanently—in short, young men who will some day be the mainstays of this city. The men we write about are young men who have led and are leading active lives of usefulness. Their present "importance" is of no consequence. Furthermore, Bert cannot deny that anyone who has immediate supervision over the construction of a ₱1,000,000 building as he has, is in a position of some responsibility.

As his name indicates, Bert Poulin is of French ances'ry. His parents are second-generation Americans, living in Massachusetts, where his father owned several supply stores. Naturally, the boy put in his time in the stores after school and during summer vacations, from the day he was old enough to make himself useful. In this way he acquired two things which have never left him: a love of the business of merchandising, and the habit of hard work.

At 17, Bert decided that he was old enough to strike out for himself. He did so, and his life for many years after that was a succession of merchandising jobs, with night-school and special college courses sandwiched in whenever possible. Two of these jobs stand out in his memory today: a job as a saleman in a high-pressure New York shoe store, and (his most lucrative) a job as manager of a chain of radio stores.

Bert had had experience in selling shoes before he took on the New York job, and thought he was pretty good at it. But he was totally unprepared for shoe selling, New York high-pressure style. They gave him a quota of something like thirty pairs of shoes a day. Other salesmen told him the quota was a cinch—they always knocked out at least 60 pairs during an off day. Poulin had almost worked up to the quota when, some weeks later, they transferred him to another store and gave him a higher quota. Here he worked his head off—he talked shoes to his customers with the fervor of an evangel selling the idea of the better life to the town drunk—and eventually got to where he could make his quota. Meanwhile, salesmen next to him were getting rid of over 100 pairs of shoes a day, plus a respectable amount of shoe-polish, shoestrings, shoe-trees, bags, etc. He says he has never seen anything like it.

These high-pressure men form a unique group in the shoe trade. They know just exactly how it is done. The secret of their technique is never to waste too much time on a customer. After a minute or two of sales patter, your 100-pairs-a-day salesman will turn over a customer to an individual known in the trade (just why, we don't know) as the "T-O man". This man is a sort of super-super salesman, who could sell a pair of patent-leather dancing shoes to Frank Buck, just starting out to bring something back alive. Meanwhile, the fast salesman turns his attention to some less recalcitrant customer. Another thing which contributes to these boys' success—they know their stock, and they always produce a perfect fit at their first attempt. They earn around $200 a week apiece for themselves, and much, much more than that for the store.

Good a-pair-every-five-minutes men are known in the trade, and have no difficulty in picking up jobs wherever they may be. They are, as a result, an independent lot, and follow the seasons as regularly as the most fashionable socialite. Summer in New York, winter in Palm Beach or Hollywood, or even Nassau. The chain Poulin worked for got around this by having branches in Miami, to which they sent their crack men during the winter.

The radio job was better. Bert made a lot of money on it during the very worst of the depression, but he had to work so hard that he didn't have a chance to spend any of his money. At the peak of his earnings, he still lived in a YMCA, simply because he hadn't had time to think about moving. Once things looked pretty bad, though. He bought 40 *carloads* of a well-known brand of radios (over a period of time) at a special price of around $21 per radio. The head of the organization was in Europe at the time, and when he heard about the purchase, he cabled Poulin just two words—"you're fired". Bert cabled back, "o.k., but let me sell off these radios before you fire me". The radios sold all right, the whole lot of them, at $49.50 apiece. Nothing more was said about firing anyone.

But the whole thing soon began to drain Poulin's health. Too much responsibility and too much work. In 1933 or thereabouts he called it a day and took an ocean trip. When he got back, he started looking for a "position". After several months he had gotten down to a job, at $21 a week, and no takers. A year or so of this and that, and he began to think about opportunities in foreign lands; there didn't seem to be any left in the United States. He joined the Army, and came out there in 1935. After a year or so he bought himself out, and went to work for Heacocks.

At Heacocks he was, for a time, manager of the photographic department, and then manager of the retail store during the temporary absence of Mr. Gunn. Now he is, somewhat vaguely, Assistant to the President (Mr. Samuel F. Gaches) and is more or less in charge of the construction of the new H. E. Heacock & Co. building now rising on the site of the old earthquake-destroyed building on the Escolta. The project is his pride and joy. He will hold forth at length to anyone who will listen on such problems as: the height that counters should rise from the floor, considering that Filipinos are short the amazing amount of electricity a big chandelier will consume; the length of space salespeople should have behind counter, etc., etc.

SHIPPING REVIEW

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

The export cargo movement for June dropped to 220,160 revenue tons, a decided falling off and the smallest figure for the year 1938. Three important factors contribute to this shortage. The sugar movement slowed down to 54,877 tons. Japan for a long time has been a heavy purchaser of logs, often taking over 5 million feet, but in June she took none except that Japanese interests shipping one full cargo to Shanghai. The hemp shipments to Japan were only 4,199 bales, or less than 10% of her normal purchases.

The sugar market was sluggish during the entire month. Prices declined and the charter market continued weak. We understand that $5.75 rate was freely offered. One Japanese bottom booked 5,000 tons at $4.00 to the Atlantic, setting a low record for many years and creating quite a flurry in the trade. The Conference could do nothing and the rate is still open and around $5.75. The shipments, all to the United States, were 49,887 tons of centrifugal and 4,990 tons of refined, a total of 54,877 tons. The rate on refined sugar followed the downward trend of centrifugal.

Shipments of coconut products continued to show an increase. The desiccated coconut shipments went up to a normal monthly basis—6,250 tons (40 cu ft). The United States took 11,050 tons of coconut oil, all loaded in regular berth line tanks. No tankers have been on berth during the current year. Canada and South America took enough to make a total of 11,223 tons. The crushers are asking a reduction in rates to conform to the charter market. The copra trade showed no improvement. The United States buyers took 17,210 tons, Europe 4,750 tons, Japan 148 tons and Mexico and South America 1,228 tons, making a total of 23,336 tons. Cake and meal shipments to the United States amounted to 2,418 tons and to Europe 8,800 tons. This marks an increase in the European purchases. A small lot, 38 tons, brings the total to 11,256 tons. Shipments of lard and margarine amounted to 799 tons—the best customers being the East Indies and the West Indies.

Hemp shipments continue to shrink. The United States trade took 17,120 bales, China 1,183 bales, Japan only 4,199 bales, Europe (the only good customer) took 43,194 bales and scattered far and wide went 6,850 bales. The total movement 72,546 is the smallest that we have noted in a very long time.

The June movement in ores was very heavy although principally made up of iron. Japan has cut down on logs, hemp and various other commodities but still seems hungry for metals. The AG & P mine shipped 62,790 tons, the Elizalde mine 12, 890 tons and some unknown mines sent an 8 ton sample, a total of 75,688 tons of iron ore. Added to this is 640 tons of manganese. To Philadelphia the Florannie mine shipped a 5,000 ton lot of chromite. The Tacoma smelters took 711 tons of concentrates, gold, silver and copper contents. To Antwerp/Hamburg a 500 ton lot of chromite was shipped. A total of 82,539 tons of metallic ores. Singapore purchased a 10 ton lot of rock asphalt.

Sawn lumber shipments amounted to 3,488,161 board feet. The largest shipment went to Shanghai. The movement to the United States was only 672,300 feet. Europe took 736,585 feet. The remainder went to Africa, Australia and the Straits.

Cigar shipments were heavy but the tobacco movement was quite small. The embroidery, furniture, molasses, kapok and liquor shipments were on a satisfactory basis. Plenty of junk metals seem available for the Japanese trade. The rope factories shipped 583 tons of cordage. The rubber plantations increased their shipments to 97 tons, proving that rubber can be economically produced here. Shipments of alcohol, fresh fruits, gums and hides were not very heavy. The cutch factory shipped 400 tons of tanning extract. An in transit movement of 1,156 tons is noted.

The rates to Europe on copra were reduced and on refined sugar and lumber to the United States also. Shippers of desiccated coconut, coconut oil, copra, cake, meal, gold ores and concentrates, hemp, lumber, refined sugar and tobacco are pressing for reductions in rates. Their claims that high rates to the United States are restricting trade is not borne out by surveys made in the Pacific and Atlantic sea boards. It is reported that the trade is simply stagnant and freight rates have little or no effect on the volume.

From statistics compiled by the Associated Steamship Lines during the month of June 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	86,105	45	763	4
Pacific Coast Local	22,326	16	4,983	4
Pacific Coast Overland	1,262	11	366	3
Pacific Coast Intercoastal	3,797	8	2,882	3
Atlantic & Gulf Ports	80,263	25	5,367	4
European Ports	22,623	17	28	1
All other ports	3,784	28	201	4

A Grand Total of 220,160 tons with a total of 88 sailings (average 2,500 tons per vessel) of which 14,590 tons were carried in American bottoms with 8 sailings (average 1,870 tons per vessel).

SUGAR MARKET REPORT FOR JULY

By Warner, Barnes & Co., Ltd.

During the first week of July, withdrawals of refined sugar in the U. S. continued to improve and the market remained steady, though buyers for the most part refused to yield to attempts made by holders to secure higher prices.

On July 5th, the International Sugar Council met in London to undertake the problem of adjusting quotas for the period September 1st, 1938 to August 31st, 1939 to the probable requirements of the free world market. The session was adjourned temporarily on July 9th and, although no official statement was made, it was commonly believed that the nations signatory to the agreement were prepared to make substantial reductions in their quotas, which on the original basis of 3,682,000 metric tons were evidently far in excess of requirements. This favourable news from London stimulated an advance in New York, Exchange quotations rising during the second week of the month 8 to 10 points, while actual prices advanced to 2.85¢ in a substantial buying movement by refiners. At the close of the week, however, there were some indications that the latter had filled their immediate requirements and an easier tone appeared in the market.

On July 18th, the International Sugar Council issued a communique to the effect that 1938/39 requirements were estimated at 3,150,000 metric tons and that quotas for the same period had been adjusted to this level by an all-round reduction of 5%, together with voluntary concessions sufficient to take care of the excess still remaining. This outcome was generally considered to be quite satisfactory but in New York its effect had been discounted in advance and the market began to move downward under the influence of the reserved attitude adopted by refiners and the interference caused by strikes in some of the refineries.

The market during the latter part of the month was dominated by two factors: fear of increasing pressure on the part of Cuban holders, who still have a large proportion of their quota to sell, and fear of increasing competition from the beet sugar interests, who gave indications that they proposed to make a determined effort to dispose of their entire allotment for 1938. Though the official quotation for cane refined remained at 4.50¢ per pound throughout the month, some refiners booked orders privately at 4.40¢ and this move was met by a reduction in the beet refined quotation to 4.20¢. In face of these depressing factors, raw prices declined and, by the end of the month, had returned to the 2.75¢ level.

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

		High	Low	Latest
July,	1938	1.86¢	1.77¢	....
Sept.,	"	1.92¢	1.81¢	1.81¢
Jan.,	1939	1.97¢	1.87¢	1.86¢
Mar.,	"	2.01¢	1.90¢	1.90¢
May,	"	2.04¢	1.94¢	1.94¢
July,	"	2.08¢	1.97¢	1.97¢

Latest statistics of world stocks were 5,096,000 tons, compared with 4,187,000 tons last year and 4,704,000 tons in 1936.

Sales of Philippine sugar during the month amounted to 72,661 long tons at prices ranging from 2.70¢ to 2.85¢, while resales amounted to 7,000 tons at 2.72¢ to 2.85¢.

Locally, exporting prices fluctuated in accordance with movements in New York. About the middle of the month, they rose to ₱6.75¢ per picul, at which price a considerable volume of business was transacted and it is believed that the amount of sugar still remaining in producers' hands is very small. Prices have now declined again and, at the close, exporters quota ₱6.40 in a completely inactive market.

The domestic consumption market was dull throughout the whole month with buyers content to cover their requirements from day to day on the basis of ₱3.70/₱3.80 per picul for mill run centrifugals.

Exports to the United States during the month amounted to 45,426 tons centrifugals and 9,824 tons refined. Total shipments from November 1st, 1937 to July 31st, 1938 were as follows:—

Centrifugals	699,907 tons
Refined	37,263 "
Total	737,170 tons

RICE REVIEW
JULY, 1938

By
Dr. V. Buencamino
Manager, National Rice & Corn Corporation

RICE

The market gained further strength during the month under review and while prices did not advance materially in view of the restraining effect of the Naric entrance into the market, every indication points to further hardening of values in the coming months. Despite heavier receipts both by rail and water, brought about by some seller's eagerness to take advantage of improved prices, the market was able to absorb all offerings and to sustain its strength until the close. It was very apparent that stocks of palay in the primary markets are nearing exhaustion and what little still remains available for the trade, is mainly in strong hands and is being held for still higher prices. Opinion still persists in well informed quarters that inspite of the efforts of the Naric to keep prices within the limits it has set, the situation may run out of control in certain sections of the country not served by Naric rice. For the present, the situation seems to be well in hand at least in all places where the National Rice and Corn Corporation maintains selling organizations or where Provincial and Municipal Treasurers handle the sale and distribution of Naric rice.

Manifested arrivals by rail during the month amounted to 176,599 compared with 125.092 in the preceding month; by water 34,829 against 38,231 in June. Total arrivals, however, by rail during the first seven months of 1938, fall short by about 150,000 cavanes compared with the same period in 1937 as may be gleaned from the following figures:

	1937	*1938*
Months	*Monthly Total*	*Monthly Total*
January ...	184,758	194,586
February ...	171,115	191,100
March	186,530	166,453
April	176,831	107,882
May	150,383	123,954
June	158,499	125,092
July	203,269	176,599
TOTAL	1,231,385	1,085,666

We interpret this decrease in arrivals as a reflection of the relative scarcity of the cereal now existing in the Central Luzon provinces which supply Manila and the other centers of consumption with their rice needs.

The Naric, in response to the popular clamour of the people for cheaper rice, fixed a set of prices to govern its sales for the year. These prices are:

	ex-bodega	*f.o.b. steamer or railroad car*
Macan No. 2 .	₱6.65	₱6.67
Ramay No. 2 .	₱6.60	₱6.62 per sack of 57 kilos net.

These prices apply to Manila and all the Central Luzon provinces. If intended for shipment outside of Manila, actual expenses for freight and handling have to be added. It is figured out, however, that even with the actual expenses incident to freight and handling, Naric rice could still be sold to advantage in distant places. Demand for Naric rice continues to improve from day to day, a condition indicative of the scarcity which exists in many places. The Naric, however, is confident that with the present supply on hand, it has enough to meet the requirements of the country until the new harvest becomes avialable and there is no fear to entertain that any section of the country may face hunger as a result of rice shortage.

The month opened very firm at ₱6.65 for second class Macan. The market would have undoubtedly registered important appreciation in values were it not for the prices set by the Corporation. Prices, nevertheless, showed persistent tendency to advance. The month closed strong registering a net gain of ₱0.05.

Heavy demand was felt from Samar, Leyte, Cebu, Capiz and the Bicol provinces. Shipments by water from Manila to the provinces amounted to 184,682 cavanes from July 1 to 29 only compared with 170,033 in the preceding month. It is generally accepted that demand will broaden further in the coming months owing to the depleted stocks in the consuming markets.

PALAY

As in previous months, palay prices again led the advance, indicating a speculative tendency on the part of millers and private merchants. At a time when rice was selling in Manila at ₱6.60, palay should not go beyond ₱3.30 in the provinces but actual sales during the month were registered as high as ₱3.45. In Cabanatuan closing quotations range from ₱3.28 to ₱3.33 which were above the parity of rice prices in Manila.

FOREIGN MARKETS

Saigon registered an appreciable improvement in prices. Latest quotations ranged from piastres 7.07 to piastres 7.12, per sack of 57 kilos net f. o. b., Saigon. These prices are equivalent to ₱7.25 and ₱7.28 respectively, per sack placed at bodega, Manila, duty paid. Bangkok likewise registered some improvement in price.

FOREIGN EXCHANGE

By Leon Ancheta
Manager, Foreign Dept., P.N.B.

Starting with a heavy demand, the dollar in the local exchange market opened strong at ⅝% pr. for T.T. on New York to customers, and ½% pr. for inter bank sales. Supply from trade channels appeared scarce as the demand war largely met by local banks which kept ample supply of dollar funds. The rate continued at ⅝% for T.T. New York until the close of the first fortnight when it moved up to ¾% pr. Correspondingly, interbank T.T. sales moved up from ½% to 9/16% pr.

The continued sustained strength of the dollar is reflected from the trade figures during the first semester of the year, which showed exports amounting to ₱133,000,000 and imports ₱153,800,000, or an adverse foreign exchange balance of ₱20,800,000, compared with the Islands' visible exchange position during the same period in 1937 when exports totalled ₱166,000,000 and imports ₱109,000,000 or a visible favorable foreign exchange balance of ₱57,000,000.

Gold production, which is not included in the above figures, reached ₱31,000,000 during the first semester of the year, compared with ₱24,000,000 of the previous year for the same period, the increase not having been sufficient in supporting the peso to bring the exchange rate to a level lower than that at which the Exchange Standard Fund operates.

Another important factor which operated to strengthen the dollar is the exceptionally strong peso position of local banks. As of July 16, 1938, local banks had cash on hand amounting to ₱78,000,000 compared with an average of ₱47,000,000 during July, 1937.

Sixty-day and sight bills remained strong at par and ¼% pr., respectively, as in the previous month.

In the foreign exchange market, the pound sterling was characterized by general weakness. The causes are largely attributed to the following: Rumors of a possible dollar-pound relation nearer the old parity, growing adverse balance of payments in the trade of England and the pressure on the sterling brought about by active gold buying.

Opening at 4.95-11/16, the pound weakened sharply as the month advanced reaching a low of 4.91-5/8 during the first part of the second fortnight, after which it recovered slightly although weakening again toward the end of the month, closing at 4.91-3/4.

Heavy offerings of French Franc for the purchases of gold coupled with uncertainty as to the fate of this currency after the expiration of the Daladier government's plenary powers again brought uneasiness to this exchange, necessitating intermittent intervention by the French Control and the British Stabilization Fund. Opening in New York at 278-5/8 it reached a low of 275-5/8, recovering slightly thereafter and finally closing at 276.

The yen also weakened. Opening at 28-7/8 in Kobe, it reached a low of 28-5/8, closing at that rate. With a view to reinforcing Japan's foreign exchange position, shipment abroad of Y300,000,000 from its gold reserve was authorized.

Shanghai moved between a high of 18-3/8, the closing rate of the previous month and a low of 17-17/32. The announcement made regarding extension of the United States understanding for the purchase of Chinese silver had a slight momentary steadying effect.

In sympathy with sterling, Hongkong also weakened. Opening at 31, it reached a low of 30.72, closing at 30.78.

What the Diggers . . .

(*continued from page 31*)

an average for the first 7 months of this year of ₱16.80.

According to production results for the first 7 months of 1938, *IXL* should report larger earnings this year. During the first 7 months, it produced ₱1,834,256 from 77,132 tons, which is an average value of ₱23.78 per ton. This compares with 49,860 tons with a value of ₱1,194,431 or an average of ₱23.96 per ton, during the same period last year.

NIELSON: Paracale-Gumaus registered its usual substantial increase in production last month. This new producer turned out 3,213 tons of ore in July from which ₱47,-051.74 was recovered, as compared with June figures of ₱45,513.00 and 2,544 tons.

Lepanto, probably the Islands' most important copper property, produced copper concentrates valued at ₱92,070 from 11,800 tons of ore. This is a ₱17,000 increase from the previous month's total.

Hongkong Mines, Ltd., produced ₱58,312 in lead and silver concentrates from 3,821 tons of ore milled and treated last month. This production is up about ₱3,000 from that of June. Total production for 1938 to date is valued at ₱296,170.12, according to the Manila office of the Nielson interests.

Tinago Consolidated also registered an increase in gold production over June. As we went to press, exact figures were not available.

L. R. Nielson has moved his brokerage offices from the ground floor of the Samanillo Building to the Crystal Arcade Building, which he manages.

FOREIGN EXCHANGE REVIEW COUNTER RATES

	U.S. Dollars High Low	*Sterling* High Low	*Francs* High Low	*Yen* High Low	*Shanghai* High Low	*Hongkong* High Low
July 1938	201.50 — 201.50	1/11-15/16 — 2/0-1/8	5.80 — 5.75	58.70 — 58.30	39.75 — 39.50	62.90 — 62.45
July 1937	199.75 — 199.50	2/0 — 2/0-1/8	7.90 — 7.55	58.40 — 57.90	59.65 — 59.25	61.75 — 60.90

COPRA AND ITS PRODUCTS

by

KENNETH B. DAY AND LEO SCHNURMACHER

KENNETH B. DAY

LEO SCHNURMACHER

The month of July was a comparatively quiet one. Markets were fairly weak at the beginning of the month, but firmed considerably toward the middle of the month, only to fall back gradually at the month's end, when prices were identical with those of the first of the month.

COPRA—Copra receipts in Manila and Cebu were extremely heavy in July and both ports registered increases of over 50% as contrasted with June. As contrasted with July, 1937, Manila receipts were up over 50% and Cebu receipts over 25%. Total Manila and Cebu receipts for the period January to July, 1938, show an increase of slightly over 40% as contrasted with the corresponding period last year, which leads to the belief that with normal receipts from now on the 1938 crop should show an increase of at least 10% over that of 1937. Of course, in making the above statements we are not considering direct exports from provincial points, but inasmuch as these exports are far heavier than they were in 1937, the ratio will probably hold true.

The month opened rather weak with sellers' ideas ₱6.00 in Manila for resecada and buyers rather reluctant to pay it. As the month wore on, in view of strengthened outside markets and in spite of heavy arrivals, copra prices gradually increased to a point where considerable business was done at ₱6.75 about the middle of the month. After that the market declined irregularly until at the end of the month sellers were again offering at ₱6.00 with buyers' ideas ₱5.75. The flexibility of the market was affected considerably by outstanding contracts made earlier in the year for July-August delivery.

In Cebu prices ranged about the same as Manila, but the copra export market affected Cebu more than Manila and kept prices steadier throughout the month. It may be noted that Cebu exports of copra for the first half year were slightly over half of the total exports from the Islands.

The European market fluctuated over narrow margins throughout the month, reaching a high of £10/10/0 for sundried and a a low of £9/17/6 for F.M., with an average spread between the two grades varying from 5/- to 10/-.

On the Pacific Coast copra increased in price to a high of 2.05¢, but declined gradually to a low of 1.85¢ at the end of the month.

Provincial prices in the Manila district were constantly higher than base prices in Manila, but in Cebu provincial prices following dealers quotations very closely.

Statistics for the month follow:

Arrivals	Manila,	563,849	Sacks
	Cebu,	493,308	"

Shipments ......

Pacific Coast,	15,750	Metric Tons
Gulf Ports,	3,887	" "
Europe,	8,991	" "
China and Japan	249	" "
Other Countries,	226	" "
	29,103	Metric Tons

	Beginning of Month	End of Month
Stocks on hand in Manila,	34,615 Tons	35,631 Tons
Cebu,	26,416 "	39,865 "

COCONUT OIL—The month opened with buyers' ideas 3-½ cents c.i.f. New York and with comparatively little buying interest. Later in the month, however, buyers became more interested and prices ranged up to 3-⅜ cents c.i.f. New York with the preference on late shipments. Thereafter the market eased off gradually until at the end of the month buyers were again willing to pay 3-⅛ cents with sellers holding for ⅛¢ higher.

The same thing happened to the Pacific Coast. The market opened at 2-⅞ cents f.o.b. for tank cars and gradually increased to 3-⅛ cents, after which it declined again to 2-⅞ cents at the end of the month. Particular on the Coast, the prompt demand was from small refiners and futures commanded ⅛¢ better than spot deliveries. In the East large soapers were not particularly interested except in shipments for the last quarter of 1938.

Statistics for th emonth follow:

Shipments ......

Pacific Coast,	1,537	Metric Tons
Atlantic Coast,	9,939	" "
Gulf Ports,	4,381	" "
China and Japan,	15	" "
Other Countries	11	" "
	15,883	Metric Tons

	Beginning of Month	End of Month
Stocks on hand in Manila and Cebu,	14,686 Tons	20,245 Tons

COPRA CAKE AND MEAL—There was not much doing in the cake market. Hamburg base prices ranged up to $32.00, possibly $32.50 c.i.f., the local equivalent ranging from ₱41.00 to ₱43.00 f.o.b. Not much business was transacted as sellers were

(*Please turn to page* 48)

PRINCIPAL EXPORTS

Commodities	June 1938 Quantity	June 1938 Value	%	June 1937 Quantity	June 1937 Value	%	Monthly average for 12 months to June 1938 Quantity	Value	%
Canton (Low grade cordage fibre)	126,600	₱ 8,060	—	309,040	₱ 45,156	0.1	183,163	₱ 20,289	—
Cigars (Number)	19,789,914	600,095	3.2	21,614,096	644,204	2.0	17,111,468	510,670	2.1
Coconut Oil	14,091,679	2,025,108	10.7	10,588,772	2,458,877	7.8	14,046,659	2,679,140	10.8
Copra	34,569,533	2,536,110	13.4	25,468,132	4,672,422	14.8	26,288,919	2,610,142	10.5
Copra Meal	11,172,611	439,776	2.2	11,007,245	560,904	1.8	10,080,007	562,304	2.0
Cordage	613,202	202,279	1.0	718,624	315,486	1.0	530,328	201,685	0.8
Desiccated & Shredded Coconut	3,558,386	640,644	3.4	5,033,519	1,636,308	5.2	2,911,977	765,579	3.0
Embroideries	——	814,581	4.3	——	670,224	2.1	——	711,681	2.9
Hats (Number)	15,427	20,716	0.1	28,754	44,605	0.1	47,889	76,023	0.3
Hemp	9,763,038	1,400,319	7.4	13,983,338	3,791,564	12.0	11,151,327	2,360,226	9.5
Chromium Ore	5,688,000	110,992	0.6	7,671,035	104,720	0.3	9,170,320	2,752,122	11.1
Leaf Tobacco	108,652	42,135	0.2	629,976	246,529	0.8	741,705	197,329	0.8
Lumber (Cu. M.)	4,882	167,799	0.9	11,958	420,279	1.3	9,396	297,899	1.2
Maguey	508,278	48,142	0.3	1,976,427	278,749	0.9	8,029,356	99,725	0.4
Pearl Buttons (Grs.)	23,721	29,923	0.1		65,226	0.2	47,540	36,394	0.2
Sugar	71,798,137	8,288,574	43.8	107,498,282	13,686,975	43.4	76,865,930	9,194,355	37.0
Other Products		1,588,897	8.4		1,851,128	5.9		1,846,034	7.4
Total Domestic Products		18,974,138	98.4		31,493,355	99.7		24,849,597	99.0
United States Products		255,638	1.3		95,051	0.3		190,063	0.8
Foreign Countries Products		54,836	0.3		27,088	—		45,405	0.2
GRAND TOTAL		₱19,284,611			₱31,616,494			₱25,085,966	

NOTE: All quantities are in kilos except where otherwise indicated.

PRINCIPAL IMPORTS

Articles	June 1938 Value	%	June 1937 Value	%	Monthly average for 12 months to June 1938 Value	%
Automobile	₱ 625,285	3.2	₱ 306,457	1.6	₱ 868,862	3.9
Automobile Accessories	170,528	0.9	130,084	0.7	235,885	1.1
Automobile Tires	213,000	1.1	278,243	1.5	267,821	1.2
Books and Other Printed Matter	268,456	1.3	160,016	0.8	249,698	1.1
Breadstuff Except Wheat Flour	152,169	0.7	104,460	0.5	134,398	0.6
Cacao & Manufactures Except Candy	139,842	0.7	84,536	0.4	123,714	0.5
Cars & Carriages	82,293	0.4	221,665	1.2	143,516	0.7
Chemicals, Dyes, Drugs, Etc.	834,250	4.2	553,680	2.9	677,852	3.1
Coal	515	—	39,623	0.2	143,241	0.7
Coffee Raw & Prepared	150,127	0.8	122,154	0.6	135,858	0.6
Cotton Cloths	3,324,092	17.0	1,900,406	9.0	2,293,625	10.4
Cotton, All Other	1,097,828	5.6	1,185,286	6.2	1,234,997	5.6
Dairy Products	500,543	2.5	1,075,256	5.6	708,579	3.2
Diamond & Other Precious Stones Unset	39,414	0.2	72,168	0.4	58,290	0.3
Earthern Stone & Chinaware	132,158	0.7	84,917	0.4	135,542	0.6
Eggs & Preparation of	40,671	0.2	18,065	—	28,762	0.1
Electrical Machinery	552,581	2.8	550,503	2.9	661,682	3.0
Explosives	231,162	1.2	52,230	0.3	208,006	0.9
Fertilizers	224,530	1.1	221,175	1.2	345,211	1.5
Fibers, Vegetables and Manufactures of	300,431	1.5	285,887	1.5	360,284	1.6
Fish & Fish Products	289,751	1.5	277,129	1.4	329,013	1.5
Fruits and Nuts	446,034	2.3	195,054	1.0	289,949	1.3
Gasoline	588,400	3.0	342,534	1.8	481,248	2.2
Glass & Glassware	170,032	0.0	184,052	0.9	191,773	0.9
India Rubber Goods	186,098	0.9	187,008	0.9	166,596	0.7
Instrument & Apparatus not Electrical	89,826	0.5	100,043	0.5	108,689	0.5
Iron & Steel Except Machinery	1,147,006	5.9	2,191,061	11.6	2,167,573	9.9
Leather Goods	259,902	1.3	279,981	1.5	259,514	1.2
Machinery & Parts of	1,318,056	6.8	1,014,908	5.3	1,730,576	7.0
Meat Products	274,692	1.4	277,678	1.4	245,528	1.1
Oil, Crude	42,252	0.2	422,287	2.2	456,951	2.1
Oil, Illuminating	8,400	—	99,703	0.5	190,163	0.9
Oil, Lubricating	140,394	0.7	522,059	2.7	141,833	0.6
Other Oils, Animals Mineral & Vegetables	123,780	0.6	132,765	0.7	120,895	0.5
Paints, Pigments, Varnish	187,309	0.9	193,142	1.0	163,159	0.8
Paper Goods Except Books	584,094	2.9	407,479	2.5	613,603	2.8
Perfumery and Other Toilet Goods	158,887	0.8	181,496	0.9	167,682	0.8
Rice	91,485	0.5	113,319	0.6	100,623	0.5
Shoes & Other Footwear	98,020	05	39,098	0.2	101,240	0.5
Silk, Artificial	661,345	3.4	561,542	2.9	444,796	2.0
Silk, Natural	197,647	1.0	204,501	1.1	144,502	0.7
Soaps	93,119	0.5	163,480	0.8	100,083	0.5
Sugar & Molasses	20,270	1.0	69,819	0.3	35,688	0.2
Tobacco and Manufactures of	336,760	1.7	671,148	3.5	1,033,839	4.7
Vegetables	418,994	2.1	270,042	1.5	350,865	1.6
Wax	32,324	0.2	85,836	0.4	97,036	0 1
Wheat Flour	802,750	4.1	712,036	3.7	819,850	3.7
Wood, Reed, Bamboo and Rattan	54,459	0.3	82,976	0.4	149,532	0.7
Woolen Goods	103,202	0.5	85,133	0.4	05,936	0.4
Other Imports	1,568,549	8.0	1,491,536	7.8	1,617,566	7.4
Grand Total	₱19,574,512		₱19,094,644		₱21,932,304	

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Ports	June 1938 Value	%	June 1937 Value	%	Monthly average for 12 months to June 1938 Value	%
Manila	₱27,224,520	70.1	₱29,845,983	56.4	₱30,540,691	66.6
Iloilo	4,722,664	12.1	7,395,776	13.9	6,649,122	14.5
Cebu	3,090,370	10.3	10,726,'8'	20.9	5,676,642	12.1
Jolo	54,113	0.1	174,873	0.3	73,906	0.2
Zamboanga	390,190	1.0	846,116	1.6	419,476	0.9
Davao	095,245	2.6	1,623,192	3.1	1,480,894	3.2
Legaspi	819,177	2.1	——	—	731,562	1.6
Aparri	6,364	—	29,460	—	17,222	—
Jose Panganiban	656,407	1.7	589,554	1.1	441,032	0.9
Total	₱38,859,123		₱52,942,250		₱45,925,447	

CARRYING TRADE
IMPORTS

Nationality of Vessels	June 1938 Value	%	June 1937 Value	%	Monthly average for 12 months to June 1938 Value	%
American	4,073,667	209.	3,502,465	19.4	4,652,182	21.6
British	7,523,075	38.8	7,696,695	41.5	8,483,603	39.8
Chinese	127	—	74,526	0.4	38,847	0.2
Danish	716,634	3.7	840,194	4.5	1,002,224	4.6
Dutch	1,194,922	6.1	1,187,742	6.4	1,341,970	6.2
French	——	—	——	—	58	—
German	951,031	4.0	1,559,975	8.4	1,234,669	5.6
Greek	——	—	——	—	1,932	—
Hondurian	——	—	——	—	1,482	—
Italian	51,569	0.3	6,720	—	28,108	0.1
Japanese	1,488,390	7.6	1,669,844	9.0	1,942,695	9.0
Norwegian	3,317,716	17.1	1,570,971	8.5	2,252,388	10.4
Panaman	15,471	—	230,451	1.2	350,960	1.6
Philippines	4,971	—	6,544	—	33,766	1.5
Swedish	90,061	0.5	106,109	0.6	136,456	0.6
By Freight	19,427,634	99.3	18,542,236	97.1	21,506,355	98.1
American Aeroplane	40	—	8,292	—	3,936	—
Mail	146838	0.7	544,116	2.9	422,014	1.9
TOTAL	19,514,612		19,094,644		21,932,304	

NOTE: All values are in pesos.

EXPORTS

Nationality of Vessels	June 1938 Value	%	June 1937 Value	%	Monthly average for 12 months to June 1938 Value	%
American	3,293,017	17.1	13,254,995	41.5	4,841,382	21.5
British	4,043,579	21.0	4,699,757	14.8	5,040,989	22.4
Chinese	——	—	163,138	0.5	108,839	0.4
Danish	1,132,790	5.9	1,303,284	4.1	1,102,262	5.0
Dutch	773,388	4.0	425,407	1.3	1,135,844	5.1
German	1,279,627	6.6	504,394	1.6	722,015	3.6
Greek	56,750	0.3	——	—	97,625	0.5
Italian	35,473	0.2	144,652	0.4	150,631	0.6
Japanese	3,632,759	18.9	6,453,888	20.2	5,210,989	23.1
Norwegian	4,182,961	21.8	4,506,244	14.1	3,682,016	16.4
Panaman	——	—	188,181	0.6	73,962	0.3
Philippines	225	—	——	—	071	—
Swedish	788,325	4.1	149,330	0.5	405,800	1.9
By Freight	10,218,894	99.7	31,793,270	94.0	22,574,210	93.5
American Aeroplane	897	—	829	—	4,718	—
Mail	64,820	0.3	2,053,507	6.0	1,414,215	6.5
TOTAL	19,284,611		33,847,606		23,993,143	

NOTE: All values are in pesos.

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Countries	June 1938 Value	%	June 1937 Value	%	Monthly average for 12 months to June 1938 Value	%
United States	₱29,237,604	75.3	₱40,154,978	75.8	₱33,862,722	73.6
United Kingdom	1,023,766	2.6	1,527,867	2.9	1,186,746	2.6
Australia	349,173	0.9	644,305	1.2	490,932	1.1
Austria	16,523	—	15,767	—	18,797	—
Belgium	222,453	0.5	314,270	0.6	352,291	0.8
British East Indies	——	—	409,698	0.8	499,464	1.1
Canada	153,476	0.4	268,584	0.1	356,592	0.8
China	644,056	1.6	729,103	1.4	708,118	1.6
Denmark	644,581	1.6	110,444	0.2	182,479	0.4
Dutch East Indies	303,704	0.8	110670	0.9	624,286	1.3
France	263,470	0.7	218,150	0.4	291,825	0.6
French East Indies	41,801	0.2	111,476	0.2	106,082	0.2
Germany	729,987	1.9	1,027,440	1.9	995,642	2.2
Hongkong	283,833	0.7	390,679	0.7	379,363	0.8
Italy	68,545	0.2	176,010	0.3	136,234	0.3
Japan	2,905,663	7.5	4,831,855	9.1	3,900,423	8.7
Japanese-China	73,660	0.2	5,739	—	32,569	—
Netherlands	691,441	1.8	614,161	1.2	829,136	1.8
Norway	35,856	—	19,279	—	75,899	0.1
Siam	13,163	—	26,699	—	28,924	—
Spain	12,501	—	48,818	0.1	58,118	0.1
Sweden	155,327	0.4	146,062	0.3	169,719	0.4
Switzerland	——	—	109,580	0.2	135,765	0.3
Other Countries	328,881	0.8	529,695	1.0	413,487	0.9
TOTAL	₱38,859,123		₱52,942,250		₱45,925,447	

NOTE: Values of Gold and Silver are not included in 1938 Export figures. Importations by U. S. Army and Navy for consumption of armed forces not included.

RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA
Traffic Manager, Manila Railroad Company

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

Rice, cavanes	188,769
Sugar, piculs	122,999
Copra, piculs	170,693
Desiccated Coconuts, cases	34,523
Tobacco, bales	4,979
Lumber, board feet	973,982
Timber, kilos	2,437,000

The freight revenue car loading statistics for four weeks ending June 18, 1938, as compared with the same period of 1937 are given (right):

FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONNAGE		Increase or Decrease	
	1938	1937	1938	1937	Cars	Tonnage
Rice	876	1,233	12,557	15,890	(357)	(3,333)
Palay	106	145	1,270	1,831	(339)	(561)
Sugar	372	644	11,149	20,242	(272)	(8,793)
Sugar Cane	—	—	—	—	—	—
Copra	906	596	7,205	4,963	310	3,242
Coconuts	83	89	863	893	(6)	(30)
Molasses	46	11	1,615	306	35	1,309
Hemp	—	3	—	17	(3)	(17)
Tobacco	39	76	292	699	(37)	(407)
Livestock	68	12	456	68	56	288
Mineral Products	514	298	4,476	3,629	216	847
Lumber and Timber	213	155	4,847	3,845	58	1,002
Other Forest Products	1	3	8	28	(2)	(20)
Manufactures	314	367	4,573	5,528	(53)	(955)
All Others including L.C.L.	3,234	3,501	21,477	21,132	(267)	346
TOTAL	6,772	7,133	71,188	78,171	(361)	(6,983)

SUMMARY

Week ending June 25,	1,373	1,409	15,346	14,550	(36)	796
" " July 2,	1,306	1,353	13,700	12,884	(47)	816
" " " 9,	1,394	1,270	15,943	13,331	124	1,712
" " " 16,	1,338	1,539	13,901	18,294	(201)	(4,393)
" " " 23,	1,361	1,562	13,198	19,112	(201)	(5,914)
	6,772	7,133	71,188	78,171	(361)	(6,983)

NOTE—Figures in parenthesis indicate decrease.

Copra and...
(continued from page 45)
generally well covered and buyers were holding off, expecting lower prices.

The Pacific Coast meal market was spotty with practically no demand. Whatever business was done commanded a price of from $26.00 to $27.00 c.i.f. Pacific Coast.

Statistics for the month follow:

Shipments		
Pacific Coast,	2,425 Metric Tons	
Europe,	7,924 " "	
	10,349 Metric Tons	
	Beginning of Month	*End of Month*
Stocks on hand in Manila and Cebu,	6,071 Tons	8,501 Tons

DESICCATED COCONUT—The desiccated market was not quite as good in July as it had been in June. Trading was a little slower but there were no changes in base prices in the New York market. Local factories maintained approximately the same production schedule as in June with some of the larger factories operating on part time and some of the smaller ones on full time. Nuts were plentiful and reasonable in price. It is reported that June nuts were particularly heavy in weight per nut, and July nuts, while not as good, were still very satisfactory and better than the average.

Exports for the month totalled 3,315 metric tons, which is only slightly less than June shipments.

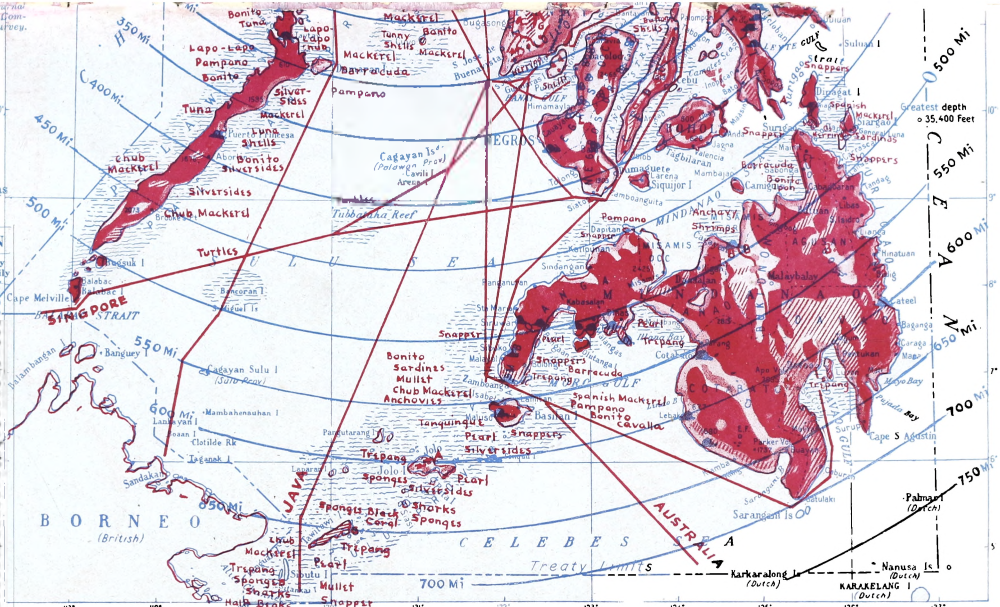
GENERAL—At the first of August the copra and oil situation was a very peculiar one. Everything points to an extremely heavy copra crop for the balance of the year, which under ordinary circumstances would mean lower prices. At the same time, there is a certain undercurrent of optimism both in the United States and in Europe, indicating the possibility of good business for the next few months. Under these conditions, the best guess would seem to reflect a comparatively stable market for August and September, with minor fluctuations controlling prices.

Buyers were expecting to be able to purchase their commitments easily, but in view of the relatively low copra prices, were doubtful as to whether the market would drop appreciably. At the same time, world conditions are so mixed up that anything can happen, and most traders were maintaining an even balance rather than taking much of a position one way or the other.

Freight rates were confusing. Several charters to Europe were made during the month at a price advantage of approximately ₱5.00 per ton under the Conference rate. The Atlantic freight rate on coconut oil was reduced effective August 2nd, from $13.00 to $12.00 and it was expected that freight rates on copra and oil to the Pacific Coast might be modified sometime during the next month.

All in all, at the beginning of August, future markets were anybody's guess.

Journal artist and Santiago Javate, Journal staff man from maps by the Bureau of Commerce and the Coast and Geodetic Survey.



Mineral Resources

Authority:

Bureau of Science

A	Gold Lode	J	Asphalt
B	Gold Placer	K	Asbestos
C	Copper	L	Coal
D	Iron	M	Chromite
E	Zinc	N	Sulphur
F	Lead	O	Oil
G	Manganese	P	Natural Gas
H	Platinum	Q	Salt
I	Gypsum	R	Arsenic

SAWMILLS IN OPERATION

Locality	Capacity B.Ft.Daily
1. Sto. Tomas, Benguet	5,000
2. Limay and Paysawan, Bataan	75,000
3. Kabibihan, Tayabas	25,000
4. Masinloc, Zambales	15,000
5. Tinalmud, Camarines Sur	8,000
6. Cadiz, Occ. Negros	75,000
7. Fabrica, Occ. Negros	100,000
8. Cadiz, Occ. Negros	15,000
9. Colambugan, Lanao	75,000
10. Naga-Naga, Zamboanga	30,000
11. Lumarao, Zamboanga	20,000
12. Port Banga, Zamboanga	15,000
13. Port Holland, Basilan Island	15,000
14. Claveria, Cagayan	4,000
15. Abulug, Cagayan	5,000
16. Gattaran, Cagayan	7,000
17. Sagada, Mountain Province	2,000
18. Baguio, Benguet	2,000
19. Bayombong, Nueva Vizcaya	1,000
20. Abra de Ilog, Mindoro	1,000
21. Lucanin, Bataan	2,000
22. Calauag, Tayabas	20,000
23. Mercedes, Camarines Norte	1,000
24. Cnlabangan, Camarines Norte	10,000
25. Pinagdapian, Camarines Sur	10,000
26. Legaspi, Albay	8,000
27. Sorsogon, Albay	1,000
28. Kinamaligan, Masbate	1,000
29. Calbayog, Samar	2,000
30. Tinambacan, Samar	5,000
31. Calubian, Leyte	5,000
32. Tacloban and Babatngon, Leyte	10,000
33. Tacloban, Leyte	5,000
34. Tacloban, Leyte	5,000
35. Dagami, Leyte	2,000
36. Vallehermoso, Oriental Negros	2,000
37. Binaluan, Palawan	2,000
38. Bacuit and Taytay, Palawan	2,000
39. Dinagat, Surigao	2,000
40. Cagayan, Misamis	2,000
41. Misamis, Misamis	10,000
42. Flecha Point, Zamboanga	10,000
43. Margosatubig, Zamboanga	15,000
44. Olutanga, Zamboanga	15,000
45. Panabutan, Zamboanga	5,000
46. Baliwasan, Zamboanga	1,000
47. Sibuko, Zamboanga	2,000
48. Cateel, Davao	2,000
49. Cotabato, Cotabato	10,000
50. Port Lebak, Cotabato	20,000
51. Milbuk, Cotabato	15,000
52. Jolo, Jolo Island	2,000
53. Muñoz, Nueva Ecija	not existing
54. Lucena, Tayabas	2,000
55. Corregidor, Corregidor Island	3,000
56. Santa Cruz, Laguna	1,000
57. Catarman, Samar	2,000
58. Abuyog, Leyte	2,000
59. Cauayan, Occidental Negros	15,000
60. Iwahig, Palawan	2,000
61. Carigara, Leyte	2,000
62. to 69. Manila, Manila	67,000
70. Caramoan, Camarines Sur	20,000

TIMBER CONCESSIONS

	Name	Locality	Forest Sq. Miles
1.	Insular Lumber Co.	Occidental Negros	130
2.	Port Banga Lumber Co.	Zamboanga	200
3.	Ruiz y Rementeria	Camarines Sur	79
4.	Filipinas Lumber Co.	Tayabas	241
5.	Cadwallader-Gibson Lumber Co.	Bataan	123
6.	Negros Philippine Lumber Co.	Occidental Negros	58
7.	H. C. Heald	Baguio Benguet	27
8.	Kolambugan Lumber Co.	Lanao	147
9.	Mindanao Lumber Co.	Zamboanga	94
10.	Basilan Lumber Co.	Basilan Island	448
11.	Zambales Lumber Co.	Zambales	54
12.	Hercules Lumber Co.	Zamboanga	70
13.	Gordon-Schilling Lumber Co.	Zambales-Bataan	4
14.	Colorado Mining Co.	Masbate (Mining purpose)	4
15.	Syndicate Mining Co.	Masbate (Mining purpose)	0.7
16.	Caramoan Peninsula	Camarines Sur	218

PROPOSED TIMBER CONCESSIONS

A.	Wetershed of Carilaya River, Laguna	54
B.	Mt. Halcon, Mindoro	300
C.	Abulug Valley, Cagayan and Apayao	200
D.	Agusan Valley, Agusan Province	420

SUGAR CENTRALS

ON LUZON ISLAND

Calamba Sugar Estate — Calamba, Laguna.
Carmen Central — Calatagan, Batangas.
Central Don Pedro—Nasugbu, Batangas.
Central Phoenix—Murcia, Tarlac.
Pampanga Sug. Devel. Co.—San Fernando, Pampanga.
Pampanga Sugar Mills Del Carmen, Pampanga.
Phil. Sug. Devel. Co.—Calamba, Laguna.
St. Louis Or. Sug. Fact.—Manaoag, Pangasinan.
Mabalacat Sugar Co.—Mabalacat, Pampanga.

ON MINDORO ISLAND

Mindoro Sugar Co.—San Jose, Mindoro.

ON PANAY ISLAND

Central Asturias—Dumalag, Capiz

ON NEGROS ISLAND

Bacolod Murcia Bacolod, Occ. Negros.
Binalbagan—Binalbagan, Occ. Negros.
Camansi Sugar Factory—Isabela, Occ. Negros.
Central Bearin—Kabankalan, Occ. Negros.
Central La Carlota La Carlota, Occ. Negros.
Central Lumangub Bago, Occ. Negros.
Central Osorio—Manapla, Occ. Negros.
Central Palma—Ilog, Occ. Negros.
De la Rama Central—Escalante, Occ. Negros.
Guanco Central Hinigaran, Occ. Negros.
Hawaiian Phil. Co.—Isabela, Occ. Negros.
Isabela Sugar Co. Isabela, Occ. Negros.
Maao Sugar Central—Maao, Occ. Negros.
San Carlos Milling Co.—San Carlos, Occ. Negros.
San Isidro Central—Kabankalan, Occ. Negros.
Talisay-Silay Mill. Co.—Talisay, Occ. Negros.
Talisay Central—Talisay, Occ. Negros.
Victorias Milling Co. Victorias, Occ. Negros.
Cia. Azucarera de Bais—Bais, Or. Negros.
Nueva Apolonia Vallehermoso, Or. Negros.

NOTE.—Canlaon Central, La Castellana, Occ. Negros, and Capiz Central, Pilar, Capiz, are reported out of commission.