

## Here's how to get Manilas!

Genuine  
Manila  
Long Filler  
Cigars in  
cellophane  
are obtain-  
able in your  
city or  
nearby!



List of  
Distribut-  
ors fur-  
nished  
upon re-  
quest to—

**C. A. BOND**

Philippine Tobacco  
Agent:

15 Williams Street, New York City

or

Collector of Internal Revenue  
Manila, P. I.

# MANILAS

made under sanitary conditions  
will satisfy your taste!

(Health Bulletin No. 28) Rules and  
Regulations for the Sanitary Control  
of the Factories of Tobacco Products.

"Section 15. Insanitary Acts.—No person engaged in the handling, preparation, processing, manufacture, or packing of tobacco product or supervising such employment, shall perform, cause, permit, or suffer to be permitted any insanitary act during such employment, nor shall any such person touch or contaminate any tobacco products with filthy hands or permit the same to be brought into contact with the tongue or lips, or use saliva, impure water, or other unwholesome substances as a moistening agent;..."

## Rubber Barons Fight to the Death

V

A series of mergers leading to the organization of two or three giant trusts thus seems to be not only inevitable but also highly desirable. If it ever comes, the American motorist will start paying with interest for all the miles he has traveled on tires bought at prices that have represented charity on the part of someone. Philanthropies are always paid for out of someone's pockets and today it is the hundreds of thousands of rubber workers and rubber company stockholders who are making possible the benefits distributed with so lavish a hand by the casing czars. The rubber barons themselves draw huge salaries, regardless of profit or loss; it is the factory hands and the minor office employes who suffer most in times like the present. Thrown out of employment altogether, or, if he is lucky, continuing at work, but watching his pay envelope shrink several times as fast as his working hours, the man in the rubber ranks realizes that the poor old Ultimate Consumer of the cartoonists is not always the chief victim of business malpractices.

In 1929 the American rubber industry gave work to 83,000 factory hands and some 20,000 or more salaried employes, the overwhelming majority of whom were employed by the great tire companies. In thousands of cases the employe suffers doubly as worker and stockholder. At Firestone, for instance, every worker is a shareowner and there are 11,000 of them. Every man signs up for ten shares of common stock when he gets his job. The proportion of stockholders among the employes of the other Akron plants is also heavy. Aside from these workers, the number of small stockholders in the rubber industry is very large. The number of Big Four shareowners alone is approximately 120,000.

It is these thousands upon thousands of unwilling Carnegies who are giving away the free tire mileage. It needs no economist to tell us that the nation would be better off if the automobile driver had to pay somewhat more for his tires, and the worker, the stockholder and the dealer got better profits. The peril of the prospective gargantuan merger is that it will probably clout these people along with the tire consumer. The worker is always in for a whipsawing when a couple of companies begin to share a great industry between them, especially an industry in which the laborers are wholly unorganized, as is the case with the tire

Howard Wolf, in the "American Mercury", tell you why you get your tires for a fraction of their worth, why too tire companies' dividends are low . . . . . **FOURTH INSTALLMENT**

builders. Many will be thrown out of work altogether, judging from the results of previous consolidations. Those remaining in service will have steadier employment, but they will step even faster and draw no more pay, and they will be discarded at an earlier age. Even now, all of the factories are constantly experimenting in an effort to find out just how much work can be sweated out of a man. Monopoly would make this even worse. In Akron the laborer had his best break when there were many more companies than there are today.

The coming consolidations will also probably mean that stockholders in the smaller companies will lose out altogether, as did the shareowners of Mason, Swinehart, Portage, Northern and any number of other busted rubber plants that strew the Akron district. And the tire dealers, once completely at the mercy of one or two or three companies, will be on a take-it-or-leave-it spot, with the additional possibility that company-owned chain stores will completely replace them. But will it ever be possible, without mergers, to put the industry in the way of making money? Perhaps that question may be best answered by analyzing the factors entering into the near-success of the most profitable big company existing today, and into the real success of the most profitable smaller company.

Goodyear, since it has failed to cover its dividend requirements, cannot be considered as anything more than a near-success. Its \$9,912,232 profit for 1930 represented very meager earnings on money invested and volume of business, but it did show that the company is functioning in a better manner than United States, Goodrich or Firestone.

Sears-Roebuck contracts calling for thousands of tires a day are not very profitable in themselves, but they help considerably in cutting down overhead costs and thus widening the margin of profit on other tire lines. Goodrich has no such contract and the income from General Motors and the Montgomery-Ward business is of too recent a date to tell in the United States Rubber showings. Firestone's Ford contract is seen as the chief factor in that concern's \$1,541,034 of profit. Asking Goodrich or Fisk to seek contracts like that of Goodyear with Sears-Roebuck is useless, for there are no more of them available. Moreover, it must be remembered that while Goodyear's dealings with the big mail-order concern aid it in

holding an edge over the other factories, those dealings hurt the industry as a whole, and it must be remembered, too, that they really help Goodyear only in the matter of its relative showing. At bottom, this mail-order tire selling probably hurts Goodyear as much as it hurts the others—that is, when one considers the price slashings inaugurated by the catalogue houses.

At any rate, the Sears-Roebuck alliance is a minor detail of the Goodyear showing. The real factor is Goodyear's extraordinarily fine sales organization. Even while selling to Sears-Roebuck it has built up a strong organization of independent dealers at the same time that Goodrich and Firestone have been alienating the dealers by warring with each other in the establishment of company-owned stores, the birth of which they blame on the necessity of trying to cut down the Goodyear production lead, made possible in part by the catalogue house. The present powerful sales organization of Goodyear has been developed in the last five years, and during that time the company has manufactured 93,200,000 tires, or 53% of its total output since 1902. In 1930 the Goodyear factories in the United States manufactured and sold over one-fourth of all the motor vehicle tires made and peddled in this country. No better argument for factory-fostered, stout, independent dealers could be asked for.

Goodrich and Firestone have com-

pany-owned stores on their hands that would be difficult to dispose of. Suppose they did build up sales and dealers organizations equal to Goodyear's, what then? Well, the tire dealers would benefit but the industry as a whole would not be affected. Goodrich and Firestone would gain on Goodyear in the comparative showings, but the showing for the entire industry would be about the same. In other words, the supreme value of Goodyear's sales and dealer organization is that it is superior to that of the other big companies. If all the big fellows had sales organizations of the same potency, Goodyear's profits would be smaller and Firestone's larger, and the Goodrich losses would be less, but the industry as a whole would be on no sounder basis than it is today. Therefore, we cannot hope to save it by persuading the other big companies to emulate their non-too-successful leader. Instead, we must have higher prices for tires, with Goodyear making even greater profits as Firestone, Goodrich and United States all improve on their returns.

General, the one company which really appears to be successful when capitalization and volume of business are taken into consideration, can offer nothing of value to the industry as a whole. Its success is due in part to a sales and independent dealer organization as notably stronger than those of the other small companies as Goodyear's is stronger than those of the other leviathans.

General awards exclusive territory to dealers and sells only to them. Soundly financed at the start and successful from the start, it has never been forced to borrow on disastrous terms. So that won't help us, for we are considering what to do for rubber companies staggering under a burden of past woes and follies, not for new corporations about to be launched.

General's financing history, together with its strong sales organization, puts it ahead of all the other small companies. Its advantage over Goodyear and, naturally, a considerable part of its advantage over Firestone, Goodrich, United States and Fisk, lies in the fact that it has never been caught in the trap of huge production. Thus it has no need to enter into unfavorable contracts with mail-order houses, gasoline corporations or motor manufacturers merely to keep output up, overhead down and machinery moving. It sells only at a profit. That is why it earned the fair sum of \$6.36 on its common in the chaotic year of 1930 and the good, sound profit of \$15.99 a share in 1929, when tire prices were higher and inventory write-offs were not so sweeping. It would be idle to advise Goodyear, Goodrich, Firestone, United States and Fisk to emulate General, for they are already caught in the web of the Swollen Production spider that General has dodged. And it would

(Please turn to page 17)

# FILIPINAS LUMBER COMPANY

INCORPORATED

*Manufacturers and Exporters  
of  
Philippine Hard Woods*

Saw Mills and Concessions  
at  
Cabibihan and Calauag  
Tayabas, Luzon

*When Buying Lumber Insist on "Filco" Quality*

United States Representative:

**BARG, ZIEL & CO.**

SAN FRANCISCO

GENERAL MANAGERS

**Siy Cong Bieng & Co., Inc.**

123 Juan Luna

Manila, P. I.

view of benefitting the Filipinos, but from frankly selfish motives. Their campaign has been so successful that if a vote were to be taken today, I believe that the Congress would by a large majority vote to give away the Philippine Islands in which we have freely spent both blood and treasure.

"To keep a few thousand Filipinos out of the West Coast, to gain a larger market for cotton seed oil and linseed oil and to gain a small additional market for beet sugar, we are asked to surrender the magnificent military fortress of Corregio, our spearhead in the Far East, to surrender our great naval base at Cavite from which our cruisers can now proceed with but few days delay to protect our interests in war-ridden China, to lose our prestige in Asia by giving up something which we admit is hard to defend and actually to bring economic ruin and disaster upon 11,000,000 people whom for the past 32 years we have been gradually raising above the level of their relatives in Asia and the East Indies. This would be an act of defeatism and selfishness almost unparalleled in American history.

"Supposing the Philippines are hard to defend. What has that got to do with it? Is the Panama Canal easy to defend? Is the Panama Canal not surrounded by half a dozen foreign countries that do not love the United States? Would it not be relatively easy for a powerful foe to establish a base in

one of those countries from which an aerial attack could be made which would destroy the Gatun Dam and put the Panama Canal out of business? Why does no one suggest that we give up the Panama Canal because it is vulnerable and hard to defend? Obviously the reason is because we appreciate its immense value to the United States in permitting our fleet and our merchant ships to pass quickly from our eastern to our western ports and vice versa. On the other hand the Philippine Islands are so far away, our knowledge of Asia is so slight, our appreciation of the possibilities of what we might do and what we ought to do for the Filipinos is so inconsiderable, that it seems like the easy way out of a difficult situation to grant what the Filipinos, led by their ambitious politicians, are clamoring for.

"Let us have courage to face the future boldly. Let us have determination to maintain what our soldiers have won and to keep our flag where it is today. Let it never be said that through short-sightedness, selfishness and a desire to secure higher prices for our products we brought suffering and economic ruin on the heads of 11,000,000 people who had lived for a generation under the blessings of the American flag. Let us bear the white man's burden. Let us seek another's profit. Let us work another's gain. Let us face the blame and hatred of those we

have bettered and protected. Let us not call too loud on freedom to cloak our weariness. Let us take pride in bringing health and happiness to those distant islands and stand ready to do our duty in helping to solve the mighty problems of the Pacific and of Asia."

### Rubber...

(Continued from page 15)

be idle to advise the other smaller companies to pattern after General, for they can never overtake its sales organization and their financing has not been as sane and solid. In summary, General would be a fine object lesson to hold up before anyone contemplating starting a new rubber company but its teachings cannot be applied by competitors already in the field.

General, I predict, is the one small company sure of survival unless the trust monsters of the future drive it to the wall by cutting prices mercilessly over a period long enough to wear it out. There are those unkind enough to suggest that the price cuttings of the last few years have been engineered for the purpose of driving all the smaller companies over the cliffs, but I do not believe this to be a fact. The Fisk receivership showed that the big fellows themselves are not immune to the punishment thus dealt out, although Goodyear, Firestone,

# Philippine Hardwood Export Association

## — MEMBERS —

|  | Cable Addresses | Post Office Addresses            |
|--|-----------------|----------------------------------|
| Insular Lumber Co. ....                    | ILCO            | Manila, P. I.                    |
| Cadwallader-Gibson Lumber Co. ....         | CADWALL         | Manila, P. I.                    |
| Findlay-Millar Timber Co. ....             | FINDMILL        | Manila, P. I.                    |
| Negros Philippine Lumber Corp. ....        | MAHOGANY        | Manila, P. I.                    |
| Filipinas Lumber Co. ....                  | FILILUMBER      | Manila, P. I.                    |
| Philippine Lumber Mfg. Co. ....            | MAHOGANY        | Manila, P. I.                    |
| Port Lamon Lumber Co. ....                 | LAMON           | Manila, P. I.                    |
| Basilan Lumber Co., Inc. ....              | BASILUMBER      | Zamboanga, P. I.                 |
| Port Banga Lumber Co. ....                 | BANGA           | Zamboanga, P. I.                 |
| Mindanao Lumber Co. ....                   | RAMAGO          | Manila, P. I.                    |
| Philippine Red Lumber Co. ....             | MAHOGANY        | Manila, P. I.                    |
| Atlantic Gulf & Pacific Co. ....           | DREDCING        | Manila, P. I.                    |
| Hercules Lumber Co. ....                   | HERCULES        | Manila, P. I.                    |
| Anakan Lumber Co. ....                     | ANAKA           | Manila, P. I.                    |
| Philippine Lumber Exportation Co. ....     | NIBIKI          | Manila, P. I.                    |
| Zambales Lumber Co. ....                   | ZALUC           | Manila, P. I.                    |
| Mayon Lumber Co. ....                      | HARDWOOD        | Legaspi, P. I.                   |
| International Hardwood and Veneer Co. .... | INTERWOOD       | Manila, P. I.                    |
| Worrick & Payne. ....                      |                 | Mercedes, Camarines Norte, P. I. |

**Technical Adviser:**  
ARTHUR F. FISCHER

**President:**  
W. W. HARRIS

**Chief Grading Inspector:**  
CHAS. HAFNER

United States and Goodrich, despite their poor profit showings, are still in relatively good financial condition. Remember, however, that Goodyear hovered on the edge in 1920 and that Firestone admits that beating the other fellows to the price slash in that year was all that saved his company. Right now the large companies are suffering too much themselves to make it seem likely that they are deliberately imperilling the industry in order to rub out the weaker ones. The thing simply sounds unreasonable. On the other hand, it must be remembered, few things connected with the rubber industry are reasonable.

## VI

Frank Seiberling, retiring as president of the Rubber Manufacturers Association last year, forced the assembled barons to listen to plain words for once. Seiberling, it seems, is the only important man in the industry capable of indignation. William O'Neil of General probably shares his views, but he is doing too well to go forth in the public places and wail.

Seiberling's big point was that the rubber business is fundamentally sound but not sound in its leadership. "We are handling the business without rhyme or reason", the stocky little fighter told his fellow presidents. Charging that they are conducting the business "like wolves of the jungle," he branded the custom of selling original equipment to tire

dealers at below cost as "dishonest". Assailing unemployment conditions in the industry, he declared that "it is not right to employ these men for one season in the year to full capacity and then throw them out on the streets for a period of three to six months hunting a job." Seiberling minced no words at any place in that address. "In your minds", he said, "may be rising the question of the Sherman Act, the Clayton Act, the Valentine Act and so forth, but the business world and the entire country have learned that these laws have become obsolete. They may have fitted the times of forty years ago. They don't fit the times of today and they should be properly modified."

The speech apparently went home to Litchfield of Goodyear, who a few days later declared at Akron that "we can't always get what we want for our tires. Manufacturers of automobiles are pretty good traders and are able to buy tires lower than they should". Recently he reverted to the subject with these gloomy words:

"For any company to keep its own prices high with the thought of earning a larger profit and thereby increasing returns to the stockholders would be to grasp at a temporary advantage at the expense of the corporation itself. The result would be to lose business and so impair the value of the stockholder's investment. An alternative that has

been suggested in the public prints, that the various companies should get together and fix prices, is equally out of the question. An agreement to fix prices would not only be unenforceable in the case of a lapse on the part of any party to the agreement but would be contrary to the law and subject to prosecution. The leading companies may exert a wholesome influence toward stability in the industry. They can do no more than that."

This divergence in the views of Litchfield and Seiberling shows how far apart the rubber magnates are and how hard it will be ever to bring them together. At this writing there is a recurrence of the old report of a merger between Goodyear and United States, but it remains to be seen if any more will come of it this time than in the past. The Sherman and its sister acts are being jovially winked at throughout the nation today and Uncle Sam is quite complacent, but the pure ones of the rubber industry stick chastely to the letter of the law. Or say they do. In thus failing to get together and step up prices they are paving the way for a real Rubber Trust. This Trust will set tire prices at a new high level without any need to violate the prohibition of joint rate fixing. Meanwhile, it is manifestly impossible for Ol' Man Rubber to keep rolling along under the conditions which now prevail.

## The Philippine Lumber Exportation Co.

LIMITED

Roxas Building—P. O. Box No. 417—Manila, P. I.

Manufacturers

# PHILIPPINE MAHOGANY

*Firm Texture and Dark Red  
Highest Quality Guaranteed*

SAW MILLS

AT

CASIGURAN, TAYABAS, P. I.

Northern Part of Luzon

Capacity—30,000 B. F. per day

Cable Address:—NIBIKI MANILA  
Code Used:—ACME & BENTLEY

## Port Lamon Lumber

COMPANY

TANGUILE  
RED LAUAN  
WHITE LAUAN  
YACAL  
GUIJO

Mill and Forest Concession—  
Port Lamon, Surigao, Mindanao

Office: 404-410 Chaco Building, Manila  
Cable Address: "Lamon" Manila