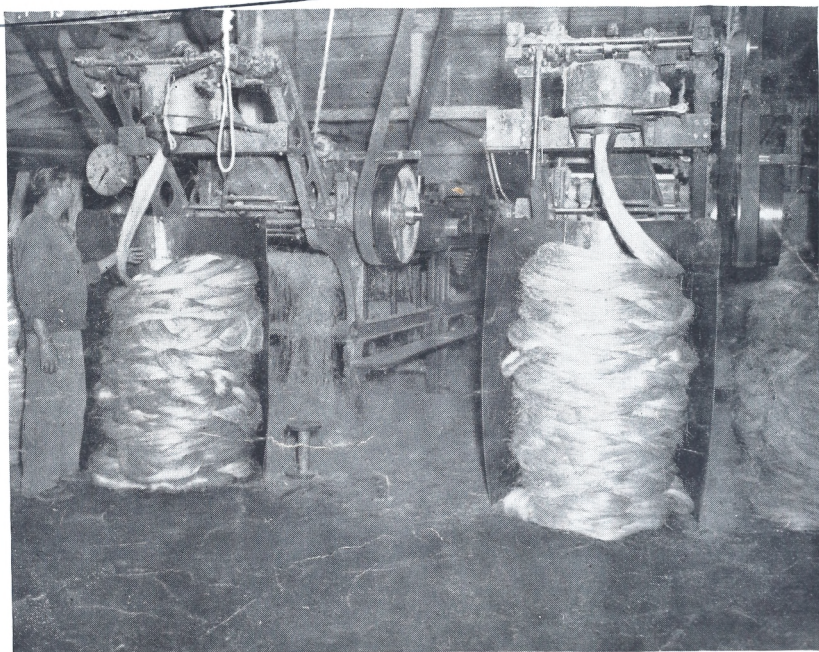
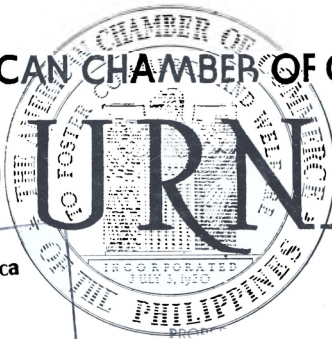


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Mayflower Studio Photo

*Preparing abaca fiber for rope spinning in a Manila factory—See page 6*

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# "Capitalistic Exploitation"

By A. V. H. Hartendorp

Those opposed to the ratification of the constitutional amendment providing for an American-Filipino parity of certain rights in the development of the natural resources of the country and the ownership of public utilities, have called attention to the dangers of what is called "capitalistic exploitation".

These are semantically dangerous words. They are vague in meaning, yet are intended to imply a selfish and anti-social utilization of the natural resources even to the point of, first, waste, and then exhaustion; general abuse and enslavement of workers; and, ultimately, general extortionism and universal despoilment.

Surely, nothing worse could be imagined, but the terms are self-contradictory and nothing as bad as is thus conjured up could even get a start anywhere in the world.

Sociologists recognize, besides the family and the religious institutions, only two other great institutions in the life of mankind, — the governmental and the economic. Economic institutions are indeed fundamental in importance, hence our great preoccupation with them. It should not be a matter for surprise that the people of the Philippines are showing such a keen interest in the proposed legislation because it is in fact very closely related to the economic future of the country and to the success of its government and even, to no inconsiderable degree, the very biology of the race.

It is a good thing for the Philippines that public attention should thus be focussed on the fundamentals of the economy of the country at the outset of the now politically independent Republic. No nation ever achieved prosperity and greatness without strongly developed economic institutions, which only can guarantee to the population an abundant life.

There are many grave questions concerning the economic institutions of the modern world, their relation to government, and their efficiency. While historically these have developed under a system of relatively free enterprise under competitive conditions, an important new departure in government-owned and controlled economic institutions has been developing for a number of decades in Soviet Russia. This development has achieved considerable success and is being watched with great interest

everywhere. Midway, if not transitional, systems between individualistic and socialistic institutions are evolving in the Scandinavian countries and within the British Empire.

Yet up to the present, the established economic systems, the norm for the greater part of the world, is the so-called capitalistic system. It is also a fact that the greatest and most powerful, are the capitalistic nations; that they have reached the greatest heights in production both in the extractive and the manufacturing industries; that in these nations the masses of the people are the best housed, the best clothed, the best fed, and, — most vitally important, are the freest and the most secure in the enjoyment of their individual and civil rights.

The competitive feature of the capitalistic system should not be over-emphasized, for while there is competition, the much more essential and significant feature, under capitalism as well as socialism, is cooperation. Rivalry, opposition, conflict, — as exposed in such phenomena as bankruptcies and strikes, attract especial notice because of their comparative rarity. Successful adjustments between various branches of industry and various enterprises, and harmonious cooperation between capital and labor for long stretches of time, tend to be given less significance than should be the case.

All of the various economic systems so far developed, — capitalistic, fascistic, cooperative, socialistic, and communistic, resort to the mass production methods which the improvement of agricultural methods and the invention of power machinery made possible. Out of the scarcity economy of the past, marked by unavoidable poverty, misery, starvation, and wholesale death, the world has entered into an economy of abundance, barring war, and this is having the effect of making ideological differences as to rival forms of possible economic organization much less important than they were in the past. The eradication of poverty, abundance for all, now seems possible under whatever economic and governmental systems that may be worked out in various parts of the world, or ultimately, perhaps, for the world as a whole.

It would be futile and foolish to deny that modern capitalism brought in many evils as well as much good, especially when it first began to take

form. Many of these evils have gradually been eliminated. Undue concentration of economic power, great inequality of income, extensive unemployment, recurring depressions, — these are evils from which the capitalistic world still suffers, but that they are inherent in the system and not possible of correction has not been proved. Great advances have already been made within the system in government control of monopoly, in the equalizing of income through the graduated income tax and minimum wages, in unemployment, accident, and old-age insurance, and in government control of production and prices. In these ways, the capitalistic nations have departed from the theoretical purely individualistic laissez-faire system, — which, in fact, never existed anywhere. The probabilities seem to be that the capitalistic and socialistic systems will gradually approach each other and that ultimately some combination of the two will be effected and become general. "Scientific" communists have never condemned capitalism outright, but have recognized it as a necessary stage in the economic development of the world.

What, however, still seems to be the more general opinion of mankind is that the individualistic principle in human society is a most precious one, that the communistic principle can be carried too far, and that great concentration of power in any government is fraught with the most terrible danger to the people of any nation. Until the invention of some more effective system of checks and balances than anything devised so far, no people who prize their liberty and their individual rights can favor any form of totalitarian government. Just as there is safety for the individual and society in the separation of Church and State, so there is safety in at least some degree of separation between governmental and economic institutions, although the government should of course be supreme so long as it is a government of the people, for the people, and by the people.

It is of special importance in the Philippines that the mother country, America, is a capitalistic democracy and the greatest of them all. It is hardly possible that the Philippines could follow any other path than that on which her feet are already set. The Philippines seems happily des-

(Continued on page 13)

# Manila Rope

Never one of the country's great industries, the rope and twine, or cordage industry of the Philippines nevertheless has two characteristics that give it particular interest. The first of these is that though it has always been largely an export industry—in 1940 approximately 84% of the total output was sold abroad—it has never been as dependent on the American market as other export industries of the Philippines. Less than half of the total shipped out of the country in 1940 was sold to the

United States. That year, the total export amounted to 10,400,000 kilos, which American buyers, limited by quota, took, 6,000,000 pounds (2,700,000 kilos), or 26% of the export total. The total manufacture of cordage in the Philippines in 1940 amounted to 12,300,000 kilos, the disposition of which was as follows: 20% sold to the United States, 64% sold to other countries, leaving 16% unexported.

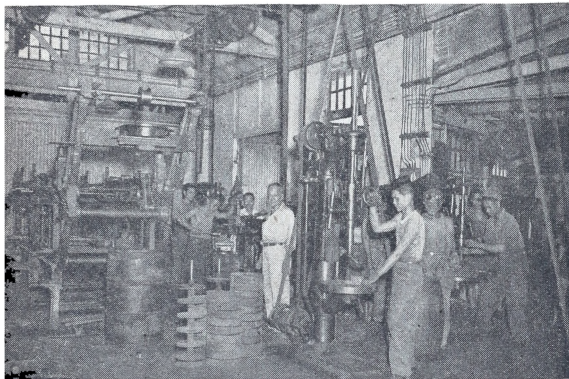
By directing our attention to that 64% (or for 1940, 7,800,000 kilos)

sold to other countries, we may note the second interesting characteristic of this industry. The market for Manila cordage was a genuine world market. To perhaps a greater extent that was true of any other product manufactured in the Philippines, Manila cordage penetrated all parts of the world. The *Yearbook of Philippine Statistics* (1940) lists 51 countries as shippers in the 7,800,000 kilos exported to countries other than the United States. Heading this list was the Dutch East Indies with 970,000 kilos.

Prior to the war, the industry was composed of four factories, all of which were located in Manila. They were the Johnson-Pickett Rope Co., the Manila Cordage Co., Elizalde Rope Co. and the General Manufacturing Co. The last of these was comparatively unimportant, as disclosed by its export quota to the United States of only 23,000 pounds. Throughout the occupation, the Japanese kept the Elizalde and Manila Cordage factories in operation. But the other two were completely dismantled—the Johnson-Pickett (the control of which had been purchased by the Elizalde interests before the war) and the General. This left the Philippines with two modern rope factories, Manila Cordage in Paco and Elizalde in Binondo.

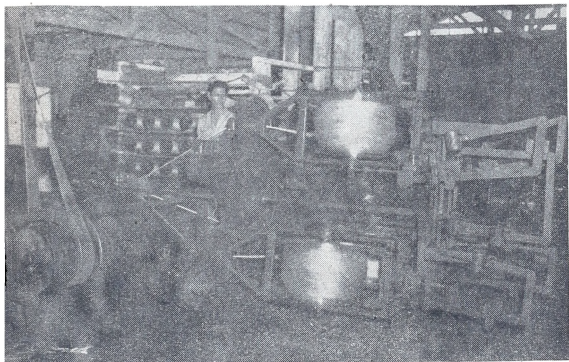
These two plants emerged from the destruction of war relatively unscathed. Looters had removed some of the light machinery, such as hand and machine tools, motors, belting, etc. But buildings and heavy equipment were practically intact. With the replacement of some of the light equipment which had been looted and the repair of some of the heavy equipment, the rope industry of the Philippines was ready to resume production. And production was actually resumed (under contract to the Procurement Division of the U. S. Army) in July, 1945. Commercial production, however, was delayed for almost a year. The army cancelled its contracts effective April 1, 1946, at which time both Manila Cordage and Elizalde returned to a commercial status.

In spite of its comparatively advantageous position from the point of view of potential production, and in spite of an urgent worldwide desire for its output, the rope industry of the Philippines, after a year of commercial operations, is still far



(Photo by Meyflower Studio)

*Machine shop at the Manila Cordage Factory*



(Photo by Meyflower Studio)

*"Layer" converting three strands of yarn into finished rope.*



from regaining its prewar position. According to available information, current production of the two operating factories is approximately one-third of prewar production, which in turn means that the industry has been able to give employment to only about one-third of the number of laborers employed before the war. Both raw materials prices and labor wages are considerably higher than before the war (the latter being approximately four times the prewar scale) but neither of these facts are considered the main barriers today to the resumption of normal production. In looking for the factors that restrict the development of this industry, one must direct his attention abroad, to conditions existing in those countries that constituted the markets for Manila rope before the war.

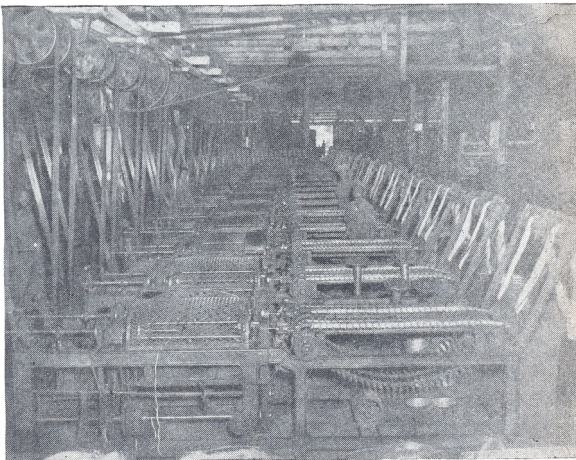
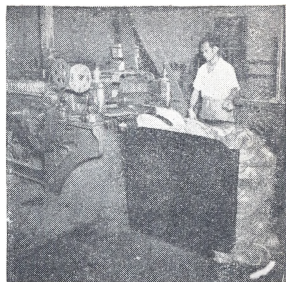
The largest single market, the United States, absorbs the full quota permitted by the Bell Trade Act with no difficulty. But what of the 64% of the 1940 production that went to other countries? So far attempts to reestablish the world markets for this Philippine product have met with little success. According to those engaged in this industry, the demand for Manila cordage is as great as ever. Before the war, the entire Far East looked to Manila for practically all of its first quality cordage. This included China, Dutch East Indies, Malaya, Siam and India. South America and South Africa also purchased considerably quantities of high grade cordage. In all of these sections of the world, there are evidence of a strong demand for the Philippine product. But for two important reasons, this demand has not become effective. Exchange with which to purchase in the Philippines has been a limiting factor in each instance. Potential buyers have found it impossible to secure adequate amounts of U. S. or Philippine currency or exchange with which to make their purchases. In the second place, world shipping conditions are still far from normal. This factor has been particularly operative with regard to the South American market. Before the war, shipments could be made, either direct or at least on through bills of lading to practically every port in the world. Today, this situation has not been entirely restored. Until transportation facilities become available on something approaching normal conditions, and exchange conditions improve many countries which formerly were active customers for Manila cordage will find it impossible to resume that relationship.

(Right) Preparing fibre for rope spinning.

(Middle) Sorting and grading abaca fiber.

(Bottom) Spinning jennies turning fiber into yarn.

(Photos by Mayflower Studio)



# Bureau of the Census and Statistics

Statistical Nerve Center Of The Government

Created by Commonwealth Act No. 591 on January 2, 1941, the Bureau of the Census and Statistics was less than a year old when war broke out. But from the standpoint of the nature of its work, it was as old as any bureau in the government even on its first day of operation. For it absorbed all of the statistical work of some of the largest bureaus in the government, among which were the Bureaus of Health, Plant Industry, Customs, Animal Industry, and Commerce and the National Library. By concentrating all activities in the field of organized facts and figures in one bureau, President Quezon's purpose was to simplify some of the complicated governmental machinery. Mr. Ray Hurley, American census expert who had organized the taking of the 1939 census, was still in the Philippines, and the president prevailed on him to organize the new bureau.

As a result, Mr. Hurley founded an unpretentious organization which could operate on a modest appro-

priation of about P150,000, and with a personnel of about 120 employes. This was possible only through the acquisition and use of the latest and most efficient labor-saving devices, such as the International Business Machines, capable of doing quicker and more accurately what had formerly required the services of hundreds of clerks.

In June, 1941, Mr. Hurley could no longer resist the urgent calls of his home office, the U. S. Census Office, and returned to America. His successor was, and the present incumbent is, Dr. Leon Ma. Gonzales, Harvard graduate and former Philippine Government Commercial Agent in New York City.

The primary reasons for centralizing the statistics work of the government were as follows:

1. To further simplify government activities by removing duplication of effort, both in the interest of economy and to avoid the issuance of conflicting information on the same subject by different offices of the Government.
2. To have a Central Statistics Bureau charged with collecting, compiling, assembling, tabulating, and publishing all

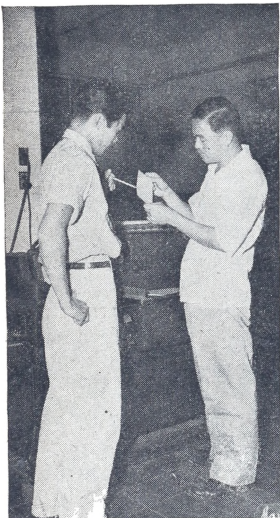
government statistics of general interest, for the use of the government and public.

3. To have a unified policy and system in the presentation of published statistics.
4. To have only one known office to which the general public can go for facts and figures they may need, and thus save them the trouble of having to go from one bureau to another for the desired information.
5. To establish an office to keep census records, and ever-ready to take periodic censuses upon order of the President or of Congress.

The objectives of the Bureau are set forth in Section 2 of its Organic Act, and are briefly summarized as follows:

1. To collect, tabulate, and publish statistics and other information concerning population, agriculture, livestock, commerce, industries, banking and finance, employment, wages, prices, stocks of commodities, labor, social, religious, educational and economic situations;
2. To prepare for, and undertake all censuses of population, agri-

(Continued on page 18)



(Photo by Mayflower Studio)

Two representatives of the International Business Machine checking the quality of the cards at the census bureau.



(Photo by Mayflower Studio)

Numerical data is transcribed onto tabulating cards in the form of punched holes. In the picture Miss Carmen Rivera is operating one of the bureau's electric punching machines.

# National City Bank of New York Report to Shareholders at the One Hundred Thirty-Fifth Annual Meeting

JANUARY 14, 1947

The past year was one of the busiest this Bank has known. Almost every operation whether in currency, checks, loans, foreign credits or bond transactions made new records. Thus the Bank reflected the country's highest peacetime income and production—a great burst of activity instead of the slump and unemployment many had expected to accompany demobilization. It was renewed evidence of the power of private enterprise when it is given release. But in it also may be seen the forces of inflation nourished by the vast wartime expansion in the volume of money.

Happily the record of the year includes certain stabilizing influences. Some of the abnormally expanded money supply has been cut down by the action of the Treasury in using the excess proceeds of the Victory Loan of December 1945, on deposit with banks, to redeem its maturing obligations. This action reflects itself in lower government deposits and government security holdings in our own as well as other banks. It is a step in the right direction, though the inflationary potential is still strong.

## THE EARNINGS OF THE BANK AND THE TRUST COMPANY

The combined net current operating earnings of the National City Bank and the City Bank Farmers Trust Company for the year were \$18,801,025 or \$3.03 per share on the 6,200,000 shares outstanding, an increase from \$17,592,420 or \$2.84 per share for 1945. Adding net profits from sales of securities (after taxes), the total was \$22,788,344 or \$3.67 per share compared with \$25,525,953 or \$4.12 per share in 1945. These earnings do not include recoveries which were transferred to reserves.

## DIVIDENDS, CAPITAL FUNDS, AND RESERVES

Dividends totaling \$9,920,000 or \$1.60 a share have been declared by the Bank and the Trust Company for the year, the same rate as for the second half of 1945. The Trust Company paid \$620,000 of this amount.

At the year-end, Capital of the Bank remains at \$77,500,000. Surplus has increased to \$152,500,000 by the transfer of \$10,000,000 from Undivided Profits. After this trans-

fer, Undivided Profits are \$29,534,614, an increase of \$240,376 from a year ago. The Trust Company has Capital of \$10,000,000, Surplus of \$10,000,000 and Undivided Profits of \$8,097,020. The two institutions thus show total capital funds, that is, Capital, Surplus and Undivided Profits, of \$287,631,634 or \$46.39 per share compared with \$44.60 per share at the end of 1945.

The assets of the Bank are valued conservatively, and in the published statement Unallocated Reserves are deducted in arriving at the figures shown. Such reserves serve to provide a means of absorbing losses which may develop through the assumption of risks inherent in the conduct of the banking business. Also certain assets are carried on

(Continued on page 20)

## Condensed Statements of Condition as of December 31, 1946 THE NATIONAL CITY BANK OF NEW YORK Including Domestic and Foreign Branches

A S S E T S	
Cash and Due From Banks and Bankers .....	\$1,296,000,976.30
United States Government Obligations (Direct or Fully Guaranteed) .....	2,188,205,130.00
Obligations of Other Federal Agencies State and Municipal Securities ....	35,353,712.29 186,734,855.52
Other Securities .....	101,029,479.03
Loans, Discounts, and Bankers' Acceptances .....	1,093,944,555.06
Real Estate Loans and Securities ..	3,346,134.21
Customers' Liability for Acceptances	12,759,386.53
Stock in Federal Reserve Bank ....	6,900,000.00
Ownership of International Banking Corporation .....	7,000,000.00
Bank Premises .....	29,230,430.52
Items in Transit with Branches ...	15,021,204.88
Other Assets .....	2,159,802.74
Total .....	<u>\$4,977,735,667.08</u>

L I A B I L I T I E S	
Deposits .....	\$4,664,102,604.42
(Includes U. W. War Loan Deposit \$98,257,569.44)	
Liability on Acceptances and Bills .....	\$15,975,381.92
Less: Own Acceptances in Portfolio .....	2,193,999.08
	13,781,382.84
Reserves For:	
Unearned Discount and Other Unearned Income .....	4,147,064.01
Interest, Taxes, Other Accrued Expenses, etc. ....	31,520,001.60
Dividend .....	4,650,000.00
Capital .....	\$ 77,500,000.00
Surplus .....	152,500,000.00
Undivided Profits .....	29,534,614.21
Total .....	<u>\$4,977,735,667.08</u>

Figures of Foreign Branches are included as of December 23, 1946, except those of the Dairen Branch which are prior to the outbreak of the War, but less reserves. \$376,317,672.00 of United States Government Obligations and \$1,712,448.73 of other assets are deposited to secure \$318,115,058.42 of Public and Trust Deposit and for other purposes required or permitted by law.

# Economic State of the Nation

A Statistical Report

By DR. LEON MA. GONZALES

Director, Bureau of the Census and Statistics

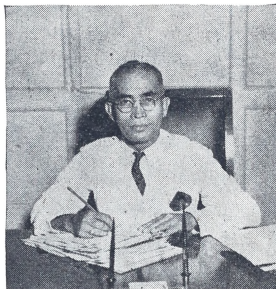
ANOTHER YEAR comes to an end, and one more milestone has been reached in the long road back to normalcy. From this vantage point, the horizon becomes clearer and the goal posts no longer seem so distant and dim. The road back to peace is a hard road, but enough headway has been made just the same.

The nation has made enough progress to warrant a little optimism. The tempo is varied. In some fields of endeavor, only the minimum advance has been made against stupendous difficulties; in some the spurt has been beyond ordinary expectations. But over all, the general pattern is the same. Progress is the main motif, in varying designs. Indeed, we have done well enough, considering the circumstances. "to rebuild, repair, and replace."

The advance in our rehabilitation work is clearly reflected in the increased well-being of our people. While undoubtedly a lot still leaves to be desired, conditions in the public welfare have improved very considerably. The backwash of war has still left a lot of people in misery and want, but under present conditions, we have done more than well enough. Compared to the war-ravaged nationals of Europe, we are enjoying more and suffering less and less.

Of great significance to each and all because of its immediacy to our lives, is the progress made in the "war against inflation." As the year draws to a close the over-all index settled down to one of the lowest records made so far since liberation. From 637.3 when the year began, the index dropped down to 446.9 — a gain of almost 200 points. Compared to the 100 points in 1941, there are still 346.9 points to go. But if the rate of progress is maintained, in approximately one year and nine months the cost of living shall have returned to normal. Barring accidents, however, the cost of living is expected to normalize faster than the estimate due to the production of more food-stuffs and the import of essential commodities.

Commerce, our main prop in the past, is still the backbone of our economy. As such, it has shown the greatest activity. The total va-



Dr. Leon Ma. Gonzales

lue of foreign trade last year was the highest on record, reaching the unprecedented total of over P724 million, and surpassing the prewar all time high in 1929 by almost P101 million, or 16.19 per cent. As compared with 1941, last year's foreign commerce registered an increase of 22.01 per cent.

Of the total foreign trade, however, our imports took a lion's share. Total imports of last year reached P602.5 million, also highest of all time. That trade is actually P331.3 million pesos more than the 1941 figure. The ten principal imports in the order of their value were: cotton, grains, tobacco, rayon and other synthetic textiles, dairy products, paper, beverages, chemicals, and toilet articles.

For the period under review, our export trade of last year represented a decrease of almost P194.6 million from the 1941 figure. As a matter of fact, it was the lowest in thirty years. The sharp decline has been attributed to the fact that some of the principal heavy export items are not as yet available. According to their relative importance, the following were our principal exports: copra, abaca, coconut, toilet articles, shells, fruits, buntal fiber, and rattan furniture.

In the field of local business, the very significant fact stands out: post liberation investment is greater than prewar. Corollarily, Filipinos occupy the dominant position in the field.

The records are clear. For the year 1946, a total of 808 corporations with a paid-up capital of over P21 million and 469 partnerships with a paid-up capital of P25 million was registered. These figures do not include the 372 cooperative associations operating with a total paid-up capital of almost P1 million. As a consequence of this business flurry, the average monthly investment during 1946 registered an increase of almost 322 per cent over the prewar figure.

Of the stock corporations almost three-fourths of the number is Filipino-controlled, with the Chinese and Americans coming a poor second and third, respectively. The Chinese, however, occupy the premier place in partnership with the Filipinos coming in a close second.

While the strides made in agriculture have not equalled those made in commerce, yet they are nevertheless firm and strong. We are as yet planting less crops than we used to; but even at that we have every reason to feel glad that we have put to cultivation more acreage than ordinarily we should, what with the high cost of living, profitable jobs in Army fields, and the discontent in the ricelands. For the first half of last year, we have planted only a little over a million and a half hectares of rice. This is only about four-fifths of our prewar average. The total yield for the same period of 37 million cavans is 14 million short of what we should ordinarily produce to reach prewar level.

In the corn industry, the picture is even less bright, though not too discouraging. Our total yield for the first half was less than 6 million cavans, making us about 40 per cent short.

Our livestock and poultry situation, however, is rather dismal. We had only one carabao last year where we had two before the war. The same is true with cattle, horses, hogs, goats, and sheep, as well as ducks, geese, and turkeys. We have only one chicken now where we used to have three.

The gradual restoration of peace to our countryside, the stepping up of our agriculture endeavors, as well as the return of displaced personnel are expected to bring about

better agricultural conditions when this year ends.

As in agriculture, our industries still need a lot of rehabilitating. The bright note, however, is the progress made in building construction. An impressive total of building permits has been issued by the city authorities. During the past year P48 million worth of buildings were constructed or repaired. Compared with the P12 million in 1945, the stride was tremendous.

Rehabilitation of the cigar and cigarette industry has been going on at a painstakingly slow pace. Most of the factories destroyed have not as yet been repaired. The few remaining ones operating have been laboring under many serious handicaps. This has been very patent in the decrease of almost 85 per cent in the average monthly production.

In the distillery industry, the painful fact stares us in the face that the one-year output hardly equals the average monthly production in 1941. This is particularly true in the production of denatured alcohol, which before the war and even during the Jap occupation, was largely used as gasoline substitute. A new industry has arisen in the manufacture of compound liquors which shows some promise.

The textile industry in the Philippines is reckoned only with the National Development Company, our main textile producer. Its total output for the year was only about a fourth for a similar period before the war.

What is true with the textile industry is also true with our cement production. Production of "Apo" cement by the government plant was only about 30 per cent of prewar output. Production of the "Hi-Silk" variety, which made up a good percentage of the output before the war, has also been discontinued.

The manufacture of shoes is in far worse condition. Competition has so limited shoe manufacturing by the National Footwear Corporation that the statistics record a pitiful output of only 506 pairs of shoes in June of last year.

Until the road expansion program gets underway, our road situation continues to be more or less the same as in 1941, although a few hundred kilometers have been added since.

Railway operations are much below normal due to destruction of parts of lines as well as of locomotives and cars which have not been replaced up to the present.

In happy contrast, however, the Filipinos have become air-minded. The FEATI and PAL, as well as the

recently-organized CALI, are boosting air travel as never before. For the first nine months, the different airlines carried over 291,000 passengers and almost 25 million pounds of freight. Contrast that with the 11,000 passengers and 72,000 pounds of freight for the entire year of 1941, and you have a fair estimate of the stride made by the aviation industry in this country since liberation.

The monetary circulation in the country has been declining steadily, reflecting a palpable deflation. Starting with almost a billion pesos in January of last year, the circulation fell off to less than P32 million in twelve months. The decrease was about 25 per cent. Just the same, present circulation is still far too big for a country struggling from the ruins. The total monetary circulation at break of war was only P256 million, about a third of what it is today.

The government reserve totals P673 million in December, in spite of the heavy imports. The presence of U. S. Army is largely responsible for our reserve fund. The reserve has more than offset our lack of export commodities.

Our total public debt at the end of June last year was P133 million.

(Continued on page 17)

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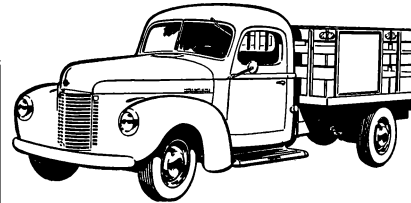
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# The Stock Market

JANUARY 2 TO FEBRUARY 20, 1947

By A. C. HALL AND CO.

On the resumption of business following the year-end holidays, prices moved forward aggressively out of the trading range established during the second half of December. The advance was accompanied by a large expansion in the volume of transactions. As measured by our share average, prices had improved about twenty percent by January 15. A period of consolidation with minor price fluctuations ensued. During this time, the market had two unsuccessful attempts to move into new high ground, and finally made it on February 19, when there was a scramble to buy stocks following President Roxas' announcement of the previous day that Philippine Gold Mining Companies would be free to sell their gold in the world market. On February 20 our share average closed at 43.65, a new high for the present bull movement which had its inception on September 26 when our index registered 25.55.

It is interesting to compare prices of the leading issues. In our comparative table found elsewhere in this issue, we show September 26 prices, also the range during the period January to February 20, 1947. A number of issues have made substantial advances. From a percentage standpoint, Surigao Consolidated shows the widest gain. The rise on this stock reflects commencement of milling and the longer term outlook. The mill is at present handling about 150 tons daily, and by April should reach 450 tons daily.

Surigao will soon be followed in the ranks of producers by Atok/Big Wedge which is scheduled to commence operations around March 1st. Later in the year Mindanao Mother Lode and Benguet Consolidated will get into production, and should be followed soon after by Lepanto Consolidated.

As regards the chrome companies, Consolidated Mines is in active production and. Acoje should be producing before the end of the year.

The Presidential announcement is a most constructive development for the mining industry, as the benefit of the open market gold price will assist companies to offset what might otherwise have been onerous cost increases.

Strength has not been confined to mining shares. All sections of the list have participated in the demand

for equities. The leading Sugar Shares show substantial appreciation; Bais at P610 are up P85, Carolotas at P115 up P13, and Tarlac at P95 up P15, were principally in demand.

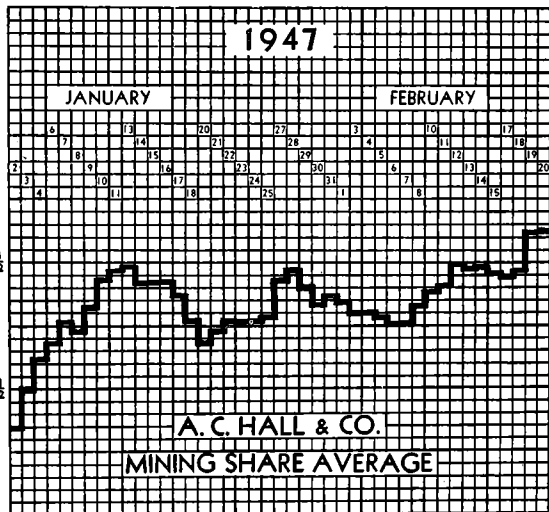
In the Commercial and Industrial Section, San Miguel Brewery shares continued their sensational advance

closing at P501 sales from P360 bid. Philippine Racing Club advanced from P1.04 to P1.20 on publication of a satisfactory 1946 report.

Elsewhere in the list, Bank of the Philippine Islands were traded up to P70 up P12, while Filipinas and Philippine Guaranty changed hands at P17 and P19.

	PRICE RANGE				
	Sept. 26 1946	Jan. 2 1947	High	Low	Feb. 20, 1947 Closing
Antamok Goldfields	P .045	P .05	P .065	P .05	P .05
Atok Gold Mining Co. (x)	.63	1.03	1.42	1.14	1.40
Bagoio Gold Mining Co.	.08	.085	.12	.10	.10
Batong Buhay Gold Mines	.006	.0072	.011	.007	.011
Big Wedge Mining Co.	.76	1.14	1.44	1.14	1.40
Consolidated Mines	.0085	.015	.018	.015	.015
IXL Mining Company	.125	.095	.12-3/4	.095	.12-3/4
Lepanto Consolidated	.17	.40	.51	.40	.46
Masbate Consolidated	.08	.075	.10	.075	.0875
Mindanao Mother Lode	.48	.65	.85	.65	.85
San Mauricio Mining Co.	.37	.28	.36	.28	.32
Surigao Consolidated	.355	.335	.53	.335	.53
OVER THE COUNTER					
Acoje Mining Company	P .17	P .25	P .31	P .25	P .30
Balatoc Mining Co.	nom	3.55	3.80	3.40	3.80
Benguet Consolidated	3.50	3.90	4.00	3.50	3.90
Coco Grove, Inc.	.03	.034	.058	.034	.045
Itoyon Mining Co.	.105	.12	.145	.11	.12
Suyoc Consolidated	.055	.05	.065	.05	.065
United Paracale	.105	.135	.155	.11	.125

(X)—Prices adjusted to ex-rights basis.



## Capitalistic Exploitation . . . . .

(Continued from page 5)

tioned, as an independent Republic, to continue to march side by side with her great mother country along the highway of progress. The closer the relationship between the daughter and mother republic will continue to be, the better it will be for them both. They complement each other on opposite sides of the broad Pacific, in ideology, in political policy, in industry, and in trade.

Hence is the parity proposal so natural and so necessary. It establishes nothing new, but continues, in the respects provided for, the old relationship despite the separation of sovereignties.

Committed as is the Philippines to capitalist democracy, the people cannot but welcome capital investment here, a vital part of the capitalistic process, without which nothing new could be done and even the already established could not be maintained.

President Roxas and various high officials of the administration have spoken eloquently on the subject of parity. The parity provision was called for by the American Congress for two main reasons. The first is based on the fact that Americans who had property in the Philippines which was destroyed during the war, are required to re-invest here the damage payments which will be paid them by the American Government; it would be manifestly unfair to impose this requirement if the conditions under which they originally made their investments were changed. The second and more important is that Congress wanted to encourage in this manner the investment of new capital which the country so badly needs after the war's destruction.

The attitude of the Roxas administration with respect to foreign and especially American investment, differs in no way from that of previous administrations. President Quezon, for instance, said in 1938:

"We can not, we must not, adopt a policy that in any way may be interpreted as antagonistic to foreigners. We do not underestimate what they are doing and can do in aid of our material progress. The attraction of foreign capital has been one of our main concerns."

In spite of the fact that the Americans had equal rights with the Filipinos before independence, total American investments in the Philippines at the time of the outbreak of the war amounted to only around P537,000,000 of which around P200,000,000 represented investments in sugar, coconut, and abaca planta-

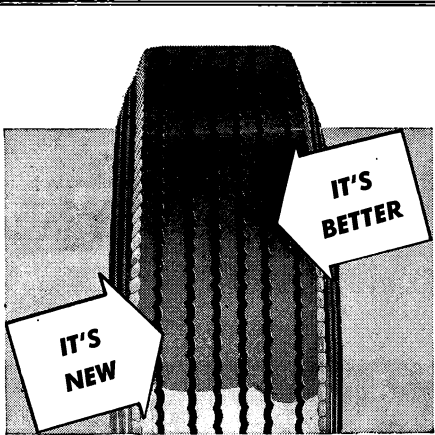
tions, mining and lumber operations, and public utility enterprises. For comparison, it may be stated that total Chinese investment were estimated at around P200,000,000, Japanese investments at P100,000,000, Spanish at P70,000,000, and other foreign investments at P180,000,000. Only a little more than half of the total foreign investments were American in spite of the advantage the Americans enjoyed over others.

American investments in Cuba, Chile, and Argentina were all somewhat larger than the American investment in the Philippines, and the total American investment in

South and Central America reached nearly four billion dollars. Canada and New Foundland alone, however, had nearly three and a half billion. American investments in Europe totalled less than one and a third billion dollars. American investments in all of Asia, Africa, and Australia amounted to only \$913,000,000.

These figures seem large when viewed by themselves, but they almost disappear when the total American investment in the United States itself is considered. And the figures of America's foreign invest-

(Continued on next page)



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ment may be compared, too, to the figure of four hundred fifty billion dollars which is the estimated cost of the last World War to the United States.

It is obvious that American capital never flowed to the Philippines in large volume and it is likely that it never will, regardless of any special inducements, although it is to be ardently hoped that the Philippines will attract more American capital from now on. During nearly the whole of the period of American sovereignty over the Philippines, the continuing political uncertainty, or what financiers chose to consider as such, discouraged long-term investment. Under the parity provision, there will be a period of over two decades which case be more definitely counted upon. It will be recalled that the Commonwealth period was to last, and did last, despite the war, only one decade, — ten years.

It can not be denied that there has been capitalistic exploitation in the worst sense at certain times, mostly in the past, in various parts of the world, especially in South America, Africa, and sections of Asia, as well as in Europe itself. Various nations were notoriously concerned in this exploitation (Belgium in the Congo, for example), but never America.

American capitalism developed in what was called the New World among free and democratically-minded men. Even the Negro slavery which sprang up there and flourished for a time was not the wholly inhuman system which it was in some countries. More has been achieved in America in reducing, if not entirely eliminating, poverty than in any other great country, and immense wealth has been amassed without, in the main, a grinding down of labor. The concept of consumers' purchasing power has been held well in mind by American capitalists and entrepreneurs in their mass production programs. The workers are also the chief consumers and must earn enough in wages to buy the product of each other's labor, or the whole economic machine is brought to an inevitable stop. Under American inventive and technological genius, most toil has been transferred to the inanimate and tireless machine, vastly more efficient than the human and animal labor which the economic systems of the past had to draw on. Oil has taken the place of sweat. The modern worker has become a machine-tender, gen-

erally well paid for his working time, which has been so considerably reduced that many hours are left for leisure pursuits.

The bias of American capitalism is decidedly humanitarian. The economic machinery is perfectly understood to exist primarily for the satisfaction of human wants. And appeal is made not only to wants, needs, but to the most refined taste in the production and sale of thousands of articles of every day use, for everybody, rich and poor, or rather, the not-so-rich. The people of other countries have no idea of the general abundance and luxury of American life. They must see it to believe it.

This humanitarian bias, the American capitalists and entrepreneurs carry with them wherever they go. In the Philippines, American business stands high in public estimation. Most workers would rather work for American than for other foreign or even Filipino employers because the plain fact is that they are better paid and better treated by the Americans.

American investments have done much to break up the old feudal conditions which however are still making much trouble. Practically speaking, only more of the American-style modern enterprise can break up this old system of oppression. Such "exploitation" as there has been in the Philippines during the past half century was this, and not American.

American capital and business enterprise, limited as it has been, has done as much or more in the economic sphere to bring the country forward, as American government officials have done in the governmental and political spheres, though it has received much less praise. Business prosperity and good government are, as things are, inseparably connected. Government activity is based primarily on taxation, and if there is little to tax, there are no government revenues.

In thinking of capital investment and the exploitation of natural resources, the Filipinos must think of utilization rather than neglect and waste; of contribution rather than relinquishment; of employment and activity rather than idleness and stagnation; of enjoyment rather than abstinence; of gain rather than loss; of creativity rather than a suspicious, but limp and indolent desuetude.

That they will, is the confident expectation of this writer.

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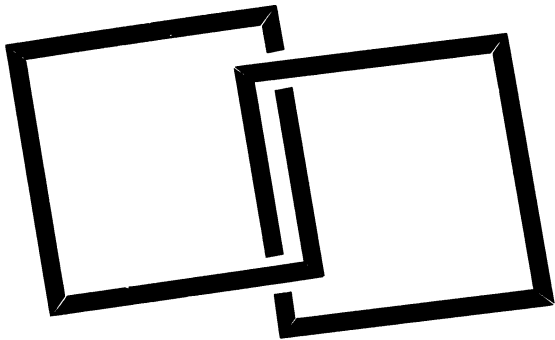
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ESTIMATED NATIONAL INCOME OF THE PHILIPPINES:  
1939 and 1946

(National Income, as used in this survey, refers to the annual value of goods and services produced by the inhabitants of a country.)

	1939	1946
Grand Total —	P1,802,156,000	P3,346,935,000
<b>A. Production of Goods:</b>		
1. Agriculture-crops & livestock	P 282,775,000	P1,204,733,000 (a)
2. Forest products	30,222,000	30,454,000 (b)
3. Fishing (licensed)	15,817,000	61,881,000 (c)
4. Minerals	47,632,000	5,250,000 (d)
5. Manufactures	167,175,000	132,335,000 (e)
6. Sundry: (f)		
Handicrafts	2,000,000	4,000,000
Fishing (unlicensed)	2,500,000	5,000,000
Unprovided for	5,000,000	5,000,000
<b>B. Services:</b>		
1. Salaries & Wages in government	45,250,000	68,489,000 (h)
2. Salaries and wages outside government	357,548,000	679,854,000 (i)
3. Professions and other services	23,847,000	47,694,000 (j)
4. Public Utilities: (k)		
Electricity	5,290,000	2,645,000
Transportation (land and water)	38,150,000	50,000,000
Air transportation	—	4,000,000
Telephone (12% of capital)	1,000,000	—
Cable and radio communications	1,500,000	—
5. Distribution (com'l establishments)	672,343,000	1,103,239,000 (l)
6. Sundry:		
Housing	5,000,000	25,000,000 (m)
Banks reserves, surplus and undivided profits	25,712,000	18,537,000 (n)
Insurance claims paid or collected	4,980,000	(x)
Mutual bldg. and loan ass'ns (Reserves, undivided and unearned profits)	1,890,000	—
Educational institutions	2,000,000	1,500,000 (o)
Hospitals	1,000,000	1,000,000 (p)
International balance of payments	58,525,000	108,676,000 (q)
Others	5,000,000	5,000,000 (r)

(x) Figures not yet available from the Bureau of Treasury.

**Note:**

For the year 1939, figures of the 1939 Economic Census were used as much as possible. They are data as of January 1, 1939. For Agriculture, 30% of the gross income was deducted to represent miscellaneous expenses. For Forest Products, Minerals, Manufactures, there were deducted from the total value of the output, the expenses for salaries and wages and for fuel or electricity consumed. For Fishing (licensed) the deductions for sala-

ries, wages and other expenses were based on 25% of the annual value of the catch. For Manufactures, cost of raw materials was also deducted to avoid duplication. The Census of 1939 did not take any figures on unlicensed handicraft enterprises and unlicensed fishing. The estimated figures on these items were based on figures on licensed enterprises.

As regards Service, also 1939 Census figures were used, except where no census data are available,

such as telephone, cable and radio communication, air transportation, house rentals, banks' profits, etc., insurance paid, educational institutions, profits of mutual building and loan associations, hospitals, credit balances in international payments, etc. Estimated had to be made for these items. With respect to Distribution represented by Commercial Establishments, gross receipt were used from which were deducted salaries and wages and an additional 10% for other expenses.

The 1946 estimates have taken into account the rise in values of from three to five times those of prewar, and the destruction of factories, etc. that have resulted in much reduced output. In estimating 1946 figures, (a) was based on data from the Bureau of Plant Industry and Bureau of Animal Industry; (b) on data from the Bureau of Forestry; (c) on data from the Division of Fisheries; Department of Agriculture and Commerce; (d) on figures on cement and coal production obtained from the National Development Company. From said figures were deducted estimated expenses for labor, etc. The estimates for (e) were arrived at by excluding from the 1939 figures the output of industries reported to have been wiped out, and the balance thereof was halved to determine estimated reduction of the output of the industries due to the war. The remaining half was multiplied by three (3) to represent the rise of factory prices during postwar. For (f) the 1939 figures for handicrafts was just multiplied by two (2) to indicate rise in values in provinces where such things are produced; the figure for unlicensed fishing likewise doubled the 1939 data; and the figure for "unprovided for" just repeated the 1939 figure to take care of increased values and also of the disorganized state of many occupations in 1946, compared with prewar.

For "Services" during 1946, (h) represents figures of the General Auditing Office; (i) salaries of estimated number of laborers to indicate increased professional fees. For (k) during 1946, electricity was reduced by one-half due to extensive destruction of electric plants and also of buildings and residences during the war; transportation (land and water) was hiked to P50,000,000 to give allowance to the transportation boom and high fares charged just after liberation; air transportation is credited with a mere P4,000,000 following unofficial reports that one air transportation company alone is making a gross receipt of

₱50,000 daily or about 12 cent; telephone and cable and radio communications have no figures as they may not be making money this time.

Distribution. (1), was estimated by taking the total foreign trade of 1938 and total foreign trade in 1946 as basis, together with the gross receipts of commercial establishments in 1938. Housing (m), was just hiked five times to indicate, average rise in house rental; (n) is Bureau of Banking figures; (o) and (p) are estimated net earnings of educational institutions and hospitals; (q) has been estimated as per attached statement; and (r) is an estimate to cover unknown sources of income in the Philippines.

#### Economic State . . .

(Continued from page 11)

for which a sinking fund of ₱63 million had been provided. With an estimated population of 18 million, the per capita debt of every man, woman, and child in this country amounts to ₱3.85. We have averaged a yearly decrease in public debt of over ₱4 million.

There are altogether 11 commercial banks operating in Manila with a total combined resources of ₱848 million pesos. This represents an increase of over 300 per cent in less than 12 months. In sharp contrast,

before the war amounted only to ₱353 million, or only about 42 per cent of the present amount.

Similarly, bank deposits registered a mark very much higher than the prewar. All told, the deposits last year passed the half billion mark, while the bank deposits in 1941 did not even reach ₱200 million.

Twenty-three months after liberation, the U.S. Army is still the biggest employer of labor in the Philippines. The peak of Filipino civilian payroll strength was reached in November, 1945, with 230,000 employed. This figure receded gradually as units of American forces were either withdrawn or assigned to other areas.

The decrease is clearly indicated in the figures for one month. In October, 1945, 200,000 Filipino la-

borers were employed by the U.S. Army. One year later to the month, hardly 90,000 were still in the employ, a reduction of over 55 per cent.

There is no glossing over the fact that the unemployment problem in the country is not only great but acute as well. The President was fully conscious of this when, on his election, he urged the people to join hands with him in the war against the twin specters of inflation and unemployment.

In addition to those who are gradually crossed out of Army payrolls, there are an estimated 400,000 guerrillas in Manila and the provinces who have not been inducted into the Army and are thus considered displaced persons. Also, the paring down of Philippine Army personnel to peacetime strength will add about 100,000 more unemployed.

(Continued on page 18)

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There are no available data as to the exact number of persons out of work in Greater Manila area, but it is conservatively estimated at 145,000. The acuteness of the situation is indicated clearly by the fact that over 70,000 job seekers were actually found in Manila alone by the Department of Labor from August 20 to December 31, 1946. These are the men and women who roam the city streets and storm the gates of big firms looking for jobs. No doubt, they contribute in a large measure to the criminality in the city.

Wage rates in private enterprises in Manila have not gone up in proportion to the rise in the cost of essential commodities. This is the main reason why there was unrest among industrial workers during the latter part of 1945. Early in 1946, agitation by labor unions for increase in wages resulted in progressive rise of wage rates in industry and trade. By the latter part of 1946, skilled laborers received wages nearly three times the prewar rates, while the wages of unskilled laborers have increased almost four times.

Reduced to terms of real wages (that is, wages in terms of goods and services they can buy), present wages are slightly over half of the wages paid before the war. Unskilled labor, whose wage before the war average ₱1.24 a day and now ₱4.53 is actually receiving only about 80 centavos in real wages.

Actually, a laborer in 1946 spent more for food than in any year before the war. The only possible explanation for the rather high expenditure is the low food purchasing power of the peso, due in turn to the high retail prices of prime commodities. As may be expected the Filipino wage-earner spends proportionately more for food than his American counterpart, confirming in reverse Engel's law: "The larger the income of a family, the smaller is the percentage of it expended for food."

To the peasant class, the past year was significant for the passage of the Tenancy Law which provides, among other things, for the division of the produce on 70-30 basis in favor of the tenant, if the tenant defrayed all the expenses of cultivation. The Administration has also formed the Agrarian Commission, which is continuing its surveys to help solve the chaotic conditions in agrarian areas.

THAT, in brief, is the state of the nation. Undoubtedly, it is far from recovered, but the signposts along

the highway are clear and unmis-takable.

There seems to be no doubt that this year the nation will even make greater strides towards reconstruction. The War Damage Commission is being geared up for maximum speed. The government is committed to embark upon a large-scale development program. The creation of the Rehabilitation Finance Corporation, capitalized partly from the proceeds of some ₱200 million worth of surplus property inherited from the U.S. Army, will most certainly step up the rehabilitation of our industries. The Shipping Commission, created to help restore the interisland trade to its prewar status, has started activities with the distribution of 44 FS vessels. Several new taxation laws have been passed calculated to increase substantially government revenues so urgently needed to balance the budget. The Cebu Portland Cement Company is also earmarked for expansion. Fresh impetus is being given to our fishing industry. Only recently, the Agricultural Machinery and Other Equipment Corporation for the manufacture of farming equipment suitable for local use, has been inaugurated. A commission to study the rebuilding and building of roads and bridges is already here to map out the masterplan of work. On their initiation, the people will have much use for the rehabilitation windfall coming their way as well as the veterans' benefit payments.

Indeed, the year 1947 promises to be a year of greater activity and progress. What has been done up to the present has been in the na-

ture of preliminary groundwork, left largely to private enterprise. When the various rehabilitation agencies start going on all cylinders, then verily can we say with the President that we have started to "move forward without pause to bind up this nation's wounds, to toil, to make, and to build."

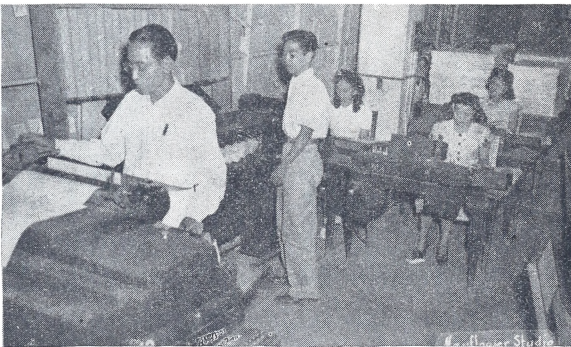
## Bureau of the Census . . .

(Continued from page 8)

- culture, industry and commerce;
- To conduct, for statistical purposes, investigations and studies of social and economic problems and conditions.
  - To carry out and administer the provisions of Act No. 3753, governing Civil Registry;
  - To make and publish, from time to time, estimates of population, agricultural production, national income and number of livestock;
  - To compile, classify, and publish statistical information for the use of the government and the public.

To carry out the foregoing objectives the Bureau, since the beginning has had five technical divisions; namely, the Division of Vital Statistics and Civil Registry; the Division of Agricultural Statistics, the Division of Labor Statistics, the Division of Business Statistics; and the Division of Customs Statistics.

When, after the war, Dr. Gonzalez resumed his position as Director of the Bureau, he found an office seriously undermanned, almost completely shorn of equipment, and housed in dark, dingy, cramped quarters. The bureau's prewar



(Photo by Mayflower Studio)

In the foreground Mr. Leoncio Gonzalo, chief of the tabulating section, is operating a Type 405 IBM Electric Accounting Machine. Behind him is an electric sorting machine and other modern equipment used by the bureau in its work.

equipment, with its impressive array of steel cabinet files, calculating machines, adding machines, typewriters, etc., had been completely wiped out by the war.

Gone also were some of the priceless records of the government, such as the documents of the national civil registry, customs statistics' entry cards dating back to Spanish times, demographic statistics also dating back to Spanish times, the 1939 census returns, statistical books and records on agriculture and industry, business and labor statistics, and a really tremendous collection of pamphlets, magazines, yearbooks sent to the bureau by foreign governments and publishers. Hundreds of reserve copies of the *Yearbook of Philippine Statistics* (1940), *Handbook of Philippine Statistics* (1941), *Abstracts of Philippine Statistics*, together with thousands of pamphlets on population, agriculture, etc. were all consumed by fire during the last battle of Manila.

Naturally, under such handicaps as indicated by the losses enumerated above, it was impossible for the bureau to operate at its prewar level of efficiency. With two to four employes occupying one table because of inadequate space and lack of furniture, with only four or five calculating machines to work with as

compared with almost fifty before the war, the output of tabulated or printed statistics was necessarily far below the prewar output.

The accomplishments of the bureau have therefore been limited to those activities considered most urgent. The ground floor of the Watson Building, where it is now located, was repaired and painted. The war damage survey, started about the middle of 1945, has been completed. A revision of the *Yearbook of Philippine Statistics* has brought available data up to date. By conducting an economic survey, material was secured for the *Handbook of Philippine Statistics*. The 1,000 and more local civil registrars have been surveyed to ascertain what portions of their records are still intact. General statistics on demography, labor, agriculture, foreign commerce, business activities, etc. have been collected, compiled, assembled and tabulated. And hundreds and thousands of census schedules, forms and other printed matter needed for a new national census (authorized by Republic Act 36) have been printed.

Mention should also be made of the services the bureau has rendered to the UNO, UNRRA, UNESCO, Reparations Commission in Tokyo and the Department of Foreign Af-

fairs. All of these entities have needed facts and figures on the population, economic resources and activities, social conditions, etc. of the Philippines. To the fullest extent possible, these needs have been met by the small but hardworking force of researchers, compilers and computers of the Bureau of Census and Statistics.

The major project confronting the bureau at the present time is the tak-

(Continued on page 23)



(Photo by Mayflower Studio)  
Front view of one of the electric accounting machines recently installed by the bureau of census and statistics.



You taste the Quality

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Now available in any quantity at any time.

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**ROYAL SOFT DRINKS PLANT**  
Owned & Operated by  
**SAN MIGUEL BREWERY**

YOUR GUARANTY OF UNEXCELLED QUALITY

## Report to Shareholders

(Continued from page 9)

the Bank's books at figures under estimated liquidating values. The total of Unallocated Reserves and known excess values (exclusive of market appreciation on the bond account) is more than \$40,000,000.

### EARNINGS OF THE BANK

For the Bank alone, net current operating earnings were \$17,573,826 compared with \$16,393,098 in 1945. Adding net profits from sales of securities, the total amounted to \$21,291,718 compared with \$23,725,059. A summary for the two years in the standardized form adopted in 1942 is shown in the following table:

Current Operating Earnings	1946	1945	Change
Interest on Loans . . . . .	\$15,882,767	\$12,323,926	\$+3,558,841
Interest and Dividends on Securities (net after amortization) . . . . .	39,784,839	38,171,995	+ 612,844
Other Current Operating Earnings (including net earnings of foreign branches) . . . . .	12,615,193	8,645,708	+3,969,485
	<u>\$68,282,799</u>	<u>\$60,141,629</u>	<u>\$+8,141,170</u>
<b>Current Operating Expenses</b>			
Interest Paid . . . . .	\$ 2,470,037	\$ 1,999,140	\$+ 470,897
Wages and Salaries . . . . .	18,370,129	14,664,289	+3,705,840
Provision for Taxes and Assessments . . . . .	15,065,851	14,884,452	+ 181,399
Net Operating Cost of Premises (including Real Estate Taxes and Depreciation) . . . . .	4,424,106	3,710,520	+ 713,586
Other Current Operating Expenses . . . . .	10,378,850	8,490,130	+1,888,720
	<u>\$50,708,973</u>	<u>\$43,748,531</u>	<u>\$+6,960,442</u>
Net Current Operating Earnings . . . . .	\$17,573,826	\$16,393,098	\$+1,180,728

Increased interest received on loans is the result of a higher average of loans during the year, particularly in commercial loans and in the Personal Credit Department. Income on securities reflects a larger average investment than in 1945, though the December 31 investment was \$522,000,000 under that at the beginning of the year. The average yield on the investment portfolio was 1.40% in 1946 compared with 1.47% in 1945. The increase in other current operating earnings is mostly due to better foreign branch earnings and increased income from commissions for services, such as handling commercial credits, collections, special checking accounts, etc.

Wages and salaries, the largest expense item, increased \$3,705,840 or 25% over 1945. The staff is larger due to heavy work volume, and we have made substantial wage

and salary increases in recognition of higher living costs and individual abilities.

Provision for taxes and assessments as shown in the foregoing table consists of taxes on current income and the \$2,691,000 Federal Deposit Insurance assessments. Certain other tax items are classified under operating cost of premises, and there are in addition taxes on the profits from sales of securities, and taxes at foreign branches. If all these were added together the total tax figure would be about \$20,000,000. This is larger than the net current operating earnings of the Bank.

Other operating expenses, includ-

ing net operating cost of premises, have increased to take care of a larger volume of business, to make necessary alterations, and to replace or restore furniture and fixtures, machine equipment, stationery and supplies.

### DEPOSITS

Reflecting government withdrawals of deposits to pay off debt, total deposits at the year-end were \$4,664,000,000 in comparison with the total a year ago of \$5,143,000,000. If the decline of over \$1,000,000,000 in U. S. War Loan Deposit is excluded, our deposits have increased \$557,000,000. Of this increase, \$368,000,000 is in domestic offices.

At the year-end, there were over 885,000 deposit accounts of all types on our books here and abroad.

For the fourth consecutive year Thrift deposits have increased, this

year by \$52,000,000 or 15%. The rate of increase of these deposits, very heavy early in the year, has lessened in recent months as goods have become available for purchase by individuals in greater abundance. Deposits in foreign branches grew \$189,000,000 or 34%, principally in the Far Eastern branches reopened during the past two years.

### EMPLOYMENT OF FUNDS

Holdings of U. S. Government securities are \$584,000,000 less than a year ago; loans and discounts are down \$140,000,000. The year-end bank statements of 1945 reflected, however, a large amount of loans to dealers, insurance companies, and others arising out of the December Victory Loan. At that time there also remained outstanding a considerable volume of loans, many under partial government guarantee, to finance war production. During the past year our loans in both of these categories have been almost completely liquidated. However, the increasing demand for funds from industry and trade has so largely offset this decline that the average volume of loans and the total income from loans were larger for the full year 1946 than for 1945. With the higher price level and the existing large volume of production and trade, the demand for loans is continuing.

Cash on Hand and Due from Banks has increased \$194,000,000; most of the increase is in foreign branches.

Of the holdings of obligations of the U. S. Government and Government Agencies 30% mature within five years and 96% within ten years. If computed to earliest call date instead of to maturity, 64% are due or callable within five years and all within ten years. The average maturity of this portfolio is 5 years and 6 months in comparison with 4 years and 6 months one year ago. This lengthening reflects the withdrawal by the Treasury of over \$1,000,000,000 of War Loan deposits mentioned above and the corresponding redemption at maturity or the sale of that part of our short term Treasury Bills, Certificates, and Notes in which these funds were employed. The practical elimination of this large Treasury deposit lessens the need for so large an amount of short term securities.

The decline in the Bank Premises account during the year represents depreciation, charged against current earnings.

The International Banking Corporation is carried on our books at

a conservative valuation of \$7,000,000.

The National City Safe Deposit Company, operating safe deposit facilities in our branches in Greater New York, is included in Other Securities at \$700,000.

The Bank was examined twice during the year by the National Bank Examiner and twice by the Directors' Examining Committee, and the few items classified as losses have been written off or specifically reserved against.

#### CONSUMER SERVICES

With our city-wide system of 66 branches and our consumer services, we consider that we are dealing with people rather than with dollars. We pioneered in welcoming thrift accounts more than 25 years ago and personal loans nearly 19 years ago. That our Compound Interest, Personal Credit, and Special Checking Departments should report at the year-end some 775,000 accounts indicates that New Yorkers have responded wholeheartedly to these services.

With more goods available to buy, the volume of savings could hardly equal 1945 but the past year was a notable one for thrift. Our total Compound Interest deposits in New York City were \$323,000,000 on

December 31, an increase for the year of \$43,000,000.

As normal pursuits were resumed, as veterans took up civilian employment, and as post-war needs developed, the Personal Credit Department was in a position to continue its help to anyone with a good record who could use credit constructively. Consumer credit now is being extended in larger volume than in the most active pre-war months.

Among the many kinds of loan service was the further active development of the Veterans Loan Service staffed by experienced former service men specifically to give attention to their fellow G. I.'s. In addition to tens of thousands of personal loans made to those who had returned from service, the Veterans Loan Service made for business purposes alone 2,500 loans which included several hundred loans made under the government-sponsored plan generally called the "G.I. Bill of Rights." Many of these business loans have already been repaid in full, most of them partially so.

#### FOREIGN OPERATIONS

We now have 45 active foreign branches, 2 in London, 35 in South and Central America, and 8 in the Far East.

As the production facilities of the

world turn to peacetime operation, the volume of world trade is rapidly expanding. A part of this is government financed and controlled, such as shipments for UNRRA and for the British Government under the Anglo-American financial arrangements. Some countries are spending their war-accumulated dollars to restore their railways and refill their food bins. Increasingly, trade is returning to more normal channels. Most of these varied transactions require the use of banking facilities, and the world-wide branch organization of the National City Bank with its trained personnel and its own offices and local funds in world commercial centers is in a strategic position to meet the needs. Our Commercial Credit Department, for example, is handling a record volume. Our officers in Head Office and the foreign branches are receiving more visitors and answering more mail than ever before.

The London, South American, and Carribean branches are rapidly resuming normal operations in facilitating trade.

The Far Eastern branches reopened in 1945 have reassembled their staffs and are active in serving American exporters and importers and agencies of our Government.

(Continued on page 22)

We Aim  
to Serve

AGE PRINTING CO.

Operating

TONG CHEONG SON, INC.  
Printers—Bookbinders—Typefounders

321 Barbosa, Manila



Glennore Distilleries Co., Incorporated, Louisville, Kentucky

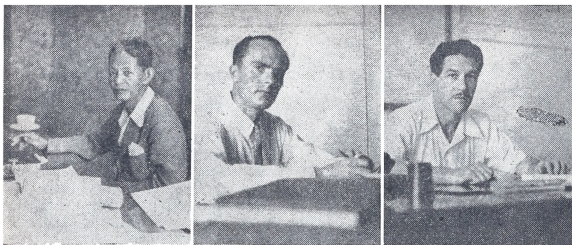
Sole Importers

SORIANO TRADING CO.

M. R. S. Bldg.

Tel. 2-79-61

## Experts Join Reynoso Firm



Reynoso

Alexander

Bell

Glen D. Alexander, electrical advertising expert, and Col. Don Bell, advertising executive, have recently been engaged by the Reynoso Advertising Corporation, to head its Neon and Advertising Agency divisions. The two experts plan to introduce in the Philippines the latest developments in advertising production along their specialized lines.

Mr. Alexander, who had identified himself with neon advertising since the early stages of neon sign manufacture in the United States, since 1928, has continuously been in the electrical advertising field with various advertising firms in the United States. He has also taken part in the development and production work of the neon directional tubes on floats, one of the numerous inventions used by the United States Armed Forces to win the last war. The gadget was used by the United States Navy to effect difficult night

landing maneuvers along mined and obstructed waterways.

Mr. Alexander is already working on the installation of the Reynoso neon plant and expects to get the complete equipment in working order before the end of this month.

"The high cost of neon advertising in Manila could be cut to the minimum if we use the newly developed manufacturing processes, and if the signs are completely fabricated here. I hope to effect this with the latest equipment and supplies which I have already ordered and which we are expecting to receive the early part of this month," said Mr. Alexander.

Col. Bell, who is really a different person from Clarence Beliel, who used the same name as a radio commentator before the war, had extensive agency experience in newspaper and radio advertising from New York and Philadelphia. Under Gen-

eral Chenault, he has also distinguished himself as a member of the famed "Flying Tigers" who were the terror of the Japanese Air Force in China at the beginning of the war. After serving in the Office of Strategic Services for sometime after "VJ DAY," he resigned from the army and took up again his first love—advertising.

Bibiano L. Reynoso, president of the corporation, one of the biggest advertising firms in the Philippines, has announced that his organization will engage in all forms of advertising services. Filipino and American specialists will occupy key positions. First to operate is the outdoor advertising under E. Q. Uson, professor in advertising at the Far Eastern University. Uson has long been in the advertising field. He did advertising production work for the DMHM Newspapers, Manila Daily Bulletin and other advertising agencies before the war.

On July 22, 1946, the Tokyo Branch resumed operation on a limited basis to provide financial facilities for United States Government agencies and personnel.

Considerable progress has been made in reducing the number of items which represent possible losses due to war causes, and our total loss will be very much less than the amount originally estimated and reserved for.

Among the questions now being raised is that of financing exports and imports beyond the period when countries are using accumulated dollars or are the beneficiaries of government loans. Already in some cases private financing is again possible. In others the risk is so great in present unsettled world conditions that normal trade financing is not possible. We are cooperating with the Export-Import Bank and other Government Agencies.

We recognize, however, that no mechanisms or legerdemain are a

substitute for the stability and reliability of the borrower, which are the only sound basis for credit.

### PERSONNEL

We again pay our respect by listing below the name of one member of the staff of the Trust Company who gave his life in the service of his country and whose death was reported to us during the past year. This name raises the total number of gold stars on our flag to 55.

KENNETH PETERSEN, Sergeant, U. S. Army Air Corps, formerly with the Brooklyn Office of the Trust Company.

Of the total of 1,863 employees of the Bank and the Trust Company who entered military service, 1,686 are known to have been released from the Services so far. We are glad to report that 1,276 or 76% of them have returned to us and have quickly and competently fitted into positions suited to their personal

qualifications and experience, gained both in the Bank and in the armed services. The return of these men and women has strengthened the staff for its increased tasks.

The total staffs of the Bank, including Foreign Branches, and the Trust Company now number 11,774, compared with 10,034 at the end of 1945. Of the present total, 7,914 are in New York City, 1,264 employees have completed over 25 years of service with us and have entered the select circle of our Quarter Century Club, whose membership constitutes the backbone of the Bank.

There are now 344 of our people who are receiving retirement income. During the year we have taken further steps toward completing the program for funding the past service retirement allowances which was begun in 1944. We have again made an extra year's payment of \$1,550,000 out of reserves to the Insurance Company underwriting the annuities, thus completing half of the funding



program. We have also funds released from reserves set aside to cover possible war losses and no longer required for that purpose, to add \$3,250,000 to the retirement reserve, which we estimate is now adequate to cover the balance of the past service funding program (after allowing for future tax deductions). Acceleration of the funding program has saved interest, and there have been other savings from the original cost estimates due to turnover of staff.

#### BOARD OF DIRECTORS AND OFFICERS

In January, 1946 Joseph P. Grace, the oldest director in service, resigned after completing 39 years of valued association with us. His son, Joseph P. Grace, Jr., President of W. R. Grace & Company, was elected to the Board.

We record with sorrow the death during the year of Boies C. Hart, Vice-President and Manager Overseas Division and of Vice-Presidents William A. Creelman, William J. Noonan, Murray S. Wilson and also of Jacob Wohnsiedler, recently retired, each of whom had served as a senior officer of the Bank for many years.

GORDON S. RENTSCHLER,  
Chairman of the Board

W. RANDOLPH BURGESS,  
Vice-Chairman of the Board  
WM. GAGE BRADY, JR.,  
President

#### Bureau of the Census

(Continued from page 19)

ing of a new census. All preliminary steps have been taken, such as the printing of forms and schedules, preparations of some 50,000 appointments for census boards, supervisors and enumerators etc. All that is now lacking is the apportionment of all the different forms and schedules among the different political subdivisions and their shipment to more than 1,000 local census boards. As soon as the President proclaims the definite census day, enumeration will start all over the Philippines and the collection of related social and economic data. When the census is completed, the present population of the Philippines will be definitely known. Also, accurate information on war mortality and damages will be available. The population census will be supplemented by a census of agriculture, census atlas, and an economic census which will cover real estate, forestry, mines, fishing, electricity, transportation, manufactures, commercial establishments and the professions.

Republic of the Philippines  
Department of Public Works and Communications  
BUREAU OF POSTS  
Manila

#### SWORN STATEMENT (Required by Act No. 2586)

The undersigned, Robert S. Hendry, editor of American Chamber of Commerce Journal, published monthly in English at the American Chamber of Commerce, after having been duly sworn in accordance with law, hereby submits the following statement of ownership, management, circulation, etc., which is required by Act No. 2586, as amended by Commonwealth Act No. 201:

Name	Post-Office Address
Editor—Robert S. Hendry	Trade & Commerce Bldg.
Business Manager—	
Owner—American Chamber of Commerce	Trade & Commerce Bldg.
Publisher—American Chamber of Commerce	Trade & Commerce Bldg.
Printer—Carmelo & Baermann, Inc.	2067 Ascarrage

If publication is owned by a corporation, stockholders, owning one per cent or more of the total amount of stocks: NO

Bondholders, mortgages, or other security holders owning one per cent or more of total amount of security: NONE

In case of publication other than daily, total number of copies printed and circulated of the last issue dated February, 1947.

1. Sent to paid subscribers	410
2. Sent to others than paid subscribers	1,485
Total	1,595

(Sgd.) ROBERT S. HENDRY  
Editor

Subscribed and sworn to before me this 8th day of April, 1947, at Manila, the affian exhibiting his A.R.C. issued at Manila on Feb. 27, 1947.

(Sgd.) HILARION O. EGUIA  
Notary Public  
Until Dec. 31, 1947

Doc. 75  
Page 93  
Book No. IV, Series of 1947.

THE  
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A BETTER BLEND  
FOR BETTER DRINKS

OLD  
**THOMPSON**  
BRAND

Glenmore Distilleries Company  
Incorporated  
Louisville, Kentucky

Blended Whiskey, 86.8 Proof—  
65% Grain Neutral Spirits



Sole Importers

**SORIANO TRADING CO.**

M. R. S. Bldg.

Tel. 2-79-61

	Week Ending Dec. 21, 1946	Week Ending Dec. 28, 1946	Week Ending Jan. 4, 1947	Week Ending Jan. 11, 1947	Week Ending Jan. 18, 1947	Week Ending Jan. 25, 1947	Week Ending Feb. 1, 1947	Week Ending Feb. 8, 1947
<b>Resources</b>								
Loans, discounts and overdrafts	¥194,449,747	¥211,572,806	¥200,986,748	¥213,308	¥213,622	¥220,124	¥227,789	¥244,447
Investments	40,189,973	40,102,842	40,001,784	40,002	40,010	54,224	54,224	54,183
Due from Head Office and/or other Offices or Offices which supplies working capital to foreign banks	61,560,526	63,174,356	60,157,757	60,815	55,095	29,860	35,590	38,281
Due from other banks in the Philippines	42,992,420	36,197,488	39,420,303	43,116	43,083	40,994	34,537	32,936
Due from banks outside the Philippines	165,614,639	163,040,755	164,963,056	160,505	177,634	180,800	177,870	174,786
Cash on hand	146,670,201	132,299,437	144,724,550	138,032	136,943	137,882	138,629	130,546
Balances in clearing account	37,000,000	34,000,000	36,000,000	33,000	38,000	36,000	29,500	29,500
Other resources not included above	158,820,267	167,822,488	164,052,668	41,520	40,075	40,815	40,658	40,637
<b>Total resources</b>	<b>¥847,297,773</b>	<b>¥848,210,172</b>	<b>¥850,306,866</b>	<b>¥736,298</b>	<b>¥744,462</b>	<b>¥740,649</b>	<b>¥738,797</b>	<b>¥745,316</b>
<b>Liabilities</b>								
Demand deposits	¥234,348,223	¥231,460,899	¥228,310,222	¥234,647	¥243,987	¥235,247	¥237,416	¥240,954
Savings deposits	124,887,084	125,306,507	125,804,234	126,914	127,615	127,643	127,379	127,537
Time deposits	10,376,891	10,282,933	10,333,247	11,057	11,409	11,642	11,363	11,916
Deposits of public funds	136,277,600	134,630,399	139,959,286	136,988	139,188	136,779	132,640	135,178
Due to Head Office and/or other Offices or Offices which supplies working capital	48,831,758	49,341,787	47,916,018	47,000	45,742	52,248	53,667	59,538
Capital — domestic banks	33,414,400	33,414,400	33,414,400	33,415	33,414	33,414	33,414	33,414
Surplus, reserves and undivided profits	16,396,470	18,537,045	18,633,174	18,325	17,820	18,014	18,220	18,442
Due to other banks in the Philippines	5,375,798	2,777,189	3,265,288	4,211	3,482	3,227	3,199	3,250
Due to banks (Clearing House depository)	37,000,000	34,000,000	36,000,000	39,000	38,000	36,000	29,500	29,500
Due to banks outside the Philippines	8,091,476	7,453,810	7,360,488	7,359	7,052	7,887	9,780	9,139
Other liabilities not included above	192,298,073	201,005,703	199,310,529	77,382	76,753	78,718	82,279	76,448
<b>Total liabilities</b>	<b>¥847,297,773</b>	<b>¥848,210,172</b>	<b>¥850,306,866</b>	<b>¥736,298</b>	<b>¥744,462</b>	<b>¥740,649</b>	<b>¥738,797</b>	<b>¥745,316</b>
<b>Miscellaneous</b>								
Exchange bought since last report—spot	¥ 13,718,344	¥ 16,267,895	¥ 4,978,026	¥ 16,082	¥ 17,230	¥ 14,363	¥ 20,692	¥ 19,616
Exchange bought since last report—future	220,000	507,250	7,031,250	3,833	—	7,031	3,387	21,956
Exchange sold since last report—spot	13,498,020	15,806,344	10,202,724	25,829	21,037	23,003	21,799	22,324
Exchange sold since last report—future	6,872,308	1,783,015	1,204,351	2,027	5,828	3,471	2,726	2,852
Import bills whether for the purpose of collection only or otherwise received since last report	9,594,124	16,524,670	12,874,361	16,015	11,796	18,824	14,140	17,362
Export bills sent abroad whether for the purpose of collection only or otherwise since last report	8,608,989	5,124,473	1,432,330	4,746	4,112	7,502	8,270	4,743
Debits to individual accounts since last report	103,774,148	109,693,664	65,222,778	133,457	116,131	107,185	119,244	127,448
Letters of credit issued since last report	10,090,174	9,717,558	6,557,177	36,366	16,078	22,850	12,224	13,620
Trust department accounts:								
a. Court trusts	1,369,638	1,326,768	1,330,152	1,346	1,417	1,467	1,464	1,652
b. Private trusts	4,205,956	4,039,610	4,011,249	3,965	4,014	4,023	4,003	3,974
c. Corporate trusts	7,582,254	7,582,266	7,582,266	7,582	7,582	5,989	5,989	5,989

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- 3 Butressed sidewalls—for greatest strength.
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Deluxe Non-Skid Rib

**BE SAFE, BE SURE,  
BE SENSIBLE,  
WITH**



**MORE PEOPLE  
THE WORLD OVER RIDE ON  
GOODYEAR TIRES THAN ON  
ANY OTHER MAKE**

**WORLD'S  
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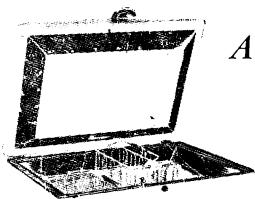
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