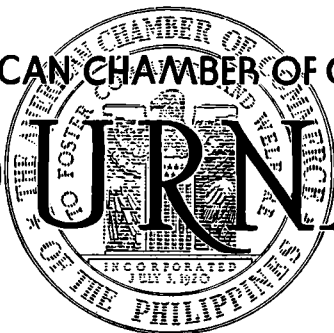


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



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*Editor and Manager*

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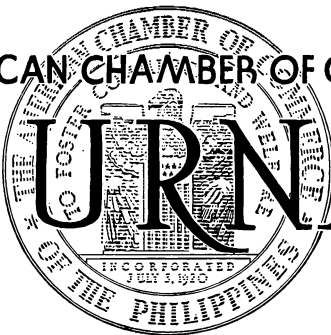
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# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

*"... to promote the general welfare"*

America's new Ambassador to the Philippines, the Hon. Myron Melvin Cowen, arrived in Manila on Saturday, May 21, though only for a few weeks' stay, it being announced that he would return to the United States this month to attend the wedding of a step-son. He formally presented his credentials to President Quirino on Monday, May 23, and a number of official and unofficial entertainments were given in his honor, but other such affairs had to be postponed until his return here for a longer stay, including a dinner which the American Chamber of Commerce was arranging for him. However, he accepted an honorary membership in the Chamber.

Mr. Cowen was born in Iowa in 1898 and is a lawyer by profession, now with offices in both Washington and New York. President Coolidge appointed him to the U. S. Court of Claims as Commissioner but he returned to his private law practice in 1933. Last year, President Truman appointed him Ambassador to Australia, a position which he occupied for some nine months before his recent appointment to the Ambassadorship here.

Mr. Cowen married Dorothy Frank Strook, of New York, in 1941. She is the mother of two children, Thomas, 23, who recently graduated from Yale and whose wedding Mr. Cowen is going home to attend, and Sandra, 13, who, with her mother, are planning to come to Manila with the Ambassador on his return.

The Ambassador has already made a number of public statements which have attracted wide attention; one, that the United States considers and will always consider the Philippines as "a member of her immediate family", and another that the Philippines "has assumed paramount importance in Asia from the viewpoint of the democratic nations" and that the United States will continue to do "everything in its power to aid the Philippines".

Slightly enigmatic was his statement at a dinner given in his honor by President Quirino that "America will work with you and contribute to the safety, growth, and development of this country for just as long as you want us to, and as long as we are welcome here."

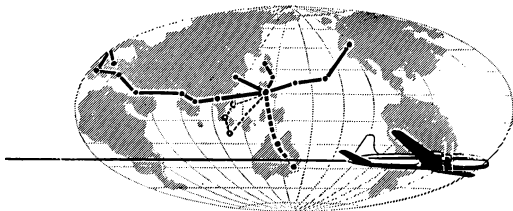
We, on behalf of the American Chamber of Commerce membership, wish Ambassador Cowen all success in his work here.

In consonance with a movement recently initiated in Manila to secure amendment of the Philippine Trade Act of 1946 (the Bell Act) toward the establishment of a so-called "selective free trade," Senator Fernando Lopez introduced a concurrent resolution during the last session of the Philippine Congress which, if it had been adopted, — it was not, would have requested the President of the Philippines to use his good offices in negotiating with the Government of the United States an amendment to the Act to the end —

"(1) That the remaining transition period of 25 years prior to the total termination of free trade between the Philippines and the United States as provided in the Trade Agreement, be amended into a period of selective free trade both ways, that is, free trade limited to a few commodities, the total amount of said free trade to be approximately of equal value, each way;

"(2) That the Philippine commodities in the selective free trade should be limited to those major products which were developed primarily for the United States market under past and present trade arrangements between the Philippines and the United States, and such other products as may be negotiated between the two Governments; while American products in the selective free trade could be made up of products that can not be advantageously produced in this country for local consumption as may also be determined and negotiated between the two Governments."

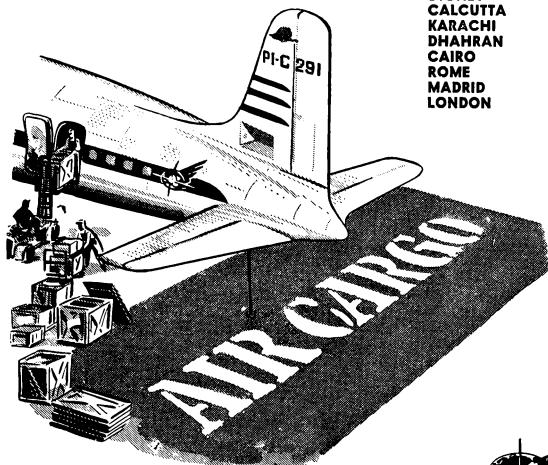
Although, as stated, this resolution was not adopted, the proposal continues to be discussed and



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a further contribution to the discussion by this Journal is in order. The matter was touched on in the April issue in connection with the Taylor Bill, introduced in the American Congress, but the matter is of basic importance and more can well be said.

**I**N considering the proposal, we should bear in mind the fact that the Philippine Trade Act of 1946, generally known as the Bell Act, though it came into effect only some three years ago with the establishment of the Philippine Republic, provides for the continuation of the type of trade transition first laid down in the Hare-Hawes-Cutting Bill of 1932 and its "echo," the Tydings-McDuffie Act of 1934, — which became the organic act of the Commonwealth of the Philippines.

The trade features of both these two early measures were the same. Free trade (with quotas for certain Philippine imports into the United States) was to continue for the first five years of a ten-year transition period, after which export taxes stepped up annually by 5% were to apply during the next five years, these to be collected by the Philippine Government and used to reduce the country's bonded indebtedness. After the ten years and the establishment of independence, full American tariffs were to apply.

The aim of the American Government was to bring about a lessening of Philippine dependence on the American market. Far from desiring to prolong what some people called the "colonial economy" of the Philippines, the American Government wanted to promote the economic as well as the political independence of the country.

However, it was soon realized that this transition would be ruinously abrupt, and in 1937 President Roosevelt and President Quezon created the Joint Preparatory Committee on Philippine Affairs to study and to make a report on the situation. It will be remembered that John Van A. MacMurray was the Chairman of this Committee and that Dr. Frank A. Waring, now Chairman of the War Damage Commission, was a member. The Filipino membership was highly distinguished, — Manuel Roxas, Jose Yulo, Jose E. Romero, Quintin Paredes, Joaquin M. Elizalde, and Conrado Benitez.

This Committee held extended hearings both in the Philippines and the United States, and a more thorough and expert study of Philippine trade problems was never made. The Committee's recommendations led to the amendment of the Tydings-McDuffie Act by the Tydings-Kocialkowski Act of 1939, also called the Economic Adjustment Act, in the drafting of which then Vice-President Sergio Osmeña took a leading part.

The Joint Committee had recommended annually declining duty-free quotas for some Philippine products and gradually increasing export taxes on some others, progressively by 5% for each succeeding year from 1940 to 1946, and after independence a fifteen-year period (until 1961) for a gradual tapering off of preferences.

Congress decided, however, that the Economic Adjustment Act should deal only with the time up to independence, but a provision was included for the calling of a trade conference two years before the independence date to consider the situation which would exist when that time came. Vital concessions were granted. The Tydings-McDuffie Act, as amended by the Tydings-Kocialkowski Act, substituted gradually declining duty-free quotas for gradually

increasing export taxes on some of the Philippine products and on others export taxes were to be collected, beginning with 5% of the regular American tariff duties in 1941 up to 25% in 1946.

The second World War intervened, but despite the tremendous damage suffered by the Philippines, the independence of the Republic was, on Filipino insistence, proclaimed according to the program. However, much thought had been given during the war years to the situation in which the country would find itself after the war both by American officials and trade experts and by the Filipinos then in Washington, including both President Quezon and Vice President Osmeña.

After the Liberation, the matter was given further extended study and two great bills were introduced, the Philippine Rehabilitation (War Damage) Bill, and the Philippine Trade (Bell) Bill. Both were Administration measures. The important Committee of Ways and Means took charge. No public hearings were held, but High Commissioner McNutt and Resident Commissioner Romulo and their advisers appeared before the Committee, as did also experts from the State, Treasury, Agriculture, and Justice Departments and the Tariff Commission. A number of meetings were held in the White House. The Bell Bill was drafted and redrafted no less than four times.

It is obvious from a reading of the proceedings in the House during the two days in March, 1946, when that body resolved itself into a "Committee of the Whole House on the State of the Union" to consider the Bell Bill, that the American legislators were proud of their work. The Bill had the unanimous support of the Ways and Means Committee, and one of its members stated:

"No piece of legislation acted upon and reported by the Committee on Ways and Means has had more earnest, painstaking, and careful consideration, both as to its objectives and the manner in which it was drafted, than the Bill now before us."

Representative Knutson said:

"You can readily appreciate that what is here proposed for the Philippines constitutes — I do not like to use the word 'generosity,' an act of generosity — but it at least constitutes a proposed Act that is without parallel in American foreign-trade dealings. Indeed, it is doubtful if a parallel case can be found in the history of any country."

President Truman signed the Rehabilitation Act and the Bell Act on the same day, April 30, 1946. He said that they were "unprecedented" and served notice to the Filipinos and the world that "we are redeeming our promises to the heroic Philippine people."

The Bell Act granted the Philippines, — soon to be an independent country, eight more years of free trade, in addition to the five it had before the war, and after that a twenty-year period during which there will be a gradual increase in duties beginning with 5% of the rates applicable to Cuba, and increasing by 5% annually. It is well known that Cuba, with respect to the American market, held the most favored position of any foreign country, but the Bell Act granted the Philippines a very much more favored position. Though the trade advantages given to the Philippines are substantially a continuation of those granted in the amended Tydings-McDuffie Act, the Bell Act differs from all other previous legislation in that it provides trade privileges for an independent country extending over a period of twenty-eight years, — up to 1974.

Certainly, such a basic measure, embodying a general plan which was painstakingly worked out over a long period of years by the ablest statesmen, economists, and trade experts of both countries, and modified from time to time in the light of experience, is not to be considered lightly, and the highly privileged position granted the Philippines should not be ignorantly endangered.

The Bell Act, furthermore, is today not merely an Act of the American Congress. As it required from the Philippines that American interests in the Philippines were reciprocally to be preserved and protected, it did not become effective until an agreement had been signed between the President of the United States, and the President of the Philippines (first to be authorized by the Philippine Congress), and the Filipino people in a plebiscite had approved an amendment to the Philippine Constitution, — the so-called Parity Amendment. Now with the Philippines an independent nation, the Bell Act partakes of the nature of a treaty, and we should be on our guard against any implication of repudiation.

**W**HAT the Philippines would ask for under the concurrent resolution introduced by Senator Lopez, would be practically indefinitely continued free entry of the major Philippine export products, — a plan of which the American Congress has over and over again expressed disapproval.\* Furthermore, coupled with this very proposal, is the other that duties would be levied on American exports to the Philippines! To be sure, it is explained that exception would be made in the case of "products that can not be advantageously produced" in the Philippines and that it is desired that "the total amount of said free trade" will be "approximately of equal value each way," but it is evident that the framers of the resolution are eager to see to it that free American imports into the Philippines would not come to a centavo more in value than the free Philippine imports into the United States.

We all know, of course, that since the Liberation there has been a great imbalance in the visible trade between the United States and the Philippines. The United States has sold much more to the Philippines than the Philippines has sold to the United States. But this is largely a temporary thing, due to the fact that Philippine industry has to have time to recover from the blows of the war and to the fact that the great destruction in the country requires vast re-

\*Note:—The present proponents of the "limited free trade" plan can lay no claim to originality. *Forty years ago*, during the debates on the Payne-Aldrich Bill which became the Act of August 5, 1909, and which first established virtual free trade between the United States and the Philippines, the then Philippine Resident Commissioner Benito Legarda said in Congress:

"If, instead of the free admission without limitation as to quantity of American products into the Philippine Islands, this bill provided only the free entry there of agricultural machinery and other commodities of prime necessity such as cotton cloth, and which are needed for the agricultural and industrial development of those Islands, or if this bill provided only for such reciprocal exchange of commodities custom-duty free as would balance the limited quantity of American products to be sent from here, — if such were the provisions of this bill, it would be our pleasant duty as representatives of the Philippine people to make manifest to this House their gratitude. . ."

After a few years, of course, most of the point of a "balanced reciprocal exchange" was lost because Philippine exports to the United States every year exceeded Philippine imports to the United States.

placements. However, the Philippines was fortunate, rather than otherwise, in thus receiving very much more than it was able to send out, especially as the excess in imports was paid for largely by American money, — large sums of which American munificence made available, much of it in outright gifts. In many other war-stricken countries recovery has been much slower than in the Philippines because their people were not able to bring in so much more than they were sending out in exchange. They had no dollars. Actually, the Philippines has greatly profited from this so-called "unfavorable" visible trade balance.

However, this imbalance will gradually be adjusted as Philippine exports increase. That should be the Philippines' main aim, — to increase exports rather than to force a reduction in imports. Common sense tells us that the more we can bring in of all sorts of goods, consumers' goods as well as capital goods, the better will be our standard of living.

In the past, the visible balance of trade has generally been heavily in favor of the Philippines, — that is, the United States bought much more from the Philippines than it sold to the Philippines. The total trade with all countries has also always thus been in "favor" of the Philippines. That is normal for an economically undeveloped country. The total trade is actually balanced by money items, which means, in part, that foreign capital is coming into a country for development.

**I**N examining the "limited free trade" proposal, it is to be noted that the proponents suggest that the free trade from the Philippine side be limited to a few of our principal commodities, — sugar, coconut oil, cordage, and cigars. (Our hemp and copra are already items in the world market.) But the products for which free entry is proposed are exactly those products on which the American Government placed quotas long ago. However, if the American Government would consent to continued free trade in these commodities, even within the present quotas, that would be very nice for the producers and exporters here, but what about the smaller Philippine industries, — timber and lumber, rattan furniture, pearl buttons, embroideries, hats, and other such industries as might be developed? Under the Bell Act, for a considerable number of years at least, all these industries have a chance for a market in the United States, but under the "limited" free trade proposal, they would either be strangled outright or never even get a start.

In the matter of the other arm of the "limited free trade" proposal, we have to deal with the familiar old "infant industry" argument in favor of tariffs on imported goods, — which, translated into government policy, has worked so much harm in other countries and in world trade in general in promoting the inefficient production of inferior goods at high prices, — a policy which sacrifices the interests of the people to the profit of a limited group of manufacturers and, furthermore, builds up a fundamentally unsound national economy.

There are ways which will lead to a sound industrialization of the Philippines, but the policy falsely labelled "protectionist" is not one of them. The policy would indeed protect, — but only the few; it would expose the many, the people, to the exploitation of petty local capital and *only* local capital because foreign capital would not be attracted. There are probably few such industries as could be dev-

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eloped here under protection because of the limited home market, and tariff protection is only useful in the home market.

The way to a sound industrialization must lie through concentrating on the production of our natural products and on their elaboration into manufactured goods which would not need protection because this type of industry would be along lines in which we have the natural advantage. To mention a number: rice and rice-products, such as starch; sugar and other sugar and sugar-cane products, such as candy and paper; coconut oil and coconut-oil products; lumber and lumber products; cordage and other hemp products; rattan and rattan products; gums and resins and their products, such as paints and varnishes; fish and other sea-products; certain selected textiles; hats and other straw manufactures, and so on.

ONE can hardly escape the conclusion that the proposal to basically alter the Bell Act constitutes a planned raid, not only on American business here, which is only reciprocal to Philippine business with the United States, but a raid on the common people, the population of the Philippines, led by men who consciously or unconsciously represent a small group of local capitalists out for easy profits in a few "protected" industries,—and to hell with the real economic interests of the country.

In the explanatory note to the proposed concurrent resolution, it is stated:

"Out of the eight-year complete-free-trade period, three years have elapsed, and our experience has shown that free trade prevents the protection of infant industries and for this reason new industries have not been established, neither by local nor by American capital."

The Bell Act provisions do not supply the "reason" for the non-establishment of new industries. The real cause is that in its present discriminating nationalistic policies,—frequently pointed out in this Journal, the Philippine Government has been in effect violating the spirit of the Bell Act, which is the spirit of reciprocity, mutuality, "parity." Since the Philippine Congress, three months after independence, amended the Philippine Flag Law to discriminate against American capital along with all other foreign capital, there has been a series of discriminatory laws and executive actions which has seriously shaken American confidence. It is for that reason that the Philippines has not profited from the Bell Act, as it stands, as much as it might have, and it is for that reason that American capital has not come here in that considerable volume which otherwise we could firmly have counted on.

IT is seemingly paradoxical that American business in the Philippines, which generally opposed the type of trade legislation represented by the Hare-Hawes-Cutting Bill, the Tydings-McDuffie Act, and the Tydings-Kocalkowski Act when these were being formulated, should today speak up in defense of the Bell Act, as this Journal does now.

American business opposed this legislation because,—as admitted by the Joint Preparatory Committee, it was all aimed at bringing about a "liquidation" of the flourishing trade established between the United States and the Philippines through many arduous years. To businessmen in the Philippines this

seemed a crazy, even a wicked thing to do. Why should a mutually advantageous trade be slowly strangled to death, whether in five, ten, or fifteen years?

The answer, of course, is supplied by the event of Philippine independence. All this legislation represented a search for a compromise between the type of trade relations naturally developed between two countries which are united under one flag, and the type of trade relations which exists between independent countries. In view of the standard treaties with other nations, the Philippines, as an independent country, would have to be treated very much as any other foreign country, and would thus step outside of the American tariff wall.

We believe today that the Bell Act represents the best terms to be obtained under the circumstances,—far better than, before the war, was even hoped for. That being our conviction, we take our present stand.

Secretary of Commerce and Industry Cornelio Balmaceda was recently reported in the newspapers as working for a reduction in the present "legal" requirements imposed on people entering or leaving the country, especially aliens. It is high time that some of our higher officials give attention to this matter which is fast becoming an international scandal.

Assuming that an alien already has his Alien residence certificate for which he was required to pay P50 and which must be renewed at a cost of P5 a year, the following is what he has to obtain if he wishes to leave the country on a business trip or vacation:

Bureau of Internal Revenue	P15 Plus documentary stamps
Tax clearance certificate	
Bureau of Immigration	
Immigration certificate of residence (different from the Alien residence certificate) .....	50
Emigration clearance certificate .....	20
Re-entry permit (good for one year) .....	40
Bureau of Customs	
Jewelry clearance certificate (to avoid duty on personal jewelry on return) .....	6
Bureau of Quarantine	
Certificate of inoculation and vaccination .....	Free
Finance Department	
Foreign Funds Control permit ....	Documentary stamps
Manila Police Department	only
(Only if a police record exists) ...	10 "

All this, and especially the requirements of the Bureau of Immigration, are incredible enough, but the matter becomes fantastic when a man takes his wife and children. In that case, everything that is required of the man is required of the wife and of his children, too. Even the tax-clearance certificate is required of babies over one year old! The man has spent a sizeable part of his vacation money before he even gets out of the country.

And the process,—the going from one bureau to another and one division to the next, the standing in line, the waiting, the questioning, the endless filling out of forms and all the grinding formalities take up from three days to a solid week of time.

A traveler or tourist who has remained for over 30 days and then wishes to leave, has to meet the same requirements as a foreign resident who leaves

\* That part of it not engaged in business in the products which would be selected for "free trade".



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the country for a time, except as to the re-entry permit, and even those travelers and tourists who stay here for only a few days are required to get (1) a tax clearance exemption, (2) an emigration certificate of exemption, (3) a validated certificate of inoculation and vaccination, and (4) a Foreign Funds Control permit.

This official pestering and gouging — for that is all it is, of the alien within our gates, which extends to travelers and tourists, too, is disgraceful and seriously reflects on the dignity of the whole Government and the good name of the people and country.

From a revenue point of view, nothing could be more stupid, for travelers and tourists will inevitably learn to avoid Manila like a plague-spot. A development of our tourist "industry" will be made absolutely impossible.

With reference to the editorial on the Tañada Alien Land Disposal Bill, published in the April issue of this Journal, we received the letter from following letter from the author of the Bill, Senator Lorenzo M. Tañada. Addressed to the editor and dated May 26, it read:

"It is only this morning that I came across the editorial that you wrote on page 146, No. 4, Volume XXV, of the American Chamber of Commerce Journal, entitled 'The Tanada Alien Land Disposition Bill'.

"I wish to call your attention to that part of the editorial which reads:

"In short, the Tañada bill would give alien owners of lands held in violation of the Constitution (as interpreted by the Supreme Court) one year in which to convey them to "persons duly qualified to own such lands". After that time, if not thus conveyed, the lands would be confiscated."

"I believe that the underlined portion should be corrected for it is glaringly erroneous. My bill does not provide for the confiscation of either the lands held by aliens in violation of the Constitution or their proceeds when sold. On the contrary, even a hurried reading of the provisions of my bill will show that if the alien fails to sell his land within the period of one year (originally, it was two years but when the bill was discussed and passed in the Senate, it was amended in such a way as to provide only for a one-year period) the land is not confiscated. But the alien is required to report his inability to sell, in which event, the Solicitor General will sell the land and the proceeds thereof, after deducting the necessary expenses, will be delivered to the alien owner.

"Hoping that you will make the necessary correction, if possible in a prominent place in your paper, I remain, etc."

In reply to Senator Tañada, we would say that we might have gone into somewhat greater detail as to the provisions of his bill, but with reference to his statement that "the land is not confiscated", we point out that the word "confiscation" occurs no less than five times in the bill itself.

Sections 5 and 6 of the Bill read in part:

"Sec. 5. After one year from the approval of this Act, it shall be the duty of the Solicitor General, when he shall be informed or have reason to believe that land in the Philippines is being held contrary to the provisions of this Act and of the Philippine Constitution, to institute or cause to be instituted suit in behalf and in the name of the Republic of the Philippines, in the Court of First Instance of the province where such land or part thereof may be situated, for the confiscation and disposition of the same in accordance with the provisions of this Act...."

"Sec. 6. If it should be determined in any such confiscation and disposition proceedings that the land is held contrary to the provisions of this Act and of the Philippine Constitution the court shall order the confiscation of the land and its sale in the same manner as under execution. The proceeds of such sale, after deducting costs of the suit, shall be paid to the clerk of such court so rendering judgment, and said fund

shall remain in the hands of such clerk for one year from the date of such payment, subject to the order of the alien owner of such land, or his heirs; and if not claimed within the said period of one year such clerk shall pay the same to the treasury of the Republic of the Philippines, there to form a separate fund for school purposes."

With reference to his bill, we used the word "confiscation" in the same sense in which he used it in the bill itself, but we admit that this was somewhat confusing because we used the same word preceded by "outright" in connection with the earlier proposal of the Solicitor General under which such lands as are in question would simply be confiscated without any payment whatsoever to the owners. That is why we said that Senator Tañada's bill showed "considerably more conscience".

However, alien landowners could take but small comfort in confiscation of their lands and their sale "in the same manner as under execution", even if the proceeds went to them. The proceeds would probably not amount to much in most cases in such compulsory sales, especially on a glutted real-estate market.

We are pleased to understand that Senator Tañada is sensitive to the word "confiscation", but we would have been more interested in a somewhat fuller discussion of the editorial by the Senator than in his mere objection to that one word.

In the editorial on our abaca "monopoly" in last month's issue of this Journal, we failed to make a reference to the present production of abaca in Central America.

#### Additional Note on our Hemp "Monopoly"

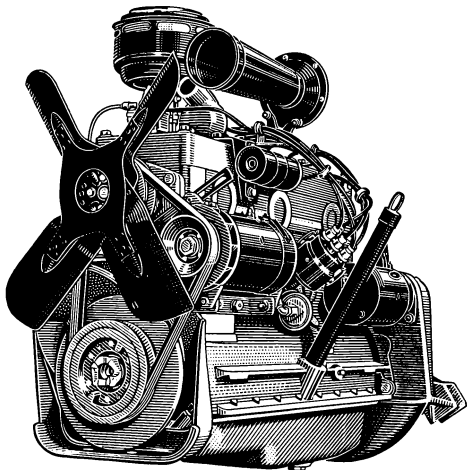
During the war, in an effort to alleviate the then desperately short hard-fiber position, the United States Government entered into various projects with the United Fruit Company to grow abaca in several Central American countries. These plantations are at present producing at the annual rate of around 165,000 bales and this is expected to increase to around 200,000 bales in another year or so.

Pre-war Philippine production was in the neighborhood of 1,250,000 bales on the average and is at present running at only around half of this figure.

It is apparent, therefore, that even with this Central American production, there is much less abaca produced in the world than before the war, but it is nevertheless obvious that the Philippines will in the future have to face a competition in the production of abaca which was all but non-existent before the war. It has been reported, too, that British interests are planning large-scale production in British North Borneo.

We should take all possible measures to re-establish order in the Philippine industry and to restore our pre-war position both as to volume and quality.

A friend of ours, who first went to Formosa in 1899 and who lived there for many years, has told us that the editorial on that island in the Correction May issue of the Journal may be somewhat Formosa what misleading because of the emphasis laid on the Malay affinities of the original population. He reminded us that these people, constituting many hundreds of tribes, both "sub-



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# INTERNATIONAL TRUCKS

dued" and "wild", inhabit only the mountain fastnesses and altogether number probably no more than around 200,000. The bulk of the population, of around 6,000,000 is Chinese, — people who with their forefathers have lived there for so many hundreds of years that they are to be considered the native population. He said, however, that it is true that these Formosans hated both the old Chinese rule and the Japanese rule from 1895 up to the end of the second World War, and also the present Chinese rule under the Chinese Nationalist Party. During the Sino-Japanese War in 1895 the Formosans in fact set up two independent governments, one in the north and the other in the south, which were destroyed by the Japanese when they moved in. It is these Formosans rather than the small number of backward mountain people who could be looked upon as the possible builders of an independent Formosa. That was what we had intended to say last month, but we see now that our reference to the "original inhabitants" as "akin to our own Mountain Province People", rather covered this up.

It is interesting to note that in communist parlance the words, "the people", are seldom used. The people are referred to as "the broad masses".

**The "Broad Masses" and the "People"**

How warm, how human, how much more respectful, is our term!

The expression the communists use reflects their attitude toward the people. They think of the people only in terms of the mass, — an amorphous aggregate of indistinguishable, practically nameless millions, the populace, to be played upon in crowds by the state propagandists, brought into line by terror, moved by slogans, driven like cattle, cheated of their birthright as human beings.

The basic tenet of democracy is that the people are sovereign, not the state, and while democratic government concerns itself with the interests of the people as a whole and acts in their name, democratic lawmakers take their most definite stand on the maintenance of the sacred rights of the individual.

Democracy thus successfully combines the interests of the people and of the individual, being based on the people's power and the individual's rights.

Under democracy we possess what communism falsely promises and can never carry out under its totalitarian oligarchic dictatorship.

In the present world conflict between the powers of democracy and totalitarianism, the latter will inevitably lose because organization is superior to regimentation, freedom to slavery, humanity to inhumanity.

## The Truman Plan for Aiding Underdeveloped Areas

*An Economic Letter from the U.S. Information Service*

**N**EGOTIATIONS to draw up modernized or new commercial treaties are being carried on by the U. S. State Department with a number of countries in the hope of eliminating some of the barriers that currently impede the flow of private United States capital into underdeveloped areas.

The move to negotiate such treaties was begun before President Truman, in his inaugural address last January, suggested a world cooperative program for aiding underdeveloped areas. However, government studies of what United States government and private funds could be made available for such a program have revealed both the importance of using private funds and the obstacles that hinder their use.

*As a consequence, more active efforts are being made to conclude modernized or new commercial treaties that will afford a greater amount of protection to American businesses and individuals abroad against discrimination or confiscation of investments. The right to convert foreign earnings into dollars is also desired.*

*Two such treaties already have been signed. The first—with China—has been in effect since November, 1948. The second, with Italy, was ratified by the United States Senate in June, 1948 and is now before the Italian parliament for ratification.*

*Private capital investment is considered essential to the success of the program for aiding underdeveloped areas. Under the American private enterprise system, investment, even in many publicly-owned*

projects, is arranged though the private capital market, subject to controls and aids. It is thought natural, and desirable, by government planners to look to these same private sources to initiate the flow of needed capital into areas seeking development of their idle resources.

However, private capital has not been invested abroad in the volume that might be expected. For example, although gross domestic private investment amounted to \$38,800,000,000 in the United States in 1948, private investment overseas amounted to only \$1,500,000,000, of which about \$900,000,000 was new investment and the remainder reinvested earnings.

American business concerns and investors have shared a feeling that the "climate" in many countries was unfavorable to investment by outsiders. Willard Thorp, U.S. Assistant Secretary of State for economic affairs, explained this feeling in a recent speech:

"Right now American businessmen are saying 'Why should we invest in other countries when (a) we cannot convert our profits freely into dollars—and it is dollars we want; (b) when foreign governments may, under their own laws, step in and expropriate—take over—our plants or make life unbearable for us in other ways, and (c) when riots, revolutions, or acts of God are likely to destroy our property?'"

It is obvious, of course, that stable national economies and stable political conditions are essential to attract the capital needed by countries from outside sources for their development and industrialization programs. But government officials here think that much can be done through diplomatic channels to improve the "climate" for investment. The negotiation

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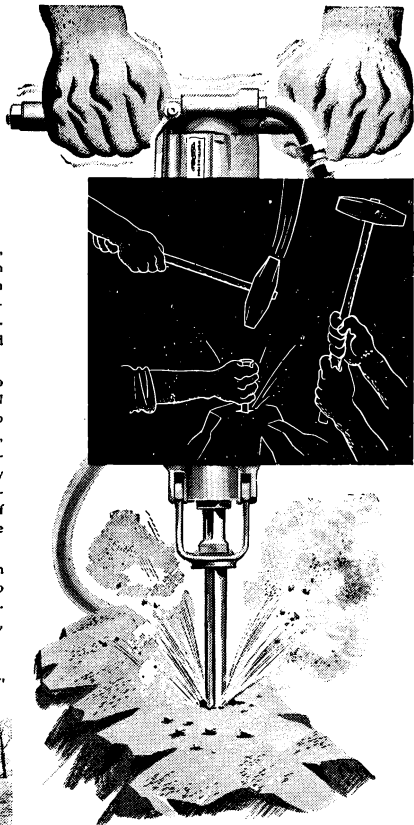
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of modernized or new commercial treaties protecting the right of American investors to convert their earnings from overseas investments into dollars, and their right to receive prompt and adequate compensation if their property is requisitioned, would be a step in that direction.

The extension of these rights, of course, would be on the basis of mutuality. Under such treaties the United States Government would seek no extra-territorial authority for itself or for American business, nor would it seek any preferential treatment for American businessmen. Similarly, the principle of unconditional most-favored-nation treatment would be generally maintained in trade and other matters.

There are understandable difficulties in negotiating such treaties even though they offer mutual be-

nefits. One difficulty is the strong nationalistic feelings that characterize much of the present-day world. Another difficulty in some countries is a distrust of overseas capital and of the motives of those who would invest it, a distrust abetted by communist elements.

Although government officials in some countries realize that American technical and financial assistance is needed, they have not been active enough in creating a proper understanding among their peoples of how a common ground can be worked out to the advantage of their countries and private American investors.

Washington, D. C.  
May 10

## The New Civil Code

BY ROBERT JANDA

Ross, Selph, Carrascoso & Janda

THE revision of the Civil Code prepared by the Commission which President Manuel A. Roxas appointed through Executive Order No. 48, dated March 20, 1947, was presented to the House of Representatives at the last session of Congress, and, after minor changes in the provisions affecting the business and foreign communities, was passed by that body. According to newspaper reports, the Senate approved the Code during the closing hours of the session, but no copy of the Code as it may have been amended is available and this article is therefore based on the original Bill and the report of the Code Commission.

The Commission was created by President Roxas for the purpose of "revising all existing substantive laws of the Philippines and of modifying them in conformity with the customs, traditions, and idiosyncracies of the Filipino people and with modern trends of legislation and progressive principles of law." The Commission made extensive revisions and additions. As the Commission states in its report, the new Code contains 2,291 articles as compared with 1,976 in the previous one; approximately 25% of these articles are preserved from the latter, about 32% are amendments of the old articles, and approximately 43% are new in the sense that they are not found in the previous Code; 24 new subjects have been introduced.

Revision of a basic law to the extent indicated must naturally affect the business community. Contracts, relationships, and business procedures will have to be re-examined to find whether changes must be made to conform to the new laws and with the view of adjusting business procedures to the new provisions. It will probably be a number of years before it can be known how the new articles will be interpreted and applied by the courts.

It is not the intent of the writer to discuss analytically the changes which have been made, but merely to point out the more important changes which will affect the business community (and even in this respect exhaustiveness is not claimed) and to allow businessmen to determine for themselves whether their activities and relationships will be affected thereby.

The revised Code purports to create important new rights and actions. Article 1379 provides that where there has been a meeting of minds of parties to a contract and their true intention is not expressed in the instrument purporting to embody the agreement, by reason of mistake, fraud, inequitable conduct, or accident, one of the parties may ask for the reformation of the instrument to the end that such true intention may be expressed. The present rule of law is basically that when the parties have reduced an agreement to writing it must be presumed that their intent is expressed in the writing and that negotiations and preliminary arrangements which indicate the contrary may not be introduced in evidence if the contract itself is clear. Article 1379 as revised expresses an equitable proposition, but the difficulty will come when the courts endeavor to apply the rule to everyday business transactions. It is rarely indeed that any important contract is not subject in the course of negotiation to various

statements of intent by the parties which may be inconsistent with the final writing, not necessarily because of mistake, but because the ideas of one party were not adopted by both. It is also natural that contracts which turn out badly for one party will be regarded by him as contrary to his intent. It is probable, therefore, that Article 1379 will be used more frequently by persons desiring to change their fairly undertaken obligation rather than to reform incorrectly drawn up instruments. Undoubtedly, the business community will endeavor to avoid the use of Article 1379 by appropriate statements made in the written contracts which they execute.

Among the most important revisions of the new Code are those relating to damages which may be recovered. Under the present law as interpreted by our courts, damages allowed are basically compensatory and the courts have generally been reluctant to allow any damages unless they are clearly established to have been actually sustained. Thus, while compensatory damages will continue, in addition the new Code allows what is referred to as moral damages, which include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation and similar injury. Damages may also be recovered for injury to a person's business standing or commercial credit. Article 2238 provides that in the adjudication of moral damages the sentimental value of property, real or personal, may be considered. Basically, the revised code restricts the recovery of moral damages to specific but very broad types of cases, such as, criminal offenses resulting in physical injuries, negligence actions, seduction and similar actions, libel and slander, intentionally caused damages, and analogous types of cases.

The Code creates the right to recover nominal damages where action is brought to vindicate a right, and temperate or moderate damages where the court believes more than nominal damages may be recovered but where compensatory damages cannot, due to the nature of the case, be proved with certainty.

Article 2249 allows the court to assess exemplary or corrective damages "by way of example or correction for the public good." This is in effect a civil fine payable to the plaintiff, and no limitation is placed upon the amount of such damages which the court may award. The code does not restrict the type of cases where the court may award corrective damages, but it is evidently intended that they should be awarded in cases resulting from criminal offenses committed with aggravating circumstances, in damages resulting from gross negligence, and in contract cases where the defendant acted "in a wanton, fraudulent, recklessly oppressive, or malevolent manner." Article 2225 provides that agreements renouncing exemplary damages are void.

Article 2228 allows the recovery of attorneys' fees and expenses of litigation even in the absence of a contract provision therefor in important classes of cases which are specifically listed in subsection 11 of the article, then providing, however, that the court may allow recovery of attorneys' fees in any cases where the court deems such recovery to be just and equitable.

Article 2226 provides in effect that the damages for death caused by crime or negligence shall be P3,000, plus the value of the loss of the earning-capacity of the deceased, plus support for five years to certain limited classes of individuals, plus moral damages for mental anguish caused by the death. In view of the foregoing, business firms and indeed all individuals would be well advised to re-examine their insurance to see that they are adequately covered against what may be crushing judgments resulting from ordinary traffic and business accidents. Insurance companies must, of course, re-examine the provisions of their policies to include or exclude the various types of damages created by the Code.

Article 36 creates new rights of action against public officers and employees which may have important effects upon the relations of the business community to the Government. At the present time public officials are, as a practical matter, free from liability for damages arising from arbitrary or wilful action. Under Article 36, however, a public official or employee will act at his peril and if unable to justify his actions by right of law may be liable for heavy damages. These include not only compensatory but also moral and exemplary damages. Thus, a government official collecting a tax, making an arrest, or in fact taking practically any action whatsoever, and in so doing mistaking his rights even in good faith and even if purporting to act under statutory authority, should that statutory prove to be unconstitutional, may, if Article 36 is strictly applied, be held personally accountable for any damages resulting from his action. The Code makes no provision to have the State bear the damages when the public official has acted in good faith in the performance of his duties. As a corollary to the foregoing, Article 30 provides that a judge who unusually delays the hearing of a civil or criminal case shall be personally liable for the damages resulting therefrom.

It is extremely doubtful that the courts will apply the foregoing articles to the extent of their wording, and it will probably be a number of years before there will be sufficient decisions under these articles to indicate how they will finally be interpreted.

Three new articles dealing with motor vehicles have been incorporated, the most important of which is Article 2206 providing that every owner of a motor vehicle shall file with the proper government office (which is unspecified) a bond executed by a government-controlled corporation or office to answer for damages to third persons. The amount of this bond is to be fixed by "the competent public official" (again unspecified). Under the present law there is no government-controlled corporation or office authorized to issue such bonds and no official is authorized to set the amount thereof, and Congress will therefore be required to enact further legislation before this article can be given proper effect.

The new Code endeavors in several ways to adjust the rights of parties to contracts and agreements when conditions have so altered as to have gone beyond the contemplation of the parties at the time the contract was originally made. Thus Article 1287 provides that when performance has become so difficult as to be manifestly beyond the contemplation of the parties, the obligor may be released therefrom in whole or in part. Article 1270 provides that in case of "extraordinary inflation or deflation of the currency", the value of the currency at the time the obligation was established shall be the basis of payment unless there is an agreement to the contrary. The practical difficulties of applying these rules can of course be immediately appreciated, but it is probable that the courts will adopt present equitable principles in their interpretation.

The new Code makes certain changes in the husband-wife relation of importance to the business and foreign communities. Under the present law the rights of spouses and others to personal property are determined by their national law. Thus, an American or British husband and wife living in the Philippines and owning personal property located here would turn to their national laws to determine their respective rights to this property and their rights to deal with the same. The new Code however, would make the domicile of the parties determinative of the law controlling their rights, and the British or American citizen living in the Philippines would thus be governed by the local conjugal property laws not only with respect to their real, but also with respect to their personal, properties. This brings Philippine law substantially in accordance with the principle prevailing in the United States and other common-law countries on this point.

The Code also restricts the rights of a husband to contract, and he may not alienate conjugal real property without his wife's consent. He may not bind the conjugal partnership except for obligations created for his benefit. Undoubtedly

these provisions will require the wife to join her husband in important business contracts.

The new Code provides that the wife may engage in any profession, occupation, or business, subject to the husband's right to object in proper cases. In the event of disagreement, the family council, which the Code creates, is to be consulted, and in the event disagreement still results, the matter is to be referred to the courts. It is not clear to what extent the wife may bind the conjugal property or what her status may be during the period when the husband's objections, if he makes any, are being settled. It is also not clear what persons, dealing with the wife, must do to determine her correct status or how notice may be properly chargeable to such persons of the husband's objections or of any court action.

The Code contains important provisions relating to labor and endeavors to carry out the Commission's ideas of "social justice." Article 1724 provides that in collective bargaining the labor union or members of the board or committee signing the contract shall be liable for its non-fulfillment. Article 1728 exempts laborers' wages from execution or attachment "except for debts incurred for food, shelter, clothing, and medical attendance." Under the present law the wages are totally exempt if necessary for the maintenance of the laborer's family. Article 1721 provides that "neither capital nor labor shall act oppressively against the other or impair the interest or convenience of the public." Such provisions might be made the basis for injunctive relief against secondary boycotts, use of violence in strikes, sympathetic strikes by related unions, and other tactics which labor organizations have come to regard as their rightful weapons. On the other hand, Article 1730 provides that dismissal of laborers shall be under the supervision of the Government under special laws. This provision requires additional legislation to make it effective.

From the businessman's point of view, Article 1727 which provides that the laborer's wages shall be a lien on the goods manufactured or the work done is important. It is not clear from the Code whether this lien would persist after the goods have left the control of the employer, but presumably such would not be the case. This provision is in accordance with the mechanic's-lien laws prevalent in the United States, but no provision is made for notice of liens so as to enable parties desiring to take mortgages, etc., to ascertain what prior liens exist. No provision is made for enforcement of the lien.

Under the present law a private party aggrieved by a criminal act loses his remedy against the criminal if the criminal action is decided in favor of the accused. There has long been objection to this provision on the ground that conviction of a crime requires guilt to be established beyond a reasonable doubt and to a moral certainty, while civil liability is predicated solely upon its establishment by a preponderance of the evidence. The new Code in Article 33 provides that when acquittal results from insufficiency of the evidence to establish guilt, rather than clear proof of innocence, the aggrieved party may still have a civil action to recover damages he has suffered.

The Civil Code and the Code of Commerce create different classes of partnership, depending upon the manner in which they are formed. This is basically the result of historical accident rather than deliberate intent, and the new Code abolishes these distinctions by providing a basic law controlling all partnerships. The provisions of the Commercial Code relating to partnership are repealed and the new Code adopts basically two American statutes on partnership, namely, the Uniform Partnership Act and the Uniform Limited Partnership Act.

The new Code also endeavors to remedy the lack of detailed provisions in the superseded code relating to commercial transactions. The old law did not sufficiently cover the new and complex situations which have arisen under our present commercial practice. The Commission has incorporated into the new Code a large number of the provisions of the Uniform Sales Act, which is now in effect in a great many American jurisdictions. The Commission modified the provisions of the Uniform Sales Act for the purpose of incorporating certain provisions of Philippine law and the interpretations of this law in other jurisdictions might not be applicable.

An interesting provision of the new Code is Article 31 which provides that unfair competition by use of force, intimidation, deceit, machination, or any other unjust, oppressive, or high-handed method, gives rise to a right of action. Insofar as commercial entities are affected, this is not particularly novel law. It is to be noted, however, that under the proposed article not only is unfair competition in business

enterprises made actionable, but similarly an action lies for unfair competition in labor. It is not too clear exactly what the Commission intended by this provision, but the article might be made the basis for injunctive relief or damages in actions between two labor organizations when either uses unfair tactics or violence to secure members or some other advantage.

The new Code (Arts. 2256-2271) provides for preference of credits in insolvency, thereby amending the present insolvency law as well as altering the related provisions in the superseded Civil Code. Of interest is the provision giving preference to claims for labor, materials, architects' and contractors' charges, etc., upon real property, which preference is subordinate to the lien for any unpaid part of the purchase price of the real estate, but ahead of recorded mortgage liens. Since the date of the creation of the liens is apparently unimportant in determining this preference, it would be advisable for the mortgagees to restrict the right of the owner to erect improvements upon property if they wish to insure themselves of priority. Among the interesting new preferences against property of a debtor other than credits against specific real or personal property, is a credit for gifts due to public and private institutions of charity or beneficence, which are granted priority over general credits for value. (Art. 2264 (13))

Under the new Code all leases of real estate may be recorded in the registry of property. Leases are limited in extent to 99 years. Improvements which are suitable to the use for which the lease was intended and which are made on the property by the lessee in good faith, shall be paid for on the termination of the lease by the lessor to the extent of one-half their value at that time. Should the lessor refuse to

reimburse this amount, the lessee may remove the improvement even though the principal thing may suffer damage thereby. It is not specified what should be regarded as useful improvements or under what circumstances improvements could be regarded as made in good faith.

The Code increases the liability of common carriers by making them liable for the loss, destruction, or deterioration of goods except when the loss is caused by natural disaster or calamity, act of the public enemy at war, act or omission of the shipper or owner of the goods, the characteristics or defects in the goods themselves or in the packing or in the containers, or when resulting from an order or act of a competent public authority. The carrier may thus be liable in many instances of damage in which the carrier was not at fault. Common carriers are further required to observe extraordinary diligence in the care of goods and for the safety of passengers transported by them. (Art. 1753.)

The new Code will become effective six months after completion of its publication in the *Official Gazette*. Eighteen articles of the new code deal with transitional problems. Basically, it is the intent that the provisions affecting vested or acquired rights shall have no retroactive effect and to continue in effect contracts valid under the former code subject however to the limitations established in the new rules. Article 2273 contains the interesting provision that "if a right should be declared for the first time in this code it shall be effective at once, even though the act or event which gave rise thereto may have been done or may have occurred under the prior legislation, provided said new right does not breach or impair any vested or acquired right of the same origin." It is anticipated there will be considerable litigation before the meaning of the transitional provisions has become clear.

“WHAT the United States economy means in world affairs: — It isn't imperialism — it isn't land- or power-hungry — and neither is it missionary do-goodism. United States businesses are simply seekers of profit that know there's money in raising other people's living standards.” — Herbert Harris in the March *United Nations World*.

“GOVERNMENT ownership or control of property is not to be decried principally because of the historic inefficiency of governmental management of productive enterprises. Its real threat rests in the fact that, if carried to logical extreme, final concentration of ownership in the hands of the government gives to it in all practical effects absolute power over our lives.” — General Dwight D. Eisenhower

GROSS SALES (TEN LEADING BUSINESS FIRMS) 1937-1949  
Bureau of the Census and Statistics  
(1937 = 100)

	1937	1938	1939	1940	1941	1945	1946	1947	1948	1949
January . . . . .	95.1	75.5	88.8	106.7	104.8	—	49.6	160.9	225.2	213.8
February . . . . .	102.5	71.6	80.3	99.8	95.9	—	34.6	228.3	228.3	247.5
March . . . . .	105.9	85.2	87.1	104.3	107.2	—	61.1	218.8	257.5	304.5
April . . . . .	107.5	81.4	79.8	100.3	105.6	—	75.1	155.3	254.0	—
May . . . . .	100.4	76.9	80.1	97.5	113.0	1.6	117.5	216.0	273.8	—
June . . . . .	100.3	76.6	107.7	103.5	117.0	5.4	85.3	249.4	308.7	—
July . . . . .	105.7	72.0	90.8	98.8	110.0	8.4	89.7	240.4	313.2	—
August . . . . .	97.4	75.2	90.8	98.3	109.8	10.4	118.9	202.8	272.2	—
September . . . . .	83.4	76.8	103.3	93.1	114.0	110.7	116.4	219.2	261.1	—
October . . . . .	97.0	80.1	103.4	85.8	100.1	10.8	147.0	222.9	252.5	—
November . . . . .	100.4	104.2	110.1	105.6	97.7	21.4	165.1	278.7	215.8	—
December . . . . .	104.3	88.6	119.4	119.1	64.8	27.9	184.4	291.8	263.4	—



# The Business View

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

## Office of the President of the Philippines

From an Official Source

**MAY 3**—President Elpidio Quirino appoints Luis Montilla Director of the Bureau of Public Libraries. He also designates Assistant Executive Secretary Nicanor Roxas Acting Mayor of Quezon City.

**May 9**—The National Economic Council rejects a recommendation to amend the Philippine Flag Law by reducing the Filipino capitalization of firms entitled to the benefits of the law from the present 75% to 60%, and instead approves a recommendation to limit the price-differential privileges under the Flag Law to "natural born Filipinos"—"one born in the Philippines of Filipino parents or born here of a Filipino father or of a Filipino mother who elects Philippine citizenship upon reaching maturity". A bill along this line has been introduced by Representative D. Veloso. The Council rejects the proposal of the Metropolitan Water District that it be permitted to borrow P18,000,000 from the Central Bank for development purpose, Governor M. Cuaderno, to whom the matter was referred, having stated that the project "falls under the second priority". The Council also turns down a proposal of the McLaurin Enterprises to be allowed to utilize local steel scrap as it has already approved plans for the establishment of a local mill which will utilize all available materials.

**May 10**—The President administers the oath of office to Col. Mariano C. Reyes, new general manager of the National Airports Corporation.

**May 11**—The President receives James O'Brien, Secretary of the Department of Public Works, New York, who is circling the world in connection with World Trade Week celebration in the guise of the legendary "Father Knickerbocker." (Father Knickerbocker was honored also by Secretary of Commerce and Industry C. Balmeada, the Rotary Club, and the American Chamber of Commerce.)

**May 14**—Under-Secretary of Foreign Affairs F. Neri states that the Government will lodge strong representations with the Far Eastern Commission to make the Philippines an exception to the policy reportedly formulated by the United States Government to suspend further allocation of reparations from Japan.

**May 16**—The National Economic Council appoints a special committee headed by Gil Puyat to study the matter of the suspension of Japanese reparations. The Council decides to seek the assistance of experts of the U.S. Department of Agriculture in fighting the coconut-pest locally known as *kadang-kadang* which has baffled local scientists for ten years; the Department has a standing offer to send its experts abroad, free of charge, to assist in the eradication of plant diseases. The Council refers a proposal to raise the tariff on shell buttons by 100% or more to a sub-committee for study.

**May 17**—Executive Secretary T. Evangelista states that the President has not intervened in the case of the Chinese stallholders in Manila public markets; Mayor M. de la Fuente recently suspended his order for the eviction of a number of the holders under Republic Act No. 37 which provides that Filipinos must be given the preference in the lease of stalls, Chinese Minister Chen Chi-ping having raised the point that they were the only applicants for these stalls.

**May 18**—The President signs an act extending the limit for the reconstruction of corporate and partnership records to December 31, 1950. The President certifies as urgent for enactment by Congress the proposed new Labor Code; also a bill which would appropriate P500,000 for a survey of forest resources, another for P300,000 in connection with the campaign against illegal fishing and the establishment of various fishery projects, and another separate bill for the establishment of a school of fisheries at Tabaco, Albay.

**May 19**—The President certifies a number of additional legislative measures as urgent, including four which have to do with veteran and guerrilla matters and among them the bill which would raise the number of seats in the House from 98 to 120 in proportion to the population increase, a bill

which would create a Commission of Industrial Safety, a bill creating a special fund for a survey and evaluation of certain mineral deposits, a bill authorizing the Manila Railroad Company to incur indebtedness for the further restoration of its lines, and a bill to provide for transmission of wordage, pictures, and other matter intended for publication. The President signs an administrative Order creating a Board to take charge of listing deserving guerrilla organizations which are not yet recognized, and another Order creating a committee to evaluate the existing property under the custody of the Surplus Property Commission and to study terms for its turn-over to a private syndicate. He also issues a proclamation declaring a 5,676-hectare area in the municipalities of Bongabon, Nueva Ecija, and Baler, Tayabas, the "Aurora Memorial Park" in honor of the late Mrs. Quezon; the area was previously designated the "Bongabon-Baler National Park."

**May 20**—With reference to the adjournment of the senate and a little later of the House, shortly after midnight, abruptly ending what was to have been the *sine die* session, with the budget and many other important measures left unacted upon, the President states: "I am still looking into the wisdom and necessity of calling a special session of Congress. All I can say now is that the functions of government will continue." (It is reported that Acting Senate President M. J. Cuenco unexpectedly adjourned the body to prevent the lifting of the suspension of Senator Jose Avelino, deposed President of the Senate, but critics of the Acting President state that he might only have suspended the session until the administration senators had returned to the chamber.)

The President voices unequivocal Philippine opposition to the American declaration stopping further Japanese reparations payments, and asserts that Philippine claims will be "put forward firmly as heretofore."

**May 23**—Ambassador Myron M. Cowen officially presents his credentials to President Quirino.

The National Economic Council considers a proposal from the Ramie Development Corporation, represented by Vicente Aranata, for a total investment of P15,250,000 in the ramie industry, P10,000,000 in the form of government loans and the remainder in private subscriptions. The corporation would buy 80 "Briercock combines," machines for harvesting and decorticating ramie, such as are used in a ramie plantation in Louisiana, U.S.A., 10 de-gumming plants, and a 10,000-spindle spinning plant. The proposal is referred to a committee headed by Vicente Aldaba of the National Development Company, for further study. The NEC also considers a request from the Rural Progress Administration for more funds and in this connection a committee is appointed to look into the present financial status and needs of the Reconstruction Finance Corporation.

**May 24**—The President receives a number of Indonesian representatives in connection with the Soekarno request for a loan of P1,000,000 in the form of Surplus office, communication, and transportation equipment and medical supplies; it is understood that the President authorized the representatives to canvass the available stocks to determine what items would be of use to them.

**May 25**—Under-Secretary of Foreign Affairs Neri states that the Philippines is in full sympathy with the aspirations of the Republic of Indonesia. The Indonesian envoy, A. A. Maramis states "Our mission to the Philippines has been fruitful."

Announced that PRATRA will make available 9,000 "Palayero Carabao" plows under a plan of the President's Action Committee for Social Amelioration (PACSA) which will issue from 5 to 20 of them in all agricultural municipalities for free use by farmers; the municipal treasurers will be the custodians of the plows.

**May 27**—The President issues instructions to the Philippine National Bank to start carrying out the Administration's long-term loan program for the rehabilitation of the abaca industry.

The Cabinet authorizes the Central Bank to release to the Rehabilitation Finance Corporation P35,000,000 for immediate economic development projects from the P200,000,000 fund ear-marked for economic development; the Cabinet emphasized that part of this fund should also be made available to private persons engaged in small business who, in the opinion of the Cabinet, are more deserving of financial assistance from the Government."

The Cabinet also approves a recommendation from the Shipping Administration to sell 9 FS-vessels, acquired from the United States, to foreign buyers as local operators are not interested in this type of ship and to avoid maintenance expense.

Consul General Mariano Expeleta informs the Department of Foreign Affairs by cable that the occupation of Greater Shanghai by the Communist troops was completed this morning and that all Filipino nationals in the city are safe.

May 28 — Malacañan announces that holders of circulating notes of the Bank of the Philippine Islands will soon be able to convert them into cash; the notes registered and deposited with the Government amount to P323,565.

Secretary of Finance Pedrosa announces that crop loans will be extended to abaca planters on the basis of P800 a hectare in instalments according to the stage of cultivation.

## Banking and Finance

BY C. V. GRANT

Sub-Manager, National City Bank of New York

THE only notable change in the published assets of the Central Bank of the Philippines as of April 30 compared with the previous month, was an increase of some \$7,500,000 in the International Reserve. This resulted from a heavy inflow of United States Government funds, not from an excess of exports over imports.

Prior to this year the Bureau of Banking published weekly a financial summary of the reports of Manila banks which, in turn, was summarized periodically in this column. These reports now will be compiled from time to time by the Department of Economic Research of the Central Bank. The first set of statistics released follows:

	Domestic Credits Loans, Over- drafts, Discounts, Deposit and Liabilities of banks on Acceptances subject to check	Over- Deposit Liabilities of banks	(In thousand of pesos)	Cash
December 31, 1948	\$515,000	P807,000	P291,000	
January 31, 1949	546,000	617,000	122,000	
February 28, 1949	548,000	589,000	100,000	
*March 31, 1949	534,000	559,000	84,000	
*April 30, 1949	507,000	575,000	77,000	

The March and April statistics are subject to probable minor revisions.

The amount P291,000,000 Cash on December 31, 1948, includes legal reserves held in the vaults of the banks, which since January 3 have been deposited with the Central Bank.

Deposits show a downward trend since January, resulting in a gradual tightening of money. The reduction in Domestic Credits indicates a contraction of business activity.

On the recommendation of the National Economic Council, the Cabinet has authorized the Central Bank to release to the Rehabilitation Finance Corporation P35,000,000, a part of the P200,000,000 fund set aside to speed up the implementation of the nation's program for industrial and agricultural development. It is understood that this initial allocation will be used for projects in top-priority industries.

The Central Bank continues to sell dollars to the commercial banks at P201.00 for telegraphic transfers and P200.95 for checks.

The banks are permitted to operate within the following rates:

	Selling	Buying
U.S. Dollars, T.T. over \$500.00	P201.50	P200.50
U.S. Dollars Demand over \$500.00	P201.375	P200.375
U.S. Dollars, T.T. and Demand under \$500.00	P202.00	P200.00

\* Editor's Note:—A report on the First Manila Regional Conference of the National Association of Bank Auditors and Comptrollers, held June 2 and 4, will be published in the next of this Journal.

The banks generally are currently quoting for prime business telegraphic transfers P201.25 selling and P200.75 buying.

## Stock and Commodity Markets

BY A. C. HALL

A. C. Hall & Company

April 29 to May 20, 1949

Mining Shares

NEW YORK STOCKS.—During the period April 29 to May 20 an extremely narrow and quiet market has prevailed. As measured by the Dow Jones Averages, price fluctuations have been: Industrials, high, 176.63; low, 173.49; with the corresponding figures for the Rails, 48.13 and 46.96. There are negligible variations, and reflect the uncertainty existing in investment circles as regards the future business outlook.

So far, the 1947-49 post war adjustment has been in sharp contrast to the 1920-21 period when the economy, as a whole, was engulfed in a violent slump. During the past two years, we have witnessed an adjustment by installments. Share-prices of companies in a number of industries have experienced tremendous declines from their 1946 highs, and, by any reasonable reckoning, would seem to have already discounted the worst. Other equities are now going through the wringer, while a third group of industries may soon catch up with accumulated demand and be headed for lower profits. On the other hand, there are some industries which look as though they can go ahead for a long time at high volume.

In this third group are Steels and Automobiles, and this brings up an important question: Will a decline in such pivotal industries bring on a general recession in share-prices, or will the previous pattern of staggered adjustment continue? While only time can provide the answer, there are good grounds for believing that a slump in stock is not inevitable. For instance, for a long time past, prices of leading automobile and steel companies shares have not reflected record earnings and, by their refusal to do so, have already been discounting a future decline in profits.

According to Dow Theory, a bear market prevails but, recently, professional interpreters of this well-known market theory have begun to hedge on the subject. The present market position is that the averages have been declining toward an important resistance area, but increased volume is not accompanying this move. Many times in the past, this formation has preceded an important reversal in trend, thus caution against over-bearishness at this stage would be prudent.

Commodities.—Price fluctuation in leading commodities show little change. July Chicago Wheat on May 20 at \$1.95-3/4 compares with \$1.94-1/2 on April 29. With visible supplies large, the main factor in the price situation is government action; however, we are approaching the season of year when weather can exert temporary influence on prices. In Corn, prices are unchanged; producers have been busy planting the new crop and display little interest. New York July Cotton, at 32.59 cents, is up 14 points since April 29, in spite of slow domestic demand; cotton exports are good and expected to continue so for some time. Domestic Sugar futures continue firm with July No. 5 Contract advancing to \$5.43, from P5.35, in sympathy with recent heavy refiners' purchases of Raw.

**Manila Market.**—In the Philippines mining group, with one or two exceptions, the trend of least resistance has continued downward during the past month. There was considerable liquidation in Lepanto which appears motivated by fears of further weakness in the United States copper price. Acoje weakened on the publication of its 1948 report which discloses a large debt-structure arising out of the war. Consolidated Mines, however, was a firm spot in the base-metal group, with all offerings easily absorbed. Balatoc and Benguet Consolidated were firm in sympathy with demand from the United States.

Bearish factors are predominant in the market at present. Investment apathy is the result of a combination of causes in which too much politics is an important constituent. At the present time, in preparation for the elections later in the year, almost all things are being subordinated to political necessity. The situation in China is also a depressing influence, as is the current state of local business. On the other side of the picture, receiving scant attention at present, is the fact that all companies are in much better shape than they were a year ago.

As regards Commercial and Industrial securities, apart from continued demand for the better placed Sugar shares, there is little interest at present. San Miguel continued to trade at unchanged prices, but activity in this issue slackened in sympathy with the general market.

1948-49 Range	High	Low	Close	Change	Total Sales
122.44 61.28	M. S. E. Mining Average	71.49	68.31	-3.18	61.00
P. 171.00	Acoje Mining Company	P. 27	P. 20	P. 07	—
.028 .01	Antamok Goldfields Mining	—	—	.012a	—
.91 .43	Arok-Big Wedge Mining Co.	.61	.14	.46	267.00
.011 .01	Baguio Gold Mining Co.	.07	.011	.06	31.00
.0072 .0021	Batang Babay Gold Mines	.0038	.0038	.0038	846.00
.011 .02	Coco Grove, Inc.	—	—	.019b	—
.005 .01	Consolidated Mines, Inc.	.0333	.013	.0203	12,393.70
.0081 .018	Itogon Mining Company	.06	.06	.06	91.00
.0075 .03	I X L Mining Company	—	—	.01b	—
.84 .46	Lepanto Consolidated	.15	.46	44.00	481.00
.011 .01	Mindoro Mining & Lode Mines	.15	.49	.10	290.00
.2731 .34	Misamis Chromeit, Inc.	.14	.14	.14	36.00
.001 .06	Paracale Gumam Cons.	.06	.06	.06	16.00
.26 .105	San Maurice Mining Co.	.12	.12	.12	47.00
.41 .211	Surigao Consolidated	.24	.231	.231	210.00
.04 .011	Suyoc Consolidated Mining	—	—	.01b	—
.095 .04	United Paracale Mining Co.	.0131	.01	.01	110.00

1948-49 Range	High	Low	Close	Change	Total Sales
P70.00 P51.00	Bank of the Philippine Is.	P67.00	P64.00	P67.00	82
620.00 300.00	Central Azucarera de Bala	611.00	605.00	611.00	13
115.00x 81.00	Central Azucarera de la Cera	—	—	—	—
107.00 70.00	Central Azucarera del Pilar	151.00	141.00	151.00b	43
60.00 40.00	Central Azucarera de Tarlac	—	—	90.00b	—
200.00 170.00	China Banking Corporation	200.00	190.00	190.00	171
22.50 22.00	Filipinas Cia. de Seguros	—	—	22.00b	—
1.00 3.75	Manila Wine Merchants, Inc.	—	—	3.75	—
143.00 140.00	Metropolitan Insurance	—	—	140.00b	—
1.36 .80	Pampanga Bus Company	.60	.60	.60	1,000
.105 .10	Philippine Oil Development Co.	—	—	.111	219,775
1.42 1.14	Philippine Racing Club	1.14	1.14	1.14	22,100
31.10 26.10	San Miguel Brewery, Inc.	30.10	30.10	30.10	1,541
100.00 71.00	Williams Equipment Co.	P14.80	71.00	80.00	P1.00
10.00 7.00	William Equipment Co. Com.	—	—	7.00b	—

Over-the-counter business during the same period included 2,700 shares Balatoc from P3.20 to P3.40, and 23,000 shares Benguet Consolidated from P3.71 to P4.40. Other business included 250 shares Jai Alai at P6; 17,000 shares Manila Broadcasting at P1.30; and 85 shares Victoria Mining Co. at P150, cum-divided.

\* Editor's Note.—As Mr. Roy Ewing, of Swan, Culbertson & Fritz, who has been writing the "American Stock and Commodity Markets" column for the Journal, will be away on vacation for a number of months, Mr. A. C. Hall, of A. C. Hall & Company, who has been writing the "Manila Stock Market" column, has kindly consented to cover both fields under a new column heading: "Stock and Commodity Markets." This is a fine example of the spirit of cooperation which exists among the regular writers for the Journal and of the continued active support which is making this Journal possible.

## Credit

By W. J. NICHOLS  
Treasurer, General Electric (P.I.) Inc.

**L**AST month we recorded an instance of fraud carried out through misuse of collectors' receipts. A short time ago we learned of another case of embezzlement in which a different method was employed.

Importers generally sell to their wholesale dealers at established prices which are lower than list prices to retail customers. By obtaining retail sales and representing them to the company as orders from a legitimate wholesaler, a salesman was able to pocket for himself the difference in price. Upon his notification, invoices were duly issued against the account of the dealer wherein it appeared that merchandise was sold at wholesale prices. Prompt payment of the bills and delivery to his retail customers was privately arranged by the salesman. In order to present bills of sale and collect the retail price, the salesman prepared false invoices for amounts higher than the originals, which represented the transactions to the buyers as direct sales by the company and not by the dealer.

The fraud was detected when the wholesale dealer received and questioned his monthly statement of account which showed a zero balance but included several charges which of course he never authorized. By investigation the names of the actual buyers were determined and the faked documents obtained.

This method of estafa is very difficult to discover and particularly so where salesmen establish an account for a wholly fictitious dealer as a means of accomplishing their purpose. However, business concerns can prevent the deception by independently verifying the existence of approved wholesale outlets and checking occasionally the authenticity of deliveries or collections that are not made through the usual channels.

## Electric Power Production Manila Electric Company System

By R. J. BAKER  
Manila Electric Company

	1948	1948
January . . . . .	33 745 000	27 301 000 K
February . . . . .	31 110 000	26 021 000 I
March . . . . .	34 776 000	26 951 000 L
April . . . . .	33 048 000*	26 871 000 O
May . . . . .	34 084 000**	28 294 000 W
June . . . . .	—	29 216 000 A
July . . . . .	—	31 143 000 T
August . . . . .	—	31 993 000 T
September . . . . .	—	32 012 000 H
October . . . . .	—	33 943 000 O
November . . . . .	—	32 661 000 U
December . . . . .	—	35 104 000 R
TOTAL . . . . .	—	361 510 000 S

\* Revised  
\*\* Partially estimated

The increase in May output over April is due entirely to the extra day. The increase over May, 1948, of 5,790,000 kwh or 20%, is less than the increase in previous months.

BUILDING CONSTRUCTION IN MANILA: 1936 TO 1949

Compiled by the Bureau of the Census and Statistics from data supplied by the City Engineer's Office.

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)	1949 (Value)
January	P 540,030	P 426,230	P 694,180	P 463,430	P 1,124,550	P 891,140	—	P 1,662,245	P 3,645,970	P 6,571,660	P 4,807,320
February	720,110	479,810	434,930	1,063,060	1,025,920	467,790	—	2,509,170	3,270,150	6,827,005	7,286,630
March	411,680	396,890	1,300,650	662,840	671,120	641,040	—	3,040,010	3,398,910	7,498,560	8,100,700
April	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,295,640	7,370,292	5,558,245
May	400,220	670,350	1,063,570	1,139,560	740,510	336,210	1,496,700	3,968,460	5,564,870	8,570,410	5,070,380
June	827,130	459,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840	—
July	302,340	681,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,487	—
August	368,260	827,660	627,790	622,050	681,860	306,680	1,418,380	4,889,640	7,428,260	7,568,950	—
September	393,100	777,990	684,590	654,570	590,390	530,830	1,016,250	7,326,570	7,770,310	7,095,860	—
October	663,120	971,780	718,190	645,310	738,700	699,040	639,030	4,630,550	6,747,240	5,368,800	—
November	460,720	320,890	972,310	461,580	485,100	316,930	1,364,310	4,373,390	7,088,283	3,424,125	—
December	648,820	849,160	503,290	1,105,910	333,490	67,553	1,605,090	5,034,600	4,924,320	4,507,580	—
TOTAL	P 6,170,750	P 7,530,690	P 9,280,560	P 9,053,250	P 8,234,460	P 5,692,273	P 12,186,150	P 47,526,905	P 73,907,248	P 82,792,569	P 30,823,275
Annual Average	P 514,229	P 627,557	P 773,380	P 754,438	P 686,205	P 474,356	P 1,015,513	P 3,960,575	P 6,158,937	P 6,899,381	P 6,164,655

Real Estate

By C. M. HOSKINS  
C. M. Hoskins & Co., Inc.

REAL estate sales in Manila showed an upward swing in May, with a sales total of P3,557,813, compared with P3,129,799 for May of 1948, and P4,618,181 for May of 1947. Comparative figures for the first five months of each year are as follows:

January-May:

1946	P14,875,582
1947	33,643,450
1948	19,918,978
1949	17,265,166

Not included in the official May figures, due to incomplete processing, is the sale by the Philippine National Bank to the Rehabilitation Finance Corporation of its 1,250 sq. m. vacant lot on David Street and Muelle del Banco Nacional, for P718,532.66. This represents a unit price of about P575 per sq. m. The lot was purchased by the Bank from Heacock's some 20 years ago for its bank house, but the project was dropped when the present bank building was acquired. It is understood the RFC will erect its main office building on the site.

Other major transactions during the month were the purchase of the old Isla de Romero post-office site of 5,201 sq. m. by Feati Institute of Technology for

P527,000; the sale of the Bay View Hotel site of 1,163 sq. m. and the war-damaged hotel building of Dr. H. Kneeder for P216,000 to Mariano Zamora, owner of the Riviera Restaurant; and the sale by Stewart E. Tait of a 10,000-sq. m. portion of his Santa Ana land to the Universal

Lumber Co. for P105,000.

Mortgages registered in Manila during the month totalled P3,557,813, which exceeds the monthly average of the 1949 five-months total of P15,000,000.

During May the Planning Commission held a hearing on the future re-development of Intramuros. All property owners at the hearing urged the rezoning of Intramuros as a commercial district. The planning office seems generally inclined to favor this proposal. However, wholesale warehouses do not fall within the commercial zone classification, and it is understood no more temporary permits will be issued for warehouses in Intramuros.

Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

EXPORTS for the month of April, amounting to 232,985 tons, continued to show a steady increase over previous months of the year and a decided increase over the same month last year, which registered 155,777 tons.

REAL ESTATE SALES IN MANILA, 1940-1949

Prepared by the Bureau of the Census and Statistics

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

	1940	1941	1945	1946	1947	1948	1949
January	P 6,004,145	P 962,970	P 7,943,605	P 4,385,011	P 6,030,012	P 3,644,734	P 3,965,420
February	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633	2,701,668
March	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719	3,362,635
April	883,207	988,380	213,262	1,916,293	8,611,076	6,021,093	3,677,630
May	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799	4,253,395
June	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246	—
July	1,324,861	559,742	1,123,565	4,974,862	4,097,183	5,146,529	—
August	1,905,828	1,239,414	699,740	4,488,510	5,627,572	6,192,876	—
September	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581	—
October	993,103	1,182,678	2,096,893	5,545,800	6,093,486	5,350,376	—
November	938,416	858,236	2,555,472	3,340,384	4,177,054	3,046,287	—
December	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,386,248	—
TOTAL	P 17,974,844	P 10,647,285	P 22,890,133	P 45,537,914	P 68,260,104	P 57,798,121	P 17,960,748

Exports of the more important commodities during the month, as compared with the same month last year, were:

	April, 1949	April, 1948
Alcohol . . . . .	80 tons	—
Coconut, . . . . .		
desiccated . . . . .	6,102 "	8,292 tons
Coconut oil . . . . .	3,951 "	1,726 "
Concentrates, . . . . .		
copper . . . . .	2,049 "	—
Concentrates, . . . . .		
gold . . . . .	239 "	193 "
Copra . . . . .	40,717 "	53,450 "
Copra cake and . . . . .		
meal . . . . .	4,542 "	4,391 "
Embroideries . . . . .	89 "	106 "
Empty drums, . . . . .		
cylinders . . . . .	253 "	246 "
Fresh fruits . . . . .	324 "	—
Furniture, rattan . . . . .	372 "	535 "
Gums, copal . . . . .	39 "	85 "
Hemp . . . . .	43,926 bales	76,523 bales
Household goods . . . . .	186 tons	130 tons
Junk, metal . . . . .	2,430 "	7,452 "
Kapok . . . . .	24 "	78 "
Logs . . . . .	456,121 board feet	906,284 board feet
Lumber . . . . .	847,644 " "	807,287 " "
Molasses . . . . .	17,915 tons	—
Ores, chrome . . . . .	22,775 "	24,700 tons
iron . . . . .	42,583 "	—
Pineapples, canned . . . . .	175 "	799 "
Rattan . . . . .	76 "	257 "
Rope . . . . .	204 "	324 "
Shells . . . . .	17 "	102 "
Sugar, raw . . . . .	76,816 "	31,393 "
Tanning barks . . . . .	107 "	—
Tobacco . . . . .	263 "	1,257 "
Vegetable-oil . . . . .		
products . . . . .	11 "	23 "
Transit cargo . . . . .	192 "	12 "
General cargo . . . . .	2,226 "	5,582 "

## Inter-Island Shipping

By G. F. VANDER HOOGT  
Manager, Everett Steamship Corporation

FOR many years, Philippine inter-island vessels have carried mail consigned by the Post Office between ports in the Islands free of charge. As to an individual vessel and voyage, this free carriage may appear to be a very small item, and it has not in the past been seriously considered by Philippine shipowners. Over a period of time, however, shipowners are penalized for a considerable amount of expense in this free service, especially as the vessel also pays the charges for loading mail on board and for discharging it to the pier at destination. We believe that it is a recognized practice throughout the world for the postal departments of the various governments to pay a fair rate to common carriers and contract carriers for the transportation of mail. This is certainly true as regards airmail, either domestic or foreign, and for steamer-mail for all foreign destinations. Domestic transportation of mail by rail, truck, bus, or other such means of overland transportation, is also compensated for, at least where such transportation services are not owned by the government concerned.

It appears, therefore, that the inter-island transportation of mail in the Philippines occupies the peculiar position of not only being a service from which the carrier receives no revenue, but actually one which results in an expense to the carrier involved. Philippine shipowners are of the opinion that some equitable arrangement should be made between themselves



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and the Bureau of Post, and when representations concerning this are made in due course, it is hoped that the Bureau will recognize that a somewhat discriminatory position exists which should be corrected. am chamber (mining LDR

## Mining

By CHAS. A. MITKE

Consulting Mining Engineer

### APRIL PRODUCTION:

Acoje Mining Co.	— 7,000 tons (4,000 tons No. 1; 3,000 tons No. 2 grade) Total Value P238,000.	
Atok - Big Wedge Mining Co.	— 12,063 tons, Value	P370,766.
Benguet - Balatoc	— 46,644 " "	P632,494.
Consolidated Mines, Inc.	— 18,700 " "	P374,000.
Lepanto Consolidated, Inc.	— 10,985 " "	P392,160.
	for 21 days work, 9 days on strike.	
Mindanao Mother Lode Mines —	8,000 " "	P266,219.
Consolidated Mining Co. —	8,690 " "	P196,790.
Surigao		
Taysan Mining Corp.	— 648 ozs. gold from 2,110 tons.	

UPON being criticized for his investment in mines, the President of a large National Bank in Chicago, made the following interesting statement:—

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He filled his vaults with gold, silver, and copper. He gave the prospector knowledge and insight, and guided him on his way to the door of the vaults he had built. The Federal Government handed him a title patent to all therein. It is not a crime but a virtue to enter. With drill, blast, pick, and spade, the prospectors have broken the combination locks and entered. But for them, our notes of issue would be as the stump-tailed currency of 1857. But for them, this Government of ours would be bankrupt.

"Mines will be producing millions of gold, silver, and copper when National Banks are unknown.

"A mine contains a crop already raised, harvested, and on deposit for you to check against at your pleasure.

"The wealth gathered from the mines immortalized King Solomon.

"Mining has made the United States the richest country in the world.

"Mining is an industry as necessary to the welfare of the community as the raising of crops.

"Show me a country without mines and I will show you a people sunk in degradation and poverty; and poverty makes cowards of nations as well as individuals.

"Mining is the second industry in the United States.

"Mining has transformed more poor men into millionaires and raised them to positions of honor and trust than any other business.

"Mining has scored less than 35% of failures against 95% of failures shown in general merchandising business of the United States.

"Without the products of the mines you would have neither a frying pan, a spoon, a hat-pin, or a monetary circulating medium.

"Eliminate the miner and you set civilization back to the dark ages.

"Outside of the element of great personal profit which will accrue to us as bankers who are able to supply the money to open great mines, it behooves us to foster an industry upon which the prosperity of not alone our depositors, but of the entire nation, depends."

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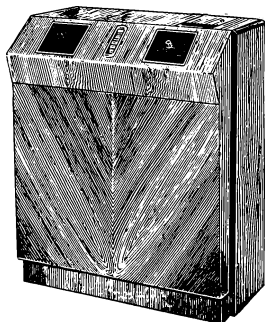
GOLD AND SILVER PRODUCTION FOR 1949  
By the Bureau of Mines

Names	JANUARY		FEBRUARY		MARCH		APRIL	
	Quantity in Troy Ounces	Value in Pesos	Quantity in Troy Ounces	Value in Pesos	Quantity in Troy Ounces	Value in Pesos	Quantity in Troy Ounces	Value in Pesos
Atok-Dig Wedge Mining Co.	Au - 5,178.070	P 362,464.89	4,838.969	P 338,727.83	5,642.911	P395,003.77	5,232.747	P366,292.29
	Ag - 2,937.775	4,171.63	2,890.329	4,104.27	3,621.483	5,142.30	3,150.601	4,473.86
Balatoc Mining Co.	Au - 4,262.000	298,340.00	4,166.000	291,620.00	5,451.000	381,570.00	3,182.000	4,653.00
	Ag - 2,531,000	3,543.40	2,593.000	3,594.20	3,102.000	4,653.00	3,229.000	4,843.50
Benguet Consolidated Mining Co.	Au - 3,967.000	277,600.00	3,496.800	244,650.00	3,393.000	237,510.00	3,882.000	271,740.00
	Ag - 2,355.000	3,297.00	2,999.000	2,938.40	1,931.000	2,896.60	2,432.000	3,648.00
Mindanno Mother Lode Mines	Au - 2,883.980	196,341.36	2,978.130	202,761.00	3,531.670	24,436.00	3,660.530	249,821.60
	Ag - 4,429.000	6,890.57	3,950.000	5,266.80	4,294.000	5,711.02	4,607.900	6,904.31
Surigao Consolidated Mining Co.	Au - 1,758.000	140,605.00	2,066.000	144,200.00	2,382.900	166,893.00	2,286.355	160,184.85
	Ag - 2,100.400	3,456.00	2,906.000	4,176.00	959.514	1,439.27	2,035.695	1,017.85
Surigao Placer Syndicate	Au - 319.803	22,385.21	180.000	13,500.00	None	None	None	None
	Ag - 98.992	148.49	60.000	72.80	None	None	None	None
Taysan Mining Corp.	Au - 913.944	63,971.36	791.358	66,395.06	776.139	54,329.73	645.986	45,218.42
	Ag - 2,670.500	3,372.90	1,665.460	2,483.19	1,592.140	2,253.21	1,614.039	2,441.05
Tambis Gold Mines, Inc.	Au - 176.000	14,000.00	196.000	15,800.00	192.000	14,000.00	166.000	8,500.00
	Ag - None	None	None	None	None	None	None	None
Totals	Au - 19,450,797	P1,375,803.54	Au - 19,705,457	P1,365,743.98	21,369,620	1,273,652.50	19,880,618	1,106,410.15
	Ag - 17,422,266	23,879.39	Ag - 16,087,789	22,646.06	15,410,137	27,095.50	16,973,736	224,186.70

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## METALS AND ORES OTHER THAN GOLD AND SILVER

Names	Ores	JANUARY		FEBRUARY		MARCH		APRIL	
		Quantity L. Tons	Value in Pesos	Quantity L. Tons	Value in Pesos	Quantity in L. Tons	Value in Pesos	Quantity in L. Tons	Value in Pesos
Acoje Mining Co.	Metallurgical Chromite	5,022.0	P 140,616.00	8,373.0	P 234,444.00	7,784.0	P233,520.00	5,868	P176,040.00
Luzon Stevedoring Co., Inc.	Manganese Chromite	1,800.0	50,400.00	None	None	1,523	45,690.00	None	None
Misamis Chromite Corp.	Metallurgical Chromite	1,100.0	57,200.00	None	None	None	None	None	None
Consolidated Mines, Inc.	Refractory Chromite	23,000.0	460,000.00	25,000.0	502,000.00	18,360	360,200.00	18,700	374,000.00
Lepanto Consolidated, Inc.	Copper	1,757.5	553,500.00	1,877.0	517,400.00	S.T. 1,960	542,100.00	S.T. 420.18	392,160.00
Cia. Minera de Filipinas	Manganese	172.0	6,880.00	123.0	4,920.00	91	3,640.00	None	None
Samar Mining Co.	Iron	None	None	None	None	M.T. 7,489	104,946.00	7,414	103,796.00
Palawan Manganese Mines, Inc.	Manganese	640.0	22,400.00	640.0	22,400.00	518	18,130.00	None	None
British-American Engineering Corp.	Manganese	1,200.0	48,000.00	1,200.0	48,000.00	1,200	18,000.00	500	15,500.00
Philippina Iron Luzon Stevedoring Co., Inc.	Iron	14,586.0	204,204.00	—	—	None	None	None	None
Totals -	Metallurgical Chromite	None	None	1,150.0	14,250.00	2,500	100,000.00	None	None
			P1,543,200.00		P1,343,414.00		41,425		1,465,226.00
								32,402.18	1,061,496.00

## Lumber

BY LUIS J. REYES

*Philippine Representative, Penrod, Jurden & Clark Company*

**I**n its last session, Congress passed three bills which affect the lumber industry. The first of these, H. No. 2816, sponsored by Congressman Morato,

sets aside an initial sum of P400,000 to be spent in taking an inventory of our forest resources and to make studies of forests as they affect soil conditions, water supply, and related subjects. This is a wise piece of legislation, which may result in changes in our present forest policy. It may be found that timber cutting in certain forests which have been under exploitation for scores of years may be too light or too heavy, and new forest regions may be opened for

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development. Many people are beginning to ask whether we are not over-cutting our timber resources to the detriment of our future supply.

Another piece of legislation, S. No. 425, sponsored by Senator Lopez, has to do with the re-grouping of timbers for the payment of forest charges. Under present laws, the Director of Forestry, subject to the approval of the Secretary of Agriculture and Natural Resources, may re-group timber classifications not oftener than every five years. The new law reduces the period to three years. The last re-grouping, in which all species except those in the first group were raised one group higher, took place in 1946. This practically doubled forest fees (stumpage) charged by the Government on all timbers cut in the public forests. There is a strong feeling among lumbermen that the industry is too heavily taxed and that some measure of relief should be granted them. According to the records of the Bureau of Forestry, over 100 sawmills have either closed down permanently or have temporarily suspended their operations because of this and the high costs of labor and of freight rates.

The third piece of legislation, H. No. 2818, is a clarification of section 1833 of the Revised Administrative Code and of Act No. 3822 together with section 89 of the Mining Act (Commonwealth Act 137) which has been erroneously interpreted as authorizing mining companies free use of timber for mining purposes. The present law makes mining companies subject to the payment of regular forest charges on all timber used after the development work on a mining claim is completed and production begins.

During the first quarter of 1949, there were produced throughout the Philippines a total of 109,440,062 board feet of lumber as compared to 90,188,407 board feet for the same period in 1948. On the other hand, there were shipped 1,275,955 board feet of sawn lumber and 2,193,488 board feet of logs in 1948, as compared to 8,190,700 board feet of sawn lumber and 5,599,669 board feet of logs in 1947. The increase is 75% over that of the first quarter of 1948.

Although the volume of exports has increased, prices have gone down an average of 16%. The bigger companies are the most heavily affected by the leveling down of prices in the United States market. American importers, on the whole, are reluctant to pile up large inventories, but several local companies have filed applications with the Government to export over 6,000,000 board feet of logs and lumber to be shipped within the next few months.

In the Manila market, wholesale prices during the first quarter are 21% lower than those during the same period last year, and only those mills which are adequately financed and properly managed are able to compete in this market. While the months of April and May generally mark the height of the house-construction period, yet the distributors (*tablerias*) complain of relatively small sales. Current wholesale prices of lumber in Manila range from P140 to P160 per M for the so called "Manila Grade," while in Iloilo and Cebu lumber is selling at from P10 to P20 higher.

The Japanese log trade, which is carried on through SCAP, is limited in volume and the prices are about 15% to 18% lower than those for shipments to

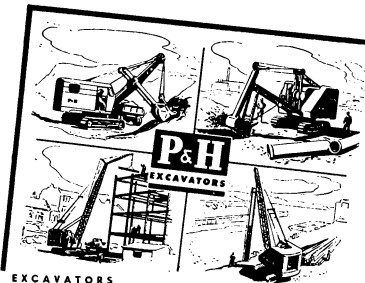
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the United States. The last tender held in Japan by SCAP in March was won by a local concern which offered lauan veneer logs at \$67.50 c.i.f., Japan port.

Editor's Note:—The Cabinet on June 2 approved the recommendation of the National Economic Council not to continue the Executive ban on the export of lumber which was to expire on June 6.

## Copra and Coconut Oil

BY MANUEL IGUAL

*General Manager, El Dorado Trading Company, Inc.*

AND KENNETH B. DAY

*President, Philippine Refining Company, Inc.*

April 16 to May 15, 1949

**T**HE maximum variation in copra export prices during the month under review was \$10 per ton, which forms some kind of a record for recent months when fluctuations have been as violent as they have been erratic. As in the previous period, prices both at the beginning and end of the period were approximately the same, centering around \$175 c.i.f. Pacific Cost and \$170 f.o.b.

Mid-April markets were lifeless, with American buyers unwilling to exceed \$175 because oil would not stand higher prices, and sellers holding back because of light arrivals and a general local tightness in the market. Within about ten days, however, American buying interest, spurred on by shortage of oil on the Coast, increased to a point where business was done as high as \$185 c.i.f., the high point of the period. The demand, however, was practically all for immediate or May shipment, mostly by named vessels, and only a small amount of forward copra was sold, even

for June shipment. There was no great volume of trading for there was not much copra to trade. One or two of the Coast mills were particularly active, and their operations may have represented coverage for previous sales. There was also a certain amount of reselling of parcels afloat by Coast mills. This situation pertained until nearly mid-May at which time buyers began to back away, and by the 15th the general price indication was again \$175 with \$180 immediate a possibility for a few parcels.

European business was very light. As usual, European buyers were short of dollars, and moreover were able to buy substantially from sterling areas, notably the Dutch East Indies, where the copra crop is better than anticipated. France bought large quantities of palm kernels from French possessions, and showed no interest in copra. What little business was possible passed at between \$170 and \$180 f.o.b. shipped weights, or with the equivalent premium for landed weights, which buyers greatly preferred. Little hope is extended for large purchases of Philippine copra by Europe for the next few months, although doubtless there will always be some business available, depending on dollars in hand and the availability of supplies elsewhere. Sterling prices were well above dollar equivalents, because of the possibility of obtaining sterling freely for this purpose.

The American Government has been discouraging the use of ECA dollars for purchase of lauric-acid oils except for emergency use, and has been pushing the use of cottonseed, soya, lard, and tallow as a means of stimulating exports of these heavily stocked commodities. This policy is beginning to show results, but American surpluses are still extremely large, and another good crop-year is in prospect.

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MEANWHILE, coconut oil, which was in very limited supply in the United States, held steady for what business there was available ranging from a high 15 cents c.i. f.P.C. for tank cars to a low 14-1/2 cents and closing at 14-3/4 cents. Practically all the demand was for immediate or prompt shipment, and offers by sellers of futures at a discount were largely neglected. Philippine mills sold a few parcels to East Coast consumers at prices ranging from 14-1/2 to 15 cents c.i.f. N.Y., mostly for June or July arrival. Large soapers seem to be now reasonably covered through July, and by mid-May were again backing away and expecting cheaper prices.

LOCAL markets both for copra and oil followed the export pattern. Manila prices ranged from P32 to P34 per 100 kilos rescada, and arrivals showed some improvement over previous months. In Cebu a squeeze developed early in May when several off shore loadings took place simultaneously and a few buyers were short of stocks. Cebu prices consequently were about on a par with those of Manila. When these loadings are completed it is not thought that supplies will continue tight, for forward commitments do not appear heavy. Desicators have not pushed the markets as hard recently as earlier in the year, and apparently are getting their requirements more easily.

April shipments of copra were less than expected, totalling only 40,717 tons distributed as follows:

To U.S. Pacific Coast .....	13,650 tons	
U.S. Atlantic Coast .....	2,980 "	
<b>Total .....</b>	<b>16,630 tons</b>	
Canada .....	800 "	
Japan .....	5,675 "	

<i>Europe</i>		
Italy .....	1,512 tons	
France .....	4,350 "	
Holland .....	2,000 "	
Belgium .....	1,250 "	
Norway .....	2,100 "	
Germany .....	6,000 "	
<b>Total .....</b>	<b>17,712 "</b>	
<b>GRAND TOTAL .....</b>	<b>40,717 tons</b>	

During the same period coconut-oil shipments totalling 2,982 tons as follows:

To U.S. Atlantic Coast .....	679 tons
Belgium .....	14 "
Germany .....	1,571 "
Italy .....	144 "
Holland .....	574 "
<b>Total .....</b>	<b>2,982 tons</b>

SHIPMENTS of copra this year have been surprisingly light, totalling for the period January to April only 145,300 tons, as against 228,900 tons in the same period of 1948 and 351,900 tons in 1947. As against the 40,717 tons shipped in April, April, 1948, figures were 54,950 tons and April, 1947, 101,319 tons. Oil shipments while small are holding up to last year, totalling 11,491 tons for January to April as against 10,940 tons in 1948. If this ratio pertains for May and June, even admitting full shipments for the second half year, it is doubtful if Philippine exports of copra, either as such or as oil, will greatly exceed 700,000 tons, a lower figure than previously predicted, and about the same as 1948, a poor year.

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When it is remembered that copra is now about half price compared with the best prices of last year, and far below average prices either for 1947 or 1948, it can be realized that the national income is taking a real beating in these commodities.

Copra meal on the Coast sold down from \$60 per short ton c.i.f. to \$53-54 as the period closed. Most Philippine crushers sold current supplies on this basis. Nominal European quotations dropped from \$40 f.o.b. to \$35 and lower, but it was not until near mid-May that any dollars were available for purchase of cake in Europe, and the American meal market was consistently more favorable.

By July 1 supplies of copra should be far more plentiful. Buyers of copra and oil are discounting this and are generally holding off with the hope of buying cheaper, for they still consider copra and oil overpriced. Sellers, having been burned so many times by unexpected price fluctuations, are cautious and are trying to keep a balanced position. The period from May 15 to June 30 is unpredictable, for supplies will still be relatively light. After July, however, the general present thinking is that there will be little support for copra prices, and that the chances are, barring the unexpected, they should decline moderately. It is, however, too early to take this for granted, which is the reason there is little of any forward business passing and the usual market fluctuations are to be expected until supplies are more plentiful and demand more stabilized.

## Desiccated Coconut

By HOWARD R. HICK  
President and General Manager,  
Peter Paul Philippine Corporation

**T**HIS report covers the period from April 15 to May 15 during which time copra remained quite steady and much along the lines of world copra values. This indicates a healthy condition, and the raw-nut market followed it.

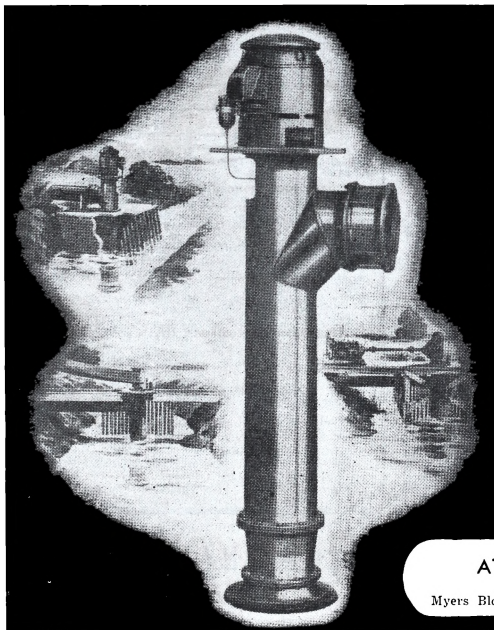
Increased harvests have made nut procurement easier and this, combined with a general reduction in production of most factories due to high inventories in the United States, has made the securing of raw material easier than any time since before the war.

In general, the desiccated coconut business is enjoying its healthiest period since pre-war operations, with the exception of labor disturbances which have been occurring more or less regularly.

The Red V Desiccated Coconut Company will soon put up its new and modern factory in Oroquieta, Misamis, and will be able to double its production.

The following statistics indicate the shipments of desiccated coconut for the month of April.

Shippers	Pounds
Franklin Baker Co. of the Philippines . . . .	3,621,880
Blue Bar Coconut Company . . . . .	814,900
Peter Paul Philippine Corp . . . . .	2,995,800
Red V Coconut Products, Ltd. . . . .	798,800



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	Pounds
Sun-Ripe Coconut Products, Inc. ....	628,900
Standard Coconut Corp. ....	10,500
Isabelo S. Hilario .....	0
Cooperative Coconut Products, Inc. ....	231,900
T a b a c a l e r a .....	188,600
Luzon Desiccated Coconut Corp. ....	263,700

T O T A L ..... 9,554,980

## Sugar

By S. JAMIESON

Alternate Secretary-Treasurer,  
Philippine Sugar Association

**T**HIS review covers the period from April 30 to May 27, 1949.

*New York Market.* The period opened with sellers asking 5.75¢ for prompt delivery and 5.80¢ for later positions, and buyers indicating interest at 5 points lower. Spot was quoted at 5.70¢. On the 10th and 11th of May a considerable buying interest appeared. On the 10th approximately 60,000 tons of Cuban, Puerto Rican, and Philippine sugar for May/June/July delivery were reported as having been sold at 5.80¢, and on the following day an additional 120,000 tons in the same positions at 5.85¢. Sellers then raised the price to 5.90¢, but buyers, having filled their current needs from these heavy purchases, showed no interest at this price, and an easier tone prevailed in the market for the next two weeks. At the close, the market has a firmer tone and a few sales have been made at 5.85¢ for prompt shipment. There are further buyers at this price, but sellers are trying to get 5.90¢. Spot is 5.85¢. It is known that a large quantity of Philippine sugar was sold during the period, but an itemized list of the sales is not at the moment available.

Quotations on the New York sugar exchange for the period April 25 to May 20, 1949, under contracts Nos. 4 and 5 were as follows:

### Contract No. 4 (World Market)

	High	Low	Close	Sales	tons
May .....	4.07	4.07	4.07	1,650	"
July .....	4.25	4.01	4.01	58,200	"
September .....	4.25	3.99	3.99	42,150	"
March .....	3.66	3.38	3.38	19,050	"
May .....	.....	.....	3.38	.....	"
July .....	.....	.....	3.38	.....	"
Total .....	.....	.....	.....	121,050	tons

### Contract No. 5

	High	Low	Close	Sales	tons
May .....	5.36	5.25	5.25	25,550	"
July .....	5.46	5.32	5.31	56,600	"
September .....	5.46	5.32	5.31	49,650	"
November .....	.....	.....	5.32	.....	"
December .....	5.35	5.34	5.20	350	"
March .....	5.10	4.97	4.95	8,100	"
May .....	5.11	5.05	4.92	2,050	"
July .....	5.12	5.00	4.95	2,950	"
Total .....	.....	.....	.....	145,250	tons

*Local Market.* (a) Export Sugar. There was keen competition among buyers for the limited quantities of export sugar available. At the close, buyers generally are offering P13.60 ex mill warehouse, and would probably pay from 10 to 20 centavos more for large parcels.

(b) Domestic Sugar. This market held firm. There are buyers of the centrifugal grades at from P18 to P18.50 per picul at mill warehouse. Washed sugar is quoted at P19.50 to P20. per picul.

*General.* The effective period for the freight rate of \$15.50 on centrifugal sugar from the Philippines to United States Atlantic and Gulf ports has been further extended to July 31, 1949.

The U. S. Department of Agriculture (for the Commodity Credit Corporation), the British Ministry of Food, and the Cuban Sugar Stabilization Institute jointly reached an agreement on the purchase of 750,000 long tons of Cuban world-market sugar; 350,000

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long tons were bought by the British Ministry of Food and 400,000 long tons by the Commodity Credit Corporation. The price of the first 100,000 long tons for the British Ministry of Food and 150,000 long tons for the C.C.C. will be 4¢ f.o.b. Cuba. The price of the remaining 500,000 long tons will be based on the average monthly spot price for Cuban free world-sugar but will be within an upper limit of 4¢ per pound. In consideration of this sale, the Cuban Sugar Stabilization Institute will increase its world export quota by 250,000 long tons.

## Manila Hemp

BY H. ROBERTSON

Vice President and Assistant General Manager,  
Macleod and Company of Philippines

**T**HIS review covers the period April 16 to May 15, 1949. Throughout this period, the market has shown a tendency to advance. Buyers, however, were disinclined to pay higher prices.

In New York, prices on the average closed 1/4¢ to 1/2¢ above those ruling April 15. The cause of

this was the limited offerings from the Philippines rather than any real buying-interest on the part of consumers. Due to poor business, cordage manufacturers can afford to hold off and cover only their immediate requirements.

Not much business has been done by SCAP during the past four weeks in non-Davao hemp, but they have been fairly steady buyers of the cheaper Davao grades. An improvement in demand from Europe and other destinations was noticeable. Small purchases have been made by Calcutta and Australian buyers. The better-than-normal demand from sources other than the United States and SCAP is principally responsible for the present steady market.

Local provincial prices closed the period at above the prices ruling a month ago. Exporters appear to be fairly well sold; and in view of anticipated lower production in non-Davao areas they appear disposed to get ahead with purchases.

The following figures will give some idea of the price changes recorded during the month:

Philippine provincial quotations on May 15—

	Per Picul Basis Loose	
Davao I	₱64.00—Up	₱1.00 per picul from April 15.
Davao J1	62.50—Up	1.00 " " "
Davao G	55.50—Up	.50 " " "
Non-Davao I	65.50—UP	.50 " " "
Non-Davao G	48.00—Up	.50 " " "
Non-Davao K	29.00—Up	1.00 " " "

New York quotations May 15—

	Per lb. C.I.F. New York	
Davao I	29¢ —Up	1/2¢ per lb. from April 15.
Davao J1	28-1/2—Up	1/2¢ " " "

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Davao G	25-1/2—Up 1/4¢	"	"	"
Non-Davao I	28-3/4—Unchanged from April 15.			
Non-Davao G	22-1/4—Up 1/4¢ per lb. from April 15.			
Non-Davao K	18-1/4—Up 1/4¢			

Production for April, 1949, was 48,123 bales—a decrease of 5,736 bales from March, 1949. Non-Davao balings totaled 29,698 bales—down 4,070 bales from March. Davao balings were 18,425 bales—down 1,666 bales from March. Exports for April totaled 39,709 bales. Production for the first four months of the year amounted to 194,620 bales against exports of 181,979 bales for the same period last year.

## Tobacco

BY THE CONDE DE CHURRUCÁ  
President, Manila Tobacco Association

**I**N Pangasinan and Union provinces the buying season is still only beginning and still dull, as prices are lower than last year's and the crop substantially larger. The weather is dry, and that is another thing that gives the farmers more time to sell their product. It is not easy to predict what the average prices will ultimately be.

In the local market, business is also at a standstill as buyers are waiting in the hope that the lower prices expected for the present crop will influence what is left of last year's.

Exports follow the usual slow rhythm; 500 tons were shipped during the last few days to Europe.

The cigarette business is suffering not only from the competition offered by cheap American cigarettes, but by a number of new very cheap local brands which are flooding a part of the market. The spending ca-

capacity of the people is noticeably lower and affects most of the sales of medium-price cigarettes. Manila, May 31.

## Automobiles and Trucks

BY C. HAROLD HELLING  
General Motors Corporation

**D**URING the first four months of 1949, automobile production in the United States reached approximately 1,500,000 units, 250,000 more than they produced during the same period of 1948.


Truck production during this period reached 500,000 units, which is approximately 40,000 short of the mark set during the same period of 1948.

The National Automobile Show, sponsored by the Army Transportation Association, which was held in the Manila Hotel May 23, 24, and 25, had the following participants displaying their 1949 post-war models:

- |                      |                   |
|----------------------|-------------------|
| Bachrach Motors      | — Nash and Austin |
| Bataan Motors Corp.  | — Studebaker      |
| Estrella Auto Palace | — Hudson          |

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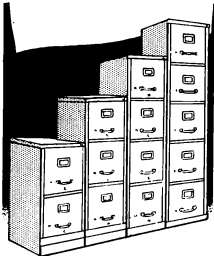
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Liddell Motors, Inc.	— Chevrolet and Oldsmobile
Macdonay and Company	— Packard
Manila Trading and Supply Co.	— Ford
Mayon Motors, Inc.	— Pontiac
Philippine Motors, Inc.	— Chrysler and Plymouth
Port Motors, Inc.	— Mercury and Lincoln
Reliance Motors, Inc.	— Cadillac and Buick
United Motors (P.I.), Inc.	— Dodge

The show, which included all the various makes and models, was a huge success as evidenced by the thousands of spectators attending during the three-day period. The public seemed interested in the various sport-models on display as well as the standard post-war designs, which included such features as automatic transmission, greater vision through increased windshield and rear-window glass area, hydraulically operated windows and tops on convertible models, wider bodies providing more room, larger trunk space, and a great many more features.

The automobile manufacturers and their individual distributors in this country hope to make it an annual show, as it is elsewhere. With the delays caused by post-war conversions and material-shortages behind us, future shows should take place shortly after the first of each year and coincidental with the arrival of that year's new-model cars. These shows will be given so that the public may have first-hand knowledge and may make a comparative study of the latest in automotive structure and design.

## Food Products

By C. G. HERDMAN  
Director, Trading Division  
Marsman & Company, Inc.

THE local market on imported foodstuffs continues practically the same as during March and April. There are ample stocks of practically all commodities and overstocks of many items. Arrivals of both wheat flour and canned milk were quite heavy during the month of May, the arrivals being at least 50% greater than actual consumption, and it appears as though arrivals during June will be almost as large as in May.

In spite of the considerable overstocks of canned fish in the Philippines, buying during the last 30 days has been quite heavy in view of the information from California that practically all stocks of canned fish have been cleaned out. It is impossible to secure further supplies of certain sizes and packs, and what little canned fish is still available is held very firm and at prices far in advance of sales during the earlier months of the year. While present stocks of canned fish are quite heavy, we are now entering the season of greatest consumption and it is probable that existing stocks will be well liquidated before new-pack fish can be imported. Under California State law, fishing will not be resumed in the Monterey district until August 15 and in Southern California until October, hence new-pack fish cannot be expected to arrive before early September and even then this will undoubtedly depend to a great extent on the way the fish run at Monterey in August and on the strength of the domestic demand in the United States.

Retailers continue to complain of greatly curtailed sales. The opening of schools in June should

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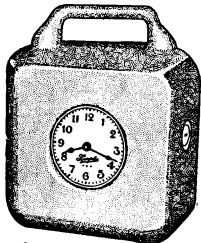
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result in a material improvement in consumption of food products. Recent reductions in price of flour should also result in increased consumption of bakery products, at least as long as present high prices of rice continue.

## Textiles

BY JAMES TRAYNOR

THE textile market during the month under review showed marked improvement over April although conditions were still abnormal. Local selling prices are coming into line with costs with the exception of a few grades which are still depressed due to large inventories.

During the month, importers showed more interest in making new purchases from the United States, but are exercising caution so that the volume ordered is not large. The arrivals during the month were about 20% less than in April. Importers report that sales are somewhat better, and that collections are still slow, but improving.

## Legislation, Executive Orders, and Court Decisions

BY EWALD E. SELPH  
Ross, Selph, Carrasco & Janda

CERTAIN decisions of the Patent Office may be of interest to the business community; as the following:

The Director has called attention to various rules preventing him from answering, in advance of a formal application, whether a mark or name is acceptable for registration, or from rendering an opinion on the interpretation of the patent law until the necessity for it arises in passing upon an application.

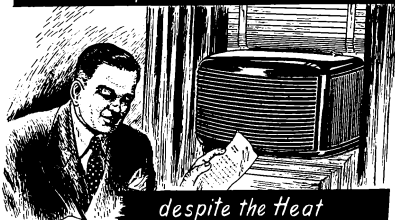
He has however recently issued a circular and a bulletin containing some general information.

Circular Release No. 41 of May 10, 1949, contains the following:

"1. Our trademark statutes are of United States origin. The former statute, Act No. 666, was patterned after the U. S. Trade Mark Act of 1881, and the current statute, Republic Act No. 166, was modelled on the U. S. Trademark Act of 1946.

"2. Our Supreme Court has held in several cases that, when a Philippine law has been borrowed from another coun-

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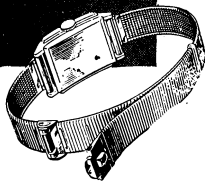
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try, the jurisprudence and practice of that country may and should be used in construing or interpreting the said Philippine law. *Ibanez de Aldecoa v. Hongkong and Shanghai Bank*, 50 Phil. 228, 246 U. S. 621, 62 L. ed. 903; *Tamayo v. Gsell*, 35 Phil. 953; and later cases.

"3. Under this rule of statutory construction, if no Philippine precedents exist for any problem arising in Philippine trademark law and practice, United States precedents may be availed of.

"4. A prospective applicant looking for Philippine precedents and finds none should, therefore, look to United States precedents. Such United States precedents may be pleaded by the applicant in his favor, when he formally submits his case to the consideration of the Patent Office."

In Bulletin No. 1, May 10, 1949, page 1, there is an opinion to the effect that a mark unregistrable because descriptive of the goods may, by five years exclusive and continuous use, come to indicate in the public mind the origin of the goods, that is the manufacturer or trader, and therefore be acceptable for registration.

In approving the trademark "Liberty" for *patis* and *bagong*, despite the fact that at least four other traders have registered such mark for different classes of goods, the Director ruled that "Liberty" belongs to the class of "weak marks," or common ordinary words, as distinguished from "strong marks," or fanciful arbitrary or coined words, which could not be used even on widely different classes of goods, and he said this word "Liberty" could be registered for several different species of goods belonging to the same general class.

In disapproving the registration of "Orbic" for a fountain-pen, the Director said this word was descriptive of an orb-shaped writing point and although it came from a foreign language and might or might not convey to the general public the idea of a ball-pen, it was the real significance of the word which brought it within the prohibition of the law against registration of descriptive terms.

Under the same reasoning registration was denied for "Omni-Beta" applied to a vitamin compound. "Aquatogs" for raincoats was also denied registration.

The Patent Office has also ruled, under the provision prohibiting registration of marks which were merely the name or quality of the goods, that in the case of the mark of the Davis Baking Powder Company which consisted of the notation "Davis Baking Powder," and the letters "O.K." in a circle, that the words "Baking Powder" and the letters "O.K." must be deleted, leaving only the word Davis in the circle.

An interesting point was raised in the matter of the application of the Goodrich Company for regis-

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tration of the mark "Miller" for tires. The Director ruled that it was likely to cause confusion among ordinary jeep and bus drivers with the mark "Hi-Miler" previously registered by Goodyear. He said that while these marks differ in signification and dealers would not be misled, these drivers, accustomed to the short sound of "i," would pronounce both words alike and it is likely they would be deceived. This ruling was made despite the fact that Goodyear filed a letter of consent to registration. The Director held that the consent letter was of no controlling value as the mandate of the law relative to a confusingly similar mark is express and compelling and cannot be nullified or set aside by a private agreement between the applicant and the registrant.

**T**HE Supreme Court in Case No. L-1881, May 9, 1949, affirmed a decision of the Court of Industrial Relations which was that persons holding appointments from the Mayor as special policemen but assigned as guards and watchmen for a private company, were ordinary employees of the private company and entitled to the same rights and privileges as any other employees.

The Supreme Court said:

"The appointments issued by the Mayor were more of a special arrangement in nature between the Mayor and the company to empower the special policemen to make arrests within the radius of operations of the company, thereby making more effective the rigid guarding of the shipments entrusted to the company. This arrangement was found necessary in view of the exceptional state of confusion, disorder, and robbery that prevailed in the port of Manila after liberation, to the great detriment of business. If due to this special arrangement, caused by exceptional circumstances, the special policemen referred to would be converted into public officers by virtue of their appointments in time of emergency who, after all, are but mere laborers and employees, they would be at a disadvantage compared to the other employees and laborers of the company, because while the latter could make use of all their rights as laborers to make reasonable demands for improvement, and could even declare a strike, if necessary, the special policemen on the other hand would be completely deprived of all the legitimate ways and means to improve their status as workers. This would be contrary to the good concepts and ideals of social justice adopted and put in practice by our Government, and we don't think that Congress had this in mind, or intention, when it conferred upon the Mayor the power to make appointments.

"Precedents, furthermore, are against the pretensions of petitioner. In the case of National Labor Union vs. San Miguel Brewery (CIR Case No. 26V4), the Court declared itself competent to pass on the case notwithstanding the appointment as special agent of an employee of the company by the Military Police Command. Another identical case is that of Bendix Products Corporation, to wit:

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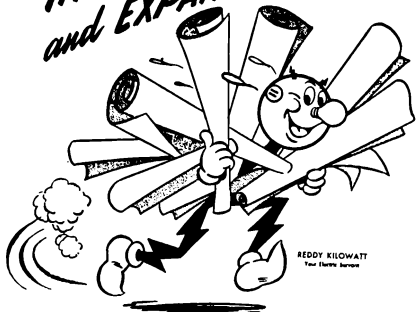
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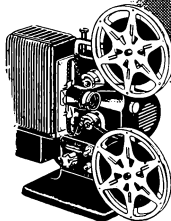
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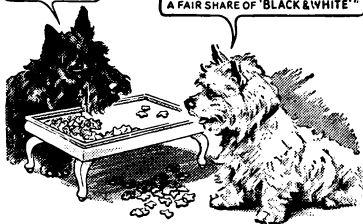
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"This is also the rule in labor law. In Bendix Products Corporation (15 NLRB 965 (1939)) the employer contended that its policemen were not employees within the meaning of the Act because they held commissions as Special Officers from the City of South Bend, Indiana. "However," said the Board in holding against the contention, "the policemen are hired by the Company and are paid by it. There is no basis for finding that they are anything other than employees of the Company." (2 Ludwig Teller, Labor Dispute and Collective Bargaining, 748).

"In view of the foregoing, the petition is dismissed, with costs against petitioner."

In a tenancy case L-2122, April 30, 1949, the Supreme Court discussed the principle of the right of an owner to dispossess a tenant and operate his farm with mechanized equipment. The Court said:

"The food problem that we still have must be solved if we do not wish to be dependent upon foreign markets and if we do not wish to lengthen its weakening effects upon our social economy. We must extensively and intensively cultivate our lands. To accomplish this we must increase our farm labor; but our population has been decimated by the war. We cannot have farm laborers overnight, not unless we let down the immigration bars for foreign labor, which we cannot do under our present laws. To await until our children reach the age when they can do the work would be to prolong the crisis. The stream of farmers flowing towards the cities grow day by day; but if we employ modern farming implements, an opposite current would be created: mechanics would be going to the centers of production and abandon our urban centers. Use of mechanical implements in farms, under the supervision and administration of their owners, would thus create jobs for city unemployed who now overcrowd our centers of population. Their back-to-the-farm movement would help solve and alleviate the miseries now being undergone in certain sections of the cities, a social problem which is becoming acute day by day. We must adopt the only solution we have at hand; the use of the machine to double if not to quadruple farm production. We cannot solve our food production problem by continuing with our antiquated methods of cultivation. For these reasons, we believe that the use by the owner of mechanical implements is a 'just cause,' in accordance with Republic Act No. 44, to dispossess a tenant of the land he is cultivating, in the same way that the need of the lessor to use the house leased for his own use, is a legal ground to eject the lessee."

## Other Chambers

### Chamber of Mines of the Philippines

ON July 27, 1948, a meeting of the members of the Chamber of Mines of the Philippines was held for the purpose of discussing the reorganization of the Chamber. At this meeting, the following resolution was adopted:

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"Resolved, that it is the unanimous intention and desire of the members of the Chamber of Mines of the Philippines to reconstruct its corporate records, rehabilitate its activities, and resume its operations which were suspended during the war."

An election of the directors to serve up to the end of 1948 was held and the following were elected:

Mr. J. H. Marsman  
" John W. Haussermann  
Col. Andres Soriano  
Mr. W. F. Gemperle  
" E. A. Perkins

Immediately after the adjournment of the meeting of the members, the elected directors met for the purpose of electing the officers to serve up to the next annual meeting of the members. The following were elected officers of the Chamber:

President — Mr. J. H. Marsman  
Vice-President — Mr. John W. Haussermann  
Vice-President — Col. Andres Soriano  
Secretary-Treasurer — Mr. I. O. Elegado

The following members of the various standing committees provided for in the By-Laws of the Chamber were appointed:

- |  |  |
|--|--|
| 1. Executive Committee:<br>Mr. J. H. Marsman<br>" J. W. Haussermann<br>Col. Andres Soriano | 3. Technical Committee:<br>Mr. V. A. Brussolo<br>" V. E. Lednicki<br>" H. W. Crossy                                |
| 2. Membership Committee:<br>Mr. T. M. Jordan<br>" W. F. Gemperle<br>" D. L. Albert         | 4. Publication Committee:<br>Mr. Juan C. Orondain<br>5. Legal Committee:<br>Mr. Benj. S. Ohnick<br>" E. A. Perkins |

The annual meeting of the members of the Chamber for 1949 was held on March 31, 1949. At this meeting the following were elected directors of the Chamber:

Mr. E. A. Perkins  
" J. S. Peterson  
" Jesus S. Cabarrus  
" W. F. Gemperle  
" Benj. S. Ohnick  
" V. A. Brussolo  
" C. Parsons

At the organization meeting of the Board, the following were elected officers of the Chamber:

President, Mr. Jesus S. Cabarrus  
Vice-President, Mr. W. F. Gemperle  
Vice-President, Mr. J. S. Peterson  
Secretary-Treasurer, Mr. Gervasio Garcia

The following were elected to the various standing committees provided in the By-Laws of the Chamber:

- |   |   |
|---|---|
| Executive Committee:<br>Mr. Jesus S. Cabarrus, Chairman<br>" W. F. Gemperle, member<br>" J. S. Peterson, member | Technical Committee:<br>Mr. F. B. Morhouse, Chairman<br>" V. E. Lednicki, member<br>" Alf Wellhaus, member      |
| Membership Committee:<br>Mr. W. F. Gemperle, Chairman<br>" T. M. Jordan, member<br>" Marino Olondriz, member    | Publications Committee:<br>Mr. Juan C. Orondain, member<br>" A. L. Velilla, member<br>" Tomas Contreras, member |
|   | Legal Committee:<br>Mr. E. A. Perkins, Chairman<br>" Benj. S. Ohnick, member<br>" Juan C. Orondain, member      |

The purposes for which the Chamber was organized are:

"To foster the economic development and use of the mineral resources of the Philippines; to avoid wasteful practices in the development and use of the said resources; to provide a medium for free exchange of ideas among members engaged in the mining industry; to coordinate efforts for the

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general development of craftsmanship and promotion of the health, safety, and welfare of those employees engaged in the industry; to sponsor high professional and commercial legitimate mining investments; to discourage activities and practices inimical to the good of the industry; to gather, prepare, disseminate, and publicize information relative to the mining industry; through cooperation among the members and with the Commonwealth of the Philippines, to enhance the stability and further the development of the mining industry of the Philippines in all its phases; and to undertake any and all transactions and business as may be necessary, proper and convenient in the accomplishment of the foregoing purposes."

The principal immediate aim of the Chamber is to help in the rehabilitation of the mining industry of the Philippines, especially the gold mining industry, so as to produce more gold to back our currency.

## Philippine Safety Council

BY FRANK S. TENNY  
*Executive Director*

**A**T the first annual meeting of the membership of the Philippine Safety Council on May 12, a Board of 11 directors was elected to guide the Council for the coming year. Those chosen were: Charles F. Gebhart, William A. Chittick, Ezequiel Villacorta, Manuel Lim, Joseph A. Thomas, Jose Razon, Louis P. Croft, Benito F. Legarda, Dr. B. B. Erana, Jr., Dr. Atienza, and Frank S. Tenny.

The following week the Board elected its officers: — Jose Razon, President; Charles F. Gebhart, Vice-President; Ezequiel Villacorta, Secretary; Louis P. Croft, Treasurer, and F. S. Tenny, Executive Director.

Five "Awards of Merit" were approved by the outgoing Board of Directors. These outstanding safety prizes went to San Miguel Brewery, the Manila Electric Company, the Bachrach Motor Company, the Pangasinan Transportation Company, and Primo G. Maluanag, Chief of the Safety Division of the Department of Labor.

A resolution was passed calling on the Council to institute a national survey of accidents by cause and location, in cooperation with the Philippine National Red Cross.



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**COST OF LIVING INDEX OF WAGE EARNER'S FAMILY IN MANILA BY MONTH, 1946 TO 1949**  
(1941 = 100)

Bureau of the Census and Statistics  
Manila

1946	All Items	Food (59.15)	House Rent (8.45)	Clothing (6.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)	Purchasing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	.1657
February	547.2	556.3	236.4	940.3	369.5	460.5	.1827
March	525.9	631.0	236.4	940.1	340.4	445.2	.1902
April	556.2	684.1	236.4	910.3	345.5	435.9	.1798
May	545.1	675.6	236.4	762.5	342.3	409.6	.1835
June	538.7	666.4	236.4	737.9	343.3	404.2	.1856
July	552.7	704.3	236.4	598.9	341.3	364.6	.1809
August	477.9	590.0	236.4	384.7	320.9	346.3	.2092
September	477.9	591.3	236.4	378.7	314.5	347.2	.2092
October	487.4	587.2	236.4	382.7	405.8	342.7	.2052
November	484.8	607.8	236.4	406.4	346.5	305.2	.2063
December	461.9	570.8	236.4	371.9	344.7	302.1	.2165

1947?	(100.00)	(63.43)	(11.96)	(2.04)	(7.73)	(14.48)	
January	426.2	368.2	453.9	381.9	326.2	282.5	.2346
February	418.5	454.9	453.9	356.2	344.8	281.4	.2389
March	406.8	440.1	453.9	295.2	334.7	279.4	.2458
April	387.7	413.3	453.9	269.2	328.9	271.6	.2579
May	381.0	404.4	453.9	250.9	305.4	269.4	.2625
June	386.3	414.4	453.9	236.8	316.6	268.6	.2689
July	393.4	426.8	453.9	217.7	309.3	269.9	.2542
August	387.4	419.8	453.9	210.2	292.0	269.1	.2581
September	368.9	392.1	453.9	216.4	283.3	266.8	.2711
October	358.7	376.3	453.9	212.7	280.5	267.7	.2788
November	358.4	376.3	453.9	215.1	280.5	265.3	.2790
December	371.9	395.8	453.9	219.1	298.2	262.9	.2689

1948							
January	391.2	428.3	453.9	224.5	304.6	249.9	.2656
February	368.5	392.0	453.9	223.8	301.1	254.4	.2714
March	349.4	361.0	453.9	214.6	308.1	255.9	.2852
April	356.1	374.1	453.9	209.4	289.7	254.8	.2808
May	349.8	360.2	453.9	214.2	289.7	271.6	.2859
June	354.3	370.4	453.9	205.2	283.2	262.9	.2823
July	356.4	374.2	453.9	201.3	281.6	262.4	.2806
August	363.6	385.7	453.9	199.8	281.6	251.7	.2751
September	370.6	397.2	453.9	199.2	275.8	260.6	.2698
October	374.9	404.0	453.9	204.8	283.2	257.9	.2688
November	368.7	394.4	453.9	202.0	281.6	268.7	.2712
December	365.9	389.9	453.9	202.0	282.4	258.9	.2732

1949							
January	363.8	386.8	453.9	202.0	279.0	258.9	.2750
February	343.8	355.5	453.9	203.0	277.5	258.9	.2909
March	346.3	358.2	453.9	202.0	276.3	268.5	.2896
April	348.7	362.6	453.9	197.6	287.5	257.1	.2868
May	348.8	362.8	453.9	197.2	287.5	257.1	.2867

<sup>1</sup> Average number of persons in a family = 4.9 members.  
<sup>2</sup> Revised in accordance with the new survey on the "Levels of Living, in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.



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The

"LET YOUR HAIR DOWN"

Column

**D**OMINADOR Z. ROSELL, whom we knew before the war as a soil technologist with the Bureau of Science, came into the office during the month with a copy of the *Journal of the Soil Science Society of the Philippines*, Vol I, No. 1, a new quarterly, just out. Mr. Rosell is both the President of the Society, which was organized in 1947, and editor-in-chief of the *Journal*. The first issue contains an article by Secretary of Agriculture and Natural Resources P. L. Mapa, "Primacy of Philippine Agriculture," an article on soil conservation problems by J. P. Mamisao, an article entitled "The Fertilizer Problem in the ECAFE Region" by M. M. Alicante, and a number of other contributions. The *Journal* will aim at bringing the farmer closer to the technical workers in the branch of science with which they are most closely concerned, soil-science. An editorial in the issue ends with the following sentence: "... the only thing that stands between man and his extinction is the very thin layer of 'dirt,' not more than a few inches in thickness if spread out evenly on the surface of the globe."

We received a letter recently from the former Manilan, E. E. S. Kephart, of the United States Steel Export Company, New York, in which he said, among other things:

"We continue to regard your excellent *Journal* as the best source of reliable information emanating from the Philippines."

Also, a letter from Demetrio Andres, Director of the Bureau of Mines, who has kindly agreed to furnish us each month with the figures for the mine production table, started in last month's issue. Director Andres said in part:

"I wish to congratulate you for the excellent publication you are putting out, in keeping with the best traditions of the *Journal*. It is a compact, concise, intelligent answer to a great need in our business and industrial circles. I am glad the Bureau of Mines can have a hand in it.

"The form or appearance of the production table, I leave to your better judgment with just this reminder that a 6-months table would be nearer ideal,

keeping the 6-point type as you have it now . . .

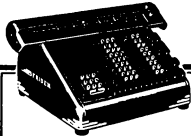
"I want to thank you for the generous number of copies of the *Journal* which you sent us. We can make good use of them in our district offices."

We are proud to say that we now have three important bureaus of the Philippine Government cooperating with us regularly each month,—the Bureau of the Census and Statistics, the Bureau of Commerce, and the Bureau of Mines. They all go to considerable trouble to supply us early with the statistics we need for the various tables which appear in the *Journal*.

**W**E were sorry to receive the following letter this month from a valued contributor, Mr. E. C. Von Kauffmann, who has for several years edited the *Journal's* "Lumber" column:

"I regret to inform you that I have been compelled to resign as President of the Philippine Lumber Producers As-

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sociation owing to ill health which restricts my business activities to a minimum and consequently I am sorry that I will not be able to continue giving you a lumber article every month for your Journal. I have certainly enjoyed writing these articles although they have mostly been too short and rather pessimistic. In fact, the lumber business is right now at a very low ebb and going down further, which is quite discouraging. I hope you can find some one to write the articles in the future. Off-hand I can only suggest Mr. Luis J. Reyes who, in my belief, could write some good articles as he is an expert on Philippine woods."

The editor wrote Mr. Von Kauffmann as follows:

"I am very sorry to learn from your letter that you are restricted in your activities by the state of your health and that therefore you will not be able to continue your monthly column on the lumber industry in the Journal. I appreciate the kind things you say, and have been as happy to publish your work as you say you found satisfaction in writing it. Under the circumstances, I must, of course, accept your decision, and can only thank you most sincerely for the help you have given the Journal during the past year or two. I am sure the industry has profitted from your work also. It was thoughtful of you to suggest that I approach Mr. Luis J. Reyes with a view to getting him to contribute a column, in the place of yours, and I shall do so very soon. Hoping that reducing your activities will result in an early improvement in your health, I remain, etc."

To Mr. Reyes, he wrote:

"I am sending you herewith a copy of a letter recently received from Mr. E. C. Von Kauffmann together with my reply to him, inasmuch as he suggested in his letter that you might be willing to undertake to write the monthly column on the lumber industry in the Journal which he has had to give up because of the state of his health. Mr. F. H. Stevens, President of the Chamber, has also spoken very highly of you, and I would be very glad if you would join the group of leading Manila businessmen who write for the Journal every month and who have made it a truly outstanding business publication. They write what they think they should write each month, without any coaching from the editor, but with the general idea in mind of informing the business world of what's what in their particular line of activity for the benefit of business in general. The articles may be long or short, as the need dictates, but should reach me on or about the 25th of each month. Would you be so kind as to let me hear from you about this matter? I sincerely hope that your answer will be 'Yes'."

We are glad to say that the answer "Yes" was embodied in Mr. Reyes' reply:

"I wish to acknowledge the receipt of your letter of May 13. I am sorry to hear that Mr. Von Kauffmann will be unable to continue to write for the Journal. As head of the Lumber Producers Association, Mr. Von Kauffmann

was in a position to know the actual state of the industry. I feel honored to be offered the opportunity of writing for your Journal. I am not a gifted writer, but I know that with your cooperation we should be able to give a monthly picture of the industry to your readers. The first of these articles will be in your hands before the 25th of this month."

Mr. Reyes was as good as his word, and his article appears in this issue.

We print this exchange of letters here, not to reveal how the editor carries on his business by getting other people to do his work, as a critic once charged in this column ("Certainly not, by

gum," said the editor; "how could writing all these expert columns be considered rightly the duty of one mortal man?"), but to show once again the commendable sense of responsibility of the Journal's column editors. Generally, when for one reason or another, they can not continue with the work, they make valuable suggestions to the editor as to who might be able and willing to carry it on. This also happened, this month, in the case of Mr. Ewing, who has been handling the "American Stock and Commodity Market" column and who, as he is leaving Manila on an extended vacation, suggested that

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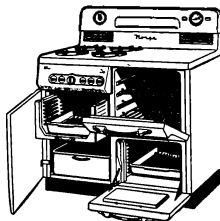
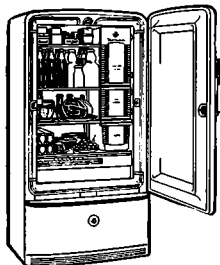


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Mr. Hall might do so. The editor talked to Mr. Hall, who, although he was already writing a column of his own, "The Manila Stock Market", willingly took on this added chore. In this issue the reader will find the two columns combined under the heading, "Stock and Commodity Markets". We are sure that the Philippine business world appreciates the public spirit of such men.

"**D**EAR Mr. Hair-Down-Column,

"Don't you think the Import Control should cover pajamas? A group of our leading citizens some time ago contributed to a worthy cause,—supplying the V. Luna Hospital patients, mostly war veterans, with new pajamas.

"But why did they send the money to Ambassador Elizalde and why did he go to the classiest department store in Washington, D.C., stunning the saleslady,—as described by one of our newspaper columnists lately, with the size of his wholesale order?"

"Don't these prominent men know that pajamas are being manufactured right here in Manila?"

"What's the matter with our manufacturers? And what about our dollar reserves?"

In answer to this, we hardly know what to say. Everybody knows that this Journal is against import control. Are we now to raise a row about this pajama order by these prominent men, most of them leading government officials, whose purchasing agent was no less than a ranking Ambassador? And pajamas, as ready-made clothing, are under import control. The regulations plainly appear to have been violated. Personally, we think that as the money was raised here it might very well have been spent here. The pajamas could very well have been bought in Manila, locally manufactured, and cheaper. We would feel that way about it even if there were no import control. Perhaps the donors thought that the poor boys in the hospital would appreciate a Washington label or wanted to give them something more glamorous in the way of pajamas than could have been bought here in quantity. And to get around the import control, perhaps it is planned to send the pajamas via diplomatic pouch. We don't know. As for this official or semi-official by-passing of the Import Control Board, we don't give a hang about that, being against the whole set-up, and think that is only a good joke on the Board.

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