The way to Boholana's house led through the forest, but Bakuko was unafraid; he had his warrior's weapons with him, kris and kampilan; and he had *hadjumuts*, appropriate verses from the Koran, embroidered on his garments to secure him from ambush and other lurking dangers of the trail. He had *hadjimut hyrannabowat*, more precious verses, sown to a piece of cloth hung round his neck, so that if he had the luck to see Boholana, she would love him again and there might be a wedding after all. Finally, he had *hadjimut sulaeman*, a monitory verse from the Koran, under his tongue, so that in talking with Boholana's parents he would speak only the Koranic truth and his enthusiasm would not lead him into temptation.

He was, in short, all prepared to be delivered from evil; and so he began his journey.

But he had hardly got well into the forest when a gruesome old crow croaked ahead of him. It was the auspices again, Bakuko simply had to turn back for that day, which he spent reading the Koran. But next day he essayed the journey again, and had hardly got to where the crow had turned him back the first day, when a snake rustled out of the undergrowth and wriggled across his path. But, though a worse omen than the croaking crow, Bakuko would have gone on in defiance of the snake if a deer had not now scampered across the path in the opposite direction. The path being thus crisscrossed with evil auspices, again Bakuko turned back. He could confront man, but this obviously supernatural power was too much for him.

He waited a few days, started again, and had better luck at last. Along his path the gay kingfisher called, and presently a wild sow and her litter squealed and grunted by. These were the best of auspices. Arrived at Boholana's house, Bakuko had but to mention the sow and pigs to make the old folks understand that this time he meant business; and so, as they wished to keep the silver pesos and didn't really mind seeing their daughter decked out in bright Moro silks, they readily consented to the ceremony, and even agreed that it might be a Mohammedan one.

Bakuko was much pleased, even the *hadji hyrannabowat* had worked and Boholana again loved him dearly. The chattering old women of the tribe were confounded, their predictions of no good coming of his affair with the pretty Christian were all wrong, all *buisit!*

Of course the old women wouldn't give in, but what cared Bakuko? Nothing.... until.

As he was sleeping contentedly by Boholana on their *matrimonio* sleeping mat one night, something awoke Bakuko at a most unfortunate moment. Boholana's pretty head had left her body, and was floating around the room. Bakuko, transfixed with horror, watched the spectral head until, after an excursion into the moonlight beyond the window, though the window was tight shut, it came back and settled on Boholana's shoulders again. It all seemed very unreal and impossible, but presently Boholana was faintly snoring: Bakuko had certainly seen the head *away* from the body, and now it was certainly on the body again.

There could be no doubt, or hope—not any more. Boholana, sweet and pretty as she was, and apparently gentle docility itself, was nevertheless a *bababula*, the most malevolent kind of witches in all Sulu, witches who feast only upon human vitals and count babies their daintiest morsels. Well, much as he loved her, there would now be one less witch. Bakuko steeled himself to Spartan action. When Boholana's head went marauding in the little neighborhood again, he filled her neck up with sea shells so that the head couldn't reattach itself to the body. That did for poor Boholana, and Bakuko buried her with brief lamentation. But he, too, was through with life. He girded himself with rattan thongs, twisted them tighter and tighter, getting a maddening high blood pressure by this means, while he appealed to Allah and swore himself by Islamic oaths to sell his life in the annihilation of Christians. To make the auspices right, now that he was a *juramentado*, he acquired a *manik soliman*, making him invulnerable to bullets and bayonets. He was by way of becoming the leader of a notorious band of Sulu *juramentados* against the Americanos; except that in the first encounter the *manik soliman* and his faith in it made him take an exposed position and dare the soldiers in khaki to do their worst, whereupon a sharpshooter simply took one shot and finished Bakuko off forever, relieving him from any further anxiety about the auspices, which had always given him a bad break.

But Allah no doubt gave Bakuko his reward. So it is written in the Koran.

The above story embraces the principal Sulu superstitions.—*Ed.*

Seven Per Cent "Foreigns" Take Fifteen Billions Of American Cash Since 1915: Still Going Strong

Up to the period of the Great War foreigners bought American bonds, now the process is reversed and Americans are buying foreign securities with their usual immoderateness about everything, since they have heaps and heaps more money than they can use at home. The movement is interesting, and the *Journal* reproduces Charles F. Speare's account of it from the April *Atlantic*, pp 76-78, inviting attention to two significant facts: first, seven per cent is a withering rate for money, but lower than prevailing rates in the Philippines; second, Holland borrowed freely from the United States at this rate to develop East-India Holland, but is now financing herself, and Czechoslovakia is retiring a 7-1/2-per-cent loan from the United States with a 5-per-cent domestic loan, 13 years ahead of time. The *Journal* doesn't know anything about it, but it suspects that the tax levies governments now make upon every chap's investments are reflected in interest rates, and that seven per cent is not the enormity it was of old; while it is evident that when a people does get the use of money at this astounding rate, and buckles down to work with it, domestic resources soon make retirement of the costly loan feasible.—*ED.*

AMERICANS IN THE FOREIGN MARKET

By CHARLES F. SPEARE

The American investor, adventuring for the first time on a large scale in the foreign bond market, is no longer a pioneer in a field of capital risks and of unknown values. He has not yet, however, advanced beyond the stage of an investing dilettante in his pursuit of safety and 7 per cent in the securities of European and South American countries.

The episodes in the chapter of American financial history that has to do with present holdings of nearly $15,000,000,000 of dollar credits of one kind or another are four in number. They cover a period of twelve years, the first dating from October 1915, when the Anglo-French 5-per-cent external loan for $500,000,000 was timidly offered in the United States. Quickly following this issue were three loans, aggregating $800,000,000, made to Great Britain and secured by collateral in the form of international investments. Within fifteen months American capital absorbed $1,300,000,000 of French and English obligations at a fair rate of interest and with prompt payment plus a small profit on the day of maturity, the last of these notes falling due in 1921.

The second of the episodes concerned Russia, in 1916 a wavering ally of France and England and in need of funds. It was brief and unpleasant. The record of it is in the files of many banks and in those of the State Department. It cost the American investor fully $100,000,000—some say much more.

Episode number three was the strangest and most expensive of all—a study in investment, or, rather, speculative psychology. The mass of quick-and-liberal-profit-requiring American investors moved on Germany and gorged themselves on German mark securities. The pre-war loans that had ranked with British consols and French rentes as premier investments, municipal obligations, and even German currency were purchased at a daily rate that determined the fluctuations of the foreign exchanges. In the debacle that came at the end of a three-year spree Americans found themselves with reams of paper and a loss of $500,000,000 to charge off in their income-tax reports.

The fourth episode, and the one with which we are most concerned, occurred in the autumn of 1924. It was the sequel to the Dawes Plan, which had been promulgated a few weeks earlier. Its central feature was a loan of $110,000,000 at

7 per cent to the German Government for the purpose of stabilizing the German currency and placing Germany on a gold basis. This loan was an immediate success. Offered at 92, it was heavily oversubscribed and at once sold at a premium, although a few months later a French Government 7-per-cent issue at 94 was so poorly taken by the public that a banking syndicate was compelled for months to support it. It may not have been considered a risk to purchase the 7- and 8-per-cent government and municipal obligations of Switzerland and the Scandinavian nations even while they were going through their industrial and banking crises in the deflation years from 1920 to 1922. It assuredly was an adventure in investing for the American to buy a German Government bond in 1924. And when this adventure came through profitably he looked about for new fields to explore where the yield was 7 per cent or better and safety was 'reasonable.'

This search has taken him around the world. The penetration of American dollars into nearly every civilized portion of the globe since 1919, by means of foreign loans, is the outstanding thing in current financial history. The latest record of foreign bonds sold in the American market deals with four hundred issues in over thirty geographical divisions. These run the scale of credit from the obligations of Great Britain and Canada to those of Poland and Jugoslavia and from the city of Toronto and the Province of Ontario to little-known cities and departments in South and Central America. In numbers Great Britain has the fewest loans, 4, and Germany the most, 85. France has 15, including 5 to her railroads, and Belgium only 6—all for the Government. The Scandinavian loans total 30, with Finland borrowing $70,000,000 here on 6 issues. Australia and Canada combined have 31 loans. Recently the Irish Free State has been a successful applicant for funds at a slightly less favorable rate than Australia. The Dutch have been free borrowers, with 10 loans, mostly for East Indian development. Now they are financing themselves. So is Czechoslovakia. She is paying off a 7-1/2-per-cent dollar bond issue that does not mature before 1945 from the proceeds of an internal 5-per-cent loan. Italy has negotiated 22 loans to further her programme of hydroelectrical expansion and for her leading cities and industries. She will borrow much more. Loans to Poland amount to $115,000,000. The daily quotation sheets include the bonds of Greece, Bulgaria, Estonia, and Jugoslavia, which, with Poland, are the centres of political fermentation in Europe. The American investor passes by this element of risk. He has not yet acquired the European habit of watching the market for signs of war. There are, of course, loans to Cuba as well as to Haiti and to the Dominican Republic. The American tourist in South America could check up 70 loans of American capital to the governments, cities, and provinces of Argentina, Brazil, and Chile, and 10 or a dozen more to Bolivia, Uruguay, and Peru. We have made 6 loans to Panama aggregating $12,000,000 and 21 to Colombia for $115,000,000. Our dollars have assisted in the rehabilitation of Costa Rica and Salvador. Japan was a preferred borrower before the war. Since then she has secured over $300,000,000 in the United States to assist her governmental policy of protecting growing industries, enlarging the scope of her great power companies, and rebuilding those communities that suffered most from the earthquake. Finally, we have investments in China and Mexico, which are unproductive, and there is a record of an American loan having been made to Iceland.

The fourth episode in this remarkable movement of American capital into the foreign field is still open. We have to-day in foreign investments fifteen times the amount of the United States debt in 1917. At the present rate of increase there will be more dollars in foreign bonds by the end of 1930 than there are outstanding of United States obligations. Only two of the 400 issues listed have defaulted—one a small industrial of Southeastern Europe and the other an insignificant province in South America. Over 85 per cent of the foreign bonds taken by American investors show them a substantial appreciation from the issue price. Investors have had good luck, though they may credit themselves with good judgment. It will require more careful investigation from now on to succeed in the international investment field. The temptations there will be greater than ever, as the prime issues are refunded at lower rates of interest, and inferior securities with high coupons are offered in exchange, in competition with domestic bonds whose yield has been falling and may decline still more in the next few years.

DR. JENKS'S APPRECIATION

S. S. "Empress of Canada," April 20, 1928.

My dear Mr. Robb:

The number of the Chamber of Commerce Journal *(for April) that I have been reading with much care has given me great pleasure, in addition to giving me a mass of information. It is seldom that one finds in a business journal such a variety of useful information. To begin with, the editorial and the article on Mayor Rolph's method of investing in the Islands properly emphasize the too often neglected importance of management of an enterprise. In fact, it is usually the management that either kills or makes successful the enterprise.*

Next, there can be no doubt that the key to a really great boom in the Islands is to be found in Mr. Hammond's article on the necessity of a payroll. The one thing needed above all others is the investment of capital, with the hearty cooperation of the Filipinos, as is properly set out in the editorial from the Manila Times *of March 4. How some of the Filipinos get the idea that their independence is thereby endangered I do not see. Surely only a strong nation is fit for independence, and nothing will so give strength to the Islands as a prosperous, contented mass of workers.*

Mrs. George Read's article on "Things Rare and Beautiful in Manila" is as informative as it is beautifully written; and one might mention in the same connection her penetrating article on the movies. Anyone who has seen The Big Parade *and* Don Juan *will recognize at once her discrimination.*

And so one might go through the Journal. *Everywhere from the articles on the Islands themselves, giving accounts of their beauties and history, as for example that on Pagsanjan, to the more purely businesslike accounts of Real Estate, Rail Commodity Movements, Shipping, Hemp, Sugar, and the rest, all written by men who know just what they are talking about, there is the same excellence of selection of material and thoroughness of treatment that one is glad to find.*

Let me congratulate you on the first rate quality of the Journal, *in both the range of subjects covered and in the quality and quantity of the material given. You have good reason to be proud of the* Journal.

Very sincerely yours,

Jeremiah W. Jenks.

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Readers of the *Journal* will recall that Dr. Jenks was in the Philippines in April, and that he went to Baguio and conferred with Governor General Henry L. Stimson. All readers may not be aware of his importance in the Philippine scheme of things. He is the author of our gold-standard law, our *Conant* system, and of the law of 1903 which brought about retirement of the Mex. silver from circulation. Dr. Jenks is president of Alexander Hamilton Institute. He is also research professor of government and public administration in New York University, and a close adviser of the national government upon Philippine affairs.—ED.