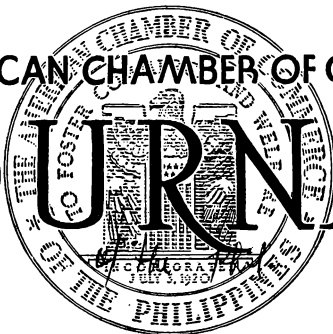


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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Editor and Manager

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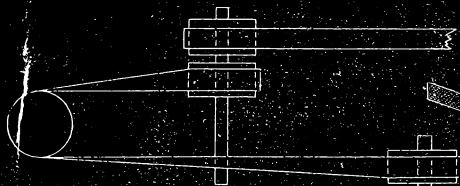
January, 1949

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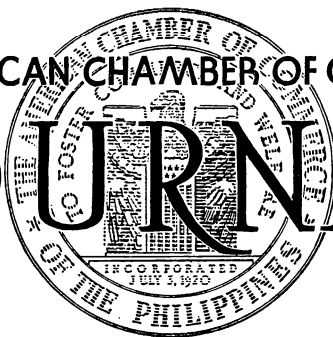
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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

January, 1949, marks an important point, a point of departure, in Philippine economic life. With the inauguration of the Central Bank, the currency and banking situation changes radically from that of a banking system which has been largely free and from a virtually automatic exchange currency standard, to a system of direct government control over both currency and credit.

This change involves so many highly abstruse and technical matters that little public discussion of it has been possible. The country has accepted the move on faith; so even, most of the members of Congress itself, which acted on the recommendations of the experts of the Joint Philippine-American Finance Commission embodied in its report of June of 1947.

As the old banking system served the country well and as Philippine currency under the former standard, has been one of the few stable currencies in the world, it may truthfully be said that the new system, with all its obvious risks, has not been hailed with excessive enthusiasm outside of certain government circles.

It is true that the institution of a central banking system is a natural development and that most countries now have central banks, but as is pointed out in a recent ECAFE economic survey, published in part elsewhere in this Journal issue, the new Philippine system has "many novel features."

As to this, it may be said that trail-blazing and experimentation are exhilarating in almost every field outside of a country's currency and credit system, the soundness and stability of which is as basic to its economic life and progress as is a supply of good air to breathing.

"Air conditioning" is a fine thing if we can install the necessary machinery and operate and maintain it effectively; otherwise ordinary windows are much to be preferred.

Informed opinion is that our new currency and banking system is "not bad" and offers certain definite advantages, but that its success will depend whol-

ly and exclusively on the prudence and honesty of its management. If this were to prove lacking, nothing short of catastrophe,—national bankruptcy, would be the issue.

Since the Government, advised by experts and authorized by act of Congress, has set out on the new policy, the country is in for it. "Conditioning" has been decided upon and we will have to bear with the "conditioners" and breathe what comes.

We do not write with undue foreboding or with ill-will, but we feel that the country should understand the vital importance of the step which has been taken.

The people should understand the great and grave responsibilities they have entrusted to a few men, the Governor and the members of the Board of the Central Bank.

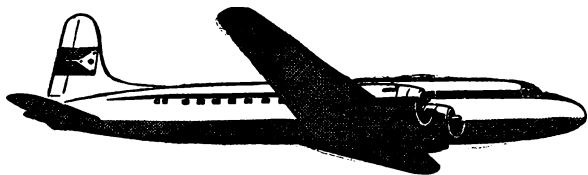
We congratulate them on their appointment and extend to them our most sincere good wishes.

The Import Control Law, Republic Act No. 330, was implemented by the President through Executive Order No. 193, signed December 30, going into effect on January 1, only **We have Import Control** two days later.

Business will now have to adjust itself to the situation thus created, but it need not make a noise as if it liked it, and the American Chamber of Commerce does not like it.

It is true that following a number of hearings held by the Import Control Board, many items originally proposed by the Board for inclusion under the control were, in the end, eliminated and the proposed percentage cuts were also generally reduced. The Order, therefore, is less drastic than some businessmen had feared it would be, though the cuts nevertheless run from 20% to 90%, with the majority of cuts around 40% and 50%.

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The control also applies to many more articles, even classes of articles, than was originally suggested by the Joint Philippine-American Finance Commission in 1947 (not that we agree to the advisability of even this relatively small list, or of any control at all)—

"such articles as fancy soaps [even laundry soap is now under control], hair tonics, pomades, perfumes and toilet waters, which are clearly non-essential, fresh fruits and vegetables and canned fruits and juices, for which adequate locally produced substitutes are available..."

Such cuts over such a wide range of import items as are included under the Order, are heavy cuts on any basis of consideration, and will mean losses to business running into the scores of millions of pesos, will force great reductions in overhead expenses and discharge of personnel, and will also result in losses to the Government in tax revenues.

The Order immediately led to much confusion which will take months to clear up. Official statements in attempted clarification have in a number of cases been contradictory. At best, the time and effort called for to calculate the various quotas, general and individual, and to obtain the import licenses required, the fees for filing and for the licenses themselves, which include a charge of P1 for every P1500 of the c.i.f. value of the merchandise, will increase costs, it has been estimated, by at least 10%.

Since the notice afforded importers was so short, the Import Control Board has ruled that—

"the time limit for obtaining import licenses covering controlled merchandise ready for shipment from abroad has been extended to January 20, 1949, and these instructions have been sent to Philippine consuls abroad. Therefore there will be no need for import licenses for shipments of previously ordered controlled goods up to January 20; the quotas, however, will apply."

Also —

"Import license numbers will not be required on consular invoices before January 20, 1949. However, importers in the Philippines must secure import licenses to clear shipments upon arrival."

Also —

"Goods in bonded warehouses are considered as having entered and, therefore, are not subject to import control; this includes goods already on the docks, on lighters, or on other export carriers. Goods in transit from factory to port, however, do not come under this exemption."

The period of 20 days is not long enough to allow for satisfactory adjustments, and, in effect, renders the Order retroactive. Trade can not be entirely suspended for many months because an import control measure is being prepared by a government. Orders in many cases must go forward and articles to be especially manufactured for any given market may have to be ordered many months in advance of expected delivery. Forced cancellation of such orders will result in large damages and losses both to the foreign manufacturers as well as to local importers.

The ruling that goods already in transit from factory to port are not exempt, is especially unfair. In the case of such goods, the cost of shipping the goods back, many of them especially and expensively packed for export, will make for very obvious losses.

One notable feature of the Import Control Order is that 20% of the quota fixed for each article is set aside to be allocated to what have been called "new importers", —

"importers who have had no importation during the base period mentioned in the next preceding section [July 1, 1947, to June 30, 1948] but have been registered subsequently as importers of such articles. No new importer shall receive a percentage allocation bigger than one-fifth of the percentage allocated as quotas to the old importers. . . . Any part of this reserved quota not allocated or used shall be available for allocation to the old importers."

This, in the case of an importer who is subject to a 50% reduction in his imports of a certain article or class of articles (which in some cases constitute his entire business), involves the loss of another 10%. It has been said that this setting aside of 20% of the quota for "new importers" is fairly reasonable and that the old importers are "lucky" that it was not made larger. But apart from the fairness or unfairness of the Government in taking away a part of a man's business and giving it to another, we submit that it is wholly illogical while reducing the volume of certain imports to increase the number of importers of the goods affected.

It is clear that heavy losses to business are involved in the Order. It is clear, also, that costs will be greater. Therefore, prices are bound to rise and the appearance of "black" and "grey" markets is certain. One businessman told the Journal:

"Shortage in supply has always resulted in increased demand, and as these shortages begin to be felt, conditions similar to those prevailing in 1945 and 1946 might appear, when merchandise which was short in supply or difficult to obtain was sold by the importer to the wholesaler, wholesaler to retailer, retailer to the presumed consumer, but in a great many instances resold by him to the ultimate user."

Another businessman said:

"Other countries, I believe without exception, which have imposed restrictions on trade, have found it necessary to introduce later, as a complementary measure, price control, and I have the impression that the reaction of markets in the Philippines to price controls, introduced in other connections, has been detrimental to trade and that such control has been of little benefit to the public."

IT has been charged in one quarter that the opposition to the import control measure here was motivated by a desire on the part of certain business elements to reap immediate, if temporary, profits without regard to the pressing need for a wiser expenditure of the country's dollar resources. We could report that the list of goods put under control shows clearly that certain persons who were most vocal in their supposedly patriotic support of the measure stand to benefit personally by it, but we will not press the point and will leave their identity to the penetration of the reader.

It could not be denied that the losses which importers and merchandisers were certain to sustain under the control, influenced and may have determined their stand, and there is no need to apologize for this as our economic system is based on the relatively free functioning of self-interest. However, that the desire for immediate profits was the only reason for the considerable opposition to the control, is plainly untrue. Practically all the arguments brought against the adoption of the system, including those voiced in three or four editorials on the subject in this Journal, were based on public rather than private considerations and on a regard not alone for the immediate but for the future prosperity and welfare of the country.

Said one businessman to the Journal:

"Every man in business must deplore that a law is created limiting international trade at a time when the trade between

the countries of the world is surely so badly and need would every encouragement instead of restrictions. Government administrative procedure in trade control is generally, not only in the Philippines, never flexible enough to adapt itself to the many vicissitudes or fluctuations to which trade is exposed... I have the feeling that the Philippines in 1949 will lose customers in France, Italy, and Denmark, which countries have been buying heavily in the Philippines in the past and selling little in return. Similarly, the effect on Sweden, exporter of matches to the Philippines, will probably be that Sweden will restrict its imports from the Philippines. Actually, the Philippine trade with countries outside the United States shows a positive balance of trade. It is a pretty safe bet that this position will be reversed in 1949."

Wise spending is always desirable, but a sound general assumption in the adult world is that those who have money, know best how to spend it. Individuals are certain on the average to be far more careful in spending their own money than most governments have proved themselves to be in spending the people's money. That applies to our so-called dollar reserves.

Is it likely that a man who, for instance, wants to buy an automobile or a piano, but who finds this made difficult by the control, either because of the limitation of imports or the higher prices, will, instead, use his money to buy stock in some private or government corporation?

Rather, he will wait until he can buy what he wants even at a higher price. And that means that the people as a whole will probably be spending more and not less for "luxuries" and "non-essentials", although they will get much less for their money.

They will not thank the Government for that.

IT has been pointed out that inasmuch as the import control is implemented by executive order rather than directly by legislative act, the control can be more or less flexible. The large part played by the Import Control Board in the administration of the system also would seem to make wide modification possible.

It is one of the small pleasures in the whole matter to be able to say that the Board has shown itself reasonable in entertaining objections, suggestions, and pleas from the business elements affected.

One businessman whom we have already quoted ended his statement to us by saying:

"It is hoped and felt that if and when the conditions I have spoken of begin to appear, their full effects will be anticipated by our Government and the restrictions on the articles most likely to result in these effects will be lowered or entirely eliminated in time to avert more serious consequences."

This Journal makes no pretense of being an international review. If we can cover the Philippine economic field with fair adequacy, we shall feel that we are doing all we are aiming at doing.

However, we can not blind ourselves to the catastrophic downfall of the recognized government of our near neighbor, China, which today seems so imminent and which will certainly have its repercussions here.

But who would say that the responsibility for that disaster lies anywhere but with that government itself? Friendly and helpful as the United States has always been to China and to President Chiang Kai-shek, who could seriously hold that the United States

could have done more than it has done in the past, or could do more now, to avert the fall?

It is a bitter thing for the non-communist part of the world, and for all friends of China, to see the Chinese communists winning the civil war which has for so many years torn that unhappy country, but short of sending a large American army into China, nothing could now avail, it would seem, to avert this red victory, and to such an extreme measure the United States can not commit itself. If, some day, which God forbid, we shall have to make war on communism as a state system, we shall strike at the head, and not the tentacles.

For the present, at least, it seems wisest for America not to seek to interfere with whatever the course of events in China may prove to be.

This policy, though negative, seems to be all the more advisable in view of the fact that it is very difficult to envisage the Chinese people, who have for many centuries been noted for their individualism and who have, of late years, become extremely nationalistic, too, as accepting, docilely or otherwise, the brand of Stalinite Russia.

It is very unlikely that the leaders of the Chinese "Reds", avowed communists though they are, will even attempt to bring this about, and if the Russians themselves should try it, it is more than probable that the Moscow despotism would drown itself in China, as so many other conquerers have been overwhelmed there.

It is fairly certain that the United States Government could come to terms with any government likely to be established in China, the more so if it is a type of coalition government such as Secretary of State Marshall himself recommended for China a year or two ago. But even a government dominated by the Chinese communists would need American support in the end, for Russia alone could not supply its need for finance capital and machinery of all kinds.

For America, the matter would seem to come down to placing its trust in the hardihood and sapience of the Chinese people, as against an official regime which has about forfeited all confidence, and we might as well make a virtue of this.

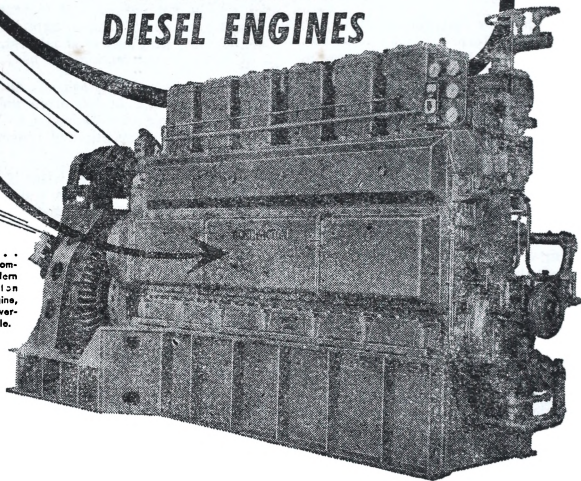
We have probably all heard about the poultryman who hung a big ostrich-egg in his henhouse with a sign under it which read, "Keep your Work and eyes on this."

Wealth With somewhat the same idea in mind, we call attention to recent reports from the United States telling of a great crop production there in 1948 exceeding any former year, — amounting to 137% of the 1923-1932 base and 11% above the previous high mark of 126% in 1946. Both increased acreage and high yields were factors in the huge volume of this production and the quality of the crops was described as "outstanding."

"An unprecedented grain production of nearly 179,000,000 tons led this year's list of record harvests. This is nearly 40,000,000 tons more than in 1947, and 17,600,000 tons higher than the previous peak in 1946. The total includes the greatest corn crop in United States history, the second largest wheat crop, the third largest oats crop, the second largest crop of sorghum grain, a record rice crop, and relatively small harvests of rye and buckwheat. Among other important crops, the Department of Agriculture placed the total 1948 oil-seed

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production at nearly 15,250,000 tons, exceeding production in any other year of record. This is 23% more than in 1947 and 44% above the average. It is swelled by record tonnages of soybeans, flaxseed, and peanuts, and a cotton-seed tonnage likely to be nearly one-fourth above the average. The 1948 cotton crop is estimated at 14,937,000 bales. This is the largest crop since 1937, and the seventh largest on record." (*United States Information Service.*)

Despite this vast production, the total contribution of agriculture, forestry, and fisheries to the national income was only 9.5% of the whole.

Manufacturing contributed 30.5%, and wholesale and retail trade 18.5%, or almost one-half of the whole.

The service industries contributed 9.3%; government and government enterprises, 9.2%; finance, insurance, and real estate, 8.1%; transportation, 5.6%; contract construction, 4.3%; communications and public utilities, 2.7%; and mining, 2%.

The total (market) value of goods and services (gross national product) was \$253,000,000,000, an increase of about \$21,000,000,000, or 9% over 1947. This reflects chiefly the higher average in prices, but also an increase in physical output.

Here are riches and prosperity, — but how the people who produced this great wealth must have worked! Though the standard labor-day and labor-week in the United States are the shortest in the world, and though, because of the high development of all forms of labor-saving machinery, labor is least toilsome there.

They had capital to work with, of course. New trade firms alone, starting operations during the 1945-1947 period, initially invested an estimated \$7,000,000,000 in these enterprises. And nearly two-thirds of this vast sum, according to the United States Information Service, came from the *private savings of entrepreneurs.*

But all this money, in fact, all capital, only represents hard work done in the past.

When we borrow money, or, in finer language, negotiate a loan, we draw upon the fruit of the labor of others,—unnubnered nameless ones for the most part, including men of enterprise, executives, bankers, scientists, engineers, farmers, lumbermen, miners, skilled craftsmen, laborers, clerks, messenger boys, men and women of every age and of every race and country who have made their contribution, large and small, recently or long ago, to the production and saving of that capital.

Is it not natural and right that we should look upon an accumulation of capital with a certain reverence and that society should establish safeguards as to its proper protection and use?

Writers and caricaturists have done the world a great disservice in too often holding up capital as "Mammon" or the "Golden Calf" and picturing the capitalist as an obese and obscene figure clutching his money-bags.

We would have been wiser if we had followed the example of the old Greeks and Romans, and personified capital as a noble goddess, fair and gracious, such as Demeter, Ceres, Fortuna, or Amalthea with her horn of plenty.

That the main-spring of our capitalistic system is cupidity is more than simply untrue; it is a vicious untruth, given the lie every day and every hour by our millions of workers of every grade and the constructive, forward-looking spirit which animates the vast majority of them.

When we see the great and indeed wonderful production of the free American labor-effort, we do not need to ask ourselves, "Could any form of slave-economy even approach it?"

Vocational Education

MY plea to you as teachers is to develop a greater awareness of the economic scene surrounding your schools. When I visit a town I make it a point, before I go to the school, to go to its market to see what the people eat, what they buy, what they cannot buy, which, in effect, is the economic background of the locality. I have noted an increase in the number of economic-minded school superintendents. I hope that there is a similar development with respect to principals. This gives me hope for a better economic future of this Republic which is a part — an integral part — of the great world of work.

I firmly believe that the future of this country as a progressive and economically-independent member of the United Nations depends upon how the school shall enable the young people to fit into the present-day working world. It is neither induction nor deduction that is essential. What is important to the country is production, more production, and con-

tinued production. Before the war, 65% of the inhabitants were engaged in agricultural pursuits and 14% in industry, and 20% were in non-productive vocations.

The exaggerated importance that is given to the college cap and gown, if not checked, will result in an unhealthy decrease in the productive class and a debilitating increase of the non-producers. This will seriously affect the economic welfare of the country because rehabilitation, industrialization, and modern agricultural processes cannot be realized without an intelligent, competent, and well-paid group of skilled workers in all lines of activity.

DR. GILBERT S. PEREZ
Chief, Vocational Education Division
Bureau of Education

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Speech at the Inauguration of the Central Bank*

By President Elpidio Quirino

TODAY, as we inaugurate the Central Bank, a historic scene in our financial and economic history unrolls upon the national stage. We are taking a decisive step in economic self-assertion. When in 1933 we minutely scrutinized the provisions of the Hare-Hawes-Cutting Act which had divided our country into two schools of thought, we delved deeply into the economics of our independence. A group of men who later formed the Philippine Economic Association then envisaged and advocated in a book eventually published as a result of their studies, the organization of the Central Bank as a means of insuring our economic progress and stability and providing the firm basis of our political independence. For reasons which I need not here mention, although the plan was everywhere lauded, we did not find fertile soil for its germination and growth. The chief impediment was the lack not only of means and experience but of sovereign authority to accomplish it. When therefore I signed the bill creating the Central Bank a few months ago, I hailed it as the Charter of our economic sovereignty; for, indeed, its significance to the economic life of the nation may well be compared to the Constitution that governs its political life.

The passage of the Central Bank law, together with the general revision of our banking legislation, aside from the great number of constructive measures which became law, constitutes the most far-reaching achievement of our Congress. The present composition of the Monetary Board has merited the unanimous endorsement of our people. In itself, the quality of the men chosen for the Board inspires the people's confidence in the success of the Bank.

We have long felt the need of banking and currency reforms. As we carry out our program of development in an effort at total economic mobilization, the Central Bank becomes both a challenge to our ingenuity as a people as well as an opportunity to show our creative faith in our economic future. We aspire for full employment and development. Our natural resources must be completely and efficiently utilized if we are to survive as a nation. The Bank should encourage the development of infant industries and the establishment of new ones by giving both the proper and due incentive in financing them. Home production of our primary and vital needs must at once be given impetus. The last war has shown not only resourcefulness of our people but possibilities of expansion in many of our material endeavors. We may need economic and financial reorientation to adapt ourselves to the new situation in which we find our people struggling along with the whole world for peace and contentment. We must insure an increasing fullness of life for all our people.

In coordination with the work of the National Economic Council, I charge the members of the Monetary Board with the duty to employ the full measure of their vision and intellect in order to achieve this goal. The Bank being the central dynamo to generate the life-blood to nurture our economic structure, the nation will henceforth focus its attention on the manner in which the members of the Board dis-

charge their tremendous responsibilities. All the activities, public and private, in the agricultural and industrial order, as well as in the financial and commercial field, shall revolve around this central financial institution. Its operation will be a test of our economic judgment and competence as a people. The extent of its success or failure will be the measure of our name in the financial and economic world.

Great as our hopes are for the success of this new instrument of our national advancement, of this necessary and effective machinery for our rehabilitation for the supply of the full monetary requirements for the immediate realization of our productive possibilities, our great concern should be that in its operation the stability of our currency should not be sacrificed. In the credit operations of the Bank providing for the requirements for capital funds in our varied enterprises, great care should be exercised to guard against the dangers of inflation.

Increase of investments is an essential requisite to raising productivity. To promote a higher rate of capital formation, it will be necessary to encourage and accelerate our rate of savings that should be channeled in heavier volume into investment projects. Hence, the immediate necessity to create a government securities market for increasing the mobility of the country's idle capital. We need to reawaken our people into increasing fruitful investment and to inspire proper confidence in canalizing their savings through government securities. I hope that this undertaking will receive the support of all elements in the country.

Recognizing the dangers involved in inflationary financing of our economic rehabilitation and development by undue expansion of credit, the Government has already taken important steps to control expenditures and increase the revenues from all sources. Measures have been adopted to reduce the importation of luxury and non-essential articles. To promote economic stability, the fiscal policy of the Government and the monetary and credit policies of the Central Bank should and will be properly coordinated. Only thus can the Bank promote a rising level of production, employment, and real income, and, at the same time, maintain the internal and external stability of our currency.

Under the wise guidance of the Monetary Board in whose members' ability and patriotism I have an abiding faith, it is my fervent hope and firm conviction that the nation will evolve well-coordinated fiscal, monetary, and banking policies consistent with sound economic development and the requirements of continued monetary stability. Its Charter has made the Bank the jealous guardian of the value and convertibility of the peso. This shall be preserved—and more. But the Bank shall also be the zealous medium of international financial cooperation in the great work of making this our land a land of plenty. God willing, we expect to see in our time the realization of every individual's dream that within our shores the enjoyment of a handsome portion of the material and cul-

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tural blessings will flow from an economy of abundance. This is our goal.

In an environment as generously endowed as ours, the essence of economic statesmanship consists in providing the stimuli that will encourage the citizenry

to take full advantage of all the productive possibilities that lie in wait and, in so doing, generate a rising level of employment and an ever increasing flow of social dividends. In this spirit, in this expectation, in this hope, I declare the Central Bank open today.

Speech at the Inauguration of the Central Bank

By Governor Miguel Cuaderno

AS I assume the difficult post into which His Excellency, President Elpidio Quirino has just kindly installed me, I feel deeply conscious of the tremendous responsibility which it entails.

Second only in importance to the advent of our political independence, the establishment of this Bank should inspire us to attain new and higher levels of economic progress. Our people has every right to hope that this institution shall not fail.

We have felt for a long time the need of banking and currency reforms. With a decentralized banking system and a currency which required a 100% reserve making the money supply a function of changes in the balance of payments, the Philippines was unable to develop an economy that is responsive to domestic needs. Our economic development was moulded by the requirements of the world markets for a few raw materials which are highly vulnerable to international price fluctuations. A depression in the principal markets for these exports inevitably resulted in a substantial contraction of our monetary circulation with resulting hardships on our people. Our banking and monetary system was completely impotent to prevent the sapping of the lifeblood of economic activity precisely at those times when the application of economic "tourniquets" appear to be extremely necessary to prevent an internal deflation. In the opposite case, during periods of recovery the system lacked the necessary resiliency in supplying the full monetary requirements of a rising level of economic activity, thereby inhibiting the full realization of the productive possibilities offered by our existing resources.

The defects in our old banking and monetary system became more apparent at the close of the last war especially after our attainment of political independence. It has proved too rigid and inadequate to lubricate effectively the economic machinery for re-

habilitation. The country, laid prostrate by war, was and still is in need of rehabilitation. Rehabilitation should be geared in the long run to a production pattern, consistent with the independent status of the nation. Our rehabilitation should be designed as the first phase in the process of effecting the structural adjustments necessary to change an export economy, highly sensitive to changes in demand and prices of a few export crops, into one that is better fortified against such outside pressures. For the immediate future, the nation's main concern, however, should be the rehabilitation of dollar-producing export industries and the production of essential commodities, such as food, whose importation is causing a heavy drain on our foreign resources. The need of restoring a balance in the nation's international trade by stimulating the production of goods and services that will add to receipts and others that will reduce payments, is urgent.

The charter of the Central Bank clearly outlines its objectives. It is the determined purpose of the Monetary Board and of myself to attain these objectives. With coordinated fiscal and monetary policies, the Central Bank should be able to make a significant contribution both to the financial stability and the further economic progress of the nation.

The generous messages of felicitations received both by the Government and by me from high officials of the Government of the United States and from bank officers in that country, as well as from friends here in our country, are very inspiring indeed. With the help of God I shall strive to live up to their expectations.

I am sincerely grateful to you, Mr. President, for the opportunity of serving as the first Governor of the Central Bank.

ECAFE Reference to the Central Bank

THE following paragraphs on currency and banking in the Philippines are taken from a "condensed report" in the *Far Eastern Economic Review* (Hongkong) of the recently completed "Economic Survey for 1947" of the Economic Commission for Asia and the Far East (ECAFE) of the United Nations Department of Economic Affairs. Accord-

ing to the Hongkong periodical, "a preliminary edition of the 1947 Survey was given limited circulation at the 3rd session of the Commission held in India in June, 1948."

It will be noted that in the paragraphs about the Philippine Central Bank, its "novel features" are emphasized. The italics are ours.

IN the Philippines the year 1947 started with a strong deflationary tendency. Monetary circulation and prices (as indicated by the cost of living) both fell appreciably. Circulation started rising again later in the year, but the cost of living remained low. Budgets were more or less balanced, the 1946 budget even showing a handsome surplus. Whether all this signals a definite deflationary movement is too early yet to say. In spite of increases later in the year, total money supply and prices at the end of 1947 stood lower than at the end of 1945.

"The Philippine currency was heavily inflated during the Japanese occupation, but by December, 1945, after the repudiation of the Japanese issues, currency in circulation stood at about 5 times the pre-war level. Thereafter there was steady contraction throughout 1946 and part of 1947. Prices, however, fell faster than the money supply, indicating that there was simultaneously a rise in the goods supply through increased production and imports. The Philippine peso being linked to the U.S. dollar (at 1 U.S. dollar = 2 pesos) contraction (or expansion) of currency is normally (unless interfered with by trade, exchange, and other controls) linked with unfavourable (or favourable) balance of payments. The Philippines have recently been importing much excess goods and services which have been partly covered by American payments on military and other accounts. But they have been also partly paid out of foreign exchange holdings, and the contraction of foreign exchange holdings is reflected in the contraction of circulation at home. The Philippine price-cost structure, although it has fallen since 1945, still seems to be too high to equalize exports and imports and there is an import-surplus pressure on the economy. This pressure is likely to continue unless money supply and prices are still further lowered. The Philippine economy has so far without deflation without any untoward effects.

"The currency being on an exchange standard, exchange rates have remained unchanged.

"Perhaps the most important development in 1947 was the decision to establish a central bank. So far the banking system has been decentralized and uncontrolled, and currency policy not co-ordinated with credit policy. Indeed, there has been little scope for any currency 'policy' at all, the currency

being on the automatic exchange standard. The new central bank will change the situation completely. The main features will be as follows:

(1) It will be a state bank, managed by a board appointed by the Government. The Finance Secretary will be ex-officio president of the board.

(2) It will control currency as well as credit.

(3) In regulating money supply, it will be guided by the general economic interests of the country and not by any rigid convertibility or reserve requirements. It means therefore the abandonment of the dollar exchange standard which prevents expansion or contraction of currency according to the internal needs of the country. The bank can change the existing par value of the peso. It can also alter the ratio of gold or foreign exchange holdings to the note issue. It can also hold reserves in inconvertible (non-gold) currencies.

"A novel feature in the bill is the insertion of 'guiding principles' according to which the bank is to regulate the money supply. They boil down to promotion of the best interest of the country, in other words full employment and maximum production.

(4) It will have wide powers of credit control. It will have power to raise or lower reserve ratios of the member banks and fix upper limits to loans and investments. It will have some power of selective or qualitative credit control which is *not yet common for central banks to possess*. It can restrict credit given by banks to importers of certain classes of commodities (for instance luxury goods) by raising the margin of cash required for letters of credit.

"The bank thus would have many novel features. It is specially argued that the freedom to expand or contract currency, irrespective of gold or foreign exchange holdings, is very desirable for undeveloped economies. Under exchange standards, any excess acquisition of foreign exchange (by net exports) tends to expand currency. The internal economy should be insulated from this effect. An undeveloped economy must be able to build up foreign reserves (to be used for development later) without any harmful effects internally. The Philippine bank will have power to issue its own obligations against such additional earnings of foreign exchange, so that they can be sterilized."

1948 Good Business Year But New Uncertainties Impart Caution*

By Bernardino Ronquillo

Business Editor, Manila Daily Bulletin

REGARDED as probably the most outstanding highlight of economic trends in 1948, has been the petering out of the boom in the import business and the change in business sentiment caused by the appearance of a number of uncertainties in the domestic economy as well as in the international political situation.

The year 1948 has been an encouraging business year for the Philippines in many respects. The physical gains in various lines of business have as a general rule outnumbered or outweighed the declines in some phases of economic activity. But what makes 1948 rather memorable are the bearish features whose psychological effects on the economy seem to stand out even more prominently and may prove decisive in determining the course of business during the ensuing year.

Philippine foreign trade has continued to indicate a favorable trend in the national economy after two years of heavy adverse trade balance. Imports have declined moderately in the face of steadily rising exports, thus cutting the unfavorable trade balance by about 50%.

The building boom has gained momentum, re-

stricted only by financing limitations and even more so by the shortage of construction materials.

The business caution imparted by foreign uncertainties, the preoccupation of the people in the recurrence of the rice crisis, and the heavy inflow meantime of certain imports, specially during the first half of the year, have resulted in a virtual "buyers' strike" which hit the merchandising business particularly during the most part of the year and impaired businessmen's hopes for a better year in 1949.

The timidity of both foreign and domestic capital to go into new business enterprises or venture into new industrial projects, likewise served to slow the general rehabilitation effort and to accentuate the prevailing caution.

Adding to the business uncertainties has been the import control plan, scheduled to go into effect at the start of the new year, which a number of businessmen expect to have a restricting effect on business activity beginning next year.

Against the pessimism of a number of traders who stand to be at a disadvantage under the import control program, however, is the optimism of Philippine trade officials and other economic experts who are almost unanimous in forecasting more favorable trends in the nation's economy.

*Reprinted from the Manila Daily Bulletin for January 1, 1949, by permission.

Secretary of Commerce and Industry Cornelio Balmaceda notes a trend toward the subsidence of inflation, expects less labor troubles during the coming year because of the anticipated increased production and the initial implementation of the industrial program, a high level of consumer demand specially for capital goods, and new opportunities for American capital particularly.

Secretary of Agriculture and Natural Resources Placido L. Mapa looks at 1949 as possibly the biggest year in the export trade yet attained during the post-war period provided price levels now obtaining will be more or less maintained, with copra and its by-products including coconut oil, desiccated coconut, etc., likely to bring close to P500,000,000 to the Philippines and sugar possibly as much as P180,000,000 from a crop of around 900,000 tons.

Census Director Leon Ma. Gonzales sees another boom in the distribution end of industry with the settlement of the United States ship strikes and the rapid restoration of domestic industries, and a continuation of the sound financial position of the country.

Summing up, the following developments in 1948 represented the outstanding highlights on the favorable side of the ledger:

1. A 60% increase in exports and a levelling off in imports by 4% which made possible a reduction of 50% in the adverse trade balance for the first 11 months of the year.

2. New record in building construction with the total value for the first 11 months of 1948 already exceeding the total for the whole of 1947—the previous high.

3. The spectacular recovery of sugar, No. 1 pre-war industry, from a production of 400,000 tons in 1947-48 to over 700,000 tons in 1948-49 (26 centrals now in operation against 41 pre-war).

4. All-time highs in hemp prices, though a slow recovery in the production of the fiber.

5. Virtual continuation of boom conditions in the copra market (prices being still generally higher than a year ago), though a decline in exports as a result of the typhoon damage late in 1947.

6. Continued rise in the finance index, with monetary circulation steadily rising to the 1948 high of P582,000,000 in October, bank deposits establishing new highs, and bank resources hitting the P1,000,000,000-mark for the first time.

7. Acceleration of U.S. dollar windfalls with war damage payments reaching the rate of P1,000,000 or more a day.

8. Pickup in real estate sales.

9. Further relaxation in the cost of living with the index receding from 391.1 in January to 368.7 in November of this year.

On the debit side may be mentioned the following:

1. Fall of investments in domestic corporations and partnerships to only over P29,000,000 in the first 11 months of the year against over P44,000,000 in the like 1947 period.

2. Decline in retail sales owing to heavy inventories and the apparent deficiency of cash on the part of the wage-earning class.

3. Drop in stock market sales to around P20,000,000 in the 11-month period of 1948 against P26,000,000 in the like 1947 period.

4. The rice crisis which has had the effect of slowing down the general return of price levels to pre-

war and cutting into the retail business.

5. Fall in exports of copra—today's No. 1 export industry—to only 562,295 tons in the first 11 months of 1948 against nearly 1,000,000 tons in 1947.

Much of the business caution prevailing during 1948 is said to have been due to the foreign political situation. This has been strongly reflected in the behavior of the stock market which has steadily declined in decreased trading, with the down-trend checked only late in the year owing to more encouraging news from both the sugar and mining industries (representing the most important sections of the securities market here) and the quieting down in the international situation.

This uncertainty in the foreign situation is understood to have also been reflected in the cautious attitude of new capital to get into new enterprises. It has been evident in the comparative small investments put in domestic corporations, and even more so, in the timidity of foreign capital to come in. It was the expectation here that United States capital would virtually rush in with the passage of the constitutional amendment extending to the Americans the same rights and privileges as those enjoyed by Filipinos in the exploitation and development of the nation's natural resources and in the operation of public utilities.

An unsettling domestic factor has been the rice crisis. Back of the shortage in this No. 1 food staple were the late 1947 typhoons and floods which seriously damaged standing crops as well as stocks in warehouses. The September, 1948, flood worsened the situation with the cereal selling in the black market at around this time as high as P2.50 per ganta against as low as 80 centavos earlier in the year. The effect on the economy has been serious, unsettling business sentiment and cutting into the people's buying power for other articles.

Foreign trade during the first 11 months, valued at P1,529,155,001 against P1,326,280,402 in the corresponding period of 1947, indicates a new high in 1948, being already near the record figure of P1,500,000,000 established in 1947. Accounting mainly for this expansion has been the steady rise of exports to P640,184,656 from only P400,926,864 during the like period in 1947, according to figures furnished by Census Director Gonzales.

Imports which earlier in the year gave promise of hitting a new high, slowed down somewhat in the later months partly due to importers' reluctance to extend commitments in the face of heavy inventories, particularly in textiles and a number of other consumer goods, and to some extent, due to the United States maritime strikes. As a result, total value of imports during the 11-month period went down slightly to P888,970,345 from P925,353,538 during the corresponding period of 1947.

This narrowed the gap between Philippine purchases from abroad and sales of its products in the foreign markets to the proportion of about 3-2, against 2-1 in 1947 and 4-1 in 1946.

Other outstanding highlights of this year's economic trends have been in the production end of industry. The building boom is still on, although on the third full year of reconstruction, the pace does not seem to be as spectacular probably due to material as well as financial limitations. During the first 11 months of 1948, however, the total value of new construction and repairs in the city of Manila alone rose

to P75,184,144 against P61,894,645 during the corresponding period of last year. The total for the 10-month period is already higher than that for the whole of 1947 which was only P73,907,248.

In the distribution end, the rise in real estate sales has been noteworthy. A good deal of the idle funds

and probably the "windfalls" from the United States Government must have gone into real estate investment. Real estate transactions in Manila alone during November rose to P5,386,248 bringing the total for the 11 months of 1948 to P55,492,343, according to Bureau of Census figures.

Mining Opportunities in the Philippines

By Chas. A. Mitke

Consulting Mining Engineer

THE two great sources of wealth from which our present civilized and industrialized structure originated, are first, Agriculture, and second, Mining. The products of the first are produced near the surface of the earth; Mining extends downward into the crust of the earth from 1 to 15,000 feet. Nations which have done most in extracting and fabricating minerals from the earth have become the most prosperous people in the world. One need only think for a moment of what mineral wealth has done to promote great cities and countries. The gold and silver resources of Peru and Mexico did a great deal to make Spain one of the richest countries during her flourishing colonial period. The finding of coal and iron in close proximity to each other has been the cause of the development of such well-known factory cities as Pittsburgh and Bethlehem, both in Pennsylvania, Birmingham in Alabama, Essen in Germany, Manchester in England, Yokohama in Japan, Stalingrad in Russia, and the latest is Newcastle in Australia. With this combination of coal and iron, steel has been produced on an enormous scale for the building of all kinds of machines. The output steel capacity of only one nation, the United States, has now grown to 96,000,000 tons a year. Railroad trains, automobiles, aeroplanes have been constructed for transportation, as well as innumerable machines and appliances for homes and factories the world over.

Philippine electrical reserves.—Here in the Philippines, there are around 19,000,000 people largely engaged in agricultural pursuits. They have only harnessed a small fraction of the potential hydro-electric power resources. However, equipment is now on order for a hydro-electric project to develop 60,000 horse-power,—the first unit of a plant which may ultimately be expanded to generate up to 1,000,000 horse-power. In this archipelago, with its 7,000 islands, and a rainfall of approximately 150 inches a year, there are still many rivers with total power possibilities of which an accurate estimate can not as yet be made. When finally these water-power projects are catalogued, it will be found that here is a great reserve of electrical energy awaiting the needs of present and future generations.

A billion tons of iron.—Similarly, there are over one billion tons of 48% laterite iron ore, containing small amounts of nickel, chrome, and manganese. While there are some metallurgical problems to be solved in connection with this big deposit, nevertheless, it is in a class belonging to the 6 largest of its kind in the world. On the basis of this combination of electricity and iron ore, one can now make the

prediction that the stage is set in the Philippines for the electric smelting of iron ores on a large scale when the time comes to satisfy the needs of future generations.

About 15,000,000 tons of 55 to 60% iron ore are blocked out in 4 small deposits. Before the war, shipments of 1,000,000 tons annually were made by this group. Incidentally, as the yearly shipments increased, the known high-grade reserves increased in the same proportion because of the discoveries of new ore by the advance development work at each property. These mines are now being rehabilitated to fill the first orders for about 500,000 tons. Shipment has already been started by one producer, and others will follow during the next few months.

One interesting small high-grade deposit carrying 60% iron is located at Sibal Springs, Luzon. As this deposit contains only around 1,000,000 tons, it was not numbered among the high-grade producers mentioned. The Sibal Springs deposit is located in the mountains, with transportation difficult. The people operate here on a small scale, with hand methods, melt the iron in their small charcoal furnaces, and pour it into plowshares, frying pans and other kitchen utensils, rough tools, etc. This has been going on for centuries in a region where the art of making and shaping iron into useful things has been handed down from one generation to the next.

10,000,000 tons of refractory chrome.—In the Zambales Mountains there is a deposit of 10,000,000 tons of refractory chrome ore, averaging 33% chrome and 30% alumina, all concentrated in one big hill about 500 feet high. Shipments of the lumpy ore at the rate of 250,000 tons a year are made to the refractory industries of America. A new washing-plant is being installed and should be in operation in February. This will recover another 250,000 tons annually as screenings in the form of fines, which will also be used in the manufacture of refractory brick for the steel furnaces. Total shipments will then run to 500,000 tons per year.

The shipment of the refractory chrome ore brings by far the lowest price of all the various grades of chrome, just because it is only used in bricks and for other refractory purposes.

If the alumina could be separated from the chrome, there would be 3,000,000 tons of alumina available.

A process has been worked out for the separation of chrome and alumina, but it is too high-cost for commercial purposes. If and when a process is found for the economical separation of chrome and alumina, this Philippine deposit will produce very

valuable products for export, such as metallic chrome, ferro-chrome, and aluminum which will multiply the present value per ton by 10.

Metallurgical chrome, which brings the highest price, occurs in the form of many small lenses scattered over small areas in about 4 known places in the Philippines. The total production from all sources is expected to be 100,000 tons for 1949.

High grade *manganese* also occurs in the form of narrow veins. Some 12 small mines in various localities are expected to produce a total of 90,000 tons during this coming year.

Extensive low grade *chrome, manganese, and copper* outcrops have been tested only with shallow surface trenching and small pits 5 to 50 feet in depth. These have not gone through the zone of oxidation and, consequently, no accurate estimate of grade tonnage can be made until these deposits are explored in depth with diamond drills.

Recent discoveries of *lead and zinc* ores appear to be very promising. Surface exploratory work in the form of pits and tunnels amply justifies a deep-drilling campaign.

Gold mining.—Ancient peoples panned and traded in Philippine gold, but their efforts were on an insignificant scale compared to modern-day mining. It was only as recently as 1933 that up-to-date mining methods were introduced. This, coupled with the presence of considerable foreign capital which could not be sent to Spain and China owing to the civil wars there, gave an impetus to mining which resulted in a boom. Prospecting was encouraged, new mines were found and developed, and the country prospered.

During the short period from 1932 to 1940, the value of metals mined and treated rapidly rose from P10,000,000 to P92,832,911.

The following figures indicate the great progress made by the mining industry during the 10-year period from 1931 to 1940:

Gross Output in Pesos

1931	P 7,524,867
1932	10,300,167
1933	16,190,795
1934	23,701,923
1935	31,692,620
1936	44,402,653
1937	51,260,646
1938	64,623,205
1939	74,131,216
1940	92,832,911

Had the war not intervened, mineral production in 1941 gave every indication of topping the P100,000,000-mark, and of even surpassing the Philippines' most favored industry,—sugar.

After three years of rehabilitation, there are only 5 important gold producers, as against 24 before the war. The production estimate for 1948 is about P15,000,000, or only 15% of the 1941 production. The gold-mining industry appears to be the last to be re-

habilitated, largely because of the destruction of nearly all the mills during the war. It will require huge capital expenditures to reopen the underground workings and to replace the mills, power plants, etc. on the surface.

Nevertheless, it is generally believed the *gold* will always be *gold*. It is interesting to quote from a United States news report of November 26, 1948, which illustrates the wide range in the price of gold on that day in different countries:

Price per Ounce

United States	\$35.00
Hongkong	49.00
Mexico	51.00
Turkey	56.00
Chile	57.00
France	62.00
Egypt	69.00
India	77.00

The report stated that private gold-trading flourishes in many parts of the world. Most gold privately traded sells at a substantial premium over the United States price.

France opened a legal market in gold in an attempt to get the metal out of private hoards. Frenchmen are believed to have more than 2,000,000,000 worth in hiding, which now can be sold at \$62 an ounce. The French Government hopes that some of this gold eventually will find its way into official reserves.

In India, gold hoarding has long been the way people keep their savings. Private trading there simply recognizes a long-standing custom. Nobody knows how much is hoarded in India.

Both France and India, however, prohibit private gold imports. Neither country wants its people to buy gold from abroad when goods are needed more.

It is said that in China during past centuries, more silver was put into their coins when there was a panic and the people had lost confidence in the currency. Today, China is a typical example of the hopelessness of trying to manage with a paper currency which does not have sufficient gold backing. While we were in Santo Tomas during the three-year period (1942, 1943, and 1944) of the Japanese occupation, we saw the gradual depreciation of the Japanese paper peso with no gold behind it, even though the Japanese army backed it with the bayonet.

There are many reports that gold mining flourishes in Russia and that anyone finding a new gold mine there is well rewarded. Apparently, they want a lot of gold there, too, and are willing to advance a premium to obtain it.

These kaleidoscopic paragraphs bear out the fact that *gold* will always be *gold*. It is reasonable to believe that gold mining will be revived here sooner or later, and will again become one of our leading industries.

"Business leaders are anxious that the American public—and the politician—understand that many of the major political problems are primarily economic."—*Fortune*.

Need for a Central Traffic Authority

By Frank S. Tenny

Executive Director, Philippine Safety Council

ALMOST two years ago the then still-incubating Philippine Safety Council formulated and published a "20-Point Traffic Program for Manila," which was well received. Since that time various other "solutions" to our traffic problem have been advanced by officials, specialists, and just plain citizens. Most of these suggestions have been sound and if acted upon would be a step in the right direction, except that they generally dealt with only single phases of the situation. An engineer would be expected to stress the engineering factors, while a police executive would point out the importance of improved law enforcement. But who or what is to coordinate all such plans?

Manila's traffic problem affects us all, yet we have, as it were, attacked the branches of the tree, but have almost ignored the trunk. By way of explanation, the writer will make a few points to furnish the foundation for a proposed general solution.

The science of traffic control comprises four main divisions: Administration, Engineering, Enforcement, and Education. Each has its importance. The public must be educated in traffic matters; the engineers must furnish safe and adequate ways and means of transportation; the police, courts, and penal institutions all must work together to effectively enforce the law and dissuade potential offenders. But even if these three phases are properly operating, the element of traffic administration is still needed to coordinate them. At the present time we do not have any form of traffic administration with control over more than one of these phases.

The current weakness here in the "Three E Factors" make a central traffic authority doubly necessary. Enforcement, to give an example, has broken down in all its component parts and needs top-flight overhaul. Underpaid and inadequately trained police lose interest in enforcing mere traffic regulations, if indeed they know what the regulations are. Furthermore, the police are among the most flagrant traffic violators themselves. Some fiscal and court bodies have no proper appreciation of the seriousness of traffic violations, as evidenced by the large number of dismissals and mere warnings in place of the imposition of appropriate punishment. This latter fact, of course, encourages the violators and discourages the arresting policemen. Punishment for breaking a traffic regulation has come to be regarded as an infringement of human rights, rather than a just due, necessary for the protection of society. And how can our penal institutions re-educate violators when it is only once in a blue moon that even the most flagrant offender actually goes to jail? All these factors need tying together, coordination. They call for singleness of purpose. Only a regularly constituted traffic administration can look to that.

From the education viewpoint, coordination is needed between the accident investigation agency and

the schools, churches, homes, and radio, newspaper, and magazine administrators. The message must be carried to the individual by all the most practicable means. Effective education along these lines would lessen the necessity for enforcement efforts and would certainly prevent many accidents. Civic organizations are always glad to help, but they need guidance. Here, again, is needed a central traffic authority.

With respect to traffic engineering, a central traffic administration is perhaps the most necessary. Millions of pesos are being expended to improve roads and bridges throughout the country. But what assurance is there that these will be properly utilized after their completion? What will prevent a road, for example, costing several hundred thousand pesos and designed to run one-way eastward, from being changed to one-way westward road by some uncoordinated agency?

Modern and costly traffic signs are being put up along our highways for the guidance of drivers and pedestrians. Certainly this traffic-engineering function needs a central direction to secure the best results most economically.

Progressive steps along these various lines have already been taken in isolated instances. At the suggestion of the Philippine Safety Council, the Mayor's Traffic Committee was re-formed and has been functioning regularly for several months. This is the closest approach to a central traffic authority that exists in the city, but the body possesses only advisory powers. Under the leadership of the late Col. A. M. Tuason, a Malacañan-level traffic committee functioned for a time, but has not been revived. There have been a number of joint meetings of various civic groups to consider traffic matters, but recommendations drawn up have had to be forwarded to a variety of different government agencies rather than to one central office.

Numerous cities abroad, faced with equally perplexing traffic problems, have successfully formed traffic commissions, traffic administrations, or traffic authorities. The main initial problem, after obtaining the necessary legislation, is to convince certain heads of departments and bureaus that they are subject to the newly created body. Indeed, opposition is sometimes offered in deference to the traditional "prerogatives-of-office" system. However, in every known case the new plan has eventually triumphed simply due to its worth and effectiveness.

Undoubtedly the City of Manila would profit by the creation of a City Traffic Administration, but we should not limit the idea to but one jurisdiction. A National Traffic Commission is sorely needed, with subordinate similar bodies in other chartered cities. The talent is largely here; we need but the organization. The assistant police adviser to the President, Mr. D. F. Batacan has just returned from the United States when he has been studying, among other things,

the traffic commission system. His report should be most valuable and interesting.

Truly we need roads, we need policemen, we need modernized traffic regulations, we need many things. But most of all we need direction and coordination. After several years of close association

with the traffic problem, including 15 months as Manila Director of Traffic, the writer will stake his reputation on the fact that we MUST have a central traffic authority to succeed, and that without one we can not solve the present muddle which is our traffic situation.

THE Thirty-Fifth National Foreign Trade Convention, representing the international trading and investment interests of American private enterprise, endorses the Principles Relating to the Conduct of American Foreign Trade formulated by the Thirty-Second Convention, and pledges its support to the Proposed Foreign Economic Policy for the United States and the Program of Action put forth by the Thirty-Third and Thirty-Fourth Conventions which were designed to give these principles practical application. Many of the elements of the Program have now become an integral part of this nation's bipartisan foreign policy. The aim of the Program is the creation of an international environment in which free institutions can take root and flourish. Its success will require the fullest exercise of the traditional initiative, energy, and enterprise of the American people. Holding, as it does, that the system of free, private, competitive enterprise has no equal in stimulating man's creative energies and satisfying his economic and spiritual need, the Convention calls upon all those who cherish freedom to renew their faith in the private enterprise system, re-examine the roots of that faith and, secure in the knowledge of its vitality and strength, proceed with confidence on the course which they have chosen.

In its sincere belief that political democracy and the spiritual concept of freedom itself are inseparably linked with economic freedom, this Convention is devoting the opening pages of its Final Declaration to an exposition of the system of free, private, competitive enterprise as we know it in America. . . .

For generations, men of independent mind and spirit, who abhorred tyranny and cherished the ideal of political freedom, have found in America a haven where they could seek fulfillment of their hopes and aspirations. Our free political institutions, designed to protect and preserve the essential liberties of the citizen, are living monuments to the achievements of these men. This same spirit of independence and self-reliance has found expression, in the economic sphere, in the system of free, private, competitive enterprise. This system is based on the fundamental right of the individual to seek self-expression and to find personal satisfaction in work of his own choosing; to sell his product or his services in the open market; and to hold as his own, or exchange freely with his fellows, what he is able to acquire through his industry and thrift. . . .

The right to acquire and own property is implicit in the private enterprise concept; and it is through the process of capital formation, based upon private ownership, profits, and saving, that the dynamic potentialities of private enterprise find release and consummation. The process of capital formation underlies all industry and trade in our industrial civilization, and it constitutes the mechanism through which private enterprise must function. An understanding of the nature of capital, and the process by which it is created and put to use in the service of mankind, is therefore essential to an intelligent appreciation of the private enterprise system. Many of the difficulties besetting private enterprise, and many of the criticisms to which it is unjustly subjected, can be traced to a widespread lack of understanding of these fundamentals.

We who seek to preserve the opportunities and the way of life which private enterprise has opened to us can assist in dispelling the popular misconceptions which exist regarding capital and its function in our complex economy. We can show that the substance of capital is not money or currency; that it is not created by individuals or governments by the stroke of a pen. Capital can be created only by the expenditure of human energy in productive work. It comes into being through the willingness of hard-working, thrifty individuals to forego for a time the full rewards of their labors; through their willingness to consume less, that they may save and invest more. By this process of working and saving and investing, under a system which encourages the individual to make the fullest use of his ingenuity and talents, men devise new and better ways to perform old tasks; they combine their savings and acquire the tools and equipment which other ingenious men have fashioned. These tools are the real capital. They are the instruments of production which lighten the labors of men, and enable them to specialize and become more productive and efficient. The reward of this greater productivity, and the incentive which impels men to participate in this continuing process of capital formation, is the power it gives them to master their environment and to acquire and enjoy the desirable things which are produced in abundance under the economic system of which they are a part. . . .

Opening paragraphs of the Final Declaration of the Thirty-Fifth National Foreign Trade Convention, New York City, November 8, 9, 10, 1948.

“**P**ROFESSOR Hayek disapproves of collectivist economic. . . . The argument is majestically simple. The economic problem of society is mainly one of rapid adaptation to changes in the particular circumstances of time and place. And in any complex society, the innumerable adaptive decisions form such an intricate whole that ‘nobody can know who knows best and . . . the only way by which we can find out is through a process in which everybody is allowed to try and see what he can do.’”—
From a *Fortune* review of “Individualism and Economic Order” by Friederich A. Hayek (University of Chicago).

American
Chamber of Commerce
of the Philippines

Established 1920

Purposes:

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

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

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

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

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CEBU—DAGUPAN—SAN
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The Business View

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

Office of the President of the Philippines

From an Official Source

DECEMBER 3—President Elpidio Quirino, in an informal talk with newspapermen aboard the S. S. *Argus*, states that his southern trip, on which he visited Dumaguete, Cebu, Iligan, Bacolod, Ozamiz City, Pulupandan, Iloilo, and Capiz, revealed to him the "earnestness of the people's desire to have a clean and honest government."

Dec. 4—The President and his party return to Manila.

Malacañan announces that the workers in the 4 leading gasoline companies who declared a sudden strike on the 1st of the month, have agreed to return to work today following a preliminary hearing yesterday before Judge A. C. Roldan of the Court of Industrial Relations.

Dec. 7—In a joint report to the Cabinet, Secretary of Finance Miguel Cuaderno and Ambassador Joaquin M. Elizalde, who recently returned from the United States, say that in their negotiations for a loan from the World Bank, they—

"had to present the overall economic position of the Philippines, including plans for full development, before specific projects included in the general plan were taken up for discussion. . . . Two such projects have been completely discussed and the corresponding loans for their financing committed. Several other projects still have to be documented and taken up with the Bank for the corresponding loans. In short, the Philippine Government and the World Bank are still in the course of negotiations. For this reason, it is believed that the revelation of details of the negotiations at this time would be premature."

Dec. 8—Announced that the Radio Control Board, which was sworn in yesterday with Director Juan Ruiz of the Bureau of Posts as Acting Chairman, approved a temporary permit for the Silliman University of Dumaguete, Oriental Negros, to set up a radio broadcasting station for the dissemination of educational, public service, and religious programs. The station will have a 1,000-watt capacity and will operate on 850 kilocycles frequency. The Board also approves the renewal of the permit of the Far Eastern Broadcasting Company, headed by J. C. Broger, which has for its main purpose the broadcasting of religious programs and is supported by voluntary contributions from the United States.

Dec. 9—Hector Cervera, representative of the Argentinian News Association, calls on the President in connection with plans for the opening of a bureau in Manila.

Dec. 10—The instruments of ratification of the Treaty of Friendship between the Philippines and Italy are exchanged in formal ceremonies in Malacañan.

Secretary Ricardo Nepomuceno of Public Works and Communications is reported to have proposed an increase in the domestic airmail rate from P.20 to P.30. He revealed that the Post Office is incurring a considerable deficit on its airmail business, and that the proposed increase would mean additional earnings of around P300,000 a year.

Dec. 11—As principal guest at the Silver Jubilee meeting of the Philippine Alpha Chapter of the Pan Xenia at the Manila Hotel, the President states that the Philippines "is not going to be an isolated, exclusivist country" but will "continue to welcome foreign businessmen and capitalists to invest here". The President pointed out that the Philippines—

"is the result of international action and cooperation. Various foreign influences, in successive waves, have taken turns in leaving definite impressions, either for good or for bad, upon the country. The Philippines by virtue of its geographical location, has always been and always will be a commercial crossroads, a meeting place for international cultures. For this reason, the Philippines will continue to be developed on a policy of international cooperation. We can not stand alone here from the rest of the world. He said that timid foreign investors have lately shied away from the Philippines because of the psychological effect created by the apparently nationalistic attitude of many Filipinos who have been vocal in their protestations of patriotic fervor. This attitude, he said, is natural, considering that the Philippines has undergone centuries of domination under foreign powers. However, no country can stand alone in this world, and foreign friends who are sincere in cooperating in the development of the country should not be disturbed by these protestations."

The President accepts the application for retirement of Maj. Gen. Rafael Jalandoni, Chief of Staff of the Armed Forces of the Philippines, and indicates that he will appoint Brig. Gen. Mariano Castañeda as his successor.

The President raises Cavite, Albay, and Camarines Sur to first-class provinces. To be entitled to this rank, a province must have a total revenue of at least P300,000.

Dec. 14—The Cabinet approves the moving of the UNESCO East Asia Scientific Cooperation Office from Nanking to Manila.

The Cabinet amends its previous resolution regarding the exports of scrap metals to include among those prohibited pig-lead, scrap lead, and cast iron; the original prohibited list included only copper and brass in the form of communication wires, and ingots of ferrous metals.

The President orders the suspension of all government employees implicated or suspected in connection with the P150,000 Surplus Property Commission hold-up including a Manila policeman, which took place in broad daylight yesterday.

Dec. 15—The President, at a meeting of the Council of State, announces that the Central Bank will open for business on January 2. It is understood that Secretary Cuaderno will be named Governor of the Bank. The Bank will occupy space on the 6th floor of the Philippine National Bank Building but is expected to move to the Intendencia Building on completion of the reconstruction sometime in February. Assisting Cuaderno in the organization is David Grove, senior in the Research Department of the U. S. Federal Reserve System, Alfonso Calalang, former manager of the Philippine Bank of Commerce, Dr. Andres Castillo, economist, and others. At the Council meeting, the President clarified the position of the Philippines in connection with the World Bank negotiations, the Bank have committed itself for \$15,000,000 covering the dollar requirements for the Ambuklao and Lumot hydro-electric power projects; a corps of engineers headed by Ma-

nager Filemon Rodriguez of the National Power Corporation is compiling specifications for the equipment to be bought in the United States preparatory to opening bids by leading machine suppliers including General Electric, Westinghouse, Allis Chalmers, and others. Negotiations for the dollar requirements for the Maria Cristina hydro-electric project, together with fertilizer plant, and the Itogon projects will be resumed after all the data required by the Bank is available and after the Ambuklao and Lumot projects have been implemented.

The President in his second monthly "radio chat", reporting on his recent trip to the South, states that he found everywhere that "the chief interest was predominantly economic".

Dec. 16.—The President signs the appointment of Brig. Gen. Castañeda as Chief of Staff, succeeding Maj. Gen. Jalandoni whose term of 3 years expires today. It is believed that Col. Alberto Ramos will be appointed acting Chief of Constabulary, General Castañeda having vacated the position of Chief.

Officials of the National Federation of Sugarcane Planters call on the President and present a petition requesting that the pre-war representation of the Federation on the Board of Directors of the Philippine National Bank be restored. They state with respect to the sugar quotas that these should be turned over to the planters when present contracts with the centrals expire as the present controversy is affecting the rehabilitation of the industry. They also acquaint the President with the Federation's plans to rehabilitate the alcohol industry.

Dec. 22.—The formal exchange of the instruments of ratification of the Philippine-Spanish Treaty on Civil Rights and Consular Prerogatives takes place in Malacañan. The Treaty was signed last May 20.

Genon S. Cervantes, General Manager of the National Abaca and Other Fibers Corporation (NAFCO), submits to the President his recommendations regarding the rehabilitation of the abaca industry.

Officials of the Shipping Administration headed by Judge Rafael Corpus call on the President to urge the confiscation by the Government of FSD vessels from purchasers who have not met their payments and their re-sale to foreign purchasers. Involved are some 25 of these vessels. The President is understood to have given the Administration a free hand.

Dec. 23.—The President announces to the Cabinet the creation of the Monetary Board of the Central Bank and sets the taking of the oath of its members for tomorrow. The Board is composed of three ex-officio and three other members: Secretary of Finance Miguel Cuaderno, Chairman; Chairman of the Board of Governors of the Reconstruction Finance Corporation Delfin Buencamino, and President of the Philippine National Bank Vicente Carmona are the ex-officio members, and the other members named are Jose Yulo, former Speaker, Antonio de las Alas, former Speaker and Secretary of Finance, and Rafael Corpus, former President of the Philippine National Bank. Cuaderno was named acting Governor of the Bank and will continue as Secretary of Finance until he is relieved, when he will become Governor. The salary of the Governor may not exceed ₱30,000 a year. The formal inauguration of the Bank has been set for January 3.

The President extends the life of Executive Order No. 62 regulating the rental of houses and lots for another year. The order declares rent in excess

of 12% of the assessed value of a house or lot unlawful (1% a month).

The President and a delegation from the National Economic Protectionism Association (NEPA) come to an agreement that the NEPA movement should primarily promote small industries, including home industries.

"The movement should not be at the cost of foreign capital but should be an attempt to channel local capital into productive enterprises and to improve local products in quality and reduce them in price so that demand for them may continue to increase. It was even indicated that the NEPA may change its name to National Economic Progress Association, thus eliminating the original protectionism idea based on emotional appeal and nationalism."

Dec. 25.—The President, under the Emergency Powers Law, issues an executive order continuing government control over certain exports in view of the expiration at the end of 1948 of the Export Control Law.

Dec. 28.—The President signs Executive Order No. 193, implementing Republic Act No. 330, regulating the importation of luxury and non-essential articles. Cuts in the importation of the articles affected range from 20 to 90% of the volume of the base year, July 1, 1947, to June 30, 1948. Twenty per cent of the permitted importation will be set aside for new importers. The Import Control Board is composed of the Secretary of Commerce and Industry as Chairman, the Under-Secretary of Finance, and the General Manager of PRATRA.

Banking and Finance

By F. C. BAILEY

National City Bank of New York

COMPARATIVE financial Summary of Thirteen Manila Banks compiled from reports issued weekly by the Bureau of Banking:

	Loans, Discounts and Advances	Monthly averages —000 omitted
November, 1948	October, 1948	November, 1947
₱430,956	₱423,157	₱351,425
	Total Bank Resources	
₱994,103	₱981,809	₱826,868
	Bank Deposits	
₱458,222	₱443,642	₱402,780
	Debits to Individual Accounts	
₱100,422	₱109,574	₱112,198

According to the Currency Statement issued by the Treasurer of the Philippines, the following figures are given relative to the Currency in Circulation:

November 29, 1948	October 31, 1948	November 30, 1947
₱356,628,887	₱352,379,026	₱355,005,788

The period under review has been marked by no appreciable change in the volume of banking transactions or in the currency position.

The most important development of note since our last issue is the formal inauguration of the Central Bank on January 3, 1949, and the induction of the members of its controlling entity, the Monetary Board. The Governor of the Central Bank is former Secretary

of Finance Miguel Cuadrado who has followed the development of the idea of establishing this institution from its inception and is well qualified to assume the position as its chief executive. He is assisted by the following members of the Monetary Board, Mr. Jose Yulo, Mr. Antonio de las Alas, Judge Rafael Corpus, Mr. Vicente Carmona, and Mr. Delfin Buenacaminio. The last two named are ex-officio members as President of the Philippine National Bank and Chairman of the Rehabilitation Finance Corporation, respectively. The Secretary of Finance is also an ex-officio member and Chairman of the Monetary Board. Former Budget Commissioner Pio Pedrosa, who has had long experience with government finances, has just been appointed Secretary of Finance by the President, and this action has been hailed with high favor in financial circles.

The first implementation of the Central Bank law by the Monetary Board has dealt with banks' reserve requirements and the handling of exchange transactions. The intent of the Board appears to be to affect no drastic immediate changes from former procedures and to apply the provisions of the law with as little inconvenience to the banking community as possible. The establishment of the Central Bank should prove an important factor in the continued development of the Philippines' economy during 1949.

American Stock and Commodity Markets

BY ROY EWING

Swan, Culbertson & Fritz

November 29 to December 27, 1948

ON the New York Stock Market the period under review was one of moderate recovery from the sharp break which followed the election. The Industrial Average recorded a low of 171.20 on November 30, and a high of 177.49 on December 11. Since the latter date the market has fluctuated in extremely narrow range on light to moderate volume.

Market influences were mixed. On the bullish side were: (1) continued pleasing earnings and dividends reports, (2) some record productions such as in steel which made an all-time weekly high in the first half of December at 100.1% of capacity, and a third-quarter gross industrial production at a new high annual rate of \$256,000,000, (3) remaining large back-logs for durable goods of all kinds, and (4) existing low price-earnings ratios for stocks. Bearish factors included: (1) the appearance of soft spots in American industry, as for example lumber now in over-supply, and oil so plentiful that price cuts are taking place, (2) strong buyer resistance in luxury items and soft goods resulting in curtailment of production in some lines, and (3) the dropping of employment below 60,000,000 for the first time in five months.

According to the Dow Theory, the present minor rally is a secondary reaction in a bear market which began on June 15 of this year. Students of the Theory point out that practically all bear markets in the past began before signs of impending trouble were visible,—in other words that the averages have forecast trouble ahead, and first signs seem to be appearing in the American economy.

COMMODITY markets were firm, fluctuations were narrow. Government buying and parity prices remained the dominant factors. New York Spot Cotton is 33.14 today, a new high since July, as compared to 32.44 a month ago. Good foreign buying made up for the only moderate domestic demand. The December contract of Chicago Wheat went off the board at 241 on December 22 as against 240 on November 29. Heavy government buying, 200,000,000 bushels by C.C.C. since July, offset reports of large production of winter wheat. December Corn Chicago closed at 141-1/2 on December 22, down from 144 last month. C.C.C. buying, over 12,000,000 bushels since October, was still not enough to offset plentiful supplies.

The Domestic No. 5 December Sugar Contract sold as high as 5.48 on December 2 but weakened to 5.18 on December 22. The estimate of the world crop increase by 11% in early December and the end of the strike on the West Coast released about 100,000 tons to West Coast refiners who resumed operations.

Manila Stock Market

BY A. C. HALL

A. C. Hall & Company

November 16 to December 15, 1948

Mining Shares

DURING the period under review, the market has rallied under the leadership of Lepanto and Mindanao Mother Lode on favorable developments in the properties. For a long time good news has been consistently ignored, thus the recent response is encouraging.

While one swallow doesn't make a summer, other signs indicate that the decline, underway since the beginning of 1948, has flattened out. With better quality buying appearing for the first time in a long while, indications are that the market is probably in the process of reversing the major trend.

Since January, 1948, as measured by the Manila Stock Exchange Mining Share Average, the market has registered a loss of almost 50% at its recent low point. As far as individual issues are concerned, Acoje and Lepanto have fared best. Surigao has turned in an average performance, while Atok-Big Wedge has done rather worse. Mindanao, on the other hand, has suffered a severe decline, principally as a result of delays and other circumstances largely beyond control.

An old market adage tells us that the news always follows the trend, which has certainly been true during the past year. Predictions are always dangerous and likely to be confounded by unforeseen developments; with this reservation, it appears to the writer that we are possibly about to enter a period of more constructive developments.

1948 Range		High	Low	Close	Change	Total Sales	
122.48	61.38	Manila Stock Exch. Av.	73.37	61.38	71.74 Up	5.45	
P.16	P.24	Acoje Mining Company	P.31	P.29	P.30 Off	.01	293,000
.028	.01	Antams Goldfields, Inc. ....	.011	.01	.01 Off	.001	96,000
.29	.41	Atok-Big Wedge Mining Co. ....	.48	.43	.46 Off	.05	115,000
.071	.015	Baguio Gold Mining Co. ....	.015	.035	.015 Off	.003	10,000
.692	.005	Barang Buhay Gold Mines ....	.003	.003	.003 Unchanged	.000	370,000
.015	.01	Coco Grove, Inc. ....	.011	.010	.011 Off	.0001	6,000
.085	.019	Consolidated Mines, Inc. ....	.0115	.0101	.011 Off	.0001	3,000
.085	.019	Iogan Mining Company ....	.04	.038	.013 Off	.012	112,000
.00(0)	.10	Lepanto Consolidated Mining ....	.17	.17	.17 Up	.11	661,000
.0171	.01	Mactac Consolidated Mining ....	.012	.022	.022 Off	.011	Unchanged
1.26	.33	Mindanao Mother Lode Mines ....	.45	.33	.40 Up	.05	131,000
.275	.18	Misamis Chromite, Inc. ....	.181	.13	.183 Off	.01	15,000
.04	.022	Suyco Consolidated Mining ....	.022	.022	.022 Off	.001	10,000
.26	.141	San Maurice Mining Co. ....	.16	.135	.135 Off	.03	71,000
.43	.211	Surigao Consolidated Mining ....	.24	.22	.22 Off	.01	121,164
.091	.051	United Patent Mining Co. ....	.0621	.04	.04 Off	.02	134,500

(a) Adjusted to present capital.

During the month, over-the-counter mining business included 70,000 shares Antipolo Mining at 12 and 13 centavos (this Company was dissolved on November 30 and its shares converted into Taysan "B" stock in the ratio of 4 for 3); 10,000 shares Benguet Consolidated from P2.95 to P2.40; 30,000 shares East Mindanao at P.011 and P.012; 7,400 shares Marsman Hongkong at 60 centavos; 215 shares Philippine Iron Mines at P31; and about 50,000 shares Taysan Gold Mining "A" at 19 and 20 centavos.

Commercial and Industrial

THERE has been an increase in activity in the commercial and industrial section. As in recent months, Sugar shares continue firm on favorable prospects for the industry. San Miguels firmed as sellers withdrew.

1949 Range		High		Low		Clear		Change		Total Sales	
P70.00	P51.00	P100.00	P100.00	P50.00	P50.00	P50.00	P50.00	Up	Down	P10.00	P10.00
191.00	100.00	Bank of the Philippine Islands	180.00	180.00	180.00	180.00	180.00	Up	—	P10.00	6
150.00	98.00	Central Azucarera de la Carlotita	150.00	140.00	150.00	150.00	150.00	Up	—	P10.00	101
90.00	70.00	Central Azucarera del Pilar	90.00	70.00	90.00	90.00	90.00	Unchanged	—	P10.00	10
40.00	30.00	Central Azucarera de Santa Aja	40.00	40.00	40.00	40.00	40.00	Up	—	P10.00	221
10.00	40.00	Central Azucarera de Tarlac	—	—	31.00	—	—	—	—	—	—
185.00	175.00	China Banking Corporation	—	—	180.00	—	—	—	—	—	—
22.50	22.00	Philippine Cig. de Seguros	22.50	22.00	22.00	22.00	22.00	Unchanged	—	P10.00	393
5.00	4.20	Manila Wine Merchants, Inc.	4.20	4.20	4.20	4.20	4.20	Off	—	—	2,000
143.00	140.00	Metropolitan Insurance Co.	—	—	140.00	—	—	—	—	—	—
—	15	Philippine Oil Development Co., Inc.	—	18	15	15	15	Off	—	—	967,000
1.36	0.90	Pampanga Bus Company	—	90	90	90	90	Off	—	—	10,000
1.42	1.24	Philippine Racing Club	1.24	1.24	1.24	1.24	1.24	Up	—	P4.00	3,100
74.00	51.00	San Miguel Brewery	59.00	54.00	58.00	58.00	58.00	Up	—	P4.00	1,238
100.00	81.00	Williams Equipment Co. Ltd.	—	81.00	81.00	81.00	81.00	Off	—	P1.00	37
10.00	8.50	Williams Equipment Co. Ltd.	—	8.50	8.50	8.50	8.50	Off	—	P1.00	700

Unlisted Commercial transactions included 250 shares Bacold-Murcia at P11, and 218 shares Victorias Milling at P140.

Credit

By W. J. NICHOLS

Treasurer, General Electric (P.I.) Inc.

ONE frequent source of trouble to most credit managers is the demand from the sales organization for immediate credit approval of new accounts. Salesmen are interested primarily in making sales and that, of course, is as it should be. However no sales transaction is complete until the goods are delivered and payment is received. To obtain what information is available and decide on short notice whether an entirely new customer is a good business risk, is often a difficult thing. The salesman himself, in the course of discussions with the prospective customer, is sometimes able to form an opinion about the customer's ability to pay, but this is not always reliable. Gathering credit information from other business firms in many instances requires too much time. We have found from experience that a short interview with the customer is often about the only basis a credit manager has on which to make a decision. Some business houses make it a practice to withhold commissions on sales until the accounts are paid up, and while this is not in all cases practical, it does tend to keep the sales force aware of the importance of collection work.

Several companies, we note, are beginning to accumulate on their books a number of delinquent accounts that are individually small but in the aggregate amount to a considerable total. The larger law firms are not particularly interested in handling claims for such relatively small sums, and there is a need for a

reliable collection agency to take over these accounts. In this connection we have heard of at least one agency which claims to be the representative of a well-known credit establishment in the United States and which has incorrectly reported that it was handling the collection work of several local concerns. We earnestly suggest that before endorsing any accounts to collection attorneys all interested companies thoroughly investigate the character and reputation of the applicant.

Electric Power Production

Manila Electric Company System

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	1948	1947
January	27,301,000	17,543,000
February	26,021,000	17,503,000
March	26,961,000	20,140,000
April	26,871,000	19,601,000
May	28,294,000	19,241,000
June	29,216,000	17,898,000
July	31,143,000	22,593,000
August	31,993,000	23,358,000
September	32,012,000	23,122,000
October	33,943,000	24,755,000
November	32,661,000 *	24,602,000
December	34,960,000 **	25,725,000
TOTAL	361,366,000	255,981,000

* Revised

** Partially estimated

New output records repeatedly set during 1948 were again established in December. The monthly output was over 1,000,000 KWHS more than the previous record made in October, 1948; the daily record output was 1,274,932 KWHS on December 24, while a new peak of 86,400 KW was also set in December.

Output for December, 1948, increased 9,235,000 KWHS, or 35.9% over December, 1947. The yearly output in 1948 increased 105,385,000 KWHS, or 41.1% over 1947.

Meralco has announced that construction expenditures in 1948 were P9,400,000, making total expenditures since liberation of P19,500,000. The construction program for 1949 provides for expenditures of P15,720,000. Substantial completion of the Company's P45,000,000 expansion and rehabilitation program is expected in 1950. Completely satisfactory service cannot be expected until this program is completed.

Real Estate

By C. M. HOSKINS

C. M. Hoskins & Co., Inc.

THE tone of the real estate market remains unchanged, and prices are steady. In volume, the December sales in Manila totalled P4,438,989 as compared with P5,386,248 for November. This brings the year's totals for 1948 to P58,853,647 as compared with P68,260,104 for 1947 and P45,537,914 for 1946.

With the inauguration on January 3, 1949, of the Central Bank, certain changes in the General

Prepared by the Bureau of the Census and Statistics

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

Commercial banks are allowed to devote 70% of their savings deposits to mortgage loans.

The one-year right of redemption in case of foreclosure is now extended to judicial foreclosures.

The large part played by private financial entities in Manila's rehabilitation is indicated by the mortgages registered during the first 11 months of 1948.

As was to be expected, the Rehabilitation Finance Corporation recorded the largest volume, representing 36.6% of the total Manila mortgages registered. The Philippine National Bank was second with 26.1%. Private banks carried 24.4% of the mortgages, insurance companies 7%, and private individuals and corporations, 5.7%.

Thus RFC and PNB together accounted for 62.7% of Manila's mortgages, and private financing, 37.3%. It should be noted that practically all of the PNB mortgages were short-term financing.

In volume, the mortgages recorded during the first 11 months of 1948, were distributed as follows:

	1940	1941	1945	1946	1947	1948
January . . .	₱ 6,004,145	₱ 962,970	₱ 7,943,605	₱ 4,385,011	₱ 6,030,012	₱ 3,644,734
February . . .	1,918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633
March . . .	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719
April . . .	883,207	988,380	213,282	1,916,293	8,611,076	5,021,993
May . . .	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799
June . . .	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246
July . . .	1,324,861	569,742	1,123,565	4,974,862	4,097,183	5,146,529
August . . .	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,876
September . . .	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581
October . . .	993,103	1,182,678	2,096,893	5,548,800	6,083,486	3,046,237
November . . .	938,416	858,235	2,556,472	3,340,384	4,177,054	5,886,248
December . . .	1,504,004	(?)	2,874,408	4,025,926	3,205,584	
TOTAL . . .	₱17,974,844	₱10,647,285	₱22,890,133	₱45,537,914	₱68,260,104	₱52,447,745

Port of Manila

BY E. W. SCHEDLER

General Manager, Luzon Brokerage Company

THIS month we are not writing about the Port of Manila, but shall pass on to our readers the facilities offered by the Foreign Trade Zone in the Harbor of San Francisco, popularly known as the free trade port of that city.

There has been sporadic talk in Manila about establishing a free trade zone in this city for the purpose of stimulating the use of Manila as a distribution center for this part of the world. Let us see what is offered by the Foreign Trade Zone of San Francisco. Exporters will be glad to know that of the facilities listed below, any one, or all, are offered to them for shipments of cargoes to the Foreign Trade Zone:

1. Assembling or re-assembling (bulk or otherwise), mixing, sorting, grading, cleaning, filtering bottling, re-labeling, re-packing, re-conditioning or otherwise manipulating merchandise, according to instructions.

2. Goods may be stored indefinitely in transit without customs duties or BOND requirements, for later disposal or transhipment. Goods are purchased outright by San Francisco forwarders for their own account, or accepted on consignment or for auction

BUILDING CONSTRUCTION IN MANILA: 1936 TO 1948

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

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)
January . . .	₱ 540,030	₱ 426,230	₱ 694,180	₱ 463,430	₱1,124,550	₱ 891,140	—	₱ 1,662,245	₱ 3,645,970	₱ 6,571,660
February . . .	720,110	479,810	434,930	1,063,050	1,025,920	467,790	—	2,509,170	3,270,150	6,827,005
March . . .	411,880	396,890	1,300,650	662,840	671,120	641,040	—	3,040,010	3,398,910	7,498,560
April . . .	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,295,640	7,370,292
May . . .	400,220	670,350	1,063,570	1,039,510	740,510	339,210	1,496,700	3,968,460	5,564,870	8,570,410
June . . .	827,130	459,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840
July . . .	302,340	691,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,487
August . . .	368,260	827,660	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	7,568,950
September . . .	393,100	777,690	684,590	554,570	590,380	530,830	1,015,250	7,326,570	7,770,310	7,095,860
October . . .	663,120	971,780	718,190	645,310	738,700	699,040	639,030	4,630,550	6,747,240	5,368,800
November . . .	460,720	320,890	972,310	461,580	485,100	315,930	1,364,310	4,375,390	7,088,283	3,424,125
December . . .	648,820	849,160	503,280	1,105,910	383,490	67,553	1,605,090	5,034,600	4,924,320	
TOTAL . . .	₱5,170,750	₱7,550,690	₱9,280,560	₱9,053,250	₱8,234,460	₱5,692,273	₱12,186,150	₱47,526,905	₱73,907,248	₱78,284,989
Annual Average	514,229	627,557	773,380	754,438	686,205	474,356	1,015,513	3,960,575	6,158,937	

sale, as the case may be. **LOANS** are financed or **ADVANCE PAYMENTS** are facilitated at regular bank rates.

3. Goods destined for United States consumption may be withdrawn in any amount, in any type package, at any time, and duty is paid accordingly on the amount so withdrawn.

4. Any and all other operations involving transshipment or re-exportation to any destination are offered in all forms of merchandise.

5. Facilities are extended to accept shipments directly from **BOATS, RAILROAD CARS, or AIRPLANES.**

These are services offered by the Foreign Trade Zones of San Francisco, New Orleans, and New York. What does Manila want to do?

logs, copra, sugar, corn, rice bran, cattle, etc. is holding up fairly well.

As pointed out in previous columns, the total number of inter-island vessels is gradually diminishing, due mainly to the return by some operators of vessels owned by the Philippine Shipping Commission. If these vessels remain out of the services, and indications are that they will so remain, the vessels which continue to operate can possibly earn a small profit while supplying adequate service. During 1949, it is hoped that the Inter-Island services will reach a level of stability which will benefit the shipper, the traveling public, the operators, and the Government.

Ocean Shipping

By F. M. GISPERT
Secretary, Associated Steamship Lines

THE United States Pacific Coast shipping strike failed to affect the overall amount of exports during the month of November.

Eighty vessels lifted a total of 179,766 tons, compared with 143,352 tons exported during the preceding month of October.

The steady increase over 1947 figures continued with 163,331 tons exported during November, 1947, as against 179,766 tons for November, this year.

Principal exports during November, 1948, as compared with November, 1947, were:

	1948	1947
Alcohol	13 tons	—
Beer	215 "	—
Buntal fibre	38 "	1 ton
Desiccated coconut	7,459 "	9,185 tons
Coconut oil	4,551 "	3,632 "
Copra	54,696 "	90,219 "
Copra meal	5,476 "	6,467 "
Embroideries	124 "	54 "
Empty containers	295 "	285 "
Rattan furniture	863 "	523 "
Gums	69 "	149 "
Hemp	41,425 bales	65,668 bales
Scrap mate.	37,017 tons	2,020 tons
Kapok	145 "	124 "
Logs and lumber	3,136,755 bft.	1,324,575 bft.
Ores	23,908 tons	14,483 tons
Rattan	44 "	126 "
Rope	117 "	204 "
Rubber	128 "	241 "
Shells	60 "	198 "
Skins, hides	130 "	45 "
Sugar	12,508 "	—
Tobacco	29 "	21 "
Vegetable oil products	379 "	54 "
Wines	143 "	—
General merchandise	17,390 "	17,003 "

Inter-Island Shipping

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

THE movement of Christmas merchandise from usual, but was fairly brisk during the two weeks Manila to other Philippine ports began later than just preceding Christmas. The last week of December was, as usual, one of light freight movement. The closing of schools for the year-end holidays provided a large movement of passengers, giving inter-island vessels almost capacity lists during this period. Movement of inward cargoes, consisting of hemp, lumber,

Land Transportation (Bus Lines)

By L. G. JAMES
Vice-President and Manager,
A. L. Ammen Transportation Co., Inc.

OF vital interest to operators of public land transportation facilities, both pre-war and post-war, is the recent decision of the Public Service Commission which it is assumed establishes a precedent to be followed in determining the status of post-war applicants who apply for "permanent" operating rights.

Since mid-year 1945, in excess of 20,000 temporary Certificates of Public Convenience have been granted, giving the owners thereof specific operating rights on specific lines on a more or less provisional basis, to be in effect during the period of the "post-war emergency". The Public Service Commission has, by order, established December 31, 1948, as the expiry date of the validity of all temporary certificates,—further specifying that any holder of such type of certificate may apply not later than that date for a regular certificate which is valid for 25 years. It is indicated by the records of the Public Service Commission that between 9,000 and 10,000 applications for "permanent" operating rights have, to date, been filed by present holders of temporary certificates.

In the decision already mentioned, the first to cover an application for a regular Certificate of Public Convenience, the applicant proved to the satisfaction of the Commission that he is financially responsible and that the public convenience requires the service applied for. A regular Certificate of Public Convenience, essentially equivalent to a franchise, was granted with a period of 25 years validity. It is probable that future action of the Commission, in considering the mass of pending applications, will be determined mainly by the factor of financial responsibility of the applicant, using the original decision as a precedent and assuming that the public convenience requires the service applied for.

To the pre-war operator who has been in process of rebuilding his fleet and facilities, handicapped by lack of capital, difficulties in procurement of equipment, machinery, building materials, and essential supplies, in addition to a mass of competition the major part of which he has assumed to be under temporary status,—this is an ominous sign. It indicates the possibility that his present competition, at least a major part of it, may be permanent.

Copra and Coconut Oil

BY MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company

November 16 to December 15, 1948

To the responsible "temporary" operator, problems are also presented. Many post-war operators have developed transportation enterprises of substantial proportions in the face of great competition. Under present circumstances very few operators are earning profits and competition has forced the retirement from active operation of a considerable number of those who are not financially capable of surviving a prolonged period of hard times. If it is to be the policy of the Public Service Commission to grant "permanent" rights to any considerable percentage of temporary operators, the responsible post-war enterprise will be faced with continued competition ruinous to it as well as to the pre-war operators within the same territory.

The Public Service Commission is greatly handicapped by lack of facilities for obtaining accurate information on current operations under its jurisdiction in any given area. The law provides for the collection of fixed annual "supervision and inspection" fees on each vehicle registered for public utility service. However, these funds, which amount to several hundred thousand pesos annually, are diverted by the Budgetary authorities for uses other than those covering the purposes for which they are specified. The result is that the Commission spends only a meager amount on supervision and inspection and actually does not have available its own information on competitive and operating conditions and is unable to supervise and enforce its own regulations. This leads to a total disregard, on the part of irresponsible operators, of prescribed rates, schedules, lines, hours of departure and arrival, and the public interest in general.

Lumber

By E. C. VON KAUFFMANN

President, Philippine Lumber Producers' Association

BETTER prospects for lumber producers should be in sight if War Damage claims are paid in the near future. With a weak local market during the second half of 1948, producers have been unable to expand their operations with a view to increasing their exports, which would counterbalance the losses they are sustaining on local sales. Producers are working under the severest of handicaps. Their cash position is such that they have to dispose of their lumber as soon as it is produced. If they intend to export a percentage of their production, it means that they have to accumulate in their yards at least a three months' stock of export lumber for drying. This money is then tied up and, unless they have ample means to carry on, they are operating under a severe strain.

This situation would be greatly improved if War Damage payments are made soon. Prices in the local market should gradually improve during the first half of 1949 and construction will as usual be active during this period.

Inter-island transportation is still a problem, with no improvement in sight. Shipping companies have been losing money on certain runs and some ships have been withdrawn, making it harder for lumber producers to get their lumber to Manila.

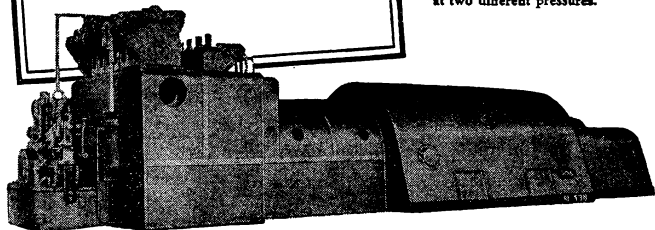
THE period under review opened with a quiet but steady copra market, with buyers relatively inactive and sellers holding off with the hope of higher prices. Added to this was the uncertainty of the United States strike situation, which, however, seemed well toward solution and actually terminated on December 2. Buyers ideas were around \$250 either c.i.f. or f.o.b. with sellers asking for \$10 to \$15 higher.

There not being much copra available, trading was light and the markets actually did advance to a point where sales were made to the United States and Canada for November/December shipment at \$265 c.i.f. and sales to Europe at the equivalent of \$265 f.o.b., the c.i.f. sales being preferable from the sellers' standpoint. Early in December the market went a few dollars higher than these figures, but only for very limited transactions and for a few days. European buying was chiefly confined to Poland and a few thousand tons for France. Nearly all traders who had committed themselves for this year's shipment covered in during the period.

When the Coast strikes were over, it was estimated that there was some 20,000 tons of copra afloat to be discharged, which was estimated as sufficient to run Coast mills about three weeks. If Coast mills were to continue to run beyond then, they would have to begin buying copra from the Philippines or elsewhere promptly. They were not in any hurry to do this, however, because they could not sell oil at the equivalent of buying prices. The period ended, therefore, with buyers' ideas \$240 c.i.f. to \$245 f.o.b., with all outside markets weak, but with the feeling by sellers that the short supplies in the Philippines must soon be reflected by somewhat higher prices.

MEANWHILE, due to bumper crops in the United States and to relatively heavy offerings of oil from other countries, prices of cottonseed and soybean oil dropped rapidly and carried coconut oil down with them. Tallow, which had sold up to 15 cents, dropped back to 12 cents, with indications it might even go lower with heavy supplies available. In the case of coconut oil, this situation was exaggerated by allocations of foreign oil for American purchase, this oil being available at well under Philippine levels. Large buyers of coconut oil being comfortably fixed with stocks, decided to wait the market down. Consequently, all Philippine millers were anxious oil sellers during the period and offered oil as low as 20-1/2 cents c.i.f. N. Y. for January arrival. Large buyers showed no desire to trade and probably will remain out of the market until after the year-end. Small oil buyers traded sparingly for spot cars at anywhere from 23 cents down to 21 cents f.o.b. P. C. Speculators were offering oil at the end of the period at 18 cents f.o.b. P. C. February to April shipment, with no buying interest in evidence. Altogether, it was a most unsatisfactory month for Philippine mills and there was little hope in prospect as long as the price of Philippine oil is so much out of line with other oils and fats, thus restricting coconut oil usage to minimum quantities.

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LOCAL prices of copra were based more on local needs for manufactured products than on export equivalent, and ranged from P54 per 100 kilos at the beginning down to a low of P47 at the close, with supplies still inadequate. Very little oil sold for local consumption.

Outport shipments have been licensed for copra actually sold prior to the outport closing date for shipment this year. What will happen in January is still problematical, but presumably outport shipments will be curtailed to some extent, — how much remains to be seen.

Economic Cooperation Administration dollars became available for fair quantities of copra to Europe, but prices were controlled by ECA authorizations, and a fair part of these funds remained unspent in mid-December. Some ECA dollars were allocated to Denmark, the only applicant for the purchase of Philippine expeller-cake, and as a result a fair amount of business was done at prices ranging from \$46 to \$50 f.o.b. Meanwhile, coprameal shipped to the Coast, much of it unsold, commanded prices ranging from \$60 to \$70 per short ton, c.i.f., averaging slightly better than the European cake sales at \$50. Most local mills cleared out their stocks during this period.

EXPORTS for the month of November were surprisingly high, totalling 58,746 tons with destinations as follows:

Pacific Coast ports	11,900
Atlantic Coast ports	13,879
Gulf ports	5,874
Europe	20,993
South America	100
Japan	6,000

During the same period 3,431 tons of coconut oil was shipped from the Philippines, almost entirely to the East Coast of the United States. The smaller shipments reflected the impossibility of profitable trading.

Shipments of copra scheduled for December were not excessive, but it was felt that the market was almost fully sold for this position. Oil shipments in December should be relatively negligible.

BY mid-December, both copra and oil markets were very confused. Copra was heavily overpriced, and logically should continue to decline. Local supplies, however, although more promising for December, looked light for January, and this condition made sellers hesitant to trade any copra which they did not own, or to speculate, at current levels. Their ideas were reinforced by the knowledge that coconut oil is still a reasonably priced edible fat for Europe regardless of American demand. This, in their opinion, might prevent any major price readjustment in the near future. There was nothing in the Philippine picture to encourage other than the most conservative trading.

Desiccated Coconut

By HOWARD R. HICK

President and General Manager,
Peter Paul Philippine Corporation

THIS report covers the period from November 15 to December 15. At the beginning of this period nut procurement was difficult, but rather

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suddenly a weak copra market released many nuts to the desiccated coconut manufacturers. High inventories of raw material were maintained throughout the period.

The most notable thing about the last several months is that the usual market indications have been unexplainable, most buyers and sellers apparently acting on personal whim and with a planning so varied that a general pattern as to probable future market activity is virtually impossible to make out. There are so many factors influencing the market today, both world and local, that this situation may continue for some time.

Such conditions make it difficult to think in terms of futures, and statistical information and estimates must be watched closely. In general, the nut buying has and will continue to follow copra until April or May, when the supply will become more abundant due to seasonal increase in number of nuts and yield per nut.

The "zoning" of the Huk areas still continues but to a lesser degree. It is estimated that about 10% of the areas are closed.

The labor situation seems better, but several cases are still in court. The Peter Paul Philippine Corporation received a court ruling that it must pay 40-centavo and 65-centavo bonuses for swing and graveyard shifts, respectively. This decision is more in keeping with stateside practice and makes a favorable change in the court attitude concerning night work. It marks an increase of 15 centavos over what was voluntarily given before.

The following are the shipping statistics for the month of November:

Franklin Baker Co. of the Philippines	3,222,300
Blue Bar Coconut Company	1,698,230
Peter Paul Philippine Corporation	2,017,100
Red V. Coconut Products, Ltd.	1,748,000
Sun-Ripe Coconut Products, Inc.	156,000
Standard Coconut Corporation	105,000
Isabelo S. Hilario	0
Cooperative Coconut Products, Inc.	0
Tabacalera	329,520
Luzon Desiccated Coconut Corp.	185,180
	<u>9,861,330</u>

Sugar

By S. JAMIESON

*Alternate Secretary-Treasurer,
Philippine Sugar Association*

THIS review covers the period from November 29 to December 27, 1948.

New York Market: The market opened steady with spot at 5.68¢ and sales of Cubas for December/January arrival at the same figure. By the beginning of December, spot had advanced to 5.75¢ and there were quite large sales of Cuban and Puerto Rican sugar at 5.70¢ for prompt shipment and arrival and at 5.65¢ for later shipment. After the first week of December, the market developed an easier tone, as both sellers and buyers were disposed to await the announcement of the 1949 United States consumption quota before making further commitments. Spot

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declined to 5.60¢ and there were sales of Cuban and Puerto Rican sugar for prompt and early shipment at prices ranging from 5.55¢ to 5.65¢, the higher prices being paid for prompt positions.

The quota announcement was eventually made on December 23. It set an initial quota of 7,250,000 short tons, which the trade in general regarded as reasonable and as likely to have a bullish effect on the market. Immediately following the announcement, prices improved; there were sales of Cuban and Puerto Rican sugar for prompt shipment at from 5.65¢ to 5.70¢, and spot advanced to 5.65¢. At the close there are fairly heavy offerings of Cuban, Puerto Rican, and Philippine sugar for shipment during the period January/April, 1949 at 5.75¢, but buyers have not yet paid this price.

During the period under review, the following sales of Philippine sugar were reported: 2,000 tons for January shipment at 5.65¢; 2,000 tons for December shipment at 5.68¢; 3,000 tons for January shipment at 5.65¢; 4,000 tons for February arrival at 5.65¢; 7,000 tons for February shipment at 5.70¢.

Quotations on the New York sugar exchange for the period November 19 to December 14, 1948, under Contracts Nos. 4 and 5, ranged as follows:

Contract No. 4 (World Market)

	High	Low	Close	Sales	
March	4.03	3.85	3.85	11,550	tons
May	4.03	3.85	3.85	5,350	"
July	4.05	3.90	3.88	11,750	"
September	4.06	3.92	3.90	2,500	"
March, 1950	3.46	3.40	3.38	550	"

Total

31,700 tons

Contract No. 5

December	5.49	5.34	5.34	1,650 tons
March	5.25	5.09	5.09	38,000 "
May	5.24	5.09	5.09	45,000 "
July	5.25	5.10	5.10	20,800 "
September	5.25	5.10	5.10	17,800 "

Total

123,150 tons

Local Market: (a) Export Sugar: There was a fair demand for export sugar, and during the first week of December prices were from P12.75 to P13 per picul ex-mill warehouses. Reflecting the dullness of the New York market pending the announcement of the United States consumption quota, prices subsequently fell to P12.35-P12.60, but improved upon the quota announcement and at the close were P12.85-P13.

The Sugar Marketing Agency, Inc., formed for the purpose of handling producers' export and domestic sugar on a pool basis, announced a few days ago that it had signed a contract with Messrs. Hogan & Company, New York brokers, appointing them exclusive selling agents for the Agency's export sugar in the United States market.

(b) Domestic Sugar: Prices continued to advance on an apparent shortage of supplies and reached as high as P21.50 per picul, delivered Manila, for ordinary centrifugal sugar, and from P24 to P26.50 for the higher grades. PRATRA stepped into the market and bought supplies from export stocks for conversion into domestic in an effort to counteract the curtailment of supplies to consumers, and this,

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111 - 13th Street, Port Area, Manila

together with dealers making supplies more readily available to the market, brought a drop in prices to P20 for centrifugals and P21 to P22.50 for the higher grades. It is expected that domestic prices will return to a more reasonable level after New Year.

General: Approximately 60,000 long tons of Philippine molasses have been sold to Europe for monthly shipments during the period December, 1948, to April, 1949, inclusive. The December shipment of fully 12,000 long tons was made on the tanker *Athel-knight*.

The Cuban Government has set the start of the 1949 milling season at not earlier than January 2 nor later than February 15. The crop is estimated at 5,461,500 long tons.

Manila Hemp

BY H. ROBERTSON

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

THIS review covers the period November 16 to December 15. The outstanding feature of the thirty days was the record-low production for November, amounting to 30,139 bales. The figure was not unexpected by the trade as in the month of November production usually hits its low for the year; however, only a part of the decline can be attributed to seasonal causes. The further decline in production is largely a continuation of the much-to-be-regretted general downward trend of abaca production. As might be expected, prices held very firm

all month and values advanced further to close at record highs.

In New York, the market held firm throughout the period; however, as prices advanced buyers displayed progressive caution and at the time of writing are holding off. Sellers continue firm and show no inclination to reduce prices in order to get ahead with sales.

SCAP was back in the market after having withdrawn for a time, due to the high prices asked. It has purchased a fair quantity of cheaper non-Davao hemp, but supplies of the grades it likes are limited. Other markets have ruled quiet but steady.

In the Philippines, the market ruled firm, and further price advances were recorded in all grades.

Nominal provincial values on December 15 were:

	<i>Per Picul Basis Loose</i>		
Davao I	P70.50—Up	P1.50	per picul from November 15
Davao J1	69. —Up	3.00	" " "
Davao G	61.50—Up	2.50	" " "
Non-Davao I	65.50—Up	2.50	per picul from 11/15
Non-Davao G	60.50—Up	5.00	" " "
Non-Davao K	30. —Up	3.00	" " "

New York quotations for all grades also showed an advance:

	<i>Per lb. C. I. F.</i>	<i>Per lb. New York From November 15</i>
Davao I	31 ¢	Up 1-1/4¢
Davao J1	30-5/8¢	Up 1-1/8¢
Davao G	27-3/4¢	Up 5/8¢
Non-Davao I	29-7/8¢	Up 1-3/8¢
Non-Davao G	23 ¢	Up 1-1/4¢
Non-Davao K	15-1/2¢	Up 3/4¢

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Production for November, 1948, was 30,139 bales—a decrease of 6,142 bales from October, 1948, and 22,602 bales less than November, 1947. Non-Davao balings were off again—being 15,012 bales, down 6,852 bales from October, but Davao showed a slight improvement totaling 15,127 bales for November, up 710 bales as compared with October. Total pressings for the first eleven months of 1948 were 540,580 bales, compared with 731,501 bales for the same period last year—a decline of 190,921 bales for the year to date.

Tobacco

BY THE CONDE DE CHURRUCA
President, Manila Tobacco Association

IT is the 24th of December, and the writer of this column, after lighting a cigar, is going to mix business with pleasure, the pleasure being the offer of my sincerest best wishes to the readers in general and to the American Chamber of Commerce Journal and its Editor especially.*

May all of you, amid the clouds of tobacco smoke, achieve what you most desire, and may the smoke of Manila cigars and of American cigarettes blend together, as a symbol of the friendship of both countries.

Friendship means strength and is constructive. Distrust means weakness and is destructive.

The first brings praise, the second criticism. My personal wish is, one day, to behold the miracle of opening a newspaper and reading that everybody is wonderful, even if it is not quite true. We would

* My sincere thanks, and the same to you.—Editor

all go to work walking on air, for praise never does harm and always creates goodwill.

Almost everything in the way of sensational news is bad, physically or morally,—be it a wreck, a crime, a war, an earthquake, or any political feud—which in itself may really mean nothing.

But I do not blame the newspapers, for they give us just what we generally want. Perversely, we get more fun out of reading the details about a divorce than those about a marriage, so of course a divorce gets more publicity.

The day when we shall all have come to hate ugly things, even though they are exciting, we won't have to read about them; they will perhaps be published in the advertising columns, where we will have to look for them on purpose.

The best we can do at present is to think and believe everything good about our neighbors, letting them know it, and forgetting about their faults.

My cigar is about finished, little smoke is left to distract me, so I'll get down to work...

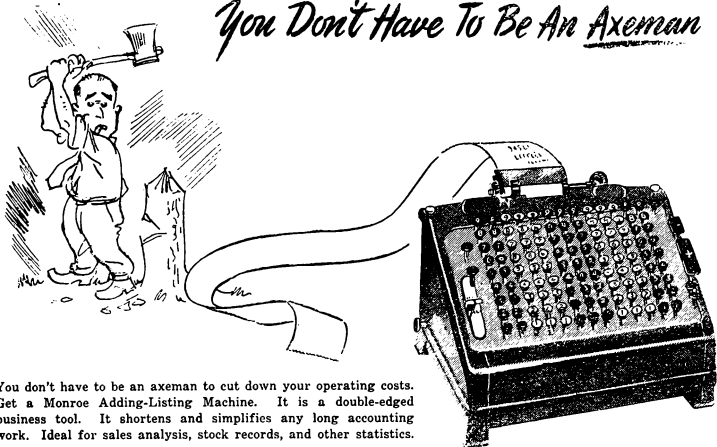
THE full facts as to the 1949 tobacco crop will not be known until the end of January. Everything points to a very good crop especially in the provinces of Union and Pangasinan, where farmers planted as large an acreage as they could.

The estimated production for 1949 is around:

Cagayan Valley	195,000 quintals
Union	40,000 "
Pangasinan	40,000 "
Ilocos	10,000 "
Visayas and Cebu	30,000 "

315,000 quintals

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This is a conservative estimate and subject to important variations. But if this quantity of tobacco is really obtained, as we all hope, there will be a generous margin for export and a new hope for the rehabilitation of the leaf-tobacco business.

Food Products

By E. A. L. BEST

Manager, Food Products Department
Marsman & Company, Inc.

EXECUTIVE Order No. 193 (Import Control) will only affect fresh fruits and nuts, insofar as food-product commodities are concerned. The cut is 20% which will not cause local importers much concern. What does alarm them is the dilatory application system involved. Fruit is sold on an exceedingly small margin of profit. Prices may vary considerably from day to day or even several times a day. Snap purchasing is requisite in order to operate competitively and safely. Because fruits are perishable, prompt transfer from cold-storage plants to vessels providing reefer facilities is imperative. Unprotected fruit will decay regardless of government import constraints. Until the law is adjusted, the normal routine of required buying operations is rendered unfeasible by directives contained in the new regulations. A Manila purchaser most assuredly cannot leave his fresh fruit lying on a pier in San Francisco or any other port while he waits for an approved import application to be issued in the Philippines.

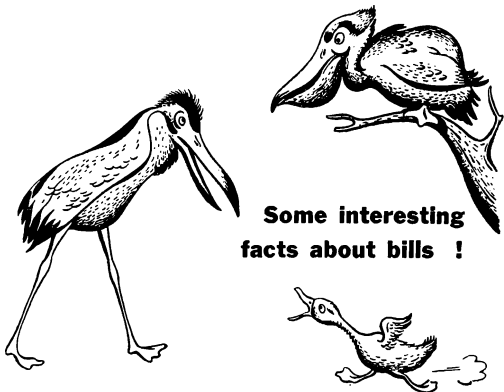
Flour is scheduled to experience a severe siege

of economic dyspepsia. The attack has already begun. A depression exists throughout the entire trade. United States costs have decreased only slightly during the past 30 days. However, local prices are plummeting, with most sales consummated at figures representing losses ranging from insignificant to substantial magnitudes. Manila stocks are momentarily excessive. Immense replenishments are expected during January. Speculative elements are considered to be the main cause for the present predicament. Coupled with an existing slow-moving market, additional arrivals will result in a glutted condition. It will undoubtedly be 60 days before overstocks are liquidated to a status of normalcy. Current prices for American flour per bag of 50 lbs. are:

First grade	₱8.50
Second grade	₱8.00
Third grade	₱7.60

Evaporated milk sales are suffering from depreciated demand. One experienced old-time milk distributor has recently made the statement that in the past 20 years, he had never seen the milk business as demoralized as it is at the moment. Recent arrivals have not been sufficiently heavy to establish unreasonable overstocks. It would appear the consumer is not using as much milk as he was a short while past. Last month leading brands were offered wholesale at ₱17 per case. Today the same quality of milk can be purchased for ₱15.30.

Post-strike consignments of tinned fish are beginning to reach this country in large quantities. One vessel which arrived during the first week of January carried 85,000 cases for Manila. Subsequent steamers are expected to bring further large shipments. Con-



Some interesting facts about bills !

The bills of these birds never change. The peculiar bird's bill at the left is long and thin. The duck's bill is *always* sort of flat. The pelican's bill *always* has a pouch attached. Each species retains the *same* distinctive bill — year after year.

It's a far different story with consumers' electric bills. It is only by constant care and turning off all lights and appliances when not required that you can keep your electric bill at a minimum.

In these days of power shortage we ask you to be very careful.

MANILA ELECTRIC COMPANY
134 San Marcelino, Manila

sequently, canned fish traders are inclined to feel apprehensive about profitable sales. Prevailing prices:

Sardines, ovals, tomato sauce	P24.00 case
" , natural talls, and Pilchards	P17.50 "
Squid, 48/talls	P11.00 "
Alaska Salmon, 48/talls	P44.00 "

Imported fresh fruits and vegetables have begun to appear in markets and are being sold at most reasonable prices. Recent shipments have been voluminous which accounts for this situation. Wholesalers are quoting:

Potatoes, 90# bag	P10.00 bag
Onions, 50# bag	P 7.00 "
" , 90# crate	P11.00 crate
Apples, average sizes	P11.00 box
Grapes, 32# chest	P12.00 chest
Oranges, depending on size	P14.00 to P18.00 box

Generally speaking, food-products traders are experiencing a period of marked depression which will most probably continue for another 30 or 45 days.

Textiles

BY JAMES TRAYNOR

THE textile market during December was inactive.

Off-take was unsatisfactory and disappointing both as regards price and volume.

Newly arrived goods ordered specially for the Christmas trade found poor demand. Staples and fancies were alike affected and some grades were sold considerably below laid-down cost.

The market is well stocked with arrivals during December, exceeding those of November by about 15%. A continuation of the present depressed prices is expected until inventories are reduced. Arrivals from Shanghai were almost double those of November.

Legislation, Executive Orders, and Court Decisions

BY EWALD E. SELPH

Ross, Selph, Carrascoso & Janda

IN a decision rendered in Case 110-V, December 8, 1948, the Court of Industrial Relations reaffirmed its stand on back pay during the Japanese occupation, using the following language:

"The exercise by the Management of certain of its administrative functions such as the granting of a privilege to its workers will not be interfered with by this Court, except in case of abuse of the exercise of such prerogative. In this instance, however, the Court found that the granting of such privilege by the Management of respondent does not come within the purview of an act of serious discrimination, as averred by petitioner.

"It will thus be seen that the primordial consideration taken into account by the Company in giving the *ex-gratia* allowance was the internment of the employees in the concentration camp during the Japanese occupation; so that had there been Filipino employees interned during the war to the same extent and in the same manner as those Americans being deprived of liberty as civilians, they would have received the same consideration from the Management of respondent.

"In denying similar petition of the workers in Case No. 115-V, National Workers' Brotherhood Association vs. Franklin Baker Company of the Philippines, decided April 23, 1948, this Court held that, 'The granting of *ex-gratia* payment to the laborers is completely a privilege in nature and not a matter of right, and the granting of the same by the respondent company to some of its officials is not an act of discrimination as contended by counsel for the petitioning union; and in denying similar demand of the workers in Case No. 111-V, Philippine Labor Organizations vs. Shell Oil Company,

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decided November 19, 1948, this Court ruled that, 'a privilege is an act of magnanimity by the one who extends it, and one failing to receive it, cannot compel its grant. It is otherwise, however, if the grant of the privilege has become permanent or semi-permanent.' In view hereof, Demand No. 1 of petitioning Union is hereby denied."

In another case, 119-V, decided December 7, 1948, the Court said:

"*** It does not appear just for laborers to receive as a matter of right payment of services not rendered to the Company or earned by them during the three years of Japanese occupation.

"Government officials and employees and those of the government-owned corporations are given back-pay by the State through legislative enactment—a grant not yet extended to the workers of private business enterprises. With respect to the payment by Management of the back-pay of some of the employees of its Company, such concession is a privilege and a privilege of this nature is not a right; it is a favor, a special grace, and may not be the subject of a demand. It is otherwise, however, if the grant of such privilege has become permanent or semi-permanent. The Court, however, believes that the parties may still find a way of settling this point in a manner most satisfactory to them. This demand is, therefore, hereby denied."

AS to the basis for computing the percentage of increase awarded, the Court said in Case 110-V that the take-home pay is composed of basic pay plus high-cost-of-living allowance, and this total take-home pay is considered the regular pay for purposes of computing percentage of increase awarded.

The Court also held that where employees regularly work overtime the compensation could not, by contract, be compromised by a fixed allowance for such overtime, but that each must be paid 50% additional compensation computed on take-home pay for actual hours of overtime worked.

The Court also stated that in computing overtime pay for night work, and Sunday and holiday work; the overtime percentage for work on such days or at night should be "added" to determine total "holiday-night-pay per hour." This would seem to make it clear that the additional compensation is to be added only and not pyramided.

In a decision by the Court en banc (Case No. 28-V) relative to a petition for reduction in the amount of the percentage of differential for night work the Court said:

"A motion was filed on September 4, 1948, by the attorneys for the respondent in the above-entitled case praying that the additional compensation for night work of 80% of the base pay be reduced to 10%. Considering that 50% is too high and 10% too low, and following the recent ruling laid down by this Court in its resolution en banc in Case No. 156-V, entitled Philippine Long Distance Telephone Workers' Union (CLO) versus Philippine Long Distance Telephone Company, dated November 19, 1948, the additional compensation of 50% for night work granted by this Court in the instant case in its decision of February 5, 1947, should be, as it is hereby reduced to 25% of the take-home pay, effective as of this date."

Philippine Safety Council

BY FRANK S. TENNY
Executive Director

SEVERAL outstanding safety achievements in the Philippines have been selected by the Philippine Safety Council for the year 1948. They include progress in the transportation, industrial, government, and police fields. The selections were not influenced by commercial considerations and include both members and non-members of the Safety Council.

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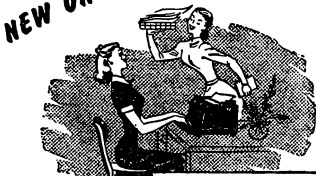
cil. They are listed in unranked numerical sequence, all selections being equal.

1. The reduction in accidents accomplished by the MERALCO busses before their later sale. In five months, notwithstanding the heavy Manila traffic, the busses went from 2,707 miles per accident to 5,399 MPA, with a concurrent reduction in accidents of 52%. This involved well over 100 busses and several hundred drivers.

2. The progress made by the Advisory Safety Council to the Secretary of Labor, Primo G. Maluanag, Chairman. This body formulated some of the most progressive drafts for laws and regulations of the year. An industrial safety commission bill was put before Congress; an act requiring the formation of company safety committees was completed; regulations concerning machinery, boilers, factories, etc. were studied and issued; also mining regulations.

3. The motor pools and adjacent buildings constructed by the San Miguel Brewery and the Pangasinan Transportation Company. The PANTRANCO Dagupan plant, including terminal, shops, offices and

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bodega, represents the latest in efficiency and safety. San Miguel's new motor pool in Paco is designed to be accident-proof. Both installations indicate an encouraging trend in local construction with a view toward safety.

4. The police training class conducted by the National Bureau of Investigation Academy. This school graduated 58 police officers from all over the Philippines who were trained in all phases of modern police administration. The quality of instruction was probably the best ever given here. Improvements in administration, morale, and efficiency of the police departments affected should follow.

5. Rehabilitation of roads and bridges by the Philippine and United States Governments. The re-buildings of roads, streets, bridges, and signs by the Bureau of Public Works and the U.S. Public Roads Administration throughout the country has contributed immeasurably to the safety of the traveling public. It is believed that this phase of rehabilitation activity is progressing faster than any other.

6. The interest shown by various civic groups in safety matters. This has been surprisingly intense and gratifying. Some of these bodies are the Rotary Clubs, the Philippine Motor Association, the Junior Chamber of Commerce, Boy Scouts of the Philippines, Philippine Red Cross, veterans organizations, and others. The safety movement in the Philippines has been firmly established because of assistance by such groups.

Many other accomplishments highlighted the safety year, but the foregoing were deemed the most outstanding. The Safety Council modestly eliminated from consideration its own activities, although it was inevitably linked with the above.

Executive Order No. 193

BY THE PRESIDENT OF THE PHILIPPINES

PRESCRIBING RULES AND REGULATIONS TO CARRY INTO EFFECT THE CONTROL AND REGULATION OF IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES INTO THE PHILIPPINES AS PROVIDED FOR IN REPUBLIC ACT NO. 330.

By virtue of the powers vested in me under Republic Act No. 330, entitled "An Act authorizing the President of the Philippines to establish a system of import control by regulating imports of non-essential and luxury articles, creating an import control board, authorizing the issuance of rules and regulations to carry into effect such control, and penalizing violations of this act," I, ELPIDIO QUIRINO, President of the Philippines, do hereby order:

SECTION 1. From and after the date of effectivity of this order, no non-essential or luxury article specifically mentioned in the list referred to in Section 2 hereof shall be imported into the Philippines without an import license duly issued by the Import Control Board in accordance with the provisions of this order. Such license shall be signed "By authority of the President: Chairman, Import Control Board."

SEC. 2. The articles included in the accompanying list, marked Appendix "A," duly certified by the Chairman, Import Control Board, by authority of the President, shall be considered luxury or non-essential articles. The Import Control Board, with the authority of the President, may, from time to time and as circumstances warrant, add to, or delete from, the said list.

SEC. 3. The quantity or value of each luxury or non-essential article that may be imported within the year 1949 shall be fixed by the Import Control Board, by authority of the President, quarterly, semi-annually, or annually at the discretion of the Board in accordance with the schedule of percentage reductions prescribed herein as shown in the accompanying schedule, marked Appendix "B," duly certified by the Chairman, Import Control Board, with the authority of the President.

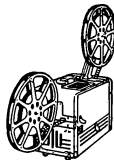
SEC. 4. The Import Control Board shall fix the quota

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for each article in terms of quantities or total money values and shall allocate such quota, by authority of the President, to the importers duly registered for such article on the basis of their respective quantities or values of imports during the base period reduced in accordance with the percentages herein prescribed in Appendix "B."

SEC. 5. Not more than twenty per cent (20%) of the quota fixed for each article shall be set aside, to be allocated to importers who had no importation during the base period mentioned in the next preceding section but have been registered subsequently as importers of such articles. No new importer shall receive a percentage allocation bigger than one-fifth of the percentage allocated as quotas to the old importers. Applications for licenses to import any portion of this twenty per cent (20%) reserved quota must be filed within one month from the date the quota is announced. Any part of this reserved quota not allocated or used shall be available for allocation to the old importers.

SEC. 6. An import license shall remain valid during the quota period in which it was issued. If, for justifiable cause satisfactory to the Import Control Board, the shipment does not arrive in the Philippines during the period in which the license was issued, the expiry date of the license may be extended by the Board. If the Board finds that the importer has failed or has not taken the proper steps to import the article covered by this license, the Board may cancel the license and reallocate the quantity of merchandise covered by it to the old importers in the same proportion as their quota allocations and according to their ability to fill the orders.

SEC. 7. No person, firm, or establishment may be granted import license unless:

(a) He is a duly registered importer in the Securities and Exchange Commission or in the Bureau of Commerce;

(b) He is duly licensed to do business in the Philippines and has paid all lawful taxes and fees due from him; and

(c) He is registered with the Import Control Board for purposes of the Import Control Law.

SEC. 8. Before an import license may be issued, the applicant shall file with the Board a written application under oath containing the following information:

(a) The name and address of the Importer or his duly authorized agent or representative;

(b) The name and address of the Exporter;

(c) The port or ports of origin of the articles to be imported;

(d) The port of destination; and

(e) The description of the articles to be imported and the quantity and declared value thereof.

SEC. 9. For every application for an import license, a filing fee of ₱2.00 shall be charged. A license fee of ₱1.00 shall be charged for each one thousand five hundred pesos of the c.i.f. value of the article covered by an import license issued by the Board, or fraction of the said value amounting to five hundred pesos or more.

SEC. 10. The amount of application and license fees collected in accordance with the preceding section shall constitute a revolving fund to cover expenses of operation of the Board pursuant to the provisions of Section 5 of Executive Order No. 160 series of 1948.

SEC. 11. From and after the date of the effectivity of this Order, every consular invoice issued for the importation of non-essential and luxury articles into the Philippines shall show the Import License number for such importation.

SEC. 12. Articles imported in violation of these rules and regulations shall be subject to forfeiture in accordance with the procedure established under Chapter 39 of the Revised Administrative Code and to the penalties prescribed by Republic Act No. 330, otherwise known as the Import Control Law.

SEC. 13. This Order shall take effect on January 1, 1949. All commodities affected by this Order leaving the ports of embarkation after said date shall be subject to this Order.

Done in the City of Manila, this 28th day of December in the year of Our Lord, nineteen hundred and forty-eight, and of the Independence of the Philippines, the third.

(SGD.) ELPIDIO QUIRINO
President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA
Executive Secretary

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APPENDIX "A"

LIST OF LUXURY AND NON-ESSENTIAL ARTICLES

AUTOMOBILES (PASSENGER CARS) AND OTHER VEHICLES

- 1.1 Automobiles, passenger cars
- 1.2 Station wagons
- 1.3 Jeeps
- 1.4 Motorcycles

JEWELRY, PRECIOUS METALS AND STONES

- Real (gold, silver and platinum) —
- 2.1 Not plated
 - 2.2 Plated
- Imitation (made of other metals) —
- 2.3 Costume jewelry and trinkets
- Stones, precious, semi-precious or imitations thereof (set or unset) —
- 2.4 Pearls
 - 2.5 Diamonds
 - 2.6 Other precious stones
 - 2.7 Imitations

- Metals, Precious (gold, silver, platinum, and sterling silver) Not Plated —
- 2.8 Tablewares or Hollowares (plates, center pieces, coffee sets, cocktail sets, drinking sets, bowls, flower vases, picture frames, etc.)

- 2.9 Silverwares or Flatwares (cubiertos)
- 2.10 Other wares and articles

- Metals, Precious (gold, silver, platinum, and sterling silver) Plated —
- 2.11 Tablewares or Hollowares (plates, center pieces, coffee sets, cocktail sets, drinking sets, bowls, flower vases, picture frames, etc.)

- 2.12 All other wares and articles except silverwares (cubiertos)

PERFUMES AND TOILET PREPARATIONS

- 3.1 Perfumes, lotions and toilet waters
- 3.2 Fancy Toilet Soap
- 3.3 Petroleum Jellies (vaseline)
- 3.4 Pomades
- 3.5 Creams and balms
- 3.6 Rouges and lipsticks
- 3.7 Powders, face (excluding talc and medicated)
- 3.8 Hair Tonics
- 3.9 Shampoos
- 3.10 Brilliantines
- 3.11 Nail Polish
- 3.12 Other toilet preparations (excluding dentifrice)

BEAUTY CULTURE EQUIPMENT

- 4.1 Beauty Parlor equipment and accessories
- 4.2 Manicure apparatus and accessories
- 4.3 Dresser sets

GAMES AND AMUSEMENTS (EXCEPT ATHLETIC EQUIPMENT)

- 5.1 Dice
- 5.2 Mahjong sets
- 5.3 Playing cards
- 5.4 Fronton equipment
- 5.5 Other game equipment

BEVERAGES, WINES AND LIQUORS (EXCEPT BEER)

- Fermented Liquors —
- 6.1 Cider
 - 6.2 Malted Liquors
 - 6.3 Alcohol, ethyl
 - 6.4 Brandy
 - 6.5 Cordials
 - 6.6 Gin
 - 6.7 Rum
 - 6.8 Other distilled spirits (blackberry, ginger, brandy, etc.)

- Whiskey —
- 6.9 Corn (Bourbon)
 - 6.10 Malt (Scotch)
 - 6.11 Rye
 - 6.12 All other whiskey

- Wines —
- 6.13 Sparkling
 - 6.14 Other wines

B E E R

- 7.1 Beer

FIREWORKS AND FIRECRACKERS

- 8.1 Fireworks and firecrackers

TOYS, MADE OF:

- 9.1 Celluloid
- 9.2 Glass
- 9.3 Porcelain
- 9.4 Rubber
- 9.5 Metal
- 9.6 Wood
- 9.7 Plastic
- 9.8 Other materials

TEXTILES AND MANUFACTURES OF FLAX, LINEN, WOOL, SILK, NYLON, AND OTHER SYNTHETIC MATERIALS

- 10.1 Woven fabrics
- 10.2 Ready made wearing apparel
- 10.3 Household articles
- 10.4 Other manufactures, except threads, yarns, twines, fishing nets and other articles for industrial purposes

RAYON TEXTILE AND MANUFACTURES OF:

- 11.1 Woven fabrics
- 11.2 Ready made wearing apparel
- 11.3 Household articles
- 11.4 Other manufactures, except threads and yarns

MUSICAL INSTRUMENTS AND RADIOS

- 12.1 Phonographs, gramophones, and juke boxes
- 12.2 Pianos
- 12.3 Radio-phonograph combinations
- 12.4 Radios

GLASS AND GLASSWARES

- 13.1 Wares and drinking glasses made of cut glass
- 13.2 Chandeliers

WATCHES AND CLOCKS

- 14.1 Watches
- 14.2 Clocks



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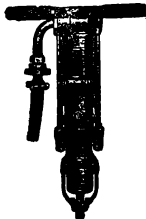
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ORNAMENTAL ARTICLES, MADE OF:

- 16.1 Base metals
- 16.2 Ivory
- 16.3 Other materials

TOBACCO AND MANUFACTURES OF:

- 16.1 Cigarettes
- 16.2 Cigars
- 16.3 Snuff and chewing tobacco
- 16.4 Prepared tobacco (smoking)
- 16.5 Other manufactured tobacco

COTTON TEXTILE AND MANUFACTURES OF:

- 17.1 Grey cloth (unbleached sheetings and unbleached drills)
- 17.2 Ready made wearing apparel
- 17.3 Laces and lace cloths
- 17.4 Weaving yarns

OILS AND FATS, EDIBLE

- 18.1 Lard
- 18.2 Lard compounds and lard substitutes
- 18.3 Oleomargarine

S O A P

- 19.1 Toilet soap
- 19.2 Laundry soap

LEATHER, SKINS AND IMITATIONS, MANUFACTURES OF:

- 20.1 Boots and shoes
- 20.2 Boots and shoes (any kind of top) with soles of leather, skins or imitations
- 20.3 Sandals and slippers
- 20.4 Garments
- 20.5 Harness and saddles

FRESH FRUITS

- 21.1 All fresh fruits

NUTS AND PREPARATIONS

- 22.1 All nuts and preparations

RUBBER AND PLASTIC MANUFACTURES OF:

- 23.1 Boots, slippers and shoes
- 23.2 Slippers and shoes, part of which is made of rubber or plastic
- 23.3 Shoe uppers and rubber soles for rubber shoes
- 23.4 Auto seat covers

WOOD, BAMBOO, RATTAN, REEDS AND MANUFACTURES OF:

Unmanufactured —

- 24.1 Logs
- 24.2 Timber
- 24.3 Lumber

Manufactured —

- 24.4 Furniture (except hospital and medical equipment)
- 24.5 Doors and Windows
- 24.6 Billiard tables and bowling alleys

APPLIANCES, ELECTRICAL

- 25.1 Washing machines

MISCELLANEOUS

- 26.1 Lighters for cigars and cigarettes
- 26.2 Chewing gums
- 26.3 Matches
- 26.4 Candles
- 26.5 Iron, steel and chrome desks, chairs (except barber's and theaters'), beds, trunks, tables, bookcases, lockers, cabinets (other than filing and bathroom cabinets), Medical, dental and hospital equipment not included.
- 26.6 Alcohol, denatured
- 26.7 Shells and manufactures
- 26.8 Mechanical pencils, fountain-pens, and desk writing sets.

CERTIFICATION

I hereby certify that the foregoing is the list of non-essential and luxury articles provided for in Section 2 of the Executive Order "PREScribing RULES AND REGULATIONS TO CARRY INTO EFFECT THE CONTROL AND REGULATION OF IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES INTO THE PHILIPPINES AS PROVIDED FOR IN REPUBLIC ACT NO. 380."

This list consists of five (5) pages and the left margin of each page bears my signature.

Manila, December 22, 1948.

CORNELIO BALMACEDA
(As Chairman, Import Control Board)
Secretary of Commerce and Industry

APPENDIX "B"

PERCENTAGE CUTS

(Base Year: July 1, 1947 to June 30, 1948)

Articles	Percentage Cuts	Price Limits (a.i.f. values)	Remarks
AUTOMOBILES (PASSENGER CARS) AND OTHER VEHICLES			
Automobiles, passenger cars	40%	₱7,000.00 or above, selling price	" " " " " "
Station wagons	40%	" " " " " "	" " " " " "
Jeeps	40%	" " " " " "	" " " " " "
Motorcycles	40%	Irrespective of price. Except for Government purposes.	" " " " " "
JEWELRY, PRECIOUS METALS AND STONES	50%	Irrespective of price	" " " " " "
PERFUMES AND TOILET PREPARATIONS	50%	" " " " " "	" " " " " "
BEAUTY CULTURE EQUIPMENT GAMES AND AMUSEMENTS (EXCEPT ATHLETIC EQUIPMENT)	50%	" " " " " "	" " " " " "
BEVERAGES, WINES AND LIQUORS (EXCEPT BEER)	50%	" " " " " "	" " " " " "
B E E R	40%	" " " " " "	" " " " " "
FIREWORKS AND FIRECRACKERS	30%	" " " " " "	" " " " " "
T O Y S	60%	" " " " " "	" " " " " "
TEXTILES AND MANUFACTURES OF FLAX, LINEN, WOOL, SILK, NYLON, AND OTHER SYNTHETIC MATERIALS	60%	" " " " " "	" " " " " "

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RAYON TEXTILE AND MANUFACTURES OF:

Woven fabrics (men's)	50%
" " (women's)	50%
Ready made wearing apparel —	
Inner	30%
Outer	50%
Household Articles	50%
Other manufactures	50%

MUSICAL INSTRUMENTS AND RADIOS

Phonograph grammo. and juke boxes	40%	P 150.00 each or above
Pianos	40%	P1500.00 " " " "
Radio-phonograph combinations	40%	P 250.00 " " " "
Radios — Battery set	40%	P 200.00 " " " "
— Electric	40%	P 150.00 " " " "

GLASS AND GLASSWARE

Watches and Clocks	40%	Irrespective of prices
Watches	40%	P60.00 each or above
Clocks	40%	P25.00 " " " "

ORNAMENTAL ARTICLES

Tobacco and Manufactures of:	40%	Irrespective of prices
------------------------------	-----	------------------------

Tobacco and Manufactures of:

Cigarettes	30%	" " " "
Cigars	50%	" " " "
Snuff and chewing tobacco	50%	" " " "
Prepared tobacco (smoking)	50%	" " " "
Other manufactured tobacco	50%	" " " "

COTTON TEXTILE AND MANUFACTURES OF:

Grey Cloth	80%
Ready made wearing apparel	40%
Laces and lace cloths	40%
Weaving yarns	80%

OILS AND FATS, EDIBLE

S O A P :	
Toilet Soap	50%
Laundry Soap	80%

LEATHER, SKINS AND IMITATIONS, MANUFACTURES OF:

FRESH FRUITS	25%
NUTS AND PREPARATIONS	20%
RUBBER AND PLASTIC MANUFACTURES OF:	20%

RUBBER AND PLASTIC MANUFACTURES OF:

Boots, slippers and shoes	80%
Slippers and shoes, part of which is made of rubber or plastic	80%
Shoe upper and rubber soles for rubber shoes	95%
Auto seat covers	90%

WOOD, BAMBOO, RATTAN, REEDS AND MANUFACTURES OF:

Unmanufactured	10%	" " " "
Manufactured	80%	" " " "
APPLIANCES	25%	" " " "

MISCELLANEOUS:

Lighters for cigars and cigarettes	40%	P10.00 each or above
Chewing gums	50%	Irrespective of prices
Matches	60%	" " " "
Candles	50%	" " " "
Iron, steel and chrome furniture	40%	" " " "
Alcohol, Denatured	90%	" " " "
Shells and manufactures	90%	" " " "
Mechanical Pencils	40%	Over P10.00 each
Fountain Pens	40%	" P20.00 "
Writing Sets	40%	" P20.00 "

CERTIFICATION
I hereby certify that the foregoing is the schedule of percentage reductions provided for in Section 3 of the Executive Order "PRESCRIBING RULES AND REGULATIONS TO CARRY INTO EFFECT THE CONTROL AND REGULATION OF IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES INTO THE PHILIPPINES AS PROVIDED FOR IN REPUBLIC ACT NO. 330."

The schedule consists of four (4) pages and the left margin of each page bears my signature.
Manila, December 27, 1948.

CORNELIO BALMACEDA
Secretary of Commerce and Industry
(As Chairman, Import Control Board)

Weekly Changes in Retail Price Level

Bureau of Commerce, Market Division
December 27-31, 1948

INFLUENCED by the buying rush during the height of the Christmas holidays, retail prices of essential commodities, based on the computation of the Bureau of Commerce Price Index, rose to the 244.82-mark, up 1.17 points compared with the level prevailing a week before. The upturn of the index, however, was caused mainly by increases in prices of items the demand for which improved as a result of holiday celebrations. The more important items, like rice and sugar, resisted the general trend and took an opposite trend.

The continued relaxation in the rice shortage and the steady decline in prices of the cereal in the blackmarket, provided one cheering aspect to the week's price tendencies. For the sixth consecutive week, native varieties of the cereal dropped by 3 to 5 centavos at P1.75 per ganta for elon-elon, first class, and P1.65 for second class; P1.53 for macan, first



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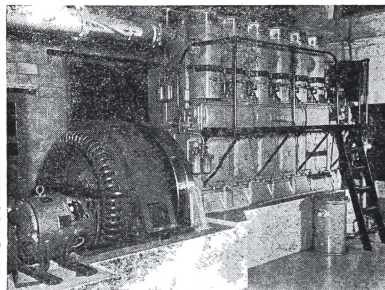
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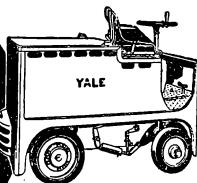
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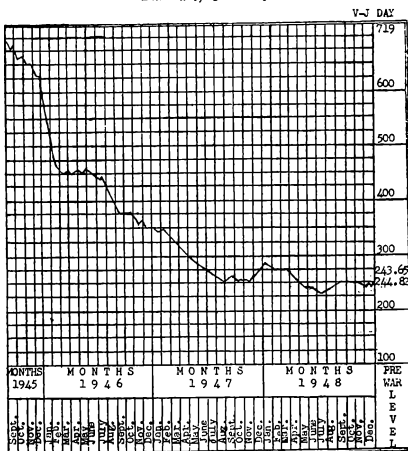
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WEEKLY CHANGES IN PRICE LEVEL, 1945-1948
Bureau of Commerce



class, and P1.60 for second class. Continued improvement in the supply situation owing to increased arrivals of newly harvested rice and the regular distribution by the NARIC accounted for the sustained recession of prices in the black-market.

Sugar prices have continued to decline. Refined eased off by 3 centavos at 60 centavos per kilo while brown receded to 38 centavos, off 5 centavos.

Fresh fish items were characterized by a mixed trend. Bañugs and lapu-lapu recorded gains ranging from 18 to 25 centavos at P2.50 and P4.37 per kilo, respectively, while hito, dalag, and shrimps registered losses ranging from 5 to 18 centavos.

Conspicuous among the items which were on the advance were fowls. Inahin rose to P3.75 each, up 50 centavos; dumalaga and tandang went up to P2.75, up 50 centavos; and sisiw edged up by 5 centavos at P1.35 each.

Fresh vegetable items were generally steady. Only tomatoes recorded a decrease of 5 centavos at P0.85 per kilo.

The timely arrival of fresh shipments of imported fruits pulled down the price of apples to P1.57 per dozen, down 10 centavos. Native fruits, however, were on the uptrend prominent among which were bananas which were sold at P2.60 per hundred for latundan and saba, up 5 to 8 centavos. Coconut, in the face of sufficient supplies, eased off by 2 centavos at 15 centavos each.

Textile and footwear items were uncharged.

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**COST OF LIVING INDEX OF WAGE EARNER'S
FAMILY¹ IN MANILA BY MONTH, 1946 TO 1948**
(1941 = 100)

*Bureau of the Census and Statistics
Manila*

1946	All Items	Food (59.15)	Housing Rent (8.43)	Clothing (6.52)	Fuel, Light and Water (13.94)	Miscel- laneous (17.86)	Purchas- ing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	.1657
February	547.2	656.3	236.4	940.3	369.5	480.5	.1827
March	525.9	631.0	236.4	940.1	340.4	445.2	.1902
April	556.2	684.1	236.4	910.3	345.5	435.9	.1798
May	545.1	675.6	236.4	762.5	342.3	409.6	.1835
June	538.7	666.4	236.4	737.9	343.3	404.2	.1856
July	552.7	704.3	236.4	598.9	341.3	364.6	.1809
August	477.9	590.0	236.4	384.7	320.9	346.3	.2092
September	477.9	591.3	236.4	378.7	314.5	347.2	.2092
October	487.4	587.2	236.4	382.7	405.8	342.7	.2852
November	484.8	607.8	236.4	406.4	346.5	305.2	.2063
December	461.9	570.8	236.4	371.9	344.7	302.1	.2165

1947² (100.00)(63.43)(11.96) (2.04)(7.73) (14.48)

January	426.2	368.2	453.9	381.9	326.2	282.5	.2346
February	418.5	454.9	453.9	356.2	344.8	281.4	.2389
March	406.8	440.1	453.9	295.2	334.7	279.4	.2458
April	387.7	413.3	453.9	269.2	328.9	271.6	.2579
May	381.0	404.4	453.9	250.9	325.4	269.4	.2625
June	386.3	414.4	453.9	236.8	316.6	268.6	.2589
July	393.4	428.8	453.9	217.7	309.3	269.9	.2542
August	387.4	419.8	453.9	210.2	292.0	269.1	.2581
September	368.9	392.1	453.9	216.4	283.3	266.8	.2711
October	359.7	376.3	453.9	212.7	280.5	267.7	.2788
November	358.4	376.3	453.9	215.1	280.5	265.3	.2790
December	371.9	395.8	453.9	219.1	298.2	262.9	.2689

1948

January	391.2	428.3	453.9	224.5	304.6	249.9	.2556
February	368.5	392.0	453.9	223.8	301.1	254.4	.2714
March	349.4	361.0	453.9	214.6	308.1	255.9	.2862
April	356.1	374.1	453.9	209.4	289.7	254.8	.2808
May	349.8	360.2	453.9	214.2	289.7	271.6	.2859
June	354.3	370.4	453.9	205.2	283.2	262.9	.2823
July	356.4	374.2	453.9	201.3	281.6	262.4	.2806
August	363.6	385.7	453.9	199.8	281.6	261.7	.2751
September	370.5	397.2	453.9	199.2	279.6	260.6	.2698
October	374.9	404.0	453.9	204.8	283.2	257.9	.2668
November	368.7	394.4	453.9	202.0	281.6	258.7	.2712
December	365.9	389.9	453.9	202.0	282.4	258.9	.2732

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

² Revised in accordance with the new survey on the "Levels of Living, in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

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The "LET YOUR HAIR DOWN"

Column

FORTUNE for November contains an interesting article by John Chamberlain on "The Businessman in Fiction" which treats on the fact that novelists have been almost without exception "anti-business" and have generally pictured the businessman as a most disagreeable and anti-social character.

Mr. Chamberlain says that the main reason for this, in so far as the United States is concerned, is that business enterprise "has not always been carried out within the scope of the ethics that must characterize it as a functional system... The 'critical realism' [of some decades ago] inevitably took note of business corruption where it existed." "But," Mr. Chamberlain goes on to say, "critical realism... has ceased to exist. The modern novelist is emotional and subjective when he approaches the theme of United States industry; he does not look at it in the light of changes that he himself has helped to instigate". In this connection he refers to Upton Sinclair's "The Jungle".

After speaking of the "tradition of frontier realism and laughter" which reached its peak in Mark Twain, who "enjoyed business even though he satirized it", he states that "two alien traditions that are implacably hostile to 'trade' and the 'bourgeois' were establishing themselves in the United States... The first was bound up with the aristocrat's point of view [Edith Wharton, Henry Adams, Henry James]... the second, which invaded the novels of Howells and ultimately reached noisy fruition in the books

of the 'proletarian' 1930's, was that of literary socialism. Strangely, the second, anti-bourgeois tradition, has attracted many converts from the first".

"It is with literary socialism and its various dependent 'totalitarian' liberalism that the note of belittling comes to be applied to the businessman. Balzac, who had a great influence on Karl Marx, may have caricatured the businessman, but his caricatures had great and sweeping vitality. The latter-day novelists who have picked up Marx would have done better if they had emulated their master and gone themselves to Balzac. As things stand, their own caricatures of the businessman do not derive from living examples but from a dry and doctrinaire attitude. Their businessmen characters are all clichés; their plots have no creative originality. Indeed, the latter-day novelists are not only anti-business; they are also anti-fecundity and anti-life. They break images without frenzy and without exhilaration. Instead of making fresh starts for themselves they seem bent on pursuing a Freudian quarrel with their fathers, most of whom happen to be businessmen. Thus maturity (which consists of making peace with your antecedents and going ahead with your own work) is denied the modern litterateur."

"The artistic camp followers of Karl Marx yearn secretly for a new type of feudalism. Since the modern anti-business novelist has never paused to make a comparative audit of systems, he tends to contrast the world of free capitalism with a perfect socialized order that has no existence outside of his own head. Naturally, the anti-business novelist wins easy victories; no mere human businessman can stand up against a perfect figment of the idealist's mind. But if the novelist would stop to explore the actual operative mechanics of socialism, a

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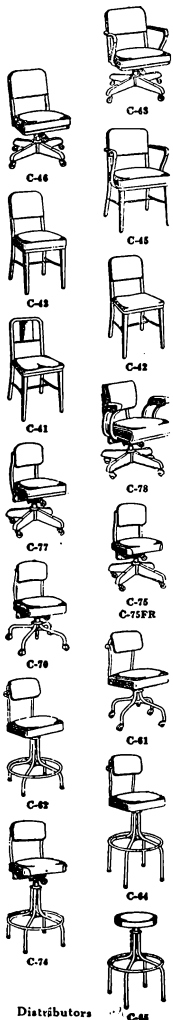
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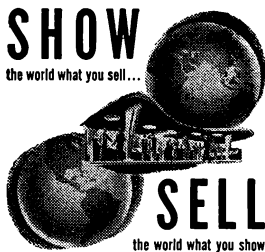
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mechanics that reduces the human being to living by permission of the political arm, he might lose his lust for easy victories."

Mr. Chamberlain concludes:

"Certainly no novelist who prides himself on being an original, a path-finder, can go on repeating forever the same old clichés about the businessman; someday a novelist will go forth into the market place and use his eyes."

AT the risk of making a contribution which may after all seem feeble in comparison to Mr. Chamberlain's rich analysis, we should like to say that in our view there is an explanation of the anti-businessman attitude of novelists, and of poets and artists in general, which is both simpler and goes deeper, and that is the natural and all but irreconcilable antagonism between the two great classifications into which all humankind may be divided,—the so-called practical and the so-called idealistic types. The one is sober, realistic, given to action; the other is imaginative, visionary, given to thought. The practical man is apt to be narrower and more self-centered than the idealist, and is usually more successful in a worldly way. The idealist scorns that kind of success. The practical man and the



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idealist grate on each other, and all too often, without good reason in either case, they despise, if they do not hate each other.

And it is the idealist, perverted as he may be to so-called literary realism, who writes the novels.

There is another factor which no doubt affects the writer of novels, — the fact that in characterization a villain is generally more interesting to the human mind than a hero, unless, indeed, the villain becomes the hero as he often does in novels. In Milton's "Paradise Lost," not even God is the hero, but Satan.

Nevertheless, we like Mr. Chamberlain, have hope. Certainly, there is enough of greatness and even of nobility, enough true idealism in modern business, to attract and impress the idealist. And certainly nothing could be more dramatic than the protagonist role American business has undertaken against the new world-threatening despotism of the totalitarian state.

Showing that the Journal continues to be appreciated in official Philippine circles, is the following letter from Mr. Felix L. Lazo of the Department of Foreign Affairs:

"Please enter for one year the subscription of the Philippine Legation for London, England, to the American Chamber of Commerce Journal beginning with the January, 1949, issue, and send your bill to this Department for payment.

"In mailing the monthly issues, please mark the cover of the package: For the Philippine Legation, London, England, via diplomatic pouch of the Department of Foreign Affairs, Manila."

"It is therefore understood that the same be sent to the Department where it will be placed in a diplomatic pouch for London."

Illustrative of the sometimes amusing mix-ups which are resulting from the new Import Control Order, is one case we heard of. The New York Philippine Consulate refused to permit a shipment of an order of steel files (used for smoothing or abrading), confusing them with metal office files (for letters and other documents). Even the latter, however, are not subject to control. The Consulate had, apparently, not yet been informed that although the import of metal office furniture has been cut 40%, filing cabinets are excepted.

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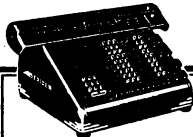
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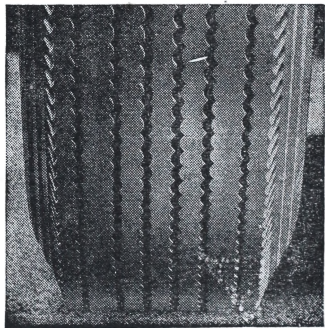
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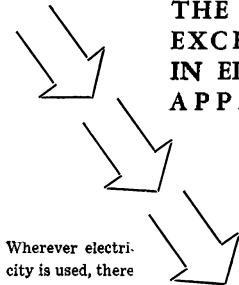
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