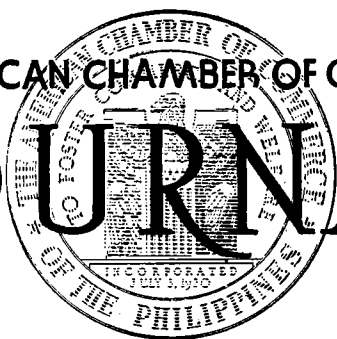


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



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Editor and Manager

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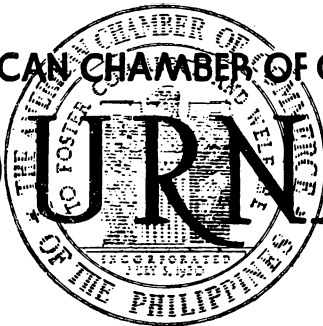
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# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

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Many of the world's great manufacturing companies maintain branch offices throughout the world, but many more are represented in foreign countries by what are known as manufacturers' representatives or agents, who transact their local business for them, but who are not in their direct employ. Generally, they are independent merchants.

As such an agent usually represents a number of manufacturers, it is much less costly for a manufacturer to use his services in a foreign country than to maintain a branch office or a sales organization of his own there. In fact, many manufacturers follow a policy of concentrating their efforts on production alone, and maintain no merchandizing departments even in their own countries.

Roughly, and without attempting to see down here an all-inclusive definition of what is often a rather complex relationship, the functions of a manufacturers' agent include not only the selling of the goods of his principals, either as a broker or an actual importer, but supplying them with information and advise as to the conditions, needs, preferences, etc., of the local market. As generally a specialist both in the goods of his principals and in local market conditions, an agent is usually consulted as to the possible introduction of new lines, changes in a product, and other matters, and his advice is always of great value to the manufacturers he represents. According to one authority on the subject, an agent's advisory service is often vital to the principal's success, and his influence on policy may be as powerful as if he were a partner.

In view of this importance of the manufacturers' representative, manufacturers observe the greatest care in their selection. Members of the manufacturing firm may be sent to a foreign country to join the agent there for a time to help establish a good working relationship, and sometimes such men themselves become the local agents. Most often a manufacturer will seek to be represented in a foreign country by some established firm there, — generally an old import and export house, with long experience and with such prestige, and commanding such goodwill in the community, as only long years of honorable business dealings will bring.

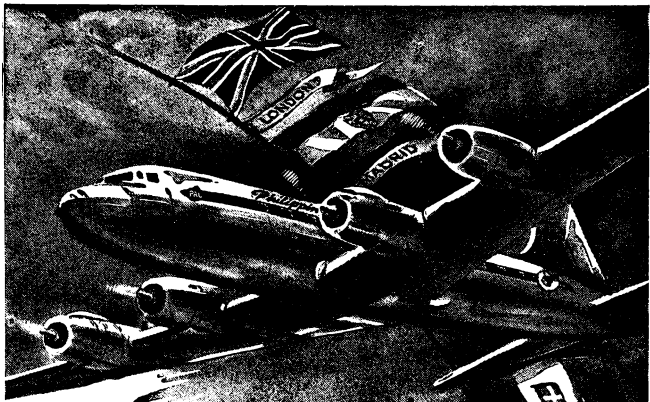
Such a relationship once established is of the greatest possible value to the manufacturer, and is to him an asset second to none in the country in question. Conversely, to a manufacturers' agent, the agencies he holds are his prime assets. An agency for some world-renowned product often means the difference between very good sales and only poor sales of perhaps a very similar product less well known. In most cases such representation is the result of a complex involving time, money, knowledge, planning, consumer education, and selling effort, — years of cooperation, mutual confidence, and often high personal regard.

No manufacturer, thus satisfactorily and happily served, would consider for a moment making a change except under the most extraordinary circumstances. Nor would a manufacturers' agent willingly surrender an agency the business for which he may have spent a lifetime to develop.

The foregoing is, we believe (or hope), interesting in itself. But it was presented here only as introductory to the purpose of this editorial, — which is to point out that proposals, recently made, both openly and by implication, by a number of Filipino business men, that American manufacturers enter into "partnership" with them by appointing them as their agents in the place of their present agents, are somewhat unrealistic.

There are today a good number of well known Filipino agents and firms which represent important American and other foreign manufacturers, and there have been for years. The number has grown fairly rapidly since the war and may be expected to continue to grow. But any such wholesale turnover of agencies as is advocated by some of our hypernationalists, is simply impossible from any rational business point of view.

While manufacturers may naturally prefer, other things being equal, agents of their own nationality, there is no hard and fast rule about this, and, in Manila, for instance, many valuable American agencies are held by non-American, including British, Swiss, and Spanish business men or business houses, as well as Filipino. This has never and never would be made the subject of protest by any



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responsible American business organization here. There are generally always good, time-sanctioned business reasons for such representation.

The status of branch houses and agents of foreign companies in the various countries of the world is in general well established under the comity of nations as well as by the usual treaties of commerce and navigation. These treaties, among other things, determine and guarantee the local position of the citizens of each state in the other country in regard to residence, property, taxation, etc.

Some countries have always been most liberal in their policies with respect to local representation of foreign business entities, while others have been notoriously unfriendly. To the former class belong the world's greatest, most progressive, and most prosperous nations; to the latter, generally speaking, the more backward countries.

The American Government has never placed any obstructions in the way of the establishment of branches or agencies of foreign business houses in the United States, and many of these companies even operate branch plants there. Any American business directory lists thousands of them, — most of them with famous names known all over the world. These are foreign companies in America, generally directed by foreigners and not by Americans.

And why shouldn't this be so under our system of free enterprise and our system of international trade by which the whole world benefits and advances and every country is the richer? The little-minded hypernationalists only stand in the way of this progress.

Suppose such men had their way, and Manila no longer knew such fine old houses as Smith, Bell & Co., Ltd., F. E. Zuellig, Inc., Connell Bros. Company, La Alhambra, Cham Samco & Sons, the Tabacalera! Manila, the Philippines, would be infinitely the poorer. It would be such a loss, but tremendously magnified, as was that, a year or so before the war, of the great Pacific Commercial Company, — the P. C. C., known all over the archipelago. In its voluntary dissolution, the country also lost such a citizen as the "foreigner", Horace B. Pond, who now lives in retirement in the United States. Mr. Pond not only ably headed his company for many years, but was an outstanding leader of Philippine business as a whole. He also occupied various public positions, including membership on the Board of Regents of the University of the Philippines. His counsel was frequently sought by American and Filipino officials, and he was a trusted friend and adviser of the late President Quezon.

Foreign business, here as elsewhere, apart from merely its business role, plays an important social and cultural role in its direct and indirect influences. We may well remember how the Japanese suspected and feared and hated the influence of the Americans, British, and other foreigners even when they were shut up in Santo Tomas. Filipinos in the wretched city knew what the mere presence of those people there meant to them. Hope and courage in great waves flowed out of that starving camp. And so for three long years, the Filipinos helped to feed the camp, openly as long as that was possible, and then clandestinely, at the peril of their lives.

What an atmosphere Manila's would be were certain nationalistic zealots to gain their end and were all foreigners totally eliminated! Can anyone imagine it? Gone would be the busy, struggling, zestful cosmopolitan life which has always been so diverse and stimulating. Gone the competition and the cooperation; gone the rivalries and the friendships; gone the common failures and triumphs. Dull, flat, stuffy, stale, and unprofitable Manila. Swamped, embogged, frustrated, stultified Manila. O what a world were then lost!

Partnership? What do we have now that is not partnership in every true sense of the word?

It is perhaps not sufficiently understood that the government, as representative of the community, is, according to the strictest economic theory, one of the factors or agents of production, along with the landowners, workers, capitalists, and entrepreneurs.

### The Government as a Partner in Economic Production

The remuneration of the landowners (who furnish sites, raw material, and productive power), is rent. The remuneration of the workers (who perform the work), is wages. The remuneration of the capitalists (who furnish buildings, machinery, tools, implements, and materials for work), is interest. The remuneration of the entrepreneurs (who organize, direct, and bear the risks), is profit. The remuneration of the community, as represented by the government (which regulates and protects), is taxes.

Aside from the more general benefits of economic enterprise, the government is an actual and active partner. In the cooperative process of economic production, the government plays a definite and necessary part, and the share of the proceeds which the government receives in the form of taxes is wholly legitimate.

But those who direct this government function in economic enterprise should not forget that the government's share in the fruits of the five-fold partnership is due to it for (1) regulation, which should be non-discriminatory and effective, and (2) protection, which should be real.

Any perversion or abuse of this function damages the entire partnership, and the community as a whole the most of all.

In considering our need for foreign capital in the Philippines and the desirability of attracting it, we should bear in mind that of the two types of capital investment, — generally known as "portfolio" and "direct" investment, we can hope, as yet, to obtain relatively little in the nature of the former.

Portfolio investments are investments in stocks and bonds, generally of governments or of well known corporations, which are purchased by the investor for the interest returns or for resale at a profit. In the latter case, the investor is interested chiefly in the marketability of the stocks and bonds offered and in whether they are likely shortly to rise in value. In the former case, he is interested in their safety and stability, and in a good income from them, as well. In portfolio securities, therefore, there must be a maximum of security, or, in other words, a minimum of risk. The issuing entity must be well and favorably known. Especially in investment outside the country of the investor, confidence must be extraordinarily high to attract him.

With the exception of what bond issues the Philippine Government itself may be able to find buyers for in the United States, it is certain that very little capital can be brought into the country on a portfolio-security basis.

In the case of direct investment, the investor buys stocks and bonds also, but in view of his recognition of the risks involved, he demands a degree of control over the enterprise in which he is thinking of investing his money at least commensurate with the proportional amount of his investment.

The Philippines stands a better chance in obtaining capital on this direct-investment basis, but even this type of investment, carrying with it anything short of control, will very likely not bring in more than a small part of the capital needed to build up a strong economy and a sound and prosperous country.



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Our best chance lies in the effort we could and should make to attract what is called venture-capital. In this type of investment, the investor himself is both capitalist and entrepreneur. In view of the recognized risks, he requires control of the business and the opportunity for a return not only of mere interest on his capital, but profits in return for his enterprise, management, and risk.

This need not mean that the enterprise forever remains foreign. Entrepreneurs, like other men, grow old and may wish to retire or return to their own land to spend their last days. They may marry into the country and turn the business over to their sons. They may make it over to their Filipino associates as an expression of appreciation for years of common effort. They may sell out to local capitalists. All these forms of "Filipinization" of former American and other foreign enterprises here could

be illustrated by actual examples of important firms in business in Manila today.

But the question of ultimate ownership is of comparatively minor importance to the matter of getting started, getting going. We have been wasting much time in efforts to get capital in ways in which it is not possible to get it, and we have even been discouraging investment along the lines in which it would be possible to get capital into the country.

We must establish a salubrious "climate" for the foreign, especially the American, entrepreneur. At the present stage of the economic and financial development of the country, that is the only practical way.

Very short-sightedly, we have been doing exactly the contrary, and that is why we have made so little progress.

# Tribute to the Veterans of '98'

By Frederic H. Stevens

*President, American Chamber of Commerce of the Philippines*

Comrades, Distinguished Guests:

IN asking me to make this address of welcome, our Department Commander told me he wanted to show some of those younger veterans of the World War that we Spanish-American veterans are still in the land of living, as the youngsters are apt to forget our "little skirmishes" of 50 years ago. He thought they should be reminded that if it were not for the Boys of '98, they wouldn't be here.

My Dear Commander, that was food for thought. If Dewey had not steamed into Manila Bay on that fateful day of May, 1898, would the flag of Spain still be sovereign over these Islands? It is a thought to mull over.

However, today is the day of youth. The young veterans, by right, are in the saddle. They are concerned with the problems of today, and they do not have time to listen to our gripes about our rheumatism or how we chafed after our now good friend, General Aguinaldo.

We still have, my Dear Commander, our memories of those stirring days of '98, the days of our youth, of the embalmed beef and the woolen clothing issued for service in the tropics. Memories of gallant comrades whose blood stained the hills and valleys of this fair land, whose bones have long gone to dust, are still vividly before us. As in a moving picture, pass the gallant, intrepid Lawton; the fearless, persistent Funston; the calm, painstaking Arthur MacArthur; and those thousands of bunkies who were brave comrades of yesteryear and who are now gone to the Grand Reunion in that Land of Promise where all good soldiers rest from combat.

My memories, Commander, like to dwell on the accomplishments of the Boys of '98. They came as soldiers,

it is true, but many remained to aid in bringing about one of the most glorious achievements which adorn the scroll of history. Can we, or our Filipino friends, forget the veterans who remained as school-teachers to bring education to the youth of the land? Memories bring to my vision many Spanish-American War veterans who stayed on to help rehabilitate the country and build its industries. The mining industry is all the greater because of the Petersons, the Haussermanns, the Rickards. The hemp industry enjoys an enviable place in the world today because of the Burchfields, the Christiansens. We will never forget those veterans who went into the far places and built up the transportation systems of the Islands, the Blouses, the Ammens, the Walter Prices. But aside from their educational or commercial efforts, or their prowess on the battlefields, the outstanding, the inestimable, the crowning, achievement of those Boys of '98 has been the enduring friendship they created in the hearts of the Filipinos, — a friendship that caused Filipinos to bear the most inhuman punishment during the three years of the Japanese occupation to help feed, to help hide American friends. It is a friendship that, God willing, will endure forever. So today, as a symbol of that friendship, we have the representative of the Filipino veterans, General Aguinaldo, with us; a staunch, firm friend of many years, a man whom we call comrade and brother.

So, my Dear Commander, in behalf of the Spanish-American War Veterans, I welcome these distinguished guests of ours, and may they carry away with them memories of not only our honored dead, but a realization of that supreme achievement of the Boys of '98 in laying the foundation of brotherly love and friendship between the peoples of the Republic of the Philippines and of our own country, the United States of America.

\* Address delivered at the Plandit Temple, Manila, Sunday, August 13, on the occasion of the 50th Anniversary of the Occupation of Manila, August 13, 1898, as observed by the United-Spanish War Veterans.

# If War Should Come

## A Symposium

The following collection of opinion on the possibility of another world war and on the problems such a war would raise here, was sent out by the American Chamber of Commerce of the Philippines to its members during the latter half of August. Although the international situation appears to be somewhat less tense at the present time than it was several weeks ago, it will probably remain critical for some considerable period of time, and, in the belief that the various opinions expressed and suggestions made, will be of interest and value to a wider circle of readers, the Symposium is published in the present issue of the Journal.

**D**URING the last few weeks especially, men everywhere again have had to consider the dread possibility of another world war, a war which would be the third within the memory of most men now living, — and once again a war against an all-threatening despotism.

At this moment, men still repose a hope for peace in the efforts of diplomacy, and, these failing, there may remain the possibility that the great material, political, and intellectual and spiritual contentions now raging can be arbitrated before the United Nations in full assembly, if arbitrated they can be by anything short of preponderant military force.

But whatever our convictions, beliefs, and hopes, everyone realizes that these times are critical, and that the dangers and miseries, and the devotions and heroisms of war may again overwhelm, and draw, and inspire us; when again every one and all of us, as individuals and as members of groups with various functions, will be faced with many grave and difficult problems and decisions.

With this in mind, and with thought especially to the problems which business in Manila would have to cope with, President Frederic H. Stevens of the American Chamber of Commerce of the Philippines, addressed a letter to a number of prominent business leaders, among the various business communities here, stating that while the Chamber wishes to avoid any unnecessary alarm, yet it is wise under the circumstances to consider the conditions which would be likely to arise in the Philippines if war came and the preparations which businessmen should make in an effort to meet them.

Mr. Stevens asked for brief written statements as to how they viewed the situation and what they advised. There was a full response, and while we had in mind, — for the same reason that the original letter was sent out, to publish a summary or the gist of the various replies, we found the letters so suggestive that it was decided to reproduce them in full, suppressing only the names of the writers, as most of them preferred not to be quoted by name.

Mr. Stevens' letter, dated August 9, ran as follows:

Late advises received from the United States indicate that the international situation is taken to be very serious. Informed opinion rates the chances as between peace and war as no better than 50-50.

We would avoid any unnecessary alarm, yet it would be wise under the circumstances to give thought to the conditions which would be likely to arise here if war came, and to what preparations we, as business men, should make to meet them. Questions of available stocks, future orders, insurance, loans, credits, shipping, travel, investment, etc., leap to mind.

If war does not come, we still face what will probably be a prolonged period of uncertainty, anxiety, and fear, which, in itself, presents special problems.

With a view to gathering responsible opinion on this matter, we are addressing this letter to a number of business men, prominent in their respective communities here, for the purpose of requesting a brief written statement from each of them as to how he views the situation and what he advises.

This is to be considered confidential for the present, but it may be found advisable later to print at least the gist of the opinion and advice gathered for the general guidance of business.

As one of the persons we have decided to address, we request that you give this serious and important matter your attention and send us a brief statement along the lines suggested, also indicating whether you would permit us to quote you if it is decided to publish anything on the subject.

We would greatly appreciate your action on this at your earliest convenience.

Very sincerely yours,

FREDERIC H. STEVENS,  
President, American Chamber of  
Commerce of the Philippines.

The answers varied as to the writers' opinions of the probable imminence of war, as to the degree to which the Philippines would likely be affected, and as to the extent to which private business operations could probably be carried on if war came.

As the situation is changing from day to day, the dating of the letters should be noted. They have been arranged in the approximate order of the degree of optimism shown, — some might say, the degree of realism, but each letter, we believe, will repay careful reading.

I

August 11, 1948.

I refer to your letter of August 9 asking for my comments on the present international situation.

I suppose in writing your letter you were influenced by the scare-headers in the newspapers, and, particularly, by the Kiplinger letters of July 24 and 31. All of us, I think, are nervous about the situation, and very few of us can see any clear way out which will avoid a war, either very soon, or eventually.

On July 20, I sent a cable to London, where they are closer to the situation than we or New York are, and I received their reply on July 21, reading as follows:

**"GENERAL OPINION HERE IS THAT SITUATION IS GRAVE ENOUGH BUT NOT EASILY PREDICTABLE WOULD ADVISE BUSINESS BE CONDUCTED IGNORING INTERNATIONAL SITUATION"**

I also sent an airmail letter to . . . . ., an official of our Company in New York, and received a reply from him dated July 27, reading as follows:

"In your letter No. \*\*\* you ask me to write you regarding the general ideas in the United States regarding the chances of war. It seems impossible for me to figure out what Russia may decide to do. The feeling that I have had from reading the comments in the papers is that, while there is a possibility of war, the chances are on the small side. I notice, however, in the last Kiplinger letter, which you have doubtlessly already received, that they have become quite pessimistic and give the chances as 50 - 50. However, other statements which I have been reading the last few days minimize the chances of war, and these statements are not anywhere as pessimistic as the Kiplinger letter.

"Personally, I feel that a war between the United States and Russia would be disastrous for both countries, and it seems to me that under these conditions the chances are against a fighting war in the immediate future."

A confidential weekly news letter, well authenticated, received from London under date of July 29, states: "It is generally assumed in Eastern and Western capitals that the Berlin quarrel will not lead to war."

From the foregoing, you will note that informed opinion does not entirely agree with Mr. Kiplinger's summary. At the same time, nobody can minimize the seriousness of the situation, nor can anyone predict what is likely to happen.

One thing is significant. Usually, if war is around the corner, this is reflected by advancing marine rates of insurance quoted by Lloyd's. As far as I know, there has been no such advance.

To my way of thinking, the daily papers, with their desire to print sensational news, do not help the situation; and I believe if they could be influenced to cut down our scare-headers, it would help.

As a precautionary measure, I would suggest that the American Chamber of Commerce approach the American Embassy, discuss the situation with Mr. Lockett, and obtain his assurance that, in case the situation becomes really serious, he will pass on whatever information



can, without violating confidences, so that we may be well prepared to face eventualities as we possibly can.

II

August 13, 1948

This is in reply to your letter dated August 9, 1948.

I, personally, do not believe that war is as near as many newspaper correspondents would have us believe. My reason is that Russia's industrial capacity is totally inadequate, and the Russians know it.

Among the newly "captured" countries, there is not one that is really loyal to and dependable for Russia;

Their post-war reconstruction is not yet completed; and we would speedily destroy the little they have, for I am sure we would not hesitate to use atom bombs immediately hostilities begin;

There are many indications that the Russian people are becoming tired of "making sacrifices", as they have done for the past thirty years, and could not be entirely relied upon if another war came quickly;

I know that, when the Russian soldiers first came to Korea in 1945, their standard of living was so low as to disgust even the Koreans. This indicates to me that the Russians are no more able to fight a modern war than was Japan;

Everything indicates that Stalin's program (or ambition) has been to push Russia's boundaries back to the farthest extent ever attained under the Czars. This has now been accomplished and I cannot see him risking his gains with a new war. Therefore, I believe that the possibility of Russia starting any war, during Stalin's lifetime, is rather remote.

The real danger of a new war lies in the sentiment of so many Americans (including myself) that, if we have to whip the Russians, the easier we get it the easier it will be. But, living over here, I am in no position to judge how strong that sentiment is in the United States.

Should war come, the Philippines would become a staging area and prosperity would be the immediate result. There would be little or no danger of bombing or naval attack as long as we hold Okinawa.

As a staging area, the Philippines would enjoy priorities on all necessary supplies, there is little or no need to stock up in anticipation. Nearly everyone is already overstocked now anyway. Gold mining would be stopped, but the other metal mines would boom—even iron, for the heavy industry of Japan would be revived as a war measure.

Prospecting, especially for copper, lead, and zinc, would be intensified and the mining of these metals would be developed much more quickly than would be expected here. The same applies to manufacturing industry of the kind that could use Philippine raw materials.

All in all, it seems to me that the Philippines — a victim in the last war — would be one of the few places that would benefit this time if war between Russia and the United States should break out.

III

August 11, 1948

In reply to your confidential inquiry of August 9 as to the view of the undersigned relative to the possibility of the United States of America entering another war in the near future, I wish to advise that this matter has been given long and careful study as specifically applied to our business of merchandising automotive vehicles and spare parts and services in the Philippines.

We are definitely committed to a policy of confidence in Philippine economy for a period of at least 24 months more at approximately the present level of business.

Inventories will be kept high and required capital investment in buildings, equipment, machinery, etc., will be made within the next 6 months.

In general, would recommend that foreign corporations dependent on imports carry considerably higher than normal inventories but remain in the most liquid position possible for the next 2 years.

IV

August 24, 1948

I have recently been away from Manila and your letter of August 9 has been subjected to delay in receiving attention.

In a period of great uncertainty such as presently confronts us, it is difficult for any individual to express an opinion that might be of value in meeting the emergencies that are bound to arise, as long as that uncertainty prevails. In my own opinion, I do not find that the possibility of war is presently as great as it was 6 months ago. However, regardless of future events, we must look forward to an extended period during which there will be business disruption, with shortages in a number of the essentials that enable our local economy to carry on, dependent as we are upon the United States as a market for our local produce and as a source of supply for so many of the necessities that are a part of our economy.

My own interest is naturally concerned with problems presently confronting the transportation business and those pertaining to the importation and marketing of automotive equipment, spare parts, etc. It is a recognized fact that transportation facilities are an absolute necessity in the normal functions of any community and that a serious disruption of these facilities would have a grave effect upon the entire economic structure.

The immediate problems which concern the transportation system of the Philippines are twofold. The first, shortage of fuel supplies, is

one over which operators have no control. World requirements of gasoline and diesel fuel are at present in excess of available supply. The current allocation for Philippine consumption is such that the importers are unable to build up reserve stores. In the case of our own company, the supplier has been forced to place us on a ration basis barely sufficient to meet our monthly consumption needs, with no possibility of acquiring reserve supplies for future emergency use.

Therefore our plans for the future must be predicated on the assumption that the Government and the companies which handle the importation of petroleum products will work out a solution of that problem. This involves the acquiring and storing of reserve supplies and making arrangement for proper and efficient distribution when and if an emergency arises. Judging from the past record of the Government in handling controls and directing its own business enterprises, there is no reason for an expression of optimism on this phase of the situation.

The second problem is one of securing the various essentials necessary for carrying on an operation and for rebuilding, from the ground-up, facilities that completely disappeared during the war. This involves procurement of rolling stock, spare parts, tires, hardware, tools, and machinery and building materials.

We, and other transportation companies, are placing orders for these various items in excess of current operating requirements, toward the end that reserve supplies will be at hand when and if disruption of these channels occurs.

These are relatively minor problems in the overall picture. In view of the present trend of events and current uncertainties, it is advisable to coordinate the plans and efforts of business organizations that deal with essential phases of the country's economy. In my opinion, these problems should be the subject of study, as far as the American business community is concerned, by a committee or committees working through the American Embassy as a central point of coordination.

These committees should make proper surveys of the peculiar problems which involve various lines of business and be prepared to make constructive plans for use in the event of unfavorable international developments.

V

August 17, 1948.

I have your letter of August 9 and am, of course, very much impressed with your appraisal of the international situation, so far as a serious threat of war appears to exist. I find it extremely difficult to offer you anything in the way of recommendations or advance thinking which would be of practical application in the Philippines under the circumstances which you estimate to actually exist at the moment. With respect to what should be done by the average businessman concerning those features of business mentioned in the last sentence of the second paragraph of your letter, I can only say that since the headquarters of my Company are located in the United States, the top management should be in a better position than I to know when and what steps would be advisable for this office to take at this time. I, therefore, leave to our New York and Washington representatives to advise me along that line. To date I have had no advice other than to carry on as usual.

It occurs to me, therefore, that from the standpoint of business the management of each individual concern in the Islands would have to determine what steps should be taken in his case according to the special circumstances involved. It would be a big undertaking to offer advice which would be beneficially applicable to several different lines of business.

As to what preparation and precautions the American community as a group of aliens in this country should take under the circumstances, I believe the Chamber would be well advised to maintain close contact with the Embassy and make the best possible appraisal of the information and advice obtainable from that source regarding the probability of armed conflict between our country and another. Since the conflict which actually is greatest is the one between our country and the world, it is quite probable that some time would pass before the full effect of such a war would be felt in the Philippines, and it is hardly probable, in view of the prospect of this country's becoming a staging area of the first importance, that commercial shipping would be withdrawn from the Pacific to the extent the Islands could not be supplied with actual necessities.

Your contacts may be such as to afford you better and more up to date information on the international situation than I am receiving, and if that is true, it would seem worthwhile for you to call a meeting of the foremost American business executives in Manila for the purpose of obtaining a more general exchange of views on the subject of your letter of August 9. You realize as I do that it is easier to obtain oral expressions of opinion from the average person than it is to have that opinion put in writing. I am sure that businessmen in general are shy of having their views on almost anything made a matter of record. Depending therefore on the reactions you get from the letters you have addressed to businessmen in Manila, I suggest that you consider the advisability of holding a reasonably small conference on this subject, particularly if international differences take a further turn for the worse.

VI

August 13, 1948.

This is in response to your letter of the 9th instant. From my conversations with persons who are supposed to know, I find that although we are passing through a period of acute uncer-

tainly, they do not feel war is imminent—not within the next few months at least. However, there is no denying the fact that the European situation has become very delicate, not to say explosive in nature. For this reason it behooves all business and financial institutions to be conservative in their present transactions and see that they keep sufficient resources to meet whatever emergency may arise in the future.

As long as selfishness and greed remain dominant in the nature of men and nations, we will have war. Let us hope that mankind, passing through the painful experiences of recurring wars, may finally see the basic cause of such conflicts and, seeing it, strive to apply the one and only remedy that can eliminate wars—the application of the Golden Rule in individual as well as international relations.

## VII

August 13, 1948.

I am replying to the invitation extended in your letter of August 9 to give my opinion of the conditions which might prevail in the Philippines should the present international situation lead to war, and preparations which businessmen might make to meet them.

If war does come, and we concur in your opinion that the threat is indeed serious, the chances are that we will be faced with a set of problems quite different from those experienced during the last war. Russia apparently has not the naval strength necessary to invade and occupy this country, and with her army and air force fully occupied in Europe, will not waste planes and materials solely for the wanton destruction of our cities. In the physical sense, the Philippines will probably be spared the consequences of war. Russian submarine strength is said to be considerable and may be a threat to shipping, but it seems to me that the ocean supply lines between the Philippines, the United States, Australia, and Europe will be kept open and will function reasonably well. Certainly great effort will be expended by the Western nations in this direction, since Manila hemp, copra, sugar, manganese, and chrome are strategic materials and ships will come here to take them away.

The Philippines will probably be forced into intensifying the home production of foodstuffs, since the United States and other suppliers of tinned foods, frozen meats, vegetables, and fruits, will have no surpluses to send here. Consumer goods of the semi-durable variety, home appliances, motor cars, will be in short supply and may gradually disappear from the market, entirely. Heavy goods, machinery, tools, and spare parts will be hard to get. Luxuries and non-essentials will have to be dispensed with. Price controls, allocations, and rationing will become familiar words here as they are in the United States.

The business trend will almost certainly be inflationary. In my opinion, merchandisers will benefit from ample inventories of standard goods. Credit conditions will tend to become more and more restricted. If this prognosis is anywhere near correct, a liquid cash position will be found advantageous, and capital resources should be conserved and built up as much as possible.

## VIII

August 16, 1948.

I have given your letter of August 9 considerable thought and I consider the message most timely.

I had just previously transmitted certain observations concerning my ideas to my principals in . . . . . and I believe these same ideas could be properly outlined to you as follows:

1. If war were to break out in Europe our sources of supply would be curtailed.
2. At the same time or soon afterward, a shortage of shipping would be noticeable in the Pacific.
3. Sooner or later an underwater blockade could be expected which would contribute to a gradual shortage of consumer goods in the Philippines.
4. As a result of the foregoing local inventories would increase in value. This condition would permit of tighter credit controls.
5. I believe the Philippine Republic would endeavor to remain neutral.
6. The enemy's air force would be occupied mostly in attacks on installations and air fields in Japan, Okinawa, and Guam.
7. I believe, however, that the enemy would make an attempt to knock out landing fields such as Clark Field, Nichols Field, and others in the Philippines.
8. There is no readily apparent reason for the enemy to attack Manila from the air at any early stages of a war.

9. There should be ample time in which to evacuate dependents of our foreign staffs by air to the United States via Australia.

10. I believe the present business outlook already reflects the war scare, but I believe slowness of collections and softening of prices to reflect oversupply rather than the threat of war.

11. Our company would remain open for business as long as any saleable merchandise remained in stock.

12. I would suggest that in the event of a declaration of war, another letter be sent out from your office in an endeavor to correlate the then existing ideas of the Chamber's members.

## IX

August 13, 1948

The important question discussed in your letter of August 9 has been receiving our close consideration for some time. As an importer, it is our considered opinion that our business activities, in the event of an outbreak of hostilities, will be seriously curtailed if not completely halted.

War inevitably will result in shortages of shipping space and supplies, and we already have a historical pattern of Government action in connection with shortages of prime commodities.

It has been indicated to us by authoritative quarters that local stocks of essential commodities would, in all probability, be commandeered, or sale strictly controlled by governmental agency. Replacement stocks would in all probability be funneled in through one governmental source, placing trade on a Government-to-Government basis. The implementing of the Import Control Act will in itself create an organization capable of exercising full control over all importations, which, teamed with existing governmental distribution organizations, may result in a state monopoly to the exclusion to a large extent of private business.

## X

August 16, 1948

With reference to your letter of August 9, 1948.

In case of war our trade, domestic and foreign, would be governed by regulations adopted by the Philippine Republic and by those of countries with which the Republic trades. The extent of these regulations would depend on the progress made in the prosecution of the war and the areas in which it is fought. The availability of stocks would be regulated by these factors to a great extent.

It is presumed that the Chamber has conferred or that it will at the proper time confer with the Republic Government to obtain the Government's reaction to any proposed preparation plan the Chamber may have in mind. The Government would, of course, be concerned in any group movement among business men designed to meet an international situation of the nature under discussion.

Undoubtedly, at the outbreak of war the American Ambassador would assemble American nationals here and outline what would be expected of them in the observance of such regulations as might be established by the Philippine Republic to govern business procedure.

It would be of assistance to its membership if the Chamber would keep itself informed of what the Philippine Republic and the American Government require from business men in case the situation becomes sufficiently serious to make this step advisable, and advise its membership accordingly and as may seem appropriate to the Chamber.

It is probable that you have taken the aforementioned points into consideration in connection with the idea of preliminary preparation plans. However, I am mentioning them as they seem to me most important.

Aside from what would be required from business under government regulations, the situation would from there be largely an individual business problem. I refer to the questions which occurred to you at the time you wrote your letter of the 9th instant and which are set out therein.

From experience as a result of the recent war, business here knows how essential it is to maintain and preserve adequate and accurate records; protect its property and property rights; prove its ownership of property; inventory its stocks and set sound valuations thereon; as well as maintain a liquid financial position.

These are some of the business problems which although, of course, ever present, are of the utmost importance now. Whatever the Chamber can do through any advance preparation plan that would assist its membership in best meeting these problems, plus any other problems that may occur to the Chamber as being worthy of consideration, would certainly be helpful to business and thoroughly appreciated, I am sure.

The foregoing are the main thoughts that occur to me at this time.

# State of the Local Textile Trade

By Mauro Lamagna

General Manager, Baltex Commercial Company

FOR some time past, a feeling of uneasiness and misgiving has manifested itself in the local textile business, and to understand the situation it is well, first, to look back upon the nature of this business here during the past few years.

Immediately after the armies of liberation set foot on the shores of Luzon, the "buying-and-selling" of used clothing, — a business which many people had perforce turned to during the enemy occupation, was resumed, and this time on a considerable scale, on the basis of relief goods and army clothing stocks frequently not too honestly acquired. The business was tremendously profitable because the people were in rags and were undismayed by the exorbitant prices they had to pay for what, next to food, they needed most.

The demand appeared to be so insatiable that many local business men, Filipinos and foreigners, including some new-comers with no local experience, launched out as textile importers and indentors. For a while every one of them made money, even those who were cheated by unscrupulous suppliers who sent them inferior goods. Importers could sell their shipping documents long before the arrival of the goods, and make substantial profits.

When the licensing system was discontinued and the OPA control was lifted in the United States, prices of course started moving upward, and our inexperienced importers began sending in further orders, almost regardless of quantity, quality, and price, and before long huge shipments of textiles of all descriptions were pouring into the country.

Meanwhile, the immediate requirements of the people, — who previously had grabbed any article of clothing offered, at any price, had been satisfied, and "consumers' resistance" began to manifest itself.

While prices in the United States have continued to soar because of such factors as the Marshall Plan and the fear of another war here in the Philippines prices took a downward turn. In many instances, certain types of textiles are now selling in the local market at prices lower than in the United States.

The situation locally was worsened by the fact that many textile dealers, short of cash, were forced to sell their goods at ruinous bargain prices, which caused a further more general drop in textile prices.

The textile business has been adversely affected also by more recent developments, among which are, a number of laws recently enacted. One of these laws classifies textiles wholly, or in chief value, of silk, wool, linen, or nylon, as semi-luxuries, and raises the luxury tax on their sale from 5 to 15%. Another law, the Import Control Law, will regulate and curtail the importation of luxury and non-essential goods. A third law requires the advance payment of the sales tax on all imported goods, even prior to their release from the Customs.

The lack of uniform insurance, shipping, and handling charges, due partly to attempts on the part of some shippers to make money on freight charges, contrary to the established practice of charging only the cost, are other disturbing factors. These troubles are in part due to the failure on the part of some buyers to give specific instructions to the class of insurance desired; to skipping by the supplier in less than car-load lots instead of consolidating shipments; and to delays in Manila in unloading, waiting-time of trucks, etc. The Chinese Textile Importers and Exporters Association has recently adopted a resolu-

tion enjoining its members to place no orders except on a c.i.f. basis, but this resolution is not being generally complied with.

Disturbing, also, is the practice, on the part of some unscrupulous New York exporters, of shipping goods not up to sample or specification, this being coupled with a reluctance or outright refusal on their part to settle claims arising from such shipments. Many local importers have suffered heavy losses on this account. The Importers and Exporters Association already mentioned has recommended that (beginning August 9) all orders to exporters and suppliers in the United States be placed on sight draft D/P terms, to meet this situation. This practice would, however, result in the elimination of the smaller importers here as well as the local representatives of the smaller United States exporters, as these do not have either the necessary credit, in the one case, or the necessary capital, in the other, for this type of business.

Most disturbing of all in the local textile trade, has been the virtually unannounced and almost surreptitious entry of cheap Japanese textiles, coming either direct from Japan or by way of China. Since the reappearance of cheap Japanese cloth in this market, last year, cotton cloth prices have been spiraling downward and imports of that commodity from the United States have diminished considerably.

According to data compiled by the Bureau of the Census and Statistics, the total value of cotton goods imported from the United States during the first quarter of 1948 was P30,655,834, as compared with P35,777,536 during the same period last year, a decrease of P5,121,702. On the other hand, the value of cotton goods brought in from China jumped from P865,334 during the first quarter of 1947, to P4,859,048 during the first quarter of this year, an increase of almost P4,000,000. However, the value of rayon and other synthetic textiles imported from the United States during the first quarter of this year totalled P34,072,324, as against P18,650,460 during the corresponding period of last year, an increase of P15,421,864. Surprising is the fact that in the report from which the foregoing figures were taken, no mention was made of the textile imports from Japan, although it is known that huge quantities have been coming in. The National Development Company brought in millions of yards which it has not been able to dispose of. This cheap cloth is a big factor in the present slump in prices.

The *Manila Daily Bulletin*, in its issue of December 11, 1947, reported a request of the General Manager of the N.D.C., addressed to the President of the Philippines, for authority to re-export 244,000 yards of Japanese textiles, reprocessed in the N.D.C. mills, and offered to the Zuellig & Company branch in Singapore. The N.D.C. executive said that as the local market for textiles was erratic and on the decline, it was difficult to dispose of the large quantities of textiles bought from Japan through SCAP, and he pointed out that a batch of 2,500,000 yards was due here after a few days and from 4,000,000 to 6,000,000 yards more the following month (January, 1948).

The writer, who has had over thirty years of experience in the textile trade here, believes that the present state is indeed very discouraging. Nevertheless, he recognizes that at least a number of the present adverse factors are but temporary, and he is certain that the trade is basic enough to weather any period of adversity.

# Water Supply for the New Capital City.

By M. Mañosa

*Manager, Metropolitan Water District*

**T**HE new Capital City lies well within the territory of the Metropolitan Water District as the site comprises an area lying between the Novaliches watershed and the purification plant at Balara. The main aqueducts run across the area from north to south and to the southwest. Quezon City, which is included in the new site, is, at present, being supplied by the District.

The Capital City Site Committee estimates that the initial population of the City, when it begins to function, will come to around 200,000, which number is expected to increase ultimately to around 1,000,000 — time not specified.

The water system that is being proposed assumes to supply around 100,000 workers at the outset, 200,000 people after some four years, and around 500,000 within twenty years or so. By that time, it is estimated that the system should be able to supply eventually that number of people around 100 gallons per man per day, which is somewhat more than the present consumption in Manila.

The Capital City site covers ground which lies from 100 to 250 feet higher than the communities now served by the Metropolitan Water District, and though the present supply system could be developed to meet the needs, this would require power and the installation of pumps, tanks, check-valves, etc., to raise the water to the necessary levels. Such development would be expensive to carry out and to operate, and would also be subject, especially in our latitude, to contingencies likely to result in interrupted operation and service. Moreover, the present state of the system is inadequate to fill even the present demand, especially during the dry season, and the development of an auxiliary or supplementary supply for Manila itself is imperative.

To provide an adequate water supply for the Capital City, it is therefore proposed, first, to put in a "temporary system" designed to meet the demands during the construction period, and second, to construct a "permanent system" that will furnish ample water to the future Capital City in its various stages of growth, and in accordance with modern standards of sanitation.

The source of supply of the temporary system would be the Novaliches impounded reservoir. It is true that the capacity of this reservoir has proved inadequate even for Manila City needs, but during the past fiscal year, work was begun on the laying of an aqueduct parallel to the existing one which will double the water delivered to the reservoir from the Ipo Dam. Upon completion, the output will be increased to 80,000,000 gallons daily.

It is planned to pump the water from the reservoir into steel (Army surplus) tanks to be installed on top of the hill at the eastern end of the Dam. From these tanks the water would be distributed to the various construction works and labor camps. The maximum capacity of this temporary system would be, it is estimated, around 500,000 gallons a day.

For the permanent system it is proposed to dam the Angat River at an elevation high enough to deliver water by gravity. Selection of this source is due to the proximity of the river to the Capital City site, its great capacity, and

its good quality of water, which eliminates the necessity for cumbersome purification processes. In addition to these factors, the existence of other watersheds high enough on both sides of the Caraballo range to drain by tunnelling in case of necessity, has also been considered.

Adoption of this proposal would call for the following surveys, studies, and works, which would take about a year's time to complete:

(1) Field surveys to determine at what elevation the river should be dammed;

(2) More extensive topographic, hydrographic, and geologic surveys to supplement available data and aid in the selection of the dam site or sites;

(3) Surveys to determine the most economical routes for the aqueducts and the location of a site for a new purification plant and distribution center;

(4) Studies by a separate crew of engineers to prepare a program for the development of the distribution center;

(5) Studies by a separate crew of engineers to prepare a program for the development of sewerage and drainage systems.

The Metropolitan Water District, as at present organized and staffed, could undertake most of the work proposed, make the necessary designs for the new system, and operate it after its completion. During the construction of the system, which would doubtless be done by contractors, the services of the qualified personnel of the District would also be most valuable. In all stages — planning, construction, and later, in the operation of the system, use of the District technical staff and administration would be the most natural and the least costly of the courses which might be adopted.

Under this plan, the headworks would be manned as auxiliary to the present Ipo and Novaliches works, and the purification plant would be operated in the same manner as the Balara Filters Plant. All of the other functional activities, such as installing water and sewer connections, meter reading, billing, collecting, accounting, auditing, handling of complaints, etc., would be carried out as they now are by the District.

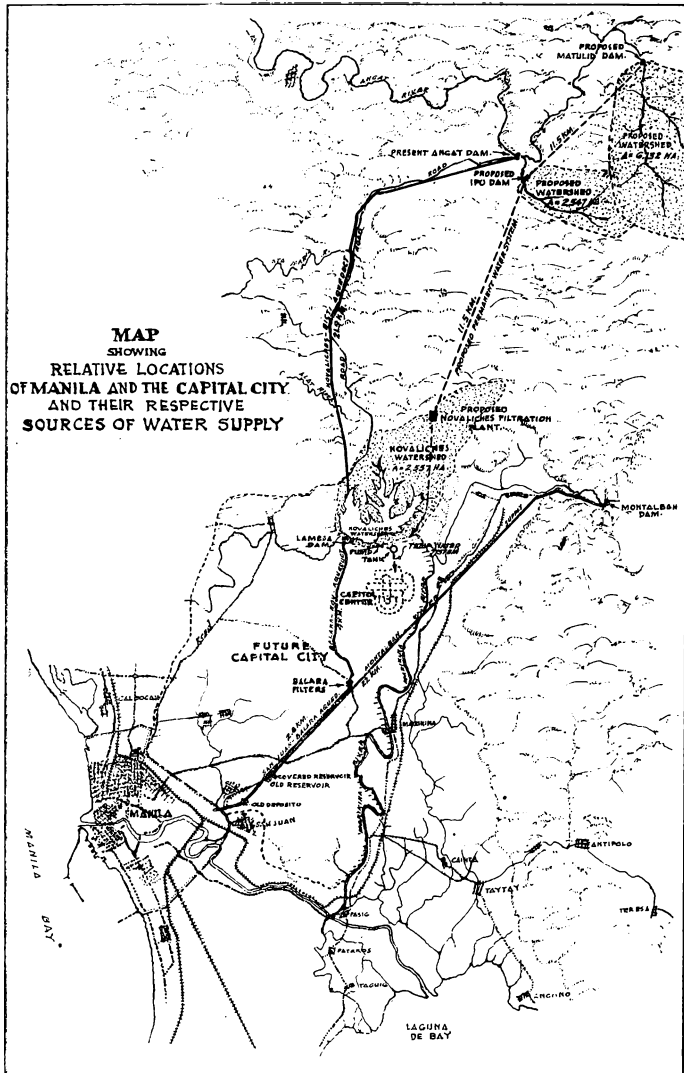
The financial aspect of the project, though important, need not be cause of apprehension, as, in time, the system would be self-supporting in operation and self-liquidating. Outside of the cost of installing the proposed temporary system and the cost of the preliminary surveys and studies, which would be proper charges against the rehabilitation funds or the Capital City funds, and also against the funds which should be granted the District for the payment of interest and sinking fund charges until the revenues become sufficient to meet these charges, the balance could be obtained through the sale of bonds. It should not be overlooked in connection with the proposed temporary system that this is needed just to provide water for the public works construction initially involved in the building of the new Capital City.

Inasmuch as the Metropolitan Water District does not have the funds for the extraordinary work called for in these proposals, attention is called to the urgent need of determining, as soon as may be possible, the means to be adopted in financing both the Capital City project and the

\*Since the writing of this article, the projects described have been approved by both the Metropolitan Water District Board and the Capital City Planning Commission.

(Continued on page 351)

**MAP**  
 SHOWING  
 RELATIVE LOCATIONS  
 OF MANILA AND THE CAPITAL CITY  
 AND THEIR RESPECTIVE  
 SOURCES OF WATER SUPPLY



MAP SHOWING THE RELATIVE LOCATIONS OF MANILA AND THE PROJECTED NEW CAPITAL CITY AND THEIR RESPECTIVE SOURCES OF WATER SUPPLY

# The Business View

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

## Office of the President of the Philippines

From an Official Source

**A**UG. 2 — President Elpidio Quirino extends the period of registration under the Amnesty granted members of the Hukbalahap and National Peasants Union, to August 15.

The President amends Administrative Order No. 13, creating the Philippine Port Commission, by including the Commander of the Philippine Naval Patrol in the membership. He also issues a proclamation declaring October 2, 1948, National Food Production Day.

Aug. 3 — The President meets with a group of officials which is to form "The President's Action Commission on Social Amelioration", and presents his 6-point program covering the agricultural, public works, educational, financial, relief, and medical aspects of the project.

Additional former Japanese real estate is transferred to the President, on behalf of the Republic, by the Philippine Alien Property Administrator of the United States, J. McI. Henderson.

Aug. 4 — The President issues an Administrative Order creating an advisory board to assist him in implementing the Rogers Act which provides for the establishment of veteran hospitals here: the Secretary of National Defense is chairman of the Board.

The President constitutes the Sugar Rehabilitation and Readjustment Commission, naming as chairman Vicente Carmona, President of the Philippine National Bank.

Judge Servillano de la Cruz, Manager of the National Rice and Corn Corporation, summoned before the Cabinet, states that NARIC has "enough rice on hand" and that rationing started in Manila yesterday at the rate of 240 grams a day per person; price ₱1.25 a ganta. He states that of the estimated need of the country of 100,000 tons in addition to the local crop, NARIC has already secured 96,000 tons of which 15,000 are allocations from Siam, Ecuador, and Egypt, and the balance is made up of loans. With respect to provincial needs, he states provincial governors and municipal mayors and treasurers may requisition rice from NARIC.

Aug. 7 — The President issues Executive Order No. 160 transferring the powers, duties, and functions of the Interdepartmental Committee on Allocations to the new Import Control Board. The Board is composed by law of the Secretary of Commerce and Industry, the Undersecretary of Finance, and the General Manager of the Philippine Relief and Rehabilitation Administration (PRATRA). A sum of ₱50,000 is set aside for the Board's expenses.

Aug. 8 — Announced at Malacañan that the committee of the Department of Commerce which has been holding hearings on the subject of the renewed trade relations with Japan has observed that—

"owing to atrocities and inhuman and bestial acts committed against Filipinos by Japanese military forces during the occupation and the untold sufferings borne by the Filipinos during and as a result of the war, the majority of the people are naturally opposed to trading with Japan in any form."

The press release continues:

"Nevertheless, the Committee, realizing that in trading with Japan primarily with and through SCAP, the Philippines is acquiring much-needed materials, is realizing a favorable trade balance, and is

at the same time cooperating with its allies in the successful administration of Japan, recommended as follows:

"That the matter of reestablishing normal trade relations with Japan be held in abeyance until a peace treaty with Japan has been finally negotiated and signed. In the meantime, all trade that may be carried on with Japan should be placed on a restricted basis by trading with Japanese traders through SCAP, and the Government controlling the trade to protect Philippine economy with regard to the volume and categories of articles that will be allowed to come in as imports from Japan and to be shipped out as exports to Japan."

According to the release, up to the end of June, 1948, and in accordance with a *modus vivendi* reached between the Philippine Government and SCAP, trade between the Philippines and Japan—

"amounted to ₱52,000,000 in Philippine exports to Japan and ₱20,000,000 in imports from Japan. The bulk of the exports was purchased by SCAP, while the imports from Japan consisted of ₱12,000,000 directly bought by the Philippine Government, and ₱8,000,000 by private traders."

According to the release, also—

"The constitution by the President of the Import Control Board provided by law was approved during the last session of the Legislature primarily to regulate imports from Japan."

Aug. 9 — PRATRA opens a 6-day conference of branch managers throughout the country, the branches and sub-branches numbering 62. Reported that the branches have realized over ₱500,000 in profits during a year's operation. Manager I. Coscoluella urges the branch managers to "bring PRATRA and the Government closer to the people" and declares that their "mission is to see to it that the control of local trade is restored to Filipino merchants through consistent aid to Filipino businessmen".

The S. S. *Hirondelle*, 2,300-ton liner, seized by the Japanese in Hongkong during the war, is returned to its owner, Madrigal & Company, in ceremonies witnessed by President Quirino.

Aug. 12 — The President issues an order to the Philippine Constabulary to disarm all civilian guards,— "in order to facilitate the presentation of arms by members of the Hukbalahap and the PKM organizations".

Through Administrative Order No. 68, the President officially constitutes the Action Committee on Social Amelioration, with the Commissioner of Social Welfare as Chairman, and one representative each from the Departments of Agriculture and Natural Resources, Public Works and Communications, Education, Health, Justice, and Labor, the National Land Settlement Administration, the Rural Progress Administration, the Philippine Relief and Trade Rehabilitation Administration, and one Executive officer.

The President turns over to City Fiscal A. Montesa the first report of the Horilleno Committee which is investigating the Surplus Property Commission, with instructions to prosecute those found to have committed irregularities. He also issues an executive order extending the period of the investigation to September 30.

The Philippine Naval Patrol announces that 5 ships of the patrol craft type have been dispatched to Zamboanga to assist in the enforcement of customs and fishing laws.

Aug. 13 — Secretary of Justice R. Ozaeta rules that government owned or controlled corporations must accept certificates of indebtedness for the settlement of obligations subsisting at the time of the approval of the Back-Pay Law.

Aug. 16 — The Council of State confirms a policy of controlled trade with Japan as recommended by the Secretary of Commerce and Industry and approved by the President. The President instructs the Import Control Board "to exercise utmost surveillance so that only Japanese articles of urgent necessity here, like construction materials, may enter the country". The Council is informed that machine tools secured from Japan as partial reparations are now available to buyers. Including a shipment due this week, a total of 3,000 machine tools have or will be received from Japan, valued at around ₱20,000,000. Of these, 871 have been received or are intended for the government and government corporations, and the remainder is offered for sale. Pre-war plants needing such tools will be given priority.

Addressing the PRATRA branch managers, the President expresses the hope that PRATRA "will prove to be an asset, instead of a liability, for promoting the glory and prestige of the Administration". He points out that PRATRA, like NARIC and other government agencies, is "essentially an agency for service, not for profit. PRATRA should be an agency for instilling confidence in the people. It ceases to serve its purpose the moment it tries to enhance selfish and unholy interests and conventions".

Aug. 17 — The President in a ceremony at Malacañan accepts the credentials of the new Minister of the Netherlands, A. J. D. Steenstra-Toussaint,—who was the Dutch Consul in Manila from 1937 to 1939.

Following a meeting of the Cabinet, it is announced that one of the largest sugar centrals in Central Luzon has presented a petition to that body, through the Secretary of Agriculture and Natural Resources, for a grant of land in Mindanao to which to transfer its activities, the Central alleging that its lands in Luzon are no longer sufficiently productive and that labor conditions are unsatisfactory. The President and the Cabinet approve in principle the migration of industrial and agricultural enterprises to Mindanao. The Central is reported to have selected 15,000 hectares in Cotabato and Davao, but whether this land will be acquired by purchase or lease is not stated.

The Cabinet decides that goods imported into the Philippines by the United States Government and its agencies and instrumentalities, including the armed forces, are not subject to customs duties.

The Cabinet approves the appointment of Ernesto B. Ledesma as Executive Secretary of the new Import Control Office with a compensation of ₱8,400 a year.

Aug. 18 — The Philippine Republic extends *de facto* recognition to the new Korean Government.

According to a Malacañan press release, the gross revenue collections of the Bureau of Internal Revenue for the fiscal year ending June 30, amounted to ₱263,046,276.93. This is ₱89,743,602.65, or 51.6% more than the collections during the preceding fiscal year.

Aug. 19 — The President approves a new plan of rice distribution under which NARIC will continue distribution in those places where it now has representatives, and will use PRATRA representatives where it has none of its own. NARIC has representatives only in Manila, Quezon City, and Rizal City, and in the provinces of Ilocos Sur, La Union, Camarines Sur, Nueva Ecija, and Pangasinan. According to Manager de la Cruz, 10,000 sacks of rice (46 kilos) will be distributed daily in the provinces and 8,000 sacks in Manila.

Aug. 20 — The President, addressing a group of district census supervisors, counsels them to bear in mind that they are "agents of the national government and not of any organization, political or otherwise". The appropriate

tion for the Census is ₱7,000,000. Revealed that indications are that the population may reach 20,000,000, as against 16,000,000 in 1939, when the last census was taken.

The President issues Executive Order No. 166 calling on all holders of circulating notes of the Bank of the Philippine Islands to present them to the Treasurer of the Philippines or to any provincial, city, or municipal treasurer for registration and deposit within 6 months from this date.

Secretary of Justice Ozaeta rules that it is mandatory on the collecting officers of the Government to accept government back-pay certificates of indebtedness in payment of government hospital bills as well as taxes.

Aug. 21 — Malacañan announces the appointments of Judges Sotero Rodas, Dionisio de Leon, and Fortunato Veloso Borromeo as ad interim Associate Justices of the Court of Appeals. The President administers the oaths of office of Marcelino Montemayor and Alex Reyes, as Justices of the Supreme Court; Luis P. Torres, as Presiding Judge of the Court of Appeals; Eugenio Angeles, as City Fiscal of Manila; Agustin P. Montesa, as Judge-at-Large; and Felipe Jose, as Director of Labor. Justice Montemayor replaces Justice Jose Montiveros, retired; Justice Reyes fills the vacancy left by Justice Emilio Hilado, resigned.

Aug. 23 — The President meets with the members of the new Labor-Management Advisory Board, which now numbers 10, 5 representing labor and 5, management, and a Chairman, Judge Rafael Corpus. The President states the Board is "one of the biggest and most important and representative bodies in the Government", adding banteringly, "you will not only solve labor problems, but act as my shock-absorber in labor and management conflicts". He states that "while he is not entirely opposed to engrafting modern ideas on labor unions, he believes it unwise for us to adopt standards not in keeping with our own . . . The labor movement in the country is comparatively new, and we have not yet reached the point where we can adopt the same methods . . ." Besides the Chairman, the Board is composed of Antonio de las Alas, Angel Elizalde, Senen Gabaldon, Rafael Rocas, and Lorenzo Q. Vidad (for management), and Cipriano Cid, Aurelio Interatas, Eulogio Lerum, Jose M. Nava, and Hugo Retaga (representing labor).

The President's Action Committee on Social Amelioration announces that "not only registered Huks and PKM members, but all deserving tenants and farmers are eligible to apply for emergency crop loans".

Acting Secretary of Foreign Affairs, Dr. Bernabe Africa, issues the following statement:

"The negotiation of the Treaty of Friendship, Commerce, and Navigation between the Philippines and the United States has been going on for the past 2 months in an atmosphere of utmost cordiality and friendliness. In fairness to the United States it may be stated that the draft she submitted contains no clause tending to perpetuate the equal rights provisions on the exploitation of natural resources stipulated in the Bell Act and Trade Agreement. Contrary to the Manila Chronicle editorial of August 22, 1948, the United States has not 'ruthlessly pushed' any demand upon the Philippines. From the beginning of the negotiations to the present time, the American negotiators have always treated the Philippines on the basis of equality and respected her prerogatives as an independent and sovereign power."

Aug. 24 — The President and the Cabinet, acting on an appeal from Governor A. A. Villavert of Antique, decide that "whenever there is an artificial shortage of rice in a province, due to hoarding or shipment to other provinces for greater profit, PRATRA, under existing authority, will commandeer the rice supply and resell it at prices to stabilize the local market primarily for the benefit of the inhabitants of the province". Governor Villavert, in view of a shortage allegedly caused by the shipping away of rice by Chinese speculators, asked for

this authority for himself, but the Cabinet decided this was inadvisable as a general policy.

PRATRA fixes the selling price of rice in the provinces at P1.25 a ganta plus the cost of freight and insurance from Manila and the cost of unloading and delivery to the PRATRA branch; to this is further to be added P.05 a ganta for overhead expenses. If the rice is resold to dealers, the PRATRA branch "shall make only P.02 profit per ganta and the retailer shall get P.03 per ganta".

Announced that the Republic of Korea will send a goodwill mission to the Philippines, headed by Dr. Chough, who will have the personal rank of Ambassador.

Aug. 25 — Manager Sergio Bayan of the Manila Railroad Company and Vicente Fragante, Chairman of the Board of Directors, call on President Quirino in connection with the threatened strike in the Company, Bayan being reported to have presented a memorandum stating that the Company can not accede to the workers' demands in its present financial situation without seriously handicapping operations.

Aug. 27 — At a public hearing by the technical committee of the Import Control Board some 84 representatives of local chambers of commerce and import firms recommend that as a starting point in the preparation of a list of luxuries and non-essential articles, those mentioned in sections 184 and 185 of the Internal Revenue Code, be considered fair, and present also for comment and suggestions the articles listed in the Joint Philippine-American Finance Commission Report (fancy soaps, hair tonics, pomades, perfumes, toilet waters, fresh fruits and vegetables, and canned fruits and juices). They recommend further that when a complete list has been prepared, business men, through their chambers, be given an opportunity to express their views before the list is finally adopted. They recommend that imports for the years 1946, 1947, and the first half of 1948 be taken as a basis for determining import quotas; that 80% of these be allocated to old importers, established in business prior to the termination of the base period (June 30, 1948), and the remaining 20% to new importers; and that quotas be fixed quarterly, semi-annually, or annually, depending upon the type of article. A final recommendation is that over-all reductions in imports, either in percentages or total amounts in pesos, be indicated in advance by the Board, so as to give importers an idea as to what proportion of their present business in such imports they may retain. Undersecretary of Commerce and Industry, Cornelio Balmaceda, Chairman of the technical committee, declares that—

"it is to the best interests of the importing firms as well as of the entire country, that we all cooperate in the proper enforcement of the Import Control Law. We fully realize that the manner of enforcing this new law will vitally affect your interests as importers, and we are interested to find the best manner and procedure that will be fair to all concerned and that will best accomplish the aims and objectives of the law... The object is not just to curb our imports, but to prevent the dissipation in luxury and non-essential imports of our foreign exchange created by the special payments we are receiving from the United States for war damages and other similar accounts, and to utilize these dollar resources in the reconstruction and development of our economy... The successful enforcement of this law will be most beneficial, as it will insure the continuance and stability of our import trade... You would not want to see the buying power of our domestic market impaired, used up, or almost exhausted the moment we cease to receive these special war payments from America... The law seeks to make local buying power more potent and increasing by changing the composition of our imports so that they produce more, and to create with these foreign exchange resources new industries and productive enterprises that will give employment and money incomes to the people and enable them to continue buying for their essential needs. We have to produce more to balance our imports which, last year, were nearly twice the value of our exports."

Aug. 27 — An agreement is signed at Malacañan under which the Philippines will receive P110,000,000 from the War Damage Commission for the rebuilding and repairing of hospitals, schools, and other government buildings. Nearly P7,000,000 will be released soon and

a total of P42,000,000 will be turned over to the Government before June 30, 1949.

The President reconstitutes the Board of Directors of the National Tobacco Corporation, with Vicente Formoso as Manager. The last Congress appropriated P3,000,000 for the Corporation for the buying of leaf tobacco, organization of cooperatives, construction of warehouses, development of wrapper tobacco and yellow leaf tobacco for cigarettes, industrial and chemical research, and development of foreign markets. According to Chairman Balmaceda, the value of the total production of tobacco in 1946 was only P10,468,491, as against imports totalling P45,140,621. Exports decreased from a yearly average before the war of P12,656,430 to only P2,503,311 in 1946. Local consumption of locally made cigars and cigarettes decreased during the same years from P16,554,868 to P3,045,180.

Aug. 30 — The President issues Executive Order No. 169 creating an Opium Custodian Committee for the enforcement of the Opium Law.

Secretary of Labor Pedro Magsalin states in a radio address:

"The only permanent solution to the present problem of unemployment is increased investment in productive enterprises which will open new opportunities for jobs of all sorts."

## Banking and Finance

By C. R. LEABER

Manager, National City Bank of New York

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

(monthly averages—000 omitted)			
Loans, Discounts and Advances			
July, 1948	*June, 1948	July, 1947	
P399,646	P382,710	P308,583	
Total Bank Resources			
July, 1948	*June, 1948	July, 1947	
P998,036	P926,950	P763,639	
Bank Deposits (Public funds not included)			
July, 1948	*June, 1948	July, 1947	
P454,667	P449,388	P376,953	
Debits to Individual Accounts			
July, 1948	*June, 1948	July, 1947	
P134,041	P121,877	P98,844	
* Corrected figures.			
Currency in Circulation			
(Circulation Statement issued by Treasurer of the Philippines)			
July 31, 1948	June 30, 1948	July 31, 1947	
P850,745,501	P810,780,079	P733,679,109	

The upward trend of bank loans and the increases in bank deposits and in money in circulation, are all conditions which are associated with inflation. One cardinal cause of inflation, too much money and too little goods, is, however, missing. We have both money and goods in abundance. It must be that the money is not in the hands of the general public which spends it in the stores for consumer goods. It was encouraging to hear some merchants say toward the end of the month that business seemed to be picking up. Most of the month it was dull.

The supply of dollar exchange in the open market was on a diminishing scale, and toward the month-end banks increased the quotation for buying and selling dollars in terms of pesos.



## American Stock and Commodity Markets

July 28 to August 28

By Roy EWING

Swan, Culbertson & Fritz

**P**RACTICALLY all American markets were dull and declining affairs over the past month. On the New York stock market, volume of business was well below the million share per day level for the entire period, as most traders remained on the sidelines pending political and economic developments both at home and abroad. The Industrial Average which was 185.25 on July 28, sagged to a low of 179.27 on August 11, and has rallied moderately to 183.21 at present writing.

With few exceptions all business indices remained at record high levels and excellent earning and dividend reports continued from many industries, so that other reasons for the market apathy and weakness had to be found. Included in these were the indications that anti-inflationary measures are under way, although mild; Congress had voted to restrict credit; and super-abundant crops forecast a realistic drop in food prices.

Technically the market is, according to the Dow Theory, still in a secondary correction in a primary bull market, which began in May of 1947. At the low point mentioned above, the Industrial Average had retraced approximately 50% of the previous upswing and the Rails about 34%. We continue to hold to the opinion that the current correction presents an attractive buying spot.

Commodities came in for more than their usual share of attention as declining markets raised the hopes of consumers that lower food prices were in sight. Wheat

declined steadily for the period, the September contract in Chicago going down from 228-7 8 a month ago to a low of 217-1 2 on August 23. The weakness of futures over spot, reflected the growing belief that Government supports will be unable to hold the price level with good to abundant crops everywhere this season. Corn prices continued to toboggan on reports of record production this fall, September in Chicago selling as low as 155-1 4 on August 23, down from 174-1/2 on July 29. Futures sold so far under the loan because of the fear that insufficient storage will force sales at the market when new corn appears, predicted for as early as late September. New York spot cotton is 31.78 as compared to 34.00 a month ago, mainly influenced by bumper crop reports.

The sugar market remained steady, September closing the period at 5.27 as compared to 5.21 a month ago. Entries from all off-shore sources for this year up to August 1 were 2,947,713 short tons.

## Manila Stock Market

July 16 to August 14

By A. C. HALL

A. C. Hall & Company

MINING SHARES

**W**HILE the tense European situation has been the principal depressing influence during the past month, the slump in local business has also been a contributory factor to the general bearishness which has developed.

With the possibility of war overhanging the market, gold mining issues have been the chief sufferers. This, of course, reflects apprehension over a possible stoppage

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of operations in the event of an outbreak of hostilities. Conversely, the leading chrome equities have resisted the downtrend on the theory that war would stimulate demand for this base metal.

The reappearance of "the international situation" as a market factor, adds to the preoccupations of investors. Once again, we find ourselves living in an atmosphere of international tension with its disturbing effects on security prices. The near term outlook for local mining share issues will depend largely on further developments in the Berlin situation.

	HIGH	LOW	CLOSE	CHANGE	TOTAL SALES
Manila Stock Exchange Average	92.87	80.29	81.42	off 12.99	
Acoje Mining Company	P 32	P 28	P 31	off .01	295,000
Antamok Goldfields	—	—	02a	—	—
Atok-Big Wedge Mining Co.	68	57	58	off .09	232,000
Baguio Gold Mining Co.	05	05	05	Up .006	15,000
Batong Buhay Gold Mines, Ltd.	005	005	005	off .0004	535,000
Coco Grove, Inc.	023	023	023	Unchanged	10,000
Consolidated Mines, Inc.	012	0105	012	Up .0005	9,075,000
Itoyon Mining Company	08	055	055	off .025	75,000
I.X.L. Mining Company	0625	0625	0625	off .015	15,000
Lepanto Consolidated	75	64	68	off .08	233,500
Masbate Consolidated	—	—	04a	Unchanged	—
Mindanao Mother Lode Mines	66	49	54	off .13	582,000
Misamis Chromite Co., Inc.	275	24	24	off .035	142,000
Suyoc Consolidated	025	025	025	off .007	10,000
San Mauricio Mining Co.	195	165	17	off .04	365,500

Surigao Consolidated Mining	315	255	30	off	02	718,000
United Faracale Mining Co.	0725	0525	0525	off	025	20,500

In addition to the foregoing, unlisted mining issues were traded as follows: Antipolo, 40,000 shares from 18 to 13 centavos; Benguet Consolidated, 9,350 shares from P3.40 to P2.90; Gold River, 20,000 shares at 1 centavo; and Philippine Iron Mines, common, 500 shares at P12.

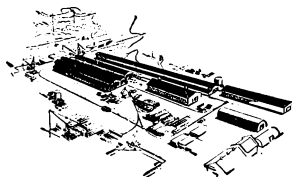
#### COMMERCIAL AND INDUSTRIAL

Industrials were unaffected by the weakness of mining issues. Sugar shares continued in good demand and registered further price advances. Pambusco advanced on improved earnings' reports and prospects of an early stock dividend. Philippine Oil declined in sympathy with the weakness of the mining group, San Miguel was easier under some necessitous liquidation in an empty market.

Bank of the Philippine Islands	P67.00	P63.00	P63.00	Off P2.00	200
Central Azucarera de Bais	530.00	525.00	525.00	Up 25.00	227
Central Azucarera de la Carlota	121.00	115.00	120.00	Up 9.00	348
Central Azucarera de Pilar	90.00	82.00	90.00	Up 20.00	90
Central Azucarera de Tarlac	50.00	45.00	50.00	Up 5.00	289
China Banking Corporation	180.00	180.00	180.00	Unchanged	440
Manila Wine Merchants, Inc.	5.00	5.00	5.00	Unchanged	200
Metropolitan Insurance Co.	143.00	143.00	143.00	Up 3.00	20
Pampanga Bus Company	1.20	1.06	1.20	Up 18	14,166
Philippine Racing Club, Inc.	1.28	1.28	1.28	Up .06	3,000
Philippine Oil Development Co., Inc.	.28	.195	.225	Off .045	1,238,000

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San Miguel Brewery, Inc.	69 00	65 00	65 00	Off	5 00	2,189
Victorias Milling Co., Inc.	150 00	150 00	150 00	Unchanged		30
Williams Equipment Co. Pfd.	—	—	95 00*			—
Williams Equipment Co. Com.	—	—	10 00			—

In addition to the foregoing, unlisted commercials were traded as follows: Jai Alai, 4,700 shares from P22 to P21; Manila Jockey Club was unchanged at P2.15, on a turnover of 3,400 shares; while Philippine American Drug Company advanced to P163, with 162 shares traded. Also reported were 44 shares Realty Investment, at P500.

## Credit

By W. J. NICHOLS

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

WE notice that the Federal Reserve Board in the United States is beginning to clamp restrictions on installment buying as a check to inflation. Under authority given by the special session of Congress, the Board will this month require that down payments be at least one-third on automobiles and 20% on household goods in general, with payment of the balance due in 15 to 18 months.

Here in the Philippines regulations regarding time purchases are pretty much up to the individual credit manager, who is guided by his company's policies and the practices of the trade. It might be a good thing if some sort of overall limitations were established locally on installment terms.

We suppose that all credit men frequently wish they had a good yardstick to measure the effectiveness of their collection work. One need is the determination of what

normal losses on receivables are for a particular type of business. Credit terms that are too rigid often result in loss of sales, while credit too freely extended causes increased losses on bad debts as well as rising collection costs. Where to draw the line is a matter of judgment that credit executives must decide. Periodic ageing of accounts and comparisons between past and present losses, are most commonly used as aids to setting up credit policies. There still remains, however, the need to exchange information between companies engaged in similar fields of endeavor.

The Association of Credit Men, Inc. (P.I.) has recognized that a *bulletin* reflecting the collection experiences of different business houses would be most helpful to its members. A means of compiling such information, segregating it into categories, and presenting it accurately and without divulging names, is now being studied. If this project is successful it should furnish a much desired guide for all credit men.

## 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	K
February	26,631,000	17,503,000	I
March	26,951,000	20,140,000	L
April	26,871,000	19,601,000	O
May	28,294,000	19,241,000	W
June	29,216,000	17,898,000	A
July	31,143,000*	22,593,000	T
August	31,920,000**	23,358,000	T

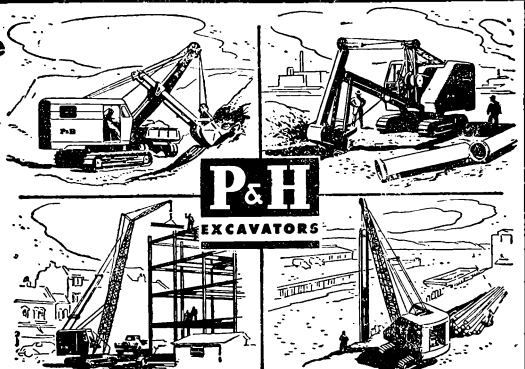
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BACOLOD, NEGROS OCCIDENTAL

September	23,122,000	
October	24,755,000	H
November	24,502,000	O
December	25,725,000	U
		R
		S
<b>TOTAL</b>	<b>255,981,000</b>	

## Real Estate

By C. M. HOSKINS  
C. M. Hoskins & Co., Inc., Realtors

**T**HE preliminary totals of Manila and Quezon City real estate transactions for August are as follows:

<b>Manila:</b>	
Sales	₱4,481,128
Mortgages	10,854,169
<b>Quezon City:</b>	
Sales	₱1,469,462
Mortgages	1,465,184

Manila sales were slightly below July's ₱5,146,528. Quezon City sales showed a slight increase.

In August, output continued upward. The increase over July was 777,000 KWH, or 2.5%; while the increase over August, 1947, was 8,572,000 KWH, or 36.7%.

During repairs to the *Impedance* in mid-August, most circuits were interrupted once only for periods ranging from 30 to 90 minutes.

It is increasingly evident that the system capacity will be reached by 1949. Interruptions to service during 1949 and in 1950, until the 50,000 KW Rockwell Station is completed, must be expected.

### REAL ESTATE SALES IN MANILA, 1940 TO 1948

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.

	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	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633
March	1,415,245	1,532,104	(?)	2,622,190	7,166,866	4,243,719
April	883,207	988,380	213,262	1,916,293	8,611,076	5,021,093
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	559,742	1,123,565	4,974,862	4,097,183	
August	1,905,828	1,239,414	699,740	4,438,510	5,627,572	
September	1,141,114	815,112	1,870,670	4,698,896	7,437,213	
October	993,103	1,182,678	2,096,893	5,545,800	6,083,486	
November	938,416	858,235	2,555,472	3,340,382	4,177,054	
December	1,504,004	(?)	2,874,408	4,025,926	3,205,584	
<b>TOTAL</b>	<b>₱17,974,844</b>	<b>₱10,647,285</b>	<b>₱22,890,133</b>	<b>₱45,537,914</b>	<b>₱68,260,104</b>	<b>₱27,938,154</b>

The tone of the real estate market continues cheerful, yet unpectacular. Buyers are active and increasingly selective.

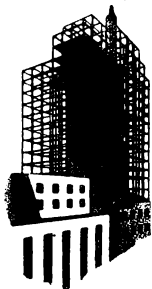
Speculation in the new capital site area of Quezon City is dormant. Buyers and sellers anticipated a year or more ago the possible effect of the new development, and, pending physical establishment of the capital, buyer's interest is negligible. Experienced real estate operators,

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## 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	P540,030	P426,230	P694,180	P463,430	P1,124,550	P891,140	P —	P1,662,245	P3,645,970	P6,571,660
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	411,680	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	8,125,180	8,295,640	7,370,292
May	400,220	670,350	1,063,570	1,139,560	740,510	335,210	1,498,700	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	
August	368,260	827,650	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	
September	393,100	777,690	684,590	554,570	590,380	53,0830	1,015,250	7,326,570	7,770,310	
October	363,120	971,780	718,190	645,310	738,700	699,040	639,030	4,630,550	6,747,240	
November	460,720	320,890	972,310	461,580	485,100	315,930	1,364,310	4,373,390	7,088,283	
December	648,820	849,160	503,230	1,105,970	333,490	67,553	1,605,090	5,034,600	4,924,320	
TOTAL	6,170,750	7,530,690	9,280,560	9,053,250	8,234,460	5,692,273	12,186,150	47,526,905	73,907,248	47,055,767
Annual Average	514,229	627,557	773,380	754,438	686,205	474,356	1,015,513	3,960,575	6,158,937	

who know the cost of urbanizing undeveloped land, estimate that the funds allotted for Capital Site development are about one-tenth of what will be needed to create a new community in the Novaliches location. One estimate of P500,000,000 to urbanize the 16,000 hectares involved (160,000,000 sq. m.) is considered conservative, based on past subdivision experience.

Rental properties in the higher categories are more abundant, with "for rent" advertisements increasing in volume.

Low-priced rental properties to house the tens of thousands still living in crowded make-shift dwellings, are still few and far between.

Mortgage money is plentiful at 6% and 7%.



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Out of the 504 vessels which loaded out of the Philippines, American flag vessels headed the list, with 251 vessels carrying 47.85% of the total exports.

## 1st half 1948

	American	British	Canadian	Chinese	Danish	Dutch	Filipino	French	Japanese	Norwegian	Panamanian	Swedish
No. of Vessels	251	54	3	7	22	47	19	6	1	64	5	25
Tons	442,202	60,436	11,134	13,004	61,486	37,239	37,848	16,294	6,000	148,350	11,684	78,003
Per Cent	47.85	6.54	1.21	1.41	6.66	4.03	4.10	1.76	65	16.07	1.27	8.45

## 1st half 1947

	American	British	Canadian	Chinese	Danish	Dutch	Filipino	French	Japanese	Norwegian	Panamanian	Swedish
No. of Vessels	177	49	2	6	24	20	28	1	—	44	3	27
Tons	354,049	57,479	9,000	1,34	54,182	12,246	34,655	4,550	—	108,095	9,000	52,976
Per Cent	50.38	8.18	1.29	.02	7.71	1.74	4.93	65	—	15.38	1.28	7.54

## Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

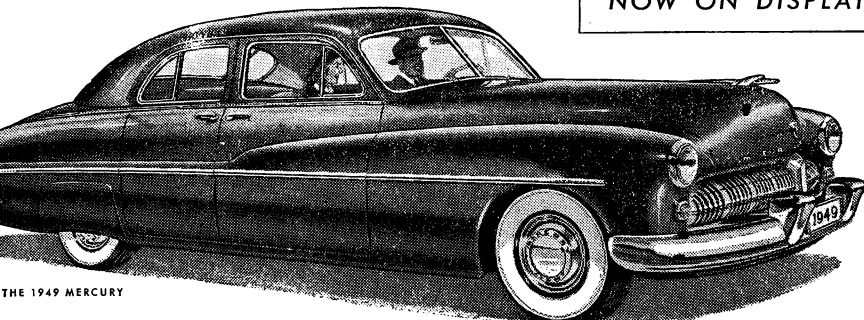
**T**OTAL exports for the first half of 1948 showed a decided increase of more than 200,000 tons over exports for the first half of 1947, which is accounted for by sugar shipments and increased lumber and log shipments.

A break-down by commodities shows the following shipments, which include 6,000 tons of coal from the Government mine at Malangas, Mindanao, to Japan:

	1st half 1948	1st half 1947
Alcohol	370 tons	252 tons
Bamboo poles	9 "	102 "
Coal	6,000 "	— "
Cigars and cigarettes	93 "	156 "
Coconut, desiccated	42,112 "	18,370 "
Coconut oil	15,556 "	8,496 "
Concentrates, copper	6,410 "	6,180 "
" gold	556 "	70 "
Copra	349,826 "	447,693 "
Copra cake	22,726 "	15,238 "
Embroideries	495 "	73 "
Empty drums and cylinders	2,276 "	1,478 "
Fish, salted	98 "	85 "
Foodstuffs, canned	1,022 "	987 "
Fruits, fresh	148 "	320 "
Furniture, rattan	3,641 "	4,198 "
Glycerine	187 "	6 "

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Hemp	388,477 bales	378,762 bales	
" knotted	56 tons	25 tons	
Household goods	692	309	"
Junk, metal	43,172 "	3,737 "	
Kapok	432	40	"
Logs	6,673,424 board feet	4,896 board feet	
Lumber	3,824,315	139,059	"
Molasses	3,887 tons		
Ores, chrome	126,157	85,701 tons	
" manganese	6,200	2,160	"
Pineapples, canned	6,341	—	"
Rattan	855	575	"
Rice	22,704	—	"
Rope	2,272	1,212	"
Rubber	580	426	"
Shells	545	533	"
Shell, buttons	29	8	"
Skins, hides	434	856	"
Soap	61	—	"
Sugar, raw	125,737	—	"
Tobacco	2,215	3,584	"
Vegetable oil products	595	—	"
Wines	82	407	"
Transit cargo	752	293	"
General cargo	63,422	50,436	"

General cargo is comprised mostly of military surplus material and equipment.

The United States took the bulk of the exports, followed by Europe, with Japan in the third place.—

	1st half 1948	1st half 1947
United States	648,564 tons	419,388 tons
Europe	153,639 "	186,117 "
Japan	53,576 "	26,173 "
China	19,673 "	10,620 "
Canada	16,904 "	19,534 "
Netherlands East Indies	13,091 "	4,422 "
Straits, Saigon, India	8,098 "	3,634 "
Africa	3,891 "	20,040 "
South America	3,662 "	11,654 "
Australia	2,582 "	1,238 "

## Port of Manila

By ROBERT CRYTNER

Luzon Stevedoring Company, Inc.  
Salvage Department

ONE of the most discussed subjects along the waterfront is the removal of hulks from Manila Bay and the fortune in scrap iron involved.

Actually there are some 84 vessels of the larger class resting on the floor of the Bay, representing approximately 350,000 tons of ferrous metal. If these vessels were in the form of cupolo-sized billets at the door of any steel mill, they would represent a fortune; however they are resting on the bottom of the Bay and it will require much planning, equipment, know-how, and capital before any of the metal can be put into a smelter.

Literally hundreds of people have studied the problem, but to date no clear-cut, satisfactory solution has been arrived at.

While these vessels bear mute testimony to the accuracy of our Navy Dive Bombers, they are an eyesore and should be removed if possible. The United States Navy spent several million dollars shifting those hulks that were a menace to navigation inside the breakwater, but some of the hulks outside the breakwater still make the approach to Manila inner harbor difficult, and more than one vessel has struck these semi-submerged wrecks in the dark.

The Navy made an exhaustive survey of the wrecks and decided that all of them are so badly holed and that deterioration has reached such a point, that salvage with



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the idea of putting the vessels in service, is out of the question. A few of these vessels have cargoes of chrome, iron ore, and coal, but these cargoes have not proved sufficiently tempting. This leaves only the scrap to interest salvage operators.

The job of cutting, handling, and shipping, is a big one, not only from a technical viewpoint but from the business angle. In this connection the Government, which is the legal owner of these hulks, requires that entire vessels be removed, and not just the parts showing above water. The removal of the under-water sections, which are embedded in from 10 to 15 feet of mud and silt, poses an interesting salvage problem, but to date no one has come forward with a workable idea for cutting them up economically.

It is the candid opinion of most people acquainted with this type of work, that these hulks will still lie in Manila Bay 20 years from now, to tantalize scrap dealers and salvage operators.

## Inter-Island Shipping

By G. F. VANDER HOOFT

Manager, Everett Steamship Corporation

**T**HE rains and typhoons over the past month have had a serious effect upon inter-island shipping by disrupting schedules and reducing passenger and freight traffic below its normal volume.

Although much work has been completed on the roads in the North Harbor area, the road connecting that area with the other parts of the city is in very poor condition due to the heavy rains and the large volume of traffic continually passing over it. Automobiles and loaded trucks

are often bogged down in the mud or break down on the road, causing serious traffic tie-ups. It is hoped that this situation can be corrected in the immediate future.

Of particular note in inter-island shipping is the recent return of the yacht, *Hirondelle*, from Japan to its owners, the Madrigal Shipping Company. This vessel was acquired by the Madrigal Shipping Company before the war and has been re-modeled for first-class passenger travel. She has been renamed the S.S. *Angas* and was dispatched on August 30 on her inaugural voyage to Iloilo and Tacloban.

## Air Transportation

By V. A. BRUSSOLO

Vice-President, Philippine Air Lines

**H**IGHLIGHTS of aviation activities in the Philippines for the month of August are centered on the proposed sale of Commercial Air Lines, Inc. to Philippine Air Lines, and the expansion program of the National Airports Corporation.

Claiming that it had operated at a loss of about ₱500,000 in the last 5 months, Commercial Air Lines brought up to the Civil Aeronautics Board its desire to surrender the Commercial Air Lines permit to fly domestic routes. This would be a first step toward dissolution of the company. The second measure Commercial Air Lines proposed, was the sale of its flying and all other equipment to Philippine Air Lines for ₱250,000 in cash and approximately ₱750,000 worth of stocks in Philippine Air Lines.

Opposition to the proposed sale came from several quarters on varied grounds. Employees of Commercial Air Lines argued that the sale did not take into account the resulting unemployment of Commercial Air Lines personnel whose technical aviation knowledge and skill would no

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longer be available for the progress of air transportation in the country. It was further pointed out that the sale would be tantamount to granting Philippine Air Lines a virtual monopoly on domestic airline service, which might be detrimental to public interest. To refute such arguments, Philippine Air Lines' Legal Counsel and Secretary, Daniel Me. Gomez, stated that it is the intention of the airline he represents to absorb as many Commercial Air Lines employees as may be needed in the logical expansion of Philippine Air Lines, particularly Filipino pilots. Mr. Gomez further allayed fears of decreased good service to the flying public by pointing out that when Far Eastern Air Transport Inc. (FEATI) was purchased by Philippine Air Lines in 1947, the latter was able to improve its services due to elimination of ruinous competition which was forcing both major airlines to keep their services down to minimum. It was further recalled that prior to the sale of FEATI, the two major domestic airlines existing then, FEATI and Philippine Air Lines, agreed that there was room for only one domestic airline in the Philippines and that the question resolved itself into either airline buying out the other for the good of air transportation and civil aviation in the Philippines.

Representing Commercial Air Lines, Mr. Juan Chuidian, of the law-firm Gibbs, Gibbs, Chuidian, and Quasha, questioned the right of Commercial Air Lines employees to stop the sale. He pointed out that no agency could force any free enterprise to continue operating at a loss, and that the point had been reached at which Commercial Air Lines could no longer maintain its services without entailing unnecessary losses which it proposed to avoid by the legal and rightful expediency of surrendering its flying permit, selling all equipment, settling accounts, and ultimately dissolving the airline. Commercial Air Lines' representations were climaxed by the assertion that objections to any of its proposed actions were a matter for contest in courts of law, and not for the Civil Aeronautics Board to decide.

The entire Commercial Air Lines affair, however, is at "status quo" as we go to press this issue.

On August 16, President Quirino, administered the oaths of office to the five members comprising the Directorate of the National Airports Corporation. Hon. R. Nepomuceno, Secretary of Public Works, was appointed Chairman of the Board; Mr. Gil Puyat, President of the Philippine Chamber of Commerce, Vice-Chairman; Mr. Primitivo Lovina, Col. Jose Razon, and Mr. Carlos Ledesma, board members.

Following their appointment, the officials and staff of the National Airports Corporation tendered a cocktail party in honor of the Board of Directors at the Rotary Room of the Manila Hotel. Guests included high government and diplomatic officials, airline bigwigs, and gasoline company executives. Problems of mutual interest were informally discussed by airport and airline officials.

On August 19, the newly-created Board held its first meeting at the Manila International Airport. Resolutions approved at this meeting were:

1st A resolution authorizing the appropriation of lands at Nichols Field for the expansion of the Manila International Airport, particularly to accommodate the proposed new runway, the construction of which the U. S. Civil Aeronautics Administration will soon undertake;

2nd The adoption of the Corporation's official seal;

3rd The fixing of date, time, and place of regular and special Board meetings, and per diems for Board members;

4th A resolution authorizing the Corporation to use the Philippine National Bank as its official depository;

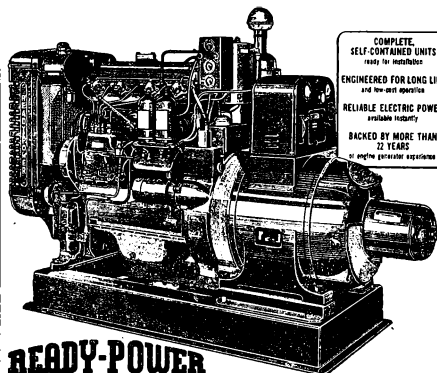
5th A resolution to grant sick leave privilege to National Airports Corporation employees;

6th A resolution thanking Mr. Manuel Tavaréz for his services in the design and construction of the new terminal building at Manila International Airport;

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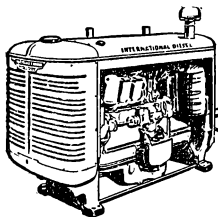
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7th A resolution thanking the 13th Air Force, USAF, for the lending of airport equipment to the National Airports Corporation.

Col. Jose Razon was delegated to draft the by-laws of the Corporation.

In view of the manifold problems and pending matters of the Corporation, the Board will meet every Friday at 5:30 p.m. It is expected that in subsequent meetings the matter of airlines will be taken up, particularly in connection with the expansion program of the National Airports Corporation, both for the Manila International Airport and for provincial airports.

## Lumber

By E. C. VON KAUFFMANN

President, Philippine Lumber Producers' Association

LOCAL lumber prices have remained practically unchanged, with a downward tendency. Dealers' yards are well stocked and lumber arrivals have been fairly steady. Most exporters to the United States have suspended shipments pending the outcome of the threatened Pacific Coast strike. United States buyers were not keen in taking a chance on shipments of lumber being held up

on arrival, as the lumber might have to remain in the holds of ships too long and this causes considerable deterioration.

## Copra and Coconut Oil

July 16 to August 15

By MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH E. DAY

President, Philippine Refining Company

THE decline of copra prices which was so severe in June, continued up to the last week in July and brought prices down to a low of \$230 short c.i.f. on the Coast and \$230 long ton f.o.b. for Europe. At these figures, the c.i.f. and f.o.b. quotations work out approximately the same. Sellers who had been reluctant to dispose of copra on a falling market, finally made up their minds that even lower prices were to be anticipated and there then was more pressure to sell at lower prices than there had been at higher ones. Coast buyers were not particularly interested but kept bidding the market down with the strong feeling that the United States would not allow European buyers to go much above \$230 f.o.b. The volume of trading was restricted, but some business was done almost every day.

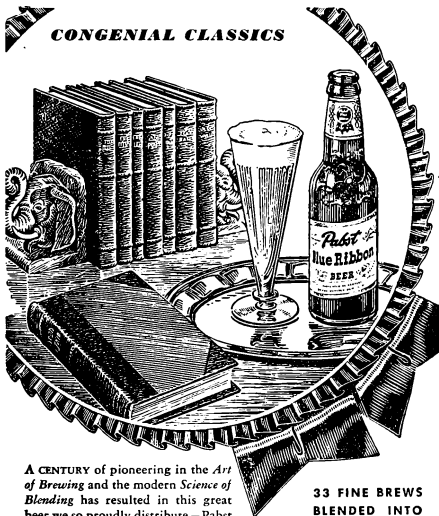
Toward the end of July, however, it became apparent that the August/September market was pretty well sold up, and that there were a good many shorts. Moreover, the threat of a Pacific Coast maritime strike on September 2 put a premium on early deliveries. Consequently, the market reacted moderately, and prompt copra sold as high as \$250 before July 15, with every indication that copra would be tight for a few weeks more. The edge was taken off the Pacific market, however, by round sales from the Dutch Indies as low as \$225 c.i.f., with evidences that more was available at around this figure.

The features of the European market were the purchase by France of several thousand tons of copra at from \$235 to \$230 f.o.b., for August/September shipment, and a purchase by the Polish Government of some 10,000 tons for October shipment at a c.i.f. price of approximately \$290, which worked out something under \$240 f.o.b. Apart from that, the European market was comparatively quiet except for purchases from the sterling areas, which, because of exchange conditions, are not comparable. When the period closed, the market was tight, but the overall feeling was that this condition was temporary.

As usual, coconut oil operated independently from copra and fluctuated from 20 cents per lb. f.o.b. for prompt, to 17-12 cents for last quarter delivery. Although it was thought that soapers bought some oil at around the lower figure, the bulk of the business was for prompt oil in small quantities to refiners. There was no real strength in the coconut market whatsoever, particularly because all indications pointed to bumper crops of cotton and grains, and especially of soya beans, which, it was felt, must bear the market to lower levels. Tallow was already dropping to new lows for the year. Although it was anticipated that if the domestic market was oversupplied, additional allocations would be made for export to Europe, the freight-car and tank-car supplies were inadequate, which might interfere with laying down stocks at tide water.

Although we were well into the heavy copra season, supplies in the Philippines were disappointing, and particularly Luzon supplies. This led to very firm local markets for copra, at well above world levels. Copra sold

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in Manila, where it was in demand for local usage, as high as ₱47 per 100 kilos, and in Cebu at nearly the same figure, chiefly for shorts trying to cover. Large outports reflected the same tendency.

Coconut oil was selling locally in Manila at ₱.88 per kilo during most of the period, with very little trading. Very little oil was shipped to export because of the lack of relationship between copra prices in the Philippines and the ideas of bulk oil buyers in the United States.

Preliminary export figures for July copra showed a disappointing 38,516 tons, distributed as follows:

To United States points	29,360 long tons
" Canada	250 "
" South America	5,406 "
" Europe	3,500 "
	<u>38,516</u>

Exports of oil were negligible, totalling 2,800 tons, all of which was shipped to the United States.

Copra cake and meal which had declined in June, continued downward in July, the United States being over-supplied and Europe being under-dollared. The best quotations obtainable at the close of the period were \$65 per long ton f.o.b., and \$80 per short ton c.i.f. Coast.

At the close of the period it was hard to anticipate anything other than lower copra prices later in the year, although the immediate situation was steady to firm because of the factors mentioned above. Apart from copra, all other oils and fats were on the decline, and even at the new levels, coconut oil was the highest priced oil in the market, with the indication that it would soon be under-sold even by cottonseed oil. Tallow, which had held fairly steady, dropped to 13-1/2 cents and was neglected at that price.

Therefore, although it is impossible to predict anything with any certainty in the copra market, it would seem that we should expect fairly good prices for a few weeks, with an inevitable decline after current shorts are covered up and speculative interests assuaged. If this diagnosis should work out, the "\$64-question" would then be how much further can copra decline. The answer is problematical, but it is reasonably doubtful, in view of world conditions, that copra could fall below the \$200 level this year, if it drops even that low. So far at least, the international political tension apparently has not directly affected either the copra or coconut oil markets.

## Desiccated Coconut

By HOWARD R. HICK

President and General Manager

Peter Paul Philippine Corporation

THIS report covers the period from July 15 to August 15. During this period raw material procurement was very satisfactory due to an abundant supply of coconuts and a dropping copra market which caused sellers to offer freely until the second week in August, when copra firmed up.

For the first time since the war, desiccating companies were able to buy at lower than a copra equivalent which tended to cause planters and middlemen to convert nuts to copra instead of selling raw nuts. However, due to the large nut supply, this didn't materially interfere with raw material procurement.

At the close of the period copra was on the rise and buyers had to follow copra prices as planters had a tendency to hold or convert to copra.

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Labor trouble in the industry is prevalent, the worst hit during the period being the Peter Paul Philippine Corporation which was shut down for 10 days due to a strike. Other companies have recently signed union contracts or are about to bargain with jurisdictional unions.

The Peter Paul Philippine Corporation is the first of the desiccated companies which has had to grant differentials in night pay as a result of union demands. This being one of the recent labor trends, it is interesting to note that the settlement was reached on the basis of 25 centavos for each swingshift of 8 hours and .50 centavos for each 8-hour graveyard shift.

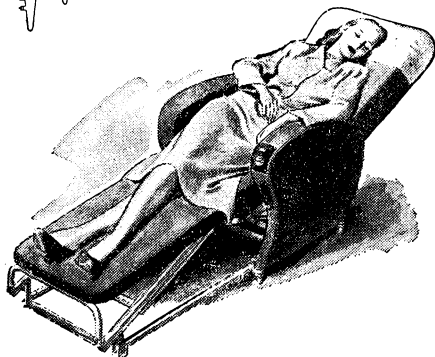
The following are the shipping statistics for the month of July:

Franklin Baker Co. of the Philippines	4,347,900 lbs.
Blue Bar Coconut Company	1,602,350 lbs.
Peter Paul Philippine Corporation	1,920,000 lbs.
Red V Coconut Products, Ltd.	1,142,000 lbs.
Sun-Ripe Coconut Products, Inc.	560,000 lbs.
Standard Coconut Corporation	125,000 lbs.
Isabelo S. Hilario	125,000 lbs.
Cooperative Coconut Products	none
Tabacalera	5,000 lbs.
Luzon Desiccated Coconut Company	none
	<b>10,322,250 lbs.</b>

Of total Peter Paul Philippine Corp. shipment, 292,800 lbs. were produced by Standard Coconut Corp.

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S. JAMIESON

*Alternate Secretary-Treasurer, Philippine Sugar Association*

**T**HE New York market soon recovered from the slight setback that followed the announcement of the increase in the United States consumption quota from 7,000,000 to 7,200,000 short tons. The trade in general felt the increase was justified on the basis of refined distribution figures to date. A stevedoring strike in Puerto Rico, which affected shipments from that country, also helped to keep the market firm. Sellers maintained their prices at from 5.80¢ to 5.85¢, and eventually refiners came into the market and bought fairly large quantities of Cubas at 5.80¢. About 8,000 tons of Philippines for August September shipment were sold at the same price. While the strike lasted, refiners were especially interested in prompt arrivals. Upon its settlement on August 10, they practically withdrew from the market and since then have shown very little interest in offerings, apparently having enough supplies in sight for their current requirements.

The U. S. Department of Agriculture has announced an allocation of a further deficit of 50,000 short tons in the Philippine allotment for United States consumption. Our allotment under the Bell Act amounts to 952,000 short tons, which for United States consumption purposes was calculated as the equivalent of 982,000 short tons, 96" raw basis, of which a deficit of 692,000 tons was declared in January of this year. This additional deficit of 50,000 tons indicates that the Philippines will export approximately 240,000 short tons to the United States during the present calendar year. Cuba participated in the allocation of this new deficit to the extent of 47,500 short tons.

On August 13, CCC agreed to purchase an additional 238,000 short tons of Cubas at 4¢ f.o.b. for Army and/or relief purposes. Taking this purchase into consideration, and including its participation in the allocation of the Philippine deficit referred to, Cuba's position as regards distribution of their 1948 crop is approximately as follows:

		(Short tons, raw)
Crop estimate		6,680,000
Present United States quota	2,821,787	
Local consumption, Cuba	170,000	
Sold on World market (estimate)	1,900,000	
Original sale to U. S. Army	1,000,000	
Additional sale to U. S. Army	238,000	
Reserved for the United States until Oct. 15	228,000	6,357,787

Balance available for free World market ..... 322,213

Quotations on the New York sugar exchange for the period July 14 to August 13, under Contracts Nos. 4 and 5, ranged as follows:

### Contract No. 4 (World Market)

	HIGH	LOW	CLOSE	SALES Tons
September	4 45	4 10	4 10	13,050
March, 1949	3 94	3 70	3 70	7,450
May, 1949	3 93	3 70	3 70	13,750
July, 1949	3 91	3 75	3 72	750
September, 1949	3 92	3 72	3 72	150
				35,150

### Contract No. 5

September	5 36	5 16	5 14	102,450
December	5 21	5 12	5 12	2,800
March, 1949	5 00	4 89	4 87	18,500
May, 1949	5 00	4 89	4 89	12,850
July, 1949	5 00	4 92	4 91	2,650
September, 1949	5 01	4 94	4 93	2,400

141,650

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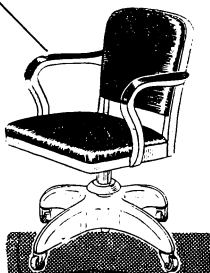
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There is little doing in the local market for 1947-48 export sugar, as available supplies are now very limited. Buyers, would probably pay ₱12.75 per picul ex warehouse.

The domestic market is quite firm. There are buyers of the better grades of centrifugal sugar at from ₱17.50 to ₱18 and of washed sugar from ₱19 to ₱21.50 per picul, ex warehouse. No official announcement has yet been made regarding the 1948-49 domestic consumption quota, but it has been indicated that it will be about 130,000 short tons.

President Quirino has constituted the Sugar Rehabilitation and Readjustment Commission as follows: Chairman, Mr. Vicente Carmona, President of the Philippine National Bank; Members: Honorable Jose Yulo, Mr. Idefonso Coscoluela, Mr. Juan Cojuangco, and Dr. Manuel L. Roxas.

## Manila Hemp

By H. ROBERTSON

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

**T**HIS review covers the period July 16 to August 15. During the last two weeks of July, all provincial markets developed a steadier tone following the severe decline experienced during the previous four weeks. Provincial dealers began to raise their ideas, and offerings in New York dried up. Once the exceptionally low balings for July became known, exporters displayed more interest and were forced to pay materially higher prices to obtain loose hemp, particularly in Davao. As a result, by the middle of August prices in the provinces had advanced to within a few pesos per picul of the prices ruling on June 16, when the decline started.

During the first two weeks of August, Davao prices advanced approximately ₱10 per picul. This rapid advance overdiscounted the prices obtainable in consuming markets, where the demand was strictly limited. For non-Davao grades, the decline—and subsequent advance—has been less marked, and ruling provincial prices are more in line with consumers' ideas.

The United States market was slow to respond to the firmer tone in the Philippines, but manufacturers found it necessary to raise their prices in order to buy in the face of light offerings by exporters. Business, however, was small and the larger United States manufacturers displayed little interest in buying. Demand from other consuming markets was limited. No purchases were made by SCAP during the month.

Nominal provincial values on August 15 were:

	Per picul loose			P10 50 per picul from July 15	
Davao I	₱62	— Up	10	"	"
Davao J1	60	— Up	9	"	"
Davao G	52 50	— Up		"	"
Non-Davao I	₱57	— Up	4	"	"
Non-Davao G	42	— Up	3	"	"
Non-Davao K	26	— Up		"	"

Closing New York quotations were:

	Per Lb. c.i.f. New York		Per Lb. c.i.f. New York	
Davao I	28-1/4¢		Non-Davao I	26¢
Davao J1	27-1/4		Non-Davao G	19-3 4
Davao G	24-1/4		Non-Davao K	14-1 4

At the close of the period under review both primary and consuming markets were quiet but steady.

**P**roduction for the month of July was the lowest recorded since the industry got going after the war. Pres-

sings for the month were only 38,885 bales,—a decrease of 10,722 bales as compared with June. Non-Davao balings were 27,219 bales,—down 4,723 bales from June; and Davao, 11,666 bales,—down 5,999 bales. Total pressings for the first seven months of 1948 were 401,131 bales, as compared with 453,455 bales for the same period last year.

## Tobacco

By the CONDE DE CHURRUCA

President, Manila Tobacco Association

THE tobacco buying season of 1948 is almost over, and the prices paid in the different localities have been consistently high, with no decline registered while the buying proceeds.

Average prices have been:

Cagayan Valley .....	P35.40 per quintal
La Union .....	P30.35 " "
Pangasinan .....	P25.30 " "
Ilocos .....	P20.25 " "

The farmers have had a good year, having been compensated, by the high prices, for the losses they suffered from the early typhoons and floods.

At the beginning of the month of August, an early flood ruined all the corn crop in an important region of Isabela Province. New lands have had to be allotted to the tenants of a big hacienda there, as corn is the staple food, and hunger has to be avoided by all means. Apart from that, the farmers are very eager to plant. They are reluctant to sell any seed so as to be prepared for any eventuality.

A rough estimate of the possibilities of the 1949 crop are:

Cagayan Valley .....	200,000 quintals
Pangasinan .....	30,000 "
La Union .....	40,000 "
Ilocos .....	15,000 "
Visayas .....	15,000 "

300,000 quintals

or say around 30,000,000 pounds.

Of course this estimate; although conservative, may have to be changed, depending on the weather during the planting and harvesting. But if the weather helps, this will be the real start of the rehabilitation of the tobacco industry, and especially of the export of leaf-tobacco to Europe, as prices will drop substantially. If a way could be found to assist the financing of purchases by countries which have not been buying due to a shortage of dollar exchange and the present high cost of leaf tobacco, there would be no reason to fear that an excess of tobacco would reduce prices to a point where farmers would find it more profitable to plant other crops.

Prices for leaf tobacco in the local market are steady, and transactions have been made, mostly of 4as. (fourth grade tobacco) at around P95 a bale (115 kilos). There is still a demand for 1947 tobacco, as it is too early to employ the 1948 crop.

Sales of cigars during the month of July have totalled 1,718,425, and cigarettes 3,835,225 packages.

It is hoped that the end of the year will bring a big demand for cigars, especially for such best quality products as "Coronas", "Pigtails", "Conde de Guell", etc. There are quite a number of mail orders, already, for the United States as Christmas gifts. It is a good sign that not only old-timers, but most cigar smokers in the United States really appreciate a box of our best cigars.



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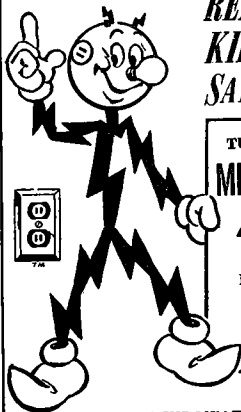
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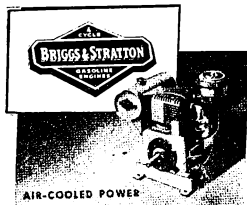
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## Automobiles and Trucks

G. E. SHINGLEDECKER

Manager, Ford Motor Company

**D**URING the first eight months of 1948, United States automotive manufacturers produced approximately 3,500,000 passenger cars and trucks. This output could have been increased if the industry had not been curtailed due to many supplier strikes. It is estimated that the industry will produce well over 5,000,000 vehicles during the year and this will naturally ease the demand in the United States and should, therefore, raise the export allocations.

Ford Motor Company has now introduced its 1949 line, and General Motors and Chrysler are expected to introduce their new models later in the year.

Prices on most passenger cars were increased during the past month, but doubts prevail if even this new price line can be held for any long period of time. These increases were due to the new labor costs forced on all manufacturers, and, if the already high cost of living continues to rise, labor rates will still increase and prices on automotive products will naturally follow.

## Food Products

By E. A. L. BEST

Manager, Food Products Division  
Marsman & Company, Inc.

**J**UNE, July, and August represented boom months for a number of United States flour millers and exporters. During this period the OIT was more liberal in its semi-controlled licensing procedure and policy. The real break was announced by IEFCA in Washington on August 20, to the effect that on August 27, the Philippine cereal quota would be under the "General License" system of unhampered purchasing liberties. Meaning: every Filipino and/or alien firm could buy all the flour it wanted. America is now harvesting its second largest wheat crop in history. Some authorities claim there are not sufficient granaries to take care of it. Losses are expected from exposure to the elements.

In the Philippines, many were of the opinion that levels would slump considerably, but this reaction has not come. On September 1, United States prices for first class flours were only about 5% lower than prevailed on July 12, whereas second and third class remained virtually unchanged. This situation has undoubtedly been created by erratic wheat fluctuations and the relative values of milled flour and mill feeds. First class, well known brands of American flour sell in Manila at P9 per 50-lb. bag, which represents a reasonable profit to the importer. Unknown qualities continue to be sold at a P2 to P3 per bag loss. Very heavy arrivals are expected during September, which normally would develop a weak market. One Association estimates the figure to be 1,800,000 bags! Presently, monthly market consumption (in view of our rice predicament) is probably close to 600,000 bags of 50 pounds each. However, with the existing rice shortage and the West Coast maritime strike, these shipments may turn out to be a Godsend and prevent many Philippine inhabitants from being hungry.

Should there be a simultaneous insufficiency of both rice and flour, serious government intervention control can easily be visualized, even at this date of writing.

On August 9, the Canadian Government suddenly authorized export permits for cereals and flour. The move was most unexpected because up until August 2,



the prospects of such an action were reliably reported to be remote. This authorization will not officially remain in effect after December 31, 1948. Previous to this declaration, some Canadian millers, who control subsidiaries in the United States, were endeavoring to maintain export connections by offering American flour packed under Canadian trade marks.

There has been a keen shortage of the Canadian product which quite a few bakeries use to bake "pan americano" bread. Exactly how much has been ordered for August and September shipment, cannot be determined. The writer's opinion is that 250,000 bags of 50 lbs. would be a conservative estimate. Canadian opening prices were lower than anticipated by most marketers. Buying enthusiasm is diminishing in apprehension of an overstocked Philippine market of combined American and Canadian flours. Australia, which, as readers know, can only supply a second class grade of flour because its wheat is all of soft varieties, is still trying to gain a foothold in this country.

Evaporated milk prices continue firm. One large United States manufacturer announced a U.S. \$0.25 per case advance to become effective September 4. Local figures remain about P17 to P17.50. Stocks of tall sizes appear to be adequate, but there is a seeming shortage of small 6-oz. tins. Shipments effected before the strike are reported adequate for a 60-day period. This is based upon an estimated 100,000 case monthly consumption, excluding sweetened condensed milk importations, which average 25,000 cases monthly. It is of interest to note at this point that the average milk user is becoming more "evaporated-minded" than he was pre-war.

Replacement salmon offers are out of sight when compared with prices ex Manila stocks. This season's pack has, so far, been very light. Mackerel is moving freely at P21 per case; sardines at P23 for tomato-sauce-packed talls. American suppliers are selling most of their production in the United States because of diminished Philippine demand and buying power. During the typhoon season, tinned fish should invite increased sales. This year this does not appear to be transpiring in the expected manner.

Exceptional heavy commitments have been undertaken for apples, especially Gravenstein and Permain types. The prevailing wholesale price is P9 per case. Oranges, sizes 200/220, were ordered in large quantities for \$6 a crate c.i.f. Manila. The market here is P16-P17. A considerable amount of grapes are en route, and in view of the strike, will undoubtedly command a high figure. We should not worry about a lack of potatoes or onions. One reliable source claims 60,000 bags, 50 pounds each, of onions are afloat.

Every importer and indenter is asking: "How long do you think the maritime strike will last?" Mr. Bridges has declared it would be long and costly, — to the extent that strikers would lose \$250,000 a day in wages. The question is, whose treasury is the "longest", — the ship-

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owners' or the dissidents? Will Washington enforce an injunction for an extension of an amicable settlement date?

Should the shipping tie-up extend over a prolonged period of time, acute shortages of some items will be felt. A merchant with good stocks in his bodega may be better off than by having the same value deposited in a bank. All in all, the strike might be a timely event for the liquidation of many overstocks which are known to exist in the Islands.

## Legislation, Executive Orders, and Court Decisions

By EWALD E. SELPH

Ross, Selph, Carrascoso & Janda

**D**URING the last few weeks some decisions affecting the business community have been published by the Supreme Court.

In one of these cases the Supreme Court held that the Court of Industrial Relations has the power to fix salaries and wages for the purpose of settling labor disputes; that this power is applicable to both day and night work; that night work is not overtime and is not governed by Act 444 which provides 25% extra for overtime. The Court denied the certiorari applied for, and affirmed the order of the Court of Industrial Relations fixing the wages for night work at 50% more than for day work.

In a cadastral case for the registration of certain real property, a decree was rendered without hearing or notice to adverse claimants, the petitioner assuring the court that the ownership of these lots was not contested. The Supreme Court held that the adverse claimants were barred from upsetting the decree on the ground of fraud, because their petition was not presented within one year from the date of the decree. The Court stated that there is still available the equitable remedy to compel the person, in whose name the property was wrongfully registered, to reconvey it to the rightful owner, if it has not already been transferred to an innocent purchaser for value. This decision indicates the necessity for a landowner to be alert in safeguarding his interests whenever his property becomes involved in a cadastral proceeding.

In a petition for habeas corpus against the Commanding General of the United States Army, a person court-martialed and sentenced for an offense committed at the U. S. Army Engineer Depot in Quezon City, attacked the constitutionality of the Military Base Agreement. The Supreme Court overruled his objections to the constitutionality of the jurisdiction over certain offenses granted to the United States under the Agreement.

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In a case arising in Occidental Misamis, a resident of that province sued a resident of California to whom a resident of Occidental Misamis owed a debt. This credit was attached. The trial court dissolved the attachment and dismissed the case on the ground that it had no authority or jurisdiction to render a judgment against a non-resident defendant who had made no appearance in the case. The Supreme Court held that though no jurisdiction had been obtained over the person, the case may proceed to judgment if there is property in the custody of the court that can be applied to its satisfaction, and ordered that upon petition of plaintiff a new attachment be issued and the case proceed to trial.

In another case Go Fay obtained a judgment against Lim Toco. Execution was levied on a parcel of land in Lim Toco's name. Go Fay bought the property at the execution sale and petitioned the court to issue a new certificate of title in his name, which was done. Lim Toco's widow alleged the property was conjugal and claimed half of it, alleging the debt was contracted in fraud of her rights. The Supreme Court held that while the widow might have a claim against the husband and his heirs, in the liquidation of the conjugal partnership, Go Fay's title was absolute and free from any claim by her or her heirs.

In another labor case, the Supreme Court reiterated its previous stand that the findings of fact of the Court of Industrial Relations are conclusive. It affirmed a decision ordering readmission, with pay from date of discharge, of employees which the Court of Industrial Relations found had been discharged for union activities.

## The Water Supply...

(Continued from page 328)

proposed additional activities of the Metropolitan Water District. It may be found desirable to increase the authorized bonded indebtedness limits of both entities. In the absence of sufficient basic data it would be difficult to estimate at this time the total costs, but the whole Capital City project involves a governmental activity, and consideration of ultimate costs should not outweigh the public benefits to be derived from it.

One other important point should be kept in mind and that is the desirability of avoiding all possibility for speculation in waterworks materials. The quantities involved are considerable, and dealings should be carried on directly with the producers rather than with retailers or other middlemen.

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## The "LET YOUR HAIR DOWN" Column

Mr. R. E. Baskerville sent us during the month a reprint from *Forbes Magazine of Business*, quoting Mr. Harvey S. Firestone, Jr., on the American system of free enterprise. Mr. Firestone said, in part:

"This is the land of opportunity, where such qualities as diligence, foresight, and ability are much more vital to success than noble birth, tradition, and force. Over here, America has sought to better the lot of all her people by fostering individual initiative through a system designed to produce a higher standard of living.

"It is no wonder that despairing people in other lands cast longing eyes at us and wish with all their hearts that they, too, had the material possessions, the political liberties, and the sociological advantages which we Americans enjoy.

"But, apparently, it does not occur to some of them that the blueprints and formulas for their own salvation and prosperity are all clearly recorded in the pages of American history. Instead of adopting eagerly a system which has been proved successful, some of them waste their time and our money in futile experiments with doctrines which have failed miserably in the past and which, at best, promise only in the far-distant future a standard of living which we Americans already enjoy."

We received a letter from Mr. Roger London, Secretary of the French Legation, with reference to the French consular representation in Manila. He wrote:

"With reference to the Consular List published in the American Chamber of Commerce *Journal*, I wish to inform you that Mr. Guy Arnault, formerly acting Vice-Consul, is no longer on the staff of this Legation. For your information, there is actually no French consular representation in Manila, the French Minister holding the sole ex-aequo (diplomatic and consular) applying to our mission. If, however, local custom makes it advisable to have a reference in both the *Journal's* diplomatic and consular

lists, mention of the French consular section might, I would suggest, read as follows:

FRANCE

Mr. MIGUEL B. ZIALCITA  
in charge of the Chancery of the French Legation."

"Dear Editor,

"Sir, I must be frank. I have failed again. "S'Will I ever be an investigator for the press? I am the 'ambitious office boy', yes, but what good is it to be ambitious if it just gets you into trouble? Better not be ambitious. You said that I might try to find out something about the war-surplus business, reporting direct to the Investigating Committee and sending you a carbon copy. 'Ah', I said, here's my chance'. I said that because our company has been buying war-surplus stuff. But could I find out anything about it? Not! I couldn't find anything in the files though I looked many times. And the trouble came the last time when our Chief Clerk saw me and asked in a cruel voice: 'What are you doing there!' I had not thought before what I would answer if asked this. At last I said I had lost my pencil when I was carrying a folder to the desk and thought it might have slipped in. The Chief said: 'Get the hell out!' So what could I do? I was lucky I was not fired because I know I was doing wrong, or maybe not? But I was thinking of my REPORT TO THE INVESTIGATING COMMISSION ON SURPLUS SCANDALS I KNOW ABOUT. But I never got to know anything, so how can I write that report? If I wrote it anyway, it wouldn't be any good. Don't you think so, Mr. Editor? Please be patient and give me another assignment. . . . . 'X'."

"My goodness," said the editor, as he passed this around to some of us in the office, "I don't know what outfit this boy is working for, but we can't encourage that sort of thing."

"You're quite right," was the cold response. "You got yourself into this, and you had better get yourself out."

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"Yes, of course," said the editor.

So this is for 'X', the editor talking:  
" 'X', my lad, you're fired in so far as any investigations for the *Journal* are concerned. We don't want to hear from you again. And from now on you had better keep this whole thing to yourself. Be a good honest messenger boy and don't try any more snooping. Don't think that all surplus-goods buying is crooked. Of course, if you become convinced that you are working for crooks, then you had better look for another job, but don't jump at conclusions. And, don't forget, we do not want any more reports from you on anything. Put it out of your mind entirely. Your desire to become something more than an office boy is commendable. Study in your spare time to prepare yourself for advancement, and the advancement will surely come. You have our best wishes. And, 'X', this must be goodbye. Please realize that we are very firm about that."

The foregoing had just been written when a letter was received which reduced the editor to such a wretched state of nerves that he had to quit for the day even earlier than usual. We suppress the name of the firm from which this letter came, but think we might otherwise just as well spread it out here:

"Dear H.

"I know you are having some difficulty in keeping your 'Hair-Down' column funny,—if it ever was, but don't you think it was rather unwise of you, as you did in that column in the June issue of the *Journal*, to suggest to any office boy who might pick up your otherwise admirable publication and read that column, that he start sleuthing and nosing through letter files? I caught one of my messengers at this pastime and if it were not for the fact that he is the only support of a widowed mother and a large number of little brothers and sisters, I would have fired him on the spot, even though I could not satisfy myself that he really was your 'X'. Trusting that you will take warning and handle the 'Hair-Down' column,—if it must continue, with a greater sense of responsibility, I am,

"Very truly,  
"Etc."

"From now on," cried the editor, "I suppose I am going to be blamed for everything of that sort that happens in every office in Manila! And I'll have the firing and the fate of thousands of hapless office boys on my conscience!"

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"I have had quite a unique experience", the editor said one morning. "I just came from Mr. Stevens' office and he had one of those wire sound-recording instruments and invited me to speak a few words into the mouthpiece. I read a few lines from a manuscript. I happened to have in my hands..."

"And..." said we, patiently.

"Well, I have quite a nice voice!" said the editor. "Mr. Stevens played the wire back, and I heard myself as others hear me for the first time! It was rather eerie,—like getting outside of yourself and listening in, disembodied. Sort of thrilling!"

"Yes," said we, who have heard the editor many times.

"My voice is deeper than I thought it was, and calm... From the inside my voice sounds higher, thinner, and a little nervous. Perhaps I have been covering up pretty well all along, heh-heh!"

"But the really interesting thing about hearing my voice reproduced that way was that it sounded exactly like my brother talking; my only brother, Paul, a doctor in Denver, whom, except for a few weeks in 1946, when I was home, I had not seen for thirty years! But it seems we speak very much alike. That must mean that the quality of voice must be largely inherited..."

"Yes, very interesting."

The editor lingered.

"I felt something like one of our Philippine Negritos, an ethnologist friend once told me about. The ethnologist had taken some photographs of his tribe, in Palawan, I think it was. When he had made some prints, he showed this Negrito one of the group pictures. The old man looked it over carefully and then he said something to this effect:

"That's funny. I know all these people except this one. Who could that old gink be?" And he pointed to himself in the picture."

"Ha, ha", we said politely.

"That old Negrito didn't like his picture much... but I guess my voice isn't so bad... is it? Sort of deep, well modulated, very clear, and calm, self-assured? I'm just wondering, that all. Perhaps that machine registers the voice a little lower than it really is. Maybe it favors one's voice a little..."

We didn't say a thing, and at last he wandered off to his desk with an unsatisfied look on his face. We are sure he wanted us to assure him that he did have a fine, beautiful speaking voice, like John Barrymore! But why should we tell such an inverted egotist anything like

that? He had just heard his own voice, which is really quite good, but now he distrusted his ears! What can anyone do about an inferiority complex like that? And, of course, he never thought to tell us that we have a nice voice, although, during the conversation (we forgot to mention that in the proper place), we said that once we heard a reproduction of our own voice, and didn't recognize it. In fact, it sounded terrible, but that was only because it was a very primitive kind of apparatus, we are sure. But did the editor say something like that? He did not. He just ignored our remark. Between us, we think he just skimmed through Dale Carnegie's book that he claimed last month to have read, although he also claimed he didn't need to. That's a laugh!

## Note on the Cost of Living Index

We regret that lack of space prevented the inclusion of the table, "Cost of Living Index of Wage Earner's Family in Manila by Months, 1946-1948," prepared by the Bureau of Census and Statistics. However, we give the figures for August here which run as follows:

All items: 363.6; Food: 385.7; House rent: 453.9; Clothing: 199.8; Fuel, Light, and Water: 281.6; Miscellaneous: 261.7; Purchasing power of the Peso: .2751.


The comparative figures for July were: 356.4; 374.2; 453.9; 201.3; 281.6; 262.4; .2806.

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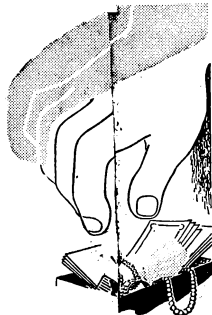
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