

The Housing Problem . . .

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at night whilst the other half slept, then the night workers could return home to rest in the rooms just vacated by their opposite numbers. It would be rather like on board ship where you have the watch on deck and the watch below. I have not gone into detail in any of the above schemes but present the ideas to the authorities for what they are worth, observing, however, that patents have already been applied for. Should all these plans fail, and as a last resort, why not freeze the Pasig and Manila Bay solid, leaving sufficient traffic lines for the ingress and egress of shipping? Scientists can achieve almost anything these days, so surely a little thing like this would not overtax their ingenuity. With the whole area of Manila Bay as a camping ground there would be practically no limit to the crowds that could be accommodated, and the cooling breezes off the sea would add considerably to the comfort of thousands of people attending the ceremonies on the Luneta.

With regard to the feeding of our visitors, this will present almost as difficult a problem as their housing, and it will be interesting to see how the authorities will cope with this task. I have only one suggestion to make. As traffic will be practically at a standstill during the period, all service stations should have their tanks cleaned out and refilled with milk, beer or drinking water to be served through the pumps. What about a Shell Shandygaff or a Socony milk shake?

How a Newcomer Looks at
Philippine Mining

By H. Z. Peters



MR. PETERS


Editorial Note: The author of this article was a consulting mining engineer in the United States for about 10 years, when he entered the financial and organization phase of the industry. He engaged in this work for some 12 years, and came to the Philippines a month ago. Mr. Peters recently opened an office in Manila, and is engaging in financial and organization work for himself and for his own clients. His remarks on the mining situation and on promotional activities as they concern mining stocks are peculiarly appropriate since Mr. Peters owned his brokerage company in San Francisco and was a member of the mining stock exchange there.

I find the mining situation in the Philippine Islands most interesting. The production of the Islands as a whole has had a very steady increase over the past couple of years until at this time approximately twenty mines are producing in excess of P4,000,000.00 a month. All information I am able to secure in the short period of time I have been here convinces me that there is an opportunity of finding and developing an additional number of producing properties, some of which may become as important as those which are at this time producing substantially and profitably.

I have been particularly interested in a comparison between the mining and stock activities here and similar activities which I have witnessed in a number of so-called boom mining camps and localities in the United States. While there are quite a few points of similarity, I have noticed many different conditions existing here than any I have seen before.

In the first place the huge capitalization of many of the corporations insofar as the number of shares is concerned, together with the very small par value of the shares of these companies, has impressed me, I may say, quite unfavorably. I have yet to hear any satisfactory explanation of these very large capitalizations.

I have also been impressed with the very large number of claims on acreages held by many of the mining companies.



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This condition seems to be more prevalent among those more recently organized companies, some of which have sold a considerable quantity of stock to the investing public without regard to the possibilities of developing a real producing mine. It would seem that there has been an unusually large sum of money raised by such companies. Under ordinary conditions the majority of this money would no doubt be expended, partly on the development of a property having little or no value and the balance in the payment of excessive office and general overhead expenses.

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Good for a Miner's Thirst!

I believe it is very fortunate for the mining industry of the Philippine Islands that there has recently been placed in effect a new securities act, which if properly administered will tend to curtail the expenditure of considerable of the money already raised and in the future will go a long way towards eliminating the promotion of so-called wild-cat mining companies, and in straightening out a more or less chaotic condition which has apparently existed here for sometime.

I have been very favorably impressed with the very apparent wish of the new commissioner to administer the act in a way which will provide protection for the investing public and at the same time not hinder those companies which are attempting legitimately to develop a mining property. I believe the commissioner is acting wisely in giving publicity to the applications for permits for the sale of stock to the public by various newly organized corporations.

The new securities act of the Philippine Islands has apparently been patterned after the federal securities act of the United States. There are some slight differences, but, in general, the acts are very similar. Prior to the enforcement of the various "states securities acts" throughout the United States and finally the Federal Securities Act, much so-called wild-catting was done in the various new mining camps of the Western United States. In each "boom" camp many companies were organized on properties of no possible mining value, and stock sold to the investing and speculating public. In many cases the stock of these wild-cat companies sold on the various exchanges at high prices and the promoters and manipulators reaped quite a harvest. The final enactment and subsequent enforcement of the federal securities act has stopped many of these activities.

The administration of any securities act governing the financing of mining properties through the sale of stock to the public is a very difficult problem. The question of valuation of an undeveloped mining property is a hard one to solve. This has been the experience of the Corporation Department of California for a number of years and the officials of the new

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Russia Becomes . . .

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The Angara is a three weeks' journey north of the Lena Goldfield, which is itself a good two weeks journey northward from the Trans-Siberian railway. This will give you a general idea of the extent of the Taiga—it's a big place.

While other nations have looked upon the fundamental principle of all human activity as economic, and even the precious metal, gold itself, can be worked and won only if it can be made to pay, the fundamental principle of the Soviets is political. If gold be required for political reasons, as it always is, the question of cost and profit is not taken into consideration. In the U. S. S. R. the payability of a deposit, whether low or high-grade is not taken into consideration. All gold possible must be collected, regardless of cost—in money, in suffering, even in human life, and brought to Moscow.

The gold seekers of Siberia are a stalwart race, who wrestle with Nature in her grimmest moods, to wrench a little of her buried treasure with primitive methods and inadequate resources.

But this mad scramble on Russia's part to build up a gold hoard from gold retrieved by such methods, cannot go on forever. The amount of gold to be recovered thus is limited. Large areas are already exhausted—some worked out and abandoned ten years ago. And diligent prospecting has offered no hope that gold mining in the true sense—that is, by drifting or underground mining—would last much longer in the Vitim district. Although large quantities of gold have been and still are being recovered from the streams and other workings, these are not expected to last much longer. The hope of the future seems to lay in dredges.

The fact still remains however, that Russia is at present making a mighty bid for a gold hoard, and whether this will have any serious effect on the world's gold situation, or affect the local gold mining industry remains to be seen.

Japanese Mandates...

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Japan started the Manchurian incident on September 18, 1931, resulting in the creation of the puppet state of Manchukuo. The Lytton Committee was appointed by the League to investigate the Manchurian matter the report on which Japan refused to accept and she announced her resignation from the League of Nations on March 27, 1933, effective two (2) years, that is, on March 27, 1935.

Though Japan has ceased to be a member of the League of Nations, she has refused to surrender the administration of the mandated territories back to the League. In view of the commitments of the Allies to Japan, as contained in the foregoing exchanges of secret diplomatic correspondence, it is not clear how the League (which is practically in the hands of the same two or three nations above referred to) can, without embarrassment, compel Japan to give up the Mandates.

Japan has formally denounced the Pacific Treaty, otherwise known as the Washington Naval Treaty or the Quadruple Entente, so that it expires on December 31, 1936, together with the London Naval Treaty. The Pacific Treaty was signed on December 13, 1921, by the United States, Great Britain, France and Japan in the Pacific or Washington Conference which was called on November 11, 1921 by President Harding of the United States, in the American capital, for the main purpose of disarming the great naval powers. Various Far Eastern questions were brought up in the Conference, but the main point in the Treaty finally concluded is the mutual respect of their rights in relation to the insular possessions or dominions in the Pacific Ocean.

While the Philippines is under the protecting wings of Uncle Sam, no nations have yet seen fit to announce that the Philippines is within their life line. Will such nations have the same feeling or state of mind if, after the ten-year transitional period, the Philippine Commonwealth attain its independence, or will the Philippines be able to muster enough "steel throats" (as the British say) to speak so eloquently as to discourage such feelings and the threat of serious consequences adverse to the Philippines?

Phil. Army...

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that such a thing has never before been done elsewhere and that in all likelihood it could not be done here in the absence of a similar experience from other nations."

The Santos plan predicates that occupational and military training can go hand in hand. Each model farm is to be comprised of truck gardening, plant nursery, poultry and hog raising, fruit tree planting and other farm enterprises depending upon the topography, climate and soil condition of the land available. President Quezon's reservation of public land in Mindanao for the Philippine Army—128,081 square meters at Barrio Central, Davao—may contribute to this project.

If competent agricultural instructors are available and receive commissions for such instruction, as well as necessary appropriations for equipment, a wave of vocational education such as was never accomplished by the Bureau of Education due to its limiting of agricultural schools may prove a permanent economic benefit to the Philippines. The return of the first 10,000 trainees to the soil after 5-1/2 months' training will prove and disprove the efficacy of this method.

Other possible benefits outlined by Major-General Santos are the availability of a disciplined force in typhoon and flood disasters, their services at times of locust infestation, their action during plague and epidemic, their adaptation of hygienic and sanitary habits.

Not the least of immediate benefits to industry has been the requisitioning of equipment in accordance with the Nepa movement. Too, this has meant a saving in expenditure. The following table demonstrates.

Foreign product	Philippine product
Iron beds.....	Native beds.....
Felt hats.....	Gunit hats.....
Woolen puttees.....	Local cloth.....
Woolen blankets....	Iloeano blankets (notquoted)
Mosquito bars.....	Native nets.....

It is said that on 12 items consisting of clothing and equipment, the ordering of Philippine products has meant a saving of almost a million pesos. Initial purchases for the first 10,000 trainees alone will boom Philippine industry.

Under the Santos plan, to which there seems to be no greater obstacle than the reluctance which, among conservatives, attends any experiment, the trainees return to their communities as efficient producers and not burdensome idlers.

How a Newcomer Looks...

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Federal securities act of the United States have been confronted with this as well as many similar problems. The interpretation of various parts of the act has taken considerable time to work out, however, the administration of the act is gradually becoming more simple. The Philippine Islands Act should be handled more easily and efficiently because advantage may be taken of the experience of the administrators of the States Securities Act.

Please keep in mind that in making the above criticism of wild-eating in the Philippine Islands and its control by a properly administered Securities Act, that the same criticism might be offered in some degree of any so-called boom mining camps that I have ever seen. In all such camps there has been an unusually large amount of money raised through the sale of stock to the public much of which money has been wasted either through expenditure on properties of no value or through very large overhead expenses. Further, we must not overlook the fact that while much of the so-called wild-eat money is deliberately thrown away, there is a portion of it spent on what might be termed marginal properties, those which offer a bare possibility of favorable development. Occasionally, a real mine is opened up and in some cases the productive area of otherwise worked out mining districts has been extended and become of major importance. The problem, of course, is for those in authority to administer the securities act in such a way as to prevent as near as possible the wasting of the investors' funds.

Mining is a business and should be conducted as such; it is not a game as it is so often called. It is of necessity a somewhat hazardous business and requires specially trained men to manage the affairs of a mining company.

Too often, companies are organized and officers elected who have through their success in other lines of business become prominent. These men permit their names to be used as officers of the companies without first having made any investigation of the properties owned by the company or subsequently arranging for both capable engineering advice and management of the company's affairs. If these men would use the same business ability which was responsible for their success in other lines of business, in first, making an investigation of the mining properties and second in the selection of capable management, there would be many less mining failures.

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