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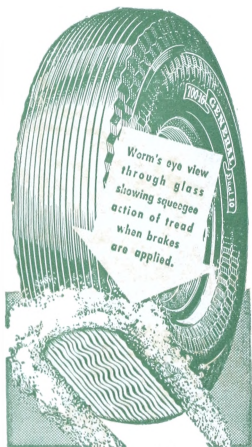


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LETTERS

Dr. Victor S. Clark

—Well known to our readers and in Manila most lately as counsel to President Quezon on economics matters.

"Your letter of June 27 was at my office when I arrived last Wednesday. I had heard of the murder of Percy Hill when in San Francisco last August. The crime naturally shocked me as it did everyone who knew the history of American settlers in the Islands.

"I have not read through the last two issues of the Journal including the August number with a cover picture of very great personal interest to me. You keep up the standard whatever is happening with the Islands in general. It was an excellent idea to publish the Warring-Dorfman Report. You have put it in excellent form for reference and preservation. I am glad to have it in the Library files.

"My summer's trip included a motor tour with Robert Lincoln O'Brien, until recently Chairman of the United States Tariff Commission, who is an old road companion. We went west through Minneapolis and Winnipeg toward the prairie provinces of Canada, made our way by motor through the Rockies via Banff, Lake Louise, and Frazer Cañon, did the Olympic Peninsula, the Redwood Highway and the new coast road from Monterey to Santa Barbara, crossed the desert to Boulder Dam, and spent about a week in the Grand Cañon and Zion Park country. I separated from Mr. O'Brien and a friend who accompanied us at Salt Lake City to fly back to the coast and take a steamer stopping at Central American and Columbian ports through the Canal to New York. It did not seem a healthy time to venture across the Pacific as I was seeking relaxation rather than excitement.

"I have been much interested in your observations on current conditions in Manila and wonder what you think of the present Far Eastern situation in general. Did you meet Fred Howe, the Agricultural Adviser to whom I gave a letter for you? Louis Weinzheimer seems to regard him highly.

"Philippine questions are quiescent in Washington and harried officials are trying to forget about sugar in the hope that all parties will let sleeping dogs lie. I have not been back long enough to learn much more than that."

Salvador Araneta

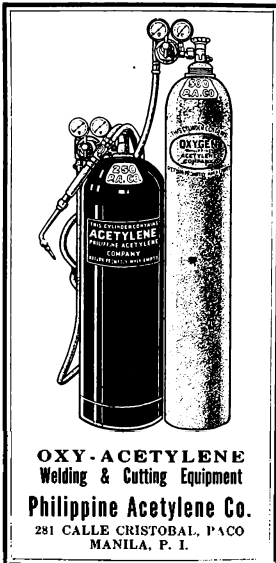
—Manila attorney whose brief October 6, 1937 to the MacMurray committee was summarized by us.

"I thank you very much for yours of the 5th inst., informing me of the kind treatment you have given to my brief. I was prompted to submit my candid views on the problems confronting the Joint Preparatory Committee on Philippine Affairs with the belief that such step would be helpful to our cause. I know that any space to be given to such views in your Journal or in the 'News' at Chicago will be a factor in bringing about the purpose which actuated me in the preparation of the same.

"Your Journal is, indeed, an excellent magazine and I have been following it with much interest."



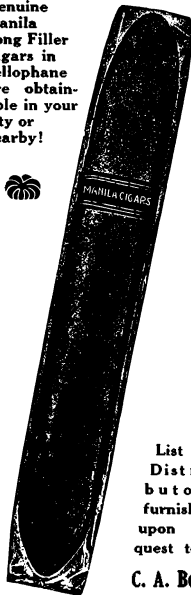
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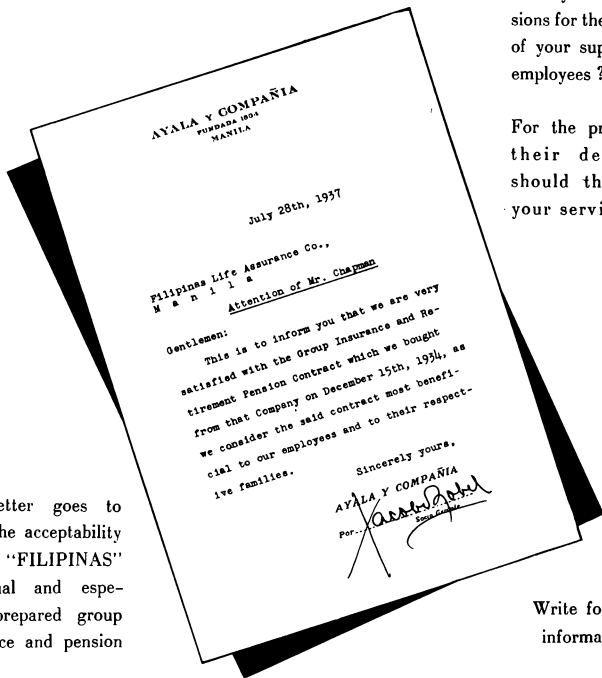
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THE AMERICAN CHAMBER OF COMMERCE JOURNAL

December, 1937

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WALTER ROBB
Editor and
Manager



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Just Little Things

● We write from Hongkong, where we arrived by the *President Taft* November 29 from Manila and are awaiting Blue Funnel accommodations on the *Patroclus* Monday, December 6, to Shanghai—where the *Taft* would not go. One of the littlest of things is our vacation, to last three weeks or so—as welcome as if it were ever so long. Every day, here, some Soongs come to town. This week, T. V. Soong has been in and out, or possibly just in, and last night another brother flew in from Hankow with ten members of his family, stay indefinite. These flights of flurried statesmen from mainland China make Hongkong a good deal of money, but presently place her in an unwanted predicament because Japan blames her first with one ulterior design, then another, while all the stranger can see is that she is just another British trade outpost trying to get along.

Maybe the agitation that fetches to Hongkong so many Soongs, noted as they are for prudent wisdom and ability to safeguard the welfare of the Soongs, is favorable to peace between China and Japan. Conversations are in progress at Hankow, the newspapers say, and both sides deny any willingness to come to terms. Surely a promising sign.

● Hongkong would welcome peace, though it booms her entre-pot business for the time being to have merchants passing through her harbor, to China via Canton and Hankow, what they can no longer route through Shanghai. She could, she feels, get along with more regular business—more regularized. She is a bonny port, an

aggrandized stevedores' establishment wherein all is the routine of the movement of goods: invoices, drafts, etc., but her streets are wide and clean, her police discipline thorough, and her enormous trade is effected in an atmosphere actually suburban in its quietude. This extends to the shops and hotels, in short pervades everything. If there is noise and disorder, it is in the roadstead where the ships of all nations lie—discharging and reloading.

● Japanese bomb Canton every day, the railway being a special objective, the usual time being early morning. Emergency crews hasten repairs, and the trains soon resume schedules. Hongkong herself even anticipates such visitations, on grounds that she furthers commerce in articles the contraband of war. But how could the attacks be justified, until Japan formally declares war and enforces a blockade? For until then, surely, China has the right to buy what she wants where she can get it. However, Hongkong conceals her misgivings admirably. She has built no cellars, and vacillates between teaching the populace to abandon buildings for open spaces in case of aerial bombardment, or to stay indoors where it is thought the first floors would be places of real security.

● Hongkong is as substantially built as she is beautiful. Principal materials seem to be granite and brick, with marble and wood for embellishment. You can sense at first glance that all building is carefully planned, and
(Please turn to page 10)

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Araneta Gave Committee His Views

● *Plugs for Free Reciprocating Commerce*

Attorney Salvador Araneta's brief to the MacMurray Committee attracted favorable attention downtown. Associated with monetary and tariff autonomy for the Commonwealth, the Araneta brief proposes to keep the Commonwealth period as it is and to add to it a fifteen-year economic transition period "during which time the volume of our exports to the United States will not be materially increased." During the fifteen years, the Islands would try to manufacture more of their staple requirements; if this curtailed similar supplies from the United States, importation of more capital goods and other types of consumer goods should offset it.

Tariff autonomy is urged as a measure against falling prey to Japan in the manner of China; if this is delayed until the transition period expires, it will be a myth—and so will independence be, at least in matters economic.

During fifteen years the Islands need the excise taxes collected by the United States on Philippine products, about ₱70,000,000 a year, "to finance their industrial development." At the same time, the Davao* problem is to be solved, "which might otherwise give rise to disintegration of our territory."

Meantime, this brief would repeal the export taxes that otherwise will apply to major Philippine exports to the United States commencing with the sixth year of the Commonwealth and reaching 25% of the existing U. S. full duty rates at its close in 1946. It will be seen that aside from getting these charges out of the way, the proposal is to expand the transition to fifteen years; after that, the brief proposes continuation of the trade on a basis of true reciprocity. Thirty per cent of the Islands' total production now finds its market in the United States, Araneta argues that, without reducing the volume, its relation to total production should be reduced by increasing production as well as wealth (making for greater local consumption). He thinks it might stand at no more than 10% of total production at the end of fifteen years.

Total production last year:

Agriculture	₱357,391,770
Livestock	10,854,000
Manufacturing	91,146,000
Mining	52,200,000
Forest Products	33,511,000
Fisheries	84,200,000

Total

₱629,302,770

Estimates of the percentage of Philippine products that went abroad in 1936, showing share of the United States follow:

	United States Other Countries	
	Per Cent	Per Cent
Agriculture	39.50	11.01
Mining	43.48	5.64
Forest products	7.87	12.03
Fisheries	0.05	0.09

Last year's manufactures:

Coconut Oil	₱32,000,000
Cigars and cigarettes	18,400,000

Refined sugar	10,000,000
Desiccated coconut	9,200,000
Embroideries	3,550,000
Copra cake	3,700,000
Cordage	2,600,000
Pineapple (canned)	1,100,000
Hats	1,500,000
Vegetable lard	2,000,000
Vegetable butter	1,000,000
Cutch	650,000
Pearl buttons	446,000
Total	₱91,146,000
Percentage of P. I. manufactures last year exported to U. S. and other markets:	

	United States Other Countries	
	Per Cent	Per Cent
Coconut Oil	82.11	4.59
Cigars and cigarettes	25.82	4.38
Refined sugar	94.25	0.09
Desiccated coconut	94.63	0.95
Embroideries	99.80	0.19
Copra cake	55.91	42.99
Cordage	34.59	57.63
Pineapple (canned)	91.18	0.004
Hats	63.98	14.45
Vegetable lard	34.00	11.03
Vegetable butter	20.56	46.65
Cutch	99.40	0.00
Pearl buttons	97.99	0.00

"The export taxes that are being levied by the Tydings-McDuffie Law have the expressed objective to provide means for the payment of our bonded indebtedness to the United States. Four of our principal exports like oil, pearl, buttons, cigars and tobacco will not be able to stand the imposition of export taxes from the very beginning. Sugar, embroideries and desiccated coconuts will perhaps be able to stand the export tax for two years although with great hardships for many individual producers. The practical result of the tax will, therefore, be to nullify its very aim, for with the curtailment of our principal exports, the expected income from the export taxes to be used for the payment of our bonded indebtedness would not be realized."

The following paragraph of the Araneta brief supports this magazine's belief that a Philippine tariff high enough to keep most foreign manufactures out of the Islands, while American goods came in duty free, would, because American wages are high, create an industrial atmosphere in the Islands enabling the country to make its own staples to a considerable and increasing extent, and at the same time fostering wider demand for other American manufactures than those the local products might gradually supplant—a process that should make the Islands a highway country, comparatively, rich enough to support a strong government necessarily independent, economically, of low-wage imports:

"To attain a more balanced economy, we should without reducing the volume of our trade with the United States, reduce its importance in relation to our total production, which should be increased by multiplying the production of our prime necessities. The loss in the imports from the United States, which our industrialization

(Please turn to page 9)

* Davao is a large productive province located around Davao pulp in south-eastern Mindanao and extending far northward from the coast. Its community 16,000 chiefly Japanese, chiefly farmers and plantation workers, disturbs Filipinoes far more than the community of probably 150,000 to 200,000 Chinese chiefly merchants, scattered throughout Manila and all the provinces.—Ed.

Philippine Copra and Oil

The Philippine coconut industry offers Cordell Hull, secretary of state, an interesting problem in his favorite subject, international reciprocal commerce. This is to say, commerce of reciprocating nature. The Kalaw brief for copra submitted to the MacMurray committee estimates four million Filipinos dependent on copra for their living, and it is well known that nearly all of them are small holders. The brief of the oil expressers says that somewhat more than half of the coconut oil utilized in the United States from the Philippines is expressed in the Islands, but that Philippine mills will be unable to compete with American mills after the partial duties become applicable to Philippine coconut oil imported into the United States commencing with 1941.

Copra is charged no duty by the United States, but the oil duty is 2 cents gold a lb. and will be applicable with the advent of Philippine independence in 1946 (or an earlier or later date that may be fixed by Congress) unless the principle of reciprocal trade is interposed in the Islands' behalf and for the real benefit of American commerce with them. It is alleged that manufacturing costs in the Islands and in the United States vary little. But both the expressers and the growers see advantages in extraction of some of America's coconut oil in the Islands. The larger expressers represent very large soap interests, Proctor & Gambel, and Lever Brothers, and therefore, since their principals are interested in copra as well as oil, must have spoken with detached candor to the MacMurray committee.

The argument, which seems altogether valid, is that the Philippine mills compete with the world for Philippine copra. They also buy it the year round, redeeming growers from the evils of the seasonal market. To get copra, they must of course pay the current world price at Manila or even something better; and the fact that the bulk of Luzon copra goes to the mills indicates they do pay such prices. American fats and oils benefit from this, which keep copra at top prices in the field of its largest production and stabilizes the world price of copra to their obvious advantage. This influence on fats and oils prices is not seasonal, but constant. The growers, through their representative, Dr. Maximo M. Kalaw, himself a grower, support this argument in detail. There is no use elaborating it, it is sound.

But the growers have a further case, the American excise tax on the oil content of copra of 3 cents gold a lb. In force for three years now, at times this has exceeded the price growers could get for oil and has therefore tended to bankrupt them and cause them to lose their groves by foreclosures. The Philippine National Bank has executed many such seizures during the past three years. The reason that the tax is a direct price cut applied to copra is that copra has a world market and therefore sells at the world price independently of the tax. The grower does not get the

world price and the tax, he gets the world price less the tax.

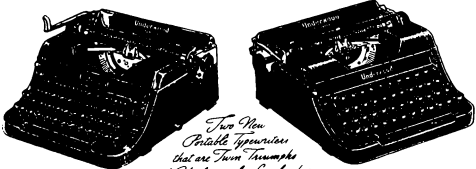
A further evil of the tax is that though the proceeds revert to the Philippine treasury, where its bulk shows that copra is taxed out of all proportion to any other Philippine product, law forbids its use for

benefit of the copra industry, directly or indirectly. This is unfair to the industry, and altogether at contrast with Philippine sugar. The processing tax from Philippine sugar sold in the United States goes back to the industry, growers get it for complying with the quota. Besides, Philippine sugar

● Briefs for Repeal of Penalties Irrefutable

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does not sell at the world price in the United States (as copra does, bear in mind); it sells for the duty price, about three times the world price, and otherwise the Philippine sugar industry that means so much to American manufacturers in this market could not survive.

But copra is even more important from the viewpoint of trade sustained from its sale. The four million folk who live from it are a fourth of the Islands' population. Aside from machinery, they buy their full share of American manufactures and relish the opportunity to do so. Copra communities are wide-awake, well advanced. There are, for instance, three million pairs of leather shoes sold in the Islands during a year, the uppers at least all made from American leather. Casual observation indicates that the copra communities buy more than their proportionate share of these shoes. There are 12,000 college students in the Islands, who will find homes whose staple desires for American manufactures will be high; and the copra communities are the homes and property of more than a proportionate share of these young men and women.

Now it goes without saying that Congress had no wish to be unjust to the Philippines, nor any industry of theirs, when it made provision for the partial duties applicable to Philippine products during the last half of the Commonwealth, or when in 1935 it began collecting the excise tax of 3 cents a lb. on the oil content of copra and the coconut oil expressed in the Islands and sold in the United States. Congress desired in the first instance to provide for the payment of Philippine public bonds held in the United States. It is now so plain that there are better ways of doing this that it is hard to see, in Manila, that Congress will not repeal the partial-duty clauses of Tydings-McDuffie act, or that the High Commissioner will not urge this repeal.

Congress desired in the instance of the excise tax to raise the general level of fats and oils in the United States, in benefit of domestic production; and it may have desired to discourage use of coconut oil in margarines and other edibles, to the end that more domestic fats and oils would be utilized.

It is to illuminate the actual situation that ensued, that on the first page of this discussion certain pertinent tables appear.

Here is a table of our own:

Data on Fat Ingredients of U. S. Margarines in 1,000's of pounds

Kind of Fat Utilized	First Half 1936	First Half 1937	Imported First Half 1937
Babassu Oil	9,570	10,645	18,000
Coconut Oil	80,391	31,302	308,957
Cottonseed Oil	50,701	79,613	156,957
Palm Kernel Oil	638	4,327	109,745
Soya Bean Oil	2,514	15,094	21,076
Totals	143,814	140,981	615,735

To effect approximations, 60% of babassu kernels and palm kernels, and copra imported by the United States during the first half of 1937 is taken as the oil content. This will probably be accurate enough to serve for graphic illustration. Not one domestic fat or oil utilizable in margarines benefited at all from the moderate use of coconut oil in margarines brought about by the excise tax of 3 cents a lb. (Dr. Kalaw says also that use of margarines in lieu of butter has not been

reduced). The final column of the table shows, in each instance, importations of the fat ingredients of margarines far in excess of the quantities actually utilized in margarine manufacture. This means that America's domestic production could not supply the requirements outside the margarine industry.

Coconut oil in margarines has not been competing with American fats and oils. If Congress acted under the assumption that it was competing, Congress was erroneously advised. If therefore the excise tax is retained, it should go to the copra producers—as the sugar processing tax goes to the growers and is intended for the benefit of labor. The copra excise tax would inevitably benefit labor, if so reverted, because the bulk of the copra is actually prepared by the labor of small farmers and their families. This makes America markets for her staple manufactures, largely from the farms: milk, leather, cotton textiles. In the present situation, in eloquent need of correction, as we believe the copra and the oil brokers in this paper show, margarine makers turned away from copra from the Philippines to sources of other oils where the American farmer and dairyman has no such markets as the Philippines offer when their great crop, copra, is not penalized in the American market.

It is also true, should compromise be sought, that coconut oil in American edibles is but a fraction of the coconut oil utilized in American nonedibles, chiefly soap. Should the excise tax remain on oils for edibles, it should surely extend to all alike. Meantime, from oil for nonedibles it should be removed in order to give the Philippine grower the world price for his copra. If this is not done, then the growers should of course have the proceeds of the tax, which would effect the same purpose by means merely more cumbersome and costly.

There is equal force in the mills' petition for relief from the partial duties already discussed. Without doing America good, all these impositions do the Philippines infinite harm. England has built empire on the Consols of the East, bags of pungent copra. America can at least sustain substantial commerce on the same product.

FATS, OILS IMPORTED CONSUMPTION

January to June 1937 inclusive

From Preliminary quarterly Reports Bureau of the Census Department of Commerce

Kind	Pounds
Animal Oils and fats, edible	6,900,365
Other Animal oils and fats, edible	3,392,690
Tallow, inedible	3,350,939
Wool Grease	2,544,452
Whale Oil	33,602,245
Cod Oil	12,468,443
Live Oil	23,576,746
Other Fish Oil	1,002,285
Oleo Acid or Red Oil	45,717
Stearic Acid	821,644
Grease & Oils, n.o.s. (Value)	111,921
Cottonseed Oil—Crude	20,186,163
Cottonseed Oil—Refined	136,771,243
Shortening	14,988
Corn oil	20,595,586
Peanut Oil	39,199,222
Sunflower Seed Oil	469,123
Palm-Kernel Oil	84,545,344
Olive Oil—edible	28,613,514
Olive Oil Sulphured	15,127,805
Sesame oil	15,739,949
Olive Oil, other inedible	3,822,614
Tung Oil	95,997,015
Coconut Oil	171,556,789
Palm Oil	176,743,527
Soy Bean Oil	21,076,327
Rapeseed (colza) oil	1,341,465
Linsed Oil	239,570
Perilla Oil	18,137,730
Oiticica Oil	1,666,393
Teased Oil	23,522,538
Other Vegetable Oils	28,895,568
Carnauba Wax	4,839,267
Other Vegetable Wax	7,547,133
Fatty acids—vegetable	9,784,090
Glycerine Crude	10,570,170
Glycerine Refined	5,556,607
Total	1,039,323,281

OIL SEEDS IMPORTED FOR CONSUMPTION

(Same Period as Above)

Kind	Tons
Castor Beans	33,278
Copra	114,448
Flaxseed	491,512
Sesamum Seed	4,287
Babassu Nut and Kernels	14,792
Rapeseed	1,126
Popy Seed	1,186
Palm Kernels	20,688
Other Oil Seeds	7,559
Total Tons	688,886

COMPARATIVE STATEMENT OF INGREDIENTS USED IN MARGARINE

	July 1937	July 1936	June 1937	June 1936	First Half 1937	First Half 1936
Babassu Oil	1,123,255	1,288,920	1,793,530	1,181,693	10,644,635	9,569,649
Coconut Oil	6,567,654	9,553,577	5,614,136	9,735,659	31,301,665	80,391,066
Cottonseed Oil	9,281,541	7,611,572	10,960,897	6,649,498	79,613,118	50,701,367
Palm Kernel Oil	971,551	269,279	866,118	307,724	4,327,809	337,672
Soya Bean Oil	1,976,968	1,278,358	1,581,329	955,044	15,093,928	2,513,602

Manila: A General Headquarters Point

● Reside here and Canvass the Far East

The catastrophe of war that has ruined a great deal of Shanghai and placed in jeopardy the civilian population and its places for residence and business, suggests Manila as the better central point for the headquarters of American manufacturers' general representatives in the Far East. There have been some such removals, the Philippine government is wisely cordial to the movement. Manila has every advantage as a general representative's place of residence.

Modern government, good health and sanitation conditions, tolerable schools, universities, churches, these are features of a Manila that opens an expanding market to a wide variety of imported manufactures. Peace has been unbroken in the Philippines during a generation and more, and the political integrity of the Islands is a responsibility of the United States. Manila is subject to no upheavals rising from the clashing interests of the Powers. Her means of communication are incomparable, as opposed to anything offered on the China coast. By air she is within about one week of New York at the western terminus of Pan American's airway across the Pacific, and within five hours of Hongkong (with connections to China and Europe) as the eastern terminus of Pan American's Manila-Canton-Hongkong circuit via Macao. Steamship arrivals and sailings are very frequent, passport facilities convenient. Exchange is stable.

Put all these items together and add security, and you have a good case for Manila as a commercial headquarters point for the Far East. Malacca is so cordial toward the movement that it has been proposed to establish a free-port zone here. The suggestion has merit, but is not essential to Manila as a commercial headquarters. If the necessary legislation were perfected, and the essential foreshore in the district north of the Pasig reclaimed, future events might give the project substance. In the present instance, it is chiefly helpful as a manifestation of good-will.

Manila has some of the features of a free port now. Transit cargo is handled here with economy, safety, and dispatch. A great deal of it is being handled, for China, while Shanghai's facilities lie paralyzed. For a charge of P5 a ton, transit cargo is unloaded, stored accessibly in good bonded warehouses, and reloaded for export at the will of the shipper. Steamship men say this is a very reasonable charge. The service is unexceptionable. The warehouse charge the first month is P1 a ton, 50 centavos a month thereafter. The government's checking fee is 15 centavos a ton. A ton of transit freight is therefore handled at Manila for one full month for P6.50, or \$3.75.

Actual free-port facilities such as space for manufacturing and reconditioning and the splitting of shipments inward for various points outward, would not now be used at Manila in normal times. The

reason is, Manila has practically no advantage over Hongkong and Shanghai in ocean freight rates, while both those cities enjoy the advantages of guild and coolie labor and a keen indigenous banking and commercial class.

But why not the free-zone legislation now, against opportunities that would justify implementing this legislation in the future? It might be that domestic manufacturing could be drawn to such a district, while it could certainly do no harm to reclaim the foreshore for it. A time might arise when the Philippines and the United States effected an accord about shipping. At that instant, the free zone would be needed.

Manila exports raw and semiraw products chiefly. But she now has some important manufacturing business that weighs considerably in her exports. This trade is expanding. If it would be a benefit, the encouragement of factory sites in the Tondo shore area should be offered. This hinges upon reclamation for the potential free zone.

There are some dozen companies, several of them quite large, manufacturing here, and exporting largely to the Far East, margarines and cooking compounds made from coconut oil. They also export these products to more distant fields. The business seems to be well established.

Another group of companies makes and exports reed furniture. A world market is enjoyed, monthly shipments run from 600 to 1,000 tons a month, 40 feet cubic measurement. Manila has the largest and best equipped reed furniture factory in the

world. Her factories of this sort utilize the world's choicest supply of rattan, a native Philippine product that is cheap and abundant, supplemented with the best hardwoods. One factory at least, is able to warrant its product against insect attacks—it has perfected a method to destroy them.

Such utilization of Philippine natural products is bound to expand, the quality and price can not be touched by competitors. The fact that such enterprises are constantly expanding, attests the existing good facilities of the port of Manila.

Araneta gave . . .

(Continued from page 6)

program will entail, should be replaced with the importation from the United States of more capital goods that we shall need in connection with the establishment of our industries, as well as of consumer's goods of various kinds necessary to the refinements of modern life and which can not be efficiently produced locally. The foregoing will be made possible by a concerted programme of achieving a higher standard of living for our people with a more wide-spread distribution of the benefits derived at present from our trade relations with the United States.

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VOL. XVII
No. 12

DECEMBER
1937

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But to get back to the zone. Among the members of the Paez committee is A. de Castro, director of the commerce bureau where a foreign-trade zone for Manila has been advocated for years past. From one viewpoint, please; namely, a viewpoint looking exclusively to the future: our old Manila is passing, and a new port city aspiring to her rightful place among the greater ports of the world is rising from her traditions.

This is written from Hongkong, the editor is on a bit of a vacation. It seems that Hongkong, when she congested the scarp over which she is built, found a natural port area at Kowloon that could all be developed under the impartial discriminating eye of the government. Therefore here, where this is written, in the British Leased Territory, but on the lip of the harbor, rises not only a busy city but a beautiful one. Everything from the very gutters up is presentable, there is plan and purpose behind it—the public weal is paramount—and Kowloon's commerce as a consequence, as well as Hongkong's, is carried on in an atmosphere actually suburban in its expansive quietude.

Since at Manila you observe much the same thing in the Port Area south of the river, facing the piers at the bay, there is sound argument for a like area north of the river under restrictions limiting its use to such purposes only as would benefit the port.

It is possible, we think, that a considerable commercial structure might rise from such a foundation. Once the city had it, projects not obviously feasible now might resolve into the practical. Not everything, nor even one thing, would necessarily have to be done in a day; and certainly there should be no leaping at conclusions. Yet the day may come, and sooner than expected, when the manufacturing western world would rejoice in the existence of a foreign-trade zone at Manila with a stable and friendly government, justly ambitious, behind it. And now, what do our readers think.

FOREIGN TRADE ZONE

Interest in the project for a Foreign Trade Zone at Manila has been thrust upon us and we would value the help of our readers should they extend it, to sound conclusions on the subject. President Jose Paez of the railroad, that should of course tap the zone, is President Quezon's shrewd choice to head the foreign-trade zone committee. It is our understanding that Malacañan backs the project with enthusiasm. And that is about as far as our understanding goes, save that we know that elaborate plans were worked out for such a zone on the Tondo foreshore fifteen years ago—land was to be reclaimed and freight piers built in conjunction with a railway terminus.

In general it can be said that the reclaiming of foreshore is justifiable in itself. All land reclaimed from the bay at Manila is a means of modernizing the city. Why not the Tondo reclamation proceed, independently of the use for foreign-trade zone purposes to which it might be put? For if never so used, at least it will be well utilized in a city that grows so rapidly and enjoys such consistent ocean commerce as does Manila. The Port Area south of the river, well drained and with wide streets, is warrant in itself for effecting a similar project north of the river. As we recall, the Tondo reclamation involves even a larger tract than the Port Area. Then go ahead, it would be well to have such land in the ownership and management of the government.

Just Little Things

(Continued from page 5)

presentability insisted upon. Hongkong therefore has a finished appearance almost wholly wanting in Manila, where the authorities seem never to have decided precisely what type of building to approve nor what materials and decoration to require. Hongkong approaches the prospective builder more formally, and he her—to their mutual advantage in the end. What will Shanghai be?

● In many ways Manila surpasses Hongkong, and some Hongkong business men envy Manila her vast contiguous hinterland as well as her convenient geographical and political connection with the whole Philippine archipelago. It is mainly a matter of building up, and especially, building up a character in Manila attractive enough to induce visitors to the Far East to wish to see the place. Hawaii has her beach, Hongkong her shops and hotels where you are happy merely to ramble, buy, and take your ease. Manila has her evening dancing, but ought to have a daytime supplement. She will get hundreds more tourists when she solves this little problem. They roll through Hongkong, positively gay in being left to their own devices.

—W. R.

Three Musketeers with Springfields

● *H. L. Heath, Percy Hill, Thomas Leonard*

Percy A. Hill's life in the Philippines illustrated the callowness of the young soldiers who settled down here after the soldiering ended. Not knowing their worth, and how the challenge of experience would bring it out, they made casual associations during their early years, often at lonely places in the provinces, that they soon grew out of—soon became too big for, and soon found it burdensome to tolerate. Hill came to the Islands a cavalry soldier, enlisted from New York. Thirty years ago, after a few years as a lieutenant of constabulary, he took up about 150 hectares of public land in the village of Bantug, jurisdiction of the town of Muñoz, Nueva Ecija, in the broad central valley of Luzon. Employing tenants and introducing no innovations save unassuming charges on the advances tenants always need between one crop and another, Hill developed this place into an irrigated rice plantation worth about ₱80,000.

From this place he gained his living, while he gave his personal time to the avocation of a philatelist. At sundown Friday, July 23, he was foully, cold-bloodedly and bru-

tally murdered in his home as he sat at table reading the morning paper and waiting to be served supper. The gang of men who did this seem to have numbered eight

at once on the job and soon made many arrests that have since been followed by confessions. It is astounding that some of the killers seem to have been Hill's neighbors. One or two well-known men of Nueva Ecija may have been leaders of the plot to do Hill to death—subsequent robbery of his strong-box cloaking the sanguinary motive of private vengeance.

It certainly may be said to Hill's be-
 reaved friends throughout the world, his correspondents as philatelists and merchants in stamps, and to all who knew him through his books and the rice-review column he wrote for this magazine from its beginning even including July, that the authorities seem to be doing all possible efforts to apprehend the men truly guilty of murdering him, and to effect their conviction.

The funeral was held at the Catholic Cathedral on Plaza McKinley in the Walled City Wednesday afternoon, July 28, Father Kelley officiating. The body rests in the Catholic cemetery, La Loma. Hill was nearly sixty-one years old, but looked to be only in his forties because his life was



PERCY HILL

at least. Captain Severo Cruz in command of constabulary at Cabanatuan, the provincial capital, together with the new State Police and the town police of Muñoz was

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very regular and he had never known illness of any sort.

Hill's was a very assertive character; he had enemies, and rejoiced in having them, but they were thought to be men who disagreed with him in provincial affairs, mainly political matters. He had been a founder of his community, a leader in procuring the rights and building its communal irrigation system. He had helped many young men homestead in the vicinity, and was not known to have had differences over the field-water supply since the Central Luzon Agricultural School at Muñoz had gone over to the public irrigation system put in by the government some decades ago. Hill and his neighbors kept the old system in which their rights were established, a system they owned. Why such a man was murdered as he was is still to come out.

But let us speak of his life.

Since the farm took none of his time, but required his presence and at least the bit of bookkeeping necessary to a knowledge

of costs and a clear understanding with the tenants, Hill gave his time to hobbies. Over these he stayed up very late, often till early morning, and would sleep late during the forenoon. Stamps were the hobby he made a trade of; he bought, sold, and collected, and it is said by friends who should know about such things that the collection he left is worth at least as much as the farm, that is, P80,000 or more.

Working nightly with this stamps and the writing they entailed, under the light of oil lamps, impaired his sight during the past year—the only infirmity he had. Regularly, to the most distant addresses, Hill's stamp correspondence spread over the world. In these letters he dispensed freehand opinions, receiving back the like from philatelists high and low. He was also always active in the fraternity's behalf in Manila, his contentions sometimes jarring with those of the postal authorities. To a man so individualistic as Hill, there was never but one right way to do anything—his own. But if put down, he grinned. Joviality

was his very soul; he sought the humorous or dramatic side of every experience, and never failed of finding it. His own exit from this earthy stage, could he have beheld it, would have been an episode for his nimble pen; and the story would have said the obvious truth, that the victim of the dastardly was the least frightened of any man in the house.

Hill lived and died without a sense of fear. This shows in the way he built his house, a task effected twenty-five years ago—the only visible improvement on the farm beyond the dikes about the fields and the irrigation ditches. The house is spacious enough, and the desks, cupboards, bookcases and strong Socony Rayo lights about identify themselves as conveniences of its master. But there is no protection, either of life or property. The house is low, rising in the midst of rice fields and not a meter above their muddy level. The shrubbery about, probably for a windbreak rather than ornamentation, is perfect cover for anyone approaching the house stealthily from any direction; and it is instant cover for him who assaults an open window and sneaks away across the paddies.

In addition, the low wide windows are not safely secured—a boy ten years old could probably force the best of them, all mere clapboard affairs; and at night, as long as Hill sat reading, or busy with his stamps and letters, doors both front and back were habitually open. This had been quite all right when the house was new, twenty-five years ago. With the influx of a ruffian element into Nueva Ecija, and the restive belligerence of the sedentary tenant element, it had become wholly unsafe. It is reported that the men alleged to have murdered Hill said they surrounded him, guns ready, cocked, some coming in the front way, some the back, and he only knew they were there when they tapped him on the shoulder. Then he leaped up, tiger-like and fearless. But they shot him down at once, always aiming for the heart because they had come on an errand of deliberate homicide.

(To be concluded next month)

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MINING REVIEW



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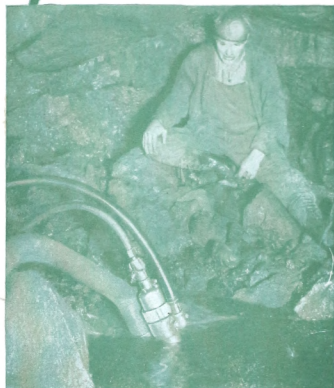
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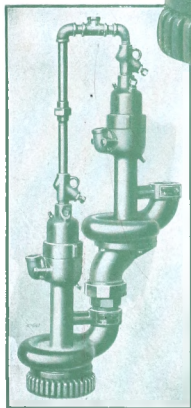
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Three Mines are Soon to Join Ranks and Producers

Those who read newspaper notices of progress (or lack of it) being made by the numerous mining companies in the Philippines with care know that the mining industry is going through a gradual process of reorganization. Mining companies without any excuse for existence are folding up regularly, and either liquidating and distributing any unspent capital back to the stockholders, or merely going into a dormant state. On the stock exchanges, trading is confined to the better issues, and stock prices go up or down according as news of production figures and dividends declared or omitted is discouraging or encouraging.

This is a good thing, since it signifies that the mining industry in the Philippines is growing up and settling down to work. The recent boom was probably necessary, since during boom times investors are more ready to put their money into new ventures than they ordinarily are. Without the boom, it is probably true that the mining industry would not have received the impetus in money and enthusiasm that it did from the general public. While the people were temporarily intoxicated with visions of getting rich quick, and too many suffered severe losses when the inevitable crash came, nevertheless it is true that because of the boom many many years were saved in the development of the mineral resources of the country.

Money cannot be made in the stock market, at least for a while. If money is to be made in the mining industry, it must be made from good, down-to-earth mining and dividends.

Almost unnoticed in the general weeping and wailing over lost paper profits, mining engineers have quietly been working to bring promising properties into production. Thus, while some companies have been folding up as their capital or mineral resources faded away, others have brought their properties to the verge of production of gold. Three of these companies, of which

you will likely hear more and more in the future, are the Treasure Island Mining Company; the Santa Rosa Mining Company, and the Capsay Mining Company. Treasure Island will order its mill this month. Santa Rosa has a part of its new mill already installed. Capsay will order its mill in the very near future.

Treasure Island refers to the island of Lahuy, off of the coast of Camarines Sur, and Northwest of Catanduanes Island. A group of men consisting of Sam Feldman, Roy C. Tuggle and Jaime M. Reyes, of Naga financed the well-known prospector, Michael Purcell in various prospecting forays about the islands. He discovered and staked the claims on Lahuy island. The claims were later sold to the Treasure Island Mining Company, and Pan-Philippines corporation now has a contract to develop the claims, on a profit-sharing basis.

Pan-Philippines corporation is a comparative newcomer to the mining picture here. It was formed this year by Major J. E. H. Stevenot, J. S. Sampson, Teodoro R. Yangco, Tomas Cenfor, and others to operate and develop mining properties all over the islands. This company does not expect to purchase mining claims. It is primarily an operating company.

While Pan-Philippines has its engineers at work on several properties today, it has more or less concentrated on the Treasure Island claims from the beginning. Major Stevenot enlisted the help of his brother in San Francisco, a high-ranking Bank of America executive, who secured for Pan Philippines the services of Mr. Orlando McCraney, well known mining engineer. Mr. McCraney came out here on the Clipper some months ago, and it wasn't very long after his arrival that he began saying nice things about the Treasure Island claims.

This property will be the first to be brought into production by Pan Philippines corporation. That is to say, it will be brought into production *again*—for the

(Please turn to page 15)

The Power House at the Santa Rosa Mill Site

Set in a natural sylvan setting—it symbolizes how the mining industry is penetrating the jungle.



The Stock Market

(Nov. 15th to Dec. 11th, 1937.)



The period under review is probably the dulllest and gloomiest on record. Trading during the week ending November 27th, was encouraging to brokers, since most issues registered losses of but fractions to 1 and ½ points. This was less than losses had been for any week for some time. Mine Factors made a slight gain. About 30 issues were traded on the board, and investors entirely ignored favorable production figures.

The first upward movement in four weeks came the following week. Mineral Resources was the only stock to show a loss at the close of the period, and it dropped to P0.19 for a loss of a point. Trading volume was much lower than the preceding week, amounting to P403,322.00 at the Manila, and P202,377.00 at the International.

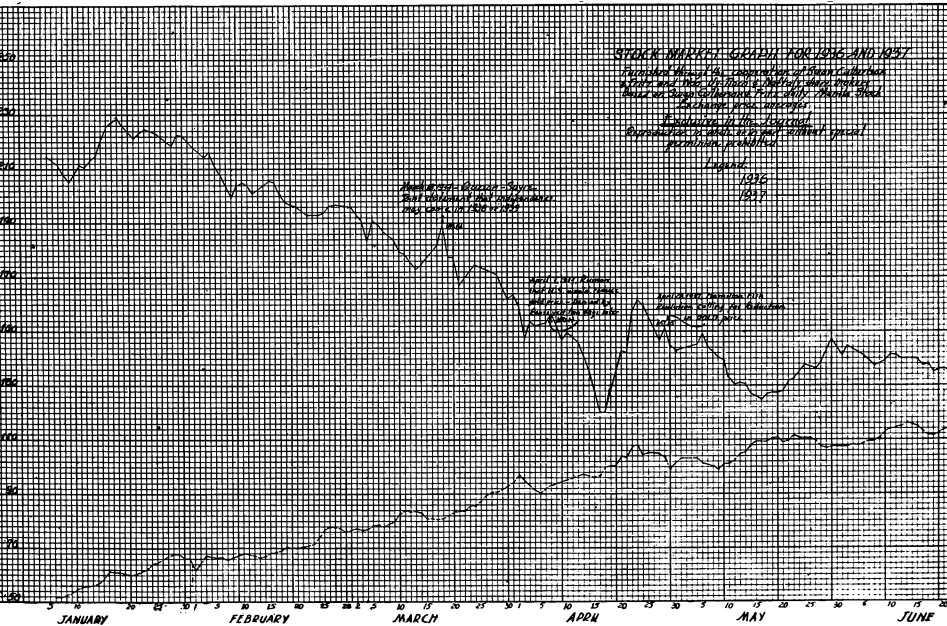
This cheery feeling did not long continue, however. Holders of mining shares sold out a low levels all week, apparently in order to get a little Christmas money. Holders made strenuous efforts to find buyers, but the latter kept away from the exchanges most of the time.

Total sales were lower than the preceding week, and stocks lost from fractions to 3 and ½ points.

As the JOURNAL went to press, many stocks were hitting pegged levels, and it was apparent that there would be more sales, if the pegs were taken out. Buyers will not buy in many cases, feeling that prices are too high.

There is some justification for their attitude, at least in so far as some stocks are concerned. For example: Salacot stopped production last month, and is practically without funds, according to statements to the press. Yet, the pegged price of this stock is quite high. A number of others could be mentioned, which would be unattractive at prices much lower than required by the pegs.

The pegged prices are generally conceded to be illegal. Under the law, no stock exchange is allowed in any way to hinder the free sale of shares of stock, or to fix an arbitrary price therefor. The Securities and Exchange Commission is aware of this, but has winked at it, believing pegged prices beneficial to the public.



Individual members of the two exchanges are considering pressing for elimination of the pegs. As far as the JOURNAL could discover through interviews, the general sentiment at the International is in favor of abolition of the pegs, while most Manila Stock Exchange members favor retaining them.

The Manila Stock Exchange was also in favor of eliminating the afternoon sessions, in the belief that present volume of business does not warrant but one session; that having one session instead of two would enable brokers to cut down their overhead; and that during present unproductive afternoon hours, brokers could drum up business, in preparation for the following session in the morning.

Newspapers had it practically official that the International would fall in line, but the Board of Directors of the International turned down the proposition. Double sessions will continue, at least for the present.

Picketing has come into practise at the stock exchange. This month, when brokers were cautioned gently against matching pennies on the floor of the exchange to pass away the time, some of them prepared placards reading "stopping matching of pennies UNFAIR to brokers!" and marched back and forth on the exchange floor with them. We were unable to learn whether they won their point.

Three Mines are...

(Continued from page 13)

Spaniards worked it, possibly three centuries ago. Their workings still show in various places, in some spots practically intact.

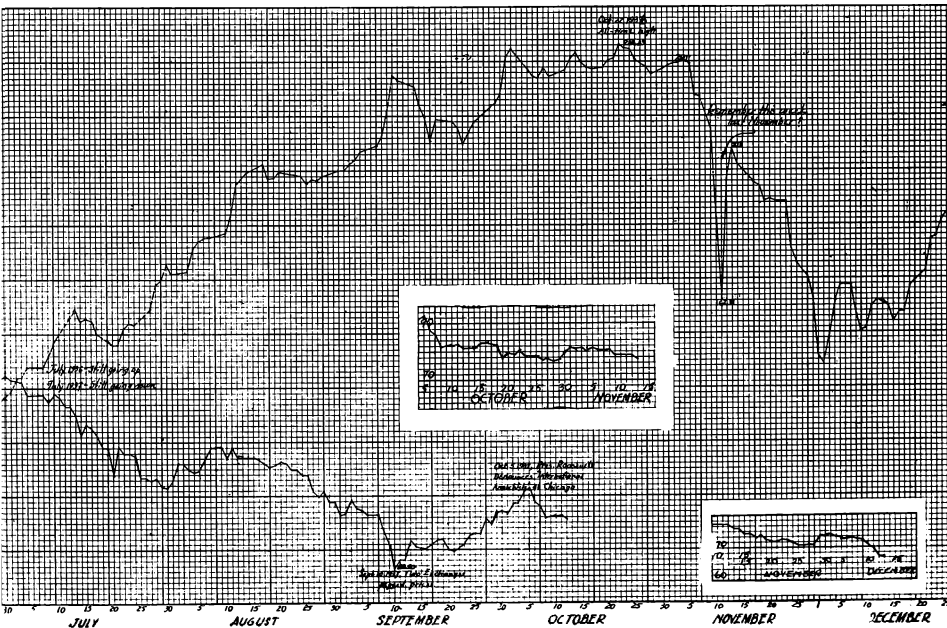
The mill will have an initial capacity of 200 tons, but work is being rushed to have 100 tons' production before the next rainy season. The other 100 tons will wait until the rainy season is over.

The Santa Rosa Mining Company was incorporated in 1934, with a capitalization of P100,000.00. In 1935, the board of directors obtained permission from the Insular Treasurer to increase the authorized capitalization to P1,500,000.00. Of this sum, P500,000.00 worth of shares was held in escrow, P240,000.00 for claim owners, and P260,000.00 worth of shares for the old stockholders, as a kind of reward for their early investment in a new company.

The board of directors is entirely Filipino, and consists of Vicente Singson Encarnacion, Sr., President, G. P. Nava, Vice-President and Gen. Manager, P. Angulo, Treasurer, S. Araneta, T. Teodoro, A. Montinola and C. Tuason, Directors.

In December, 1936, the company entered into a contract with the Union Management Company, whereby the latter undertook to develop the company's claims in Camarines Norte, adjoining the San Mauricio claims. According to R. G. Bergmann, consulting engineer for the Union Management Company, two veins, called the Pelang and the Luna veins, have shown sufficient ore to supply the mill for several years. It has been found unnecessary to develop other discovered veins up to the present time, as development work from the start on these two veins has continued to block out minerable ore in satisfactory quantities.

(Please turn to page 53)





SORIANO: One of the Soriano mines presented Andres Soriano, active head of the Soriano interests, with an all-time high production record—a thumping P228,416.58—upon the latter's return this month via Clipper from an extended trip abroad. This November figure was made from 8,826 tons treated.

Antamok, the biggest Soriano producer, turned in P442,311.66 from 23,261 tons during the month, while reliable old Masbate Consolidated did P215,859.00 out of 54,988 tons.

These figures are slightly lower than the October figure for Antamok, but slightly higher for Masbate Consolidated.

Mr. Soriano arrived on a Clipper full of enthusiasm and plans for the coming year. He has been gone about six months.

MARSMAN: "Two down and two up" was the story with Marsman-managed mines last month. Itegon was down slightly from October, with P339,019.97 from 30,000 tons

milled. Suyoc was higher, producing P119,972.91 from 6,266 tons. United Paracale was just a little below October, turning out P201,693.61 out of 7,750 tons. San Mauricio beat October with P163,911.25 from 7,221 tons.

Mr. Jan Hendrik Marsman, genius of the Marsman organization, returned this month also from Europe. He expressed the proper confidence of a citizen of the Philippines in the future of the country, but was pessimistic about the general feeling in Europe. He said it is hard for Manilans, accustomed as they are to "go the even tenor of their way" to appreciate how jittery Europeans can get, particularly at a time like this, when rearmament is proceeding at a rapid rate. He stated that the slightest incident is frequently magnified in the minds of Europeans into an international affair of grave seriousness.

Turning to mining, Mr. Marsman announced ambitious plans on the part of

the Marsman organization to develop new mining properties during the coming year, all over the Philippines.

He spent part of his time in Europe interesting foreign capitalists in the Philippines. Mr. Marsman, who has spent a long time in England, accompanied him.

Marsman employees are enthusiastic about their companies, if John Barnes is an example. This young man is employed at the Suyoc Consolidated mill, as a shift boss. A graduate of the Colorado School of Mines, he came over here in January of this year to go to work at Suyoc. We met him on his trip over, and when he came down this month for a vacation he looked us up.

He says life at the mining camp is very good. The bachelors of the camp live in central houses, while the married couples have little cottages of their own. The bachelors have individual rooms, and house-boys to attend to their every want. The



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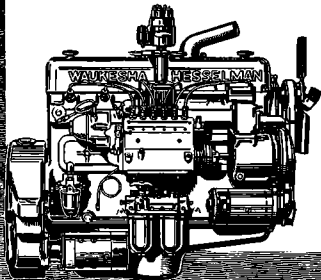
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rooms are free, and all services are also gratis. One complaint he had: he says the married couples get first crack at the JOURNAL, and it is sometimes several weeks before the bachelors get a crack at the current issue. However, he is going to remedy this situation by getting married, probably in the spring.

It just goes to show how far some people will go to read the JOURNAL.

Barnes, of course, is also enthusiastic about Suyoc as a gold producer. He says the mine should do great things in the way of production from now on.

Shift bosses working on the Palidan-Suyoc drain tunnel (which now is within the territory of the Suyoc Consolidated) are also enthusiastic. Marsman has worked out a bonus arrangement with them beyond a minimum footage which they must meet, and this bonus, added to their salary, adds up to a very good monthly income indeed. It is good for the Palidan-Suyoc company, since the shifters push the work along at a great rate, and it is obviously good for the shifters.

Marsman interests purchased a controlling interest in the Manila Machinery company, of which Mr. A. W. Ralston is general manager, some time ago, from the Atlantic Gulf & Pacific Co. The Manila Machinery Co. sold Coco Grove, Inc., its two new dredges. Another important job in recent months has been part of the equipment for the new Santa Rosa mill.

BAGUIO GOLD: Had the biggest production in its history in November, turning out P180,974.42, from 7,317 tons milled. This company also declared a dividend of 10% on its stock, to stockholders of record at noon, December 11th. This is the second dividend this year, the last one, of P0.005, having been declared in June.

HAUSSERMANN: Benguet Consolidated was another leading producer to set a new all-time monthly production record during last month, turning out P922,797.88 from 31,086 tons of ore treated. The total output of the four Benguet producers, Balatoc, Benguet Consolidated, Cal Horr (with Ukab), and Ipo Gold was P2,165,465.22, which is a gain of P13,000 over October. Balatoc was P27,000.00 over October, while Cal Horr and Ipo Gold were each slightly lower.

Haussermann dividends, although large, were slightly down from last year, due to extensive purchases of equipment and lumber during the year. Benguet and Balatoc each declared dividends for the last quarter of the year of 30 ctvs. a share, bringing the total yearly dividends of these two Haussermann mines to P12,000,000.00, which is P100,000.00 below 1936.

The 30-centavo dividend of Benguet amounts to P1,800,000.00, which is the biggest quarterly dividend of the year. Benguet in four quarters declared 25, 20, 25 and 30 centavos respectively; and Balatoc 35, 30, 40 and 30.

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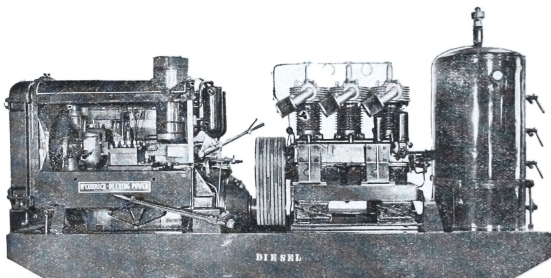
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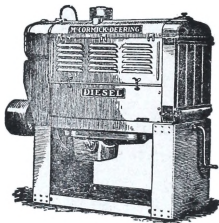
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In addition, Balatoc declared a 50% stock dividend during the year, amounting to P2,000,000.00.

It is interesting to note that both companies declared exactly the same amount in dividends this year—P6,000,000.00 each. Also, while theoretically Balatoc stock should have been quoted on the exchanges at exactly half of its price before the stock dividend, this has not been the case. Even discounting present abnormal conditions, Balatoc stock is quoted currently at appreciably more than half of what it was before the stock dividend.

Ipo also declared a cash dividend, payable November 20, to stockholders of record November 15th. The dividend was 5%. Ipo missed one quarterly dividend this year.

JOURNAL readers remember that the latest report to stockholders issued by the

Haussermann mines predicted better times for Ipo in the future.

TWIN RIVERS: Which makes a nice income treating tailings that the big producers in the Baguio district don't want, continues to show good tonnage, better than October. This is due to the fact that, as the water in the creeks recedes, mill tonnage increases. This company averages better than P30,000.00 a month.

EAST MINDANAO: This company is proud of its mill extraction, which averages 90% or better. The company did better than P50,000.00 during November, which is better than the October figure of P48,589.00. John Smeddle is the acting manager of the company's mine in Surigao. The mine is handicapped by the rains which have started down there.

ATOK CHRISTMAS PRESENT: Atok Gold Mining Company, which operates the Big Wedge property, declared a dividend this month of 10%, payable to stockholders of record as of December 15th. Dividend checks issued December 20th. This is the first dividend Atok has declared this year or last. As we analyze the balance sheet, however (and we are not a certified public accountant) it seems to us that this company is in a very strong financial condition. We don't pretend to know the policies of the company, but we suspect that it is declaring only this picayune dividend (picayune compared to what it could declare if it were so minded) in order to conserve its growing capital, with a view to acquiring and developing more and more mining properties.

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Culled from the News

DEVELOPMENTS, INC. Signed a six-months contract with **Layog Gold Mines, Inc.** to inspect and explore the latter's properties on Cebu and Leyte. **Frank Berkenkotter**, of Developments, is in charge.

PARACALE-TIGBI MAKES ANOTHER SETTLEMENT: Paracale-Tigbi Mining Co., Inc., which figured in the news recently because of its fight with **Walter Robb**, formerly its president, over control of the corporation, has settled a dispute with the **Mambulao Central Mining Company**, an **Alvir** company, over some claims in **Camarines Norte**.

This is the second settlement of major importance which this company has made this year. It settled the dispute with **Walter Robb** and associates some months ago.

NORTH CAMARINES Gold Mining Co. last month increased its capitalization to **P1,000,000.00** from **P500,000.00**. A recent report to stockholders states that **14,000 tons of ore**, valued at **P1,500,000.00** have been positively blocked out.

JUDGE HAUSSERMANN SAYS U. S. MUST REMAIN RESPONSIBLE: Judge **John W. Haussermann**, admired alike by Filipinos and Americans for always stating his position frankly and honestly, stated last month that America should do the following things, even if Independence is granted the Philippines:

1. Negotiate treaties with all powers, wherein they agree to respect the territorial integrity of the Philippines.

2. Renounce the right of intervention here, but retain the right to take such reasonable measures as may be necessary to safeguard the rights of foreigners in the Philippines, should a newly-created Philippine Republic fail to do so;

3. Continue present free trade relations with the Philippines at their present volume.

These steps, the Judge said, the United States owes it to the Philippines to take, since by its occupation of the Islands, it assumed a moral duty which it can not now lay aside. At the same time, the Philippines would be given a free hand to work out their own destiny.

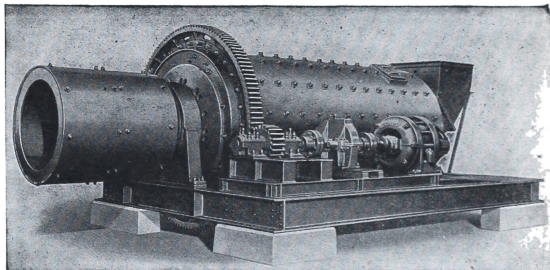
BATANGAS MINERALS: Undismayed by the famous report of Bureau of Mines

engineers, submitted to the Securities and Exchange Commission, to the effect that **Batangas Minerals** has no mineral deposits on its claims of commercial value, the company is proceeding with exploration and

development work. **G. T. Geringer** submitted a report to the company early last month, outlining a program of development, which **Claude E. Fertig**, superintendent at the mine, is following. Work



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is proceeding on several levels to connect with lead-zinc ores indicated by a recent geophysical survey to exist and, according to Mr. Roy C. Tuggle, president of the company, the lower level is expected to expose ores of shipping grade in the near future.

TAMBIS GOLD: A small placer property, this company handled 34,251 cubic yards of gravel during October, from which 189,555 oz. of gold valued at P11,373.30 were extracted.

KEELER HITS NEW MINING LAW:

Ralph Keeler, Mining Editor of the Manila Daily Bulletin, and publicity man for the Marsman interests, in front-page editorials

in the Bulletin described the new Philippine Mining Law as frightening mining interests, and as being potentially capable of destroying the mining industry here. He said that it retards free development of the mineral resources of the country through excessive regulation by the Government, and cited the Encyclopedia Britannica as authority for the proposition that any country benefits in the long run through following a policy of freedom of individual initiative in developing mineral resources.

The mining law, doing away with the old system followed since 1902, of allowing patents to be issued to private parties locating mining claims and substituting

therefor a system of leases for a term of years, is extremely restrictive of new capital. Also, it is inequitable, since it denies patents to those who have unpatented mining claims (very few patents were issued prior to the passage of the Act).

The first editorial, printed on December 11th, made a plea for a mining law made by miners familiar with mining problems, rather than by legislators.

In large part, of course, the Philippine mining law is a law made by miners, since it is mostly copied from the California law—a law made by the 49'ers, and adopted by the California legislature. One other law which has worked out very well, although not made by legislators, is the California Law of Waters, which throws over entirely most of the law regulating the use of waters as it exists in England, and as it was carried to the United States.

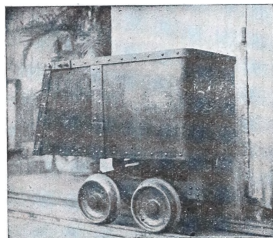
The triumph of miner-made law was dramatized in the movies some time ago, in the picture "Sutter's Gold." Old John Sutter migrated to California before the gold rush days, and, somehow, secured a very large tract of land. When gold was discovered on his land, he assumed it was his by right. The rest of California refused to accept this thesis, and went on his land staking it off into mining claims. Sutter spent the rest of his life fighting in court for the principle that "to the owner of the surface belongs all above and below it," only to lose in every court.

AMBASSADOR DOWN: November production for this small producer was P15,074.00 from 1,255 tons, compared with P19,222.32 for October.

PRODUCE EXCHANGE WILL TAKE STEPS: The National Produce Exchange has not been as successful as it was hoped when the exchange was first established, a prominent member of the exchange told the JOURNAL. While the principal reason for this is probably the fact that growers are as yet uneducated to the system of selling their unharvested crops on "futures" through the facilities of the exchange, the present organization of the exchange, with the Government one of the principal owners, has not worked out in practice, he declared.

It is now generally recognized that a program of education among the growers will have to be started, in order to get them to use the facilities of the exchange, rather than to dispose of their produce by the time-honored method of "spot-selling," i. e., selling on the spot from grower to buyer, without intervention of a middleman.

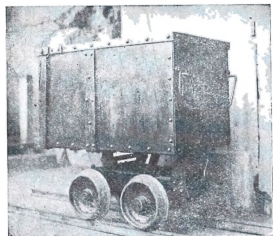
Meanwhile, it is anticipated that the Exchange itself will shortly be reorganized, and the matter of Government membership thrashed out.



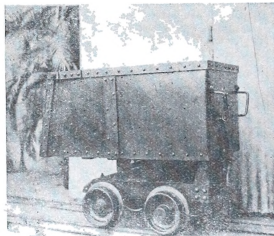
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Spot trading on the exchange has not grown sufficiently in volume to warrant establishment of regular hours of trading. This month, 3:00 to 4:00 on Tuesday and Friday afternoons were established for this trading. Futures selling will commence January 3rd, and the hours for this will be from 10:00 to 12:00 a. m. every morning.

The aim of the exchange members is eventually to operate the exchange precisely as the Chicago commodity exchange is operated the JOURNAL was told. To this end, several changes in exchange rules will be necessary.

MINE OPERATIONS, INC. R. C. Staight, president of this company, in a special report to the stockholders last month, described the financial position of the firm as excellent, and was enthusiastic about progress and prospects of the company's Capsay development.

According to the report, stockholders subscribed to 2,924,336 of a new issue of four million shares, and over 85% (at the time of the report, published in local papers on November 26th) had been placed in desirable hands by the underwriters, Syndicate Investments, Inc.

Closing paragraphs of the report were as follows: "Summarizing technical reports, it appears certain that in Capsay your company will, in a reasonably short space of time, be the operator of an exceptionally good grade producing mine, possessing every indication of developing into a large tonnage operation.

"Influenced by the depressing atmosphere of the local share market, it is perhaps difficult for some shareholders to appreciate our unusually favorable prospects, consequently, the management will welcome visits from those interested, and will see to it that such visitors receive from capable hands adequate information on what we opine is a very bright spot on an otherwise gloomy horizon."

FOREIGN CAPITAL? Rumors have been passed enthusiastically about what is left of "financial circles" during the last few weeks that foreign capital has at last been interested in Philippine mining shares, particularly dividend-paying stocks, as good speculative and investment buys.

Many of these rumors centered about **Jan Hendrik Marsman**, head of the Marsman interests, who arrived this month from Europe. While Mr. Marsman made no statement whatever indicating that he had interested any foreign capital, it was generally believed that this was one of his purposes in making his trip in the first place, and many said that he had succeeded in interesting London money.

At the time the JOURNAL went to press, it was being buzzed about that there was a big dividend due in Antamok, of possibly 20% and an extra 10% to boot. It was said that **Andres Soriano** had been successful in interesting foreign money here,

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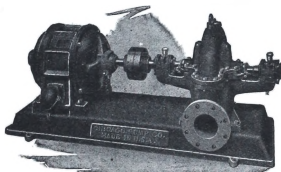
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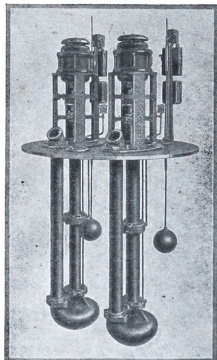
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although neither Mr. Soriano, nor any official connected with the Soriano interests, intimated such a thing.

It may be that the wish has been father to the thought, in all these rumors.

METAL PRICES CONTINUE DECLINE IN DULL TRADING

* Reduced steel operations and general business decline leaves market sluggish during November.

(By The United Press)

NEW YORK, Dec. 16.—Continued reduction of steel operations and general business uncertainty resulted in a general decline in all metal prices during November and the early days of December, according to the monthly summary of the magazine Metal and Mineral Markets.

The increase in stocks of domestic refined copper was one of the principle unfavorable factors. Lead prices were slightly firmer, although refined domestic stocks increased 9,904 tons in October and continued to pile up in November.

Lassitude in several foreign markets, combined with the virtual certainty that business aid proposals will be deferred until the regular session of Congress, contributed to the general decline.

Definite lack of interest on the part of domestic copper consumers was reflected throughout the month, although London prices advanced sharply for a brief period in mid-November.

Actual consumption of copper in the domestic market is generally estimated about 55,000 tons a month. The fact that deliveries have been running at a lower level points to a reduction in stocks in the hands of consumers, market observers believe. This created optimism that the increased stocks of producers may soon be erased.

Production of refined lead exceeded expectations. The industry had counted on a gain of not more than 5,000 tons in October. The downward trend in prices brought in a larger flow of both ore and secondary metal. Eventually the lower prices now prevailing will restrict supplies, according to producers.

Lead stocks at the beginning of November totaled 100,646 tons, against 90,742 tons a month previous and 183,430 tons a year ago, according to the American Bureau of Metal Statistics.

Zinc consumers displayed practically no interest to buy metal, even following the announcement November 22 that the price named for prime western supplies was reduced from 5.75 to 5.50, St. Louis. Many in the industry believe large consumers have ample supplies of metal on hand or contracted for to take care of their reduced requirements.

Sales of prime western zinc during the week ended November 25 were less than 500 tons. Shipments totaled 3,069 tons, reducing unfilled orders to about 66,000

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tions. Current business was confined almost entirely to small consumers who did not participate in the buying movement last summer.

The tin trade was generally dull, with sporadic fluctuation in prices. Malay opposition to the proposed reduction in output on the grounds that a drastic revision of standard tonnages is in order created

some confusion. The tin-plate industry, which has been operating at capacity until recently, fell to 60 per cent of capacity during most of November.

Large consumers of quicksilver could not be interested at current quotations and sellers in most instances regarded prices at little more than nominal at \$83 and \$85 per flask.

The silver market has fluctuated over a wide range because of uncertainty whether the world silver agreement would be renewed when it expires at the end of the month. Heavy selling of Indian supplies, combined with large importations in London of Chinese supplies, broke the market early this month.

AVERAGE METAL PRICES FOR NOVEMBER, 1937
(By United Press)

		Gain or Loss from Oct.
COPPER		
Electrolytic, Domestic refinery ..	10.797	- 1.041
Electrolytic, Export, refinery ...	9.850	- 1.357
London, Standard Spot	39.321	- 6.063
London, Electrolytic, bid	44.023	- 6.596
LEAD		
New York	5.033	- 0.707
St. Louis	4.883	- 0.707
London, Spot	16.706	- 1.553
London, Forward	16.714	- 1.604
SILVER AND STERLING EXCHANGE		
Silver, New York per oz.	44.750	Unchanged
Silver, London, pence per oz.	19.707	- 0.235
Sterling Exchange, "checks"	499.467	+ 4.072
ZINC		
St. Louis	5.630	- 0.455
London, Spot	15.808	- 1.941
London, Forward	15.970	- 1.985

TIN		
New York, Straits	43.299	- 8.355
London, Standard Spot	190.477	- 33.392

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Arms Race in Asia

● By WILLIAM HENRY CHAMBERLAIN

The Far East is arming competitively to the limit of its financial and economic resources. This was the strongest single impression I gained from a recent trip which took me from Tokyo to Singapore and back. In the course of the journey I visited Central and South China, the Philippines, Malaya, Siam, French Indo-China and Formosa.

For several reasons the oriental arms race has made less impression on public consciousness than the more obvious and spectacular race for military supremacy in Europe. For one thing, the countries affected are much poorer and are hence less able to approach perfection in equipment with weapons of destruction than are the leading European powers. Only the frontier between the Soviet Union and Manchoukuo has bristled with fortifications in the European style. Distances are greater in the Far East than in Europe, and sea power, which is less demonstrative than are land armaments, is relatively more important.

So the casual wanderer in the Orient has been less impressed by visible war preparations than he would have been in Europe. But the Far Eastern arms race has been none the less a reality. Every East Asian country is panting and staggering under a burden of armament that has been growing heavier from year to year, and that shows no sign of abating.

Consider first the position of Japan. Appropriations for the army and the navy have approximately trebled since the seizure of Manchuria. (In the fiscal year 1931-1932 the army received 227,480,000 yen, the navy 227,120,000 yen. The corresponding figures in 1937-1938 are 704,900,000 yen and 658,600,000 yen.) The fighting services absorb almost half of the record budget expenditures, of which one quarter will be covered by floating new bonds. If one adds the interest charges on the national debt that has grown by more than fifty per cent since 1931, very little is left for ordinary government expenses.

Many of the features of the controlled economy which is so characteristic of the Soviet Union, Germany and Italy today are being forced on Japan piecemeal because of the exigencies of a military preparedness program which is out of proportion to the country's resources and real economic strength. Steel at the present time, for instance, is practically reserved

for the needs of the army and navy. Because of the acute shortage and the bounding world price of this most necessary industrial raw material, new public buildings are obliged to get along with substitutes for steel.

Control over imports is constantly tightening; and a rationing system, which would place the demands of the fighting services first and those of the ordinary consumer last, is in course of preparation. What is even more discouraging to thoughtful Japanese than the sacrifices which have already been made in the name of national

strategic considerations. And Japanese peasant conscripts are receiving a realistic training in warfare, at least of the guerrilla type, when they hunt down the men whom the Chinese call insurgent "patriots" and the Japanese "bandits."

But, swiftly as Japan's strength has grown, Russia's military preparations have gone forward at a still more rapid tempo. Japan can scarcely feel much sense of security when it knows that at Vladivostok is a large concentration of Soviet bombing airplanes, capable of raiding Tokyo within three and a half hours. The Soviet Far Eastern army is immensely more formidable, as a fighting force, than the masses of troops, badly led and poorly supplied, which the czarist régime poured into Manchuria during the Russo-Japanese War of 1904-1905.

The Soviet and Japanese armies are among the most secretive in the world. Accurate official figures about the forces which face each other along the far-flung curved frontier of Northern Manchoukuo are impossible to obtain. But there is general agreement that the Soviet forces in the Far East are in the neighborhood of 250,000; few observers are inclined to estimate the Japanese forces in Manchoukuo at more than half of that figure. There can be little doubt that the Soviet Far Eastern army is also definitely superior to the Kwantung army, the Japanese force of occupation in Manchoukuo, in airplanes, tanks and armored cars. Indeed the Japanese army has just entered on a special arms replenishment program, calling for an expenditure of 2,000,000 yen, spread over several years, for the purpose of increasing the quantity and enhancing the quality of its aviation, mechanized and motorized units. But there is certainly no guaranty that the Soviet Union, which has almost two and a half times Japan's man power and is vastly richer in coal, iron, oil, gold and other natural resources, will not move ahead with at least equal speed during these years.

Japan's comparative armament status seems equally bleak in the naval field. Great Britain has launched out on an arms expansion program which calls for the annual expenditure, over the next five years, of approximately \$300,000,000—a sum which is almost double the entire Japanese annual budget. Much of this expenditure will be for warships; and hitherto America has adhered to the principle of naval parity



Red Soldiers in North China

security is the fact that there seems to be no end to the process. The increased monetary outlay has not been wasted; Japan's forces on land and sea are much stronger than they were six years ago. But from the relative point of view Japan's intensive armament has been a Sisyphus affair; its strength vis-à-vis its principal rivals has diminished rather than increased.

Japan is now maintaining in Manchoukuo the largest military establishment it has ever possessed on the mainland. The wide rolling plains and wooded hills of Manchuria have represented both an arsenal and a training-ground for the Japanese army. Military control is much more sweeping in Manchoukuo than it is in Japan proper. The whole economy of the new state, the railway, road and harbor construction, the preeminent attention bestowed on such industries as chemical, cement, iron and steel, oil refining, all are dictated by

with Great Britain. Japan's military and naval leaders have not yet found the answer to the challenge implied in the following passage in the speech which Mr. Yukio Ozaki, veteran liberal parliamentarian, delivered before the last session of the Diet: "The army says it needs money, but the essential need is men. Japan has a population of only 70,000,000; the Soviet Union and China have hundreds of millions. The essential factor of the navy is money. But Great Britain and the United States outstrip Japan in wealth by the difference between clouds and mud."

Japan's present position in the armaments race is that of a runner who is beginning to lose his wind. One ominous symptom is that steep price increases are beginning to nullify the effectiveness of the larger military and naval appropriations. Japan must face the full brunt of the world-wide rise in the price of base metals, because much the greater part of its important raw materials, with the exception of coal and copper, must be imported. Moreover the steady increase in budget appropriations and the diversion of large sums to war production are producing inflationary effects. The cost of living, which had been creeping upward steadily but very slowly after the devaluation of the yen in 1932, took a sharp jump during the first months of 1937. Japanese labor, docile and weakly organized as it is, began to show signs of restlessness. Strikes multiplied, and all-around wage increases which will raise the costs of production and make the army and navy building programs more expensive seem unavoidable.

Japan at the present time is in the peculiar position of being faced with many

of the economic problems of the modern-style militarized dictatorship without having gone over to full-blooded dictatorial rule. This discrepancy, as much as any other single factor, accounts for the chronic uncertainty of Japanese political life, for the frequent changes of Cabinet and the strained relations between the Cabinets and the Diet.

The Soviet Union has made great military and economic efforts to keep ahead of Japan in the armaments race. According to an estimate of the Foreign Policy Association, the Soviet Union led the world in military appropriations in 1936, with an expenditure of \$3,000,000,000. Japan's combined military and naval outlay in the same year was approximately \$300,000,000. Even if one allows for some exaggeration of the real value of the Soviet expenditure, because of the uncertain purchasing power of the ruble, there can be little doubt that the actual military preparedness effort of the Soviet Union was considerably in excess of Japan's. The Soviet Union is much richer than Japan in natural resources and has been placing at least an equal strain on the endurance of its population.

While no foreign observer has been permitted to make any detailed investigation of the Soviet military zone in Eastern Siberia, it is generally recognized, by Japanese military experts as well as by other observers, that the Soviet position has greatly strengthened during the past few years. There is now not the slightest chance of overrunning this vast but sparsely populated territory by means of the sudden raid that might have been successful in 1931 or 1932. Steel and concrete fortifications have been erected at the

more accessible points along the Amur and Ussuri rivers; a flotilla of submarines at Vladivostok threatens the security of Japan's sea communications with Korea in the event of war; the Soviet air concentrations have been noted. The double-tracking of the Trans-Siberian Railway, now almost completed, promises a swifter flow of reinforcements and supplies.

Fully realizing that distance is still Russia's greatest handicap in a war with Japan, the Soviet military leaders have gone to great pains to make their Far Eastern army as nearly self-sufficient as possible. Vast quantities of provisions, supplies of all kinds and oil, so necessary for the mechanized units, have been stored with a view to making the army independent of the supplies from Russia which might be cut off or interrupted.

Russians, like Japanese, have been obliged to make considerable sacrifices in order to promote a national preparedness effort which has been projected on a two-power scale, since Soviet leaders have frequently expressed the conviction that their country will ultimately be compelled to fight Germany in the West and Japan in the East. Food conditions, while they have undoubtedly improved from the incredibly low level of the hardest years of the first Five-Year Plan, 1931, 1932 and 1933, are still unsatisfactory, if one may judge from the prices of foodstuffs (as compared with the wage standards) and from Soviet figures of livestock, still well below the prewar and 1928 numbers. The manufacture of consumers' goods is still stunted as to quantity and quality in order to feed the insatiable maw of the war industries.

Despite or perhaps because of the intensive competition in arms, the prospect of a Soviet-Japanese war seems to be receding rather than advancing. A kind of uneasy equilibrium, resting on tanks, airplanes and bayonets, has been established along the great rivers, the Amur, the Ussuri and the Argun, which mark the new Russo-Japanese military frontier. Hayashi's recent statement that there have been twenty-four hundred border incidents between Russia and Japan since the establishment of Manchoukuo is capable of an optimistic as well as of a pessimistic interpretation. If it shows that there has been a conspicuous absence of good will in frontier relations, it also shows that neither country has been disposed to take advantage of innumerable pretexts for resorting to large-scale hostilities.

China is another active participant in the Far Eastern arms race. Over thirty per cent of the last national budget of 990,658,450 Chinese dollars (a little less than \$300,000,000) was earmarked for military expenditures. A considerable part of the provincial revenue certainly goes for troop maintenance; and the total outlay for ar-



Grim-faced Members of Japan's Cabinet

ment is further swelled by indeterminate contributions from funds which are at Chiang Kai-shek's personal disposition (the lucrative opium revenue, for instance, which does not appear in the budget) and by reconstruction projects of a strategic character.

China has made a special effort to build up an efficient air force. Last year, Chinese purchases of aeronautical material in the United States exceeded those of any other power and were valued at \$6,872,000, American money. A large German military mission, headed by General Von Falkenhansen, has been stationed at Nanking for several years. While it has been notably adverse to publicity, its services are believed to have been especially useful in training the new type of Chinese officer, well versed in modern warfare and devoted to the state, not to any private war lord, and in strengthening the defenses which have been set up on the hills overlooking Nanking.

Military training is now obligatory for Chinese students and government employees. China's plans for a war precipitated by Japanese aggression have been framed on the assumption that the coast towns could not be held, in view of the overwhelming Japanese naval superiority. Strategic railways, of which the most important is the one connecting Canton with Hankow and the Yangtze Valley, and highways to such remote centers of China's huge interior as Chungking, Kweiyang and Yunnanfu, have been and are being rushed to completion. Arsenals have been established at places which are reasonably safe against air attack; such as Sianfu, scene of Chiang Kai-shek's detention a few months ago, Chengtu, the capital of Szechwan, Chungking, on the upper Yangtze, and Nanking, in Kwangsi Province.

It is not only the large nations of East Asia, Japan, China and the Soviet Union, which are arming as rapidly as financial and economic resources permit. The spirit of intensive rearmament has spread to the smaller countries as well.

My trip took me from China to the Philippines. And one of the first sights that strikes the visitor to these green, palm-fringed islands is the number of new camps where the first conscripts of the Philippine national army are learning to drill, march and shoot. The Philippines until very recently were guarded only by a force of 4,000 or 5,000 American troops, concentrated in and around Manila, and by 6,000 Philippine Scouts, Filipino soldiers who were enlisted in the United States army. The American troops will be withdrawn as soon as the islands acquire the status of full independence—which will be on July 4, 1946, or perhaps, by arrangement, even earlier.

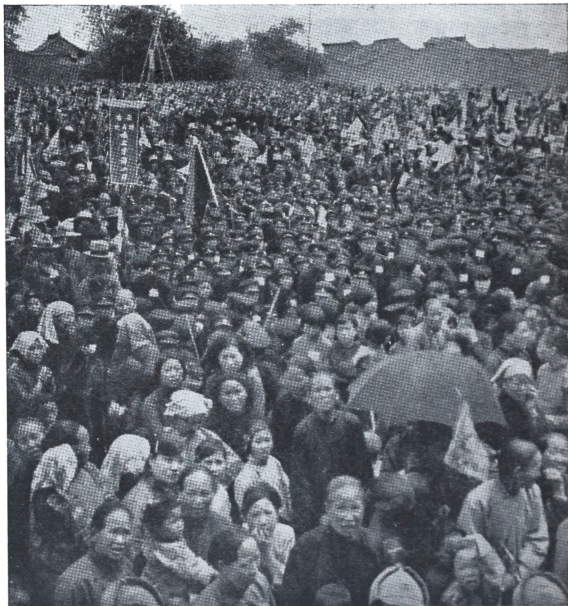
What was more important than the physical presence of American troops, who

have not seen action in the Philippines for many years, was the previous certainty that an outside attack on the islands would entail war with the United States. With a view to filling up the large gap which will be left in the pattern of national security when this assurance disappears, the Commonwealth government has put into effect a universal service defense scheme which was worked out by Major-General Douglas MacArthur, who has been serving as military adviser to President Quezon. Under this scheme 40,000 Filipinos will receive six months of camp training every year, so that a trained reserve of several hundred thousand men will be built up within a decade.

General MacArthur, in conversation with me in Manila, expressed enthusiastic confidence that the Philippines, as a result of his scheme, would be able to defend themselves against any invader. He emphasized such points as the difficulty of effecting large landing operations in the face of active opposition, the rugged character of the Philippine coastline, the adaptability of the forests and jungles to prolonged guerrilla fighting. Not all observers are so optimistic about the ability of the islands to defend themselves against an attack in

force from Japan. There is a disquieting possibility of air raids; the northernmost of the Philippines can be seen on a clear day from the southern promontory of Formosa. It is not clear how expensive aircraft and naval units can be purchased out of the annual allotment of 16,000,000 pesos (\$8,000,000) which has been set aside as the permanent military item in the Philippine budget. But, whatever the future results may be, the Philippine government has committed itself to a program which involves the creation of the largest organized armed force the islands have seen since the times of Magellan, or before.

The seven thousand islands and islets of the Philippines merge, toward the south and southwest, with the vast archipelago of the Netherlands Indies, where over 65,000,000 Malays and other natives are under the rule of a tiny country thousands of miles away in Europe. Intensive Japanese commercial penetration, rate wars between Japanese and Dutch shipping lines and loose talk in Japan about the necessity for "southward advance," without its being made clear whether this advance is to be naval, political or purely economic, have generated no little concern among the Dutch administrators of this rich and extensive



Can These Men Be United?

Philippine Commonwealth May Train Men for Foreign Service

An interview with Dr. Regala, Professor of International Law at the Law College, University of the Philippines yielded a JOURNAL representative some very interesting information about plans which Malacañan has on the fire for the training of a group of men who, some time in the indefinite future, may form the nucleus of a Philippine consular and diplomatic corps abroad.

Dr. Regala, who has been detailed to the Division of Foreign Affairs at Malacañan from the Department of Justice (his regular position) stated that, at present, there are four men working in the Division besides himself. The other three are, Mr. Leyves, a U. P. graduate, Mr. Borja, a graduate of the U. P. and Columbia Universities, and Mr. Silverio Almirianas, a recent Georgetown addition.

The plan is to have trained men ready to represent the Philippines abroad by 1946, when the country will become independent under the Tydings-McDuffie act (barring changes in the act before that time). This may be accomplished by sending men trained in foreign affairs to join the diplomatic and consular staffs of the United States abroad, for first-hand observation of how diplomacy is conducted. This can

be done, of course, even before 1946, with the approval of the United States Department of State.

Dr. Regala emphasized that all plans are still somewhat hazy and indefinite, but he mentioned that it has been suggested that the Philippines send three such men abroad to join United States diplomatic and consular staffs in foreign countries each year. This would give the Philippines about twenty men at the end of the Commonwealth period, and these men could then act as the advisers and teachers of others that would be needed.

The International Law professor also said that plans were afoot for the Department of State at Washington to send one of its experts here to help in training future diplomats and consuls. He heaped praise on the way the government of the United States has always been anxious to help the Philippine government by lending it its best experts in every field. He said that, in his opinion, this is a very important factor in future Philippine-American relations, since it means that a very large percentage of Philippine Government men will be, if they not already are, imbued with American ideals, and will have the American point of view.

When asked what effect making a Dominion of the Philippines instead of an independent nation by 1946 would have on these plans for a Philippine diplomatic corps, Dr. Regala laughingly stated that he refused to act as a political seer. Assuming, however, he said, that the Philippines become Dominion, occupying about the same status toward the United States that Canada occupies toward England, he pointed out that in all probability Philippine representatives would go abroad just the same as though the islands were independent. Canada and the other Dominions maintain their own representatives in foreign countries, he reminded.

Dr. Regala repeatedly emphasized throughout the interview that nothing has been definitely decided. All foreign affairs of the Commonwealth are now in the hands of the United States under the Philippine Constitution and the Tydings-McDuffie Act. While the necessity is recognized of training men for possible service of the Philippines abroad as consuls or ministers, even this has not been definitely decided upon. Any Filipinos who do join the staffs of the United States in foreign countries, will do so mostly as students and observers, preparing themselves for future service.

colonial empire. This concern has found expression in a substantial increase in defense appropriations. A big airplane base at Sourabaya and submarine and seaplane bases on the coast of New Guinea are among the most prominent features of the new defense plans. There is also a fleet of four cruisers, six destroyers, twelve submarines and some mine-sweepers. Some of these vessels are approaching the obsolete state; and there is a strong popular demand among the Dutch in the East Indies for more and newer ships, flying-boats and torpedo bombers.

The Dutch feel much more secure in the East Indies because of the rapid progress toward the completion of the great British naval base at Singapore. Although there is no public treaty between Great Britain and the Netherlands, it is generally assumed in the Far East that the manifold imperial interests in southeastern Asia would impel any British government to oppose actively any Japanese onset on the Netherlands Indian possessions. The important holdings of the largely British Shell Company in the oilfields of the East Indies (the largest source of oil in

East Asia) are another factor which must be considered in this connection.

Singapore is a very important element in the Far Eastern arms race. One of the world's largest naval bases has risen on what was formerly a jungle swamp on the northern side of this island, which is at the tip of the Malay Peninsula and commands in the main sea route from the Far East to Europe. Equipped with the third largest floating dock in the world and with a huge drydocks, its shore lined with warehouses and oil tanks, the Singapore base is in a position to take care of any fleet which Great Britain may choose to send into oriental waters.

The nonfortification agreement as to Pacific possessions which the United States, Great Britain and Japan concluded at Washington in 1922 did not apply to Singapore. By constructing an eastern Gibraltar there, Great Britain has perceptibly increased both the naval and the political weight which it can throw into the scales of East Asian politics. Singapore is an international cross-roads metropolis. China and India meet there. The great mass of

the population of the cosmopolitan port is Chinese; but one can find a picturesquely decorated Hindu temple in the city and Hindus are the city scavengers.

Singapore is the outlet of Malaya, one of the richest regions in the world in tin and rubber. A fleet stationed there could simultaneously operate for the protection of the neighboring Netherlands East Indian islands, block a southward thrust against Australia and protect the approaches to India. Singapore is already a main center of long-distance civil aviation; it is a main port of call for British and Dutch air liners plying between Europe and the Far East. It is rapidly becoming also an important military air base, with bombers and flying boats performing regular practice evolutions over the maze of near-by channels and islands.

North of Malaya lies picturesque Siam, land of constant heat, wide swampy paddyfields, priests in saffron robes, naked little boys riding astride buffaloes, and garish, vividly colored Buddhist temples and pagodas. Long thought of mainly as a tourist

(Please turn to page 30)

The Phenomenon of Popular Consciousness in the East

● *The Peoples' compelling demands for the fruits of our present remarkable age—with direct application to the Philippines and China.*



In the September Mercury, a newsman by name of Thomas Steep exploits the thesis that China has gone ancestroesque again and is laying aside so-called western culture. One of the flimsiest pieces ever to appear in the magazine mentioned (which is in hand from Volume I, No. 1 to date, September), this piece is titled *China Calls the White Man's Bluff*. In the first place, western influences impinging on China, as upon the rest of the world, are no bluff: archeology, physics, chemistry, astronomy, with their concomitants—broader and deeper intellectual horizons, growth of population, the identity of our globe with the cosmos, machines, alchemy (such as the making of chrome steel, and rayon fabrics), electric power and conveniences, rapid transit, instantaneous communication.

These are not bluffs, philosophy even in China is put to it to do anything with them at all; and philosophy, against them, is quite unable to save its face. There is a new world, having hardly any relation to the past. What served to explain the past has no bearing on it. It is a world of the masses: China will no more extricate herself from its compelling influences than will England, Russia, or Massachusetts. Nor does she have the will to do so.

Nothing comes up in the world, affecting the masses, that does not at once popularize itself with the Chinese: the theater, the movies, the automobile, good roads, factories, schools, national consciousness and national government: citizen armies, national navies and air forces. Old barriers such as the Great Wall no longer signify; and the less tangible barriers, of philosophy, do not signify either. This age has nothing to learn from the past, in China as elsewhere, for the reason that it

is not implemented physically as was the past. Chinese feel this, being unable to escape it. If a Chinese student who has sojourned at a western university returns to China and doffs his western clothes for the costume of which his family approves, this does not mean that he will not keep in touch with exchange rates by telegraph.

That a Chinese youth does not undertake to modernize his family life and disturb his parents' peace of mind, does not imply that he has not himself acquired a consciousness of his community as a whole, or that he has no national outlook. Current days in China demonstrate the contrary; and in the Philippines, scores of thousands of

womanhood? There are, of course, many; and if tradition holds stronger sway in China than in other countries, it is only because China is large and has to go take more time to get in motion and catch up with the modern procession. But toward that procession she heads, nevertheless.

It seems utterly absurd to contend that China's new nationalism is in any sense traditionalism. It engages the masses more than their leaders; and when frustrated, it overthrows its leaders, seeks new banners and moves on.

The west has forced nothing on China, not even opium; there may be bitter chapters in the history of the opium trade—but it is not intended to deny that there are—but if there had been no will among Chinese to use opium, and among others to traffic in it, China would have no opium today. (It is notable that the fight against opium in China is a young man's fight; it is not a conservative movement, it is a liberal movement, and its ideology derives from the west.) Chinese, when the western nations sent ships to China, wanted to trade. They wished to sell, also to buy. What was overcome were the artificial barriers by which the government of that day tried to prevent Chinese from doing what they wished to do—carry on international trade.

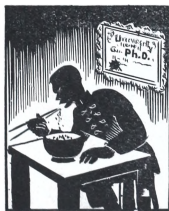
Allusion has been made to China's national spirit, that varies only in detail from the same spirit now so profoundly moving Japan and the west (and the Philippines, too). It grows among the people, from the soil. Presently much hampered by some plans of militarists in Japan, it proceeds in spite of this temporary restraint. And how does it proceed? The man closest to it in Manila is Dee C. Chuan, the well known banker and lumberman. He says it proceeds mainly by means of the newest physical devices. He says that the modern communications China is effecting will inevitably make the national spirit and the national government paramount.

Over new roads, along new railways, and with airplanes, national forces can move with facility. Is this China calling some western bluff, or is it not just China geographically—China of today? Dee C. Chuan anticipates unification of China with



Chinese react to their age in the same way as all other peoples do: that is to any, they swing along in active step with cataclymic changes without questioning for a moment where the journey will lead or what its fruits will be. The old world known to be 5,000 years old is gone. A new world, machined to new forms, is in its place. But also, archeology, much of it carried on in China, has pushed the horizons of the old world far back into antiquities all but obliterated, and so Confucius is brought forward into the field of modern scholarship—Confucius stands but 500 years before Christ.

Chinese reject the west? Then why is the leading theater corporation in the Philippines a Chinese enterprise? But why, too, Chinese schools crowded with Chinese girls as well as boys; and why do Chinese families, hastening to the movies, take along the girls as well as the boys? Are there no girl nurses in Chinese hospitals, are there no caps and gowns for Chinese



in 20 years, or a time less than 2/3 of the brief space America has been in the Philippines. He does not worry because Japanese forces temporarily hold Manchuria, since Chinese are rapidly filling up Manchuria and the Japanese improvements there are beneficial mainly to Chinese. If traditionalism moved these Chinese, Dee C. Chuan would be entirely wrong about them—they would be inert, a people spiritually defeated, fleeing from and shunning the exigencies of their age. But as it is the same force moving them that moves the west, Dee C. Chuan is probably right about them. They seek mass life in Manchuria, as they do in China proper; and as they seek this as Chinese, so they will have it as Chinese.

Better thinkers by far than Thomas Steep have given us the clue to such phenomena as the Nanking government, the Philippine Commonwealth, and the new deal for India. One of these thinkers is the Spaniard Gasset. He points out the fact that during the 19th century peoples idealized common rights but left matters to their leaders without caring to take tangible hold of what their sentiment cherished. But in this century all this is quite changed, they now do take hold. China can't make terms with her past and invite a long era of renewed philosophical vegetation. China is now the Chinese people, who want, and will surely have, things for themselves. In this, they don't rebuff the west; they but join the west in the rapid forward-march. It is only because the west invents and passes the implementation of this novel régime along, that the west is taken as in the lead—accused sometimes of bluffing the east into acceptance of its standards. But the charge is untrue, the dynamics of our era enjoy electrical acceptance everywhere. In fact, the fundamental truth is, they are universally demanded, and no people will long permit itself to be excluded from them.

These are such facts as are true. There are few places in the world better than the Philippines in which to observe and verify the truth of them.

Arms Race . . .

(Continued from page 28)

backwater, Siam during recent years has begun to play an important part in oriental politics, and it has not escaped the prevalent craving for more and better arms. Its military expenditure has risen from approximately 13,000,000 bahts (about \$6,000,000) in 1932-1933 to a record figure of 23,300,000 bahts in 1936-1937. Imitating methods of secretive European dictatorships, the Siamese budget-makers have not itemized their military outlay. Its precise destination, therefore, is unknown.

But it is known that a considerable number of airplanes and some tanks have been purchased abroad; the British financial adviser to the government, Mr. W. A. M. Doll, inserted into his last report a gentle warning that heavy expenditures abroad, together with the constant homeward drain of remittances from the large Chinese commercial community in Siam, might endanger currency stability. Siam is also building a navy; an additional appropriation of 18,000,000 bahts has been set aside for this purpose. Only small warships are being ordered, some destroyers having been bought in Japan and in Italy.

Siam is the only independent country in southeastern Asia. So it is naturally a focal point of international rivalry and intrigue. For a time there was some concern in British circles as to whether the new nationalist government which has succeeded the ousted King Prajadhipok might not swing over entirely into the Japanese orbit. Japanese trade grew rapidly; a Japanese cotton expert arrived to study the possibilities of growing Siamese cotton for the Japanese market; Siamese naval cadets were sent to Japan for training. There were persistent rumors that Siam, with Japanese financial backing, would construct a canal across the narrowest part of the Malay Peninsula, the Isthmus of Kra. Such a canal would be a stunning blow to Singapore, both commercially and strategically.

During my visit to Bangkok in the winter of 1936-1937 I gained the impression that British apprehensions were relieved, if not altogether allayed. No concrete proof of the Kra Canal scheme was obtainable; and the idea was specifically repudiated by Luang Pradit Manudharn, the Siamese Foreign Minister. After all, Siam is surrounded by British territory on three sides, by Malaya on the south, by Burma on the west and northwest. Moreover, the new régime in Siam, while definitely nationalist and inclined to resent any suggestion of tutelage from Great Britain, certainly has no desire to fall into a relation of dependence on Japan.

At the moment the Far Eastern arms race, which has been speeding up from year to year, has led to a state of unstable balance of power. The best guaranty of peace in Asia, as in Europe, had seemed to be the unwillingness of any government to take the responsibility of precipitating war when its neighbors were armed to the teeth and the outlook for victory was so uncertain. But peace on these terms was hardly to be regarded as permanent or stable.

—Reprinted from *Asia Magazine* for October, 1937.

Vikings of

Ships without decks or engines, chart or compass, still cross the Indian Ocean to East Africa. They were trading along that coast before the first Portuguese explorers burst into those seas. They are running between the Persian Gulf and Zanzibar now, fleets hundreds strong, while the Queen Mary maintains her trans-Atlantic time-table.

They are the dhows, the ocean-going sailing ships that have not changed since the days of Ptolemy. I have sat at the tiller of a fast-coasting dhow off Zanzibar, yarned with dhow skippers and crews in Mombasa, Mozambique and Colombo. But I have never learnt all their secrets. The dhows, with their rakish lateen-rig and dark, battered hulls, have about them an air of mystery that is not easy to penetrate. By the rules of modern commerce, they should have been driven from the ocean long ago. Yet they sail on, defiant relics of an earlier age of seafaring.

The largest are about the size of Drake's hip, the Golden Hind. Some that venture over from the Persian Gulf to Mombasa, three thousand miles, do not displace more than ten tons. Their Arab crews are the Vikings of the East, accomplishing in their high-pooped dhows the deeds of adventure the old Norsemen achieved in their long-ships.

I remember a dhow that came drifting into Colombo Harbor after a hard passage from the Maldives—the shining attols that are strung out in line for four hundred miles just north of the equator. My boatman spoke the island dialect, and we boarded the dhow to see how she had fared.

Her mast was the bent trunk of a coconut palm, her sails were mats. The fiber rigging was frayed. Sheets of corrugated iron covered with thatch formed the cabin. Nearly all the small bottles used for water storage were empty. Her crew of thin and timid young islanders seemed unaware of any feat of seamanship in bringing this flimsy ark safely to port. If it had happened in western waters the news would have been on the front page.

Sometimes the frail Maldivian dhows keep company in mid-ocean. Fleets of a hundred sail have been sighted, the dhows in the outer lines burning torches at night to keep the whole formation together.

the East

● By LAWRENCE G. GREEN

How do the dhows find their way across thousands of miles of open Indian Ocean? I knew the Maldivé Islanders had their wooden sextants, and navigation tables copied from modern books. But most of the Arabs, Indians and Swahilis display

none of the up-to-dateness of the island people. How is it done?

At last I formed the opinion that it was indeed a "hit or miss" affair, the chances of disaster varying according to the ex-

perience of the dhow skipper. Some there are with a knowledge of the stars. They tell you that, when a star appears in a familiar position, a known port or island must lie under it. Others are able to estimate their latitude with the aid of a wooden instrument, two arms set at right angles with a knotted string across. This gives a fair idea of the angle of the Pole Star.

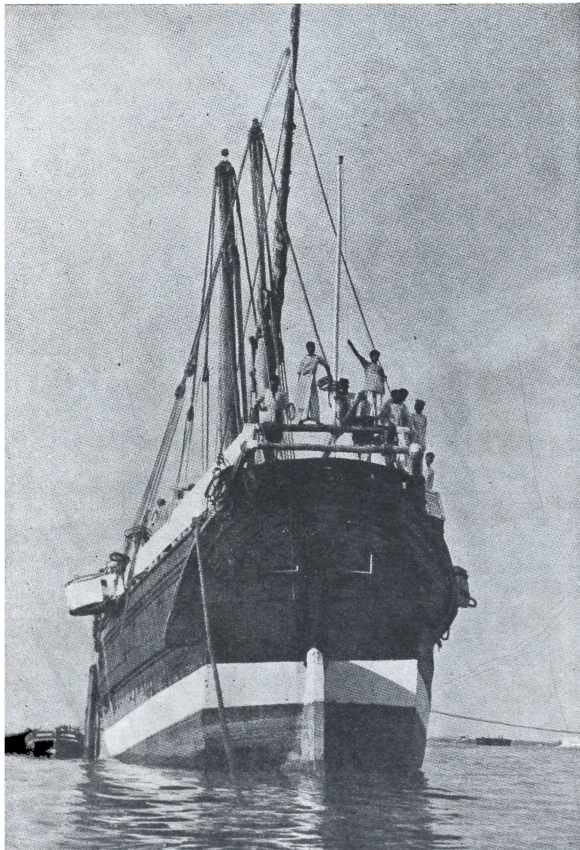
On board a fine baggala that had sailed all the way from Bombay to Colombo I saw a shining binnacle. Many Arab dhows still put to sea without a compass, in spite of the fact that the Arabs have been credited with using some form of magnetized needle when they first met seafarers from Europe.

The sun and the steady monsoon winds are the great signs of direction observed by dhow sailors. The position of the sun at dawn and dusk is important. If there is no sun, and fog or clouds cover the stars, then Allah is held responsible for the safety of the ship. It does not matter if currents take her off her course. As long as there is water in the earthenware jars, rice and dried fish in the cooking pots, a week has no significance.

"There are no devils save imaginary devils," say the stout-hearted Arabs. Nevertheless, a bold proverb is a poor substitute for a sextant, and these rough methods of navigation do lead to wrecks and heavy loss of life. Whole fleets of dhows have been driven ashore on Cape Guardafui—the sinister cape that was called, even late last century, "the unknown horn of Africa." Weather lore is all right up to a point. The white man's liner with her barometers, echo-sounding gear, wireless direction finder and chronometers may carry too many aids to navigation. The white man's liner with her barometers, echo-sounding gear, wireless direction finder and chronometers may carry too many aids to navigation. There is no doubt that the dhows have too few.

But it is impossible to shake the oriental philosophy of these aged, sea-wise Arabs. On a coast, where they recognize every landmark by day, they prefer to anchor at night. Ask the skipper why he wastes time like this, and the answer comes with a smile. "I cannot see in the dark. Also, the night is the best time for sleeping. Do not count the days of a month which do not belong to thee."

Every long voyage starts with a ceremony of drums, music and dancing to appease the spirits of the deep. Charms are fixed to the bowsprit and eyes painted on the bows, a precaution copied from the Chinese junks. Then, with the crew singing a shanty that the monsoons have blown down these eastern seas for two thousand years, the dhow makes sail for blue water.



Not very graceful—But she will ride out any storm

One day I stood on the beach at Port Amelia, that wonderful harbor in Portuguese East Africa, watching the Arab shipwrights building a dhow. They were working to a plan that was old when the ancient Britons were paddling their coracles. Not a nail did they use as they laid the planking along the hard balks that made the ribs. Every plank and timber, deck beam and stringer, in a dhow is fastened with wooden pegs.

Most seaworthy of all dhows are the large baggalas from Muscat and the Persian Gulf, with their high, square sterns—often richly carved—and shapely prows. A baggala may be a hundred feet in length with a beam of thirty feet. Tiller, cleats, bulwarks, spars, everything about her is massive. She has a double skin, like the famous Norwegian life-boat design, the space between inner and outer planking being filled with a lime-and-water mixture to make her thoroughly watertight. Fish oil or propoise fat serves as paint. The heavy rudder might have been transhipped from the Ark.

Yet the dhow has lines that capture a sailor's eye. She may appear to ride low in the water amidships, but she has a powerful bow and a stern that will not be swamped when she runs before a gale. The deep keel gives her a grip on the water, so that she can be driven to windward and claw off a lee shore. Her keel is of such stout timber, too, that she can scrape over a coral reef or pound heavily on sand without causing serious damage.

A type of dhow that has aroused wide interest is the mtepe, the sewn boat in which the planks are held firmly together with coconut fiber. A certain amount of elasticity is created by this ingenious device, and the mtepe stands up remarkably well to the hammer blows of the sea. You can distinguish a mtepe by her square rig, long projecting stern and a bow like the head of a camel throwing up white spray on an emerald sea. I have seen these boats at Zanzibar, but I believe they are now built only at Pate Island in the Lamu group.

The odors of past cargoes cling to all these hardbitten wanderers of the Indian Ocean. They are "tramps" in the true sense of the word; for most of them sail without knowing where the next freight will be lifted. I saw a Maldivian dhow arrive in Colombo reeking of dried fish. In her holds, too, were coconut products, tortoise shell; and I was told she would carry rice and bicycles back to the islands.

When you see any battered, ocean-going dhow you may be fairly sure that frankincense and skins, coffee and ivory, carpets and dates, cloth and sponges have all been heaped in her bilges at some time or other to cross the seas covered with tarpaulins. The passengers sit on top of the lot with their baggage. It is transportation reduced

to simple terms. Cooking is done in an iron box half-filled with sand. Often a flying fish drops on deck at night, drawn by lanterns. Occasionally a turtle asleep on the surface is captured. Oranges help to keep the scurvy away. As a luxury there is the Arabian melted butter called *samn*, and always there is coffee.

If supplies run short (or even, one suspects, when there is still ample food in the locker), the dhow skipper does not hesitate about holding up a liner. Thousands of passengers bound for India or Australia must recall those little dramas of mid-ocean—the dhow becalmed and flying a distress signal, the liner sending casks of fresh water and sacks of provisions across to her in accordance with the unwritten law of the sea. Most captains, however, refuse pleas for tobacco. This is not a form of begging to encourage.

Sea routine on board the dhows is a lazy affair of tiller and lookout. There are no decks to scrub, there is no brasswork to polish. Each morning before dawn comes the call to prayer. "Allahu akbar!" In the evening, when the sun touches the sea-riem, the skipper becomes priest again. All on board face Mecca, "dropping to the deck with their foreheads touching the wood, kneeling until the last words are chanted. "Peace and the mercy of Allah be on you!"

The Indian Ocean is sprinkled generously with groups of coral islets. Fishing stations have been established on dozen of atolls, copra is produced on the larger islands. These calm lagoons seldom see the keel of a steamer. The dhows are not too proud to visit tiny outposts in search of cargoes.

You can identify a pearling dhow by the smell of long-decayed oysters. Arabs and deep-chested, black-skinned Somalis go as divers. The only apparatus carried is a primitive form of "submarine eye"—a glass bowl or a funnel with a glass bottom pressed below the surface. Thus the precious beds of oyster-shell are found. If sharks keep away and no dreaded octopus appears, if a man is not trapped by a giant clam and if the oyster-shell is rich, the divers may sail back rejoicing to the pearl market of Zanzibar.

Malindi waterfront at Zanzibar and the tortuous, narrow streets and coffee houses of the bazaar form a memorable scene during the northeast monsoon. Then the crews of dhows from distant coasts arrive to spend their pay recklessly, just as the sailor-men of other nations do at the end of a hard passage.

The dhow, as I have said, does not always survive the dangers of the Indian Ocean. One of the strangest disasters occurred only a few years ago, when a dhow left Zanzibar for the Gulf of Cutch with thirty-seven persons on board, mainly Arabs and Indians. They were sailing

well in fair weather one night when a shock was felt below the water line. The dhow began to leak, and a hurried search revealed the long, serrated snout of a sawfish protruding through the planking. Crew and passengers toiled all night to shore up the rotten timbers and plug the leak. It was useless. Towards morning the skipper ran for the Lamu Islands and left the dhow on a reef to avoid foundering. No lives were lost, but the dhow became a total wreck.

Yet the old dhow trade flourishes in spite of the known and unknown perils of the sea. These Arabs sail on as if turbines and marine motors had never been invented. I see them now, the monsoon droning in the belling sail, brown sailors singing and beating their drums, an old man with a green turban and a thin beard crouched at the tiller. These are the Vikings of the East indeed, sailing boldly to adventure over the horizon.

—Asia, Oct., 1937.

MALACANAN PALACE
Manila
BY THE PRESIDENT OF THE
PHILIPPINES
ADMINISTRATIVE ORDER No. 52
CREATING A COMMITTEE TO
STUDY THE PROPOSED ESTABLISHMENT OF A FOREIGN TRADE ZONE AT THE PORT OF MANILA

It appearing that Manila is favorably situated as a transshipping port for foreign trade and that the establishment of a Foreign Trade Zone at Manila would benefit the commerce of the Philippines, I, MANUEL L. QUEZON, President of the Philippines, by virtue of the powers in me vested by law, do hereby constitute and create a Committee to study the advisability and feasibility of establishing a Foreign Trade Zone at the Port of Manila. The Committee shall be composed of the following:

- Mr. José Paez, President and General Manager, Manila Railroad Company, Chairman;
- Mr. J. Bartlett Richards, U. S. Trade Commissioner, Member;
- Mr. Jesus Obispo, Acting Collector of Customs, Member;
- Mr. Anastacio de Castro, Acting Director of Commerce, Member;
- Mr. A. T. Sylvester, Portworks Engineer, Bureau of Public Works, Member;
- Mr. Walter Robb, Editor, American Chamber of Commerce Journal, Member; and
- Mr. Richard C. Wilson of the United Press., Member.

Captain Boomer Fellers, U. S. Army, shall serve as Secretary and Executive Officer of the Committee.

This Committee shall submit a report covering its findings and recommendations as soon as practicable. Done at the City of Manila, this 19th day of November, in the year of Our Lord, nineteen hundred and thirty-seven and of the Commonwealth of the Philippines, the third.

(Sgd.) MANUEL L. QUEZON
President of the Philippines

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Guadalupe: An Heroic Ruin

The ruins of the old Augustinian sanctuary, Nuestra Señora de Guadalupe, surmount the heights on the left bank of the Pasig river near Fort William McKinley and a little to the right of the main road to the fort from Manila which skirts the river bank. The ruins are full of interest to all who have any inclination whatever to ruminate upon the noble monuments of a past but glorious age; and surely nothing is truer than that by the light of the past the future is illumined. "We are the same our fathers have been."

It is also true that we "run the same course."

The sanctuary was built in 1601, six years prior to the founding of Jamestown and eleven years prior to the voyage of the *Mayflower*—a ship little different from the caravels of Legaspi in which, in 1565, Fray Andres de Urdaneta and four other Augustinians arrived at Cebu and began the work of redemption of the land from barbarism, and subjection of the neophytes of the faith to the rule of Emperor Charles and his son Philip II, whose name, first applied to Leyte island alone, soon prevailed over the archipelago as a whole, theretofore known as the Islands of Magellan from his discovery of them, and his death at Cebu, upon his epochal voyage round the world, in 1521.

The friars of that period were men of the type who lead the world today in secular life. It was, for example, not Legaspi, but really Urdaneta, who, an experienced cosmographer and navigator with former experience in a Portuguese expedition, routed the armada successfully to the Philippines and then, upon the return voyage to Mexico, which was the initial one, charted the route by which Spain for centuries kept communication with her new territory and carried on her commerce with the Far East.

Yet it had been necessary for Legaspi to break out his sailing orders from the viceroy of Mexico only after he was safely 100 leagues at sea, off San Diego and Acapulco. And why? Because, for Urdaneta, the project was far too tame; he had no zest for it and the viceroy had assured him, as a pretext to gain his consent to embark and actually get him aboard, high adventure of a better sort:

"Far from undertaking a direct voyage to the Far East, he (Urdaneta) proposed to descend to the greater latitudes and discover the extent of New Guinea, which it was then believed reached into Antarctic

regions; or to ascend to the frigid latitudes in the opposite hemisphere and ascertain what islands or continents existed there, but coming at last to land, in the one case or the other, in the already known Philippines."

He was an angry friar when, finally, Legaspi called a council, broke out his orders and read that the voyage was to be direct to the Philippines, these Islands of the West, and therefore innocent of material discoveries. But he was habituated to discipline; he overcame his disappointment and set faithfully about guiding the ships westward.

His fellows were of like kidney. Two, Herrera and Rada, within one year had so thoroughly mastered Cebuano and instructed the people, that they had them converted and brought together into villages where their elders were maintaining order. Rada was made first provincial of the Augustinians in the islands; and Herrera was sent by Legaspi back to Mexico and to Spain to get reinforcements, not of soldiers, but of devoted friars; and with these and only handfuls of troops the Philippines were actually taken for Spain. Of

course many of the orders, and the Jesuits too, had a hand in this; the Augustinians were but first in the field.

Father Alba, arriving here at seventy, his memories of Villalobos' disaster forgotten, going alone to Panay and by means of learning an utterly strange language so as to talk and reason with the barbarians intimately, making the province Christian! The imagination hardly compasses the truth in respect to the faith of these men. Their wills, however, were as unshakable of purpose; and so we find them, the Augustinians notably, often at odds with the king's governor—even arresting Salcedo summarily and putting him to the question.

But I go on with Guadalupe, chiefly in quotation from original sources.

The plans for its construction seem to have been those of Fray Herrera, like those of the Augustinian church in Manila. The plans for both called for the most substantial building. The church, still standing as firm as when first completed, attests this; and so do the massive walls and deep and wide foundations of the sanctuary, set in the living rock. The materials for the convent were taken indeed from the live-



The Paths of Glory Lead But to—Crumbing Decay (with apologies to Gray)

rock of the hillsides, and soil was placed in their stead so that gardens might adorn the sanctuary grounds.

"Two leagues up the river is our convent of Nuestra Señora de Guadalupe, which is built of stone. It is the most frequented house of devotion in the islands, both by Spaniards and by natives. And it is enough that it has not ceased to exist, because of the changeableness of the country." This was written very early in the 17th century by Fray Juan de Medina, who, in the Augustinian mission in the Philippines twenty-three years, died at sea from the hardships of the voyage back to Spain. Another gave Guadalupe all he had, \$1,000.

The Augustinian province of the Philippines is that of the Most Sainly Name of Jesus.

The leadership of the Lord was very real to the missionaries, and He had said, "In so much as ye do it unto the least of these, ye do it unto me. Suffer little children to come unto me." So we must go on to another old relation.

"The father provincial of the Augustinians, representing his order, took under charge the support, education and teaching of abandoned and orphan children. They transferred the children to the lower parts of the convent at Guadalupe, which

were spacious and well ventilated. There they opened work-shops of sculpture and ceramics, painting and modeling, and there they remained until the year 1892, when the schools, workshops and children were transferred to the building of the new plant constructed for that purpose in the village of Malabon. The pace united all the desirable conditions of solidity, decoration, size and even elegance, which could be desired. There the Augustinian fathers taught the orphans, in addition to their primary letters, painting, designing, sculpture and modeling, printing and binding, and indeed the printing plant was bought by the voluntary donation of some religious (friars), through the economies practiced in the missions by dint of privations and of a life of poverty and mortification." Fray Francisco Mercado, who took his vows in Manila in 1611, "gave generous alms to the province from his own funds, showing special favor to the convents of Guadalupe and Bantay."

Now let us turn to Buzeta, writing in 1851. Each order, and the Jesuits, had a chronicler; and numerous and valuable are the volumes of their records.

"The Augustinians always have at Guadalupe a prior, who is usually a priest superannuated in the mission work. The elevation of the place is notable; it is

reached by ascent of hundreds of steps hewn from the rock. It dominates the whole province of Tondo and is one of the most picturesque places in the islands. The health and spaciousness of the place, together with the character of the instruction given by the prior, bring many persons there for convalescence, and youths to pursue their studies.

"It is also notable for the famous Fiesta of St. Nicholas. On this saint's day, September 10, the infidel Chinese established (in business) in Manila, hold a celebration at Guadalupe. It is very significant to a thoughtful man who knows how to appreciate and value the customs of peoples, to see, on this day, those infidel votaries of the sanctuary arriving in their gayly decked boats from Manila, whence they attract the entire city. They fetch along the military band and make a thousand preparations for the festivities. They form a gala procession at the river and elaborately manifest their veneration for their patron saint."

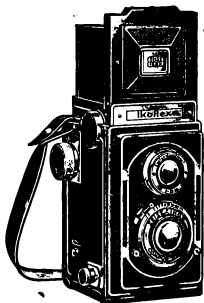
The reader must remember, respecting the charity the Augustinians established and continued to the very end at Guadalupe, that St. Augustine himself gave his deathbed to the poor.

(Please turn to page 38)

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Where to Go?

Travellers coming to the Philippines for a long or short stay, or on their way to some place else, and Philippine residents fortunate enough to have a few days' or a few weeks' vacation, must first answer this question to their own satisfaction before they can proceed with the pleasure of planning a trip. Of course, the wise traveller will consult a good travel bureau as to the details of any trip; an experienced travel counsellor is worth his weight in gold; but it is always well to have some idea in advance of where you want to go, what you want to see, and how much you can afford to pay before going to the travel bureau. For this reason, the JOURNAL takes the liberty of suggesting a few delightful trips within easy reach of Manila. All of them are worth while.

Each month we will describe a vacation trip, in detail. The trip described this month, elsewhere in this issue, is the cruise through the Southern Islands by boat. Six vessels make this run. Other trips are sketched below. (See your travel bureau for further details.)

Starting with places close to Manila, of course we have Baguio. The Philippine Aerial Taxi Co. has a daily service between Manila and Baguio. The trip takes about an hour. One-way fare is P25.00; round-trip P45.00. There are a number of good hotels in Baguio, and a week-end trip—leaving Manila early Saturday morning and returning early Monday morning—will cost about P75.00, including hotel accommodations, according to the type of accommodations desired.

Patco has other scheduled flights including Paracale, the famous mining town, historic Legaspi, and Naga. On these trips, no reduction is made for a round-trip ticket. Airplanes leave from Grace Park, straight out Rizal Avenue Extension. Passengers provide their own transportation to Grace Park, but in Baguio free taxi service is provided to points within the limits of the city, and the Royal Garage picks up passengers free of charge for the Baguio Airport.

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Many people prefer to go to Baguio by train, and rest on the way. The Manila Railroad Company's air conditioned train leaves Manila every morning, and makes bus connections for arrival at Baguio in the early afternoon; returning early every afternoon and arriving at Manila in the evening. A week-end trip by this service,

including hotel accommodations, costs approximately P45.00.

A trip which is off of the beaten path, but rich in scenic beauty is the train trip to Legaspi. The Bicol Express leaves Manila daily (except Mondays) in the early evening, and makes connections to arrive at Legaspi the next day, shortly after noon. Three days should be allowed for this trip, and it will cost, including hotel accommodations at Legaspi, about P60.00 round-trip.

The Southern Islands: There are several delightful round-trip routes offered by the airplane and steamship companies. Your choice of a way to go will depend on how much time you have to spare and how much you want to spend.

If you prefer to go by air the Holo-Negros Air Express Co. (INAEC) maintain regular service between Manila and Davao, via Iloilo, Cebu and Del Monte. A six-day trip including stop-overs will cost about P220.00. INAEC berths at the new Nielson Airport.

The Robert Dollar Company runs the well-known Mayon through the Southern Islands, for its principals, the Philippine Interisland Steamship Co. This ship especially built for the tropics, leaves Manila every Tuesday for Iloilo, Zamboanga, Cebu, and return to Manila every Sunday. Round-trip fare is P100.00.

The Everett Steamship Corporation have the S. S. Kinau or M. S. Rizal sailing from Manila every Thursday evening and returning the second following Wednesday, calling at Cebu, Dumaguete, Bais, Zamboanga, Cotabato, Jolo and Port Holland. Round-trip fare is P90.00. These ships call at more ports than most of the others.

Compañía Marítima maintains regular service between Manila and Davao, via Cebu and Zamboanga. Either the Bohol or the Mactan leaves Manila every Wednesday, returning the second following Monday. Fares vary; these ships carrying what amounts to a "First Preferred" and a "First" Class, but round-trip tickets cost about P120.00.

The Manila Steamship Company operates a similar service with the steamers Bisayas and Sorsogon, leaving Manila every Saturday, returning the second following Thursday. Their fare is about the same.

The De La Rama Steamship Co. put the luxury steamer, the Don Esteban into the Manila-Iloilo-Cebu service the first part of this year, with sailings once a week.

Passengers making these round-trips live on the steamers while in port, and all lines grant liberal stop-over privileges. One thing we never knew before—there is an excellent hotel in Davao.

Your travel agent will advise you about special regulations respecting baggage, air express, etc. Usually children under three years travel free; children three to twelve pay half fare, and children over twelve pay

(Please turn to page 38)

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full fare. Sometimes further restrictions are imposed regarding children. The Philippine Aerial Taxi Co., for example requires that children sit on the accompanying adult's lap, unless there are unsold seats on their planes.

One thing to remember: it is prohibited to take pictures from the air. Only American and Philippine citizens may take pictures from the air at all, and these only by applying to the Aeronautics Division, Post Office Building, Manila.

Turning to trips outside of the Philippines: there are several trips to be taken over Indo-China way. One trip, taking about three weeks, would take you from Manila to Saigon direct, or via Hongkong, thence by bus or motor to Pnom-Penh, Angkor, Dalat, returning via Hongkong.

A slightly longer trip would be from Manila to Hongkong, thence to Haiphong via Fort Bayard, Hoihow and Pakhoi. A side trip can be sandwiched in to Bay de Along, then to Hanoi, Yunnanfu and return via Hongkong.

If you have a month to spare, you could go from Manila direct to Saigon, or via Hongkong, thence by bus or motor to Pnom-Penh, Angkor and Aranya Prades, then by rail to Bangkok, Penang, Kuala Lumpur and Singapore, returning from Singapore direct by steamer to Manila.

There are many other very fine vacation trips within easy reach of Manila. We will

describe a few of them with each issue. Meanwhile, a study of our sailing schedules and rate tables—particularly those covering sailings to the Southern Islands and Australia—will disclose many more, to suit every taste and every purse. These tables have been very carefully prepared, and, barring printer's error, are accurate, and complete.

We repeat—you should not attempt a trip without consulting a good travel bureau. (For a list of travel bureaus in Manila, see elsewhere this section.)

Guadalupe...

(Continued from page 34)

"The asylum of the orphans," which we see had been removed in 1892 to Malabon, "and of the unfortunates abandoned by its founders who had to flee from the revolutionists, was burned by the shells which the Americans threw to dislodge the Indian rebels who had made forts of it; and it was looted afterward by pillaging Chinese who took away even the paving stones of the lower floor, a cargo of which was surprised by the North American (the Spanish term for us) police in the Pasig river, and returned to the Augustinian fathers—the only indemnity which they have received up to date.

"The Augustinian fathers also extended their charity to orphan girls..." But,

stopping here, I add that the claims of the church, and of all others, too, were all carefully considered by the United States, in good time, and where demonstrated to be just they were paid. The funds seized in the treasury were returned to Spain, eventually, but meanwhile were used to expedite sanitation and repress epidemics. We may conjecture what became of the steps at Guadalupe after the place was fired: some Chinese was on watch for them. The old treasure vault is easily traceable still; and the old cisterns, though in worse condition, and the old granaries and warehouses; for there were lands round about, and peasants clothing them.

Guadalupe was destroyed by American forces March 13, 1899, just five weeks after the outbreak of hostilities between the United States and General Aguinaldo. It was a necessary act of war executed thoroughly by "Weaton's Flying Brigade." This brigade was organized to "clear the enemy from the country to the Pasig and to strike him wherever found," for the reason that from this quarter the water-works at San Juan del Monte had been repeatedly threatened; and the enemy in this region also had easy access to Malolos, Aguinaldo's capital.

"Many a year is in its grave
Since I crossed this restless wave,
And the evening, fair as ever,
Shines on ruin, rock and river."

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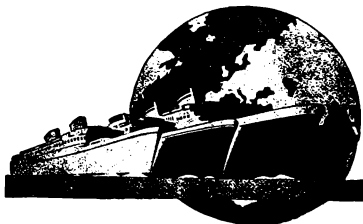
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Sailing the Sulu Seas

Elsewhere in this section we describe briefly some of the vacation trips which can easily be made by anyone with a few days or a few weeks to spare. These trips would be a delight to many Philippine residents, as well as to tourists. Some of us live in the Philippines for years without "seeing the Philippines first."

One of these trips is the steamer voyage to the Sulu Seas. We describe a few of the interesting ports the ships call at on this round-trip below, starting with Cebu, one of our newly-chartered cities.

CEBU

The city of Cebu, the capital of Cebu province, is situated on the island of the same name. It is the first port of call, after leaving Manila and is reached on the third day out.

From a historical point of view, Cebu has a prominent place in the history of the Philippines, Spain and the civilized world. It is the cradle of Catholicism and European civilization of the archipelago.

Cebu was the landing place of Magellan April 7, 1521, after his voyage from Spain by way of the Straits that bear his name. Legazpi followed him 43 years later and Cebu was used as headquarters and capital until Manila was established and headquarters moved there.

There are many points of historical interest. On the Plaza is Magellan's cross erected in 1521. Several historical churches reminiscent of the days of the Spanish will prove of interest to the visitor. The most imposing is the Cathedral with its vaulted nave and gorgeous altar: The most interesting is San Agustin with its celebrated statue of the Santo Niño, situated in its own compound and across the Plaza. The small wooden statue of the Santo Niño (Holy child) also called the Black Christ may be seen in the church. Legend says, it was left by Magellan with the natives who venerated it and gave it to the priests with Legazpi. Another story is that it was found in the net of a fisherman and that although he threw it back in the seas several times it always reappeared in his net.

A delightful ride from Cebu along palm bordered roads, leads to Talisay Beach, where by some freak of nature a great underground stream of cool water is found within a short distance of the sandy beach. A delightful swimming pool has been built there.

COTABATO

The port of Cotabato is the capital of the province of Cotabato. This province is a large undeveloped store house of natural wealth and resources that have been scarcely touched. Capable of growing rice to feed the entire Philippines, its vast areas are undeveloped as yet. Its size is

about equal to that of the state of Massachusetts and Rhode Island combined, its population less than 200,000 compared to their 6,000,000.

The town lies half an hour steaming time from the mouth of the Mindanao River in



Coconut Groves along the beach

itself an intensely interesting trip. There are two markets the most interesting, across the river, reached by a ferry.

From the Constabulary barracks on the highest knoll above the town a panorama of the wide plain with the river winding thru it and the high mountains to the north may be seen. Mt. Dapayungan to the north crowns the sky line, while the highest peak in the archipelago, symmetrical Mt. Apo arises out of the haze to the west.



Kiosk protecting Magellan's Cross, Cebu

In the village of Timoka a short auto ride from Cotabato a very old church built by the Spaniards may be seen.

DUMAGUETE

Dumaguete is the most important port on the island of Negros and is the capital of the province of Oriental Negros. The harbor presents a typical tropic appearance from the sea, with its wide crescent beach fringed with palm trees. Silliman Institute, the great educational center of the Visayas with its wide campus and attractive buildings is located here. In the nearby village of Luzuriaga, is an old church on a gently sloping hillside and a short distance further are the great groves of Boco and Dauin. The village of Sibulan on the outskirts of the town has an interesting church facing the plaza.

JOLO

Jolo is the capital of the Province of Sulu and is situated on the island of Jolo. Jolo is a tropic paradise removed from the rest of the world, where Moro life goes on much as it did in the days when the Spaniards first came. It is the home and capital of the Sultan of Sulu (the only sultan under the American Flag) who nominally holds sway and maintains his court while the affairs of the government are administered by a civil governor appointed by the President of the Philippine Commonwealth. The island is inhabited almost entirely by Moros, who live by fishing and tilling the land. High mountains lift themselves in the center of the island, providing beautiful scenery of a diversified character. The town of Jolo was formerly a walled city and the old wall and gates still remain as evidence of warlike days.

Foremost among the interesting sights is the Chinese Pier most picturesque and ramshackle structure extending out into the bay for half a mile. The large Chinese (Please turn to page 46)

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		MANILA	MANILA	MANILA	MANILA	THU	WED	WED	THU	THU	THU	FRI	FRI	FRI	THU	WED	WED	THU	THU	FRI	SAT	SAT	FRI	FRI	SUN	SUN	SUN	SUN	SUN								
DLR	DON ESTEBAN	OUTWARD	WED	5:00 PM	TUE																																
ESCC	BOND II	INWARD	WED	4:00 PM	TUE																																
P115	MAYON	OUTWARD	TUE	1:00 PM	FRI																																
CM	CORREIDOR	INWARD	SUN	5:00 AM	WED																																
CM	LEYTE & MACTAN	OUTWARD	TUE	3:00 PM	WED																																
CM	ROMBON	INWARD	SUN	7:00 AM	THU																																
ESCC	KOLABUGAN	INWARD	SAT	5:00 PM	FRI																																
IF	SOLIMAN	OUTWARD	TUE	6:00 AM	THU																																
CM	SAMAL	OUTWARD	TUE	5:00 PM	X																																
CM	BONOL & BASILAN	INWARD	WED	2:00 PM	X																																
MSSC	VISLAYA	OUTWARD	WED	6:00 PM	FRI																																
MAD	ARGUS	INWARD	MON	NOON	SAT																																
DLR	DON ESTEBAN	INWARD	MON	11:00 AM	FRI																																
ESCC	LEGAZPI & KINAU	OUTWARD	THU	7:00 PM	SAT																																
ESCC	PAULINO	INWARD	TUE	6:00 AM	MON																																
GEN	M. S. DE LA PAZ	INWARD	MON	OR. TUE	SAT																																
LSG	PERLA	OUTWARD	THU	4:00 PM	MON																																
CGTF	MAUBAN & LEPIUS	INWARD	WED		MON																																
CM	PANAY	OUTWARD	FRI	7:30 AM	SAT																																
CM	PANAY	INWARD	WED	9:30 AM	MON																																
RO	FORTUNA	INWARD	WED		MON																																
CM	LUZON	OUTWARD	SAT	9:00 PM	MON																																
MSS	BISAYAS	INWARD	SAT	10:00 AM	WED																																
DLR	YLOILO	OUTWARD	WED	4:00 PM	MON																																
CM	CEBU	INWARD	FRI	6:00 PM	WED																																
CM	CEBU	OUTWARD	SAT	3:00 PM	MON																																
GEN	M. S. DEL ROSARIO	OUTWARD	SAT	4:00 PM	TUE																																
MSS	VENUS	INWARD	SAT	6:00 PM	MON																																
MSS	SORSOGON	INWARD	TUE	5:00 AM	MON																																
CM	NEGROS	INWARD	THU	5:00 PM	MON																																
CM	NEGROS	OUTWARD	SUN	8:00 AM	MON																																
MSS	LAMAQ	OUTWARD	SUN	7:00 AM	WED																																
CM	CAPIZ(C)	INWARD	WED	9:00 AM	MON																																
CM	MAGALLANES(1)	INWARD	WED	4:00 PM	MON																																
CM	MAGALLANES(1)	OUTWARD	WED	5:00 PM	MON																																
CM	MASBATE(C)	INWARD	WED	4:00 PM	MON																																
CM	MASBATE(C)	OUTWARD	WED	4:00 PM	MON																																
CM	DOS HERMANOS(1)	INWARD	WED	4:00 PM	MON																																

NOTE: Ports of call in order as listed in all instances.
X, Port of call not definite.

(1) Sailings, ports of call and arrivals irregular.
(2) Sailings and arrivals irregular, ports regular.

SAILINGS MANILA to U. S. TRANSPACIFIC

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For Rates See Table	Line	VESSEL	Leave Manila	Leave Hongkong	Leave Shanghai	Leave Dairen Nagasaki	Leave Kobe	Leave Yokohama	Leave Honolulu	Arrive Victoria Portland	Arrive Vancouver	Arrive Seattle	Arrive San Francisco	Arrive Los Angeles	Arrive New York	Arrive New Orleans
6	AML	PRES. GRANT	Dec. 27	Dec. 30	Jan. 2		Jan. 4	Jan. 6		Jan. 17		Jan. 17				
11	FL	SNESTAD	Dec. 30													
4	DSSL	PRES. COOLIDGE	Jan. 5	Jan. 8	Jan. 11		Jan. 10	Jan. 12	Jan. 21				Jan. 26	Jan. 27	Jan. 30	Feb. 8
9	NYK	TAIYO MARU	Conn. Str.				Jan. 14	Jan. 12	Jan. 21				Jan. 27	Jan. 29	Jan. 29	
6	AML	PRES. JACKSON	Jan. 12	Jan. 15	Jan. 18		Jan. 20	Jan. 22		Feb. 2		Feb. 2				
16	SL	DJAMBI	Jan. 12							Feb. 15			Feb. 9	Feb. 4	Feb. 5	Feb. 23
11	FL	FERNDAL	Jan. 15				Jan. 27	Jan. 30					Feb. 10	Feb. 12	Feb. 12	Feb. 28
12	BL	TOULOUSE	Jan. 15	Jan. 18	Jan. 23		Jan. 25	Jan. 29	Feb. 1			Feb. 15	Feb. 17			
14	BF	TALHYBIUS	Conn. Str.	Jan. 18												
13	KL	ROSEVILLE	Jan. 22	Jan. 26						*Mar. 2		Feb. 22	Feb. 17			
5	DSSL	PRES. WILSON	Jan. 22	Jan. 26	Jan. 29		Jan. 31	Feb. 1	Feb. 9				Feb. 15	Feb. 20	Mar. 8	
10	NYK	HOJAN MARU	Conn. Str.				Jan. 22	Jan. 25				Feb. 5	Feb. 6			
16	SL	SILVERGUAVA	Jan. 23							*Feb. 12			Feb. 16	Feb. 21	Mar. 12	
15	ML	ANNA MAERSK	Jan. 24	Jan. 27	Feb. 2		Feb. 6	Feb. 9					Feb. 10	Feb. 23	Mar. 12	
8	NYK	TATSUTA MARU	Conn. Str.				Jan. 25	Jan. 27	Feb. 3				Feb. 10	Feb. 12		
16	SL	MANDERAN	Jan. 26							Feb. 25			Feb. 20	Feb. 16	*Mar. 27	
6	AML	PRES. JEFFERSON	Jan. 26	Jan. 29	Feb. 1		Feb. 3	Feb. 5		Feb. 16			Feb. 16			
3	CPR	EMP. OF RUSSIA	Conn. Str.	Jan. 26	Jan. 28	Jan. 30	Jan. 30	Feb. 1				Feb. 12				
11	FL	FERNBANK	Jan. 30												Feb. 21	Mar. 11
4	DSSL	PRES. HOOVER	Feb. 2	Feb. 5	Feb. 8		Feb. 10	Feb. 11	Feb. 18				Feb. 23	Feb. 27		
10	NYK	HIKAWA MARU	Conn. Str.				Feb. 5	Feb. 8				Feb. 19	Feb. 20			
3	CPR	EMP. OF JAPAN	Conn. Str.	Feb. 8	Feb. 10		Feb. 12	Feb. 14	Feb. 21			Feb. 26				
6	AML	PRES. MCKINLEY	Feb. 9	Feb. 12	Feb. 15		Feb. 17	Feb. 19		Mar. 2			Mar. 2			
16	SL	TOSARI	Feb. 12							*Mar. 18					Mar. 11	Mar. 7
14	BF	TYNDAREUS	Conn. Str.	Feb. 15		Feb. 22	Feb. 26	Mar. 1				Mar. 15	Mar. 17			
12	BL	TRITON	Feb. 15	Feb. 18	Feb. 23		Feb. 27	Mar. 2					Mar. 13	Mar. 15	Mar. 30	
5	DSSL	PRES. CLEVELAND	Feb. 19	Feb. 23	Feb. 26		Feb. 28	Mar. 1	Mar. 9				Mar. 15	Mar. 20	Apr. 5	
10	NYK	HIVE MARU	Conn. Str.				Feb. 21	Feb. 24				Mar. 7	Mar. 8			
8	NYK	CHICHIBU MARU	Conn. Str.				Feb. 22	Feb. 24	Mar. 3				Mar. 10	Mar. 12	Mar. 20	
13	KL	GRANVILLE	Feb. 22	Feb. 26						Apr. 2			Mar. 25	Mar. 20		
6	AML	PRES. GRANT	Feb. 23	Feb. 26	Mar. 1		Mar. 3	Mar. 5		Mar. 16		Mar. 16				
3	CPR	EMP. OF ASIA	Conn. Str.	Feb. 23	Feb. 25		Feb. 27	Mar. 1				Mar. 12				
16	SL	BENGALAN	Feb. 23							*Mar. 15			Mar. 19	Mar. 24	Mar. 29	
16	SL	SILVERWILLOW	Feb. 25							*Mar. 28			Mar. 23	Mar. 19	Mar. 27	
4	DSSL	PRES. COOLIDGE	Mar. 2	Mar. 5	Mar. 8		Mar. 10	Mar. 11	Mar. 18				Mar. 25	Mar. 20		
9	NYK	TAIYO MARU	Conn. Str.				Mar. 7	Mar. 9	Mar. 18				Mar. 24	Mar. 26		
2	CPR	EMP. OF CANADA	Conn. Str.	Mar. 8	Mar. 10		Mar. 12	Mar. 14	Mar. 22			Mar. 27				
6	AML	PRFS. JACKSON	Mar. 9	Mar. 12	Mar. 15		Mar. 17	Mar. 19		Mar. 30			Mar. 30			
3	CPR	EMP. OF RUSSIA	Mar. 9	Mar. 18	Mar. 20		Mar. 22	Mar. 24				Apr. 4				
10	NYK	HOJAN MARU	Conn. Str.				Mar. 14	Mar. 17				Mar. 28	Mar. 29			
14	BF	IXIAN	Conn. Str.	Mar. 15		Mar. 22	Mar. 26	Mar. 30				Apr. 12	Mar. 14			
12	BL	TAI SHAN	Mar. 15	Mar. 18	Mar. 23		Mar. 27	Mar. 29					Apr. 10	Apr. 12	Apr. 28	
5	DSSL	PRFS. TAFT	Mar. 19	Mar. 23	Mar. 26		Mar. 28	Mar. 29	Apr. 6				Apr. 12	Apr. 17	May 3	
13	KL	CORNEVILLE	Mar. 22	Mar. 26						*May 2			Apr. 22	Apr. 17		

MINIMUM RATES FROM MANILA

1	CPR (EMP. JAPAN)	First	P90	P190	P250	P275	\$365	\$450	\$450	\$450						
		Tourist	58	105	155	170	220	270	270	270						
2	CPR (EMP. CANADA)	First	P90	P190	P250	P275	\$360	\$440	\$440	\$440						
		Tourist	58	105	155	170	215	260	260	260						
3	CPR (EMP. ASIA-RUSSIA)	First	P90	P190	P250	P275	\$326	\$440	\$440	\$440						
		Tourist	52	95	140	155	190	230	230	230						
4	DSSL (P. HOOVER-COOLIDGE)	First	P90	P190	P250	P275	\$365						\$450	\$460		
		Tourist	58	105	155	170	220						270	275		
5	DSSL (S35-PRES. TAFT)	First	P90	P190	P250	P275	\$360						\$430	\$430		
		Tourist	52	95	140	155	190						230	235		
6	AML (PRES. JACKSON)	First	P90	P190	P250	P275						\$400				
		Tourist	52	95	140	155						230				
8	NYK (ASAMA-TATSUTA)	First					\$360						\$440	\$450		
		Second					215						260	265		
9	NYK (TAIYO)	Cabin					\$285						\$345	\$350		
		Tourist					155						190	195		
10	NYK SEATTLE SERVICE	First										\$345				
		Tourist										180				
11	FL	First													\$150	
12	BL	First	\$20	\$35		\$55	\$55								\$195	
13	KL	First													\$140	
14	BF (Rate from Hongkong)	First											\$35.00			
15	ML	First	\$25	\$45		\$70	\$75								\$220	
16	SL	First	\$20	\$60											\$165	\$160

The True Story Station KZRM

Radio Station KZRM accepts financial assistance from the Commonwealth Government, which assistance is made possible through the collection of the radio license fees imposed under Act No. 3397, as amended by Commonwealth Act No. 1047. These license fees are collected annually by the Bureau of Internal Revenue, and amount to P10.00 for tube sets, and P2.00 a year for crystal sets.

There are some 34,000 radio sets registered with the Secretary of Public Works and Communications, paying, under the law, P10.00 yearly. This works out to P340,000.00 annual income to the Government from this source.

Actually, however, the Government collects only about P200,000.00 in license fees, due to the ingenuity displayed by many owners of radio sets in avoiding the tax. The law contains a provision that payment of the fee may be avoided when radio sets are out of order, and during the period that they are out of order. In other words, set owners are allowed a proportionate reduction in their license fee for the period that their sets are not working.

Many set owners have seized upon this provision of the law to evade the tax altogether. Although the Government tries to prevent evasion by having radio repair shops report all sets turned in to them for repair, and by other regulations, tax evaders still can easily avoid payment.

The system used is for evaders temporarily to disable their sets by putting in worn-out tubes, or by some other means, and then to request inspection by the Government tax men. Through this means, they easily obtain certification that their sets are out of order, and the sets never see the repair shop. Since Government records show the sets out of order, and no record of the sets being repaired is at hand, the license fee is not paid.

What becomes of the P200,000.00 which is actually collected? Well, of course, a substantial percentage of this is eaten up in costs of collecting the tax, and in registration of radio sets, keeping of records, etc. A safe estimate would be P1.00 per each registered set, used up in this way, or P34,000.00.

This leaves approximately P166,000.00 left to the Government from license fees annually. Of this amount, the Government has been paying station KZRM about P3,800.00 a month, to make up the station's difference between operating income and expenses, or P45,600.00 annually.

For this subsidy, the Government has been getting value received. In the first place, it is entitled, through the National Information Board, to the use of the facilities

of KZRM at any time. All contracts written by the station with sponsors for radio time contain a proviso that programs going out over the station under such contracts may be interrupted or suspended at any time. One of the purposes of this provision is to enable the station to meet any demands of the Board for radio time.

Secondly, the National Information Board now broadcasts three programs daily over station KZRM. These are excellent programs, enjoyed by the radio audience, but the fact remains that they cost the Government nothing.

The third, and perhaps the most important advantage accruing to the Government through this subsidy is the fact that the Government is thus relieved of the important expense attendant upon equipping and maintaining its own radio station.

It would cost about P250,000.00 to equip a radio broadcasting station. This would be just the bare expense of transmitters, control boards, microphones, etc., which go into a broadcasting station. Maintenance of such a station, at least a station of the size and strength of KZRM, would run into P10,000.00 a month. This figure is approximately the monthly operating cost of KZRM.

So, for its P45,600.00 a year, the Government gets access at any time to an es-

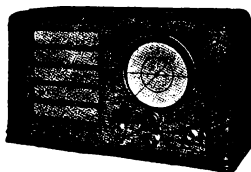
tablished radio broadcasting station—a station which lately through its new short-wave transmitter is becoming known all over the Far East...; broadcasts three programs daily over this station, and is relieved of a P250,000.00 initial cost, and P10,000.00 monthly maintenance cost attendant upon having its own broadcasting station.

In this connection, also, it might be well to mention the obvious fact that the programs going out over KZRM are not the least of the reasons why the Government is able to collect a license fee at all. It should also be borne in mind that, even after paying the station its subsidy, the Government makes a profit of about P120,400.00, which is left over out of the proceeds of the radio set fee.

The law provides that any such profit to the Government shall be spent in the purchase and distribution of radio sets among municipalities and Government institutions. A sincere attempt has been made to carry out the provisions of the law in this respect, with quite discouraging results. It has been found that, especially in the smaller municipalities, there is no one who knows enough about radio to keep the sets in repair. They are constantly getting out of order, and must be sent some distance to a repair shop, where, frequently, they stay for weeks and even months. And the

- As a follow-up to its story re Government aid to radio stations in the Philippines in its November number, the JOURNAL herewith prints the results of a recent investigation it has made into KZRM. The figures contained herein are substantially accurate, and all statements of fact have been carefully checked. It is hoped that this article, as have other JOURNAL investigations, will serve to correct mis-impressions of fact which may have existed in the minds of our readers.—Ed.

All-Wave Design in New Horizontal Cabinet



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smaller districts frequently do not have enough money to pay repair bills.

Station KZRM can never make money under present conditions. Its owners, Erlanger and Galinger, Inc., do not, in fact, expect ever to break even, although the station at present has so many sponsors, that its management wants to drop some of them, and replace some of the sponsored programs with sustaining features.

This apparent anomaly is explained by the fact that in the Philippines, at least for the present, a broadcasting station is limited to about eight and one-half hours daily broadcasting time. This is due to the custom of the people.

KZRM goes on the air every morning at 5:30. This is primarily to broadcast news.

At six o'clock in the provinces, with the exception of those larger districts near Manila which are served by Meralco (and even in some of them) electrical service is discontinued. Service is not resumed until six o'clock in the evening, so, for a period of twelve hours, KZRM is limited to its short-wave audience, and Manila and the larger Meralco-served municipalities.

By nine o'clock in the evening, most of the people in the provinces are asleep. So, good broadcasting hours from the point of view of sponsors, are limited to from 5:30 to 6:00 in the morning, and from 6:00 to 9:00 at night; a period of 3 and 1/2 hours.

This is the time for which KZRM gets full rates from sponsors. The rest of the 8 and 1/2 hours it is on the air is worth only 1/3 to 1/2 of the full-time rate to sponsors.

In the United States most of the big stations give 18-hour service.

Income from sponsors at KZRM amounts to about ₱6,000.00 monthly. Since its operating expense is about ₱10,000.00 a month, the ₱4,000.00 or so difference is met by the Government. As we have seen, it is a good bargain for the Government.

And KZRM is satisfied. There are two methods by which radio broadcasting is supported. One is the American system of sponsored programs. Under this system, advertisers underwrite the whole cost of broadcasting, and with enough more to net broadcasting companies a handsome profit. The other system is that used in England, and generally in Europe, of licensing receiving sets at a fee, and using income thus obtained to pay broadcasting costs.

Each system has its advantages and disadvantages. As things now stand, a middle course is followed here. The cost of broadcasting, at least as far as KZRM is concerned is divided between private sponsors and the government. As we have stated, this is satisfactory to KZRM. The station was not started, and is not run for profit.

KZRM officials stated to the JOURNAL that, while of course there are strings to the Government money it gets, the Government has not pulled these strings too tightly. Every program, and every speech broadcast over the station must be submitted to the censorship board before being broadcast, but, so far, this board has not been unreasonable in its censorship, and has used its powers lightly.

One way for KZRM to make income catch up with expenses so that it would no longer have need for Government help would be for it to raise its rates for radio time. It could not do this to any great extent until the radio audience increases considerably over what it is now. This can only be done by bringing the cost of radio receiving sets down to a price which the poorer classes can afford to pay. When questioned as to the best way to do this, Mr. Worthen, KZRM manager, stated that he thought the solution would be crystal sets. Head-phones can be made and sold for as little as ₱1.00 a set. The cost of crystal sets is insignificant. These sets are strong enough to pick up KZRM broadcasts, and

they operate on batteries, and so are not dependent on electricity from a central source. They do not get out of order very easily, and when they do, the cost of repairing them is almost nothing. The Government could well use its surplus from the radio license tax, and buy and distribute at cost crystal sets and receivers, thus enormously increasing the present radio audience.

This is how radio got its first big impetus in Japan—through the lowly crystal set. Of course, if this program were followed here, the license fee of ₱2.00 now imposed on crystal sets, should be abolished. It is a nuisance tax on the poor man, and would tend to retard any large-scale program of taken.



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Title Insurance Company (Continued from last month's issue)

● *The Ultimate Development in Real Estate Security, and Invaluable Aids to Those with Land to Sell or Money to Loan.*

A modern title insurance company offers the public a varied list of important services. First of all, of course, it issues policies of title insurance upon real property. The procedure is for a prospective buyer of land to give the title company a description of the property he proposes to buy, and requests what is known as a Preliminary Report upon Title. Title companies now have such excellent and complete records in their offices showing all real estate transfer (or nearly all) in their particular counties, and their personnel are so highly trained in the work of running down titles to real estate that, within two or three days in the average they are able to issue Preliminary Reports showing in detail the ownership of property, taxes against it including sales for unpaid taxes, if any; mortgages or other security instruments; "stray" deeds; defects in title resulting from imperfect probate proceedings—in short complete reports upon the title as of the date of the reports.

Title Insurance Companies are geared so as to take most of the work out of the hands of the client. As often as not, clients request a "search" of the title of a piece of land without knowing the description of that land. They may know the name of the adjoining owner, or they may know that the particular property is about 100 feet from a church, or some such other exasperatingly vague description. This is enough for the title company. From it the

exact piece of land in question can be found, and reported on.

The Preliminary Report carries no liability on the title company. It is what its name implies—a report preliminary to the closing of the deal. Prospective buyers or mortgagees are expected to study the report and, if they are satisfied with the condition of the title as it appears thereon, they may proceed to close the deal with their other parties and the title policy will be issued. If the report shows the title to be seriously defective, they may demand that the other party clear it up, either by an action in court, by obtaining quitclaim deeds, or by other means satisfactory to the title insurance company.

As we shall see, title insurance companies commonly go much farther than this. They frequently are called upon to explain to their clients the nature and importance of any defects in title which appear, specify the steps which will be necessary to remove those defects, and even to take those steps themselves in some cases. Title men have been known to go so far as to go out and get quitclaim deeds themselves and put them on record, in order to clear up a title, and close a deal.

Banks, Building and Loan Associations, the Federal Government lending agencies, private lenders, real estate brokers—in short, all those who deal in real estate now demand title insurance where they can get it. This means, simply, that the title

companies have the final say as to whether a real estate transaction shall be completed, simply by agreeing or refusing to issue a policy of title insurance.

Title companies also issue what are known as "Litigation Reports." These are reports upon title similar to their Preliminary Reports, made at the request of, usually, lawyers contemplating litigating over real property, or bringing litigation which might incidentally involve real property. With a Litigation Report in hand, an attorney is in a position to draw a fool-proof complaint or other pleading.

Mortgagees who are forced to foreclose on property request "Foreclosure Reports." Through the use of them, mortgagees can carry through to completion foreclosure proceedings which will meet all of the stringent requirements of law, and result in a clear title in the mortgagee, free of all junior encumbrances.

Title Insurance Companies do not confine their activities to real property. They frequently examine records for instruments describing personal property, either because such instruments may incidentally create encumbrances on real property, or because they are requested to do so by clients contemplating chattel mortgage loans.

Other incidental services rendered by title insurance companies could be described. The most important of these is the Escrow Service.

Many of these companies maintain Escrow Departments. These departments are



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composed of men who are highly trained in real property law, contract law, the law of wills and succession, insurance law, etc., and act as agents of buyers and sellers, and mortgagors and mortgagees in helping them to close real estate transactions. They receive, for example, a deed from a seller, with the former's instructions to deliver the deed when the escrow officer has received a certain amount of money for the account of the seller. From the buyer the escrow man will take the specified amount of money, with instructions to deliver it to the seller when the title insurance company can issue its policy of title insurance showing the title to the piece of real property in question to be in the buyer, free

and clear of all liens or encumbrances.

This is the simplest form of real estate deal. It is, of course, "duck soup" for the escrow officer. Unfortunately for his peaceful existence, however, many property transactions are not so simple. Sometimes three or more pieces of property are traded back and forth. Encumbrances existing are to be paid off, or assumed, or transferred. Fire insurance must be transferred to new owners, or cancelled and new policies obtained. New encumbrances must be obtained, and recorded in their proper order.

As a usual thing, clients do not know how to write instructions to the escrow department which will embrace all of the elements involved in even the simplest deal. The escrow officer must himself write these instructions, and get them signed. Strangely enough, he prefers this situation. It is when attorneys or real estate brokers unfamiliar with modern methods of handling property deals undertake to write long, involved and utterly useless instructions that he tears his hair.

When the escrow department has obtained all of the instruments necessary to comply with instructions received from all parties to a deal (usually buyer, seller, and mortgagee), it then records these instruments with the County Recorder, and the policy of title insurance is issued. Then funds are paid to whomever is entitled to receive them under the terms of the escrow instructions. Usually funds are paid to the seller, to the real estate broker for his commission, and to the former mortgagee. The deal is then marked "closed."

It is impossible to glean from the foregoing even an inkling of the enormous importance of the services rendered by title insurance companies in real estate transac-

tions. Without them, it is safe to say that real estate "booms" in many localities would be impossible. Through the use of their facilities, real estate brokers are relieved of the tedious details of their transactions, and are left free to consummate sales. Even their commissions are paid directly by the title companies—one of the best features about title companies, from the brokers' point of view.

There are no institutions in the Philippines which resemble title insurance companies. It is argued that they are not needed here, because of our system of registering titles under the Torrens System (Act 496). Under this system, an insurance fund is provided, out of which are paid losses to buyers or mortgagees resulting from certain specified failures of title. We italicise "specified"—many of the most frequently-encountered failures of title are not insured against under this system. Besides that, many restrictions hedge about recoveries from the insurance fund, even in ordinary cases.

In the next issue of the Journal we expect to outline in our opinion how the Land Registration Law is defective.

Sailing the...

(Continued from page 39)

population is housed here in homes built on the high piles, being born, living and dying without leaving the place. It is a world of its own tiny shops, stores, houses and homes all jumbled together and on top of each other.

In down town Jolo, there are splendid examples of old Spanish houses, including the Customs house built, as usual, around a court, with overhanging second stories. The old wall which once defended the city, is still to be seen in parts of gates and other defences.

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Building in and about Manila



HIGH COMMISSIONER'S RESIDENCE: The American High Commissioner's combined offices and residence is to be built soon, it was announced. Bids will be opened shortly, and construction will start early next year.

The High Commissioner, Hon. Paul V. McNutt, has been living with his family in El Nido, attorney Perkins's residence on Dewey Boulevard, and has been using half of the Elks Club for his offices.

Rumor has it that Oscar Campbell, former Manila contractor, and builder of the National City Bank Building, will bid on this job. Mr. Campbell now lives in Palo Alto, California, but he was here for several months on a visit. It is his custom to come out here from time to time, erect an important building or two, and then go back to Palo Alto.

Stringent bonding requirements will prevent many local builders from submitting quotations on the job.

This construction project is booming building along Dewey Boulevard and other Malate districts. Several apartment houses are now being constructed there, and more will be commenced next year.

Apartment houses have always paid their owners well here. Many American and foreign families, most of them without children, come to Manila intending to stay for three years or less. They have no desire to build or rent a home here, and apartment house life suits them exactly, since it cuts their housekeeping responsibilities to the irreducible minimum. Manila has never had enough first-class apartment buildings or hotels to accommodate this trade. Those who, like Dr. H. D. Kneeder, have had the vision and the confidence to put their money into apartment houses and hotels in Manila, have prospered deservedly well. Even with the present mild "boom" in construction, it is hardly likely that the saturation point will be reached.

MANILA HOTEL SWIMMING POOL: In spite of an occasional Englishman who complains about Manila Hotel waiters serving from the left side, the Manila Hotel is known far and wide as a hotel as good as any that can be found in the Far East. Catering to a somewhat well-to-do clientele, this hotel competes with no other in Manila. This has been especially true since the new air-conditioned wing was inaugurated, and will be truer than ever with the opening of the new swimming pool.

The pool will be opened this month, according to Mr. Mendoza, general assistant manager. It will be reserved for hotel guests and their guests, for whom it will be free. No expense has been spared to make it as fine as any of the numerous pools in and about Manila.

P400,000.00 DEAL: The Rufino family, theater operators, purchased this month a large lot and building on Rural Avenue, formerly occupied by the old Liceo de Manila, at a price reputed to be P400,000.00. Leopoldo Kahn, wealthy businessman, was the seller.

The lot occupies an area of about 4,000 square meters. The building on it is 20 years old, and has stood empty for many years. After the old Liceo closed its doors, it became the headquarters of the old Democratic party.

The Rufinos admit only that they will erect a new building on the site. They will not state what it will be.

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SUGAR REVIEW

BY SIDNEY PLATO



The domestic sugar market over a period of the past month was almost entirely featureless. Buyers and sellers ideas covered a ten point range between P4.60 and P4.70 with the last week showing a firmer tendency at prices ranging between P4.70 and P4.75. However, there are indications

of transactions having been made at prices slightly lower than the reported market quotations. This business was done by the smaller dealers and there were not any evidences of sizeable quantities with the old crop still being very much in evidence and awaiting further disposal by local traders. The trade is now awaiting the new year quotas which will point the way for new values of this commodity in 1938.

The export market was a more lively affair with increasing interest shown in the new crop sugars. The 1937 quotas had been filled up to about 97% by the end of November and all attention is now being given to the new milling season. The 1938 sugars are giving a good account of themselves, sellers' offerings being slightly above the current market. However, the trade is not anxious to make commitments

until the immediate future of this market is more clearly defined by the announcement of the new United States quotas for the coming year. This phase of the sugar picture is a trifle obscure, the fate of the quotas being entirely in the hands of Secretary Wallace. Philippine producers are, nevertheless, inclined to take an encouraging view of the final outcome. One prominent sugar grower expects to see the New York price for duty free sugar at about 3.60 or 3.65 during the middle of 1938. If this high price is realized, it will mean a more lenient attitude on the part of Mr. Wallace towards American refiners. On the present basis of 3.30¢ for spot sugar, refiners are getting \$4.85 per 100 lbs. for their manufactured product. An increase in the spot price will see higher values for refined sugar and which will probably be \$5.05.

A highlight in sugar during the past month was the freight situation. Shippers were not inclined to consign their vessels since a Conference Rate of \$12 per ton was indicated. This restricted the movement of sugar for some time but with the Rate now fixed at \$10, chartering is being done freely.

Spot prices in New York for Philippine sugar have experienced a widely fluctuating range. Over a period of approximately six weeks this market gradually advanced from a low of 3.5¢ per pound to 3.45¢. Currently, spots are quoted at 3.30¢.

The New York futures market has been a stagnant affair with the No. 3 contract showing very little change. This market has acted remarkably steady in view of its extremely nervous condition with fluctuations confined within a five point range. It seems to be torn between a steady but moderate demand from refiners, who have kept their stocks low, and uncertainty over what action to expect from the Administration. The next major move of this market depends entirely upon extraneous circumstances and, from a speculative angle, should not be too closely followed. On the other hand, the futures market may soon be in an excellent position to serve the Philippine sugar producer to good advantage. In that event, no better medium could be desired for actuals sugar operations.

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COPRA AND ITS PRODUCTS

By KENNETH B. DAY
AND LEO SCHNURMACHER



KENNETH B. DAY

November was a very weak month for all coconut products. Owing to the increasingly evident oversupply of all fats and oils, particularly cottonseed, plus the general decline of American industry which assumed large proportions during the month, the tendency of both copra and oil was downward, almost without a break from the beginning of the month to the end.

COPRA—Copra arrivals showed a seasonal decline in November, but this decline was very much more evident in Manila than in Cebu. In Manila, arrivals were around 25% under those of October but were almost 50% above those of November 1936, and were 17½% above the average

for the past eleven years. Cebu recorded the biggest November on record and while arrivals were 6% under those of October, they exceeded those of November 1936 by 74% and were 82.6% above the last eight years average. Cebu arrivals have been exceptionally heavy this year and bid fair to continue heavy for the future.

The month opened with copra selling in the Manila market at P8.50 per hundred kilos resocada. Prices gradually slumped almost of their own weight until by the middle of the month they were down to P7.75 and at the end of the month buyers' ideas were P7.00 with no business done at over P7.25. Sellers resisted the decline all the way down the line, but it was evident that the reaction in copra was consistent with the reaction in other commodities the

world over. Nevertheless, it was felt that at the end of the month a good deal of copra was being held in storage in the provinces with the hope that prices may react upward in December, or January at the latest.

Export markets for copra declined throughout the month both in Europe and in the United States. In Europe, prices dropped from £14/2/6 to £12/10/0 for sundried quality with F.M.Q. quoted at 5 shillings lower. On the Pacific Coast prices dropped from \$2.55 per hundred pounds c.i.f. to \$2.25. A fair amount of copra was sold both to Europe and the United States during the month. Some Philippine dealers had copra space available at previous freight rates which they were able to cover up profitably in November. Some busi-



LEO SCHNURMACHER

ness, however, was done at current rates. Most export business was for November-December shipment and it was thought that dealers were not overselling themselves on this market.

Shipments for the month maintained fairly good levels. A recapitulation of shipments for the year shows a total of 203,771 tons exported in 1937 as against 266,798 tons exported in 1936—a decrease of almost 23%. A large part of this was due to the shortage of copra during the first few months of the year plus the impossibility of transporting copra to the United States owing to the shipping strike. Coconut oil, on the other hand, is holding up very well with exports of 148,557 tons for the first eleven months of 1937 as against 148,893 tons for the first eleven months of 1936.

Statistics for the month follow:

Arrivals:	Sacks
Manila	381,839
Cebu	451,343
Shipments:	Metric Tons
Pacific Coast	17,338
Atlantic Coast	1,917
Gulf Ports	4,090
Europe	2,063
Other Countries	701
	26,109

Stocks on hand:

	Beginning of Month Tons	End of Month Tons
Manila	36,104	30,060
Cebu	30,184	29,064

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COCONUT OIL—The month opened with buyers of coconut oil entirely out of the market but indicating that they might do 4 cents c.i.f. New York if oil were offered. Early in the month sellers agreed to a 4¢ price, whereupon buyers again dropped to 3½ cents, and by the end of the month were not even bidding 3½ cents although some business might have been done at this latter figure. During this whole period there were two slight bulges—one on the 12th of the month when a little oil was sold at 4 cents, and another on the 23rd when a little more oil was sold at 3½ cents. Pacific Coast prices were slightly under those of the East Coast and the demand was limited to small quantities of spot oil. At the end of the month a few tanks might have been sold on the Coast at 3½ cents but the general idea of buyers was 3½ cents. Whatever demand there was came from soapers with edible buyers preferring to use cheaper priced cotton-seed oil and other lower priced substitutes. It was felt that until the surplus supplies of these lower priced oils, and particularly cotton-seed oil, were taken from the market, no material improvement in prices can be expected.

Shipments for the month totalled nearly 18,000 tons of oil, which was considered a fairly heavy amount.

Statistics for the month follow:
Shipments:

	Metric Tons	
Pacific Coast	1,840	
Atlantic Coast	12,913	
Gulf Ports	2,722	
EUROPE	340	
China and Japan	63	
Other Countries	25	
	17,903	
	Beginning of Month Metric Tons	
	End of Month Metric Tons	
Stocks on hand in Manila and Cebu	9,038	11,621

COFRA CAKE AND MEAL—With sellers having covered themselves fairly well earlier in the year, and with space to Europe very difficult to obtain, there was not much business in cofra cake during November. What little business there was ranged at prices from P43.25 f.o.b. for December shipment to P41.50 for January forward, the differential largely representing a freight increase which becomes ef-

fective January 1st, 1938. These prices, however, were about as good as the American meal market in which some little interest was displayed at prices ranging up to \$27.50 per short ton c.i.f. Coast ports. At the end of the month additional space for Europe for shipment the first quarter of next year came into the market and it is expected that a fair amount of business for the first quarter of 1938 will be done in December if prices maintain their present levels.

Statistics for the month follow:

	Metric Tons
Shipments:	
Pacific Coast	2,650
(Includes 55 tons shipped to Honolulu)	
Europe	11,278
Total	13,927

	Beginning of Month Metric Tons	End of Month Metric Tons
Stocks on hand in Manila and Cebu	10,903	7,695

DESICCATED COCONUT—The desiccated market continued quiet in November. Prices continued unchanged, although it had been previously anticipated there might be some price re-arrangement in November. Consumption of desiccated coconut was down nearly 50% as contrasted with November, 1936. As stated previously, this was partially due to the bad weather in the States in 1937, but also due to the heavy supplies of peanuts and almonds during this year, which have made these products more attractive to the low-priced candy trade than desiccated coconut. Stocks remained high in the United States and mills are controlling their operation in accordance with what they think they can sell. The future looks uncertain, but apparently there will not be any large increase in the trade within the next few months.

Shipments for the month totalled 3,313 tons.

GENERAL—During November the coconut regions were visited by two rather severe typhoons. These storms will have their effect on next year's production, par-
(Please turn to page 55)



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SHIPPING REVIEW

By H. M. CAVENDER

General Agent, The Robert Dollar Co.



During October there was little change in the shipping conditions. The situation at Shanghai remained exceptionally unsatisfactory. We note a falling off of shipments to the Orient, particularly noticeable as to Japan who curtailed her purchases of logs and hemp, taking 5 million feet less of logs and

practically no hemp. There was a movement of Shanghai distressed cargo to various ports.

The outward movement for October totaled 172,879 tons, 16,000 less than September. Practically closing out the season the sugar interests shipped only 15,202 tons of centrifugal and 2,382 tons of refined.

Shipments of desiccated coconut—5,789 tons measurement were normal. No tankers were available for coconut oil, the berth line steamers lifted 14,821 tons for United States delivery and 670 tons for Europe, normal amounts. Copra shippers forwarded 21,965 tons to the United States and 6,735 tons to Europe, one chartered vessel took a full cargo to Pacific Coast, we understand that other vessels have been chartered for November and December loading. The conference lines were unable to furnish the needed space. The United States took 2,665 tons of copra cake-meal,

Europe 5,200 tons and China 50 tons. Shipments of all coconut products were on a normal scale.

We are obliged to show a discouraging picture as to hemp. The United States upped her purchases to 27,060 bales. Japan took only 4,852 bales as against her customary 50,000 or more. Europe took 47,535 bales, a drop of 5,000 bales. The total shipments amounted to 89,771 bales only. This is at least 40,000 bales below normal business.

The movement of lumber and logs dropped to 5 million board feet. Japan, the heaviest buyer for a long time took only 1½ million feet. The United States took 2½ million feet, Europe ¼ million feet, and small lots went to Australia and South Africa.

One shipment also dropped off. Japan took only 47,508 tons of iron ore, at least 13,000 tons below normal, due to a lack of tonnage. She also took 4,957 tons of copper ore and 1,385 tons of manganese. The United States took only 2,900 tons of chromite and 541 tons of concentrates for refining. Small and sample lots bring the total to 57,860 tons.

Cigar shipments, 1,088 measurement tons, were quite satisfactory but shipments of tobacco were only 434 tons. Two small lots of molasses, total 1,380 tons, were shipped. Shipments of embroideries, vegetable lard, margarine, furniture, glycerine and junk were about as usual. Shipments of gums, kapok, kapok seeds, skins and hides dropped off. Slight increases are noted in shipments of rope, rubber, cutch, liquors and charcoal. Transit cargo, including Shanghai distressed shipments, were noticeably heavy.

During October notice of increases in rates on practically all commodities to the United States was sent out. On minor

commodities these increases to take effect on January 1st next. On major commodities to take effect on February 1st next.

From Statistics compiled by the Associated Steamship Lines during the month of October there were exported from the Philippines the following:—

To	Tons	with Mar. Sailings	Of Waicā bottoms Tons	American bottoms with sailings
China and Japan	69,415	45	7,581	6
Pacific Coast Local	32,924	16	13,806	6
Pacific Coast Overland	1,272	8	627	4
Pacific Coast Intercoastal	1,276	5	228	2
Atlantic and Gulf Coast	42,980	22	11,035	7
European Ports	20,805	16	87	3
All other Ports	4,213	25	1,270	6

A Grand Total of 172,879 tons with a total of 86 sailings (average 2,010 tons per vessel of which 34,634 tons were carried in American bottoms with 12 sailings (average 2,886 tons per vessel).

The following figures show the number of passengers departing from the Philippines for China, Japan and the Pacific Coast for the month of October, 1937:

	First Intermediate	Third
Hongkong	38	102 64
Shanghai	0	0 0
Japan	8	13 17
Honolulu	2	2 24
Pacific Coast	75	65 17
Europe via America	0	0 0

Total for October, 1937	123	182	122
Total for September, 1937	137	229	254

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SS PRES. GARFIELD	Jan. 19	SS PRES. MONROE	Feb. 16

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THE RICE INDUSTRY

By

DR. V. BUENCAMINO

Manager, National Rice & Corn Corporation



The market encountered very aggressive buying throughout the period under review. In the face of a greatly reduced crop and the comparative light arrivals from the supplying centers, prices hit new highs for the year, Elon-elon netting an advance of 85¢ and Macan 45¢. Sellers' position was strengthened further by the continuous rains during the month which rendered the drying of the early crop extremely difficult. The trade, therefore, had to depend mainly on the old crop which was already nearing exhaustion. What little of it remained was in strong hands. At the close of the period there were strong indications of further appreciation in values.

November arrivals by rail and water were the lowest during the year, as may be gleaned from the following table:

Month	Quantity
January	183,848 sacks
February	174,406 "
March	202,598 "
April	181,318 "
May	144,708 "
June	160,797 "
July	194,663 "
August	144,144 "
September	131,048 "
October	125,571 "
November	101,265 "
TOTAL	1,744,366 "

Opening and closing quotations on the Tutuban Rice Exchange were as follows:

Elon-elon and Macan (Manila Quality) (Sellers, per sack of 57 kilos, net)	
Opening Quotations	Closing Quotations
Elon-elon:	
1st class	P6.15-P6.25 P7.00-P7.10
2nd class	6.05- 6.15 6.90- 7.00
Macan:	
1st class	P5.60-P5.70 P6.05-P6.15
2nd class ...	5.50- 5.60 5.95- 6.05

Palay prices were maintained above the parity of rice in Manila in view of the expected shortage of the new crop. In spite of very attractive prices being offered by speculators, sellers were not keen in anticipation of more favorable prices in the future. While no definite figure on the extent of the damage sustained by the present crop is available, it is generally admitted in well-informed quarters that it may fall short of the country's require-

ments for 1938. Some observers ventured to estimate the probable damage to the crop by as high as 30% and look forward to the possibility of the country's necessitating importation from abroad next year. Opening and closing quotation in Cabanatuan are given below:

	Opening Quotations	Closing Quotations
Macan Ordinario (Cabanatuan Quality) (Per sack of 44 kilos, net)		
Macan No. 2 ...	P2.60-P2.65	P2.85-P2.90
Inferior	2.30- 2.45	2.55- 2.60

Copra and...

(Continued from page 51)

particularly in the belt from Samar to north Panay, including Romblon. It is estimated that the total normal crop of the islands might be affected 10% by the November storms plus the storm which took place early in December. On the other hand, barring accidents, next year's crop should be a very reasonably good one providing prices will justify production.

At the beginning of December all markets were very lifeless and the general prediction was that no material pick up in copra and oil can be expected until the second quarter of 1938, although it is entirely probable that certain markets will improve to a limited extent, notably the European copra market, which with no excise taxes to pay, still finds copra very reasonably priced.

Three Mines...

(Continued from page 15)

Mr. Bergmann estimates present ore reserves at 70,000 tons of proved and prospective ore, valued at P2,874,000.00. Probable ore is estimated at 50,000 tons, having an estimated value of P1,750,000.00, giving a total value of P4,624,000.00, "without considering the potential value of undeveloped veins."

The mill is a combined flotation and cyanide plant. The flotation part is already installed, and practically ready to go into operation. It has been designed for a maximum tonnage of 250 tons, but provision has been made for a possible future increase to five or six hundred tons. All buildings, including power house, staff houses, laborers' quarters, hospital, etc., have been completed. The staff at present consists of R. G. Bergmann, consulting engineer in charge of operations, Glenn L. Allen, General Superintendent, W. Stine, construction superintendent, A. R. Baba, mine superintendent, and H. H. Mackenzie, master mechanic.

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REAL ESTATE

By P. D. CARMAN
Boulevard Heights



Although recorded sales of real estate within the City of Manila show a decline during the past four months as compared with the same period of 1936, the January to November total of P21,448,647 greatly exceeds that of P16,808,594 for the first eleven months of last year. For the first time since 1919 Manila

real estate sales have exceeded P20,000,000 in any year. 1937 with still a month to go will break any known record.

Salm City of Manila
October November
1937 1937

Sta. Cruz	P198,345	P122,200
Sampaloc	174,889	130,120
Tondo	44,554	100,668
Binondo	64,750	77,297
San Nicolas	108,500	76,000
Ermita	113,706	49,931
Malate	69,075	169,889
Paco	30,673	126,343
Eta. Ana	18,091	18,295
Quiapo	38,275	

San Miguel	31,058	59,550
Intramuros		7,000
Pandacan	1,160	775
Sta Mesa	18,601	

P91,477 P938,068

TOBACCO REVIEW

By P. A. MEYER
November, 1937



RAWLEAF: Purchase of the 1937 crop in the provinces of Cagayan and Isabela continues rather slowly. Except for tobacco scraps shipped to the United States the quantity exported was small. Comparative figures are as follows:

Rawleaf, Stripped Tobacco and Scraps	Kilos
Belgium	2,521
Guam	2,010
Holland	3,120
Hongkong	4,480
Italy	180,000
Straits Settlements	1,124
United States	208,434
Nov., 1937	401,689

Oct., 1937	645,401
Nov., 1936	156,039
Jan.-Nov., 1937	12,370,208
Jan.-Nov., 1936	10,362,561

CIGAR shipments to the United States compare as follows:

Cigars	
Nov., 1937	21,965,431
Oct., 1937	20,428,920
Nov., 1936	11,151,085
Jan.-Nov., 1937	173,081,524
Jan.-Nov., 1936	154,402,028

FOREIGN EXCHANGE

By LEON ANCHETA
Manager, Foreign Dept., Phil. Nat. Bank



Trade and financial factors enabled the dollar to maintain firmly the level that it reached during the previous month, which is a vast improvement compared with its position during November, last year. At that

time, it was a buyers' market, banks selling T. T. dollars on New York at as low as 199.25 and buying demand drafts and 60 days sight bills at as low as 198.75 and 198.25 respectively. During November, this year, the situation was reversed. Selling rates for T. T. dollar ruled steady at 199.75 and buying rates for demand drafts and 60 days sight bills at 199-199.25 and 198.75 respectively, or P0.50 better than last year.

The sustained steadiness of the dollar is a reflection of prevailing lower prices for the Islands' export products, in sympathy with general price recessions in the world's commodity markets. Toward the middle of November, last year, centrifugal sugar (for export), copra resesaca, coconut oil and hemp (F grade) were quoting in the local market at P8.40, P14. P.26 and P17.50 respectively against P7.20, P8.00, P.17 and P15-P16, respectively, for the same period, this year.

The cash position of banks also was considerably stronger. Total cash held by banks in November, last year, averaged P34,500,000 (Manila offices only) against P50,500,000 during the month under review. The dollar showed a marked tendency to move above the October level which, how-

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ever, did not materialize due to the support which the peso received from gold shipments, of which substantial amounts of the proceeds were sold during the month.

Business decline coupled with devaluation rumors brought about heavy European liquidation of dollar balances resulting in general rise of foreign exchanges against the dollar. Despite official denial of devaluation rumors given out during the first part of the month the pressure on this exchange had not eased up and on the whole it continued weak up to the close. A record low of \$5.02-1/8 in terms of the sterling was reached during the month.

With dealers holding unusually heavy stock of copra during October and facing a continuous decline of prices in November (from \$2.875 to \$2.30) the rise of the sterling brought some relief to dealers as it enhanced buying for this product in the London market. Keen competition in the local market sent up the price for 60 days sterling bills at as high as 2/0 3/16.

The crisis noted in the Franc last month appeared overcome. Without receding from \$3.37% at which it was quoted at the beginning of the month, it reached a high of \$3.41% although closing at \$3.39%.

In sympathy with the sterling, the yen ruled strong rising from \$28.93 at which it was quoted in the New York market at the beginning of the week to a high of \$29.27, the highest reached during the year.

Indicating a reversal of method noted last month of making available a relatively cheaper yen for its export markets, Japan presently desires to keep up the level of the yen, this exchange not being generally obtainable in Kobe at a lower rate.

Excluding items already paid for and handled for foreign accounts or shipments not yet paid but for which provision was made for exchange coverage, Japan should realize more foreign exchange from the liquidation of its exports during the past several months which amounted to 50 millions in terms of the old U. S. dollar for each of the months of September and October.

Concurrently with the rise of the exchanges within the sterling area, Hongkong moved up from \$31.15 at which it was quoted at the close of October to \$31.48, also the highest reached during the year.

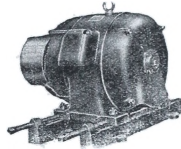
Shanghai moved within narrow range in Shanghai market between \$29 1/2 and \$29-5/8.

(Please turn to page 56)

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RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA

Traffic Manager, Manila Railroad Company



The volume of commodities received in Manila during the month of November, 1937, via the Manila Railroad Company are as follows:

Rice, cavanes	101,196
Sugar, piculs	177,656
Copra, piculs	110,361
Dessicated Coco-nuts, cases	35,624
Tobacco, bales	4,568
Lumber, board feet	329,552
Timber, kilos	1,554,000

The freight revenue car loading statistics for four weeks ending November 27, 1937, as compared with the same period of 1936 are given below:

FREIGHT REVENUE CAR LOADING

COMMODITIES	Number of Freight Cars		Freight Tonnage		Increase or Decrease	
	1937	1936	1937	1936	Cars	Tonnage
Rice	399	270	4,782	2,950	129	1,878
Sisal	91	33	950	358	58	184
Sugar	338	87	10,143	2,211	246	7,932
Sugar Cane	1,756	1,509	32,860	27,148	247	5,712
Copra	609	967	3,674	2,687	62	987
Cocounuts	105	91	1,085	946	14	139
Molasses	12	1	95	12	11	83
Hemp	—	1	—	1	(1)	(7)
Tobacco	13	6	238	36	7	217
Livestock	13	6	65	16	8	79
Mineral Products	810	387	8,877	4,991	(87)	(1,414)
Lumber and Timber	112	104	2,952	2,549	8	(187)
Forest Product	—	1	—	6	—	(6)
Manufactures	268	184	2,664	2,454	82	1,700
All Others including L.C.L.	12	2,535	18,442	82,968	(120)	(11,982)
TOTAL	6,432	6,706	79,151	82,968	726	16,188

SUMMARY

Week ending Nov. 6	1,804	961	12,859	8,086	353	4,273
Week ending Nov. 13	1,188	982	10,838	8,148	206	2,690
Week ending Nov. 20	1,988	1,817	16,793	12,689	81	2,819
Week ending Nov. 27	2,543	4,458	39,252	35,846	86	5,407
Total	6,432	6,706	79,151	82,968	726	16,188

NOTE—Figures in parenthesis indicate decrease.

FOREIGN EXCHANGE REVIEW

(Continued from page 56)

	U. S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
January	199.50	199.25	2/0-5/16	2/0-3/8	9.45	9.45	57.80	57.00	60.40	59.80	61.80	61.60
February	199.50	199.25	2/0-3/8	2/0-7/16	9.45	9.40	57.60	57.50	59.90	59.70	61.55	61.15
March	199.75	199.50	2/0-3/8	2/0-7/16	9.45	9.20	57.60	57.40	59.95	59.80	61.20	61.10
April	200.00	199.75	2/0-1/8	2/0-3/8	9.35	9.00	58.10	57.50	60.25	60.00	61.90	61.15
May	200.00	199.75	2/0-1/8	2/0-3/16	9.15	9.05	58.10	58.00	60.20	59.90	61.90	61.35
June	199.75	199.50	2/0-1/8	2/0-3/16	9.05	8.95	58.00	57.90	59.40	59.40	61.35	60.90
July	199.75	199.50	2/0-	2/0-1/8	7.90	7.55	58.40	57.90	59.65	59.25	61.75	60.90
August	200.00	199.75	1/11-15/16	2/0-1/16	7.65	7.60	58.70	58.40	60.55	59.25	62.80	61.90
September	200.00	199.75	2/0-1/16	2/0-1/8	7.60	6.85	58.40	58.10	60.40	59.90	62.65	62.25
October	200.25	199.75	2/0-1/16	2/0-1/8	7.00	6.70	58.30	58.10	60.10	59.60	62.65	62.45
November	200.00	199.75	1/11/3/4	2/0	6.95	6.85	58.90	58.20	59.80	59.60	63.30	62.50

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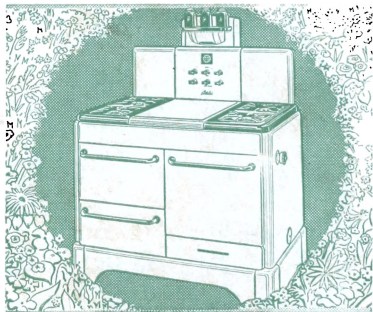
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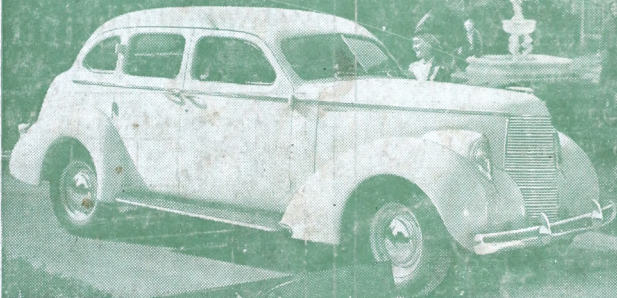
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