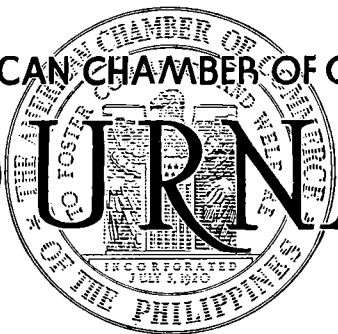


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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A. V. H. Hartendorp
Editor and Manager

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Contents

Editorials—	PAGE
President Quirino's State of the Nation Address	47
India and Nationalism	47
"The Energy, the Effort of All"	49
The Marston Agreement with the Government	50
Reply to Governor Cuaderno	50
The New Chamber Board	52
Address to the Seattle Chamber of Commerce World Trade Group	52
Annual Report of the President, American Chamber of Commerce of the Philippines	54
Extracts from the Minutes, Letters, and Special Resolution Honoring Mr. F. H. Stevens	56
Address on the State of the Nation	58
The Exchange Control	60
Recommendations re the Controls	61
The Business View—	
Office of the President of the Philippines	64
Trend of Real Wages, 1941-49 (Tables)	64,65
Banking and Finance	66
Stock and Commodity Markets	67
Credit	67
Ocean Shipping and Exports	68
Air Transportation	68
Electric Power Production	68
Real Estate	69
Mines	69
Lumber	69
Copra and Coconut Oil	71
Desiccated Coconut	71
Sugar	72
Manila Hemp	72
Tobacco	73
Imports	73
Food Products	75
Automobiles and Trucks	76
Textiles	77
Legislation, Executive Orders, Court Decisions	80
Philippine Safety Council	82
Executive Order No. 301	82
Cost of Living Index, 1946-50 (Table)	83
The "Let Your Hair Down" Column	84
Official Source	64
Bureau of the Census and Statistics	64,65
R. E. RUSSELL	66
A. C. HALL	67
W. J. NICHOLS	67
F. M. GISPERT	68
H. E. UMBER	68
J. F. COTTON	68
C. M. HOSKINS	69
C. A. MITKE	69
L. J. REYES	69
M. IGUAL AND K. B. DAY	71
H. R. HICK	71
G. G. GORDON	72
F. GUETTINGER	72
L. A. PUJALTE	73
L. S. KRAEMER	73
M. HEARN	75
K. E. GAY	76
L. W. WIRTH	77
E. E. SELPH	80
F. S. TENNY	82
President of the Philippines	82
Bureau of the Census and Statistics	83

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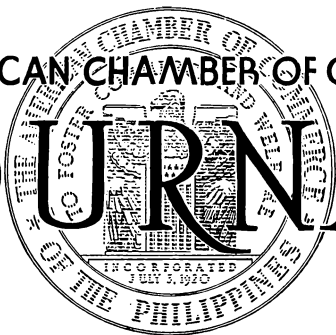
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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

It can not be questioned that President Quirino has the "right answers",—the right answers to our economic and financial problems. Despite

President Quirino's State-of-the-Nation Address the rose-tinted glasses which, bless him, he still wears, he sees clearly, as he said in his important State-of-the-Nation Address, delivered from his hospital room in Baltimore, that—

"Our most serious concern for the next four years should be:

"1. Immediate increased production through rapid rehabilitation and development;

"2. Decreased public and external expenditures;

"3. Government reorganization to achieve efficiency, economy, and effective rendition of public service responsive to the needs and welfare of our people;

"4. Vigorous and honest enforcement of the tax laws;

"5. Preservation of our national integrity and continued friendly relations with our neighbors and the entire world."

These answers may appear obvious, but their very obviousness attests to their fundamental importance. The obvious is often too easily overlooked or disregarded in favor of something more recondite. And, obvious or not, these answers might easily not have been brought out with the great emphasis which the President rightly gave them.

The President not only has the right answers, but he put them in what seems to us to be the right order of priority, though No. 5, in a somewhat different class from the rest, is of the highest importance in its class.

We have called these points "answers", but actually there are, as the President said, matters of the most serious concern; they are aims, calling for certain measures.

The Government may have the right aims, but the measures necessary to achieve them, though adopted, may not be faithfully carried out, or the measures adopted may be inadequate or faulty.

The people may fail to understand or to support him, or groups in the population may refuse to cooperate.

The President realizes all that. He realizes that he can not solve the country's problems with a speech. He realizes that a united effort must be made and sustained, and said so at the end of his address:

"Let us exert every effort and employ every ounce of our energy to implement these high objectives. Let us pool our enthusiasm, the

labors, and the patriotism of a united people and honestly pull together for the promotion of the common good, to make secure, for all time, our national structure."

It is a good thing to have first things put first; to have clear and definite aims; to issue a call for effort and to rally support.

Now let us trust that not only the proper new measures will be formulated and carried out, but that some of the earlier errors that have been made will be corrected, for otherwise these will continue to handicap us fatally.

The *Journal* extends its best wishes to the people and Government of the Republic of India which was officially inaugurated on January 26 with the

India and Nationalism induction into office of President Rajendra Prasad, who, like Prime Minister Nehru, was one of the group of men close to the late Mahatma Gandhi.

India has now become a fully independent "sovereign democratic republic", but it voluntarily, and wisely, remains, politically and economically, a member of the British Commonwealth of Nations.

The American people both through the spread of the ideals which inspire them and the policies which the American Government has long followed, have played no small part in the rise of such nations as India and Indonesia, as well as the Philippines, and view such events as those at Batavia recently, and lately at New Delhi, as at Manila some years ago, with deep satisfaction.

That it is to be anticipated that the new governments which have for some years been coming into power in Asia and elsewhere will encounter great difficulties and that they will make mistakes, some perhaps of a very serious nature, can not affect the basic American attitude as to the rightness of national independence, at least until the time that mankind will develop a democratic government which will embrace the whole world.

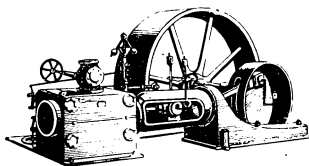
The American Secretary of State, Dean Acheson, in the important address he delivered at the National Press Club in Washington some weeks ago, correctly analyzed, we believe, the present trends in Asia and the view of the

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American people with respect to them, when he said the following:

"There is in this vast area what we might call a developing Asian consciousness, and a developing pattern, and this, I think, is based upon two factors which are pretty nearly common to the entire experience of all these Asian people.

"One of these factors is a revulsion against the acceptance of misery and poverty as the normal condition of life. Throughout all this vast area, you have that fundamental revolutionary aspect in mind and belief.

"The other common aspect that they have is the revulsion against foreign domination; whether that foreign domination takes the form of colonialism or whether it takes the form of imperialism, they are through with it. They have had enough of it already and want no more.

"These two basic ideas which are held so broadly and commonly in Asia tend to fuse in the minds of many Asian peoples and many of them tend to believe that if you could get rid of foreign domination, if you could gain independence, then the relief of poverty and misery would follow almost in course. It is easy to point out that that is not true, and, of course, they are discovering it is not true. But underneath that belief, there was a very profound understanding of a basic truth and it is the basic truth which underlies all our democratic belief and all our democratic concept. That truth is that just as no man and no government is wise enough or disinterested enough to direct the thinking and action of another individual, so no nation and no people are wise enough and disinterested enough very long to assume the responsibility for another people or to control another people's opportunities.

"That great truth they have sensed and on that great truth they are acting. They say and they believe that from now on they are on their own. They will make their own decisions. They will attempt to better their own lot. And on occasion, they will make their own mistakes. But it will be their own mistakes and they are not going to have their mistakes dictated to them by anybody else.

"The symbol of these concepts has become nationalism. National independence has become the symbol both of freedom from foreign domination and freedom from the tyranny of poverty and misery. . . . Resignation is no longer the typical emotion of Asia. It has given way to hope, to a sense of effort, and, in many cases, to a real sense of anger."

Though at times, we, in this *Journal*, have pointed out that certain "nationalistic" legislative and executive measures adopted here were injurious to the best interests of the country, we have never impugned that spirit of nationalism which Secretary Acheson spoke of. We believe that to be a constructive force which is working for progress, though we hope that in the development of this spirit of nationalism, the spirit of a broad and humane spirit of internationalism will develop along with it. The two are not contradictory, just as democracy does not contradict, and is in fact based upon, individual freedom. It will take nations which are strong and free to build a world government. But in building nations strong and free, all narrowness of spirit, and all narrowness of policy, must be eschewed.

In connection with President Quirino's call for the exertion of "every effort" and the employment of "every ounce of energy" to achieve the objectives "The Energy, which he set in his State-of-the-Nation the Effort Address, and to "make secure for all time our national structure", we wish to urge the importance of utilizing the full energy and efforts of that not inconsiderable part of the population which is not Filipino by nationality but which makes the Philippines its home.

Though it is incorrect to say, as is often said, that the aliens in the country "control" the Philippine economy, it is true that for historical and other reasons they hold an important position, especially in industry, commerce, and finance.

This position which the aliens hold and the interest they naturally have in the country's success and prosperity, should be utilized to the full by the Government. Anything which impairs that position or that reduces that true interest damages not only the aliens, but the whole country. Their "labor", too, should be wanted and prized by the Government. Their "enthusiasm" should in no wise be dulled. Their "patriotism", as the word is generally understood, could not be asked for, but most aliens who live for any time in any country come to identify them-

selves with it and to entertain a feeling toward it which is closely akin to love of country.

As stated in this *Journal* many months ago, in what was largely a paraphrase of certain passages in a book by the noted political scientist Charles E. Merriam:

"A wise government utilizes all the resources, energies, and interests of the country for the purposes of the nation. A wise government will in every way promote unity—association, cooperation, assimilation; not deeper separation. A wise government builds up, all through the nation, a sense of security, satisfaction, contentment, hope. That is what makes for civic morale, public spirit, loyalty. A wise government never fosters, directly or indirectly, envies, prejudices, hostilities. . . . We are all members of one another; what happens to one, happens to all. We pay for each other's errors and crimes, even for many generations. We can not disenfranchise, or dispossess, or oppress, or abuse one part of the population without all of us being the sufferers."

The line, therefore, which the Philippine Government is in many of its actions continually drawing and deepening between the Filipinos and other important elements in population, is not only discouraging and disturbing to the aliens, but is to be greatly regretted from the point of view of the country's true national interests.

This line is frequently insisted upon in the public statements of some of our officials and is actually laid down in the provisions of many of the new laws and ordinances of the Government.

Not the most damaging, but the most particularly emphasized, are the requirements of the Bureau of Immigration, and these are all the worse because of their annual recurrence, serving more than anything else to impress upon the aliens, even those of long residence here, that they are still outsiders, that they are not really accepted, that they remain here on sufferance only, though the writer feels that this is not the true attitude of the Filipino people.

This year, again, aliens had not only to renew (1) their "Residence certificate", cost ₱0.50, which all adults in the country, regardless of nationality, are supposed to obtain each year; but also (2) their "Alien residence certificate", which is originally issued to aliens when they enter the country and costs Americans ₱10.00, paid once, and ₱5.00 each year for renewal, and other aliens ₱50.00, paid once, and ₱5.00 each year for renewal; and (3) the "Immigration Certificate of Residence", newly devised, which every alien is required to obtain at a price of ₱50.00. However, certificates Nos. 2 and 3 must be obtained for every member of a family,—husband, wife, children, even babies. In addition there is the ₱16 "head tax" which every alien is required to pay when he enters or re-enters the country, for himself, wife, and children over 16 years old.

On the occasion, last month, when this writer, together with many other aliens in a long line was obtaining the renewal of his certificates, he felt himself wishing that President Quirino, or some of the other high policy-making officials of the Government were present to observe the scene and to overhear some of the comment made.

The ordinary 50-centavo residence-certificate requirement is one of long standing and, being applied to all, irrespective of nationality, is wholly unobjectionable.

Some sort of certificate for immigrants and people who come here to live is also unobjectionable and may be considered convenient, even necessary, for purposes of identification and record. But one certificate should cover a man and his wife and children, at least of children under age, and no more than a reasonable fee should be charged for it, and the same fee for all. To require two practically identical certificates, carrying the same pictures, the same finger-prints, and the same data, and to require them for every member of a family, running the total cost up to several hundred pesos in the case of many families, is a wholly unwarranted imposition, and everybody felt this and many said so.

Were some of our higher officials to see for themselves how such measures are and must be carried out by the functional personnel, and how they are taken by those who are the victims of them, they would quickly see how seriously the dignity of the Government is impaired by them and how seriously they affect the attitude of these people to the Government and even to the country and people the Government represents.

In rallying the nation and calling for the employment of every ounce of energy and the exertion of every effort, let us bear in mind another one of Merriam's statements:

"The skills of government when successfully used produce what we call morale — meaning good morale, good feeling, a sense of satisfaction with the ends of the community and with the ways and means of achieving these ends, in so far as this is within the purview of the political. In ordinary times, all this is taken for granted, but, when the skills fail, the road becomes rougher and rougher..."

While we have had no opportunity to study its terms in detail, we consider that the contract recently concluded between the Government and Mr. J. H. Marsman for the development of a large-scale abaca project on the public lands reservation of the National Abaca and Other Fibers Corporation (a government company) in Davao, is a most significant and promising development in the relations between the Government and private enterprise.

The project involves the utilization of a maximum of 7,500 hectares of land for a period of 15 years, but the agreement does not constitute a lease, as the present land laws do not permit the lease of such a large tract; it is, instead, an operating agreement "for and under the administration and control of the NAFCO". Whether the terms which are summarized, as announced by Malacañan, elsewhere in this issue of the *Journal*, will prove practicable in all points, is a matter as to which we shall not hazard an opinion, but the venture is in line with the large-scale agricultural development which this *Journal* has been advocating.

One point which might appear to make the contract less significant than it would otherwise be, is the fact that Mr. Marsman, a Hollander by birth, is a naturalized Philippine citizen, but under the "Parity agreement", which provides for equal rights between Americans and Filipinos in the development of the natural resources and the public utilities of the country, the same opportunity given Mr. Marsman would presumably be open to Americans, and similar agreements might be worked out by them with the Government if the terms were found to be mutually acceptable.

In reply to that part of the address of the Governor of the Central Bank before the Rotary Club last month,* in which he referred to the attitude of the Reply to American Chamber of Commerce and of this *Journal* to the present government controls Cuaderno over imports, credit, and exchange, we could do no better than to quote a paragraph taken from the Annual Report of the past President of the Chamber. Mr. Stevens said:

"I wish to make it clear that we can no longer question and do no longer question that certain controls have become necessary. At the present time we are only fighting to keep them down to a minimum and to have them well administered. We have continued, however, to call attention to the point of why these controls have become necessary. We believe that they would not have become necessary if the proper basic policies had been adopted and followed with respect to bringing in outside capital to develop our local production and our export trade more rapidly so that our imports and exports would naturally have come into better balance."

This, it seems to us, is clear enough.

*Printed in full elsewhere in this issue of the *Journal*.

With respect to Governor Cuaderno's statements concerning the alleged necessity of "government intervention in the economic life of the people", in which connection he referred to the "events of the last thirty years" and to the "social and economic planning of the United Kingdom and the 'New Deal'", he touches on a great controversy which continues to rage between government and business everywhere and upon which whole libraries of books have been written.

The writer will only say that while Adam Smith's "assumptions have been called into question", as Governor Cuaderno says, so have the theories of the late Lord Keynes, the one economist chiefly responsible for the present almost universal government interference in industry, trade, and finance, which is, to some extent, only a revival of the discredited old policies of the Mercantile System following the close of the Middle Ages. Keynes' ideas are not infrequently referred to as "Keynesian poison".

We can not possibly review all the arguments here, but an analogy may be useful. A national economy under the strict government control now conceived by many bureaucrats the world over may be compared to a body which is continuously being dosed with various glandular extracts. Physicians rightly use this therapy when the bodily balance has been disturbed, but a physician who would keep a patient under the influence of endocrinous drugs all the time would go to jail for malpractice.

It is easy enough to produce certain economic results, stimulative or depressive, by tampering with, especially, the financial system of a country at certain points, affecting credit, for instance, and this may at times be beneficial, but the benefit depends largely upon how little of it is done. It is only rarely that the economic system needs or can be benefited by economic doctoring.

Take the recent European currency devaluations, first hailed as skilful doctoring. Henry Hazlitt, writing in *Newsweek*, said recently:

"Even those responsible for the devaluation of some 30 currencies since September admit that the results have been disappointing. Devaluation was, in fact, the wrong remedy. What was called for was not continued exchange control with lower fiat rates, but the restoration of free exchanges. This is a necessary transitional step to eventual return to a full international gold standard. Gold means real stability based on freedom. Exchange control means a fictitious stability based on coercion. Exchange control subordinates the citizen to the bureaucrat. Free exchange rates subordinate the bureaucrat to the citizen."

The whole article is well worth reading.—*Newsweek*, January 9.

No one talks anymore about the old *laissez-faire*. The National Foreign Trade Council in one of its publications issued some months ago, drew some clear distinctions as follows:

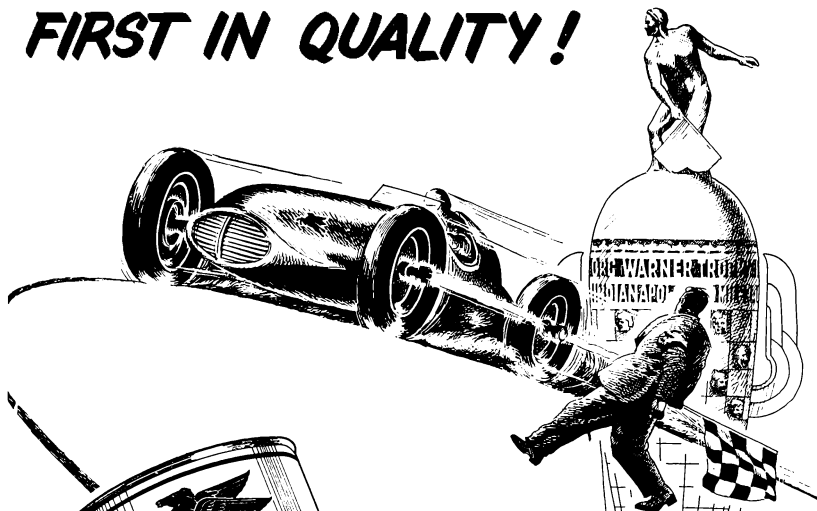
"The American system of free, private, competitive enterprise is not pure *laissez-faire*, since it operates within a framework which combines enlightened self-discipline with a substantial measure of intelligent and purposive regulation by government. Legislation enacted by democratic process to promote the general welfare and to assure public order and safety, to eliminate unfair business practice, or to regulate public service enterprises which are natural monopolies—all these are fully consistent with this thesis; but while private enterprise readily adapts itself to an intelligent system of law and regulation designed to enhance the social purpose, stability, and security of the national economy, it can not willingly accede to arbitrary governmental intervention in the processes of production, investment, and trade. Such intervention is the antithesis of economic freedom and is in essential conflict with the fundamental tenets underlying the private enterprise system."

As for Governor Cuaderno's statement that the *Journal* is in some part "responsible for creating abroad an unfavorable climate" for foreign investment here, he might as well have said that a barometer is responsible for the weather.

All the "boosting" the *Journal* and the Chamber itself and all the chambers of commerce here together could conceivably do, and what all of us would so gladly do if we

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could, would be offset by the facts created by the policies and measures the *Journal* referred to in the editorial, last month entitled "The Vicious Circle Full-turn".

Our criticism has at all times been constructive. We have tried to point out just why outside capital is not coming in, why the economic development of the country is being retarded, and we have done this to help and for the benefit of us all.

At the 1950 annual meeting of the American Chamber of Commerce of the Philippines, held on the Chamber premises on January 27, and very well attended, the election of members to the Board of Directors resulted in the reelection of the entire 1949 Board with the exception of two men who had asked to have their names taken off the list of nominees. These two were Mr. Frederic H. Stevens, who served as President of the Chamber for three successive terms, and Mr. F. C. Bennett, of the Atlantic, Gulf, and Pacific Company, who will be away for a large part of the year. The two new members elected are Mr. Paul H. Wood and Mr. Paul T. Millikin.

A special resolution expressing the Chamber's appreciation of the outstanding services of Mr. Stevens was unanimously adopted and is printed elsewhere in this issue of the *Journal*.

At the organization meeting, held on February 30, Mr. Wood was elected President. Mr. R. J. Newton, who was Vice-President, Mr. C. R. Leaber, who was Treasurer, and Mr. I. T. Salmo, who was Secretary, were all reelected.

Mr. Wood, the new President of the Chamber, is the Vice-President of the International Harvester Company of Philippines. Formerly he was the Assistant Manager of the Motor Truck Department, in the International Harvester Company's "Foreign Operations" division, traveling widely in Europe, the Middle East, India, and Southeast Asia. Just prior to the war he was Branch Manager of the Baltimore Motor Truck Branch, one of the ten largest in the United States. During the war he spent four years in the Army as a major and lieutenant colonel in an Armored Division, and since the war he has spent most of his time outside the United States in reconstituting his Company's pre-war organization.

Mr. Millikin, the other new member of the Board, is Director of Sales of the Philippine Manufacturing Company. Born in Columbus, Ohio, and a graduate of the Harvard Business School (M.B.A.), he was with the Procter & Gamble Company in Boston and Syracuse, New York. He joined the Overseas Division of that Company in 1948, spending some time in Cincinnati and then going to Cuba. In August, 1948, he came to Manila, to take the position he now occupies.

The business connections of the reelected members of the Board are as follows:

Mr. R. J. Newton, Vice-President and Manager, Williams Equipment Co., Ltd.

Mr. C. R. Leaber, Manager, National City Bank of New York.
J. H. Carpenter, General Manager, Colgate-Palmolive-Peet Company.

C. H. Hirst, Vice-President and General Manager, American Factors (Philippines), Inc.

Nathan Most, General Manager, Getz Bros. & Company, Inc.
J. A. Parrish, General Manager, Standard-Vacuum Oil Company.
E. A. Perkins, President and Director, Lepanto Consolidated Mining Company.

Address to the Seattle Chamber of Commerce World Trade Group*

By PAUL H. WOOD

President, American Chamber of Commerce of the Philippines

IT is a great privilege and pleasure to the American business community to have with us this distinguished group from Seattle whose interests so closely parallel our own.

We are sure their visit to this country is proving interesting and informative.

Undoubtedly they have heard a lot about Import and Export Controls and the difficulties with which many of us doing business here are faced today. For that reason perhaps we may be excused for examining the reason why these controls are so widely in effect not only here but throughout the world except in the United States.

We all agree that *foreign trade is a two-way street*.

The world is running out of dollars because United States business is selling and exporting a great deal of goods and buying and importing comparatively little. This world dollar deficiency is being financed by loans, grants, payments, and plans.

Before the first World War the United States was far from self-sufficient and imported and paid for great quantities of raw materials and finished goods from abroad that are now produced within the United States, often synthetically.

In the years preceding the last War, the Philippines enjoyed a favorable trade balance. Goods exported returned more foreign exchange than was necessary for the payment of imports. Today that condition is totally reversed.

The great question is, When and how will and can we return to our pre-war trade position?

*At a luncheon tendered the Group by the American Chamber of Commerce of the Philippines at the Manila Hotel, February 3.

In the Philippines our exportable goods have not yet reached the saturation point of export to the United States. We have yet to become self-sufficient in the basic food-stuffs we can produce, or to supply from our mines, forests, and factories the demands upon us.

But we have a reason to be concerned that the day will come when our great and good friends abroad will not want all we can supply. We are looking to these friends to seek here the things they can use that we can supply and to buy them from us.

In that way alone can we have here a healthy economy, for to buy we must sell.

We are certain that our visitors have looked into our great potentialities to supply and sell to them the production of the Philippines.

We expect they are also investigating the favorable opportunity for American capital investment here in the Philippines.

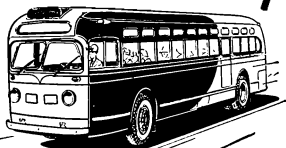
It is a great pleasure to be allowed to display the wonderful possibilities of this country and to know that we have the friendly interests of such people as our guests and our first speaker.

This gentleman is a member of the Board of Trustees of the Seattle Chamber of Commerce—Past President of that Chamber—President of Star Machinery Co. of Seattle—80% of whose exports come to this country.

His last previous visit to the Philippines was in 1932 and he is an interested friend of this country—Mr. Victor E. Rabel.

Following Mr. Wood's introductory address, Mr. Rabel spoke briefly of the purpose of the Seattle Chamber of Commerce World Trade Tour and introduced each member of the group.

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Annual Report of the President

American Chamber of Commerce of the Philippines

IN what has been largely a year of business frustration and regression,—a year marked as never before by many burdensome restrictions and vexatious demands laid upon business by the Government, involving large direct loss and great cost in time and labor, yet with little of a constructive nature achieved and indeed much harm done to business and the nation, the American Chamber of Commerce of the Philippines has been strengthened, because of these very conditions, in membership and in organization and even in spirit. Disappointed in the course of events, vexed, angered, we may be; but we are neither daunted nor dismayed. We believe in the great potentialities of this country and we believe in the fundamental good sense of the people, with whose good or bad fortune our own long has been and remains so closely joined.

Active memberships in the Chamber increased by 21 and associate memberships by 18 during the past year, as against only 7 new active and 10 new associate memberships during 1948. And the strengthening of the membership is continuing; so far this year we have already listed one new active member and three new associate members.*

The financial position of the Chamber is satisfactory, although we have made no progress in securing recognition by the three banks concerned, of any obligation toward us with respect to our pre-war bank deposits amounting to some, ₱30,000.

After moving no less than five times from one place to another since the Liberation because of the housing-shortage, the Chamber, early during the year under review, moved into its present quarters where now we are holding our annual meeting for the first time. I think we may consider this the Chamber's settled home for some years to come.

The quarters are fairly commodious, and this has made it possible for us to open a coffee-room for members which is managed by the Chamber itself. It has become a favorite place for business conversations as well as for relaxation. The coffee and rest-rooms are open to the families of members, too, and we hope that during the coming year more ladies will take advantage of this. Recently the Chamber has begun to build up a small library, mostly Filipiniana and various reference works, for the use of members.

*New Active Members for Year 1949:

C. F. Sharp & Company, Inc.
James Trajaner
American Foreign Insurance Association
The Ault-Wiborg Company (Far East)
Donald A. Ireton (Basilan Lumber Company)
Bireley's California Orange, Ltd.
Cadwallader Pacific Company
Caltes (Philippines) Inc.
Pepsi-Cola Bottling Company of the Philippine Islands, Inc.
Philippine Electronic Industries, Inc.
United States Lines Company
Commonwealth Sales Company, Inc.
Lepanto Consolidated Mining Company
Otis Elevator Company
Burroughs, Ltd.
E. R. Squibb & Sons, International Corporation
Maydon Motors, Inc.
Varas & Company
H. E. Castle (Capital Insurance & Surety Co.)
Dodge & Seymour, Manila, Inc.
W. Sycip & Company, Inc.

New Associate Members for Year 1949:

Walter H. Olmstead
Robert R. Trent
Andrew P. Gruber
Leon Beasie
Frank S. Tenny
Olendon B. Loveles
Thos. J. Weeks
Joseph Abelow
James D. Burn
Andrew McKelvie
J. A. Connor
C. N. Edwards
James M. Faulkner II
Charles F. Gebhart
Arthur G. Harner, Jr.
K. E. Robinson
F. P. McMahon
E. E. Christensen (Non-Resident Associate)

The *Journal*, our monthly organ, continued to be faithfully supported by the thirty or so businessmen who give of their valuable time in writing for it regularly each month. Thanks to this assistance and the able editing, the *Journal* has continued to grow in prestige and influence. I want again to emphasize to our members the absolute necessity of increasing the advertising in the *Journal*; the money could not be better spent.

While the *Journal*, as a monthly periodical with second-class mail privileges, goes out not only to our members but to subscribers, here and abroad, the mimeographed *A.C.C. Bulletins*, of which we got out 149 separate numbers during the year, is sent generally only to active members, and some of the more important issues to both active and associate members. Edited by our Executive Vice-President, Mrs. Willimont, they carry Chamber announcements, business news, including the comings and goings of members, business opportunities, employment notices, titles of new publications available, and digests or the full texts of bills newly introduced, approved acts and ordinances, executive orders, and, lately, the numerous orders issued by the Import Control Board and the Central Bank. The *Bulletins* have proved very useful to members both as news and for reference.

Probably the greater part of the Chamber's activities during the year has been devoted to the numerous problems which came up in connection with the import and, later, the credit and exchange controls.

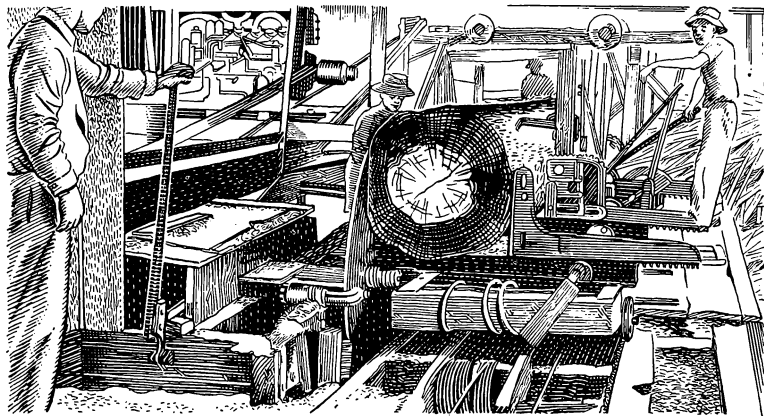
In principle the Chamber has opposed the government control policies, and in practice it has protested against their scope and severity, though once the various controls were instituted, we have cooperated with the authorities in their implementation to the best of our ability.

I wish to make it clear that we can no longer and do no longer question that certain controls have become necessary. At the present time we are only fighting to keep them down to a minimum and to have them well administered. We have continued, however, to call attention to the point of why these controls have become necessary. We believe that they would not have become necessary if the proper basic policies had been followed with respect to bringing in outside capital to develop our local production and export trade more rapidly so that our imports and exports would naturally have come into better balance.

The officials in the Government who put their faith in the control policies are having their way; yet, I believe that the representations we have made have not and are not being made in vain. We have continued to express, openly and forcefully, what we believe to be sound thought along these lines and this has at least made the Government move more cautiously than it otherwise might have done, has alerted the Government to the untoward effects that are to be expected, and has led a number of high officials to declare that these measures are only temporary. And I want to make it of record here that in my own contacts with Secretary Balmaceda and Governor Cuaderno in regard to import and exchange control matters, I have always been most courteously received and was always given opportunity to discuss them freely, though, plainly, we differed.

Our relations with the American Embassy have been friendly, though there also, as to certain policies, we have not seen eye to eye.

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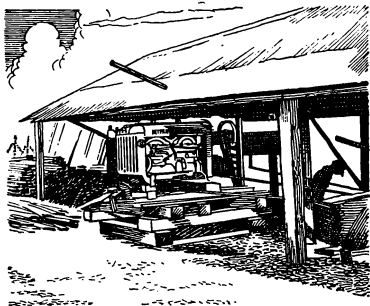
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On a number of occasions, joint action by this Chamber and other chambers of commerce in Manila,—the Philippine, Spanish, Chinese, Manila, and French chambers, following joint consultations of the officers, has proved effective, recently especially in securing clarification, and in some cases, modification, of the import and credit control measures.

Cooperation between this Chamber and the Chamber of Commerce of the United States (Washington, D.C.), with which we are affiliated, with the Philippine-American Chamber of Commerce (New York), and with the Foreign Trade Council (New York), has been valuable all around, and, on our part, we are especially obliged to Colonel Daye of the Philippine-American Chamber and to Mr. Merle D. Thompson, Chairman of the Philippine Committee of the Foreign Trade Council.

As to the various members of our Board and of our different committees, so many of them have done important work for the Chamber during the year that I shall not attempt to name them individually. The list would be long, and even so I might inadvertently leave out names of men to whom we are all indebted.

In my opinion, one of the most important statements issued by the Chamber during the year was that entitled "Recommendations re American Investment", prepared by the Chamber at the request of President Quirino who was then on the point of leaving for the United States and wanted to take such a memorandum with him for study. It was published in the September issue of the *Journal*. Another important statement of the Chamber was that on the import-control issue which was released to the press and which was printed in the October *Journal*.

Some progress has been made during the past year with respect to obtaining relief for American enterprise in this country from the present double taxation. Associated organizations in the United States are now solidly behind securing an amendment to Section 251 of the U.S. Internal Revenue Code, and there is hope also that the Treaty of Commerce and Navigation being negotiated between the United States and the Philippines will contain a provision removing this presently so serious a handicap.

The Chamber has cooperated with government authorities and others in work directed toward securing an increase from the United States Congress in the funds provided for the payment of war-damage claims here, and also in facilitating the implementation of the War Claims Act of 1948 (relief to former internees and prisoners-of-war).

As to the interests of the many Americans who had pre-war deposits in the Manila banks already referred to in connection with the Chamber funds, a well-attended meeting was held on these premises in September at which this matter was discussed. An exhaustive article on the subject by Attorney F. J. Gibbs was published in the October *Journal*. Though all the other banks in Manila have met their obligations to their pre-war depositors in full, the Philippine Supreme Court has upheld the policy of the banks which refused to do so on the grounds that they had been compelled to transfer these assets to the

Bank of Taiwan during the war. Whether this transfer was merely a bookkeeping transaction and not a transfer of actual assets, has not yet been clarified to our satisfaction, or whether these banks suffered any actual loss. Anyway, as I have said, other banks which suffered greater general loss have paid off as a matter of equity and good business practice. The forfeiture of their savings falls especially heavily on many old-time American veterans and civil-service people, and we are not content to allow the matter to rest as it stands at present.

A number of our members did outstanding work in connection with the import control in an advisory capacity to the Import Control Board,—on invitation from the Government itself. Others took part in meetings held in the office of Secretary of Commerce and Industry Balmaceda in connection with trade-mark infringements and other unfair trade practices. Later President Quirino issued an executive order creating a Fair Trade Board. An article on this subject by Mr. L. G. Wagner was published in the November *Journal*.

Considerable work was done by the Chamber in connection with efforts to secure a modification of the Philippine Flag Law. Work was done in connection with proposed labor legislation. The Chamber also arranged for the compilation of a digest of past decisions of the Court of Industrial Relations which is being kept up-to-date by quarterly additions. It was issued in mimeographed form in June. A new "High Cost of Living Survey" was prepared and sent out to members in May. The Chamber took an active part in the establishment here of the Community Chest organization and in many other forms of community work. The Chamber has given aid to numerous Americans and others who were seeking employment.

A number of luncheons were given during the year in honor of various persons, including the American Ambassador, Mr. James J. O'Brien, Secretary of Public Works, New York City ("Father Knickerbocker"), Mrs. Mildred Hughes, Executive Vice-President of the Far Eastern Council of Commerce and Industry, New York, and the officers and directors of other chambers of commerce in Manila.

In closing, I wish to inform you that some weeks ago I wrote a letter to our Board of Directors asking that my name be taken off the list of nominees drawn up by the nominating committee for the election to be held here today, as it would not be possible for me to serve as director this coming year. I have been President for three years and want to see someone else in a position which, I am frank to say, I have felt no small gratification in holding and which I consider a high honor for anyone to hold. It is a position which I feel is one of great responsibility, not only to our membership or even to business as a whole, but to this country and to our own country.

And so I thank you for the honor you have thrice conferred on me and for the opportunity you thus gave me to be of service and for the support you have all given me these past three years. I bespeak that same fine support for my successor.

FREDERIC H. STEVENS

EXTRACTS from the Minutes of the meeting of the Board of Directors of the American Chamber of Commerce of the Philippines on January 12:

"It was moved and seconded that Mr. Stevens' letter be published in the American Chamber of Commerce *Journal* and that the Board draw up a letter of appreciation for the services rendered by Mr. Stevens, which letter would be published at the same time. The motion was carried."

Letter of Mr. Frederic H. Stevens, President of the American Chamber of Commerce of the Philip-

pine, addressed to the Board of Directors under date of January 10:

"Gentlemen:

"For three years I have served the American Chamber of Commerce as a member of the Board of Directors and as President. It will not be possible for me to serve this coming year, and I therefore respectfully ask that you eliminate my name from the list of nominees presented by the Nominating Committee.

"In retiring as President, I want to express my great appreciation of the able assistance rendered by the several Boards of Directors with which I have worked, and also of the loyal service rendered by the

Chamber staff, headed, first, by the late Leon Rosenthal and later by Mrs. Marie Willimont. Because of this assistance the Chamber is today in a considerable stronger position, both as to membership and financially, than it was before.

"I also wish to make of record that it has been a deep pleasure for me to work with Mr. A. V. H. Hartendorp, the competent editor of the American Chamber of Commerce *Journal*. There was a time when the average member of the Chamber hardly looked at the publication. Now, if the *Journal* is a day late, members telephone, asking, 'Where is the *Journal*?' It has become a part of the business life of Manila and the Chamber may well take pride in its official organ.

"To all the members of the Chamber who have been so generous in their support of the Chamber's activities, I express my gratitude."

Letter of Mr. R. J. Newton, Vice-President of the Chamber, addressed to Mr. Stevens under date of January 20:

"Dear Mr. Stevens:

"Your letter of January 10, requesting the Board of Directors of the Chamber to eliminate your name from the list of nominees presented by the Nominating Committee for the election to be held at the next annual meeting, was taken up by Board at its meeting of January 12.

"In view of your positive statement that it will not be possible for you to serve this coming year, the Board felt that it was compelled to accede to your request and has taken your name off the list of nominees with a sense of regret that it is sure is shared by all Chamber members.

"The Board took note of your generous expressions with respect to its work and noted also your references to the services rendered by the staffs of the Chamber and the *Journal*.

"The Board believes that it speaks for the whole membership of the Chamber in expressing its deep appreciation of the outstanding services you have rendered during your three successive terms as President, services which, at no small cost of time and energy, have benefited not only the Chamber and the whole business community, but the country."

Letter of Mr. A. V. H. Hartendorp, editor of the Journal, addressed to Mr. Stevens under date of January, 13:

"Dear Mr. Stevens:

"I have been given a carbon-copy of your letter of January 10 to the Board of Directors requesting the Board to eliminate your name from the list of nominees for the New Board shortly to be elected, as it will not be possible for you to serve this coming year.

"Though I had anticipated this action on your part, as you have already served the Chamber with great distinction as President for three years, and there are other demands being made upon your time and energy, I can not help but feel its significance as something valuable and valued coming to an end for me.

"Your letter contained, besides a statement as to your appreciation of the assistance rendered by the members of the Board and the Chamber personnel, the statement that you wanted to make of record your satisfaction with the *Journal* and you added a more personal expression that is most kind.

"I think that I should make of record the deep pleasure it has been for me to work with you. In all my experience as an editor, now covering a period of some thirty years, I have never had a more understanding and more stimulating associate than yourself. Your directions and suggestions have always been not only momentarily helpful, but basically constructive and eminently wise. You have played a very large part in making the *Journal* what it is.

"I truly hope that though you are retiring as President of the Chamber, I may continue to avail myself of your advice and assistance,—which would perhaps be best facilitated if you would remain head of the Publications Committee, but that, of course, is not something that I myself can determine.

"With thanks for everything you have done for the *Journal* and with gratitude for the goodwill which you have always shown toward me, I remain,"

"Etc.

Motion introduced and carried at the Annual Meeting of the Chamber, held on January 27, 1950:

WHEREAS Frederic H. Stevens, as President of the American Chamber of Commerce of the Philippines for three successive terms, has rendered distinguished service toward the post-war reconstitution of the Chamber, the reestablishment of Philippine-American commerce, and the maintenance of good relations between Americans and the people of this country, and

Whereas the Chamber has had to accede to his request that his name be eliminated from the list of nominees prepared by the Nominating Committee for the annual meeting being held today,

Be it resolved that the members of the Chamber express, and hereby do express, their appreciation and thanks, and

Be it further resolved that this resolution be engraved on a bronze plaque to be presented to him and that a reproduction of it be published in the *Journal*.

MARIE WILLIMONT
Executive Vice-President

Moved by E. A. PERKINS
Seconded by C. R. LEABER
Unanimously carried

"THE economy of a country is more basic than its politics. But politics can destroy the economy."

"We are in favor of social progress through the only method by which it can be obtained, and that is through the encouragement of industry and labor to do a greater job of production."

"Our economic system with its great dispersal of power, with its spread of opportunity and progress, is more ethical, more just, and more human than any centrally directed economic system yet devised by man."

—H. W. Steinkraus, President, Chamber of Commerce of the United States

Address on the State of the Nation

BY PRESIDENT ELPIDIO QUIRINO

MR. PRESIDENT, MR. SPEAKER, AND GENTLEMEN OF THE CONGRESS:

CIRCUMSTANCES beyond my control make me forego the pleasure of appearing in person to deliver this message following a beautiful tradition established many years ago and adhered to most punctiliously by my predecessors in office. Although during your short period of special session coincident with my inauguration I had an opportunity to thank you informally for your prompt response on the measures that I recommended, I reiterate my deep appreciation for your fine spirit of co-operation from the start of this administration. I wish to assure you of the same cooperation in your legislative labors.

It gives me great satisfaction to be able to report to you that, in spite of the unfavorable conditions under which we labored during the past year due to the intense and bitter political controversies which raged throughout the nation, we have achieved notable progress in our constructive endeavors.

THERE is relative peace and order in the entire country today. The sporadic activities of outlaws in isolated and widely dispersed localities are under control. There is no organized movement of any consequence that can be considered a threat to the stability of our Government. The recent attempt to challenge the authority of this Government by a few disgruntled elements has definitely ended with the surrender and offer of cooperation of these elements, and the amnesty granted by the Government. We can now say that, generally, our farms and our countryside are only awaiting the hand that would till the soil to contribute in proper measure to our productive efforts.

Our social amelioration program has shed its beneficent blessings on the people inhabiting even the remotest confines of the archipelago. It has given a relief to small independent farmers within and beyond the once-called troubled areas. It has so spread the gospel of peace and so inspired the people with faith in their Government, that it is well nigh impossible for the subversive elements to indoctrinate them now with their pernicious theories and ideas.

We have continued to give accommodation to every child of school age in our public schools. At the opening of the present school year, some 4,500,000 pupils were enrolled, almost one quarter of our entire population. Besides, we have extended adult education to over 160,000 people and have maintained all over the country a goodly number of vocational schools, including trade schools, agricultural and rural schools, and farm settlement schools. The farm and animal products alone coming from these schools have reached in 1949 the value of ₱36,000,000, in itself a substantial contribution to our national wealth.

Our health services have continued to expand with increasing efficiency. The general health condition all over the country has been excellent, and the death rate has materially diminished, while the birth rate has substantially increased. In my travels all over the country, I have seen the people and children better dressed and looking more healthy. The rehabilitation of small homes has made rapid strides, and the Government has not slackened in its efforts to remove the slums still in evidence in the thickly populated centers. The price index of essential commodities reached a new low during the month of October 1949, raising the goods exchange value of the peso to 45.58 centavos, the highest since liberation.

While we have not as yet discovered a fully satisfactory formula for settling or preventing industrial

disputes, every effort is being exerted to minimize stoppage or dislocation of industries because of unnecessary strikes. To foster mutual understanding and minimize the cause of industrial conflicts, we are encouraging and assisting labor and management to enter into free and voluntary collective bargaining contracts. We settled during the past year 87 out of 187 labor cases submitted for conciliation, and 77 out of 83 labor conflicts involving strikes. With the creation of the Bureau of Industrial Safety, we hope to promote further the safety and welfare of the laboring class. Various pieces of legislation are under study, all of them designed to improve industrial relations and ultimately achieve industrial peace. I cannot overestimate the necessity of evolving some satisfactory solution to this problem, for only through it may we have our efforts in production continue to progress unhampered, attract capital to further investments, and increase opportunities for employment.

We have continued to give impetus to the rehabilitation and reconstruction of public buildings, especially the schools, and have materially increased our means of transportation and communication throughout the country. Besides, we have, during the last year, added 1,370 kilometers of new roads to our highway system, 34 concrete and steel permanent bridges, and have constructed, reconstructed, or repaired a total of 1,212 school buildings. We have also put in serviceable condition no less than twenty outlying ports besides the port of Manila; and, in order to aid our productive efforts, we have maintained and operated 14 irrigation systems, constructed and placed in operation 3 additional ones, and we have now in process of construction 5 major irrigation projects, all of them sufficient to furnish water to some 110,000 hectares of agricultural land.

As to our public finances, it is gratifying to note that although our tax collection system is still far from perfect, our internal revenue collections alone reached the sum of ₱320,076,759.88 for the fiscal year ending June 30, 1949, an all time high for the country, as compared to ₱263,023,100.88 for the preceding year. In 1947, our national tax collection totalled only ₱191,000,000 and, in 1946, ₱67,000,000. Withal, we must not relax in our efforts. A drastic reorganization of our tax-collecting agencies is now under way.

WE have expanded in our foreign relations, especially with the peoples of neighboring countries. We set up during the last year a legation in Bangkok, a consulate-general in Calcutta, and consulates in Karachi and Batavia. For Latin America, we established a legation in Buenos Aires, and accredited Ambassador Joaquin M. Elizalde as Minister to Cuba in addition to his duties as ambassador to the United States.

We concluded treaties of friendship with the Kingdom of Thailand and with the Republic of Turkey; cultural agreements with the Spanish State; and air service agreements with the Government of Pakistan and with the Kingdom of Greece.

Our contribution to world peace reached its peak when, with the election of Ambassador Carlos P. Romulo as President of the United Nations Assembly, the Philippines had the opportunity to preside over the deliberations of that world organization.

But in the rapid developments taking place in the Far East today, we should not be unmindful of our own national security—territorial, political and economic. At long last the eyes of the world are turned to this new area of portentous possibilities. We must find our just

and constructive place inspired by and fortified with all prudence, foresight and firmness in the face of the changing scenes unfolding before our eyes. As the first Republic to be established in the Far East, our responsibility is great. Our mission is to broaden and expand our freedom and enrich our democratic institutions and secure for our people and our neighbors higher standards of creative living.

INTERNALLY, the most important problem facing us is the stabilization of our national economy.

In my annual message to the last Congress, I laid special emphasis on the urgent need for total economic mobilization. In line with this program, we have used all available means at our command in order to accelerate our development plans, rehabilitate our war-torn industries, and increase to the highest degree the production of export crops.

We have established priorities in the various projects that must be undertaken. The Central Bank which began to function at the beginning of 1949, implemented these plans with funds which it advanced to the national government under the provisions of section 137 of its charter.

Out of the total P200,000,000 of direct advances which the Central Bank is authorized to make, about P117,332,003 has been allocated by the National Economic Council, P52,126,450 of which has been released by the Central Bank for the past year mostly for the following projects: P7,925,000 for the rice and corn project of the National Development Company; P1,843,170 for the abaca rehabilitation project; P1,000,000 for power development projects; P11,000,000 for irrigation projects; and P20,000,000 for the Rehabilitation Finance Corporation.

In aid of the rehabilitation and reconstruction program, the Government has also disbursed from the general funds huge amounts which, in effect, constitute capital expenditures of the Government out of its ordinary revenues. For the reconstruction of 7,395 school buildings alone, the national government spent P53,306,172.74 from 1946 to 1949. For other permanent public works projects, the Government likewise disbursed, until May 31, 1949, a total of P123,451,687.16, over and above those made by the United States Government through the War Damage Commission and the United States Public Roads Administration. Other capital expenditures for which funds had been made available by the Government were as follows: P31,495,400 from 1946 to 1949 to various government corporations for rehabilitating and expanding their activities; P54,423,079 to the RFC as contribution to its capital; P9,999,179 for the purchase of preferred shares of banks to assist in their rehabilitation; and P3,600,000 to domestic insurance companies for the same purpose.

In addition to direct government financing as above indicated, our program of rehabilitation and development has been aided and continues to be aided through loans granted by the Philippine National Bank and the Rehabilitation Finance Corporation. Industrial loans granted by the Philippine National Bank from 1946 to June 1949 amounted roughly to P108,800,000.

The Rehabilitation Finance Corporation, from its opening on January 2, 1947, to June 30, 1949, granted a total of 12,195 loans aggregating P228,626,374.

The impetus given by both direct government financing and financing by government lending agencies and private institutions in the Philippines to our program of economic mobilization has borne fruit. During the last three years, we have achieved definite progress in the rehabilitation of our major food and export industries. The record shows:

Production of paly, which was only 36,893,940 cavans in 1945-1946, was around 56,000,000 cavans in 1948-1949, or slightly higher than the production in 1940. And 1949 is the second year in which we had no rice crisis.

Corn production is slightly higher than the pre-war production.

The production of fruits and nuts, beans and vegetables has improved over the pre-war record.

The fishing industry has not only recuperated rapidly since liberation, but has surpassed its pre-war output. In 1948, we produced 195,078 tons of fish, as against 170,000 in 1940, and the industry is now almost exclusively in Filipino hands.

Production of copra is in excess of pre-war. Oil production is below pre-war, but desiccated coconut output in 1948 exceeded the 1940 level.

The recovery of the sugar industry is one of the most encouraging signs in our postwar economic landscape. In 1945-1946, only 4 out of the 41 sugar mills in operation before the war were in operation. These 4 mills produced only 12,913.55 short tons. In 1947, production rose to 84,548.08 short tons and, in 1948, it went up to 398,113.10 short tons. During the milling season of 1948-1949, the industry produced a total of 719,324 short tons, and, for 1949-1950, estimates are that 800,000 short tons will be produced. There are now in operation 28 centrifugal sugar mills and 2 refineries.

Lumber is another industry which has recovered from the effects of war in a very striking manner. Of the 163 sawmills in operation before the war, 138 were destroyed, damaged or looted. Production of timber dropped from over one billion board feet in 1940 to 91,058,500 board feet in 1945-1946. It jumped in 1946-1947 to 438,784,500 board feet. Timber production for the year ending June 30, 1949, totalled again over a billion board feet. The production of sawn lumber has followed the phenomenal recovery in timber production.

WITH extraordinary effort and expense, we have no doubt attained a goodly part of our goals in the field of economic rehabilitation and development since independence in 1946; but much remains to be done to maintain our economy in a balanced state.

We have these past years since liberation seemingly enjoyed a life of plenty and even a luxury, not so much as a result of our productive energies as because of the temporary flow of money into our economy. Presently there is the large gap that has developed between the value of the products that we sell abroad and the cost of the products that we buy and bring into our country. We must realize that this state of affairs cannot continue without causing such a disequilibrium in our economy as would eventually engulf us in the tremendous difficulties which other countries have experienced. It is because of this realization that we have taken immediate corrective measures to prevent a situation that would undermine the international stability and the internal value of our currency. This, we must maintain at all costs.

But we must not be unduly alarmed. We have taken such measures and we are taking other measures which, if carried out strictly and expeditiously, with the cooperation of one and all, should greatly improve our present economic situation. This country, with its vast resources, is as sound as any that there is on the face of the earth. I am confident that our people, trained as they have been, to undergo the extreme sacrifices that they have seen during the last war, will respond to the little inconveniences that the measures we are now taking might cause. These measures are none other than what any prudent man would take to correct a trend toward disaster if allowed unchecked.

But we are faced not only with the task of reducing import outlays and selecting which of our foreign purchases should be curtailed and which unrestricted in the interest of maintaining present standards of living. Ours is also the greater task of increasing our export receipts. This can be attained by carrying to full execution our rehabilitation and development as rapidly as possible. Projects that are promising of immediate results should be given

preference over those that must of necessity, on account of their nature, take a long time to produce tangible returns.

THUS, our most serious concern for the next four years should be: immediate increased production through rapid rehabilitation and development; decreased public and external expenditures; Government reorganization to achieve efficiency, economy and effective rendition of public service responsive to the needs and welfare of our

people; vigorous and honest enforcement of the tax laws; preservation of our national integrity and continued friendly relations with our neighbors and the entire world.

Let us exert every effort and employ every ounce of our energy to implement these high objectives. Let us pool the enthusiasm, the labors, and the patriotism of a united people and honestly pull together for the promotion of the common good to make secure, for all time, our national structure.

The Exchange Control*

BY MIGUEL CUADERNO, SR.
Governor, Central Bank of the Philippines

I WELCOME this opportunity to discuss with you the circumstances which forced the Government to the reluctant conclusion that exchange controls—disagreeable to the Government and business alike—must be imposed, and to tell you in a general way the principles in accordance with which we hope to administer these controls.

At the outset, I should like to make clear that exchange controls were not imposed by the Philippine Government because of any misgivings as to the fundamental soundness of our economic position. On the contrary, it is my firm belief that our economic situation is basically strong. We have products which we can easily and profitably sell in the dollar markets of the world. Philippine exports have not faced the competitive disadvantages which forced the nations of Western Europe and other countries to devalue their currencies. An intensification of our productive efforts can result in greatly increased dollar exports. Moreover, our foreign exchange reserves are proportionately higher than those of almost any other country in the world. The Philippines in reality occupy a particularly favored economic position in the world today.

It is unfortunate, however, that we have been abusing our privileges and undermining our prospects for future prosperity. We have been importing luxury and non-essential commodities in such quantities as to dissipate unwisely a part of the foreign exchange reserves which are the basis of the stability of our international economic position. The Government, acting in the interest of the future well-being of every segment of the population, including foreign business located here, obviously could not permit this situation to continue unchecked.

I am sure that as intelligent, far-seeing businessmen, you will realize that the imposition of exchange controls in the Philippines was an act of prudence and common sense. You should realize that if the foreign exchange reserves of the Philippines were to be dissipated by reckless expenditure for non-essentials and by unreasonable export of capital, the stability of the currency would be undermined and the conditions for carrying on profitable business would be destroyed.

I cannot, of course, give you an exact blueprint of the detailed application of exchange controls to all individual cases. That can only be determined by practical experience and continuous study. I am sure that you appreciate the serious practical problems involved in setting up and administering any system of exchange controls, and that you realize the administrative difficulties which will be encountered at the outset. I can promise you, however, that we are working unremittingly to develop a control system which will be as simple, uncomplicated, and as practical as possible.

With regard to the effect of exchange controls on foreign capital invested in the Philippines, I wish to state that it continues to be the firm policy of the Philippine Government to encourage the development of the country by private business interests, whether they be domestic or foreign. The Government appreciates the constructive efforts in this regard which have heretofore been made by private foreign investors. It will continue to welcome foreign capital concerned with the sound development of Philippine resources. And everything possible will be done to create conditions under which foreign capital may profitably operate in this country.

Under the present exchange control regulations, remittances of scheduled amortizations and interest on foreign loans, of dividends due to stockholders of Philippine corporations residing abroad, and of profits of foreign enterprises operating in this country are allowed. A plan to allow the withdrawal of foreign capital along the lines followed in some other countries is under study.

In this connection, I cannot but view with deep concern the attitude of the American Chamber of Commerce *Journal* on our control measures. It is not only placing the Philippines in a very poor light abroad but it is actually making it difficult for the Government to place the nation's economy on a sound basis. I consider unfair the editorial

which appeared in the American Chamber of Commerce *Journal* for January which takes the view that because the Government has been constrained to institute these controls, we are adopting nationalistic policies that will keep foreign capital away from this country. If the Philippine Government, as alleged by the *Journal*, is remiss in creating a favorable climate for foreign investments in the Philippines, with more reason can it be said that the American Chamber of Commerce *Journal* is responsible for creating abroad an unfavorable climate for such investments here.

The editorial in question complains that "many of our officials evidently believe that economic laws... can be deflected, blocked, and reversed by political means, that these natural laws can be nullified by act of legislative or executive edict." This reminds us of Adam Smith, who contended that the dabbling of legislators in the problems of business did more harm than good. The writer of the editorial either forgets or refuses to be reconciled to the fact that events of the last thirty years have called these assumptions into question. Recurring depressions and the continuing paradox of poverty in the midst of plenty are evidence that economic activity cannot regulate itself, that there is no automatic force organizing and directing business interests for the common good. Governments the world over of necessity found themselves constrained to intervene in the economic life of their people. The social and economic planning of the United Kingdom and the American "New Deal" are concrete examples of intervention in the economic life of the people.

The policy of "no control" which the American Chamber of Commerce would want the Government to follow is not only unsound but is the very thing which has been hampering our efforts to secure a foreign loan. While, on the one hand, the World Bank and the Government authorities in Washington are blaming the Philippine Government for not effectively controlling the "misuse" in luxury and non-essential imports of the large amount of dollar windfall which the Philippines has been receiving in the form of war-damage payments, United States Army and Government expenditures, etc., the American Chamber of Commerce *Journal* considers that "with the issuance of the Central Bank's exchange control order on December 9, and its causes and effects, a vicious circle has come, or has about to come, to full turn." This puts the Government between the Scylla of omission and the Charybdis of commission.

I cannot believe that the editorial of the American Chamber of Commerce *Journal* represents the collective opinion of the American business community in this country. I know that the Washington authorities are not unsympathetic to the needs which prompted the adoption of these control measures. While we are fully aware of their short-run effects on American business, we hope that American businessmen will likewise appreciate our concern for maintaining economic stability.

The Government wishes to do everything in its power to meet the legitimate foreign exchange requirements of the country. Government cooperation in meeting foreign exchange needs of business can properly be asked by business, and the Government will make every reasonable effort to meet such needs. Although the present exchange controls in this country are more liberal than those existing in other countries, I hope that circumstances will permit a still more liberal licensing policy to be followed, but business in its own self-interest must exercise restraint.

I am confident that wholehearted cooperation between the Government and businessmen will make it possible to administer the exchange control in a fair and equitable manner. These measures are designed to safeguard the future well-being of all of us. It is for our common interest to have them succeed.

At the moment, it may appear to require an undue amount of belittling from all of us. However, these temporary sacrifices on our part will, I am certain, be more than fully compensated by the achievement of a more stable economy which will pave the way to a rising level of production, employment and real income.

*Address delivered before the Manila Rotary Club, January 27.

Recommendations re the Controls*

By RAMON J. ARANETA

WHEN the Bell Trade Agreement was being discussed in the Philippines, my brothers and I, but especially my brother, Salvador, campaigned vigorously against it. Many of you who were members of this Club then will remember that he spoke on one occasion against the Bell Act, not because he was anti-American, but because he maintained that a free trade agreement with the United States would make it impossible for us to industrialize. Our leaders, on the other hand, stated that as soon as we granted parity, American capital would flow in to industrialize this country, and a great period of bonanza would follow.

Three and a half years have passed since then, but we have failed to see that promised inflow of capital into the Philippines; we have failed to see new industries established, and as a last resort we had to impose import and exchange controls to conserve our dwindling reserve of precious American dollars.

My brother, Salvador, did not have to be a prophet when he said that free trade with the United States would keep us from industrialization. Our forty-odd years under American rule, marked by the enjoyment of free trade relations, had proved that under those conditions we could not industrialize this country. The history of the expansion of American industry into foreign countries shows that American capital showed interest in establishing industries in foreign countries only after those countries had placed prohibitive barriers against American manufactured goods. When Canada imposed prohibitive duties on American automobiles, Mr. Henry Ford made a statement that he preferred to lose the Canadian market rather than establish a Ford factory in Canada. It did not take that great industrialist long to change his mind, and for many years now, Ford factories have been doing a flourishing business in Canada. And again, it was only after the Mexican Government had confiscated oil fields and placed prohibitive barriers on American products that American capital started investing in industries in Mexico.

After the Bell Act had been approved, the United States, in trying to help us solve our economic problems sent a commission to the Philippines, in order to study jointly with a commission of Filipinos, our economic problems. The American delegates soon realized that with the free trade agreement with the United States, we would not industrialize this country and that the only salvation would be the imposition of import controls. In the year 1949, by an act of Congress, the President of the Philippines was authorized to impose import controls. In October of 1949, Governor Cuaderno warned the Cabinet that controls, as then in force, had not achieved their objectives since they had neither cut our total importation nor helped the industrialization of this country. Due to the fact that our dollar reserves were diminishing at an alarming rate, the Government saw fit to adopt the following measures: on November 17, 1949, it adopted the Selective Credit Control; on December 3, 1949, it issued rules and regulations on the control of imports of non-essential and luxury articles; on December 9, 1949, Circular No. 20 of the Central Bank was issued, dealing with restrictions in gold and foreign exchange transactions.

IF I have made these preliminary remarks, it was to point out to you that I am not against import and exchange controls, but on the contrary, I am very much in favor of them. If I proposed the establishment of a Committee on Import and Exchange Controls in Rotary, it is not with the purpose of bucking them, but it is with the purpose of offering to the officials concerned the help of members of Rotary in trying to solve the Government's many problems in connection with controls. Businessmen have proved many a time that they are willing to help the Government. It was the Board of Directors of the Chamber of Commerce of the Philippines, the majority of whom were Rotarians, who suggested to members of Congress that part of the sales tax should be collected on the entry of goods into the Philippines, in order to counteract, in part, the rampant evasion of sales taxes. It was another Rotarian — Dinny Gunn — who suggested to the Import Control Committee that before approving import quotas, the Committee should satisfy itself that merchants soliciting quotas had paid taxes in the past year commensurate with the amounts of goods imported and sold by them. These are only a few proofs that businessmen, and especially Rotarians, who are imbued with the spirit of service to the community, are always willing to help the Government in solving the problems facing it. I have been encouraged to make this offer because Secretary Pedrosa, in appointing prominent business and professional men outside the Government to study ways and means to minimize tax evasion, has shown that he realizes that men outside the Government can help

materially in solving these problems. Secretary Pedrosa is to be congratulated for taking the initiative.

When a Government agency has to deal with business, it should try to be businesslike and expedite matters in the manner to which businessmen are accustomed. I have been to the Import Control Office several times, and, frankly speaking, it is a mess. While there were about 40 employees in that office last year, when only a few items were under control, we find that now there are less men employed today due to the many dismissals of employees for supposed irregularities that have been committed by them. Papers are piling up in this office with nobody to attend to them. I have submitted all pertinent papers to have the quota of our company for 1950 determined, but up to now, I have been informed that nobody has yet been assigned in that office to compute quotas. The piers are piling up with merchandise and perishables are rotting. We do not conserve our dollar reserves by allowing merchandise to rot or be pilfered at the piers. The Government itself is bound to suffer tremendous losses in both sales and income taxes due to great losses merchants are now suffering as a result of the great delay in getting merchandise from the piers.

A few days ago, the Import Control Office issued a statement that it had made arrangements to use additional bodegas in the pier area. Frankly speaking, businessmen are not interested in keeping their merchandise in these warehouses. They are interested in getting quick delivery of their goods. They can not stand additional expenses. With the prospect of diminishing business as the result of Import Control, with the burden of import license fees, they can not afford to have to pay extra storage fees because they can not take delivery of merchandise through no fault of theirs.

One of the main objects of Import Control is to industrialize this country. Many businessmen, after recovering from the shock they had received from the new Import Control regulations, started studying the new situation confronting them, and realized that in order to continue business, they would have to start thinking of producing locally, rather than importing some of articles they have been dealing in. Just among members of Rotary, in my casual conversations with some of them, I have been informed that many are contemplating to start new industries here in the Philippines. Jack Horton, of Philippine Electronic Industries, has announced through the newspapers that his company is considering putting up a plant for the assembly of radios in the Philippines. Aleco Adamson informed me that he is drawing up plans for the erection of a battery plant. Peg Green of E. R. Squibb & Sons International Corporation, also informed me that his company is proceeding with plans of bringing in penicillin and streptomycin in bulk and putting them in small vials in the Philippines, as well as producing some ethical pharmaceuticals. H. E. Heacock Company, headed by Dinny Gunn, is contemplating the assembly of radios, refrigerators, and watches. Philippine American Drug Company, headed by Charlie Holmes, has made arrangements for the manufacture of quite a few well-known brands of American patent medicines. These are but a few of the companies that are contemplating going into manufacturing in these Islands, if given proper encouragement. The new regulation of the Central Bank, allowing only the importation of 6% per month of the total importation of last year on uncontrolled items is disturbing many of the plans for industrialization.

If imports of raw materials are to be cut by 28% of the importations of last year, how will it be possible for local industries to expand? How will it be possible to substitute imported finished goods with locally manufactured goods, if the importation of the raw materials needed for these locally manufactured goods is curtailed? How is it possible in this manner to establish new industries? I only hope that this new provision in the rules of the Central Bank has been misinterpreted, but in order to dispel any doubts about this matter, we shall ask Governor Cuaderno later to explain to us how this new provision works out.

It is an accepted fact that local capital is very shy of investing in new and untried industries. In order to encourage local capital to invest in industries, the Government must offer plenty of encouragement. Due to the fact that local capital is limited, we shall have to invite foreign capital. In order to induce foreign capital to invest in industries here, we must assure it that we shall allow the withdrawal from these Islands of its profits. Restrictions on the remittance of dividends of local companies to stockholders outside the Islands will most surely discourage investment in industries in the future. Because of this, the Central Bank should study this matter very carefully and be more liberal in allowing withdrawal of dividends from the Islands. I do not believe that we should penalize foreigners who have shown faith in this

*Address before the Manila Rotary Club, January 27.

country by investing in business or industries. In accordance with the provisions of the Bell Act, we could not have imposed Exchange Controls without the consent of the President of the United States. In this matter again the United States has demonstrated its altruistic principles and as a sign of gratitude we should make good use of this privilege granted us, but we should not and must not abuse it.

This is getting to be a very long introductory address, but before concluding, I would like to make a few suggestions to the authorities concerned.

First with regard to Import Controls:

1. The Import Control Office should set up machinery to expedite the issuance of licenses without unnecessary delay. In this respect, it should study the advisability of using statistical accounting machines, such as those of the International Business System, to facilitate its work. A sub-committee of the Import and Exchange Controls Committee of Rotary has been created to study a system for the Import Control Office and the members of this committee are willing to give their time to help the Government establish an efficient Import Control Office. I have also been informed that the Philippine Institute of Accountants has offered its help, and I, for one, believe that this offer should be accepted.

2. In view of the tremendous accumulation of merchandise at the piers at present, it is probably preferable to authorize the delivery of this merchandise without prejudice to charging merchandise shipped after December 1, 1949, from the United States, or other ports of origin, against 1950 quotas. Most of this merchandise concerned has been paid for and dollars to pay for it have already gone out of the country, and it is better to expedite delivery of merchandise to avoid further losses in deterioration and pilferage.

3. In cases of irregularities that have been committed with regard to 1949 quotas, any excesses should be charged to 1950 quotas if it can be proved that these quotas were not obtained through fraud. Otherwise criminal prosecution should be instituted at once. But irregularities committed on account of last year's quotas should not constitute sufficient reason for holding up the delivery of merchandise belonging to honest merchants.

4. It has also been suggested that once quotas are determined, a list of the merchants and their respective quotas should be published in the local newspapers, with the idea of serving as a deterrent to granting quotas to those who are not entitled to them.

Now with regard to Exchange Control:

1. With the present provisions of Exchange Control, I believe that the provisions of Selective Credit Control, whereby merchants are obliged to deposit in the banks 80% of the letters of credit opened for their account, should be abolished. The Exchange Controls already take care of regulating withdrawals of dollars from the Philippines, and this regulation of requiring 80% deposit of letters of credit only serves as an additional burden on business. The ones who suffer most are those with limited capital and in proportion, those falling in this category are Filipino businessmen.

2. With reference to quotas under control it should be so arranged that once a merchant has been given a quota, he should be assured that the Central Bank will grant him enough exchange to pay for his importations within this quota. Merchants ought not to be made to have to go through all the trouble of securing their import quotas and then find out that they have to go through similar or more trouble to secure the necessary exchange quotas.

3. With quotas of many luxury goods reduced to 5, 10, and 20% of the importations of 1948, it will not pay merchants to bring in these limited amounts of products. They should, however, be allowed to accumulate these small amounts to be charged against quotas of other items which they have imported during the years 1948 and 1949. It will be a losing proposition for merchants to carry very small stocks of some items, but if these quotas could be accumulated for the importation of other items, it is possible that this could reduce the necessity of dismissing part of their sales force and personnel. The acute labor problem which import control will naturally cause in the beginning should be diminished as much as possible by allowing merchants to import within their total quotas, products on which they believe they can make a profit.

4. The provisions allowing merchants to import only 6% per month of the total importation of uncontrolled items for the year 1949 should be studied very carefully. Cutting our importation of essential goods which cannot be produced locally will create a black market for these products. Immediately after the imposition of import controls on luxuries and other non-essentials, even necessities and uncontrolled items increased in price to the detriment of the public in general and the laboring classes in particular. Cutting the importation of these essential commodities would still increase prices, which would redound to great suffering on the part of the public. In the main body of my speech, I have already discussed the effects of these regulations with reference to raw materials required for the manufacture of goods in the Philippines.

5. I again wish to emphasize the necessity of being a little liberal with regard to remittances to investors outside the Philippines of dividends derived from business and industry in the Philippines. Unless investors are guaranteed this right, it will be extremely difficult to induce foreign capital to invest in Philippine industries. Other nations, in order to invite foreign capital have made it very attractive for them to do so by granting them tax exemption for an initial period. Mexico, while imposing import control, has no exchange controls; hence, investors are free to take out any profits derived from their business or industries when they see fit to do so.

BEFORE concluding, I wish to state that everything should be done so that the Government and Business may be able to work together for the solution of this problem. Nothing could be more disastrous than having Government and Business working at cross purposes. The success of the Import and Exchange Controls will depend to a large extent upon the wholehearted cooperation which the authorities will receive from the business community. That cooperation will in turn be affected by whether the community is expected to cooperate blindly or cooperate intelligently and knowingly with the various requirements.

Obviously greater cooperation can be secured from an enlightened business community; a business community called into frequent, frank, and objective consultative meetings by government officials and agencies; a business community whose views and recommendations will be given a fair hearing by the authorities whose duty it is to promulgate the rules and regulations of these controls; a business community working hand in hand with the Government in the establishment of an economically stable Philippines.

For only when such a relationship between Private Enterprise and Government, based on mutual trust and confidence, is achieved, can we hope to achieve success.

Let us pray that God will that it be so!

“WHEN you boil it all down, however, and try to eliminate mythology from the discussion, the principal argument for restoring the circulation of gold coin in this country (the United States) seems to be distrust of the money manager and of the fiscal policies of the government. The impelling desire is for something automatic and impersonal which will curb government spending and throw the money managers out of the temple, as were the money changers before them. To overcome the inherent weakness of human beings confronted with the necessity of making hard decisions, the gold coin standard is offered as an impersonal and automatic solution. Through this mechanism the public is to regain control over government spending and bank credit expansion. It is claimed that whenever the public sensed dangerous developments, the reaction of many individuals would be to demand

gold in exchange for their currency or bank deposits. With the monetary reserve being depleted this way, the government would be restrained from deficit financing through drawing upon new bank credit; banks would become reluctant to expand credit to their customers because of the drain on their reserves; and the Federal Reserve system would be given a signal to exert a restraining influence upon the money supply. In this way, Congress, the Treasury, and the Federal Reserve system would be forced by indirection to accept policies which they would not otherwise adopt. In effect, under a gold standard, therefore, the initiative for over-all monetary control would, through the device of free public withdrawal of gold from the monetary reserve, be lodged in the instinctive or speculative reactions of the people.”—ALLAN SPROUL, *President of the Federal Reserve Bank of New York.*

AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES

ESTABLISHED 1920

PURPOSES. The promotion and development of American trade, commerce, and industry in the Philippines and the Far East;

The provision of means for the convenient exchange of ideas in this promotion and development;

The cultivation of friendly relations between Americans and Filipinos and other peoples of the Far East;

The enrolment of all American citizens residing in the Philippines with a view to bringing about closer association in the achievement of the purposes set forth.

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The Business View

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

Office of the President of the Philippines

From an Official Source

JANUARY 1 — Announced at Malacañan that the Government has adopted a national policy, recommended by the National Economic Council, requiring that all government instrumentalities, including government corporations, must ship their cargo on Philippine-owned vessels or planes if such carriers are available at the time of shipment. Conference rates are, however, to be observed.

Secretary of Finance Pio Pedrosa announces the appointment of Col. Antonio Torres, pre-war Manila Chief of Police, as head of the treasury agents of the Finance Department.

Jan. 3 — President Elpidio Quirino issues a proclamation extending for one day the period of the current special session of Congress in order to finish action on urgent legislative measures.

The President names Vice-President Fernando Lopez Chairman of the Government Enterprises Council, commenting, in making the designation, that the Vice-President has a "good business mind".

The President holds a breakfast conference with the members of the Monetary Board to discuss the general economic situation and also the present state of the gold-mining industry.

The President appoints a committee of three, headed by Secretary of Public Works and Communications P. Sanidad, to study the petition of the Metropolitan Water District and the National Power Corporation for the allocation of sites for their buildings in the former Sternberg Hospital area.

The Cabinet concurs in the President's offer of amnesty to the Batangas dissidents who surrender unconditionally with their fire-arms.

Announced that the Department of Foreign Affairs has made representations to the American Embassy to allow Philippine ship operators an option to buy the vessels chartered by them from the U.S. Maritime Commission whose authority to charter the vessels expires on June 30.

Jan. 4 — The President issues Proclamation No. 164 granting amnesty to the leaders and members of the Batangas uprising which began on November 19, last year.

The Department of Foreign Affairs announces that an American trade mission headed by Mayor W. F. Devin of Seattle is expected to arrive in Manila on February 1 for a survey of trade potentialities between the Philippines and the United States west coast. The mission was invited to come to the Philippines by the Philippine, American, and Chinese chambers of commerce in Manila. Philippine Consul Pedro C. Ramirez of Seattle has been granted authority to accompany the mission.

Jan. 5 — Announced that the President has directed Secretary of Justice R. Nepomuceno to reexamine the contract entered into in 1948 with Mollers & Choy, a Hongkong firm, for the salvage of sunken ships in Philippine waters. The company stopped its operations when it was warned by the United States Government that any scrap metals or copper concentrates obtained by them would be seized as property of the American Government.

Announced that the President has authorized the Department of Foreign Affairs to make representations to the United Nations for the enlistment of two experts on Virginia tobacco to assist the National Tobacco Corporation,—in line with the world-wide program of the United Nations to lend technical assistance to underdeveloped areas. The Corporation has launched a 5-year project for the production of yellow leaf (Virginia) tobacco to be used in the local manufacture of American-type cigarettes.

Jan. 6 — Implementing the Import Control Law extension (extended by Congress to April 30, 1950, the President appoints a new Import Control Board and a new Import Control Commissioner. The Board now consists of Secretary of Commerce and Industry Cornelio Balmeaceda, Solicitor General Felix A. Bautista, representing the Department of Justice, Deputy Governor Alfonso Calalang, representing the Central Bank, President Aurelio Periquet, representing the Philippine Chamber of Commerce, and Miss Helen Benitez, representing the consumers. The new Commissioner is Dr. Rufino Luna, former Under-Secretary of the Interior and until recently Philippine delegate to the United Nations South Korean Commission.

Secretary of Agriculture and Natural Resources P. L. Mapa submits to the President at a Cabinet meeting the contract just signed between the National Abaca and Other Fibers Corporation and J. H. Marsman for a large-scale production of abaca on the NAFCO reservation in Davao, the contract requiring the final approval of the Pres-

TREND OF REAL WAGES OF WAGE EARNERS IN INDUSTRIAL AND COMMERCIAL ESTABLISHMENTS IN MANILA, BY

OCCUPATIONS: 1941, 1945, 1946, 1947, 1948

By the Bureau of the Census and Statistics

OCCUPATION	AVERAGE DAILY WAGES (PESOS)					INDEX (1941 = 100)				DAILY REAL WAGES ¹ (PESOS)			
	1941	1945	1946	1947	1948 ²	1945	1946	1947	1948 ²	1945	1946	1947	1948 ²
Blacksmiths.....	2.55	4.25	5.57	6.55	6.57	166.6	218.4	256.9	257.6	0.62	1.07	1.69	1.80
Boilermen.....	2.82	6.40	5.20	6.12	6.93	226.9	184.3	233.6	245.7	0.94	1.00	1.58	1.90
Carpenters.....	2.75	6.02	6.66	7.20	7.21	218.9	242.1	261.8	262.2	0.97	1.28	1.86	1.98
Chauffeurs.....	1.64	4.05	5.78	6.55	6.22	264.9	352.4	399.4	379.5	0.59	1.11	1.69	1.71
Cigar-makers.....	0.96	2.83	4.87	5.37	5.21	294.7	507.2	559.3	542.7	0.41	0.93	1.39	1.58
Compositors.....	1.84	6.14	7.29	7.86	7.54	333.6	396.1	427.2	409.8	0.90	1.40	2.03	2.07
Draftsmen.....	3.28	7.54	7.48	8.73	10.00	232.9	228.0	266.2	304.9	1.10	1.44	2.25	2.75
Electricians.....	2.67	5.20	7.82	7.88	7.84	194.7	292.8	295.1	293.6	0.76	1.50	2.03	2.15
Foremen.....	3.35	7.38	7.96	8.63	8.63	220.2	237.6	257.6	257.6	0.92	1.53	2.23	2.37
Lathemen.....	2.60	4.88	7.31	8.23	8.14	187.7	281.1	316.5	313.1	0.71	1.40	2.13	2.23
Linotypists.....	2.64	10.22	10.17	10.08	10.07	387.3	385.2	381.8	381.4	1.50	1.95	2.22	2.76
Machinists.....	2.23	5.75	6.48	8.59	8.79	257.8	290.5	385.2	394.2	0.84	1.24	2.60	2.41
Masons.....	1.94	5.90	6.58	6.89	6.68	304.1	339.1	355.2	344.3	0.86	1.26	1.78	1.83
Mechanics (auto).....	3.00	7.46	6.90	8.08	8.02	248.6	230.0	269.3	267.3	1.08	1.32	2.09	2.20
Painters.....	1.83	7.77	6.28	7.73	7.11	424.5	343.1	422.4	388.5	1.14	1.21	2.00	1.95
Plumbers.....	2.00	4.80	7.67	7.77	7.73	240.0	383.5	388.5	386.5	0.70	1.47	2.01	2.12
Tinsmiths.....	1.72	4.23	5.04	8.28	8.20	245.9	293.0	481.4	476.7	0.62	0.97	2.14	2.25
AVERAGE													
Skilled laborers.....	2.34	5.93	6.76	7.68	7.70	261.7	306.1	328.2	329.1	0.87	1.30	1.99	2.12
Common laborers.....	1.24	3.27	4.53	4.66	4.69	263.7	365.3	375.8	378.2	0.66	0.87	1.20	1.28

¹ Preliminary, subject to change.

² Wage in terms of goods and services it can buy. This obtained by dividing the 1945, 1946, 1947 and 1948 wages, by the cost of living index for the year 1945 (683.3), 1946 (520.9), 1947 (387.1) and 1948 (364.1) respectively.

Commonwealth Act No. 444 limits regular working hours to eight a day.

³ 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.

ident. Under the contract, Mr. Marsman, a local industrialist who is a naturalized Filipino citizen, is engaged "to clear, cultivate, develop and operate at his own expense, an abaca plantation on a large-scale basis, for and under the administration and control of the NAFCO for a period of 15 years. . ."

The planter would develop at least 250 hectares of land a month; all abaca produced will be the property of NAFCO, but NAFCO agrees that in consideration of the services rendered under the contract, it will pay the planter 92% of the gross production, subject to the payment of existing government charges on forest products, the planter may utilize the lumber resources of the reservation for his own requirements on the premises but lumber in excess shall be supplied at cost to NAFCO for its plywood plants and other projects; the planter will use modern methods and will employ the services of engineers and experts; he will produce stripped abaca by spindle machine similar to the Hagaton type; he will pay NAFCO P2 for each hectare included in the agreement, payable in advance; all property erected and improvements made by the planter will become the property of NAFCO at the expiration of the contract; the planter agrees that at least one year before the expiration, NAFCO may decide that the entire area shall be subdivided into lots of 10 hectares each for distribution among individual tenants and this subdivision will be done at the planter's expense; to carry out the project the planter agrees immediately to organize a corporation with an effective capitalization of not less than P3,000,000; the planter agrees to file a bond of not less than P100,000 which shall be forfeited to the Government if he fails to comply with any term or condition included in the agreement. Secretary Magsaysay said the contract has been gone over thoroughly by the Department of Justice and was found to contain no provision violating the Constitution or any existing laws.

The President appoints Ignacio Santos Diaz, former Congressman from Rizal, as Mayor of Quezon City.

Jan. 7 — The President leaves on the PAL plane *Mindoro* for the United States to undergo a surgical operation at the Johns Hopkins hospital in Baltimore. He is accompanied by former Speaker Jose Yulo, several members of his family, Dr. Agrerico Sison, and a number of secretaries and aides. The President is accompanied by Mr. Yulo in his capacity as member of the Council of State and as his personal adviser. Before his departure, the President issues an executive order naming the Vice-President of the Philippines Chairman of the Government Enterprises Council and creating the office of Economic Administrator, and he appoints H. B. Reyes to the latter position. Mr. Reyes will be in active supervision of the corporations and will be directly responsible to the Vice-President.

In his first official act for and in the name of President Quirino, Vice-President Fernando Lopez administers the oath of office to Under-Secretary Regino Padua as acting Secretary of Health.

Jan. 9 — Acting on President Quirino's cabled instructions, Commissioner Asuncion A. Perez of the President's Action Committee on Social Amelioration (PACSA) appoints a committee to carry out the President's instructions that government employees who may be laid off under the reorganization plan will be given employment priority in the new industrial and production projects being undertaken by the Government under the economic development program.

Malacañan announces that the President has approved a resolution of the National Economic Council accepting the proposal of the United Nations Research Commission to send a team to the Philippines to make a survey of the scientific research facilities and needs of the country.

Vice-President Lopez administers the oath of office to former Congressman Juan V. Borra of Iloilo as manager of the Philippine Charity Sweepstakes Office.

Jan. 10 — Favoring the copra producers, the Cabinet decides to continue the present practice which authorizes the Commissioner of Customs to grant special permits to foreign vessels to load export cargo at the outports when the cargo amounts to more than 500 tons. Philippine oil millers had protested that direct shipments benefited only the millers in the United States who are able to crush copra at prices which place the local refineries at a disadvantage.

Jan. 11 — The Department of Foreign Affairs announces that the issuance of Philippine visas to prospective Chinese tourists and visitors desiring to enter the Philippines on temporary permit have been ordered stopped, effective this week.

Jan. 12 — Philippine Consul J. V. Rodriguez in Hongkong informs the Department of Foreign Affairs that Chinese tourists and visitors traveling on Chinese Nationalist passports will not be granted re-entry permits in Hongkong according to a new order issued by the Hongkong immigration authorities.

Dec. 13 — Vice-President Lopez appoints a 5-man committee to study the reorganization of all government corporations: H. B. Reyes, Chairman, Oscar Ledesma, Salvador Araneta, Delfin Buencamino, and Deputy Auditor Pedro Gimenez, members.

Dec. 14 — Secretary of Finance P. Pedrosa invites a group of private citizens to constitute a reorganization committee to recommend means of improving the Government's tax administration. They are: Francisco Dalupan, Guillermo Gomez, Jose M. Hilario, Aurelio Periquet, Ramon V. del Rosario, Francisco Ortigas, Fermin Francisco, and Prisco Evangelista.

Jan. 15 — Vice-President Lopez discloses that the Government has taken steps for the apprehension and punishment of the murderers of Professors Robert J. Conklin and Marvin S. Pittman, of the University of the Philippines, whose bodies were found in the Hungduan district of the Mountain Province yesterday after a dramatic 3-week search. On a Christmas week hiking-excursion, they were speared to death by men of the Kankanaei group living on the Benguet-Ifugao border. The Vice-President expressed deep regret and conveyed his condolences to the families of the victims.

Commissioner Perez, PACSA chairman, announces that her organization is engaged on a project to define a fair and realistic standard-of-living index for various parts of the country.

Jan. 17 — The Vice-President telegraphs President Quirino expressing the nation's rejoicing over the successful outcome of an operation for kidney-stones which the President underwent on the 16th (Manila time) at Johns Hopkins hospital, Baltimore.

The Vice-President at a Cabinet meeting directs the authorities concerned to take special measures to eliminate the congestion of goods at the piers which has resulted from difficulties in implementing the import control measures.

The Vice-President receives Mr. Lawrence Wilkinson, of Dillon Read & Company, American investment bankers, who is here in a "general over-all survey of the Philippines to try to find ways and means of bringing in American dollars from private capital in the United States through investments here". He was accompanied by Secretary Pedrosa and Mr. Eugene Clay, economic adviser for the American Embassy.

TREND OF MONEY AND REAL WAGES OF SELECTED INDUSTRIAL WORKERS IN MANILA, BY OCCUPATION: JANUARY TO JUNE, 1949

By the Bureau of the Census and Statistics

Occupation	Daily Real Wages (Pesos) ¹					
	Jan.	Feb.	Mar.	Apr.	May	June
Blacksmiths	1.79	1.89	1.88	1.87	1.87	1.86
Boilermens	1.96	2.08	2.07	2.05	2.05	2.05
Carpenters	1.98	2.07	2.06	2.14	2.04	2.04
Cigar makers	1.42	1.51	1.51	1.48	1.48	1.48
Compositors	2.22	2.34	2.33	2.31	2.32	2.32
Drivers	1.79	1.92	1.93	1.91	1.91	1.90
Electricians	2.03	2.18	2.21	2.21	2.21	2.20
Foremen	2.47	2.65	2.60	2.58	2.58	2.58
Lathemen	2.20	2.33	2.32	2.30	2.30	2.30
Linetypists	2.97	3.11	3.12	3.09	3.08	3.08
Masons	1.76	1.89	1.86	1.87	1.87	1.86
Mechanics (auto)	2.20	2.31	2.33	2.31	2.31	2.31
Painters	2.12	2.24	2.24	2.21	2.21	2.21
Plumbers	2.07	2.19	2.18	2.16	2.16	2.16
Tinsmiths	2.24	2.37	2.35	2.34	2.34	2.34
Average						
Skilled laborers	2.08	2.20	2.20	2.18	2.18	2.18
Common laborers	1.29	1.39	1.42	1.41	1.41	1.41

¹Revised
²Data on wages and number of workers in selected occupations are collected monthly from industrial establishments including auto dealers, brokerage, construction firms, cigar and cigarette factories, furniture making, lumber yards, electrical contractors, printing and publishing, transportation, painting contractors, and machine shops.

³Weighted
⁴Wage in terms of goods and services it can buy. This is obtained by dividing the wages for the year and month, as the case may be by the corresponding cost-of-living index for the year and month. Source: Bureau of the Census, Commonwealth Act No. 444 limits working hours to eight a day.

Acting Secretary of Foreign Affairs Felino Neri conveys condolences to the families of Professors Conklin and Pittman.

Jan. 18 — President Quirino is reported to have indicated "deep concern" when informed of the killing of Col. Valentin Salgado, senior aide to Maj. Gen. Mariano N. Castañeda, head of the Armed Forces of the Philippines, in an attempt on the latter's life yesterday afternoon. The General's small party, out riding, was ambushed near Camp Murphy, just outside of Manila.

The Vice-President, Ambassador Cowen, and a number of public works and American Embassy officials meet at Malacañan to discuss various public works projects of this year and the turnover of the activities of United States federal agencies in 1951.

Jan. 22 — Secretary of Finance Pedrosa leaves for the United States to join President Quirino.

Jan. 20 — U. S. Ambassador-at-large Philip C. Jessup, on a fact-finding tour of the Far East, arrives in Manila from Hongkong for a four-day stay after which he will proceed to Saigon. Later he will preside at the conference of American diplomatic officials to be held in Bangkok. [Despite his crowded official schedule, a luncheon was given in his honor by the American Chamber of Commerce on the 23rd to which representatives of the other chambers of commerce and the Rotary Club were invited.]

Jan. 21 — According to a report submitted to the President by Secretary of Education Prudencio Langacon, the enrolment in the public school system is now around 4,500,000, over 1,000,000 more than the previous school year.

Jan. 23 — The First Session (100 days) of the Second Congress of the Republic of the Philippines opens. President Quirino's "State-of-the-Nation" address, recorded in his hospital room in Baltimore, is broadcast from San Francisco.

Jan. 24 — The Vice-President, in a speech before the 34th annual communication of the Grand Lodge of F. & A. M. of the Philippines, attended by some 500 delegates from different parts of the Philippines and from Japan, Guam, and Saipan, issues an appeal for national unity "during these times of confusion" and praises the masons for having "stood firm in your principles — liberty, equality, justice, truth, and fraternity".

According to a report submitted by Under-Secretary of Finance Crispin Llamado, government revenues during the 6 months from July 1 to the end of the year declined by 14%, compared with the same period last year, ₱111,078,361 as against ₱130,494,330. Largest decreases were registered in revenue from licenses and business and occupation taxes (drop of ₱14,238,141), and from excise taxes on imported goods (drop of ₱7,496,812).

The Cabinet rules that a government entity which takes over the assets of a defunct government enterprise must also assume the latter's liabilities. The decision was taken in connection with the Government Marine, Railway, and Repair Shops on Engineer Island which was transferred to the National Development Company.

Jan. 25 — The President and Acting Secretary of Foreign Affairs Felino Neri send telegrams of congratulation to the President and the Foreign Minister of the Republic of India on the occasion of the inauguration of the Republic.

The President in Baltimore receives as a souvenir the first cakes of Camay soap manufactured in the Philippines by the Philippine Manufacturing Company, and on the occasion "renews his assurances to American investors that they will receive fair returns for their participation in production activities in the Philippines."

Secretary of Education Langacon announces that a 135-page report of the UNESCO Consultative Educational Mission, which conducted a comprehensive survey of the Philippine educational system, is now in the press and will shortly be released. The Mission was headed by Floyd W. Reeves, Professor of School Administration, University of Chicago. The survey cost ₱120,000 and represents the biggest UNESCO gift to the Philippines.

Jan. 26 — President Quirino felicitates Premier Nehru in a message from Baltimore.

Vice-President Lopez receives the second case of "Camay" soap manufactured in the Philippines. F. N. Berry, general manager of the Philippine Manufacturing Company, tells the Vice-President that the soap represents the first "important American brand of toilet soap to be manufactured entirely in the Philippines", as well as a capital investment of around ₱1,500,000.

Jan. 27 — Announced that President Quirino has decided against further suspending the enforcement of the pre-war ban on amusement and gaming places in prohibited zones, —not within 1,000 lineal meters from any city hall or municipal building, provincial building, public plaza, public school, church, hospital, athletic stadium, public park, or any institution of learning or of charity, and 200 lineal meters in the case of bars, bowling alleys, and pool halls.

Acting Foreign Secretary Neri discloses that the Philippine draft of a proposed bilateral barter trade pact with SCAP has been completed and will be sent to Japan for negotiation. A similar treaty with Thailand is under negotiation at the present time.

Secretary of Finance P. Lopez refers to the Cabinet the text of a statement he made recently before the House Committee on Import Control in order to clarify his position in view of charges from some quarters that his statement ran counter to the Administration's established policy. He states that he holds that import control is "absolutely essential. . . if we are to salvage our economy", but that he pointed out

the effects of the control on employment, wages, and prices so that the "harsh effects" upon the workers could be minimized as much as possible.

Jan. 28 — Mayor D'Alessandro of Baltimore presents President Quirino with the "keys of the city".

Dr. Charles Tambu, former Indonesian Consul General in the Philippines, presents his credentials as Charge d'Affaires of the Embassy of the United States of Indonesia here. Ambassador Alexander Maramis, first diplomatic envoy from Indonesia, is expected in Manila shortly.

The Department of Foreign Affairs has received from the Israeli Government the nomination of Ernest Simke, a Philippine citizen residing in Manila, as Honorary Consul for Israel in the Philippines.

Jan. 31 — The Cabinet concurs in the decision of the Import Control Board to waive technicalities in order to solve the congestion at the piers. Secretary of Commerce and Industry notified the Cabinet that the Board had already taken certain steps, including the issuance of release papers for the goods held up at the piers provided that the importers concerned post bonds to guarantee that the goods fall within their respective authorized quotas, and the cessation of the investigation of alleged anomalies by Hilario Bernonilla which was interfering with the release of the goods. The Secretary pointed out that "a large percentage of the goods are perishables rotting at the piers".

Vice-President Lopez, as Chairman of the Government Enterprises Council, issues rules restricting the exclusive use of government vehicles by officials of government corporations. Under the new order, only the chiefs of the corporations are allowed the exclusive use of motor vehicles and only on official business; no official or employee may be paid any allowance for the use of his own automobile.

Banking and Finance

By R. E. RUSSELL

Sub-Manager, National City Bank of New York

COMPARATIVE Statements of Conditions of the Central Bank:

	As of Jan. 31	As of June 30 (In thousands of pesos)	As of Nov. 30	As of Dec. 31
ASSETS				
International Reserve.....	₱714,969*	₱641,617*	₱469,137*	₱460,689
Contribution to International Monetary Fund.....	30,000	30,000	30,000	30,000
Account to Secure Coinage.....	113,106	113,306	113,306	113,306
Loans and Advances.....	—	—	109,178	77,047
Domestic Securities.....	—	9,739	46,784	92,197
Due from Treasurer of Philippines.....	—	7,626	—	—
Other Assets.....	19,320	22,681	20,797	20,390
	<u>₱877,395</u>	<u>₱824,969</u>	<u>₱789,202</u>	<u>₱793,629</u>
LIABILITIES				
Currency: Notes.....	₱621,512	₱534,425	₱573,614	₱555,576
Coins.....	73,035	74,293	73,880	74,384
Demand Deposits: Pesos.....	169,351	135,438	96,591	117,682
Dollars.....	—	40,649*	286*	—
Securities Stabilization Fund.....	2,000	2,000	2,000	2,000
Due to International Monetary Fund.....	—	22,499	22,499	22,498
Due to International Bank for Reconstruction and Development.....	—	—	2,392	2,389
Other Liabilities.....	1,488	2,128	1,777	2,636
Capital.....	10,000	10,000	10,000	10,000
Undivided Profits.....	—	3,537	6,163	6,464
	<u>₱877,395</u>	<u>₱824,969</u>	<u>₱789,202</u>	<u>₱793,629</u>
CONTINGENT ACCOUNT				
Forward Exchange Sold.....	—	—	—	₱ 6,460

The closing statement for 1949 reveals the reduction in the International Reserve of over ₱250,000,000 during

*NOTE: The Demand Deposit liabilities in U. S. Dollars are deposits of the Treasurer of the Philippines which temporarily are being kept in foreign currency. These amounts are included on the Asset side as part of the International Reserve.

the year, which brought on the Exchange Control on December 9, 1949. However, the drop in this Reserve for December was only P8,045,000 as against P58,500,000 in November. Governor Cuaderno of the Central Bank has pointed out that this actually represents an increase in the reserve from the lowest point reached early in December and he indicated his confidence that this reserve would increase as Exchange Control became more effective.

Money in circulation was less than in November but still greater than any other month since April.

The total of Loans and Advances (advances to the Government and the Philippine National Bank) and Domestic Securities (representing advances to the Philippine Treasury secured by Government bonds to supply funds for government projects) has reached the highest point for the year, showing net increase of P13,000,000.

The Exchange Control Board has issued several notifications and memoranda during the past month which have enabled importers and the banks to prepare applications for exchange and reports to the Control authorities more satisfactorily. The banks have been given general licenses to sell foreign exchange for travel and for education purposes provided certain conditions are fulfilled. This should help to relieve the congestion at the Exchange Control leaving it free to act on the doubtful cases.

Stock and Commodity Markets

By A. C. HALL
A. C. Hall Company

December 24, 1949, to January 27, 1950

NEW York Stocks.—For the seventh consecutive month, the market moved forward into new high ground, but during the early part of January it appeared to have encountered a formidable barrier around the 202 mark of the Dow Jones Industrial Average. At this level, at the present time, there appears more stock for sale than can be absorbed. It seems likely, in fact, that, before the hurdle can be cleared, technical strength will have to be gained by the usual process of a temporary move in the opposite direction. Over the period of this review, the range of the Dow Jones daily closing averages was as follows:

	Dec. 23	High	Low	Jan. 27	Change
Industrials.....	198.88	201.98	196.81	199.08	Up 2.20
Rails.....	51.55	55.80	51.23	54.82	Up 3.27
Utilities.....	41.02	41.87	40.86	41.87	Up .85

Of the various market groups, rails improved, motors and chemicals were mixed, steels and coppers firmer, while oils were heavy. As has occurred in recent months, there was pronounced strength in some individual issues, in particular American Can which has advanced 15 points on talk of a split-up.

Industrial activity on the whole is likely to continue at a high rate during the first half of the year, but prospects for the remainder of 1950 are less clear at this stage. Until more is known about the latter, it is unlikely that the market can make further progress on the upside.

Commodities.—Wheat and flour buyers are following a hand-to-mouth policy, but there has been no important increase in offerings: Chicago March Wheat closed at \$2.17-1/8, compared to \$2.18-1/2 last month. In Corn, the loan is still the most important factor; Chicago March Corn closed at \$1.28-7/8, against \$1.31-7/8 last month. Good domestic and export demand continues in Cotton, with New York March Cotton closing at 31.30, compared to 30.66 in December. In Sugar, the United States domestic quota is realistic and the Cuban production-peak is at hand, but aggressive world demand is a firming factor; New York March #6 Contract advanced from 5.16 to 5.22 during the month.

Manila Market.—Modification of the Central Bank's gold policy caused great strength following the holidays, but other factors have since appeared and have caused the market to give up almost all its gains. At the moment inflationary and deflationary forces appear pretty much in balance, and most investors have retired to the sidelines until they can assess the consequences to mining companies of recent changes in the country's financial and economic policies.

In the Commercial and Industrial Section of the market, Sugar shares have been in excellent demand at advancing prices. Bank shares have also been firm.

MINING SHARES

1949-50 Range	High	Low	Close	Change	Total Sale	
94.40 60.32	M.S.E. Mining Share Average	93.42	81.55	82.29	Up 1.42	
P. 375 P. 12	Coje Mining Company.....	P. 18	P. 16	P. 17	—	85.00
.024 .011	Antemok Goldfields Mining	.024	.02	.024	Up .004	330.00
.68 .42	Atok-Big Wedge Mining Co.	.68	.52	.55	Up .02	987.00
.07 .041	Baguio Gold Mining Co.	.05	.04	.04	Off .01	50.00
3.75 2.00	Balaton Mining Company.....	3.50	2.50	3.50	Up .70	9.11
.0052 .0025	Batong Buhay Gold Mines	.0041	.004	.0041	Up .0001	2,600.00
5.30 2.65	Benguet Consolidated Mining Co.	4.40	4.00	4.20	Up .65	21.50
.05 .016	Coco Grove, Inc.	.034	.034	.034	Up .002	10.00
.014 .008	Consolidated Mines, Inc.	.013	.01	.01	Off .002	3,930.00
.115 .038	Itoyan Mining Company.....	.11	.09	.10	Up .015	232.00
.08 .025	I.T.L. Mining Company.....	.08	.07	.08	Up .02	240.00
.64 .28	Lepanto Consolidated Mining Co.	.64	.41	.60	—	924.32
.70 .42	Minaoza Mother Lode Mines.....	.70	.56	.60	Up .03	1,176.00
.02 .02	Maabta Consolidated Mining Co.	—	—	.028	—	—
.21 .10	Misamis Chromite, Inc.	.21	.15	.15	Off .035	266.00
.08 .03	Paracale Gumaus Cons.	.08	.08	.08	—	20.00
.22 .105	San Mauricio Mining Co.	—	—	.148	—	—
.31 .08	Surigao Consolidated Mining Co.	.29	.18	.22	Up .04	498.13
.043 .015	Suyoc Consolidated Mining Co.	.025	.025	.025	Up .005	30.00
.11 .04	United Paracale Mining Co.	.10	.09	.09	Up .02	130.00

COMMERCIAL SHARES

1949-50 Range	High	Low	Close	Change	Total Sale	
P87.00 P59.00	Bank of the Philippine	P87.00	P75.00	P87.00	Up P11.	2.80
200.00 185.00	China Banking Corp.	189.00	189.00	189.00	Up P 4.	1.0
750.00 510.00	Central Azucarera de	750.00	675.00	680.00	Up P55.	14.
220.00 145.00	Central Azucarera del	220.00	200.00	220.00	Up P38.	21.
135.00 100.00	Central Azucarera del	135.00	135.00	135.00	Up P15.	2.
95.00 70.00	Central Azucarera de	95.00	85.00	85.00	Up P 2.	27.
70.00 50.00	Central Azucarera de	70.00	70.00	70.00	Up P15.	20.
25.00 23.00	Filipinas Cia. de Segu-	—	—	23.50b	—	—
1.30 .75	Manila Broadcasting Co.	1.00	.75	.75	Off .17	22.68
4.00 2.00	Manila Wine Merchants,	2.00	2.00	2.10b	—	70
115.00 95.00	Metropolitan Insurance Co.	—	—	120.00b	—	18.00
.83 .40	Pampanga Bus Company	.40	.40	.40	—	—
1.65 .065	Philippine Oil Development Co.	.1075	.085	.095	Up .0025	1,007.00
1.28 1.00	Philippine Racing Club.	1.22	1.20	1.22b	Up .02	15.20
1.28 0.450	San Miguel Brewery, Inc.	38.00	29.00	29.00	Off 3.50	27.85
90.00 75.00	Williams Equipment Co.	80.00	80.00	80.00	—	61
9.00 7.25	Williams Equipment Co. Com.	8.50	8.00	8.50	Off .50	95

Over-the-counter business reported during the month included Bacolod Murcia, 5,000 shares at P17; Manila Jockey Club, 1,100 shares at P165; Philippine Education Co. 120 shares at P100; Philippine Iron Mines, 100 shares at P35; San Miguel Brewery 48 preferred, 255 shares at P100; and Victoria Milling Co., 750 shares between P250 and P270

Credit

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

A great many importers handle merchandise on an indent basis in which the time of delivery extends over several months. Due to time limitations which the Central Bank of the Philippines has imposed on the opening of letters of credit, such indentors are at present unable to insure that the goods they import will be paid for when they arrive. As a result, some importing firms

have found it necessary to demand very substantial advance payments in cash.

This condition is undoubtedly deferring, to some extent, the importation of materials badly needed for rehabilitation purposes. It is hoped that the condition is temporary and that when the Central Bank has obtained a better picture of the country's overall requirements for foreign exchange it will relax the time limitations on letters of credit so that business may be resumed on a more normal footing.

During this period of transition from a free to controlled exchange routine, most business houses are being extremely careful in the granting of credit to their customers even though there is no question about a purchaser's ability to pay. For example we have noticed a marked decrease in the number and size of installment contracts.

Ocean Shipping and Exports

By F. M. GISPERT

Secretary, Associated Steamship Lines

TOTAL exports for the year 1949 showed a considerable gain over 1948. During 1949, 2,236,473* tons of cargo moved overseas, as compared to 1,823,881 exported during the year 1948; an increase of nearly 500,000 tons.

Increased exports of nearly every commodity contributed their share, but the bulk of the augmented movement was due to heavier shipments of sugar and iron ore.

Exports for 1949, as compared with 1948, by commodities, were as follows:

	1948	1949
Alcohol	872 tons	520 tons
Bamboo poles	9 "	"
Beer	1,861 "	2,062 "
Buri nuts	— "	3 "
Buntal fiber	230 "	95 "
Coal	6,000 "	— "
Cigars and cigarettes	118 "	80 "
Coconuts desiccated	93,647 "	100,932 "
Coconut oil	43,013 "	64,147 "
Concentrates, copper	4,840 "	25,269 "
gold	1,072 "	3,683 "
lead	— "	364 "
Copra	614,094 "	556,613 "
Copra cake, meal	44,834 "	67,520 "
Embroideries	1,298 "	1,590 "
Empty, cylinders	4,049 "	4,611 "
Fish, salted	160 "	284 "
Foods, canned	1,064 "	54 "
Fruits, fresh	195 "	1,050 "
Furniture, rattan	7,858 "	6,514 "
Glycerine	585 "	1,451 "
Gums, copal	908 "	639 "
elemi	27 "	26 "
Hemp	628,823 bales	518,889 bales
Hemp, knotted	67 tons	81 tons
Household goods	1,349 "	2,308 "
Junk, metal	123,158 "	82,830 "
Kapok	922 "	326 "
Kapok, seeds	— "	402 "
Logs	15,974,978 bft.	18,741,919 bft.
Lumber	14,734,308 "	23,564,543 "
Molasses	20,652 tons	64,259 tons
Mongo beans	2 "	— "
Plywood	— "	21 "
Ores, chrome	252,442 "	234,620 "
iron	16,196 "	279,244 "
manganese	15,484 "	20,540 "
Pineapples, canned	17,632 "	45,360 "
Rattan, palasan	1,542 "	1,475 "
Rice	22,704 "	9,828 "
Rope	4,093 "	3,134 "
Rubber	1,196 "	1,244 "
Shells	798 "	404 "
Shell, buttons	41 "	23 "
Skins	961 "	779 "
Soap	76 "	17 "
Sugar	232,048 "	456,021 "
Tanning extract (Cutch)	— "	201 "
Tobacco	3,689 "	5,737 "

* Long tons

Vegetable oil products	1,643 "	468 "
Wines	332 "	250 "
Transit cargo	4,006 "	5,186 "
Merchandise, general	133,757 "	31,099 "

Air Transportation

By H. E. UMBER

Station Operations Manager
Pan-American Airways, Manila

THE clearance formalities for a traveler or businessman entering or leaving the Philippines became further enmeshed in paper work with the introduction of Foreign Exchange Control forms. This form, in duplicate, requires the traveler, as prescribed by the exchange control regulations, to declare his currency, checks, and letter of credit or draft upon arrival. The duplicate is retained until departure, when the same information is required. The difference in the amounts shows the expenditures made while in the Philippines.

Under the exchange regulations, a person on a temporary visit is not required to obtain a license to take with him, upon leaving the Philippines, exchange in the amounts he has brought into the country less his expenses from such funds during his visit.

The underlying theory is correct. However, the need for a representative of the Central Bank or an authorized agent to establish facilities for the conversion of foreign exchanges into pesos at the debarkation point, is already apparent. With the establishment of such facilities the Republic of the Philippines can be assured that the travelers' dollar will find its way into the proper channels.

Electric Power Production

(Manila Electric Company System)

J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	KILOWATT HOURS	
	1950	1949
January	37,660,000**	33,745,000
February		31,110,000
March		34,776,000
April		33,088,000
May		34,453,000
June		34,486,000
July		35,726,000
August		35,394,000
September		35,763,000
October		37,461,000
November		35,856,000
December		38,673,000*
TOTAL		420,411,000**

* Revised

** Partially estimated

Output in January was 3,915,000 KWH, or 11.6% over the same month last year. This is the highest rate of increase over the previous year since September.

There was however a decrease in production compared with December, which is normal and due to seasonal causes.

An analysis of electricity sold during 1949 shows an increase of about 20% in total. Industrial sales however increased 34.2% and would have increased more had it been possible to supply all the power customers requested. Although this is an indication that industrial activity in the Manila area is steadily increasing, the total industrial use (in 1949, 35,000,000 kwh or 11.6% of total sales) is quite low compared with United States standards.

Real Estate

By C. M. Hoskins

(Of C. M. Hoskins & Co. Inc., Realtors)

REAL estate sales registered in Manila during January amounted to ₱4,486,846, as compared with ₱2,090,943 for January, 1949. Comparative January figures for the past years are:

	January
1950.....	₱4,486,846
1949.....	2,090,943
1948.....	2,583,300
1947.....	2,840,014
1946.....	4,116,696
1941.....	962,970

Mortgages registered amounted to ₱3,054,080 for January, as compared with ₱3,965,420 for January, 1949.

Suburban sales for January were ₱1,244,324 in Quezon City, ₱819,702 in Rizal City (Pasay), and ₱1,489,835 for other suburban towns, making a January total for all suburbs of ₱3,549,861.

Mortgage funds for long term loans are not so easy to come by as previously, especially with the Rehabilitation Finance Corporation temporarily out of the real estate mortgage field except as to prior commitments. The distribution of mortgage loans by creditor class registered in January was as follows:

Rehabilitation Finance Corporation.....	₱297,000
Philippine National Bank.....	456,270
Other banks.....	1,820,410
Insurance and other financial entities.....	79,500
Private investors.....	400,900

The jump in private bank mortgage loans is notable. No figures are available to show how much of these loans were real-estate financing loans, and how many were commercial loans collaterally secured by mortgages on real estate.

The demand for real estate continues strong, with no weakening of prices, and with inquiries more numerous than for any time since 1947.

Vacancies in office buildings and in the higher-rent apartments are developing as a result of import and exchange controls. Foreign staffs are being cut by some firms. Others are moving offices to smaller quarters. This is not a broad movement yet, as unexpired leases are in many cases cushioning the trend. Moreover, many optimists are maintaining existing staffs and facilities in the expectation that the situation will clear up or with a view to switching to other lines.

Despite the growing number of vacancies, commercial and apartment properties continue in strong demand among investors, who are reconciled to a lower rental return, providing they can get a desirable property.

Subdivision lots continue in strong demand in Manila and its populous suburbs. Early in February, a 50-hectare Tondo tract belonging to B. H. Berkenkotter and W. Ick was put on the market under the name of North Balut Subdivision. Activity in the vicinity of the proposed capital site has fallen off, in anticipation, perhaps, of a delay in the realization of the project due to budgetary considerations.

Lumber

By Luis J. Reyes

Philippine Representative, Penrod, Jurden & Clark Company

THE total export for the month of December amounted to 6,513,641 board feet, as compared with 4,048,058 board feet for the previous month, an increase of 38%. While the United States absorbed a total of 2,494,170 board feet in November, the quantity dropped down to 1,602,447 board feet in December. A notable increase was noted in shipments to Far Eastern countries (Japan,

Okinawa, Hongkong, and Formosa) and to South Africa. Only a quarter of a million feet went to China, possibly because of the internal troubles there.

Reports from several importers in the United States speak of renewed interest in Philippine woods. The prices, however, have dropped down to still lower levels to compete with those coming from other tropical countries.

The local lumber trade continues to be active, with wholesale prices at about ₱170 for white lauan, ₱180 for apitong, and ₱190 for tangle and red lauan. There have been sales at ₱5 more per thousand, but only in small lots sold to the smaller dealers. The consumption is big but the supply seems to be catching up with the demand. There are indications that the price-curve has reached its highest level.

The last tender in Japan, held under the auspices of SCAP, was won by a local concern, bidding \$21.45, or about ₱17.88 per cu. m., f.o.b. Philippine port, for veneer logs. A late report from Japan, however, is to the effect that SCAP cancelled the last bid, perhaps to let importing firms deal directly with producers abroad since authority to do so was granted effective January 1, 1950.

On December 10, 1949, the inauguration of the plywood plant of Woodworks, Inc., situated at Tandoc, Siruma, Camarines Sur, took place. The event was made to coincide with the 70th birthday of Jacob Chetvernia, mill superintendent and designer and builder of the veneer and plywood machinery. Some 80 to 85% of the castings of the various units were made in Shanghai, the rest was made and assembled in the Philippines. Director Florencio Tamesis of the Bureau of Forestry and several representatives of commercial firms in Manila doing business with Woodworks were on hand to witness the inauguration. All were enthusiastic about the performance of the various units, principally the veneer-lathe, the hot press, the automatic dryers, and the scrapers and auxiliary machinery. When the Company starts on a regular production schedule, the plywood and the door factories will employ several hundred people. At present, the factory is producing in the neighborhood of 400 sheets of 4x8-foot panels a day of 8 hours. This quantity will be materially increased upon the operation of a slicer, other automatic veneer-dryers, and a hydraulic press. The factory is well laid-out, with ample room between the machinery, thus avoiding congestion in the various stages of the plywood manufacture. The company has also under construction a door factory and a new circular mill which will be completed in a few months.

Mines

By CHAS. A. MITKE
Consulting Mining Engineer

PHILIPPINE GOLD, CHROMITE, AND COPPER PRODUCTION

GOLD	1949		1948	
	Tons	Value	Tons	Value
Atok-Big Wedge.....	148,137	₱ 4,489,975	147,997	₱ 4,633,215
Benguet-Balatoc.....	536,568	7,302,907	391,132	5,633,928
Mindanao Mother Lode.....	98,200	3,352,437	68,700	2,270,779
Surigao Cons.....	98,952	2,315,827	72,851	1,449,468
Taysan.....	22,952	564,729	7,584	326,242
	904,120	₱18,025,875	688,264	₱14,313,632

CHROMITE				
Acoje.....	57,741	₱ 1,864,110	10,000	₱ 330,000
Consolidated Mines.....	165,340	3,316,050	230,099	4,410,781
Misamis Chromite.....	3,598	209,750	—	—
	226,679	₱ 5,389,910	240,099	₱ 4,740,781

COPPER				
Lepanto Cons.....	184,497	₱ 6,364,534	6,282	₱ 1,968,490
TOTAL.....	1,315,296	₱29,780,319	934,645	₱21,022,903

THE Philippine Republic is facing a crisis—one of the most serious in its history. This, unlike the Japanese invasion, is an economic crisis. It is, in a way, a self-created, artificial crisis. Superficially, everything seemed to be going well until, a few weeks ago, officials of the Government became dollar-conscious, and realizing that the country could not continue for any considerable length of time to spend more for imports than it was earning through exports, imposed drastic controls.

Restriction followed restriction, until people, fearing that devaluation might ensue, began to send their money out, according to one published statement, at the rate of \$2,000,000 a day. Further prohibitive measures were taken, such as exchange control and the prohibition of the free sale of gold, the latter having an immediate effect on the gold-mining industry. It was like the too rapid application of brakes to a fast moving train or automobile, and has been followed by a wave of fear and evident signs of increasing unemployment in many lines of endeavor.

While most people realize that a certain amount of import control is necessary under the circumstances, they feel that it might have been more gradual, thus conditioning business to its effects and avoiding a near-panic.

However, controls are only temporary measures and not permanent reliefs. An individual or a government in the position of the Republic must find ways and means of increasing income, so that not only expenditures can be met but a surplus gradually accumulated which can be used for expansion.

Taking stock, the Philippines is not an industrialized country, and factories cannot be erected overnight to cushion the shock of the controls. Industrialization takes much time and plenty of capital. What is needed at the moment is an immediate remedy.

The one great asset of the Philippines is its natural resources. Apart from the fishing waters, these can be divided into two distinct categories—surface products, which consist of rice, sugar cane, copra and its derivatives, hemp (abaca), corn, fruit and vegetable products, and some of the finest lumber in the world. The other, is the wealth which lies underneath the soil—minerals.

It was these two natural resources, the surface and sub-surface products, which made the Philippines prosperous before the war. Having done it once, they can do it again, and they are the only assets which can pull the Republic out of the morass in which it finds itself at present.

Agriculture.—We have forests of beautiful hardwood—such as mahogany, which is needed by other nations, and 3rd and 4th group lumber for plywood and paper mills.

Our sugar-cane production is rapidly approaching the pre-war level. Copra was good until the price dropped recently, due to outside competition, but many other agricultural products are still far behind the former production.

Everyone knows that the Philippines must become self-supporting so far as rice and corn are concerned. One of the leading bankers recently stated that \$29,000,000 was sent out of the country during the past year to pay for rice alone. Rice is an annual and, in some sections of the country, a semi-annual crop, and this outflow of much needed dollars could be checked in one year alone if the Government would make arrangements to permit large areas of vacant land to be cultivated by local corporations on attractive terms. Such arrangements might be in the form of operating contracts, leases, or some other agreement satisfactory to the Government, and conditioned on the use of mechanized methods. It is a well-known fact that large corporations operate more efficiently than government enterprises. This would release government

funds for other purposes as well as insure a sufficient supply of rice, corn, and other products.

We have ample land on which can be grown sufficient rice to fill the needs of all our people and, furthermore, the use of fertilizers would greatly increase the productivity of existing fields. This would eliminate the necessity of sending dollars abroad for products which can be produced at home.

Mining.—Mining in the Philippines, which once ranked as a major industry, is still struggling and is at only 18% of its pre-war production. The opportunities are here, but they must be developed. Mineral wealth has built up many a country. During the Spanish Colonial period, Spain was the richest country in the world. Silver and oil made Mexico prosperous, its mineral production reaching a gross value of over \$11,000,000,000 during the period from 1886 to 1945. Canada owes its prosperity to its great mineral wealth, which is the result of a brief 25-year development. South Africa is deeply indebted to its minerals, being the world's greatest diamond and gold producer and having, in addition, large deposits of copper and chrome. All these countries attribute their wealth to the development of their mineral resources.

Our present civilization has been built on two sources of wealth—"Agriculture" and "Mining". Nations which have done most in the extracting and fabricating of minerals from the earth have become the most prosperous peoples in the world.

An economist once said, "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. Eliminate the miner and the mines, and you set civilization back to the dark ages."

Out of the former many producers, 6 gold mines are already in production. These should be encouraged to increase their output and thus contribute to the general well-being of the country.

There are, in addition, hundreds of known mineral prospects with promising outcrops of gold, silver, copper, lead, zinc, chrome, iron, and manganese throughout these Islands. Enough work has been done on the surface of many of them to justify the belief that deeper prospecting, to a depth of around 300 feet, would block out sizable tonnage of ore, and thus new mines would be found.

If the Government would enunciate a liberal policy towards mining and offer guarantees similar to those of Canada and South Africa, many new corporations would be formed in these Islands and a large number of properties would soon be developed.

The need for dollar credits has never been so great as it is today. One way is to **EXPAND MINING** to its pre-war status and ship ores for dollars. This can be done quickly, within a reasonable time by giving a little help, and also by making mining sufficiently attractive so that private investors will become interested in the development of properties.

To make mining attractive, there must be peace and order; tax exemption for a certain number of years; a tax ceiling; reasonable labor laws; and a peaceful labor situation.

"One potent reason in favor of American capital investing in the Philippines has been that if it made profits or, if it decided to sell out or quit, it could send its funds back to the United States without hindrance and not be 'detained or imprisoned' there, as happens in other countries. The question of free peso-dollar convertibility is a necessary part of the free movement of funds. And, of course, the maintenance of the relationship of the peso to the dollar is also very material to the matter of making the Philippines an attractive field for American investment."

Copra and Coconut Oil

By **MANUEL IGUAL**
Executive Vice-President, El Dorado Oil Works
 and
KENNETH B. DAY
President, Philippine Refining Co., Inc.

December 16, 1949 to January 15, 1950.

THE decline in the copra market which featured the first half of December was checked by the 15th at a low of \$172.50 c.i.f., at which figure some business was done to the Coast. With the prospect of diminishing supplies after Christmas, sellers began to hold back and the market gradually hardened. Shortly before Christmas, rumors of early devaluation of the peso caused some apprehension. The tendency in some quarters thereafter was to stock copra until after the year-end, thus giving dealers a chance to profit by devaluation should it occur. This state of affairs was not, however, as widespread as reported and dealers as a whole, although certainly not oversold, were carrying very modest stocks at year-end.

After the Christmas holidays, the actual shortage of copra coupled with bad weather in the south continued to stimulate prices in early January, and buyers, who had staunchly resisted advancing prices, were forced to buy some copra to cover previous commitments and to meet spot demands. On this basis, copra changed hands up to as high as \$190 c.i.f. before mid-January, at which time, while the situation was easier, buyers were still bidding \$185 to \$187.50 and sellers were holding for \$5 more, with little business passing.

To make the picture a little more complicated, Japanese buyers were preparing to bid for some 5000 tons, and several parcels were sold to Europe and South America, on an equivalent f.o.b. basis. This business, however, was largely sporadic.

Coconut oil buyers contended right along that coconut oil was overpriced—as it was—and dropped their ideas to 13 cents f.o.b. Pacific Coast and less, and under 14 cents c.i.f. for bulk oil to New York. Legitimate sellers could not meet these prices and the result was a stalemate. There was some small speculative business, but Pacific mills as a whole held for 13-1/2 to 14 cents f.o.b. West Coast, and Philippine mills for 14-1/2 to 15 cents c.i.f. East Coast. Oil consumers held their requirements to a minimum, and as the period closed were buying from hand to mouth, and hoping for better days.

LOCAL markets followed the export trend, and copra in Manila advanced from P33-P35 to P37-P39 for resacada, chiefly on requirements for home consumption. Cebu was but little better off, but prices in all ports of entry were high, with little copra pressing on the market.

Copra meal was strong and advancing on the Coast, as it usually is in winter time. No funds were available in Europe to buy Philippine cake or meal and no business was done, Philippine mills selling their production easily on the Coast.

Copra exports for December amounted to 43,160 tons as against 50,991 tons in November and 53,808 tons in December, 1948. These shipments were distributed as follows:

<i>United States</i>	
Pacific Coast	28,395 tons
Atlantic Coast	1,000 "
Gulf Ports	2,465 "
Europe	8,300 "
Africa	2,500 "
Pacific Coast, Canada	500 "
Total	43,160 tons

Coconut oil shipments totalled 6,279 tons, as against 4,643 tons in November, and 5,670 tons in December, 1948. These shipments were distributed as follows:

U.S. Pacific Coast	259 tons
U.S. Atlantic Coast	6,020 "
Total	6,279 tons

PRELIMINARY figures indicate that copra exports for 1949 totalled 553,423 tons, as contrasted with 614,094 tons in 1948, and 925,614 tons in 1947. Coconut oil exports improved, however, and totalled 64,147 tons as against 43,015 in 1948, and 24,272 in 1947. It is estimated that desiccated requirements for nuts in 1949 exceeded those for 1948. Also, consumption of oil for local usage increased. Although accurate figures are impossible to achieve, we estimate that the total 1949 coconut crop, if reduced to terms of copra, was slightly higher than that of 1948, both years exceeding the equivalent of 800,000 tons of copra. While not bumper crops, these two years, considered on this basis, are not as abnormally low as copra exports would seem to indicate.

Owing to light rainfall in mid-1949, copra supplies in many parts of the Islands look very light for the first quarter of 1950 and perhaps for the first half-year. The groves are in good condition, however, and barring the unexpected, the copra crop for the second half-year should be very good indeed, and the total crop for 1950 may very conceivably exceed that of 1949.

What may happen to prices is another story. Copra and coconut oil are heavily overpriced, and consequently in very minimum usage in the United States. ECA funds for purchase of copra by Europe are likely to be very restricted. With adequate supplies, one would look for lower prices. But so many things can happen. We would not wish to predict anything with assurance except that, as in the past two years, the gyrations of the copra market are likely to be largely unpredictable. It should be an interesting year.

Desiccated Coconut

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

THIS report covers the month ending January 15, 1949. During this period the copra market became more active and prices soared. Raw coconuts followed, and as the seasonal crop was small most desiccated coconut factories were operating below capacity.

Also because of the holiday season workers didn't want to work. But because of the import control and exchange control there was a fear among copra merchants that prompted them to buy copra in preference to maintaining large cash balances. Consequently many buyers in the province paid premium prices for copra, and this prevented desiccated coconut factories from securing all of the seasonal crop they normally would have had.

The labor front was quite active with Franklin Baker Co. and Peter Paul Philippine Corp. discussing contracts or demands; these discussions have not been completed at this writing.

The shipping statistics for the month of December are as follows:

Shippers	Pounds
Franklin Baker Co. of the Philippines	3,296,500
Blue Bar Coconut Company	1,232,500
Peter Paul Philippine Corp.	2,323,700
Red V Coconut Products, Ltd.	2,400,400
Sun-Ripe Coconut Products	—
Standard Coconut Corporation	72,400
Cooperative Coconut Products, Inc.	215,700
Tabacalera	519,900
Coconut Products (Phil.) Inc.	272,070
Luzon Desiccated Coconut Corp.	241,500
Universal Trading Co.	—
TOTAL	10,054,320

NOV:	
Peter Paul Production	1,812,800 lbs.
Standard Coconut Production	519,900
Total Peter Paul Shipments	2,332,700 lbs.

Sugar

By G. G. GORDON
Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from December 30 to January 30.

New York Market: The year closed with buyers and sellers adjusting their ideas of values in accordance with the 1950 quota of 7,500,000 tons. Business was done at 5.75¢ and 5.70¢ for sugar arriving in January but refiners showed no interest in buying for future delivery and a parcel of 2,000 tons Philippines, for March/April shipment, was offered at 5.65¢ without any interest being displayed.

On January 3 the spot price was reduced to 5.68¢, at which price there were sales of Cubas and Hawaiians for January delivery. On January 4 the Exchange spot quotation was reduced by 3 points to 5.15¢, which is equivalent to 5.65¢. Advices indicated that the trade generally felt that some decline in the price of refined could be expected. 2,000 tons Philippines due on February 5 were sold at 5.65¢.

During the first week of the month, refiners continued their cautious buying policy and confined their interest to sugars arriving in January and early February. Sales were reported of Cubas, Perus, Hawaiians, and Philippines, all for prompt arrival, at 5.68¢ and 5.65¢. After this sellers withdrew from the market and a steadier tone was manifested. The slight improvement in the market was attributed to several factors, in particular the strong world-quota market and the expectation that Cuba and Puerto Rico would be somewhat slow in starting their crop operations.

On January 10 sales of Cubas were reported on the basis of 5.74¢ and 5.75¢, but buyers were reluctant to follow the advance. On the same day Sucest Corporation, which had been selling refined at 7.93¢, advanced their price to 7.98¢. Cuban harvesting got under way in the first week of January and on January 11, 12 mills were reported to be in operation as compared with 17 at the close of business on the corresponding date last year. On January 12, the market was steady with buyers at 5.75¢ for sugar arriving in the middle of February. Philippines for March/April shipment were also taken at the same price by operators. Offerings continued to be on a modest scale with sellers advancing their ideas for early delivery to 5.80¢.

The following week, the market continued quiet with sellers' ideas about 5.80¢ but no interest being shown on the part of refiners for anything with an arrival date beyond the end of February. The market continued during the remainder of the month with a tug-of-war going on

between buyers and sellers of raw sugar. Refiners were not inclined to go over 5.75¢ for suitable positions, while sellers were asking 5.80¢. Refiners were reported not to be anxious buyers with the peak of raw-sugar production coming along soon, and the demand for refined sugar continued to be limited. However, sellers remained firm in their ideas and the month closed with the market reported as being firm, small sales at 5.80¢ being reported on January 24 for first half of February shipment. Buyers continued to show no interest in advanced positions.

We give below the quotations on the New York Sugar Exchange as of January 25 for Contracts Nos. 4, 5, and 6:

	Contract No. 4	Contract No. 5	Contract No. 6
March	4.76	5.29	5.22
May	4.73	5.32	5.24
July	4.69	5.34	5.27
September	4.65	5.36	5.29
November	—	—	5.30
January	4.50	—	—

Local Market: (a) Domestic Sugar. — At the end of December, the market quotations for centrifugal sugar, 97° polarization, were reported at ₱15.50 to ₱16. For washed, polarizing 99°, ₱18 to ₱18.50 per picul was quoted. These prices remained fairly constant throughout the month, and at the close of the month the market was at about the same level as at the close of December.

(b) Export Sugar. — During the period under review, the price of export sugar remained steady with an upward tendency in line with New York, and the month closed with prices of ₱13.90 to ₱14 being paid for export sugar, representing an advance of ₱0.20 to ₱0.30 over the prices a month ago.

The production of the current crop is now in full swing and results to date indicate that the estimate of the crop will have to be revised downwards, probably somewhat below 800,000 short tons.

Manila Hemp

By FRED GUETTINGER

Macleod and Company of Philippines

DURING the period under review, December 16 to January 15, the New York market ruled quiet with little business done. Prices registered a further decline and the market closed with buyers showing a tendency to hold off in anticipation of lower prices.

New York quotations:

	Per lb. c. i. f. New York		Change
	12-15-49	1-15-50	
Davao I.	27-3/4¢	27-5/8¢	Down 1/8¢
Davao JI.	27-1/2¢	27-1/4¢	Down 1/4¢
Davao G.	25-1/4¢	25-1/4¢	Unchanged
Non-Davao JI.	25-	25-1/2¢	Down 1/2¢
Non-Davao G.	20-3/4¢	20-1/2¢	Down 1/4¢
Non-Davao K.	16-1/4¢	16-1/4¢	Unchanged

The London market, after remaining steady for most of the period, began to develop signs of weakness in some medium grades, with a reduction in price of \$15 to \$10 per ton. Prices on coarse grades closed fairly steady. Business was small.

It is believed that considerable business was done with Japan, the volume being possibly close to 20,000 bales. The prices SCAP was willing to pay declined in sympathy with other markets.

In the Philippines prices remained about unchanged. Production for December was 50,506 bales—the second highest month in 1949, with March taking the lead by 3,353 bales. The increase over the corresponding month of 1948 is 13,622 bales; and over November, 1949, 16,092 bales. Davao pressings for December were 25,479 bales—up 6,151 bales from November and up 4,531 bales from December, 1948. December balings in Non-Davao areas

were 25,027 bales—up 9,941 bales from November and up 9,091 bales from December, 1948.

Total pressings for 1949 were 513,720 bales or 63,744 bales less than in 1948 and 273,045 bales less than in 1947. The decline in balings in 1949 from balings in 1948 results from a decrease of 81,708 bales in the pressings of Non-Davao hemp as against an increase of 17,964 bales in the pressings of Davao hemp.

Tobacco

By LUIS A. PUJALTE

Secretary-Treasurer, Manila Tobacco Association

THE local tobacco industry is again coming to life with the expansion of the manufacture of Virginia-type cigarettes. Capital appears eager to go into this promising field and new factories are already opening. It is important, however, that all those who enter it give careful attention to the quality of the cigarettes they will put out. So far, the main effort has been concentrated on producing low-priced products, when a medium- and high-quality Virginia-type cigarette would have been as profitable and perhaps more so.

I said in my previous article that the tobacco industry had been greatly neglected by the Government, and one form of this neglect is the apparent indifference of the authorities to the need of stamping out the illicit manufacture of tobacco products. This illicit manufacture was negligible before the war, but became an industry during the Japanese occupation and has since persisted. It constitutes a great detriment to bonafide manufacturers not only because of the big tax-differential they have to overcome in competing with the illicit manufacturers but because in many cases even their brands are imitated. It is estimated that the Government has annually been

losing around ₱3,000,000 in tax revenue on this account, and unless something is done about the matter, the loss will become much greater because the import control is naturally resulting in increased activity on the part of these illicit as well as the legitimate manufacturers.

A few weeks ago, manufacturers were asked to attend a hearing at the Department of Finance on a proposal to increase the specific tax on cigarettes in order to help meet the decrease in revenue from imported cigarettes. The local manufacturers voiced their old grievance as to the rampant illicit manufacture and pointed out that though they were not in principle opposed to a just and equitable increase in this tax, if this were resorted to without first eradicating the illicit manufacture, it would make this even more profitable than it is now. The higher tax-rate might well result in the total ruin of legitimate manufacturers and bring about still greater government revenue losses instead of an increase in revenue.

The Government should take decisive action in this matter of suppressing the illicit manufacture, in its own direct interest as well as in the interest of law-abiding and tax-paying industrialists and thousands of workers. At present, only the illicit manufacturer, like the "boot-legger" of prohibition times, stands to gain by any hasty move of the Government in raising the tax-rate.

NOTE:—Malabon and Caloocan, both very near Manila, are said to be the main centers of the illicit cigarette manufacture.

Imports

By LOUIS S. KRAEMER

Vice-President, Mercantile, Inc.

THE New York *Journal of Commerce* on January 19, 1950, carried an article on Philippine Import Control which, in part, ran as follows:

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"The underlying factors which brought about the predicament of the Philippines in respect to its trade position are varied and complex, E. F. Koch, vice president, Philippine American Chamber of Commerce, yesterday told the annual meeting of the association.

"Regardless of the causes, he stated, we are facing an extremely confused situation which has for the present at least undermined confidence in the Philippines as an attractive field for the investment of capital and for other commercial operations. The mere removal of recently invoked controls and a flexible attitude on the part of the Philippine Government toward such liberal modifications as may be justified will be of some temporary help.

"The basic need is further constructive long-range planning in which both the Philippines and the United States should participate, including representatives of business from both countries. A more favorable climate should be created in the Philippines to attract the investment of private capital."

The writer through the nature of his business, is in constant touch with many of Manila's leading businessmen and has at no time heard anyone scoff at the necessity of controls of some sort, at least temporarily, as all are aware that a nation cannot exist on an economy where the imports exceed the exports by two to one.

It has recently become apparent that Government officials are coming to the realization that the suggestions and recommendations of businessmen are not altogether selfish and are beginning to gradually revise the various regulations in accordance with recommendations which have been made. It appears to be only now realized that import and export trade is a highly specialized business and that the repercussions of artificial controls are felt way beyond the Manila waterfront in so far as the trade is concerned and are felt way beyond the trade in so far as national prestige and economic stability are concerned.

Fundamentally, the Philippines is a very wealthy country in natural resources and in potentialities of agricultural production. It is hoped that the negative approach toward a balanced economy through import controls will be replaced by the positive approach of increased export-production and production for domestic use.

In substantiating the possibilities of thus offsetting imports, we give the following figures covering certain commodities which, in time, and if the proper effort were made, could just as well be produced in the Philippines in sufficient quantities for home consumption and even additional quantities for export.

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1949 Total
Fresh Eggs (chicken and duck) cases	117,105	87,155	72,790	73,733	350,783
Fresh Fish m/tons	102	21	12	36	170
Fresh Potatoes "	3,171	2,114	2,705	3,120	11,110
Fresh Carrots "	5	2	11	24	41
Fresh Cauliflower "	7	6	10	12	34
Fresh Garlic "	102	613	705	631	2,051
Pkgd. Peanuts "	43	46	18	—	107
Pkgd. Salt "	10	30	33	46	120
Bulk Salt "	1,198	300	175	147	1,819
Bulk Coffee Beans "	2,540	556	1,200	1,881	6,176
Bulk Rice "	114	30,287	62,848	34,864	128,113
Bulk Corn "	138	14	48	34	23
Bulk Peanuts "	1	18	14	4	34

ALL figures shown below are in kilos with the exception of foodstuffs which are given in package units (except the figure for the total).

Commodities	December 1949	December 1948
Automotive (Total)	1,300,331	3,217,601
Automobiles	402,882	1,296,401
Auto Accessories	4,469	19,089
" Parts	318,622	331,411
Bicycles	93,087	32,844
Trucks	27,963	9,252
Truck Chassis	229,446	465,700
Building Materials (Total)	24,486,545	17,781,791
Board, Fibre	185,259	178,504
Cement	20,321,593	14,217,193

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Glass Misc.....	43,063	433,913
Plumbing Misc.....	32,528	77,801
Chemicals, (Total).....	10,474,703	10,519,864
Caustic Soda.....	930,897	561,593
Explosives (Total).....	25,587	2,891
Firearms, NOS (Total).....	16,437	38,581
Ammunition.....	9,699	27,442
Hardware (Total).....	6,220,499	4,779,146
Household (Total).....	2,694,251	3,171,443
Machinery (Total).....	2,029,009	1,733,688
Metals (Total).....	11,244,256	7,892,589
Petroleum Products (Total).....	92,406,798	95,049,656
Radios (Total).....	137,067	99,336
Rubber Goods (Total).....	1,106,441	858,334
Beverages, Misc. Alcoholic.....	26,585	40,134
Foodstuffs (Total kilos).....	39,600,707	40,888,957
Foodstuffs, NOS (Total).....	30,419	14,362
Foodstuffs, Fresh (Total).....	271,296	301,219
Apples.....	100,915	69,046
Oranges.....	11,749	50,958
Onions.....	20,992	44,142
Potatoes.....	30,844	18,293
Foodstuffs, Dry Packaged (Total).....	111,219	158,889
Foodstuffs, Canned (Total).....	620,317	378,099
Sardines.....	203,447	41,826
Milk, Evaporated.....	133,792	111,532
Milk, Condensed.....	25,600	19,500
Foodstuffs, Bulk (Total).....	504,484	524,718
Rice.....	37,594	71,897
Wheat Flour.....	404,568	345,114
Foodstuffs, Preserved (Total).....	3,955	3,728
Bottling, Misc. (Total).....	1,649,544	1,723,580
Unit — 129,798 (1948)		
Unit — 127,955 (1949)		
Christmas Decorations (Total).....	7,181	31,232
Cleaning and Laundry (Total).....	565,085	934,019
Entertainment Equipment (Total).....	11,912	14,823
Livestock — Bulbs — Seeds (Total).....	3,727	22,662
Medical (Total).....	600,903	365,747
Musical (Total).....	222,589	122,784
Office Equipment (Total).....	215,375	219,792
Office Supplies (Total).....	120,796	47,756

Paper (Total).....	5,375,132	3,243,480
Photographic (Total).....	81,710	47,352
Sporting Goods (Total).....	58,820	51,563
Stationery (Total).....	428,315	220,833
Tobacco (Total).....	1,606,405	2,447,541
Chucheria (Total).....	205,459	149,287
Clothing Apparel (Total) (Including men's, women's and children's).....	552,505	681,283
Cosmetics (Total).....	73,908	358,397
Fabrics (Total).....	455,250	1,082,184
Jewelry (Total).....	52	284
Leather (Total).....	257,530	270,958
Textiles (Total).....	5,584,147	4,527,003
Twine (Total).....	161,466	36,416
Toys (Total).....	149,825	189,936
General Merchandise (Total).....	870,016	393,203
Non-Commercial Shipments (Total).....	52,038	86,536
Advertising Materials, Etc. (Total).....	997,034	544,775

—Robot Statistics

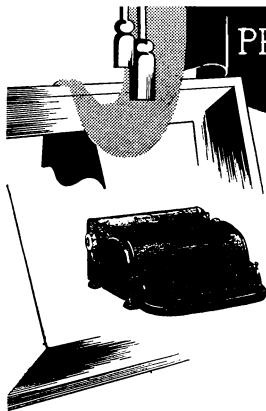
Food Products

By MORTON HEARN
Getz Bros. & Co., Inc.

JANUARY saw a steady increase in retail prices of imported food items, due to importers' inability to replenish their dwindling stocks and consumers' overbuying against shortages. Import houses reported a heavy reduction in inventories despite rationing to dealers.

The two items most seriously affected were milk and coffee. Pricewise, milk did not advance as rapidly as other consumer goods, but stocks became quickly exhausted. Coffee, reacting to high Stateside prices, increased in cost at retail stores and the choice of brands became very much restricted.

Tinned fruits have become particularly scarce, as did also fresh oranges and apples. Fresh Stateside vegetables



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were especially affected by import controls and have virtually disappeared from grocery stores, being replaced by locally-grown produce. Potatoes and onion shortages are very noticeable; prices have increased 100% when these commodities are available.

Frozen food supplies are dwindling rapidly, with little prospect of being replaced in sufficient quantities even when quotas are issued due to their perishable nature.

Flour arrivals, gauged by 1949 figures, should have been ample, but have been offset by a lack of variety in other items like biscuits, crackers, and alimentary pastes.

Many stocks at present are still plentiful, as gauged by normal consumption figures, with wholesalers inventories above average, but the variety of goods has dropped considerably. Local produce, at increased prices, has partially filled the gap, but is insufficient to meet the demand.

Present imports, due to the heavy Christmas buying, should tide this market over until early March only. It will be then that the full effects of the new controls will make themselves felt.

Automobiles and Trucks

By KARL E. GAY

Sales Representative, Ford Motor Company

THE following three tables show the accumulated sales in the Metropolitan area of Manila, the provinces exclusive of this area, and the Philippines as a whole.

These figures are based upon data submitted by the several dealers in various locations, and as such are somewhat incomplete because local government offices in some cases have delayed in forwarding the statistics to Manila.

Recent action on the part of the Central Bank covering licenses on letters of credit for the importation of uncon-

trolled items, have created a feeling of uncertainty on the part of the automobile dealers, none of whom know just what they will be permitted to import during the coming months. This has had a deleterious effect upon the planning and scheduling functions of the manufacturers, whose processes of procurement and assembly are too complex to work within the short time-limits offered by the letters of credit licensed.

A trend toward the tightening of credit sales and the increasing of down-payment demands on sales of all types of automotive equipment, is seen.

PHILIPPINE ISLANDS, TOTAL ACCUMULATED SALES TO NOV. 30, 1949

	CARS		TRUCKS		TOTAL	
	Number	%	Number	%	Number	%
Ford	680	17.14	1,652	34.78	2,332	26.75
Mercury	303	7.63			303	3.47
Lincoln	69	1.74			69	.78
Prefect		2.06				.02
Chevrolet	1,086	27.37	1,559	32.81	2,645	30.32
Buick	159	4.01			159	1.82
Cadillac	23	.58			23	.26
Pontiac	212	5.34			212	2.43
Oldsmobile	241	6.07			241	2.76
G.M.C.			69	1.45	69	.79
Chrysler	24	.60			24	.26
DeSoto	177	4.46	60	1.26	237	2.82
Plymouth	134	3.38			134	1.54
Dodge	241	6.07	122	2.57	363	4.16
Fargo			85	1.79	85	.97
Hudson	55	1.39			55	.63
International			1,051	22.13	1,051	12.04
Nash	101	2.54			101	1.16
Packard	83	2.09			83	.95
Studebaker	84	2.12	25	.53	109	1.25
Willys	270	6.80	57	1.20	327	3.75
Reo			48	1.01	48	.55
Austin	17	.43			17	.19
Others	7	.18	23	.47	30	.33
Total	3,968		4,751		8,719	

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Tubo-Turns Inc.
W a i s h Refrigeratories Corp.
Western Brass Works
Western Rock Bit Mfg. Co.
York Corporation

PHILIPPINE PROVINCES, SALES TO NOVEMBER 30

	CARS		TRUCKS		TOTAL	
	Number	%	Number	%	Number	%
Ford	224	22.09	670	30.79	894	28.02
Mercury	91	8.97			91	2.85
Lincoln	8	7.9			8	2.5
Chevrolet	376	37.08	836	38.43	1,212	38.08
Buick	51	5.02			51	1.60
Cadillac	5	4.9			5	1.16
Pontiac	55	5.42			55	1.72
Oldsmobile	21	2.07			21	.66
GMC			19	.87	19	.58
Chrysler	3	.29			3	.09
DeSoto	13	1.28	6	.27	19	.58
Plymouth	12	1.18			12	.38
Dodge	24	2.37	36	1.65	60	1.88
Fargo			27	1.24	27	.84
Hudson	3	.29			3	.09
International			558	25.64	558	17.48
Nash	10	1.00			10	.31
Packard	10	1.00			10	.31
Studebaker	10	1.00	8	.37	18	.56
Willys	97	9.56	11	.50	108	3.38
Reo			3	.14	3	.09
Others	1	.10	2	.10	3	.09
Total	1,014		2,176		3,190	

MANILA, METROPOLITAN AREA, SALES TO NOVEMBER 30

	CARS		TRUCKS		TOTAL	
	Number	%	Number	%	Number	%
Ford	456	15.44	982	38.13	1,438	26.02
Mercury	212	7.18			212	3.83
Lincoln	61	2.07			61	1.11
Prefect	2	.07			2	.03
Chevrolet	710	24.03	723	28.08	1,433	25.92
Buick	108	3.65			108	1.95
Cadillac	18	.61			18	.33
Pontiac	157	5.31			157	2.84
Oldsmobile	220	7.45			220	3.98
GMC			50	1.95	50	.91
Chrysler	21	.71			21	.38
DeSoto	164	5.55	54	2.10	218	3.94
Plymouth	122	4.13			122	2.21
Dodge	217	7.34	86	3.34	303	5.48
Fargo			58	2.26	58	1.05
International	52	1.76	493	19.14	545	9.94
Nash	91	3.08			91	1.64
Packard	73	2.47			73	1.33
Studebaker	74	2.50	17	.66	94	1.70
Willys	173	5.85	46	1.78	219	3.96
Reo			45	1.75	45	.82
Austin	16	.54			16	.29
Others	7	.23	21	.81	28	.51
Total	2,954		2,575		5,529	

Textiles

By L. W. WIRTH

General Manager, Neuss, Hesslein Co., Inc.

THE old import control (under Executive Order No. 231), promulgated on June 28, 1949, provided for a 50% cut in imports of fabrics costing P1.20 c.i.f.

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per yard or more, and was based on the average yearly imports during 1946, 1947, and 1948. The new import control (under Executive Order No. 295), promulgated on November 29 and effective December 1, 1949, placed all textile fabrics under control, irrespective of price, with percentage cuts of from 75% to 95%, based on imports during 1948 only.

It is acknowledged that some control measure was needed to help close the gap between imports and exports and thus conserve the U.S. dollar reserve of the Philippines. It is, however, not true that, as has been reported, there are now sufficient textiles in the Philippines to cover requirements for two years, and this false belief probably led to the drastic cuts imposed by Executive Order No. 295.

It is, in fact, inconceivable that such large stocks of textiles could exist in the Philippines. The following are the figures for the pre-war and post-war importations of cotton piece goods and rayon piece goods:

PRE-WAR IMPORTATIONS FROM ALL COUNTRIES (From Government Statistics)

	Cotton Piece Goods		Rayon Piece Goods		Total
	Sq. Meters	Sq. Meters	Sq. Meters	Sq. Meters	
1938.....	130,879,000	17,307,000	148,204,000		
1939.....	129,008,000	8,854,000	137,862,000		
1940.....	97,563,000	12,630,000	110,293,000		
Total 3 Years.....	357,568,000	38,791,000	396,359,000		
Average.....	119,189,300	12,930,300	132,119,600		
		Sq. Yards	Sq. Yards	Sq. Yards	
Average in Sq. Yards.....		142,548,931	15,464,479	158,013,410	

POST-WAR ARRIVALS

	Cotton Piece Goods		Rayon Piece Goods		Total
	pkgs. ¹	sq. yds. ²	pkgs.	sq. yds.	
1946..	67,024 pkgs. ¹	13,603 pkgs.	80,627 pkgs.		
	70,295,826 sq. yds. ²	6,402,441 sq. yds.	76,698,267 sq. yds.		
1947..	92,978 pkgs. ¹	43,761 pkgs.	136,739 pkgs.		
	103,544,381 sq. yds. ²	51,323,686 sq. yds.	154,868,067 sq. yds.		
1948..	68,283 pkgs. ¹	50,385 pkgs.	118,668 pkgs.		
	78,025,694 sq. yds. ²	66,759,015 sq. yds.	144,784,709 sq. yds.		
1949..	81,111 pkgs. ¹	59,441 pkgs.	140,552 pkgs.		
	89,222,100 sq. yds. ²	68,957,150 sq. yds.	158,179,250 sq. yds.		

It will be noted that, pre-war, the yearly average was roughly 160,000,000 square yards, whereas, post-war, the yearly average was only about 134,000,000 square yards or about 26,000,000 square yards less than the pre-war yearly average. On this basis there can hardly be a two years' supply of textiles in the Philippines considering there are now around 19,000,000 people, as compared to 16,000,000 pre-war, in addition to which it must be considered that there were no importations during the war years of 1942, 1943, 1944, and 1945.

¹ Arrivals by Packages (cases and/or bales) according to ships' manifests.
² Importations by Square Yards according to Philippine Government statistics.
³ Estimated—On average of 1946, 1947, 1948.

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In the light of these statistics, it appears necessary to re-study and re-appraise the percentage cuts imposed on textiles in Executive Order No. 295.

The sudden imposition of these drastic cuts, particularly on low-priced textiles, needed by the masses, which previously were not subject to control, came as a shock to textile manufacturers and exporters in the United States.

The Textile Industry Committee on Foreign Trade, representing the American Cotton Manufacturer's Institute, the National Association of Cotton Manufacturers, the Association of Cotton Textile Merchants, and the Textile Exporters Association of the United States, sent various cables to the Philippine authorities seeking a period of grace for shipment of orders booked prior to December 1, especially of goods which previously were unrestricted, on which basis existing contracts had been made and against which contracts they had goods in process for the Philippines, in most instances, not easily salable elsewhere.

They also respectfully suggested the following modifications in Executive Order No. 295:

1. An increase of quotas permitting 50% of 1946, 1947, and 1948 imports;

2. That quotas be based on 1946, 1947, and 1948 imports, since it was during that period that special-efforts were made by the United States industry to supply goods to the Philippines. This was a period of dire world-wide shortages and these extra efforts then did much to put an end to black-market conditions then prevailing in the trade in the Philippines.

3. That all goods en route or on order which may exceed present and or future quotas assignable to the importers, be licensed and permitted entry.

It has been suggested that the establishment of one year only as a base period cannot possibly be indicative of performance over any considerable period of time. By using the average annual importation during 1946, 1947, and 1948, there would be greater equity and justice for all concerned, as it may well be that importers who have been doing business in the Philippines for a period of from 20 to 30 years or more may have imported very little or nothing during 1948, which would thus practically put such old established firms out of business.

It will be recalled that in February, 1948, there was a crash in the grain market in the United States which, in turn, greatly affected other trade markets to the extent that prices generally weakened and many old established importers, anticipating a further decline in prices, imported very few goods during 1948 in order to protect their business.

The following figures have been obtained from the Bureau of Census and Statistics:

	1946	1947	1948
	Pesos	Pesos	Pesos
Cotton and Manufactures			
Total.....	94,476,363	153,442,326	137,363,424
Rayon and Other Synthetic			
Textiles.....	29,649,242	90,584,900	105,019,904
Combined.....	124,125,605	244,027,226	242,383,328

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	Total 3 Years Pesos	Yearly Average Pesos
Cotton and Manufactures		
Total	385,282,113	128,427,371
Rayon and Other Synthetic Textiles		
Total	224,254,046	74,751,349
Combined	609,536,159	203,178,720

On this basis, the suggested 50% cut of the Textile Industry Committee would mean roughly only ₱102,000,000 worth of textiles for importation into the Philippines during 1950. Dividing this by 19,000,000 (the population), this means less than ₱5.50 per year for each man, woman, and child, which clearly indicates the essentiality of the textile imports to the Filipino people, not only from an economic view-point, but also in consideration of health and well-being among the lower income groups if they are to be properly clothed with essential replacements.

This we consider a reasonable figure compared to the present percentage cuts, which, on a basis of 75% of 1948, would mean only about a ₱60,000,000 importation during 1950, or only about ₱3.00 per person for replacement.

Legislation, Executive Orders, and Court Decisions

By EWALD E. SELPH

Ross, Selph, Carrascoso & Janda

LAST month the Court of Industrial Relations rendered a decision (Central Sawmill Co. case No. 267-V Dec. 2, 1949), which appears to reaffirm several points of principle on labor relations which were established by the Court shortly after the inauguration of the Republic, and also sets forth the views of the Court on what constitutes a fair return on investment.

There were ten demands and a brief summary of the action taken is as follows:

1. 100% general increase in pay—

Denied, but the Court fixed a minimum of ₱4.75 for common laborers. The Court went into considerable detail as to the basis for fixing wages which will be referred to later.

2. 50% additional for overtime and holiday work—

(a) Overtime — the Court found that the company's financial condition was such that not more than 25% additional for overtime was warranted.

(b) Holidays — the Court stated that the law required at least 25% additional for holiday work and ordered 25% additional for holiday work.

3. 50% additional for night work—

The Court ordered 25% additional for night work, stating financial condition of company could not excuse it from additional pay for night work.

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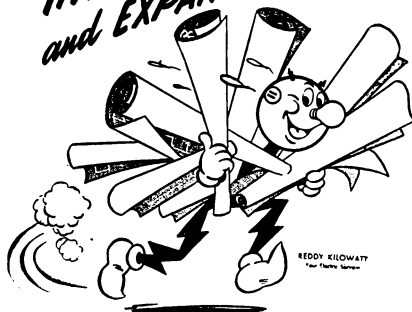
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4. 15 days sick leave with full pay, free medicine and hospitalization—

(a) Sick leave — the Court said whether a profit was being made did not affect obligation to grant 15 days yearly sick leave and stated actual illness should be certified by the company's physician.

(b) Free medicine and hospitalization — the Court ordered compliance with the Workers' Compensation Act and the laws providing for emergency dental and medical treatment.

5. 15 days vacation leave with full pay—

This the Court said depended on the ability of the employer to pay but found that a small profit was being made and ordered the company to grant 15 days vacation leave for at least one year of faithful service.

6. No suspension or dismissal without just cause—

The Court approved agreement of employer on this point.

7. Drivers must not be required to load or unload—

The Court said when the load is of light material and the drivers are willing to cooperate, only one helper should go with the truck, but when the load is "rather heavy and in great quantity" the company should provide two helpers.

8. Better pay and additional help for heavy work—

The Court said this demand was covered in the general demand for increase, according to work done.

9. Preference to Filipinos in employment, and all privileges given others—

(a) Court approved agreement to give preference to Filipinos in employment.

(b) The Court said such privileges as free food and quarters for some employees are part of their remuneration under strict business arrangements, and cannot be granted to all by a court decision.

10. Closed shop and check off—

The Court said there is no law requiring closed shop or check off and that all closed shop arrangements in the Philippines have been by agreement and not imposed by the Court, which has no power to grant or impose either closed shop or check off.

Returning to the demand for increased wages the Court stated the factors to be considered were as follows:

1. Actual cost of living
2. Nature of work
3. Wages in other companies in similar business
4. Fair return on investment

The Court then stated:

"There is, therefore, a necessity of allowing capital a fair return on its investment more than allowed by banks on deposits in order to induce capitalists, industrialists, financiers, businessmen and the public in general, to invest their money in agricultural, commercial or industrial enterprises. In the light of the above findings, the net return of 3.39% per annum, based on the Net Operating Profit of respondent, is not fair for the investment of respondent company. A fair return on the investment should be a Net Operating Profit equivalent to not less than 12% per annum on the Total Invested Capital of the business. For purposes of the record, it is believed that the net return is computed thus: Net Operating Profit, before deducting other charges and adding other income, divided by Total Assets, minus investments in other business.

However, minimum wages should constitute a first lien on business. In case the lowest wage level is even below the actual cost of living of wage earners, such wage level should be raised, whether the employer is making profit or not, in order to enable the workers concerned to obtain at least the essential commodities needed by them and their families. It would seem that no business can rightfully have a claim to insist in carrying on when it cannot give even the semblance of a minimum wage. Let it be remembered that this Court has consistently maintained that salaries and wages of workers form part of the operating expenses of the company, and that the grant of a decent minimum wage is not entirely dependent on the financial condition of the Company (Case No. 70-V). Anyway, any increase which may be given to workers falling in the higher brackets of the scale of salaries and wages, after the minimum wage of the laborers has been determined, may be made to depend upon the so-called fair return of the employer on its investment."

ON September 27, 1949, a decision was rendered by the Supreme Court reaffirming an old principle which is used to curb litigants who delight in raising technical points of procedure to befog the issue.

"As stated in the case of Alonso vs. Villamor (16 Phil. 315),—"A litigation is not a game of technicalities in which one, more deeply

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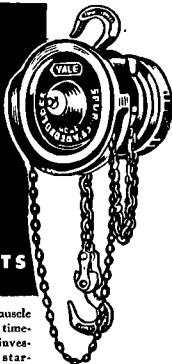
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school and skilled in the subtle art of movement and position, entraps and destroys the other. It is, rather, a contest in which each contending party fully and fairly lays before the court the facts in issue and then, brushing aside as wholly trivial and indecisive all imperfections of form and technicalities of procedure, asks that justice be done upon the merits. Lawsuits, unlike duels, are not to be won by a rapier's thrust.***

Philippine Safety Council

By FRANK S. TENNY
Executive Director

THE Board of Directors of the Philippine Safety Council has announced seven winners of the PSC "Award of Merit", given for outstanding contributions to safety during the year 1949. The list of awardees follows:

1. *San Miguel Brewery* — For industrial safety measures built into the new glass factory at Farola and the bottling plant at Polo.
2. *The Manila Fire Department* — For courageous and intense fire-protection services rendered in spite of shortages of equipment and difficult fire prevention problems.
3. *Ayala y Compañia* — For creating a model private security force, both for the protection of tenants and to advance public safety.
4. *The National Bureau of Investigation* — For outstanding service to the police departments of the Philippines by conducting their national police-training schools.
5. *Pangasinan Transportation Company* — For setting an outstanding record of driving-safety of 1,000,000 kilometers travelled for every accident to one of its buses.
6. *Philippine National Red Cross* — For outstanding service to the public in water-safety, first-aid, and disaster-services, as well as the creation of its National Committee on Safety Services.

7. *Manila Fire Insurance Association* — For services to the public far beyond those expected from a commercial entity in the fight for fire prevention and arson detection.

These 7 winners were chosen from a list of 12 nominees by the PSC Directorate. A suitable certificate will be presented in the near future to each winner at a ceremony to be held in the winner's office.

In commenting upon the awards, Safety Council Executive Director Tenny said, "We congratulate these seven organizations for leading the fight for safety and for their contribution to the National Safety Movement. In 1948 there were five winners. Last year, 1949, there were seven. Let's hope that many more organizations will be eligible for this annual safety award for the year 1950".

Executive Order No. 301

AMENDING EXECUTIVE ORDER NO. 295, DATED NOVEMBER 29, 1949

BY virtue of the powers vested in me by Republic Act No. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL AND PENALIZING VIOLATIONS OF THIS ACT," I, ELPIDIO QUIRINO, President of the Philippines, do hereby order:

SECTION 1. Section 2 of Executive Order No. 295, dated November 29, 1949, is hereby amended so as to read as follows:

"The Import Control Office shall be directly administered by a Commissioner to be appointed by the Import Control Board. The Commissioner shall enforce and carry out the rules and regulations promulgated by the Import Control Board and recommend such changes to the Board as from time to time may be found necessary to improve the administration of import controls and to achieve the purposes for which the controls were established. The Commissioner shall be assisted by a representative of the Department of Finance and a representative of the Central Bank of the Philippines and such other personnel of the Import Control Office as may be provided by the Import Control Board, upon the recommendation of the Commissioner."

Sec. 2. This Order shall take effect on January 6, 1950.

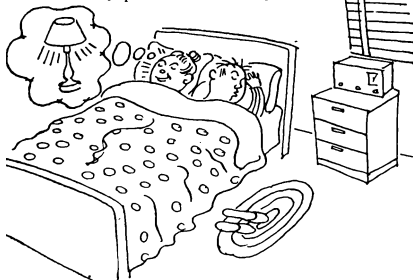
Done in the City of Manila, this 6th day of January, in the year of Our Lord, nineteen hundred and fifty, and of the Independence of the Philippines, the fourth.

(SGD.) ELPIDIO QUIRINO
President of the Philippines

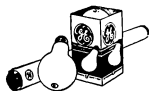
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**COST OF LIVING INDEX OF WAGE EARNER'S FAMILY¹ IN
MANILA BY MONTH, 1946 TO 1949
(1941 = 100)**

*Bureau of the Census and Statistics
Manila*

1946	All Items	Food (59.15)	House Rent (8.43)	Cloth- ing (0.62)	Fuel, Light and Water (13.94)	Miscel- laneous (17.86)	Purchas- ing Power (of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	1657
February	547.2	656.3	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 ²	(100.00)	(63.43)	(11.96)	(2.04)	(7.73)	(14.48)	
January	426.2	358.2	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	337.7	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	325.4	269.4	2625
June	386.3	414.4	453.9	236.8	316.6	268.6	2589
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	2556
February	368.5	392.0	453.9	228.8	301.1	254.4	2714
March	349.4	361.0	453.9	214.6	308.1	255.9	2862
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	365.6	385.7	453.9	199.8	281.6	261.7	2751
September	370.6	397.2	453.9	192.2	279.6	261.6	2698
October	374.9	404.0	453.9	204.8	283.2	257.9	2668
November	368.7	394.4	453.9	202.0	281.6	258.7	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	258.5	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
June	349.0	362.9	453.9	203.9	287.5	257.2	2865
July	351.7	374.0	453.9	194.2	265.8	240.5	2844
August	337.5	351.2	453.9	195.3	266.6	241.2	2963
September	333.6	345.1	453.9	190.3	264.8	243.1	2998
October	332.9	343.3	453.9	199.9	264.8	245.0	3004
November	339.6	356.1	453.9	191.1	258.4	239.8	2945
December	329.6	335.9	453.9	202.9	259.5	256.2	3035
1950							
January	332.3	336.8	453.9	238.0	253.1	269.3	3010

¹ Average number of persons in a family = 4.9 members.

² 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, 1948.

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The "LET YOUR HAIR DOWN"

Column

A European diplomatic official came to our office some weeks ago and told us that when he was in China he had sent in a subscription for this *Journal* and that he had found it very useful. He said that it had been recommended to him as containing from month to month virtually all the information about the Philippines that is of any importance!

We ourselves would not make any such claim as that, but the diplomat's remark shows that foreign interest in the Philippines is largely an interest in the economy,—the production, the trade, the finance of the country. That is, in fact, what "makes the mare go".

Everything else in a country,—its general conditions of life, its government and politics, its culture, its progress, its whole role in the world, is largely determined and limited by its production and trade. Knowing about that, the rest can be much more than merely surmised. An expanding trade indicates an increasing production, sound national finance, a strong government, a rising standard of living, an industrious, progressive, well-led, and happy people, and a development in all the higher arts.

IN reply to a letter of congratulation from the President of this Chamber on the occasion of the inauguration of the United States of Indonesia, the Hon. C. Tamba, Indonesian Consul General in Manila, sent the following:

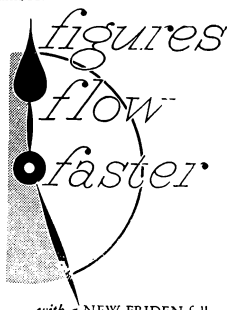
"I am deeply in your debt for the very warm sentiments expressed in your letter of December 29, 1949, and I have the confidence that we shall merit the trust you repose in us.

"The acquisition of freedom is merely one facet in the great endeavour of giving our people good government and the opportunity to live a full life in conditions favourable to national advancement and international amity. We mean well, and we are going to try hard to achieve our aims. If the world will stand with us—as in the past—and give us a helping hand, both you and we will enjoy the deep satisfaction of having participated in a fascinating, yet challenging, experiment. Your Chamber is in a position to assist us, and I am sure it will."

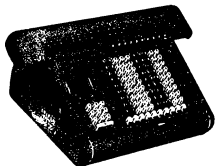
WE recently received a copy of the July-August issue of *Pacific Discovery*, published by the California Academy of Sciences, which contained a very interesting article entitled "Bamboo Literacy on Mindoro" by Harold C. Conklin, not the Dr. Robert J.

Conklin who, with Professor Marvin S. Pittman, was murdered in the Mountain Province late last year. Harold C. Conklin came here during the war as a young soldier and remained for several years because he is interested in anthropology and comparative linguistics and wanted to work with Dr. H. Otley Beyer. While here, he went out on a number of expeditions, one of them to Mindoro.

In the article referred to, he writes of the pagan Hanunoo group there which still writes the Philippine script which is "one of the remote descendants of the ancient Sanskrit alphabet", similar to the Indic scripts which survive in some of the other parts of Malaysia. The writing is done generally by scratching the syllabic characters on sections of bamboo.



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That any form of writing should be so long preserved by a jungle people, living in almost complete isolation, is surprising, and the question arises as to why. What have they to write about? What is it they wish to record or to communicate? In some areas more than 60% of the people are literate. What is it that is so important that in face of the very simple conditions of their lives, these people have retained and continue to practice the art of writing? Mr. Conklin's answer is — the *court-ship* between the sexes!

"... The incentive to learn the use of their ancient syllabary does not stem from a desire merely to preserve the old form of writing so much as it does from the interest taken by young people of both sexes in building up a repertoire of as many of the traditional love songs as possible."

Mr. Conklin explains that — "in order to retain the oldest songs and riddles, continual copying from one bamboo cylinder to another is necessary, since there are no rock inscriptions and the ever-present tropical weevils make the preservation of bamboo records for more than one generation impossible."

He states also that because of the "amazing simplicity of the script itself, it is possible to learn the entire syllabary within only a few weeks' spare time". There are only 48 basic and derived characters to memorize.



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According to the authorities, "history begins with writing, as does civilization". Writing sprang from the need to assist the memory, — the first methods involving the use of sticks and stones, shells, notched sticks and knotted strings, beads (wampum). Then came drawings, paintings, and pictograms. Syllabic and alphabetical writing came still later. Generally, writing probably started with the recording of magical and religious incantations and spells, inscriptions on buildings and monuments, dynastic and priestly successions, military exploits, epic migrations and wars, laws and codes of law, letters between rulers and governors, treaty agreements, contracts

between great merchants, etc. All very important matters indeed!

But here these simple folk in Mindoro preserve their ancient writing merely to better make love. And who will say that that is not the most important business of all?

The editor, poor fellow, has to keep on writing on economic, financial, and business questions. But he couldn't write a love-song anyway.

"What makes you think that?" he asked. "I have written some pretty passionate ones in my time."

"Oh, yea."

"They were printed anonymously."

"Let's hear one."

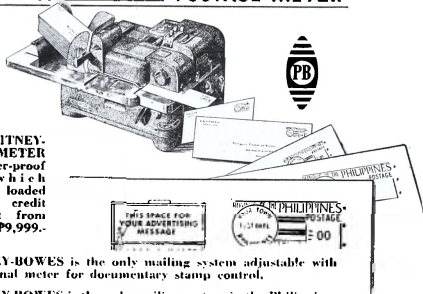
"My memory is not so good, but I'll give you a new one just to show what I can do. Here—"

KEEP HIM HONEST



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He sat down at the typewriter
and after a while read the following:

"O lassie dear,
You are still
Near in my heart,
Though long it was
Since we did part.
Did part..."

"For 'lassie'", he said, "substitute
any of a half-dozen names."

"Funny, yea; and feeble," said
the stenographer.

"Ah, so," said the editor. "Well,
here's a love-song I defy you to
laugh off. It came to me last night."
And again he wrote on his typewriter,
then read:

"O charming
Little roly-polly
Rogue,
My little laughing
Stumbling tot;
On unsure feet
You walk
Straight into
My heart."

"That's dedicated to my youngest
grandson,—1/4 me and 3/4 Fili-
pino, and I don't know what, but
I do know that he and his genera-
tion will be the men of the future,—
unless government controls ruin the
country for them... Do you see my
interest?"

"Grandfatherhood is sacred," he said
as he put the cover on his typewriter.
"Let no one accuse me of spoiling
the Philippine climate!"
The office was respectfully silent.

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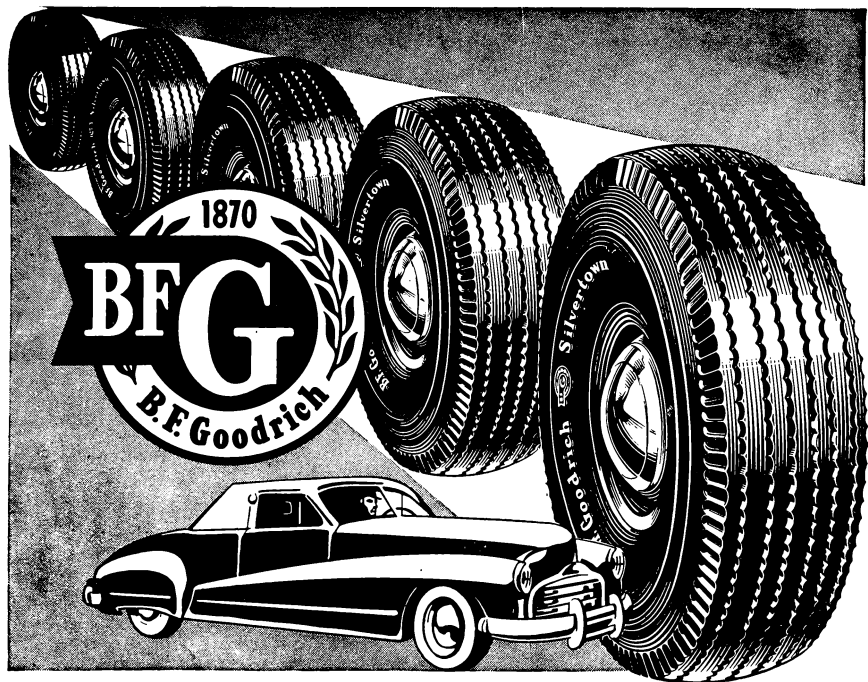
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