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Men Whom Philippine Gold Has Enriched

By *Walter Robb*

A Symposium on the Islands and the Far East

Stephen Duggan of Columbia
and

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In Lighter Vein: *Eugenics in Barlig*

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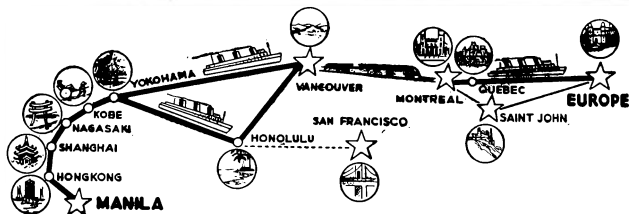
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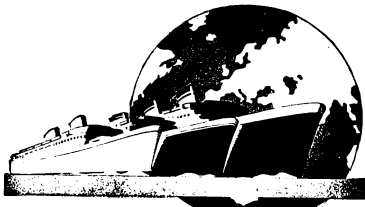


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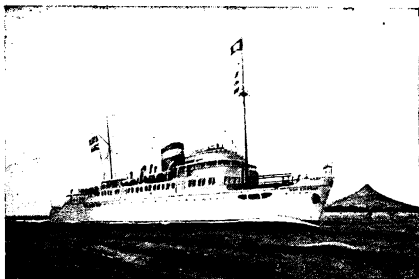


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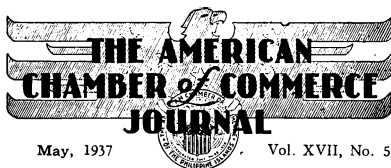
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WALTER ROBB
Editor and
Manager



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Enforced Military Service As Seen by the Peasant

During the first seven days of April all Filipino young men who have passed their twentieth birthdays during the previous twelvemonth are required by law under the National Defense Act to report voluntarily for registration for six months (actually 5-1/2 months) of enforced military training at the cadres the Philippine Army has established and is establishing throughout the Islands, or service elsewhere according to the army's wishes. These registrants are called trainees. Terms of training extend from January 1 to June 15, and July 1 to December 15. Twenty thousand trainees are chosen for the first term, a like number for the second, always by lot.

In 1936 when the experience was entirely new there was more enthusiasm for it than was manifested this year. Then some 130,000 young men registered. This year the registration period was extended to the end of April, but provost headquarters estimated toward the close of April that registrations would sum about 100,000 only; for selection of trainees, quite enough and to spare, but 30,000 fewer than registered in 1936. Resistance to registration was denied, but evasions of registration and appearance for training were admitted.

Major General Jose de los Reyes is the provost marshal general, who adopts an understanding attitude toward the situation, which seems to present the problem of further education of eligibles to the responsibility of undergoing military training.

The extreme penalty for evading registration is severe, a fine of \$4,000 and a long prison sentence, ten years. Action is in the ordinary courts. The number of prosecutions in some provinces is considerable, though such reports as 13,000 evaders arrested in Leyte are utter exaggerations. A judge at San Carlos, Occidental Negros, recently sentenced some twenty evaders; a small fine, a short prison sentence. After paying such penalties, the young men must then register and turn out for training.

There seem to be a number of reasons why the army moderates its course in cases of such delinquencies, one, no doubt, being the cost of keeping the prisoners, and another, the probable effect on the villages of the men prosecuted. Giving 40,000 young men some training, every year, the plan is to have 400,000 men of some camp and military experience at the close of the ten-year commonwealth period. Meantime a standing army with a strength of 10,000 or so men is contemplated, the greater body of this force being the constabulary branch of the army.

At twenty, thousands of Filipino peasants have married and assumed the responsibilities of parenthood. These young husbands are given a deferred status when their numbers are drawn, signifying they may be called for training at some later period more convenient to them. There are many

rejections in the physical examination, flat feet, defective sight or hearing, flat chestedness and underweight or under-height being main causes, but men enough are left for training, of better physical fitness.

This is the army view. Men who employ young peasants supplement it with the startling yet lugubrious fact that it is all but beyond endurance for a man to cramp his feet into shoes who for twenty years of his life has gone barefoot. When you come to think of it, it would be. It is a thought for the army. Since military drill reaches in the schools down to boys ten years old, why not an occasional distribution of brogans for these young feet, say a pair once a year. But it is the boy who goes to school who has shoes, his brother who doesn't go is barefoot. This suggests the widespread illiteracy the army discovers among trainees when they take the intelligence test, show their cedulas, take the oath of the soldier, including fealty to the United States, and go into training.

Illiteracy in this selected group of young Filipinos seems to run as high as 50% in some provinces, and averages about 30%. But the test is a low one, from information gathered—ability to scribble a signature and to read anything whatever. This is not illiteracy. Leonard Wood had a sound test for literacy, ability to read a newspaper and know the purport of what is read. By such a test, a reasonable one, illiteracy among the trainees would run high indeed. It is discovered that free education, without compulsory attendance, at least through the primary course, is failing to make the Philippine people literate.

Good educators have long advocated compulsory education, as does President Quezon; however, per capita outlay for the public schools is falling off year by year; teachers are discouraged by loss of their pensions coupled with their low salaries and increasing teaching load. The constitution guarantees everyone primary schooling, but without the funds the promise is a nullity for perhaps half the school population of the Islands.

This situation intensifies peasantry and the preservation of old customs: strong family and village ties and little else. Into a social milieu of this sort, the army reaches for its recruits, only to find many eligibles escaping if they can. The authority the army exercises is foreign to many of these eligibles, just as everything beyond the bourne of their villages is foreign. Conscription works for the second time in the Philippines as it did the first time back in Spanish days, the period of the *quintos*. Young men then did not relish going out for service. The mildest dodge, of the schooled and intelligent, was to seek the protection of the village mayor, the *cabeza de barangay*. General De los Reyes himself evaded the *quintos*, which he admits was widely distasteful to the

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Men Made Rich by the Philippine Mining Boom

By Walter Robb

Time's story of Canada's gold industry runs elsewhere in this issue of the *Journal* and embraces mention of some Canadians whom the gold boom since 1934 has made rich. On this hint we think something can be said appropriately, of men whom the boom in the Philippines has enriched. Such a list starts naturally with Judge John W. Haussermann as owner of the majority block of stock in Benguet Consolidated whose capital the \$35 price of gold has helped up from a million pesos to six million by means of stock dividends issued against earned capital spent in constant development and upkeep of the mine and expansion of its output.

Par of Benguet's shares is a peso. Even during the current market depression they sell at about 12 times par. Dividends began outpouring from a 50-ton mill in 1915 and have never ceased since; not only did that little stamp mill keep them going, but funds were allocated all the time to the building and equipping of larger and larger mills, and a hydroelectric plant for power as well as three deep-level drain tunnels, including the one shared with Balatoc, all of which is but to mention a few of the wonders of this remarkably productive mine.

More wonderful is the fact that Benguet still gets about two-thirds of its ore from the claim first developed, the Minnesota whose baptismal name has long been forgotten. There are eighty miles of underground workings in the mine now, and the bulk is in the old Minnesota. They say that the company has long wanted to push out more actively into other portions of the property, but new discoveries in the Minnesota bob up to advise against it. This shows how well the mine is worked, the careful attention to geology. There is the rule that every stringer, however small, is to be followed up; and very often such explorations show stringers widening into respectable veins of ore of good or high milling value.

It is readily seen that the task of operating such a mine grows more and more complicated. The periodical retrimbering of eighty miles of workings is not a small problem in itself. Benguet's capacity is now 800 tons a day, evoked by the boom. The value of last year's production was \$9,015,114—out of which, including Balatoc and subsidiary-projects earnings, dividends of \$7,500,000 were paid.

Benguet operates Balatoc and owns about two-thirds of the stock, which the boom has upped in stock dividends for expansion and improvements, upkeep, etc., from a million pesos to four million. Balatoc produced \$12,788,924 last year, and paid \$5,600,000 in cash dividends, 43.78%. (May further stock dividends be anticipated?) The boom has up-

Benguet and Balatoc have nurtured a string of content millionaires—promotions have played their typical part

ped Balatoc's mill capacity from 200 tons a day to 1,200 tons a day. Balatoc millheads ran \$28.55 last year, and Benguet's \$30.60; contrary to popular acceptance, Benguet's millheads top Balatoc's. Both mines have highgrade deposits but neither is ever highgraded; rich ore is fed into lower grades to maintain consistent millhead values.

Philippine mines paid \$16,608,777 in cash dividends last year, and Benguet and Balatoc alone, \$13,100,000.

Such dividends make rich men.

Paul Gulick is a man whom Balatoc enriched, and none could be more deserving. Gulick stayed with Balatoc during its period of dubiety; swore by its virtues night and day, put faith into men in spite of themselves, and thus raised funds to keep the project alive until Benguet, upon tardy decision, took it over on an operating contract in 1926 and spent more than \$1,500,000 bringing it to its first dividend, paid in 1929. Gulick was known earlier in business in Manila as Pacific Commercial's office manager. Then he went to Baguio and associated himself with the Heald Lumber company, much of whose product was timber for the mines. That finally associated him with Balatoc, where he is a heavy shareholder.

Gulick's adventurous spirit was not sated by his success in Balatoc, he keeps various irons in the mining forge even now. But his pastime hobby is a coconut plantation at Padada, on Davao gulf, Davao, where he breeds cattle in the rich pastures under the coconut palms. The corporate name of the plantation is East Mindanao Estates; Ernest Oesch is the manager, tophole for the Islands, and the plantation is unruined.

Balatoc also enriched Fred M. Harden, proprietor of the Plaza Lunch on Plaza de Goiti. (Harden's rule is cash, there has never been a chit in the place). Harden began buying Balatoc shares when he could get them for about a peseta apiece, and now holds a large block that makes him a millionaire.

Harden has a farm hobby too, the old Harden farm in New Jersey where the chief pride is a blooded dairy herd.

Though J. P. Heilbronn's main stake has been made importing paper and allied products into the Philippines, he is also heavily interested in mining and holds Benguet's as well as Balatoc's in his lucrative portfolio. A "First Expedition" veteran, when he settled in Manila as a young man he had made his business connections in California and had with him what at that time was considerable capital. Supplying the Islands paper, notably newsprint to the newspapers, turned him the profits out of which he has put something into the mines. "Joe" Heilbronn might find a hobby outside of business, if his eyesight were better; but for the present, business and travel still satisfy him. Perhaps his main hobby at the moment is nursing Mineral Resources toward production: gold at Labo, Camarines Norte, zinc and lead on Marinduque. During the depression, Mineral Resources has held up enviably.

Reed Miller has feathered his nest very comfortably with Benguet shares. He is mine superintendent at the property, and had the good sense to turn his salary into shares back yonder when they were cheap; so he has benefited from the boom and the stock dividends both. (We believe Benguet has about 1,300 shareholders, Miller typifying a good many of them). Mrs. Mary E. Smolt, who retired to California years ago after a course of education in mining at Baguio through her administration of *Topside* for a number of years, is another Benguet-Balatoc shareholder able to gratify every desire from the liberal dividends mailed her quarterly. *Topside*, ex-Governor General W. Cameron Forbes's whilom Baguio residence, was bought some years ago by S. F. Gaches.

(Please turn to page 29)



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Illiteracy in the Commonwealth

By Gilbert S. Perez

The discovery of a large number of illiterates among the military trainees, while disturbing, should not be considered as something which should not have been expected. The Philippines is passing through the same experience as that of the United States during the first draft. In spite of the excellent public and private school system in the United States the number of illiterates in the ranks was alarmingly high. The reason for this is obvious. It does not matter how good and efficient a school system may be, if there is no compulsion, it is essentially a selective activity. On the other hand, the drafter of the draft which takes in all groups including those who are usually untouched by the schools finds that among those caught in the net there is an alarmingly large number who are more expert in making crosses and thumb prints than they are in making the flourishes on a signature.

Comparisons

Figures from the United States War Department will show that the number of illiterates from progressive states like Pennsylvania, New York and Massachusetts, states which have strictly compulsory education laws, with truant officers and fines for recalcitrant parents, the number of illiterates among the draftees was negligible and was mostly confined to children of recently arrived immigrants. In states where there were no compulsory school laws the number of illiterates reached the alarming proportion of three illiterates to one literate.

It does not matter how much the Philippine Legislature allots to public education, if the make-up of the school system is selective and if its growth continues to be perpendicular instead of horizontal, there will be a continued increase in the number of high school graduates and either a decreasing or a stationary number of pupils enrolled in the primary grades.

Some continue to maintain that a compulsory school law is impossible in an Oriental country. This is no argument whatsoever. Siam and Japan are two Oriental countries which have instituted compulsory education and the progress in overcoming illiteracy in both of these countries is remarkable. Siam only introduced her compulsory education laws about twelve years ago, but its school enrolment has grown steadily from a few thousand to nearly 800,000, with every boy and girl of school age accounted for in their statistical tables. Although there were certain exemptions, the number of children exempted and the reasons why they were exempted are also given in the enrolment tables. On the other hand, in the Philippines, the total enrolment has been practically stationary for the last twenty years as the following figures from the 1913-1935 annual reports of the Director of Education will clearly show:

	1913	1935
Total enrolment in schools.....	229,756	1,224,740
Percentage of children of school age in school.....	26	35.53

School Population

From these figures we may see that the percentage of the school population in schools in 1913 was 26 per cent, while in 1935 it was 35.53 per cent and that while the total enrolment in 1913 was 229,756 in 1935 it had gone up to 1,229,242. The secondary enrolment in 1913 was 4,753; but in 1935 it

went up to 50,807. There are only four times more pupils in school but there are twelve times as many high school students in 1935 than there were in 1913. The 30-million peso act No. 2782 of the Philippine Legislature which provided funds to the Bureau of Education through a period of years, gave the enrolment a big boost forward but not enough to keep up with the marked increase in population and not enough to bring the percentage of children in school to even one-half of the entire school population. The percentage still remains below fifty, and it only succeeded in bringing the figures up to ten per cent more than it was in 1913.

It is more than evident that during the last 20 years the schools have been able to reach less than 40 per cent of the children of school age. The total horizontal enrolment has remained practically stationary, when we consider the increased population, but the perpendicular enrolment has increased in leaps and bounds and shows an increase in secondary enrolment from 4,753 in 1913 to 50,807 in 1935. In other words, we have been giving more attention to the education and have been giving more education to those who want education, but we

have done nothing towards giving an education to those who do not want it or who are too poor to afford it; we have nothing towards compelling unwilling parents to send their children to school. With 60 per cent of the school population out of school, how can we reasonably expect to have a 100 per cent literacy record among a group of draftees selected from the 40 per cent which went to school and from the 60 per cent who were needed on the farms and haciendas or whose parents were either too ignorant to appreciate the benefits of education or too poor to lose the services of their children on their farm home or on their tenant lot on an hacienda.

Legislators' Fault

The country has taken a laissez-faire attitude in education and is now surprised to find that this laissez-faire "has gathered a mountain of illiterates" who never went to school and whose parents never forced them to go to school. We can raise the efficiency of teaching to the highest level; we can increase the supervisory and the equipment factors in education to the highest point; but if we do not have a machinery that will compel thoughtless or penniless parents to send their children to school and to keep them in school until they are fourteen years of age or more, twenty years from now we shall face the same conditions which we are facing now.

Unless the National Council of Education recommends a system of compulsory education and unless the National Assembly provides an efficient machinery to enforce such a system of education, the trainees of the future will continue to shoot the finger prints of their thumbs into a laboriously drawn illiteracy cross to which they have been crucified by a well-meaning and tolerant government that has permitted them to do like Topsy, "just to grow and nothing more." Increased legislative appropriations which are not backed up by compulsory laws may improve the quality of instruction but will not increase instruction horizontally to the greatest number.

Possibly our legislators will "view these conditions with alarm." They should, for it is their baby and not the teachers' offspring.—*National Review*.



Eugenics in Barlig

It is hard to explain about the girls of Barlig without dragging in war and turning a few pages of old history. It is easier to tell where Barlig is, what it is, and introduce its maidens less abruptly. Barlig, then, is a town of 3,000 inhabitants situated half way up Mount Amuyao in the subprovince (like a county) of Mountain Province in north-central Luzon. Its fields are terraced from Mount Amuyao, one of two great mountains sacred to Ifugaos. Barligans are Ifugaos, in part; that they are not wholly Ifugaos is a fault of its girls.

That is to say, if it be a fault. War was its origin, economic determinism its motive. And it isn't degeneration, for Barligans, men and women, are larger, stronger and handsomer than any of the folk of neighboring tribes. It is a way nature herself suggested, to heal the brutal scars of war. And if nature addressed herself to the girls, not to the young men, is it that the braver sex is styled the weaker? Nature would know, of course.

It seems that was striking fatally at the young men of Barlig continued some thirty years after Barligans defending their rights and their domain killed a Spanish official. This was enough for the Spanish government in Manila to send forthwith a punitive force against the Barligans in demand of hundreds of lives for one.

Such a force would be made up of a few Spaniards only, and many young enemies of the Barligans from towns where the Ifugao blood is pure. Thus not only did war right then deplete Barlig's marriage market, but feuds were engendered that flared up in many subsequent battles on Amuyao's sacred slopes.

Always, because Barligans are brave and quick to accept the gage of battle, their enemies came in overwhelming numbers. Barligan young men could but fight and die, but Barligan girls had further resources. This comes later. It was in 1905 or thereabout that the last attack occurred, oddest of all—the least provoked.

Again it was a punitive expedition. Some clan had coveted what the Barligans had, perhaps one of the better rice terraces, and had paid with their life for their rash cupidity. Manila had heard of the Barligans' thus taking law into their own hands, and had ordered its officers in charge of Ifugao subprovince to avenge the killing.

These officers were "Indian" Miller of the Philippine Constabulary, and the governor of Ifugao. This young governor was one of the best qualified Americans ever in the Philippine service, from the viewpoint of scholarship. He held the post of governor as a sinecure, to give him a salary on which he might study the Ifugaos scientifically. He was not up to the responsibilities of an Ifugao war.

Miller and this young governor organized their forces at Talubing; besides the constables, they took along, just to make assurance doubly sure, several hundred Talubingans who by this time were old feud enemies of the Barligans. Approval was made with great bravado. Once the attack had been launched and the surprised Barligans, outnumbered hopelessly, gave ground, the Talubingans went mad with savagery and began a general taking of heads.

Indian Miller and the governor could do nothing, their commands were futile—if in the din of spear-and-shield conflict they could be heard. With so much blood spilled, the frenzy caught among the constables themselves; they too drew their bolos, and a dozen of them marched away to barracks in Talubing with Barligan heads on their bayonets.

"Manila" with the meaning of the Philippine general government, for Lieutenant "Indian" Miller and the subprovincial governor, personified in Dr. Dean C. Worcester, secretary of the interior, the most hardboiled administrator conscience

could imagine. For this Barlig massacre he cashiered Miller and fired the governor, without restoring to life fifty Barlig young men whose trunks were buried on Mount Amuyao with tribal lamentations and whose heads were relics of victory drying in the smoke of the council fires of the boastful Talubingans.

Dr. Worcester soon pushed trails through the mountains, ending the elanish isolation of the towns and putting a stop to the vicious clan wars. But Barlig's manhood was by that time so sadly depleted that it was up to her womanhood, exemplified in her virgins, to repair the loss as best they could.

History, if it were not grossly up-staged, to write the word, enters the Barlig social problem precisely here, and fashion comes traps ng with her. If you can remember history as far back as the World War, with millions of young men killed from all the western nations, perhaps you can also remember how fashions changed; how skirts shortened, as well as stockings, and it all made such a difference on the marriage registers. Somehow men, such as were left, were to be attracted into attention to nature's objective in creating them men, and somehow they were so attracted.

It was much the same in 1905 with the Barlig young women, though they were barbarian. Something taught them, and it could not have been *Vogue* or *The Ladies' Home Journal*.

Up to then their dress had been that of other Ifugao girls. Above the waist, where there was a stout girdle, nothing. But below the waist, to the knee, a skirt, rather shapeless, of woven calalab bark. Favorite patterns were black and white stripes, sometimes with red trimming. Feet, of course, were bare. Confronted by economic determinism, Barlig girls changed this somber presentation of their charms by the simple device of slitting the skirt a bit, on one side, so that when they walked the wind could find advantage in the rent.

This style novelty popularized Barlig girls throughout all Ifugao. Their notoriety even reached Kalinao, where the tallest, bravest warriors of all the mountains live; and the girls capitalized their little stroke of genius, doing what Ifugao girls had never done before.

When the rice was harvested from the terraces and there was leisure time, and when the season of the year had come when moral young men should yield to woman's blandishments, Barlig girls set out in groups on visits to the other towns, even those of the bitterest enemies Barlig had. They sought adventure, and found it; but not, bear in mind, for adventure's sake.

If they were not to have husbands, at least they should have children.

Now, after so many years, on account of the initiative Barlig femininity took in the matter, there are no spinsters in Barlig and the balance between boy children and girl children is quite restored. But Barlig's style in skirts remains the same. Talubing women look on with envy. Talubing's victory over Barlig left Talubing virgins enslaved to custom, and gave Barlig girls their freedom. Really, it gave Barlig girls almost the privilege of natural selection.

Barlig babies are the huskiest in the mountains, and Barlig girls of today, larger than their mothers who went romancing when war had Barlig all washed up, stand nearly five feet, six inches tall and weigh up to 140 pounds. (How this fits in with doctrines for the physical restoration of large nations defeated in first-rate wars in no part of the story). But that skillful flirtation is not useless in tribal strife, can be read in Holy Writ without resort to modern observations in Barlig).

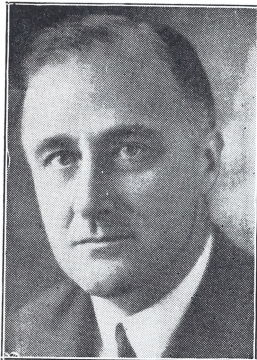
In India a thousand years ago, a queen—perhaps a Good Queen Bess—whose kingdom had been ravished of young



The Changing Orient

Major Problems of the Pacific Area

By Joseph Ralston Hayden, Professor of Political Science, University of Michigan



FRANKLIN DELANO ROOSEVELT

As President of the United States President Roosevelt holds opinions such as those of former Vice-Governor of the Philippines Ralston Hayden, here expressed at length. Roosevelt has given written instructions to High Commissioner Paul Verois McNutt.

A fundamental change has occurred in the Far East between the years 1900 and 1937. In that period the peoples of Eastern Asia have become masters of their own destiny; this great region of the world is no longer under the domination of the West. Today no Western nation, no combination of Western States, be it in the form of an alliance or of a League, can impose its will upon the one-third of the human race which dwells in the area of the Western Pacific.

This revolutionary emancipation has resulted from three major causes: first, the emergence of Japan as a great military-economic power; second, the growth in China of a nationalistic spirit among the articulate classes and the development of non-military but highly effective techniques of resistance such as the boycott; third, the impairment or diversion of the expansive force of most of the so-called imperialistic Western nations by the World War and its aftermath. Since 1915 almost every major crisis in European affairs has been made the occasion for a demonstration of the independence of the Orient, especially Japan, from the control of the Occident.

Other causes have contributed to the termination of the dominance of the white man in the natural sphere of the yellow and the brown man. The United States, for instance, is preparing to relinquish its sovereignty over the Philippine Islands in order to consummate a historic policy and to free certain of its own people from Filipino competition. But it is with results rather than with causes that we are concerned. What are the peoples of the East doing with the freedom of action that the past three decades have brought them? How are American interests and responsibilities affected by the changed conditions that this new freedom is creating?

It is in and about China that the most spectacular changes and momentous struggles of the period are taking place. Since the establishment of the Republic in 1912 the leaders of China have striven towards two major political objectives: independence from external political control, and the establishment of a



J. R. HAYDEN

stable and effective national government. They have also sought to raise the economic and intellectual level of the Chinese people and to adapt to Chinese purposes those characteristics of modern Western civilization that may aid in accomplishing these ends.

In the reconstruction and modernization of her ancient cities, the construction of port works, highways, bus lines, railways, public and private buildings, the development of airways, and the utilization of electrical power and radio communication, China is making phenomenal strides. Indeed, in some of these important fields she has made more rapid and spectacular progress during the last decade and a half than any other nation. During repeated visits within this period I have witnessed many of these remarkable changes with my own eyes. There can be no doubt as to their reality. No more tangible or convincing evidence could be given of the ability and the determination of the Chinese to provide their country with the material equipment of a modern, progressive nation.

Along with this material progress have come even more momentous social and intellectual changes. The rigid bonds of an ancient civilization that had become fixed and static through centuries of isolation are being burst by the ferment of new ideas and ambitions generated through contact with the outer world. The family is losing its age-old position as the final arbiter of the life of the individual and the almost exclusive object of his loyalty and devotion. A beginning, already striking in its results, has been made in placing women in a position where their peculiar aptitudes and abilities may be utilized by society. In politics, public administration, education, scientific work, and in the social organization of the New China women are playing a part that compares favorably with



CORDELL HULL

U. S. Secretary of State. . . under the Tydings-McDuffie Act his department's direct interest in the Commonwealth of the Philippines is very important both in routine administration and determination of policy.

the achievements of their sex in any other country. This again is an easily apprehended fact. Paradoxically in the Old China concubinage is still an established institution, girls are bought and sold, and women perform the hardest physical labor along with the men the horses, the oxen, and the donkeys.

To a large extent the transformation that has been begun in China is the fruit of the modernized educational system of the country. Mass adult education, a system of public schools conducted along modified Western lines, and well-equipped and ably staffed institutions of higher learning are rapidly increasing in number and in excellence. I do not believe that there can be any doubt that the end result of this educational process will be an extension to the masses of the Chinese people of the transformation that is already occurring among a small percentage of them.

Towards the great political objectives of the leaders of modern China less apparent progress have been made. However, what has been accomplished should be evaluated with due consideration of the magnitude of the task and the minute proportion of the life of China that is embraced within the twenty-five years of the Republic. In Nanking today there exists a well organized government directed in the main by highly trained, competent, public-spirited officials. At its head is a man of power and of constructive imagination. Whether Marshal Chiang Kai Shek possesses the superlative qualities of greatness that will be required to unite, govern, and free China remains to be seen. His government, however, is modern and progressive in its objectives and in many of the methods that it is using to attain them. I make this statement with confidence because in 1931, and again in December, 1935, I talked with many of its members and studied its operations in Nanking and elsewhere. Most of the qualified foreign residents in China with whom I talked regard it as the best government that the country has ever had.

(Please turn to page 11)



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CHANGE OF SECRETARIES

Temporarily and on account of Mrs. Clifford's health for which travel and rest were demanded, Secretary Carl G. Clifford of the Chamber of Commerce is absent from the Islands in hope of returning to his duties with the Chamber of Commerce in about six to eight months. He and Mrs. Clifford left Manila the latter part of April, for Australia; later they will visit in the United States. Secretary Clifford's place is taken during the interim by Henry Bauman and all is running smoothly. Mr. Bauman is well known throughout the Islands from his long career with the public works bureau as an engineer. The Cliffords' present mailing address is the Australia Hotel, Sydney.

LYRIC REOPENED

We felicitate the Peoples Bank & Trust Company on its rebuilding of the Lyric Theater on the Escotta and the opening of that formerly popular showhouse with an Astaire-Rogers picture June 1. No expense has been spared to make the Lyric, at last, a talking-picture aircooled theater rivaling the best in town. The air-conditioning installation is said to be the largest in Manila, among theaters at any rate. It is now luxurious downstairs and up, the one detail not rebuilt being the projection room. This is the third building of the Lyric. Let it bear a charm. The explanation is, the Lyric was originally built just prior to the advent of the talkies, when aircooling was not far in the offing. First adjustments to the situation thus presented were disappointing; it has taken real courage to tackle the problem anew.

PUBLIC OWNERSHIP

That there is a tendency in the commonwealth government toward public ownership of utilities can't be denied. It is equally evident that the country needs more light on the subject in order that procedure shall be fair, and that the public really benefit from investments of its capital. Our attitude would be that such experimentations be postponed indefinitely: if anyone in the Islands suffers from exploitation at the hands of any utility company, surely it is the least of their afflictions. However, as we have just said, there is a tendency toward public ownership and something will, in all probability, be done about it.

In that case, there is but one criterion to follow, that of Sweden. Public ownership is extensive in Sweden, and is expanding there. But private ownership competes, in the utilities, and there is a sound reason why it can. This reason is, taxation. Publicly owned utility enterprises are given no advantage in taxation; they must all pay everything that their private-capital competitors do pay. They have to succeed on their merits, after meeting all licensing requirements and every charge against their income, for revenue and benefit of the state, that their competitors must meet. Anything short of this, required of a public owned utility, is dishonest; it is confiscatory of private property. More than that, necessarily it provides no yardstick for measuring costs. If it gives a moiety to Peter, it takes as much or more from Paul; it forgives charges properly due the state.

The subject of public ownership is a comprehensive one. There is an extensive current literature illuminating it. A handbook to this literature is *Sweden: The Middle Way*, Yale University Press, 1935, by Marquis W. Childs. The viewpoint throughout is sympathetic toward the public-ownership doctrine. But in every instance it comes out that Sweden makes all corporations in the same type of business pay like taxes and follow identical regulations. If then there is any advantage in public ownership, it comes out in form of able management and farsighted business policy. There are many ways by which the commonwealth can fail, and the easiest way of all is by experimentation with practices painstakingly worked out elsewhere, which hastily introduced here, or anywhere else, can't possibly be successful.

All office holding in the Islands is still looked upon primarily as a personal advantage; with few exceptions, never as a public trust. This in itself should warn the country against public ownership of utilities—the men to manage such activities really in behalf of the public are hardly to be found, they do not live. Nor is it at all surprising that this is so. Such democracy is of the broadest sort, it can't be grown up to in one generation, a period during which the mere elements of political homogeneity barely take root.

If President Quezon and Commissioner McNutt are mutually resolved to protect the public finances here—and incidentally, to keep faith with property and maintain respect for it—they will see to it that no more publicly owned utilities are financed with Juan de la Cruz's tax penalties. This has particular application to the National Development Company, which, you hear it proposed, may be given new capital for coal mining, drilling for oil, and similar ventures. Instead of any of these experimentations, where there are already records of costly failures, let a friendly hand be extended by the government to private initiative. And so with shipping. A government fleet indeed! Where there is not private enterprise enough to have put fleets on the seas from Manila, to propose publicly owned ships of doubtful expediency.

It is even much worse, since it is to put away from private enterprise, the opportunity to own and operate ships on the high seas. In the manifold proposals for public ownership there is really to be seen the future of men in the Islands and their involuntary confession of failure; they go begging to the government, pleading for it to do what they should undertake for themselves. This proves that the government dare not do it—the department of management would blow up at once.

Enforced Military

(Continued from page 5)

masses. The most violent evasion was desertion of civilization and repair to the mountains; for many *remontados* of today, the *quintos* or forced military service of Spanish days is to be thanked.

This has probably not recommenced in the Philippines under the National Defense Act; that it may be in the offing depends in considerable part on the moderation and understanding of the army in meeting basic objections of the alphabetical peasants whom the law wrenches from their accustomed social anchorage for a long half-year—not always with reasons the trainees can understand.

Delving for reasons for evading registration turns up the general plaint that the half-year's service is not paid for; trainees receive but five centavos a day, and make their way to the camps where they are to serve at their own expense. They must have their *cedulas*, and pay the poll tax of two pesos for them. They should have *cedulas* for 1936 and 1935 too, or from the age when they were eighteen, but the law, this year, up to a date this month, forgives the tax for 1936 and 1935 when that for 1937 is paid. It is a fact that many young men twenty years old in the Islands help support a family; unmarried, he gives his earnings to his mother; or he may be working for his wife, with her parents, and to wrest him from the bosom of these romantic circumstances is for him the worst luck of all; who knows but in his absence the girl's fancy will choose another swain, or that the cupid of her parents and their need of help will constrain her to another choice.

If married, he is giving his earnings to his wife. You must also think of the fact that average family earnings among the peasants are low, P120 or perhaps P140 cash a year, and that if possible, at least some of the younger children are being sent to school. If the boy who is twenty years old must go away to the army and have a *cedula*, in most cases the money for the tax will have to be borrowed at usury; and then he will need a few pesetas for the trip, and something should be sent to him in camp from time to time, since the insular nickel a day from the government will not suffice.

In short it is a family sacrifice, not an individual one, when a trainee goes to camp; and it is a family problem, not a personal one merely, that is presented. And the sacrifice demanded by the government, from 40,000 families a year, is no small one when weighed against potential family earnings and the little, at best, the family has upon which to subsist. It is therefore said to happen, when agents of the army visit a plantation to round up eligibles disclosed by the town's civil register, a timely tip precedes them and a number of the eligibles repair to cover; the mountains, if mountains are nearby, or to the forest which surely will not be far off; and

there they stay, and there their family sends them food, and lets them know when the danger has passed.

This is not going *remontado*; that is, not quite, but it is going into seclusion from lawful authority and verges on dangerous ground for youth on that account—from it to the life of the renegade is but a few steps. It is an undesirable tendency; no doubt worth the army's careful attention. The obvious solution is, pay for trainees. None is sure, torn from his job, that he will have that job back again when back from training; and his own and his family's need of his earnings is his sole concern—since he never thinks of him save as a member of his family, and is not interested civilly beyond his village where the whole round of his life will be spent.

Other desiderata, none very sound, affect the eligible's attitude toward training. He complains of the rations, probably with small justification; he swelters in his uniform and suffers intolerably from his shoes. He is among strangers, where he never was before, and torn away from family moorings; all no doubt, in the end, to his advantage. Nevertheless, he is a plain unlettered peasant unable for the moment to see anything to his advantage in these new circumstances. They make him homesick, and he is too simple and untaught to be ashamed. His letters, perhaps penned by a comrade, reek of his misery. News of them gets about in his village . . . and then he actually runs away home, as many did at Easter tide, exposing himself to court martial for the breach of discipline.

He returns to camp and takes his medicine, bitter to the degree that his commanding officer fails of understanding him. More anxiety fills the village; there is endless talk, and the popularity of going out for military training declines. This is bad for the service, bad for the national ideal on which it is founded. And it all stems from the payless recruit and the predicament his family is left in while he undergoes training. It upsets an economy in village family life for a member in full earning capacity to work six months for the government—that is the simple conception the peasants have of the service—without pay beyond the cost of a fellow's smokes. That is why General De los Santos admits there is evasion of registration, stopping short of what he would term resistance. But it contrasts with the spontaneity of the response to the call of the army last year. It is, to the extent it exists—which men from the provinces say is much broader than the army data is officially—passive opposition.

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Stephen Duggan Sees Ahead About the Philippines

He suggests provision for Philippine security that can hardly fall short of continued American sovereignty over the Islands.—From The Yale Review

"What are the chances for a successful administration of this Constitution? They seem to the writer to be reasonably bright. Many of the members of the Constitutional Convention have been department secretaries, bureau chiefs, and technical advisers, and it is they who will continue to man the administration. The new government was launched with Manuel Quezon as President and Sergio Osmeña as Vice-President, two statesmen who have been in public life for a generation and who have had international experience and enjoy the confidence not only of Filipinos but of many Americans and foreigners. Moreover, the government is in the favored position of having a balanced budget and a sinking fund which enables it to meet the services on the national debt. However, in addition to the dangers to be discussed presently, there are some serious obstacles to an efficient administration of the government. "Fork barrel" legislation for public works in the home districts of legislators is a serious obstacle.

"The Filipinos possess the general Oriental weakness of favoring relations and friends. That may seriously affect the realization of the excellent provisions of the Constitution for an efficient civil service. This is especially true because the Islands form a one-party country.

"The Filipinos have been so intent during the past thirty years on gaining independence, that the great mass of the voting population was enrolled in the Nacionalista party. But the independence issue is now dead. The problems of the Commonwealth government are to-day largely economic, and new parties may arise determined by economic issues. In any event, the success of the experiment will depend upon the patriotism and wisdom of the upper classes who are in control. Their leaders are aware of this, and the inaugural address of President Quezon contained frank recognition of Philippine needs and weaknesses.

"Now as to the dangers from within. These will result from the economic provisions of the Independence Act. In that law it is provided that the present system of free trade between the United States and the Philippines shall remain in force for the first five years of the Commonwealth. In the sixth year, 1941, a tax of 5% shall be levied by the Philippine government on all exports from the Philippines to the United States and an additional 5% for each of the remaining years of the Commonwealth, so that during its last year the tax will amount to 25%. Then when independence has been attained, the full American tariff on foreign goods is to be imposed upon Philippine goods. The purposes of the export tax are to provide a sinking fund for the extinction of the Philippine foreign debt and to secure markets other than the United States.

"If these provisions of the Independence Act were to be enforced as they now stand, they would probably spell the economic ruin of the Philippines. As early as 1907, Mr.

Taft as Chairman of the Philippine Commission, secured the passage of a law providing for free trade between the Philippines and the United States, and free trade has existed ever since. The entire economy of the Islands has been attuned to that fact. Millions of dollars of American money have been invested in the Philippines providing products almost exclusively for the American market—chiefly sugar, cordage, coconut oil and coconut products. Very large numbers of Filipino people have secured employment as the result of those investments. In return, the needs of the Filipino people for goods not produced by themselves have been provided by Americans. In 1934, the

United States took 84% of the exports of the Philippines valued at \$93,000,000 and provided 66-2/3% of Philippine imports valued at \$55,000,000. In 1929, before the depression, the figures were much higher; and it has been generally overlooked that the Islands stand tenth on the list of countries consuming American goods. If they cannot sell their products, they cannot buy.

"There is to-day practically no other market for Philippine goods on the present basis of production and with the present living standards. Nineteenth of the Philippine exports to the United States consist of sugar. The amount of sugar produced in 1934 amounted to 1,600,000 short tons, the largest in the history of the Islands. Chiefly because of higher wages in the Philippines, the cost of producing sugar is considerably higher than in Java, which can easily supply the Far East and Australasia. And the higher production cost holds true for all Philippine commodities except hemp (cordage).

"One of the results of the American Occupation has been to develop among the upper and middle classes in the Philippines a standard of living above any other in the Far East. The

closing of the American market would unquestionably mean a lowering of that standard, because most of these people are dependent upon the industries and commerce developed by the American Occupation. Though the *Tao*, the common peasant, has also benefited by the extinction of brigandage and the maintenance of order and by the social services introduced by the Americans, he has, nevertheless, not achieved a happy position. He is exploited by the *Cacique*, the rich man, who can tide over the *Tao* between the time of sowing and harvesting by providing him with seed and food. Despite the law, the *Cacique* charges usurious rates of interest, and in thousands of cases the *Tao* is permanently in his debt. It is very difficult to remedy this situation because the *Cacique* is usually also the political boss who not only decided the outcome of local issues but in many cases decides who shall represent the district in the legislature.

"The Philippines did not escape the world economic depression, and much distress has resulted from it. Politicians

(Please turn to page 15)

THE AUTHOR

Stephen Duggan is internationally known from his long career in educational work for teachers and advanced students in the United States, Columbia and City College, New York City, and for his avocational interest in political affairs. His forte is political science. He was a member of the Monroe educational commission to the Philippines, 1925.

He is a leading figure in the ranks of teachers in America and his outlook is that of a liberal.

Dr. Duggan's remarks quoted here are from the Spring number of America's great quarterly, *The Yale Review*, of which some friend sent the *Journal* a complimentary copy. We are thus able to present to our readers two contemporary views of the Philippine situation by men whose business it is to know about such things and impart their knowledge to persons of education and influence: Dr. Duggan, and Dr. Ralston Hayden, whose article appears elsewhere in this issue of the *Journal*. Dr. Duggan's review of the Philippine constitution is omitted. To our readers it would appear to be acceptance of far too much at face value.—Ed.

Inheritance Tax in the Philippine Islands

By E. L. Hall

Manager, Manufacturers Life Insurance Co., Manila

Mr. A. L. Yateo, Collector of Internal Revenue, has furnished me with a copy of general circular No. 375 issued on December 11th, 1936, from which the following is quoted. The circular comprises seven pages which include complete data on Commonwealth Act No. 106 which was approved by the government on October 29th, 1936, further amending previous sections of the Administrative Code. The principal features of the Act are as follows:

1. Under the law, gifts *inter vivos* made to any person, who, after the death of the donor, shall prove to be his heir, devisee, legatee, or donee *mortis causa* are taxable.

2. Gifts *mortis causa* are also taxable under the law.

3. Although under the law, every transfer of property in contemplation of death or intended to take effect in possession or enjoyment at or after death, is subject to inheritance tax, to preclude any doubt on the part of the tax-paying public, section 1 of Commonwealth Act No. 106, expressly provides that every transfer in contemplation of death or intended to take effect in possession or enjoyment at or after death is taxable.

4. To avoid any attempt on the part of property owners to defeat the Inheritance Tax Law by transferring their property before their death, the new amendment presumes every transfer or sale without consideration by trust or otherwise of property or interest within three years prior to the death of the deceased as one made in contemplation of death and as such, the said transfer is taxable.

5. Under the old law, the transmission of the following property is taxable:

(a) Real property located in the Philippines and real rights in such property.

(b) Any franchise which must be exercised in the Philippines.

(c) Shares, obligations, or bonds issued by any corporation or *sociedad anonima* organized or constituted in the Philippines in accordance with its laws.

(d) Rights or interests in any partnership, business, or industry established in the Philippines.

(e) Personal property located in the Philippines.

6. Although under the old law, the transmission of the following property has been held subject to tax, to dispel any doubt, the new amendment expressly provides that the transfer thereof is subject to tax:

(a) Shares, obligations, or bonds issued by any foreign corporation, the principal business of which is located in the Philippines.

(b) Shares, obligations, or bonds issued by any foreign corporation, if such shares, obligations, or bonds have acquired a business situs in the Philippines.

(c) In the case of a resident of the Philippines, any intangible personal property, regardless of its location, is subject to inheritance tax.

Attention is especially invited to section 1536 (d) of the Administrative Code, as amended by

Acts Nos. 2835, 3031, and Commonwealth Act No. 106 which provides for regressive rates or

additional inheritance tax from 1000% on the net inheritance to be received by strangers which does not exceed ₱110,000.00, as the maximum rate, to 300% on the net inheritance which exceeds ₱2,000,000.00, as the minimum rate.

For ready reference, there is indicated below a table showing the method of computation of the inheritance tax under the provisions of Commonwealth Act No. 106:

TABLE		Total tax due on each Class of Heirs			
		"A"		"B"	
Exceeding	Not Exceeding	Rate	Tax	Tax	Tax
₱ 10,000	₱ 10,000	1%	100	100	100
30,000	30,000	2%	400	500	500
50,000	50,000	3%	600	1,000	2,000
80,000	80,000	4%	1,200	2,300	4,600
110,000	110,000	5%	1,500	3,800	7,600
150,000	150,000	6%	2,400	6,200	12,400
190,000	190,000	7%	2,800	9,000	18,000
240,000	240,000	8%	4,000	13,000	26,000
290,000	290,000	9%	4,500	17,500	35,000
350,000	350,000	10%	6,000	23,500	47,000
420,000	420,000	11%	7,700	31,200	62,400
500,000	500,000	12%	9,600	40,800	81,600
600,000	600,000	13%	13,000	53,800	107,600
720,000	720,000	14%	16,800	70,600	141,200
850,000	850,000	15%	19,500	90,100	180,200
1,000,000	1,000,000	16%	24,000	114,100	228,200
1,200,000	1,200,000	17%	34,000	148,100	296,200
1,500,000	1,500,000	18%	54,000	202,100	404,200
2,000,000	2,000,000	19%	95,000	297,100	594,200
		20%			891,200

The Changing Orient

(Continued from page 9)

The fundamental significance of Manchoukuo, however, is not merely the material progress that has been made there, remarkable as that may be. In this land, under pioneer frontier conditions and freed from the full effect of the restricting force of either Japanese or Chinese traditions, some 31,000,000 Chinese, with lavish material aid from Japan and under the direction of a highly trained body of Japanese enthusiasts, are building a state and perhaps creating a civilization that may differ from that of either China or Japan. Here, in a rich, undeveloped territory almost as large as Germany, France, and Spain combined, highly effective manpower and all of the marvelous productive instrumentalities of modern civilization are being brought together—by force without doubt—but never-

theless united in a great constructive effort. The result may well be something new in the world, a unique Oriental contribution to modern civilization.

As to the stability of the régime in Manchoukuo, it is my belief that it could be destroyed only by a cataclysmic social and political revolution within Japan or the complete defeat of that country in a major war. The probable effect of either of these remote contingencies, not only upon the Orient but upon the world, contains appalling possibilities of disaster to the whole fabric of civilization.

Probably only one nation today has the will and the power immediately to thwart Japan in the execution of any plans that she may see fit to carry out on the continent of Asia. Undoubtedly Russia sees in the continental expansion (Please turn to page 24)

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LETTERS

Frank A. Southard, Jr.
—Assistant Professor
Department of Economics
College of Arts and Sciences
Cornell University
Ithaca, New York.

"I have your very friendly letter of February 9th and have since received four copies of the Journal of the American Chamber of Commerce of the Philippine Islands.

"I appreciate very much your willingness to place my name on your complimentary mailing list. I shall see to it that the Journal is placed in the university library each month as soon as I have had an opportunity to look it over. In this way the accumulated file will be made properly available for general use.

"I congratulate you on the variety of the contents of the Journal. We are accustomed to regarding Chamber of Commerce Journals in general as simply a means of publishing notices to members with an occasional haphazard article squeezed out of some reluctant contributor for the sake of appearances. Consequently it is refreshing to find you turning your attention to problems of silver, silver-gold exchanges, price movements, shady corporate practices, and so on. I am sure your Journal will deserve a permanent place on our library shelves."

* * *

Caroline A. Henderson
—author of "Letters from the
Dust Bowl" that *Atlantic Monthly*
published.

"You would never imagine how much pleasure we have derived from your friendly letter and the big parcel which came safely in perfect condition from so very far away. You would have smiled to see us, eager as children at a Christmas tree! *Everything* in the basket was of the utmost interest to us and to all people to whom we have displayed our treasures. (They were a few trifles typically Philippine handicraftsmanship gathered up one afternoon at the carnival provincial exhibits.—Ed.)

"I dampened the creases in the beautiful wall-hanging slightly and pressed it under heavy weights until it lay smooth, and for the present we have rolled it up on a piece of bamboo and wrapped it up away from the dust. But some day I plan to put it on the wall of our living-room as a background for a crayon drawing of our little homestead cabin in which we lived from 1908 till Christmas time of 1920. Perhaps that isn't just the conventional way to use it, but the combination will please us and recall happy associations.

"The little dolies have been much admired and the skill of the work appreciated. I sent two of each size to Elean and her husband in Kansas City so that

they might be sharing in our gifts and they were delighted with them, but failed, as we had done, to locate the *huri* name which you applied to them. We suppose it must be a tribal name, but do not know.

"No youngster was ever more proud of any knife than Will is of the big hand-wrought specimen in the carved scabbard. It will have a permanent place in the curio room which we are always going to arrange for—when we get the upper hand of the dust clouds! I can't say when that will be.

"It has amused me to see how all the boys and young men who have seen these things have been especially fascinated by the gay slippers. They are indeed beautiful and skillfully done. Will even took the pains to count the colors in the bead work! I'll not promise to wear them but shall find their use in their beauty and their happy suggestions.

"But the fine basket I am using every day in a most practical way. I don't see how I should have managed without it. For economy's sake I promised to help Elean with her interne's outfit, white dresses, uniforms, etc. So when it comes



Cimarron Canyon, New Mexico

time to lay my work aside, I can fold it into the roomy basket and cover it up safe from harm till I can take it out again.

"Please don't think, because I mention the little booklet last, that we value it least. We felt deeply grateful that you would send us some of your own work. We have both enjoyed *Sunrise* and *Sunset* through your word pictures, so expressive of love and appreciation of all that is beautiful. I was particularly interested in your reflections upon the Filipino character and the gifts that they may offer for the world's comfort and necessities. We hope they are not overdoing the military training and preparations. Sometimes we think they are, but perhaps we do not understand. Above all, I hope that if they must be soldiers and must fight, it need not be to carry out some purpose of our own.

"If I ever tried hard to teach Elean one principle of conduct, it was to avoid the hatefulness of using other people, their strength and their ability, for one's own selfish ends.

"I meant to speak of our interest in even the stamps on the letter and parcel.

Elean's special recreation is stamp collecting and some day, I suppose, these stamps will find a place of honor in her album. We can't help feeling too deeply indebted to you for all these generous gifts and wish we could think of something to do in recognition and gratitude. It was surely nice of you to arrange for so pleasing a presentation of the *Dust Bowl* letter, and I appreciate your thought and the careful effective work of your young friend in tracing the handwriting. (It was Mrs. Henderson's generously comprehensive letter to us, supplementing the *Atlantic* series with later information on Oklahoma's last year's drouth, readers will recall.—Ed.)

"We are sending a few Oklahoma papers with special reference to conditions here which are more than ever precarious. Unless the special efforts just now getting under way are successful in checking the appalling effects of the continued winds and consequent erosion, we shall have to face the sad fact that we have been fighting for a lost cause. Will wishes me to leave a little space for him so I must close with repeated assurance of our appreciation and good will.

"Caroline A. Henderson.

"I thank you for the knife. If the wife will not let me carry it I can sneak in and look at it once in a while, and it is one more article to add to my collection of flints. The stamps are another help in another collection, so you see all things are valuable to bad boys in the Wild Woolly West. Thanks for all of them. Come over some time and I will try to show you over the old familiar landmarks, only they will not be like they were a few years ago.

Yours truly,

"W. E. Henderson"

(The few things mailed to the Hendersons were sent only as a friendly reward, more than merited, of Mrs. Henderson's remarkable letter to the *Journal*. But the Hendersons' evident appreciation of them suggests that if any of our readers in the United States would care for a similar collection of trifles of Philippine handicraftsmanship, \$10 would cover the cost of getting and mailing it to them.—Ed.)

* * *

C. S. Salmon
—The Insular Life Assurance Co.
Insular Life Bldg., Manila.

"I want to thank you most sincerely for your generous gift of P200.00 to Union Church Hall. I think your idea of dividing the profits of your special holiday number once a year to worthy charities is a very laudable one. I am sure the other participants appreciate the amount they have received as much as we do who are looking after the finances of Union Church Hall."

Stephen Duggan Sees . . .

(Continued from page 12)

among the "Outs" led by Aguinaldo have taken advantage of the situation to arouse antagonism against the government. This is the chief explanation of the Sakdal uprising in 1935 the first of its kind since the pacification by the Americans in 1901. If the economic provisions of the Independence Act were to be enforced, beginning in 1941, the succeeding unemployment, fall in wages and lowered standard of living, added to the resentment of the *Tao* against prevailing conditions might have serious consequences. There can be hardly any doubt that the admirably organized Philippine constabulary would be able to suppress an insurrection and to enforce order, but the political situation would be most unfortunate.

"The Filipino has become accustomed to changed and improved conditions brought about by the American Occupation. He is not only accustomed to them, he is proud of them. He is proud of the roads, bridges, artesian wells, public buildings, and public health service, and particularly proud of the public school system. But all these public services have been maintained only with the greatest possible economy. Even as it is, nearly a million children had to be denied entrance to school in 1936 because of lack of funds for school buildings and teachers' salaries. The total annual income of the Philippine government at its highest, in 1929, was only \$50,000,000, and in 1934 it was only \$40,000,000. Were this to be drastically reduced by the enforcement of the economic provisions of the Independence Act, the result would necessarily be not merely a reduced standard of living for the population but a reduced standard of civilization.

"This economic future of the Philippines as provided by the Independence Act is a dark one. The situation is not without hope, however. When President Roosevelt signed the Act, he stated that attention would be given to the changes needed in the economic provisions of the law. He indicated that he would hold a conference composed of both Americans and Filipinos to consider that question. Preparations for such a conference are already being made by our government, and an Economic Council has been created by the Philippine government with a similar objective. There ought not to be great difficulty in reaching a basis which would justify President Roosevelt's statement: 'Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.'

"What are the dangers that threaten the new Commonwealth from without? There is little probability that the Islands will be liable to external attack during the remaining years of American sovereignty, unless the United States were to become involved in a war with a foreign power. The serious question is how they could defend themselves in event of attack after the establishment of the Republic. There are two foci of possible danger—China and Japan. One has only to remember the trek into Manchuria of the millions of industrious Chinese peasants from Shantung and other northern provinces of China, to realize how strong is the desire of war-weary Chinese to flee to regions more favorable to a peaceful life.

Nor should one forget that though Great Britain is sovereign in the Malay peninsula, political control is about all the sovereignty amounts to. The economic life is almost everywhere under the domination of the many Chinese who have emigrated there. This Chinese commercial influence is also very strong in Java.

"Compared to neighboring regions of Asia, like China and Japan, the Philippines are a sparsely inhabited area. There are a few more than 13,000,000 people inhabiting a region as large as New York, New Jersey, Delaware, and Pennsylvania combined. Were the Philippines populated as densely as Japan, they would have a population greater than Japan's 70,000,000. Naturally, the Filipinos wish to retain their domain for their rapidly increasing population, which has doubled during the American Occupation. This they have so far been enabled to do as the result of the policy of Chinese exclusion

maintained under both the Spanish and American régimes. Nevertheless, there are now some 75,000 Chinese in the Islands, the descendants of those whose settlement antedated even the arrival of Magellan in 1521; their numbers have since been constantly augmented by *émigrés* smuggled in. Moreover, the *Chino* in every village is to-day the chief storekeeper, and the Chinese also control the wholesale trade in Manila and the chief cities. The mixture of Malay and Chinese blood which has developed in the Islands, is a good product, and many an able Filipino statesman, like Vice-President Osmeña, is a Chinese *metisio*. But the Chinese are not popular with the Filipinos, and are sometimes attacked by the more militant elements. Whether after the withdrawal of the Americans, the Chinese people, now fired with the spirit of nationalism, will continue to submit

(Please turn to page 47)

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exploration and development of the mines have been steadily
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IMPORTANT NOTICE: Shareholders may now call at
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their certificates upon full payment of their shares. Also,
those whose reservations have been accepted, and those whose
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MINIMUM RESERVATION: 10,000 SHARES; MAXIMUM RESERVATION: 500,000 SHARES. ONLY 50% OF TOTAL SUBSCRIPTION PAYABLE WITH ORDER, BALANCE WITHIN 90 DAYS.

Only a limited number of shares left. Subscriptions will be entered in the order of their receipt

Original Stockholders of this Corporation, who subscribed before the grant of this permit, will please be guided by a special resolution of the Board of Directors to be sent to each and every one of them thru the mail.

NOTE: This corporation will spend for 1937 not more than ₱36,000 for all administrative expenses, reserving the bulk of the company's funds for mining development, mill, machinery, and equipment, etc.

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EXCERPTS FROM ENGINEER'S REPORT

"Of the 704 hectares of placer location . . . I assume 500 hectares to be workable . . . and a depth of 3 yards as being on the safe side . . . 500 hectares amount to 6,000,000 square yards, and at depth assumed, the deposit would amount to 18,000,000 cubic yards. Deduction for large boulders will not be in excess of 50%.

"I found gold in every pan of sand, earth or gravel that I tested."

"I estimate the contents of the ground tested to run about 1/3 centavo per color. Assuming 175 pans a cubic yard gravel, means 35 centavos per color per cubic yard, 3 colors to pan equals ₱1.05 per cubic yard.

"On this basis, the property is of undoubted merit, and warrants intensive development to make ready for active exploitation."

Mining and Metallurgical Engineers, Inc.
by FRED. MACCOY
Mining Engineer

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

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

"We Recommend Further Exploration and Development"

• So says many a mining engineer's report . . . but let the assays be your guide!

As we gather the gossip over the coffee table, values of a mining prospect destined to be a mine of real commercial value will reveal themselves all but invariably in the assays of samples from outcrops, crosscuts and dogholes at the surface. More than one friend among the engineers tells us, if you don't get values at the surface, give it up. It is pathetic, in face of this common opinion of the experts, to go over some of the cajoling reports of another sort of engineers, made to more than one company whose directors are thoroughly honest men with no practical knowledge of mining.

These reports gloss over the want of surface values, very often: they go by the criminal code, apparently, and give the project the benefit of the doubt. They can't prove that the project is a mine; on the other hand, no one can prove it isn't one, though all probabilities run to the contrary.

Directors, unfamiliar with mining, usually with no independent engineer called in for counsel, on these reports over and finally decide to spend more money on further search for mining values, where if the report were written as it should be they would vote at once to close down the work.

Following are examples taken from official company reports indicating the point at which some skeptical director or shareholder should move that work be stopped:

A Surigao Project.—Float samples assayed 72 cents and 62 cents. That the float came from points on the property had not been ascertained. Nevertheless, it was proposed to continue explorations as well as a very costly engineering service.

A Rizal Project.—Assays from 10 cents to \$2.07 from outcrops are reported, old gold value. On the face of it, such a project is a dud. The very location of the claims is also against success. Yet the engineer accounts the results encouraging.

A Paracale Project.—An engineer has twelve samples run, all of them showing mere traces except one that just tops \$18, obviously a freak. The property should be abandoned. But the engineer doesn't say so; he says that a prospector should be hired for the purpose of determining further work, and this misleads directors into holding out further hope to shareholders.

A Mt. Province Project.—On so-called veins reported 14' to 36" wide all samples ran below \$6, all but two in a total of nine, below \$3. The engineer says, however, "values obtained from the samples taken from this group are quite satisfactory. . . this group is a good prospect." In contrast to this, in the same territory another engineer rejected, quite properly, blocks of ore averaging \$5.50 a ton because such values are below the cost of extraction. The first engineer also says the property has a geological formation favorable for mineralization, but the *Journal* has published scientific data that refute this; the territory should be approached, as a matter of fact, with the utmost skepticism, and on such findings, abandoned.

A Mt. Province Project.—Outcrops on this property assayed \$6.40-\$0.41-\$4.75-\$6.61-\$0.40-\$90.94-\$27.28 and nil. It is such assays that justify exploration work, but only after check samples have verified the first report. The project is not in a locality where the best authorities say consistent commercial values will be found.

A Paracale Project.—An engineer reporting on this project says he took five samples from different parts of the group, 14 full size claims, getting one assay \$58.70, another \$10.08, two traces and one \$0.41. On this slim showing he concludes that the "average ore is evidently highgrade, and the commercial possibilities of the ore deposits are excellent." More conservative engineers would by no means agree with him. Occasional high-value samples in this district are not very indicative of consistent bodies of commercial ore.

A Paracale Project.—An honest engineer follows geophysical work with a personal inspection of the shallow development work in progress, and reports that if results from this shallow work are favorable enough the company will be called upon to put down a shaft; that this will involve much expense, and that before the expense is undertaken the shallow development work show definite results. Such a company is in good hands.

A Paracale Project.—An engineer found some stringers from which samples assayed \$2.07. Upon this he recommended that the claims be taken up for prospecting and exploration. Quartz in a stringer was 2" wide, and mining thus out of the question. In another stringer vein matter was reported a foot wide, equally without commercial mining value. No wonder that some companies have meteoric careers, rising on such flimsy facts, falling when they play out into nothing at all. For this is territory that dozens of competent men have gone over since 1934, selecting such ground as seemed at all promising.

A Surigao Project. This is near a producing mine, and forty-three samples, rechecked, averaged \$15.09. One good engineer is checked by another. On such a basis the company feels justified in going ahead, as the engineers recommended.

A Mt. Province Project.—Here the directors had the good sense to employ Director Quirico A. Abadilla of the Bureau of Mines. The property is far north of Baguio. Abadilla assayed samples from prospect holes, found none that ran more than \$1.06, none exposing a substantial quartz vein, and recommended abandonment of all prospect holes and tunnels. He added that the property should be explored superficially for outcrops, and that most of the work be done along the creeks and drainages. What for? Obviously for what Dr. Abadilla rates of primary importance, superficial showings.

A Mt. Province Project.—We bought into this ourselves. There is a whole page of nils and traces, and on another run-over page a value as high as \$1.24. The engineer suggests more work, though not on the basis of these samples, but come now, what do you offer for our unit? It isn't the fractions that lay you flat in this mining game, it's the units! *Voilà!* As we think we have given typical examples of when to stop and what to leave alone, we placed a lachrymose period here. There can be no doubt that ambiguous slushy engineers' reports are leading adventurers to waste the funds of their syndicates and companies. There is equally no doubt that the services of many highly competent and trustworthy engineers are now procurable in the Philippines. There should be a weeding of this garden grown with noxious tares.

Current Data on Russia's Minerals and Metals

• By D. B. PUSHKIN

Metalurgist, Geologists and Engineers Syndicate, Inc.

Under the present U. S. S. R. Government, all minerals are nationalized. Some are operated directly by the State, others thru concessions to commercial companies in which the government retains an interest. Especial efforts were made to increase production in oil, coal, iron, manganese, copper, lead, and zinc, under the Five-year Plans.

Iron

The iron deposits of U.S.S.R. are extensive. The chief centers of the iron industry are the south, Urals, and Central Russia. According to pre-war estimates, in the Krivoi-Rog area, there are about 200,000,000 tons of ore at a depth of 700 feet. This ore contains on an average, 62-72 per cent of iron, 9 per cent of silica, and 0.03-0.06 per cent of phosphorus.

The ore deposits which were discovered a few years ago in the Kursk region form a large system of about 320 kilometers long at a depth of 150 meters. The iron content of the ore is 50%. According to the estimates of the well-known Geologist Professor Gubkin, there are about 40,000 million tons of iron ore in that region.

The chief iron ore of the Urals deposits consists of igneous magnetites which appears in the contact zones, produced by intrusive igneous rocks on limestones or limy shales. Other iron ore deposits (mainly: limonite, hematite and various ferric hydrates that commonly are associated with limonites, hydrated silicates) also occur in several localities of Central Russia.

Copper

The copper resources of Pre-war Russia were estimated at between 650,000 and 1,000,000 tons of pure metal. New copper deposits were discovered at the end of 1928 in the region of Lake Balkhash in the Kazak Republic. The present resources are estimated at 18,000,000 tons.

The chief centers of copper mining of Pre-war Russia were the Urals, the Kirghiz Steppes, and Siberia. The ore of the Atlas mines contains as much as 30% copper for the first quality, and averaged for the second quality, not less than 10%. The best variety in Spassky deposits (Siberia) contains as much as 15 to 22 per cent of copper, and the second quality 7 per cent.

The production of blister copper for 1936 amounted to approximately 89,000 tons. The program, however, was, for 1936, to produce 121,000 tons.

Gold

Russia occupied the fourth place before the war amongst the gold-producing countries of the world. The principal areas where gold is obtained are east, west and central Siberia, the Ural region and the Caucasus.

Vitim mining district, from which about 25% of the total production of gold in the U.S.S.R. is obtained, is situated in Eastern Siberia.

A new goldfield had been discovered in the Yakutsk Republic near the river Indigirka and Kolyman, at the end of 1929. This field is estimated to be 750 kilometers long and 250 kilometers wide.

The gold industry is carried on mainly by three methods. There are the large state trusts which do their work on a commercial basis; concession enterprises which work the most important deposits of precious metals; and there is the small

gold industry in the form of private gold mining organized and fostered by these same trusts. This small gold industry either leases out zherifurous areas to private individuals for them to exploit, or allows gold digging without a lease of the land.

The small gold industry is gradually recovering. Moreover, the gold traders and gold diggers carry on their work all the year round, while the State enterprises cease all work connected with dredging and washing during the winter. The Lena goldfields where work is carried on underground, are an exception.

The gold of the Ekibastussk concerns is a by-product of the lead industry, and is obtained from the refining of lead.

Output of gold during the last year is reported to reach about 7,300,000 ounces. The figure is still too small to place the country as the world's leading gold producer, which position the Soviets are planning to achieve by the end of 1939.

Poor metallurgy was observed in the field of lode mining. Newly built cyanide and flotation plants, in many cases, operate inefficiently producing tailings with high gold content; thus necessitating the retreatment of the material.

Platinum

The platinum occurs in alluvial material in the Urals at Nijni Tagilsk, and with chromite in a serpentine probably derived from a peridotite.

Before the world war, the platinum deposits of the Urals gave Russia almost a world monopoly in the supply of that metal. The average annual output during the last ten pre-war years was about 11,500 lbs.; the only important other source, viz., British Columbia, producing hardly 7% of this supply.

During the war period production decreased considerably owing to disorganization in the industry. In 1921, production was at its minimum, but recently the industry has been considerably restored.

The method mainly used for obtaining platinum in the Urals is dredging. The dredges are imported. In addition to the obtaining of platinum by dredges, a considerable quantity is also collected by the local population in the Urals by primitive handworking methods.

The estimated platinum reserves in the Urals are about 7,000,000 ounces.

Silver

Silver was worked in various parts of old Russia. The principal mines are in Siberia, the Urals, and the Caucasus.

Amongst the districts of the U.S.S.R. where silver is obtained, the Altai mountains in Siberia are of greatest importance. The Altai deposits contain gold, copper, lead, and zinc.

In the Urals, silver is only obtained as a by-product, yet some quantities used to be obtained there. There is only one silver smelting works in the Caucasus, the Alagir works. Of the 40,000 lbs. of silver produced in 1912, the Caucasus produced about one-quarter. There are silver deposits also in the Kirghiz Steppes, but the workings are of primitive nature, their output is irregular. The total silver reserves of the U.S.S.R. are estimated at 1,500,000 kilograms. No figure is available on Soviets' silver production at present, but it is considered that sufficient supply is produced for coinage and domestic industrial purposes.

Canada's Mining Pace Under the Urge of \$35 Gold

● Time's featured account in its issue of April 5.

"During the wintry years of its northern Depression, Canada's financial centre of gravity shifted westward from the first city of the Dominion to the second, from staid old Montreal to booming Toronto. In mental atmosphere the two cities are different as Boston and Chicago. From the golden days of the fur trade to the building of the railroads, from the peopling of the prairies to the rise of lumber and newsprint, the wealth of Canada tended to flow through Montreal. Some of that wealth always came to rest in the snug little mansions at the foot of Mount Royal, and Montreal became about as venturesome as the Bank of England.

"Meantime Toronto, with a native itch for the long shot and a grandstand view of Ontario's vast mineral resources, captured Canada's relatively young mining industry. As far back as the century's turn when the big strikes were still in the West, Toronto's interest in mining was so hot that not one but two mining stock exchanges were founded. Later they merged as the Standard Stock & Mining Exchange, long a rival of the conservative old Toronto Stock Exchange, which dates back to 1852. With development of the great Ontario mines around Cobalt, Sudbury, Porcupine and Kirkland Lake, the wealth of the North funneled into Toronto. Thus when the greatest mining boom in Canadian history was touched off by the pound's fall from gold and the New Deal's devaluation of the dollar, Toronto was ready-set to cash in.

"Cash in it did. In the five years through 1936 the value of Canada's mineral output soared from \$191,000,000 to a new high of \$360,000,000, nearly one-third in gold alone. The total of dividend payments by Dominion mines more than tripled. Mining now ranks ahead of lumber and newsprint as the most important Dominion industry outside of agriculture. And the Toronto Stock Exchange, now merged with its old mining rival, not only outstrips the Montreal market in dollar-volume of trading but also exceeds every exchange in North America except New York's "Big Board" and the Curb Exchange. In number of shares traded it even stops the Curb.

"This week after a four-day Easter holiday the Toronto Stock Exchange will reopen for business in a brand-new building, the most up-to-date trading floor in the world. Toronto likes to think of this new building as symbolizing not only the new importance of its mining mart but the coming of age of the Dominion's most boisterous industry. To mark this notable event with appropriate fanfare, President Harry Broughton Housser scheduled not one but two formal openings.

"The first occurred last fortnight when Broker Housser played banquet host to 800 U. S. and Canadian bigwigs, including President Charles R. Gay of the New York Stock Exchange and President Kenneth S. Templeton of the Chicago Board of Trade. The party afforded a public opportunity for hosts & guests to brush up on such goodwill items as that the U. S. is Canada's best customer, that, next to Britain, Canada is the best U. S. customer, that the U. S. stake in

Canada amounts to some \$4,500,000,000 (far larger than the Mother Country's) and that Canadians own more than \$1,000,000,000 worth of U. S. securities. And after the well-wishing, Broker Housser proceeded to show his potent visitors a few new tricks in their own trade.

"In his big new modernistic building, the only completely air-conditioned building in Canada, President Housser has every mechanical gadget known to U. S. markets and a few more besides. Neatest innovation is an automatic quotation service, not for actual transactions, which are history, but for the going bid & ask prices. Operating on the same principle as the Teleregister electric quotation board common to U. S.

board rooms, the service clicks up the bids & asks on the sides of the nine hexagonal trading posts where brokers can see them at a glance. Moreover, the same service is available to anyone with a "dial ticker" in his office. To get a quotation direct from the floor on, say, International Nickel, a customers' man merely dials Nickel's number (111) on an instrument which looks like an enclosed typewriter with a telephone dial instead of a keyboard. Within a few seconds the dial tickers tap out the going bid & ask for Nickel.

"So thoroughly mechanized is the whole new \$750,000 Toronto Stock Exchange that floor members had to take lessons in how to do business there. Actual trading on the new floor was to begin this week at a brief British ceremony with the visitors' gallery closed. Over the regular ticker at 9:50 a. m. was to go an address from President Housser, followed by congratulatory messages from the Honorable Vincent Massey, Canadian High Commissioner in London, and from Chairman Robert Barclay Pearson of the venerable London Stock Exchange. By remote control the chairman of the London Stock Exchange was then to sound the opening gong at 10 a. m. Toronto time (same as New York). Pre-arranged, the first transaction was to be between President Housser and Norman C. Urquhart, his stout, decisive vice president. The stock: International Nickel, bluest of Canada's blue chips.

"Fusion Man. Logical for more than investment reasons was the choice of International Nickel for the first sale. Trading in Toronto is divided horizontally between regular listings and a so-called "curb," which is physically and financially a part of the Exchange, and has identical membership. A dying institution, the "curb" corresponds roughly to the unlisted section of smaller U. S. exchanges. But Toronto trading is also divided vertically between a mining section and an industrial section in somewhat the same manner as the New York Stock Exchange segregates stocks and bonds. In Toronto International Nickel is rated an industrial, because of its fabricating activities. It is also the world's premier nickel miner, so that it represents a happy blend of mine and mill.

"Since 1934 when it merged with the old Standard Stock & Mining Exchange, the Toronto Stock Exchange, too, has

GOLD

Great nations usually act together respecting gold, and even small ones. There is nothing in reports that the United States will revalue gold, if independent action is thought of, because the United States will of course continue playing ball with England and France in this business. Even should Washington stop inlets of gold into the United States from foreign sources by offering some absurdly low price for bullion, that would not affect the Philippines, they are territory of the United States. Nor would it affect the world price of gold; it would only effect its purpose, to divert bullion from America to other markets.

Probably all gold sent to the United States in liquidation of international settlements of trade balances would be accepted at the current price; in any case, nothing will be done that will retard the rehabilitation of international commerce that is a major policy of the Roosevelt administration being carried out by Cordell Hull, secretary of state, under special authority from Congress. World economy is based on gold at \$35 an ounce, and such vast volumes of local economy the world over as to disturb with revalued gold would provoke hard times again. Read Time's account of Canada's activity in mining, for inklings of what would happen there.

represented a blend of mining and industry, though not always a happy one. To the outside world the Toronto Exchange is an exclusive club of 113 members, many of whom are sons and grandsons of oldtime members who paid as little as \$5 for their original seats (today's price \$90,000). Internally the club-like atmosphere has been ruffled by a tendency to line up into an industrial faction and a mining faction. Harry Houser, a fusion candidate popular with both sides, was made president last year in what has turned out to be a successful attempt to ease the strain.

"Born 52 years ago in Winnipeg, Broker Houser made a Dominion name as a hockey star, first at Toronto's swank St. Andrew's College, later at the University of Toronto and

then on Toronto's old St. George hockey team, amateur champions. He got his business start in Massey-Harris (farm implements), shifted to brokerage, setting up his own firm, now H. B. Houser & Co., in 1917. For years he had been a power in Exchange affairs, took an active hand in negotiating the merger that really made Toronto a miners' mart, played a big part in planning the new building to house it. At first he was disturbed by Architect S. H. Maw's modernism, for Broker Houser is rated a Solid Citizen with a wife, daughter and grown son, pride in his golf, a fondness for fishing and a natural leaning toward conservatism. The executive offices in his new building are period (Queen Anne and Georgian), but the president's office does have a highly functional bar adjoining. At

home Harry Houser has to serve his guests himself because his two servants are Seventh Day Adventists who will have nothing to do with liquor.

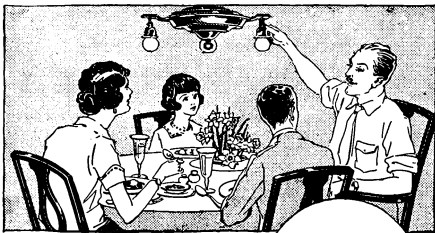
"Up until a few years ago H. B. Houser & Co. avoided mining issues like the plague. A director in such companies as Canada Foundries & Forgings and Stop & Shop Stores, Broker Houser found unpectacular industrials good enough to give him a city home on Warren Road, a country place in Thornhill, just outside Toronto. But with arrival of the mining boom, which has made speculation in Toronto as common a pastime as the cinema, H. B. Houser & Co. began to diversify. Harry Houser was one of the group which backed Kerr Addison, which in the past year went from a few cents a share to \$5.

The Pennies. Nearly one-third of the 500 issues listed on the Toronto Exchange sell below \$5 per share and scores are below \$1. It is these "penny stocks" that account for the huge share-volume run up in daily trading. Toronto had a 5,000,000-share day last year, and a 1,000,000-share day is poor business. It is also the "pennies" that give Toronto its peculiar flavor. Bay Street (Toronto's Wall Street) and the surrounding district are not unlike any financial district in smaller U. S. centres. There are a Childs and a Savarin restaurant. Because hard liquor is banned in Ontario restaurants Toronto has developed a "Broker's Cocktail," a startling yet appropriate combination of beer and champagne. For in Toronto, the gap between beer and champagne may be extremely narrow and is frequently bridged on the pungent name of a northland mine. Last year the best bet among the pennies was O'Brien Gold which soared from 34¢ to \$14. In the past few years MacLeod-Cockshutt climbed from 10¢ to \$5.40; Pickle Crow from 50¢ to \$9.20.

"Every runner in Bay Street knows the story of the fun-loving Toronto broker who bought 20,000 shares of Continental Kirland at one-eighth of a cent per share to send to his friends as Christmas cards in big denomination certificates. After he had mailed every last certificate, the stock suddenly bounced to 80¢ per share, a 640-fold appreciation.

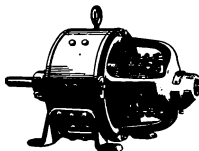
"What today is a Mandy, Bobjo or God's Lake, a Consolidated Chibougamau, a Bagamae or an Ymir Yankee Girl may be tomorrow's Noranda, Dome or Lake Shore. Or it may turn out to be a Red Lake, which lately tumbled from \$1.78 to 66¢ on annual report in which the company revealed that its ores were not up to expectations. A contributory factor in the fall of Red Lake was a widely-circulated but quite false report that the president had been arrested.

The Millionaires. In the early stages of the mining boom, Toronto was a lush pasture for bucketeers, sharpsters and boiler-room operators who had skipped across the frontier after the Securities Act went into effect in the U. S. Most of them have since been cleaned out by the Ontario Securities Commissioner, John Milton Godfrey, who is a sort of one-man SEC. All stock salesmen are now licensed, and selling stock by telephone is banned. Though he has never used it, the Securities Commissioner also has power to regulate the Toronto Exchange. Co-operation is so close between the Exchange and Commissioner Godfrey that that public official sits in on sessions of the listing committee.



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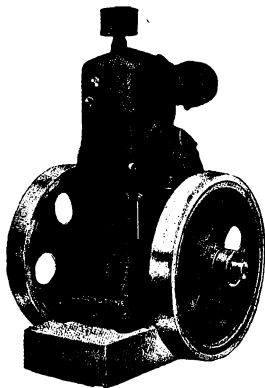


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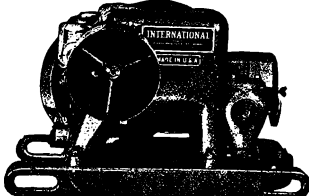
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(Please turn to page 33)

Landon Makes Coke at Cebu

Sends the Journal sample and analysis.—His syndicate also ready to turn out pig iron from its own hematite ore

Just as Chicago is likely to call overstatements from New York, and St. Louis will infallibly defend her industrial advantages when Chicago grows boastful or supercilious, Cebu, self-conscious industrial and shipping center of the Bisayas keeps a weather eye cocked on Luzon. Last month we published further data on a new coal project in Sorsogon and brief comment on base metals of the Islands, and erred, it seems, in stating that Philippine coal for coking purposes had not yet been turned up.

For this we were immediately brought to task by Major R. R. Landon, of Cebu, whose letter follows:

"We have read with considerable interest the article on page 21, April, entitled *Base Metal Potentialities*. The last paragraph, in part states the following:

All in all, a real supply of coking coal would be an industrial godsend to the Islands. But the coal has not come to light.

"In view of our own activities in Cebu we make vigorous exception to your statement.

"Two years ago the price of Japanese foundry coke, c.i.f. Cebu was ₱37.00 per ton. About a year previous to this we started experiments with various samples of Cebu coal and eventually found a high grade coking coal in sufficient quantity to justify the building of a bee-hive coke oven.

"The first coke made, about 4 tons, was sold to the Cebu Foundry Shop, Cebu, at ₱34 per ton and since then the local foundries have brought our entire output of about 40 tons monthly. In fact, prospects in this business look so good we have just completed another oven which will double the output.

"Under separate cover we have sent you a sample of the coke manufactured from local coal which, we might add, gives the following assay:

"Moisture 1.57%; volatile matter 3.51%; ash 4.77%; fixed carbon 90.15%; total 100%; B. T. U. 14,691; Sulphur and phosphorus not appreciable.

"For foundry purposes this makes our product equal to the best Australian coke which costs ₱54 a ton c.i.f. Manila.

"Further, we have, during this time, conducted experiments in the manufacture of pig iron and have built a 10-ton blast furnace using our own hematite ore.

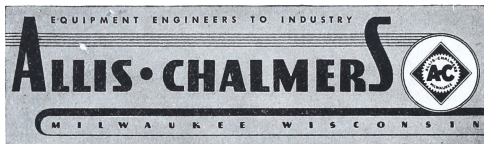
"Coke imported into the Islands amounts to over 3,500 tons annually and with Marsman & Co. and other mining groups concentrating and smelting their own ores the quantity will, within the near future, be considerably more. We believe, given proper encouragement, the Islands can be made completely independent of foreign coke

besides which the money spent for it will remain here."

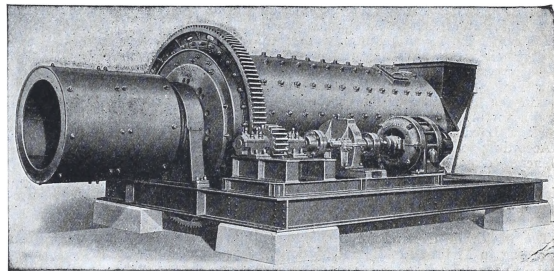
The Journal welcomes this important information. Because Cebu's own population on that small island is about a million persons, and the port's facilities and location are excellent for insular-wide distribution of coke and pig iron, if supplies of coking coal and hematite for pig iron are there in sufficient quantities to assure these industries an extended future, the place is all but ideal for such them.

Hear Dr. Willis

The next meeting of the Philippine Geological Society will be held as is customary at the Manila Hotel on Friday, May 28, 5 p. m. to 7 p. m. The meeting will be addressed by Dr. Bailey Willis, dean emeritus of Stanford's department of geology, on the subject of "Geological Observations in the Philippines." The opportunity being such a rare one, full attendance of the society's regular and associate members is anticipated. The meeting will also be open to guests whom members may invite, according to the president, Dr. H. Otley Beyer. Many geologists and engineers of the business man's acquaintance are members of the society.



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Roosevelt Steadies Industrial Metal Prices

● *International Tin Committee's new quotas of 11% break prices sharply in New York and London*
(By the United Press)

NEW YORK, May 15.—A noticeable decline in speculation resulting from threats of governmental action to halt runaway prices caused metal prices to react downward during April, the magazine Metal and Mineral Markets observed today.

Prices steadied considerably during the fore part of May and most traders looked for a period of steady prices. Purchases of war stocks continued to absorb most of the offerings on the London and New York markets.

Copper made the best showing among the nonferrous metals during May. Production has been stepped up sharply to meet the heavy demand. Domestic copper averaged 15.12 cents during April, about 6/10 of a cent under the prevailing price in March.

Lead prices appear to have been stabilized by the larger companies at between 6 and 7 cents, around one cent under the highs established in March. Lead production in the Joplin area has been stepped up sharply to replenish declining reserve stocks.

Zinc prices for April were about 1/3 cent under the prevailing price for March. Most of the trade expects the present 7 cent price to continue throughout 1937. It was pointed out that available zinc in the United States at the end of 1936 totaled but 55,500 tons, which was 35,000 tons less than that on hand at the close of 1935.

According to the Bureau of Mines, zinc production in 1936 amounted to 534,341 tons, an increase of 19 per cent over 1935. The value of 1936's zinc production was 35 per cent over 1935. Inasmuch as the average price of zinc last year was 5 cents, the 7 cent price prevailing this year should see another substantial gain in production.

Tin prices suffered a wide break during April on both the New York and London markets after the International Tin Committee authorized production quotas of 110 per cent. Straits tin broke almost four cents in New York and the break at London equaled about 30 cents.

According to London estimates, world tin stocks on April 30 increased by 337 tons over stocks on hand March 31. World visible supplies on April 30 were estimated at 23,813 tons. Many speculators, especially those in London, feared the virtual removal of all quota restrictions would produce an over-supply of tin by the end of the year.

The worldwide demand for iron ore continues unabated, according to Metal and Mineral Markets. Japan and England in particular have been seeking new sources to further their armament programs.

Changing Orient

(Continued from page 13)

sion of Japan a threat to her own position in eastern Siberia. Japan regards the rapidly increasing military strength of Russia in Eastern Asia as a menace to her very existence. Many observers of Far Eastern affairs believe that a desperate struggle between the great European-Asiatic nation and the Mikado's Empire is well-nigh inevitable, if not in the near future, then within the decade. I, myself, during two journeys through Manchuria and Siberia, have seen armed forces being marshaled and other unmistakable preparations for combat made on both sides of the Japanese-Russian frontier. Recently the Soviet government has officially stated that Russia will resist a Japanese advance

into Outer Mongolia by force of arms. While I do not regard a Russian-Japanese war as "inevitable," such a struggle is a distinct possibility and will continue to be so until many points of friction between these nations have been eliminated. The chances that another Russo-Japanese war could be confined to those two nations are not bright. Indeed, the greatest significance of the recently announced "anti-Comintern" treaty between Japan and Germany is its plain warning that any conflict between the Soviet State and Japan would probably not be confined to the Orient.

Although less spectacular than Japan's activities on the Asiatic mainland, this nation's steady advance through the island world that lies east and south of the continent is a factor in the Far Eastern situation that cannot be neglected in any consideration of that region.

Formosa, within sight of the rocky islets north of the Philippine mainland, has been Japan's since 1895. This island she has made an important and profitable part of her national economy and a strong military outpost. The Japanese mandated islands that dot the Pacific for hundreds of miles east of the Philippines are developing rapidly under the touch of her skilled hand. In the Philippines, especially since 1931, her organization for economic and cultural penetration has been working ceaselessly and effectively. Likewise in all of the Malayan and south China region clear through to Burma. In Japan there is a powerful group that believes that their country's road of destiny lies to the south. Certainly here is a rich field for expansion that is alternative or complementary to the northern mainland.

(To be concluded next month)

The silver market was steady with prices remaining virtually unchanged.

Average Metal Prices for April, 1937

(By the United Press)

		Gain or Loss from
		March
<i>Copper</i>		
Electrolytic, Domestic, refinery	15 121	- 0.654
Electrolytic, Export, refinery	14 692	- 1.898
London, Standard Spot	62 506	- 9.833
London; Forward	66 614	- 9.553

		Gain or Loss from
		March
<i>Lead</i>		
New York	6 175	- 1.015
St. Louis	6 025	- 1.015
London, Spot	26 014	- 7.013
London, Forward	25 878	- 7.101

		Gain or Loss from
		March
<i>Silver and Sterling Exchange</i>		
Silver, New York, per oz.	45.460	+ 0.330
Silver, London, pence per oz.	20.740	+ 0.063
Sterling Exchange, "checks"	491.524	+ 2.683

		Gain or Loss from
		March
<i>Zinc</i>		
St. Louis, Spot	7.010	- 0.363
London, Spot	26.216	- 6.973
London, Forward	26.344	- 7.061

		Gain or Loss from
		March
<i>Tin</i>		
New York, Straits	59 172	- 3.868
London, Standard Spot	267 136	-15 852
Gold, per oz., U. S. price	\$35.000	Unchanged
Quicksilver, per flask	\$92.000	+ 0.222
Antimony, Domestic	16.043	- 0.332
Antimony, Chinese	17.000	Unchanged
Platinum, Refined, per oz.	\$58.000	Unchanged
Cadmium	105.000	+ 3.333
Aluminum, 99%	20.000	Unchanged

		Gain or Loss from
		March
<i>Chromium</i>		
Chromium, 97%, per pound	85.000	Unchanged

		Gain or Loss from
		March
<i>Manganese Ore</i>		
52 to 55%, c.i.f. Atlantic ports	40.000	+ 0.600

Men of the Mines

Mr. and Mrs. Donald Cook have returned to Manila from Shanghai, Mr. Cook having taken over management of the Manila office of S. E. Levy & Co., brokers. The Cooks are well and favorably known here from Mr. Cook's long period here in the banking business.

The Manila Stock Exchange is getting out a series of handbooks for persons who play the market. The first *Investors' Guide*, compiled and edited by Rizal F. Gatica, financial editor of the *Manila Daily Bulletin*, briefs the companies whose shares are traded in on the exchange, listed and unlisted, adds current and comparative records, high-low price comparisons, dividends, production figures, averages, and supplementary data—a neat pocket reference obtainable from exchange members.

Publicity from the Manila Stock Exchange is much improved of late, under the experienced hand of Wm. Parker, formerly the head of Hearst's bureau in Paris. Colleague Parker married in Paris, Mrs. Parker is French; Manila is different and charming to these young folk, to whom cordial welcome.

It is taken that merger of the Central Exchange with the Manila is a *fait accompli*. It is no reflection on debonair and capable Manager George Wm. Greene of the Central that his exchange stepped into a prolonged depressed market situation leaving little room for trading activities justifying three exchanges. The Central Exchange, Inc. will carry on as an investment house, Vicente Aldanese, president, and the firm of Aldanese & Cortez will continue in the brokerage business.

Under supervision of J. B. Stapler, in charge of Marsman's southern division, the smelter for San Mauricio and United Paracale was blown in successfully Saturday, May 15—the first gold smelter in the Islands. Independent sources report favorably, of both these Marsman mines, and the company announces mill expansions. S. W. Norton takes charge of the smelter, located at Mambulao. He also assumes the general superintendency of the southern division. W. D. Peregrine, who joined Marsman last year, takes Norton's former place as mill superintendent at United Paracale. C. F. Carpenter is at his old post of mill superintendent of San Mauricio; he had been pinch hitting in this capacity at Suyoc while P. L. Funkhouser, now returned to Suyoc, was on vacation in the United States.

Early increase of San Mauricio's mill capacity to 500 tons a day is recommended on the basis of new ore discoveries and high millheads.

General Superintendent T. A. Monahan and Mine Superintendent H. H. Booker of Masbate Consolidated have the mutual responsibility this year of upping mill capacity to 3,000 tons a day; the former goal of 2,000 tons a day has been reached, practically—many alterations are involved in adding another 1,000 tons a day and at the same time, upping the percentage recovery per ton. Consulting Engineer J. H. Sampson has the general problem in charge.

For zinc and lead of Mineral Resources

on that company's Marinduque property, V. E. Lednický has the task of installing and placing in operation the mill that has been bought, capacity about 150 tons a day, the first mill in the Islands for these industrial metals. With high samples rejected, the gold content of the ore is reported to average \$2.97 at the old value. The same company will soon have a mill on its Labo property in Camarines Norte, gold, where H. E. Heide is superintendent and Lednický is the consulting engineer.

(Please turn to page 49)

AN INVITATION

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Visiting Surigao *Wilderness*

Surigao! Gold in Surigao! One the better qualified mining engineers in the Philippines says, without reservation, that Mindanao will turn up more gold than all other fields of the Islands together; and it goes without saying that most of this gold will come from Surigao. The etymology of the word is elusive, as are most facts about the province beyond the fact that already it is an established goldfield. The *suri* means to check, in Tagalo, as to check bags of rice in a warehouse, and the *gao* means to shout. But pshaw! what's in a name? Let's see Surigao through the experiences of a Manila but recently returned from the place.

You board the *Corregidor* at its anchorage in the Pasig, Tuesday afternoon, and reach Surigao about sundown on Thursday, with intermediate stops at Iloilo and Cebu. From Cebu you travel the most historical water route in the Islands, Magellan's route in voyaging from Mindanao to Cebu in 1521. Three hours out of Cebu the sea bottom is beautifully coral, your steamer maneuvers slowly through narrow channels until more open water tells you the dangers of the straits have been passed. The afternoon wears late. Sunset and Surigao approach together. You think—the lush tropical beauty of the sunset reminds you—that you are within seven



Transportation Building Material in Surigao Province

degrees of the equator. The sea is placid, and landfall occult. The boat backs into a narrow channel, and lines are made fast in order that the boat may be winched into her berthing space—a landing barely spacious enough for one ship.

Time in Surigao is told by the arrival and departure of the *Corregidor*; she pulls in about six of the afternoon, Thursdays, and departs about midnight, returning to Cebu, Iloilo and Manila, reaching the Pasig Sunday morning. There is bustle at Surigao to get the ship unloaded, and mine supplies turn up in the cargo more and more; and then more bustle to load her, with the little farm surplus Surigao has, Manila hemp almost the whole of it.

You walk down the gangplank, to Main Street—give it any name you will—and pursue your way past Chinese general stores, about a thousand steps, to the Del Monte Hotel, the better of the two the town affords. Speak charitably here: when you return to town from the interior of Surigao this hotel will seem a haven of perfect comfort, with its mattressless beds and insect levis celebrated nightly in all departments. Surigao boasts electric lights. There is one over the

From top to bottom: The Surigao wilderness; slashing forest for a roadway to a mining project; an ore dump at a project; a rock fill for a road to a project; and a break in a public highway where a bridge is wanting.

Surigao's Goldfield *Primeval*

hotel table. The boy turns it on, then, alongside it, lights up a *Petromax* oil lamp to afford light enough to dine by.

Read? Why read? There is nothing to read. Besides, Surigao is above reading—everyone knows a great deal about everything and talks a great deal about what he knows. News travels by gossip, swifter than ether. You have hardly landed in town, but all the town knows you are here, and at the hotel, an American; and everyone knows why you came, where you are going.

Talk is all of mining. Two jerried pieces in the bar apologize for round tables. You order your whisky-soda or canned beer, and converse with newfound friends among the curious citizens come politely to inquire into your business. During the ten minutes the boy takes to bring the drinks from the bar two steps away, new mines are organized, old mines recapitalized or abandoned, and the goldfield both enriched miraculously and extended into the vast mountain reaches of Davao, to the south.

Every mining engineer, homesick with good reason, speaks fondly of Grass Valley, Mexico, Colorado, even the Dakotas and Utah; and every man intends to make his stake in Surigao and then go *home* and open up some abandoned mine where



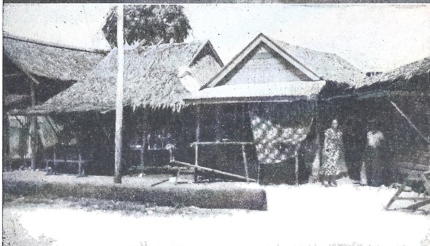
Squatter's Cottage, Surigao Province

he is certain former owners left fortunes behind. Such romancing wears out the hours past midnight: the imagination is overwrought before anyone thinks of bed, and when you essay to use your own bed you realize how much pleasanter it is to sit up and talk.

Morning comes. And breakfast, ugh! You are now overlooking an abyss of wild adventure. You would go to the mines: Surigao Oriental, Mapaso Goldfields, East Mindanao, Surigao Consolidated. The Surigao Express has cars for your use, five PU cars the charge for one being ₱1.50 an hour with 75 centavos an hour stopping charge. The cars are wrecks and the drivers, you learn soon, are the obvious reason for it. Roads are good, not asphalted or even macadamized, but better than average country highways. There are few cars, the roads serve the mines; the trouble is, the drivers can't keep the cars on the roads, being merely sublimated carters.

It is twenty kilometers to the village of Sison. If you would visit Mindanao Hamámali, you leave the car at Sison and

From top to bottom: One end of Surigao's main street; and the other end.—Surigao's Del Monte Hotel; a bit of culture gone south; and just another street in Surigao City.



hike up a rough trail through dense jungle and across dozens of streams, fifteen kilometers to the workings at an elevation of about 2,000 feet. If suddenly confronted on this trail by troops of armed Negritos, don't show fright; offer cigarettes, and be sure to light one yourself—revealing to these woods warriors the crime of Prometheus as practiced in civilization. The Negritos will never have seen matches, to strike fire from a stick instead of rubbing it out of tinder establishes your superiority as well as mutual friendship.

The Negritos carry bows and arrows, also short bolos. This wilderness has been their home for centuries, but they have built no houses; they readily construct any temporary refuge they require, and live for the most part entirely in the open. They turn and dog your footsteps into camp, stopping at a certain jungle vantage point before reaching camp, and join you there and help you down the trail when you return. One arrow shot from the chief's seven-foot bow brings down a coconut, and one blow of his knife cuts away the husk at the tip, leaving only a skin-thick layer of meat sealing in the milk.

For a refreshing drink, you have it here.

Farther along in the jungle, as you descend, the chief takes another shot. His target is unseen, until hit, when you see it thrashing about in its death throes. It is a python, a rock python about fifteen feet long. Two Negritos stay behind, guarding the kill. It will be a nocturnal feast? Well, clean at any rate.

Each with matches and cigarettes, priceless gifts to them, the Negritos leave you again before the suburbs of Sison are reached; in all the journey, up trail and down, a friendly journey, too, not a word spoken. These Negritos are larger than their kin in Luzon, they are about 5-1/2 feet tall and must weigh about 120 pounds, but the women are much smaller than the men. Men, women and children tramp the trails together, their bare feet making mock of miner's boots. During the whole trip there was a constant fall of rain, and the supernal heat prohibited any protection against it.

A boon of the higher reaches of the trail is that it is safe to drink the water from the streams. The jungle is so dense, the banks of the streams so precipitous, that the water is not polluted by animal life. The last stream, knee deep, is forded half a kilometer outside Sison; you cross, reach your car once more and return to headquarters at the Del Monte in Surigao.

Enduring the night, you are more than ready next morning to rent another *PU* car and drive away through the rough country past Sison to Maitin, on the shore of the lake so named. There the *M. V. Laguna* is boarded for a trip down the lake. Noon has come before the ship sails, and with noon, hunger. Search of the town discovers a single can of pork-and-beans in one shop, and warm beer in tins in another. There is no can opener, no bread or crackers. You make the best of such circumstances.

The *M. V. Laguna* is a ferry about 28 feet long, older than her length. She boasts a diesel engine, to be started only after a half-hour's pampering. Achieving this triumph, the crew is so excited with the readiness of the machine that everyone neglects to check up the oil supply; and a hundred feet away from the bamboo pier the engine goes dead for want of fuel. The boat stands and rocks sickeningly until oil is got from shore, crews of a dozen naked men swimming out with it. It is in open five-gallon cans, and so skillfully do the men manage, shouting to one another incessantly, that not a drop of water reaches the oil. So at last you are really off, vibrating across the lake, the weather fortunately fair.

It is a long afternoon's voyage in this craft making some five miles an hour to the town of Santiago. The helmsman spends most of this time sleeping, until he reaches the river and its fishtraps; and to sleep more contentedly, he holds the wheel with his toes—steering his course in dreams. The boat is fearfully overloaded with passengers and freight, and riding very low. You finally interrupt the helmsman's siesta when you suddenly become conscious of the potentialities of the situation and are unable to see any lifeboats or life preservers. He is polite about being waked up, and answers your

questions in a reassuring manner.

"We are dangerously loaded?"

"Yes, sir; we always are."

"There is a possibility of capsizing, tipping over, I mean?"

"Yes, sir; there always is."

"But there is no lifeboat?"

"Yes, sir; we have none, of course."

"And no life preservers, life belts?"

"Yes, sir; we have none, of course."

"Why of course? Why not have them? If we tip over, how am I to get to shore without a life preserver?"

"Oh, sir, it would do you no good! The crocodiles would make you die very quick!"

Thus informed, you resign yourself to fate and apologize to the somnolent helmsman for disturbing him with nonsensical questions. After all, the boat does not sink; you at last reach the river, and here the helmsman galvanizes himself into action. With firm hand grip of the wheel, he maneuvers the *M. V. Laguna* among the bamboo fishtraps with the dexterity of an old lake hand—it reminds you of a Bachrach jitney making its way down Taft avenue in five o'clock traffic. Jungle, beautiful in its primitive wildness, crowds over the river banks. The river is winding, with many horseshoe turns, and the channel is treacherous; but the helmsman, whom you had the temerity to doubt during the afternoon on the open lake, is master of the situation.

Wherever passengers wish either to get off or on, this is made easy itself when the helmsman simply noses the boat directly into the bank. There is the shock of compact of two unyielding bodies, the signal for the passengers to leap—either into the boat or out of it, and for their luggage to be thrown after them. The timing of these operations must be perfect, and is. If one person is leaping off, another must not leap on at the same time. Leaps on must be accurate to a degree, there being less than two square feet of open deck on which to land.

The boat stands nosed into the bank, and can not be maneuvered in reverse. Passengers and crew together kick her free, when she makes a complete circle in resuming her course, hoving to at Santiago an hour later. Everyone wades shore, this is the end of the voyage. Two antediluvian Fords are waiting to take you to Santiago, which has no interest for you, and on to Cadababaran where you change busses to proceed to Butuan. Of the two Fords, which? You finally choose the one where the driver is furiously battering the radiator with a ball-pein hammer. He says he is stopping the leaks in the radiator because Americans don't like to ride behind leaky ones. When he has effected the repairs, what was originally a mere dribbling from the radiator gushes forth as a veritable stream, but he pronounces the machine ready to move. You have prevailed on him to cease hammering.

Now the cranking. You have chosen the seat by the driver, and as he cranks faithfully you are first astonished by the number of snap switches on the instrument board—the use of none of which you can make out, but it eventually turns out that none works because the car has no batteries and runs for the nonce on dry cells. You are next astonished that one and a half revolutions of the steering wheel are required to move the wheels; and while still wondering at this phenomenon, with a sudden crash and tremor in all her parts the car attests the successful starting of her engine. The wheezes and rattles, the complaining prattle of loose connecting rods and worn-out bearings is an accompaniment to the slap of pistons in scored cylinders and a gait of about five miles an hour.

You now discover that by land as well as by sea, steering a traveling conveyance in Surigao is unique to that region; only you are now quite out of Surigao and have reached the imperial province of Agusan, where still greater wonders unfold before you. The driver of your car disdains to look at the road, his technique is to keep a bead sight on the radiator cap—which isn't there, of course—to see which course the wheels of the car will take of their own accord. He then turns the steering wheel so as to accommodate the

car's idiosyncrasies; which does no good, since the car follows willy-nilly the gutters in the road and can't do otherwise, but it is a gesture of willingness on the driver's part to do the best he can.

Somehow, after long torture, you reach the river skirting the town of Santiago. There is no bridge; the river, 150 feet wide, must be forded. The driver applies the brakes, as you approach the bank—another vain gesture, since there are no brakes; the car is stopped by shoving it into low when the front wheels are in the stream, just below the hub-caps, and the engine is stopped. You protest strongly this turning of the engine off, until another driver takes command and the first one a rear seat. It seems that this first fellow is the only man on earth capable of driving the car on a roadway, and the second is the only one able to take it across rivers.

The crossing is not perilous, since the stream is shallow. There is a clean low bank 150 long, an approach to the ford, striking any point of which you can make the highway on the other side. However, you don't strike any point along this landing, you contact further downstream by about 75 feet. There you are stuck until carabao's are brought. When they

(Please turn to page 49)

Men Made Rich by the Phil. . .

(Continued from page 6)

C. M. Eye was the first superintendent at Benguet and as such had a great deal to do with its early development. He too put salary checks into shares, and now, wealthy, still holding his stock, lives near San Francisco.

H. C. Heald made his fortune selling timber to the Baguio mines, Benguet chiefly, until the boom struck; and while Heald probably derives a good deal of income from timber still, he is also well-to-do from mining shares. Pat Hoover's career has been similar to Heald's—lumber and mining together.

J. D. Highsmith is typical of the oldtime Baguio sourdoughs who have struck it rich and kept what they struck. He is one of the men made by Balatoc; but aside from getting into good properties early and holding on, Highsmith has been a keen trader in claims. He and Harden worked up Elizabeth Anaconda, and friends say his profit from sale of this property was around ₱125,000.

Not all good luck has been confined to the Baguio district. Ben Berkenkotter made a goodly stake out of Paniqui Mines in Masbate even before the price change in gold, and then sold the property to Masbate Consolidated for ₱2,500,000—only to keep right on, interested equally in mining speculations and the brokerage business.

Courtney Whitney illustrates the successful promoters. He put Consolidated Mines over—the first penny stock floated here, capital originally ₱5,000,000, into which, for about half the stock, was valued the company's chromite claims at Masinloc, Zambales, now an industrial operation of Benguet

Consolidated. Consolidated Mines has a gold project far along in the development stage in the Paracale district, and under George Searle, peerless among mining geologists in the Islands, is using a large force in resuscitating Gold River at Baguio. Whitney showed Manilans how to mine without going to the mountains. Part of his luck was Abra Mining, where the late George Cushing thought he had found an El Dorado. Abra's ten-centavo shares once soared above ₱4.50. Benguet long explored the property, then abandoned it as hopeless from the viewpoint of a large milling project.

But Cushing was not the only mining engineer who was misled in the Abra territory. We know of at least one other, among the most reliable in the Islands, whose principals spent about ₱200,000 up there before reaching the realization that even the best of engineers can't beat Mother Nature.

One of the most apt of the Whitney pupils—Make It In Manila!—has been Sun Wilson, managing Carmelo & Bauermann, lithographers. Mining companies close to four hundred have had to have share certificates, and Wilson has been in a position to turn them out—together with his share of the great bulk of printing incident to the industry's advancement. Such customers, Wilson has been willing to patronize reciprocally; he has invested, just in what, we don't know, but on the whole, luckily if not wisely. Then he has done something else; he has built a grand home, and taken more of his profits and put them into the Wilson Building in the banking-wholesale district on calle Juan Luna, where the *Chartered Bank* is housed on the groundfloor and the Manila Stock Exchange has an upper floor of its own, the most modernized trading floor in the Far East.

Everything about Wilson is substantial, his judgment, his word, his slow sincere smile and the penetration of his long casual gaze. His building adds handsome substantiability to downtown Manila. The man who strikes it rich in mining ventures can do no better (whether he chooses the Philippines or some other country) than pursue the sound adage, *stick it in real estate*. Or can he? Times are now so turbulent that

(Please turn to page 32)

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With Ore for Five Years, Surigao Consolidated Procures 200 Ton Mill and Employs Metallurgist John Moison

The board of directors of the Surigao Consolidated Mining Company has voted to purchase and install a 200-ton cyanide plant on its property in Mindanao. Part of the mill has already been ordered, and the rest of the equipment will be ordered immediately.

One of the power plant units, a 320 horse-

power Atlas Polar Diesel engine, has been installed and another unit of the same size is due to arrive in the near future.

Decision was made after it had been established that there was enough ore blocked out to run a 200-ton mill for the next five years. While the initial capacity will be 200 tons daily, the mill

layout has been based on a 300-ton plant. The expansion will take place after the original plant is put into operation.

Ore from Surigao Consolidated was sent to the United States several months ago for testing purposes. The experimental work was carried on under the personal supervision of John Moison, who had considerable experience in the Philippines from 1912 to 1926. While here he worked for several different mining organizations. Mr. Moison arrived in the Philippines several weeks ago to become metallurgist and mill superintendent of Surigao Consolidated. The mine superintendent of the company is Ray G. Brown formerly with Benguet Consolidated.

April Gold Production

	April, 1937		April, 1936		Total for the 1st Quarter
	Tons Milled	Value	Tons Milled	Value	
Antamok Goldfields	22,442	P 475,188	12,310	P 295,706	P 1,416,678
Baguio Gold	5,369	89,128	5,820	86,618	256,728
Balatoe Mining	36,222	1,073,336	36,090	1,024,785	3,174,927
Benguet Cons.	23,400	776,052	23,265	701,520	2,359,250
Benguet Exploration	2,552	21,862	3,078	17,269	79,844
Big Wedge	3,798	63,361			174,477
Cal Horr Mine	6,196	96,054	4,579	75,326	309,783
Coco Grove				45,499	
Demonstration	7,854	152,131	5,600	133,092	415,924
East Mindanao	3,090	64,000			236,600
Gold Creek (Included in Antamok)			2,135	35,800	13,746*
Ipo Gold Mines	5,529	55,140	5,286	49,509	162,059
Hogon Mining	16,079	246,886	17,725	269,994	788,037
I. X. L. Mining	7,169	166,185	3,669	69,510	482,075
J. X. L. Argos	3,231	27,987	97	13,837	92,933
Masbate Cons.	43,743	251,600	25,524	168,144	818,816
Northern Mining	18	485	277	4,009	882
Salaoot Mining	4,855	27,455	4,000	34,000	65,917
San Maurice	4,314	213,302	4,650	149,990	595,016
Suyoc Cons.	6,171	135,243	5,138	81,544	319,010
Tambis Gold			22,625 yds.	13,841	
United Paracale	10,303	119, 87	3,532	93,135	333,566
Totals		P4,055,882		P3,363,126	P12,096,266

*Feb. 1937

Surigao Consolidated has an authorized capital of P1,200,000, of which P300,000 has been issued and subscribed. The directors are O. F. Weber, president; W. F. Gempler, vice-president; A. Illenberger, secretary; F. Apollanz and R. C. Peyer.

ERIC WRAY STAGHT, former Manila business man and brother of Ronald C. Staigh, will arrive by Clipper from the United States June 23 to become treasurer of Syndicate Investments and to be associated with his brother in Developments, Inc., Mine Operations, Inc., and other enterprises. Mr. Staigh was connected with the Pacific Commercial Company from 1917 to 1921. Since that time he has had a varied experience in financial circles in New York City. He has been affiliated with several different firms who operate on the New York Stock Exchange, and the Chicago Board of Trade. He holds executive positions on a number of prominent organizations in New York, and during the past six years has done a considerable amount of financial writing and book reviewing.

1936 Comparative Statistics Operating Mines

	Total Bullion Production in Pases	Total Tonnage Milled	Value Per Ton Pases	Cost Per Ton Pases	Froth (Loss) Per Ton Pases	Working Profit (Loss) Per Ton Pases	Other Income Pases	Total Net Profit (Loss) Per Ton Pases	DIVIDENDS		Share Per Value	MANILA STOCK EXCHANGE PRICE RANGE	
									CASH			Low	High
									Pases	Per Share			
Antamok Gold Fields	5,038,071	208,772	24 13	11 17	12 96	2,706,880	20,975	2,727,855	2,062,500	15	10	80	P4.40
Atok Gold Wedge								10,637	1,375,000*	100%		14	.79
Baguio Gold	1,054,562	62,792	16 79	14 34	2 45	153,528	2,280	155,808	129,890	.01	10	11	.44
Balatoe Min. Co.	12,788,924	447,934	28 55	15 99	12 56	5,627,752	(13,300)	5,614,449	5,600,000	1.40	1.00	13.50	16.75
Benguet Consolidated	9,015,714	294,614	30 60	16 44	14 16	4,170,328	3,954,141	8,124,469	7,500,000	1.25	1.00	10.20	17.50
Benguet Exploration	274,405	34,974	7 85	7 80	.05	1,822	1,200	3,022	50,000	.01	10	.075	.35
Big Wedge Mining (1)	591,490	18,982	31 16	14 79	16 37	310,666	(549,485)	(238,819)				.08	.37
Cal Horr (2)	922,140	55,755	16 53	11 16	5 37	299,601		299,601					
Coco Grove (3)	635,981	671,985	945	1 854	(909)	(609,736)	(54,477)	(664,213)			.10	20	2.70
Demonstration	1,476,345	73,985	19 95	13 24	6 71	496,378	(4,028)	492,350	400,000	.04	10	1.85	1.15
East Mindanao (4)	96,425	5,716	16 87	20 32	(3.45)	(19,727)	1,252	(18,475)			10	.05	.47
Gold Creek	226,961	13,092	17 33	19 06	(1.73)	(22,570)	(28,498)	(51,068)	52,500	.0075	10	045	.50
Ipo Gold	646,143	63,953	10 10	8 12	1 98	126,641	9,196	135,837	116,475	.015	10	13	2.95
Hogon	2,810,155	170,172	16 52	10 94	5 58	948,684	12,992	961,676	597,168	.03	10	35	2.45
I. X. L. Min. Co.	1,275,627	62,661	20 36	11 76	8 60	538,571	1,051	539,622	200,000	.02	10	42	2.50
Masbate Cons.	2,009,543	391,006	5 18	4 32	8 4	319,333	(40,452)	278,881			10	225	.70
Salaoot	412,827	58,897	7 01	9 09	(2.98)	(122,757)	(662)	(123,419)			10	045	1.4
San Maurice (5)	1,798,150	41,796	40 14	24 37	15 17	679,391	427	679,818	320,000	.04	10	155	4.00
Suyoc Consolidated	1,129,247	65,415	17 26	14 66	2 60	169,853	(3,505)	166,348			10	15	.95
Tambis (3)	102,919	313,820	33	26	07	21,907	15,417	37,324	46,244	.03	10	Unquoted	
United Paracale	1,296,641	82,920	15 64	13 41	2 23	184,675	6,260	190,935	275,000	.025	10	18	12.50

(1) Big Wedge figures cover July-December, 1936.

(2) Cal Horr owned outright and Profits are included in Benguet Consolidated figure.

(3) Coco Grove and Tambis are Pacer Columns Nos. 2, 3 & 4, therefore, refer to Cubic Yards.

(4) For 2 months ended October 31st, 1936.

(5) Covers period March-December, 1936.

*Stock dividends.

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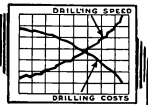
The rock drill has thus shown great advancement in those 65 years. *Drilling speed* has been increased by more than 3,000 per cent. *Drill life* has been prolonged many times. *Dependability* has grown progressively greater, and *upkeep costs* have consistently decreased. *Air consumption per foot of hole drilled* has been continually lowered. *Drilling speed per pound of drill* has gone up at about the same rate as *over-all drilling cost per foot of hole* has come down. In all this progress, Ingersoll-Rand has led the way.

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We will not venture to say what the future rock drill will do, or what it will look like 65 years from now, but we are sure a steady development and improvement in rock drilling equipment will continue. We are confident, too, that Ingersoll-Rand will carry on its leadership in rock-drill pioneering.

1871																						
8	15	22	29																			
1936																						
8	15	22	29	1	2	3	4	5	6	7												
8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30



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Men Made...

(Continued from page 29)

perhaps even this anchorage is gone.

Anyway, Samuel F. "Sam" Gaches keeps on at the business of merchandising. H. E. Hencock Co., jewelers and many other things, in their own building on the Escolta. Gaches's mining interests began, perhaps, with early investments in Benguet. They expand all the time. As president of Mineral Resources it is Gaches's particular ambition to make that corporation one of the great mining companies of the future.

L. R. Nielson has probably ridden the gold boom in the Islands with unrivaled skill. Men who knew him when recall that he was the proprietor of a typewriter repair shop a few years ago; he still has an office-equipment store on the Escolta, keeping his hand in a good lively trade. But early in the boom he became the leading promoter, putting over Masbate Consolidated as his first big deal. Since then his interests have pyramided rapidly, they are topped with L. R. Nielson & Co., among the leading brokers, with branches in Baguio and the Bisayas and broadcasting periods throughout the trading day over KZRM, Radio Manila.

Nielson publishes a daily mining sheet, also the periodical *Mining News*. He has in his employ a thoroughly wide-awake experienced newspaper man. One service widely sold among other brokers is a confidential letter service on pink mimeographed sheets—running off the latest information at hand including everything available at the Securities & Exchange Commissioner's office.

J. H. Marsman's career during the gold boom has been the most spectacular of all. He began with Itogon at Baguio, which remains the parent mine. But he has perfected the largest organization in the Islands, and has extended his interests to Hongkong, China and the Dutch East Indies. He has chosen men for their high qualifications, and gained a reputation for good pay. His stocks have had marvelous

risers; also, like most other stocks, some dismal declines. His interests are pyramided. How much they have made him worth it would be hard even to guess, but a stake in Benguet Consolidated was the beginning. Of Dutch stock, Marsman has become a Philippine citizen. Of dynamic energy, both physical and mental, he travels almost ceaselessly—as much as possible by airplane; in the Islands he has his private airplanes for visiting his mines.

Marsman began with Benjamin J. Ohnick as his attorney, appreciated the association, also Ohnick's judgment. Now Ohnick, one of the most popular men in the Islands, is No. 2 at Marsman's Manila offices, in charge during the absence from the Islands of his peregrinating chief. Thus men associated with Marsman are moving up. Alf Welhaven, Marsman engineer handling matters through the Manila office, who has mined in the orient for thirty years, is off during this year on furlough; getting back to old Norway once more, and the United States. J. O. Enberg and J. B. Stapler head Marsman's engineering staff, a strong one tasked with the responsibility of a dozen or more Marsman properties in the Philippines alone. There is a tungsten project at Kowloon, and what will turn up in the East Indies is yet to be told—a coterie of Marsman men are down there surveying the outlook. G. O. Greenan, great project scout, is on this detail.

Marsman's courage is unflinching, once a survey is made and the report is favorable. He has nursed Itogon through a long period of low production up to a capacity of 1,000 tons a day, sure that reserves of ore would turn up with further and deeper development; and now the report is, ore ahead for five years. He has two rather astounding mines in Paracale, where his pioneering reopened that district to modern mining when the world surmised it had been worked out. San Mauricio and United Paracale prove it was not. For these mines, on which we have good independent reports, Marsman has put in and now operates a smelter, first in the Islands. In the same district he has Coco Grove, a placer; for its ten-centavo stock men have paid as high as P2.60 a share, and it has been selling during the depression at 56 centavos, when the reports show a loss of about P800,000 on operations to date. Dredges leased and brought over from China for Coco Grove were tried a long time, finally proved definitely to be the wrong type. Back they went a few weeks ago to Hongkong, while two new dredges built to specifications are en route from the United States.

Coco Grove's overburden is little short of appalling, but Marsman is assured his new dredges will handle it—on he goes! He has had to find San Mauricio's and United Paracale's gold below the sea, but there it is, and he puts men at the job who can get it out. So extensive have his Philippine projects become that they are handled in the central office in Manila by districts, North District (Zambales up to Suyoc Consolidated, well north of Baguio), South District, mainly Paracale, and Miscellaneous, including Mindanao.

Wanting a man, Marsman reaches out and gets him—and pays him. Last year in July he reached out for George C. Dankwerth, president at the time of the Philippine Trust Company, and put him in charge of his financial department. A few weeks ago, needing another man in this department, he beckoned to E. E. "Gene" Wing, who had been the manager of the China Banking Corporation since its foundation; and now Wing, after conferring with Marsman in London, is on his way to Manila to join Dankwerth in handling Marsman fiscal matters. Marsman was the first man to list a Philippine mining company on the London exchange, Marsman, Ltd., and by this, obtain British capital.

The airconditioned Marsman home is in the aristocratic suburbs down Manila bay. Dynamic as the man is, his office manner is quiet, though little reserved, and he is as easy a man to reach as any one in his employ. He keeps his ground connections.

San Mauricio, United Paracale, and even Itogon are all ten-centavo stocks. Itogon has been paying three centavos a year per share. The dividend structure has not been stabilized.

Andres Soriano, presently Franco's consul in Manila, is a

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former polo-playing brewer—San Miguel Pale Pilsent—realty man and planter, attracted some five years ago into the more venturesome game of mining. Since that time he has only abandoned mining to run off on his usual annual half-year vacations in Paris and points south. He has developed one of the great mines at Baguio, Antamok Goldfields: ₱8,038,071 last year, dividends ₱1,375,000. A stock dividend doubled this stock, halving its market value, about the time it reached ₱4.50 per share. Par is ten centavos. The depression hit Antamok hard, but it is still at mighty heights above par, with the public's faith in it little affected.

Soriano, a genial Spaniard, fastened upon an American mining engineer to head his engineering staff, J. H. Sampson. Then he took Sampson into partnership with him, and made him rich. It fell to Soriano to head the syndicate that took up the Nielson option on Paniqui Mines, the oldtime Colorado and neighboring properties, and form Masbate Consolidated with a ₱5,000,000 issue of ten-centavo stock. Doing so, he undertook to raise the mill capacity ten times, from 200 tons a day to 2,000, without suspending production. That process heads toward completion. Mining and timbering at Masbate are easy factors in the game, the big factor is netting a profit from the lowgrade ore. To this end, capacity of 3,000 tons a day, tobereachedabout August, this year, is the announced step.

Having dipped into Masbate once, Soriano was ready to

plunge again when the old IXL partners were willing to sell. He bought EXL, discovered reserves of good ore, produced ₱1,511,196 worth of gold there last year, and paid ₱200,000 in dividends on a stock of ₱1,000,000 of shares of ten-centavo par value. In April this year a 50% stock dividend was declared. As has been typical, IXL has suffered severely in the market during the depression. But making full allowances for market shrinkage, Soriano has unquestionably turned a handsome fortune since ₱35 gold made Antamok a bonanza property. To house the business, he bought the new De los Reyes building on Plaza Cervantes and redecked its appearance inside and out. Typically, leaving all details to the men in charge, before the job was finished he felt the urge of the incorrigible traveler and was off to Washington on an errand of diplomacy. In his absence J. Fraser Brown, his partner who has also been made wealthy from his mining, is in charge.

All the big employers this story mentions have the common ability of choosing competent men. Nevertheless, let the yarn end with the fact that the mining industry, similarly to many activities in the Islands, suffers no little from a lack of highly competent top men. We think this particularly applicable to the industrial minerals situation. The field of real mining ability is not overworked here. Nor have all the potential fortunes been made.

Canada's Mining . . .

(Continued from page 22)

"Because of the nature of mining finance, regulating securities in Canada has to be limited to prevention of the grosser types of fraud. The first stage in the development of a mine is grubstaking the prospector. From the rim of the Arctic Ocean to the shores of the St. Lawrence, Canada today is crawling with prospectors grubstaked by individuals, syndicates and big mining corporations. As soon as a prospector stakes a claim, money has to be raised for surface exploration to see if diamond drilling or a shaft is worthwhile. This money is usually raised by a small syndicate. Not until there is proof of actual ore can stock be sold to the public. But the presence of ore, like the stock prospectus, means little. It took 20 years and the Whitney millions to get the Flin Flon in northern Manitoba into production for Hudson Bay Mining & Smelting. About all that a good broker, the Toronto Stock Exchange or the Ontario Securities Commissioner can do is to give some assurance that the issuing company has a serious business purpose.

"However wasteful this system may appear, it has dotted Canada with producers of gold, silver, copper, lead, zinc, nickel, cobalt, radium (which is mined at Great Bear Lake on the Arctic Circle.) And it has created an entirely new set of Canadian tycoons, many of whom started as prospectors. Typical are Harry Oakes and William Henry Wright, who with another partner staked the claims that became Ontario's Lake Shore Mines. One night before the War with the mercury at 40° below they waited up until the stroke of midnight to re-stake a claim which was about to expire. Harry Oakes finally raised some capital for development in Buffalo, and Lake Shore turned out to be the richest claim in Canada, past or present.

"Today Harry Oakes is supposed to have an income of around \$3,000,000 annually while the figure for Bill Wright is about \$2,000,000. Harry Oakes showered his home town of Niagara Falls, Ont. with benefactions, served his guests on solid gold, had his picture painted with his

wife and six children all on one canvas, finally retired to Nassau to escape income taxes.

"Bill Wright stayed in Ontario, living by himself in a barn-like mansion in Barrie, a small town 40 miles north of Toronto. A onetime British butcher, he served in the Boer War, got a veteran's grant in Canada, turned to prospecting when the land proved barren. During the World War he was famed as the only millionaire private in the Canadian Expeditionary Force. So rich he does not know what to do with his money, he nevertheless complains bitterly about two things: 1) having to walk downstairs to answer the telephone at night and 2) having to pay 70% of his income to the Government. For a while he dabbled with a string of race horses, has lately bought up and combined Toronto's *Globe and Mail & Empire* (TIME, Nov. 30). But he admits that newspapers bore him, and no one has yet discovered why he set up his broker, C. George McCullagh, as a bigtime publisher.

"Not all the prospectors have prospered. Sandy McIntyre lives on guaranteed grubstake from big McIntyre-Porcupine, whose claims he originally staked. And McIntyre-Porcupine is run by Jack P. Bickell, a suave, handsome bachelor who made his fortune in the city side of mining and who sports one of the show places of Toronto, where he entertains everyone from Ontario's rambunctious Premier Mitchell F. ("Mitch") Hepburn to visiting U. S. stockmarketees like Bernard E. ("Sell 'em Ben") Smith.

"Most spectacular prospector-tycoon is Jack Hammell, a onetime professional fisticuffer from the mining camps of California who quit a good brokerage house job in Manhattan to head for the Klondike. By his account he has won and lost eleven fortunes. He was among the first in the great Cobalt silver rush, but his first big money came from the Flin Flon, which he sold to the late Harry Payne Whitney. Since then he has had a hand in Pickle Crow and Red Lake. At 60, he still prospects by plane, summer and winter is sometimes called "the gentleman adventurer of the mining world," sometimes "Crack-the-North-Open" Hammell.

"Toronto still talks about the time that Jack Hammell ran a speech in a Toronto newspaper at full advertising rates, surprising the publisher if not himself when readers unanimously acclaimed it as the best feature of the day. Another Toronto millionaire prospector is Tony Oklend, an Austrian emigrant who staked Long Lac in 1926. From his pile he bought a big house in the suburbs, hired a platoon of servants headed by a butler. When the servants arrived he called them together to announce: 'I don't care what you do around here but I do the cooking.'

"Cat. In wealth if not in prestige the open-handed Toronto millionaires are a match for Montreal's best. Richest man in Canada is Sir Herbert Samuel Holt, testy, 81-year-old Chairman of the Royal Bank of Canada. An Irishman from Dublin, he got his start in Canadian Pacific Ry., made a fortune in Montreal utilities, another fortune in textiles. Hard-boiled hot tempered hobbyless he has been known to pick up an inquisitive newshawk, toss him bodily downstairs.

"But even Sir Herbert's wealth does not yield an income as big as that of his Nassau neighbor, Harry Oakes. Montreal still dominates Canada's old industries, though its political influence, like its financial influence, has waned. Politically, financial Toronto is about as liberal as the Archbishop of Canterbury but in spirit the Liberal Government of Prime Minister King is close to exciting Toronto, just as the previous Conservative Government of pious Richard Bedford Bennett was close to decorous Montreal.

"Toronto mining stocks have slumped lately, like stocks in the U. S., but with the rise of non-ferrous metal prices to take up where gold left off, the boom is by no means dead. Moreover, the Toronto brokers a superstitious lot, have had a good omen. For years the Exchange has harbored a tawny old cat nameless but famed throughout Canada for the fact that each time it has kitted, mining stocks have started a long upswing. Last week is the brokers cleared out of their old quarters to move into the new building on Bay Street, they noted that the cat was big once more."

Paracale Mines Get Timber

Promoter C. W. Rosenstock announces formation of the Paracale-Mercedes Lumber Co. of whose stock P200,000.00 is offered the public, par of shares being ten centavos, to take over the timber concessions and lumber making interests of Worrick & Payne at the price of P90,000. Intention is to expand the business and run two eight-hour shifts a day to accommodate the demands of the mining companies in the Camarines district for mining timbers and building lumber and to sell lumber in the general market as well as for export.

A few paragraphs from the Rosenstock statement follow:

Capital Stock

"While the authorized capital stock of the corporation will be P500,000.00, the plan at present is to sell only P200,000.00 of this capital. P100,000.00 is being reserved for Mr. Morris to be purchased by him at a later date, at par value, and the remaining P200,000.00 of the capital will not be offered for sale unless it is found that this capital will be needed in further development of the business, or for the purchase of other lumber plants in the neighborhood.

Management

"The proposed corporation intends to enter into a working arrangement with Mr. A. M. Morris to take over the general management of this business. Mr. Morris is one of the best known lumbermen in the Philippines. He has, for the past four years, been the superintendent of the Atlantic, Gulf & Pacific Company's sawmill at Dahanlan. Camarines Norte, and for eight years prior to that he was the superintendent of the Basilan Lumber Co. at Zamboanga.

Timber Concessions

"The option includes three timber concessions, consisting of a total area of approximately 11,000 hectares of timberland. Worrick & Payne has been cutting timber on these concessions for about fifteen years, and they have logged off approximately 1,600 hectares, leaving a balance of approximately 9,400 hectares with an estimated stand of timber of about 40,000 board feet per hectare. This would give a little over 37,000,000 board feet of standing timber to take over.

"It is conservatively estimated that 60% of this stand is Tanguile and red lauan, which produces the lumber for export.

"Several rivers pass through these concessions, which considerably facilitates logging operations. The largest concession also borders on San Miguel Bay, and logs can be towed to the mill by launch from that section of the concession.

"The option also includes the foreshore lease surrounding the mill site.

"The lumber business of Worrick & Payne will be turned over to the proposed corporation as a going concern. This lumber company owns the oldest lumber business in that province and the books of the company show that a net profit of approximately P37,000 was made in the year 1936, and about P18,800 during the year 1935. These figures have been verified by a certified public accountant and have been found to be in accordance with the books of that company. As this business has been operated with a very limited working capital, and, as its logging

facilities are antiquated, the actual cost of producing lumber has been considerably higher than it should be. For this reason, Mr. Morris states that he will have little difficulty in reducing the cost per thousand board feet of lumber and, in that way, materially increasing the profits to the company even on the mill's present output. By both increasing the output and decreasing the cost of manufacturing, the result will be a very material increase in the net profits that can be made out of this business."

More On Gatbo Coal

"The main coal seam has been opened and exposed in eleven places between the No. 1 and the Santa Julian shaft, a distance of 1,000 meters. This seam is continuous without a break and averages from 15 to 30 feet in width. To the west of this seam lie the two small seams as reported by the Spaniards, but in making our report we will ignore the two smaller seams as our check shows the big seam to be all we will be able to handle for many years to come. This seam dips from the top, east to west 85° as it goes down. Exploration has now reached a depth to nearly sea level, and as the seam goes down the coal hardens.

"Deposits on this coal at 40 foot depth show 7,200 calories, B. T. U. 12,960, ash 3.5%, sulphur 1%.

"No test has been made to date on the volatile matter nor the carbon content. This will be taken during the next two weeks. On this deposit two tunnels have been driven both cutting the seam at No. 2 and No. 3. At No. 1 a shaft is being sunk 60 feet. At No. 2 a production shaft will be sunk which will cut the seam at one meter below sea level. At No. 3 another production shaft is now being sunk which cuts the seam at 1 meter below sea level. From these two shafts the main production of the mine will take place, as they connect with the old Spanish road and make transportation a cheap matter. The enormous size of these seams will tend to a very low cost of mining."

"These excerpts are from the manager's report on his inspection of Gatbo's property, an old Spanish coal property in Sorsogon. Gatbo hopes to market coal in May.

Luzon Consolidated Mines Co., Inc.

"With comparatively a small capital paid up of P375,795.00 at present out of the actual authorized capitalization of P2,250,000.00, including 3,693,281 shares sold at P0.02 to a small number of stockholders of the original

capitalization of P250,000.00, your company, by practicing the strictest economy had realized important improvements and acquired equipments as follows:

1. "Opened 20 kilometers road from provincial road of Zambales to the property plus 10 kilometers road within the property of 4 meters wide";

2. "Constructed a pier and chromite ore bodega in the seashores of Lucepon;"

3. "Constructed buildings of strong first class materials for staff houses and bunk houses for laborers, emergency hospital, installed telephone line and electric plant, water supply system, laboratory with modern equipments, sky-line for hauling ores from different deposits to ore bin along the road in the mine, acquired a fleet of 20 trucks used for the transportation of the ore from ore bin to the pier plus a road roller and a service jibney, complete mining and road tools, two canteen stores in the mine, field office building in Lucepon and other secondary improvements with two burglar proof magazines for explosives;

4. "That with the road opened 'Acioje Mining Co., Inc.' entered into contract to the Company to use it in all time for a rent of P0.75 per ton of merchandise transported over the road with other advantageous term such as to supply Luzon Consolidated 75,000 liters of alcohol monthly at P0.07 only per liter and deposited P10,000.00 cash as guarantee of the contract;

5. "Had developed and exposed 100,000 tons of high grade chromite ore plus 100,000 tons of probable ore as per report of the Consulting Engineers, Alvir & Co., Inc., of June 4, 1936 and Jan. 15, 1937, which estimated the positive 100,000 tons only to have a gross value of P4,000,000.00 based upon actual New York market price of \$19.00 @ \$20.00 per ton for 45 @ 47% Cr₂O₃ ore with a probable profit of 50% or P2,000,000.00 when it is produced and sold c.i.f. New York;"

6. "An expert geologist and mining engineer, Mr. Jerry Y. Bell, contracted by your Company will arrive the City on s. s. *President McKinley* on or before May 3rd who will take charge of our chromite big scale production;"

7. "Had shipped 1,507 tons of ore to Japan and 204 tons to Europe, and prepared shipment to United States, but only delayed to lack of cargo ships available;"

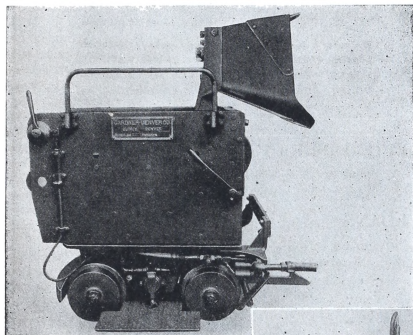
8. "At our pier there are deposited now, ready for shipment, about 1,000 tons of high grade ore with a gross value of P24,000.00 l.o.b.; and about 2,000 tons of the same quality ore now being transported by our fleet of trucks from the mine to that pier, making a total gross value of P72,000.00 l.o.b. Lucepon or a gross value of P120,000.00 c.i.f. New York port."

Upon arrival of the Engineer Mr. Jerry Y. Bell, the Company will begin at once intensive development and production of chromite ore in its property in Lucepon to supply present big inquiries to the Company by buyers from the United States and Europe. Having been installed and acquired all the principal facilities in mining, transportation and shipment of the ore and with actual rising market price around the world with the indication of going it up more world necessities of such war materials, it is hoped that satisfactory profit may be obtained.

R. Kagahastian,
President.

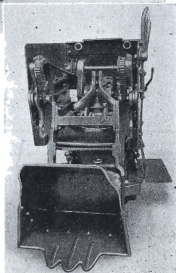
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Cause and Cure of Depressions

By A Country Banker

Because they have followed each other with more or less regularity during the past hundred years, it has become the custom to think that booms and depressions must follow each other like the flow and ebb of the tides. We now see Mariner Eccles, Chairman of the Federal Reserve Board sitting on the safety valve trying to prevent an inflation while many of our leading business men and orthodox economists are now predicting another depression before we have fully recovered from the present one. Yet, except for a national calamity, no one has ever given a good reason why a depression is ever necessary in this land of plenty. On October 5, 1936, Alfred P. Sloan, Jr., President of The General Motors Corporation, made the following statement in the course of a speech at Lansing, Mich.

"There will be another depression. We haven't discovered what causes them, nor what will avoid them. It is inevitable that the next will be more severe than the last. Everything we have done will tend to intensify the next one."

The underlying cause of a depression may be obscure, but one result is inevitable, i.e., the shrinkage in the volume of money and its circulation. These are not a mere coincident. If there was no shrinkage in the volume of money or its circulation, there would be no depression. If there was no unnecessary increase in the volume of money or its circulation, there would be no inflation.

The word "money" is here meant to include demand bank deposits, which have no tangible existence except as entries on bank ledgers. It is no longer seriously denied that these deposits are made by means of bank loans and that over 90% of all transactions are now made with this kind of money. By "circulation" is meant a complete cycle from the producer to the consumer, through wages, salaries and dividends, and from the consumer back to the producer through the distributor. Bank clearings, as showing the amount of this circulation, are highly misleading as they include money used in the transfer of stocks, bonds and other intangibles, which do not result in increased production or consumption. Money collected by some kind of a tax and paid out as a pension is also excluded because it short circuits and does not reach the producer. While tangible money actually increased \$1 Billions from 1929 to 1933, bank deposit money decreased \$16 Billions and clearings decreased \$468 Billions.

Money may be said to have two dimensions, quantity and velocity of circulation. Its effectiveness in the exchange of goods and service is the result of one multiplied by the other. \$100 circulated ten times is just as effective and \$1,000 circulated once. But as there is no satisfactory method known of regulating the velocity of circulation, the necessary adjustments in our money supply must be made in the quantity factor. If we are to enjoy our constantly increasing technological efficiency we must make sure of an ever increasing supply of money in exact proportion to its needs.

Defect in Our Money System

Banks do not, and cannot, prevent depressions by furnishing industry a constantly increasing amount of money, in the right proportion, through loans, on account of three uncontrollable factors, viz;

First: The whim of the banker. He is in business to make a profit. The value of money is regulated by the law of supply and demand, the less there is of it the more it is worth. Is it to the banker's interest to make money dear and goods cheap or to make money cheap and goods dear? It varies from time to time.

Second: The depositor. The banker must keep a certain amount of currency (his reserve) on hand to meet the demands of his depositors. If depositors demand currency in excess of what they deposit, the banker must replenish it by calling

in his loans, thus destroying the same amount of bank credit money (deposits). Since he has loaned approximately ten times the amount of his reserves, he must destroy ten dollars of bank credit money (loans) for each dollar that he adds to his reserves.

Third: On the borrower. If he does not want to borrow (make bank credit money) there is no way to force him to do so. The situation today is that the banks have ample reserves, and only need borrowers, to vastly increase our bank deposit money.

It should be noted that bank credit money can be destroyed by any one of the three acting independently. But it can be created only by the united consent of all three acting at the same time; the banker must be willing to lend, the depositor to leave his deposit and the borrower to borrow. The mathematical ratio is 7 to 1 against their doing this.

A casual consideration of the above will show why depressions are so easy to create, why they come so suddenly and why recovery is such a long strenuous effort. But when the three do agree to act in unison, the amount of new bank credit money they can create is limited only by bank reserve requirements. We now have the paradox of the government creating an excessive amount of bank reserves by selling bonds to the banks, thus paying them interest for the privilege of doing so, and then raising the bank reserve requirements to prevent their using them.

The Remedy

If we are to have any economic security we must have a scientific adjustment of our money supply to the needs of industry, keeping in mind the ever increasing amount needed. There is plenty of statistical material available to indicate how much this should be, such as price level, and business indexes, car loading, employment, unused plant capacity, etc. Banks must be deprived of their ability to cause and inability to prevent inflations and deflations by making and destroying money (deposits) through bank loans. Bank credit money (demand deposits) must be replaced with government credit money which is indestructible, except through taxation.

The only question is how to replace this money and supply the constantly increasing amount of new money needed with the least dislocation to industry and the most benefit to the people. There are four ways that seem worthy of consideration;

A—It could be used by the government in paying its expenses in lieu of taxation. This would certainly lead to extravagance. It seems so easy to merely print money. It would surely lead to inflation. Besides taxation, while painful, is the only method we have of keeping a check on government expenses.

B—It could be given to the producer as a bonus enabling him to give lower prices to the distributor. Would he do this or would he charge an excessive profit and invest it in excessive production capacity?

C—It would be given to the dealer enabling him to give lower prices to the consumer.

D—It is apparent that none of the above three methods would be directly beneficial to the man without a job. For the sake of social security to the individual, it appears best to give it to the consumer in the form of a National Dividend.

But before deciding, let's see what benefit to society as a whole, would accrue from a National Dividend paid, let us say to every qualified voter in the United States, in comparison with our present so called "Social Security" law.

1—It would provide real social security to every citizen of the United States instead of only the selected few, as provided for under the present law.



2—It would require no taxation whatever and would not result in piling up a vast reserve in the U. S. Treasury, now estimated to become \$47 billion, which may easily become a huge "slush fund."

3—It would be much less expensive to administer since the states have done most of the statistical work in compiling their polling lists.

4—Men would no longer have to burden themselves with having to judge between the "deserving poor" and the undeserving. Who, in truth, can tell us which is which, all things considered?

5—There would be no premium on idleness since all workers and non-workers alike would receive the dividend.

6—For the first time in history labor would encourage labor saving devices because the interest of labor, as of every citizen, would be to increase the dividend. That could only come through increased industrial efficiency.

7—The prostitution of industry to "making work" instead of goods would cease.

8—No ill effects would come from hoarding or excess saving since the same amount would simply be replaced with new money. The hoarders or savers would be the only losers.

9—It would assure velocity of circulation since most of the National Income would go to the lower income groups who spend much the larger part of their income.

10—Perhaps the most important of all would be the infusion of additional purchasing power into consumption direct instead of pumping it, as now, through the channels of production where it defeats its own end by leaving behind a trail of

costs, all of which has to be recovered in prices if industry is to remain solvent.

The question naturally arises as to how much the National Dividend would be. The only answer is "Enough to do the job." The job is to replace bank credit money with government credit money, so as to avoid inflations and deflations and to furnish the ever increasing amount needed by industry if it is to run to full capacity. Only time can tell.

The National Dividend would be administered by a commission with a mandate to keep industry running to full capacity or by an annual Dividend Act by Congress. The latter would follow the usual corporation procedure where the board of directors declares the annual dividends.—*Exchange*.

National Interisland Air-Services Angelo

Freight cost halved and trip time cut from four days to one hour, including loading and unloading

Walter Prier, transportation tycoon of Leyte, has punctuated his removal of his residence to Manila, where he has added another beautiful home to the city, with a busman's holiday in air transportation. He heads National Interisland Airways who carry freight and passengers anywhere in the Islands, under special charter. With him, of course, is Charles A. McDonough, well known Manila attorney; other directors in National Interisland being T. W. Thompson, Alvin Austin, and Jose Valdez.

National Interisland's big contract just now is freighting Angelo's equipment and supplies from Manila to the mine—at P75 a ton as against P146 a ton that was the old overland cost, the overland trip taking four days. National Interisland makes round trips Manila-Angelo in an hour, including loading and unloading, flying time twenty minutes each way.

T. W. Thompson and Alvin Austin are pilots. Say when and where, they figure out all the rest and land you. Thompson is National Interisland's general manager; when you know this and meet him, lad that he is, you surrender to the fact that flying is right up youth's alley. Both Thompson and Austin are transportation pilots. National Interisland has just dedicated its new Manila field near Wack-Wack; they uncorked champagne for the occasion and showed their swank new planes.

These planes get up and fly, cruising speed 165 miles. They are Cessna four-passenger cabin planes, single motor. There are two of these. Then there is a Warner Aristocrat three-passenger cabin, and a freighter coming on from the United States that handles a one-ton load. In the freight to be flown to Angelo is included a diesel tractor, air compressors, etc. There is a record of a whole mill being freighted by air to a site in the Andes, South America, and young Thompson says National Interisland can do it here. The Philippines have other air lines, and good ones, and it is evident from the record that air transportation is making itself indispensable to the Islands' mining industry.

There is mining country to be developed in Mindanao that is not accessible to good highways. This for example. Air can service such points, just as it does in New Guinea—another territory into which the largest machinery is carried by air as a matter of routine economy.

Air service is sometimes vital in cases of accident. National Interisland has already helped save the lives of three Angelo workmen who were victims of accidents, by flying them immediately to hospital in Manila.

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American Estate and Inheritance Taxes

Analyzed by

Dr. E. L. Hall

Manufacturers Life Insurance Company

An Estate Tax return must be filed in the United States wherever the gross estate exceeds \$40,000. On net estates after deduction of allowable claims, charitable bequests, etc., the tax begins at 2% on the first \$1,000 and increases by brackets until a maximum of 65% is reached on net estates of \$10,000,000. Now we had a 1926 act, then another in 1932, and in 1934 and 1935 President Roosevelt signed two more. Do the last ones make revisions which are easier on the taxpayer than those which preceded them? Oh, no! The chief effect of the 1934 act, for example, was:

1. To increase the rates of the Additional Estate Tax imposed in 1932; and

2. To amend the provisions of the 1926 Act as to revocable trusts and prior taxed property; and

3. To impose Federal Estate Taxes upon United States citizens, whether residents or non-residents, and upon residents whether or not they are citizens, and whether the property is situated within the United States or without (excepting only real property located abroad).

The difference between an Inheritance Tax and Estate Tax should be understood. An Inheritance Tax is imposed upon the distributive share which each heir receives. It taxes the right to receive. An Estate Tax is levied upon the entire net estate of the deceased, regardless of who receives it. It taxes the right to transfer.

The Federal Government taxes only the right to transfer property and therefore, the tax is levied upon the entire estate of the deceased and is called the Federal Estate Tax. On the other hand, many states have both Inheritance Taxes and Estate Taxes.

There is a provision in the Federal Estate Tax Law which says that if an estate has paid Inheritance or Estate Taxes to any State, credit will be allowed up to 80% of the tax imposed by the Federal Government under the Revenue Act of 1926. That is to say, if the Federal Estate Tax under that act is \$10,000 and taxes of \$9,000 have already been paid in State Taxes, then the Federal Government will allow a credit for \$8,000, leaving a balance to be paid to the Federal Government of \$2,000.

But suppose the Federal Estate Tax is figured at \$10,000 and only \$5,000 has been paid to the State. This would mean that \$5,000 would be paid to the Federal Government. To absorb the remainder of the allowable credit of \$3,000, many states have passed laws imposing Estate Taxes, thereby increasing the State Revenue without increasing the total taxes payable. These provide, in effect, that after the regular inheritance Taxes are calculated, there shall be paid to the State an additional tax equal to the difference between 80% of the Federal Tax under the 1926 Act and the Inheritance Tax, in this case \$3,000.

In some states this additional tax is payable out of the residuary estate; in others the Inheritance Tax of each beneficiary is increased proportionately.

The aim of the law in each State and of the Federal Government is to tax every transaction that makes a change in ownership effective at the time of death. As loop-holes are discovered in the law, succeeding Legislatures enact additional legislation to plug up the loop-holes. And it must always be remembered that such legislation may be made retroactive.

I am not giving you a lot of tables and statistics, but leave to your imagination what these drastic increases in Federal and State death taxes, heavy administration costs, court expenses, and often forced liquidation of valuable property to provide sufficient cash to meet these mounting death duties, mean to the average man in ordinarily comfortable circumstances. Shrinkage is occurring at a rate undreamed of even a few years ago. Not only are the large fortunes melting away like ice in a hot sun, but even the medium and small

estates are undergoing heavy pressure and are forced often to part with their most valuable assets to pay the necessary expenses.

The average man does not dream of the extent to which this shrinkage goes. He thinks of his property passing practically dollar for dollar to his family. We will trace the history of this shrinkage in a moment, but let us look first at what happens today!

Before your family can touch a single cent, your property must pass through the legal transfer mill. "It goes into a kind of temporary receivership, with the law in command, and with an administrator in charge. Until the law gets through with the property your wife and children must stand aside. This transfer process is expensive, and the shrinkage of assets during this period may be tremendous. It may even wipe out the estate". This is because the property does not pass directly from the hands of husband to wife, but must pass through many other hands already enumerated—the Federal Government with its estate tax, the state government with its inheritance tax, administration costs, funeral expenses, and outstanding debts. "All these greedy hands are stretched out to take their toll".

The trend of all such taxation has been upward. There is no possibility of escape from death duties, since by law the property—your property—cannot be transferred to your heirs until the taxes asked for are paid. *The heirs must pay a tax—and in cash.*

Estates are appraised for death taxes on the basis of their value at the time of the decedent's death. If it becomes necessary to sell securities or real estate in order to pay administration and death duties; it is conceivable—indeed it has happened—that sacrifices may have to be made to such an extent as to impair the value of the estate seriously, or even to render it insolvent.

Says one tax expert: "Although some people have designated these laws as soak-the-rich measures, the sober truth is that they make serious inroads upon moderate and even small estates. They are dissipating many small fortunes and forcing the liquidation of many solid little businesses throughout the land which afford employment to countless workers. The liquidation of these little companies with the consequent loss of employment, is a real disaster to their communities". A brief look at the history of the Federal estate tax is worth while.

The first one dates back to 1797 but was repealed five years later because it was considered a burden. This statement causes us to smile when we realize that a million dollar estate was only taxed \$200!

At the time of the Civil War a tax was levied of 5% and again at the time of the Spanish American War a war tax was levied with a maximum of 15%. Both are reported as having been repealed. When we come to 1916 we find a maximum rate of 10%, but in 1917 as a war measure again it reached a maximum of 25% on large estates, but the levies on smaller estates were reduced. In 1924 a sharp revision was made under the Coolidge administration to a peak of 40%, but met with so much opposition that in 1926 the maximum of 25% was restored. Those who believed that this rate would remain fixed were in for a rude shock for in 1932, during depression it soared to 45% and again in 1934 to a 60% maximum. At the present time, under the Revenue Act of 1935, the high peak reached 70%. So we have the picture: 10% in 1916 and twenty years later 70%, the highest in our history.

There is a reason why people of moderate means have come to think of these high death taxes as soak-the-rich measures only: tax revisions have moved faster than an informed public could be reached. From 1926 to 1931 for example, estate-

(Please turn to page 48)

COPRA AND ITS PRODUCTS

By KENNETH B. DAY
AND LEO SCHNURMACHER



KENNETH B. DAY

April showed a radical downward turn in the copra and coconut oil markets. While this turn was expected a little later in the year, it arrived much earlier than anticipated and it came as a distinct surprise to many who had felt that prices might be reasonably supported up to June at least. The drop was registered in spite of the fact that copra supplies were by no means plentiful and was precipitated by a weakness in European fats and oils which made itself evident by the dumping of large supplies of Palm Kernel Oil and Cottonseed Oil on the American market.

COPRA—Copra arrivals in Manila were some 7% below those of the previous month and nearly 20% below those of April last year. In

Cebu arrivals were very good, Cebu registering the highest April on record, although only fractionally larger than April 1936. Incidentally, Cebu's arrivals were 30,000 sacks more than March 1937. It is felt that the decline in the market did much to stimulate the receipts of copra in Cebu where falling prices are always characterized by rushing copra to market.

At the beginning of April the Manila copra market was very stagnant with sellers holding off for higher prices, and buyers bidding up to P19.50 for what small amounts were available. For the first week in the month the situation might have been termed "firm", but beginning thereafter the oil market showed an almost daily drop in price and this was reflected in buyers' ideas for copra prices which declined to a point where at the end of the month business was transacted as low as P13.50. This was practically a 20% drop in prices during the month. Sellers disposed of their stocks as the market dropped and at the end of the month it was reported that large dealers in Manila district were holding comparatively small stocks of copra. In Cebu copra dealers sold all the way

down the decline both to local mills and to American exporters, and at the end of the month were in a position where while reasonably well covered for May commitments they were oversold for June-July-August shipment of copra to the United States. This is a normal procedure for Cebu where there is generally an overselling interest in the second quarter of the year against the anticipation of lower prices in the third quarter when copra is abundant. In Manila, however, dealers trade mostly with mills who are not inclined to contract forward copra, and therefore Manila dealers were presumably not oversold on April 30th, 1937.

Pacific Coast prices paralleled local prices in that they dropped constantly from the beginning of the month to the end. Commencing at 5.15 cents they dropped until at the end buyers were bidding but 4 cents. A considerable amount of trading was done, which was made possible by the gradual availability of more copra space for the Pacific Coast. Space was by no means plentiful but it was possible to book fair amounts of copra for June-July-August shipment. It is expected that August shipments in



LEO SCHNURMACHER

particular will be heavy because of the increase in copra freight rates, which is scheduled to come into effect September 1st, 1937. April was the first month of the year showing any appreciable exports of copra and over 13,000 tons were shipped to the West Coast and the Gulf. Exports of copra for the first four months of 1937 totalled slightly over 34,000 tons as contrasted with 96,000 tons during the same period of 1936. In 1936, however, there was a large European demand, whereas in 1937 Europe was constantly at a disadvantage and space to the United States was all but unobtainable.

The European market gradually declined subject to minor fluctuations from a high of £19-12-6 to a low of £16-12-6. At no time was this price near competitive with Coast or Philippine quotations.

At the end of the month the feeling was distinctly easier all around and almost everybody was looking forward to lower prices for May forward, with prospects for good prices during the second half of the year very slim indeed.

Statistics for the month follow:

Arrivals—	Sacks
Manila	231,945
Cebu	285,407
Shipments—	Metric Tons
Pacific Coast	11,167
Gulf Ports	3,895
	15,063
Stocks on hand—	Beginning End of
	Month Month
	Met. Tons Met. Tons
Manila	19,917 14,933
Cebu	27,131 21,540

COCONUT OIL—At the beginning of April coconut oil was selling at 8 cents c.i.f. New York and 7-3/4 cents f.o.b. Pacific Coast. These prices held steady for the first week and then slumped to a low at the end of the month when sellers were willing to do business at 6-1/2 cents c.i.f. New York and 6-1/4 cents f.o.b. the Coast with buyers 1/4 cent below and backing away from the market as fast as they were able to buy. Practically all the buying interest was from soap manufacturers with the edible trade only slightly interested and for relatively small quantities. Thus, the premium for spot oil was reduced and the amount of oil which could be sold at fancy prices very small as contrasted with previous months, although undeniably spot positions were more desirable than futures. As mentioned earlier in this report a tremendous amount of Palm Kernel Oil was unloaded on the United States customers for late shipments, constantly selling considerably under coconut oil. Before the end of April Palm Kernel Oil was sold at 6 cents and offered at lower prices without success. Oil manufacturers did their best to sell ahead of the declining market, but the decline was unusually rapid and a good purchase to-day often resulted in a bad sale tomorrow.

It is true, however, that considerable quantities of coconut oil were sold for the last half of the year. In view of the large purchases by soap manufacturers for future delivery, it is felt that manufacturers may have a hard time disposing of their full volume for the second half year.

(Please turn to page 46)

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Refining Corporation

SHIPPING REVIEW

By H. M. CAVENDER

General Agent, The Robert Dollar Co.



At the end of March the lines so seriously affected by the Pacific Coast strike were busily engaged in rearranging their schedules. Tonnage for base commodities was still hard to find and the lack of space curtailed shipments of sugar, copra, cake and meal, lumber and ores.

This is reflected in the total movement 246,989 revenue tons for March 1937 as compared with March 1936 with 280,482 tons but we hope soon to be in a position to report all commodities moving in normal volume.

The sugar shippers moved 86,526 tons. To the Atlantic Coast went 76,141 tons of centrifugal and to the Pacific Coast 10,385 tons of refined. The settling of the strike was welcomed by the refiners who had been unable to ship during February. For the five months of their season the comparison shows the current season as having shipped to date 20,000 tons more than last season. During March the sugar shippers utilized two chartered non-conference vessels, lifting 14,906 tons.

Desiccated coconut shipments were very heavy—7,253 measurement tons. Excepting 14 tons all went to Atlantic ports direct instead of to Pacific ports on optional bills of lading. Oil shipments were all in deep tank lots—no

To	With		Were Carried in	
	Tons	Miscellaneous Sailings	Of Which Tons	American Bottoms With Sailings
China and Japan.....	98,735	49	1,595	8
Pacific Coast Local Delivery.....	20,821	14	9,578	5
Pacific Coast Overland.....	1,583	10	456	5
Pacific Coast Intercoastal.....	237	2		
Atlantic and Gulf.....	103,864	35	38,714	12
European Ports.....	18,929	20	58	2
All other ports.....	3,180	31	537	8

A GRAND TOTAL of 246,989 tons with a total of 100 sailings (average 2,490 tons per vessel) of which 50,938 tons were carried in American bottoms with 14 sailings (average 3638 tons per vessel).

tankers were sent forward. The total 7,787 tons went to the United States trade, Pacific-Atlantic and Gulf ports. The United States took 5,920 tons of copra consigned to Gulf ports, Europe took a shipment of 50 tons for Istanbul. There were offerings of copra to Pacific ports but no vessels interested therein. Cake and meal shipments picked up—the United States took 4,587 tons and Europe 4,732 tons—heavier movements than for several months past.

Hemp is the outstanding item of the month. The movement 204,026 bales being over 100% heavier than the preceding month. Japan took 55,526 bales, Europe 91,025, the United States 49,259, and the balance was well distributed throughout the World.

Lumber and logs amounting to ten million feet went forward. The United States, China, Japan, Europe and South Africa each taking round lots. Molasses amounting to 11,297 tons was shipped. Japan took 2,158 tons and a tanker lifting 9,139 tons was consigned to Shanghai for orders. We do not know the

ultimate destination of this shipment. Japan took 58,529 tons of iron ore and 1,505 tons of chromite and manganese—the United States took 568 tons and Europe 202. Round lots of chromite and manganese vainly sought space. This, a practically new business, is unfortunate in that it developed at this particular time. To move these ores promptly is economically important as the mines give employment to so many laborers as well as technical men.

Cigars, tobacco, embroideries, gums, junk metals, kapok, rope and cutch showed increased movements. The United States took 1085 tons of rice, Japan and China 1325 tons of kapok seed—two noticeable movements. The United States trade is developing a taste for pilnuts meats of which 77 tons were shipped in March. The only shrinkage noted during the month was in vegetable lard and margarine. The rattan furniture shipments measure 1185 tons, the heaviest months business that trade has ever had—the United States and Honolulu took the major part, but China, Australia and Panama were also buying.

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LUMBER REVIEW

By FLORENCIO TAMESIS
Director, Bureau of Forestry



Lumber and timber exports in February totalled 25,996,680 board feet, compared with 8,473,640 board feet for the corresponding month last year.

Demand in Japan continued to be very strong. Shipments to that country during the month under review amounted to 19,492,912 board feet, 19,498,064 board feet of which were logs and only 106,848 board feet were sawn lumber. The above shipments constitute 75% of the total lumber and timber exports to all markets. Demand for Philippine logs in China was also strong in February. During that month there were 3,040,928 board feet of logs exported to the above market as against none for the same month last year. There is in China a growing interest in Philippine logs for veneer purposes. A representative of a large concern in Shanghai engaged in the manufacture of veneers and plywood is at present negotiating in the Philippines for a regular supply of logs.

No log shipment for Australia was registered in February, but, it is believed, this lack of demand in that market was merely temporary. Some local log producers are now booked for large orders for Australia, necessitating regular shipment to that market. There is no doubt that there is a good demand of Philippine woods in Australia, but it seems Australian buyers until recently have had difficulties in finding producers here who are able to make steady shipment. Sale of sawn lumber to Australia, however, continued; shipments to that market in February amounted to 91,160 board feet, compared with 16,536 board feet for the same month last year.

Only 963,328 board feet of lumber and timber were shipped to the United States during the month under review, compared with 1,532,336 board feet for February, last year. This was due to shortage of bottoms, as a result of the Pacific Coast strike. As soon as shipping facilities return to normal, it is expected that the United States trade will show considerable improvement. It is reported that most of the large local manufacturers are booked for orders sufficient to keep them operating for several months.

The following statements show the lumber and timber exports, by countries, and the mill production and lumber inventories for the month of February, 1937, as compared with the corresponding month of the previous year.

Statement Showing Lumber and Timber Exports During the Month of February, 1936 and 1937

Destination	1937		1936	
	Quantity in Board Feet	Customs-Declared Value	Quantity in Board Feet	Customs-Declared Value
Japan	Unsawn Timber..... 19,498,064	P372,773	6,151,392	P106,296
	Sawn Lumber..... 106,848	4,770	10,176	326
China	Unsawn Timber..... 3,040,928	53,436	—	—
	Sawn Lumber..... 549,080	22,202	24,592	1,358
Great Britain	Unsawn Timber..... 1,120,632	88,848	288,320	21,940
	Sawn Lumber..... 3,816	473	111,068	15,774
United States	Unsawn Timber..... 959,512	53,365	1,421,248	120,884
	Sawn Lumber..... 389,232	28,978	379,056	24,723
British Africa	Unsawn Timber..... 91,160	6,682	16,536	1,843
	Sawn Lumber..... 84,376	4,245	—	—
Australia	Unsawn Timber..... 53,848	6,332	—	—
	Sawn Lumber..... 41,976	6,535	—	—
Portuguese Africa	Unsawn Timber..... 26,288	2,740	—	—
	Sawn Lumber..... 25,440	2,026	39,008	3,597
Denmark	Unsawn Timber..... 8,480	776	—	—
	Sawn Lumber..... —	—	—	—
Norway	Unsawn Timber..... —	—	31,376	3,181
	Sawn Lumber..... —	—	—	—
Netherlands	Unsawn Timber..... —	—	—	—
	Sawn Lumber..... —	—	—	—
Ireland	Unsawn Timber..... —	—	—	—
	Sawn Lumber..... —	—	—	—
Hawaii	Unsawn Timber..... —	—	—	—
	Sawn Lumber..... —	—	—	—
Sweden	Unsawn Timber..... —	—	—	—
	Sawn Lumber..... —	—	—	—
Hongkong	Unsawn Timber..... —	—	848	77
	Sawn Lumber..... —	—	—	—
Total	Unsawn Timber..... 22,542,808	P426,682	6,262,480	P122,070
	Sawn Lumber..... 3,456,872	227,499	2,211,160	177,929
Grand Total	25,999,680	P654,181	8,473,640	P299,999

For 50 Mills for the month of February

Month	Lumber Deliveries from Mills		Lumber Inventory		Mill Production	
	1937	1936	1937	1936	1937	1936
February	17,435,695	20,557,276	38,935,536	35,439,742	20,593,809	19,921,265

Note: Board Feet should be used.

ities return to normal, it is expected that the United States trade will show considerable improvement. It is reported that most of the large local manufacturers are booked for orders sufficient

to keep them operating for several months. Due to difficulties in shipping to the United States, efforts were exerted by local exporters to consign what lumber they could to Great Britain. As a result thereof, consumption in this market exceeded the normal amount, there being 1,120,632 board feet—all sawn lumber—shipped to Great Britain in February as against 288,320 board feet for the same month in 1936. Shipments to British Africa were steady during the month under review. Exports to that country in February aggregated 389,232 board feet, compared with 379,056 board feet for the corresponding period in 1936.

Demand in the domestic market continued strong. Prices in February were considerably better than those prevailing last year for the same month. Mill production during the month under review totalled 20,593,809, compared with 19,921,265 board feet for February, 1936. Lumber deliveries, however, showed a slight decline compared with last year, due to accumulated export stock, waiting for shipping space.

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REAL ESTATE

By **P. D. CARMAN**
Addison Hills



The April total far exceeded that of any similar month of which we have record; it does not include one very large transfer which was a bona fide sale but by an organization to itself under a change in name. The nearest April totals since 1918 were 1929, P2,697,947 and 1930,

P2,354,803. January to May sales for the past five years have been as follows:

1933.....	P4,231,321
1934.....	4,220,615
1935.....	4,879,213
1936.....	4,733,419
1937.....	8,169,211

Sales City of Manila
March 1937

	March 1937	April 1937
Sta. Cruz.....	P1,499,743	P 91,559
Sampaloc.....	112,517	65,011
Tondo.....	51,960	66,750
Binondo.....	40,001	1,843,002
San Nicolas.....	201,912	69,698
Emita.....	160,831	91,200
Malate.....	57,115	126,952
Paco.....	31,430	16,820
Sta. Ana.....	42,438	274,655
Quiapo.....	152,300	73,924
San Miguel.....	13,640	302,585
Intramuros.....	5,000	1,400
Pandacan.....	1,300
Sta. Mesa.....	14,400

P2,383,287 P3,025,256

MANILA HEMP

By **H. P. STRICKLER**
Manila Cordage Company

The American market continued firm with good demand during the entire month, in consequence of which prices for U. S. grades of Manila and most of the Davao grades advanced materially, especially on the grades J1 and above.

The London market opened firm on all grades, but gradually eased off on the medium and lower grades. This weakness on these grades was more or less nominal, due to attempts on the part of London dealers to check the advance, giving as their reasons their continued heavy production. Sellers, however, realizing that the heavy production is only temporary, refused to meet the lower prices offered by London dealers, and the market became quiet and nominal.

In local markets the continuance of heavy production of the medium and lower grades (G, H, J2, and below) was considered temporary, inasmuch as actual production on the plantations was known to be small, and tending to decrease further. For this reason, producers and local dealers held their supplies for higher

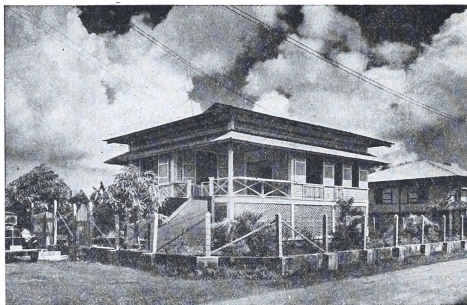
prices than exporters were willing to pay. With occasional short periods of easiness, the Davao market remained very firm during the month, with prices registering a small advance on the grades I and above. The grades J1, G and below, however, eased off slightly during the last ten days of the month under view.

G.....	16.00	G.....	16.50
H.....	14.00	H.....	14.50
J2.....	14.25	J2.....	14.50
K.....	13.50	K.....	13.50
L1.....	13.00	L1.....	13.00
L2.....	12.00	L2.....	12.25

Prices of Loose Fiber in Davao
Per Picul

Prices of Loose Fiber in Manila		March 31st		April 30th	
Per Picul		F.....	P26.50	F.....	P27.50
March 31st	April 30th	I.....	24.00	I.....	24.50
CD.....	P32.00	CD.....	23.25	S2.....	22.75
E.....	29.00	E.....	33.00	J1.....	22.50
F.....	24.50	F.....	26.50	G.....	21.25
I.....	22.00	I.....	23.00	H.....	18.50
S2.....	19.50	S2.....	20.75	J2.....	21.00
J1.....	17.25	J1.....	18.00	K.....	19.25

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MANILA

THE RICE INDUSTRY

By PERCY A. HILL
of Manila, Nueva Ecija
Director, Rice Producer's Association



Prices for both rice and palay fluctuated slightly during the month due to the seasonal offerings. Prices of luxury grades of rice are from P5.40 to P5.60 with palay of that class from P2.35 to P2.50 per cavano of 44 kilos. Macas were steady at from P5.10 to P5.30 per sack of 56.5 kilos with palay of that class from P2.30 to P2.35 per

cavano. Arrivals were both steady and ample.

While the season seems to be opening well as to the monsoon change, these first rains might lead as usual, to too early planting of seed beds. Reference to seed it is pitiable to see so many growers neglecting to conserve adequate and proper amounts and varieties until the very last moment. And far too many seek the mythical high-yield variety utterly unfitted to their soil, climate and water facilities, thus losing a vast amount of energy, time and money, especially amongst those tilling the sub-marginal lands of low yields.

For the present the agrarian troubles in the rice region seem to have slowed up, both sides realizing that it takes two to make a bargain and third parties are often superfluous in the case, not to say one-sided. One good result of the controversies late been the seeking of tenants for public lands lessening the amount of excess labor found in congested communities. But the main idea as usual seems to have been overlooked—that of adequate areas to be cultivated by the average rice-mit.

In the main the new law has resulted in more written tenant contracts many of these as unwieldy as the law itself, with every conceivable offset eliminated in favor of each party. The application of the law itself in regions of liberal contracts adds at least P20.00 per year to the tenant debt, but relieves him of double that amount in districts of stringent contracts. Any

amelioration is a thing of extremely slow growth, and as pointed out in all agricultural operations there is no such thing as silly strikes which would result in speedy present and future hunger and co-operation means taking from someone else.

April, 1937	14,973,188
March, 1937	14,793,718
April, 1936	13,382,678
January-April, 1937	47,520,029
January-April, 1936	51,792,845

TOBACCO REVIEW

By P. A. MEYER



RAWL AF. No transactions of importance were reported during the month. The development of 1937 crop in the Cagayan Valley is progressing satisfactorily. Total crop is estimated to bring about 270 to 300,000 quintals, or ca. 25% less than the 1936 crop. The decrease is principally

due to the disastrous December flood which did much damage to the seedbeds. Exports were as follows:

	Rawleaf, Stripped Tobacco and Stems Kilos
Austria	750
Australia	7,584
Belgium	3,060
China	27,220
Gibraltar	7,080
Guam	2,740
Hongkong	22,182
Italy	960,480
Manchoukou	20,060
North Africa	30,583
Straits Settlements	1,174
United States	284,613
Uruguay	2,360

April, 1937	1,369,886
March, 1937	1,019,931
April, 1936	1,551,142
January-April, 1937	5,149,982
January-April, 1936	5,650,342

CIGARS: The following number of cigars were shipped to the United States:

Eugenics in...

(Continued from page 8)

men by long wars, decreed for her young subjects what Barlig girls devised for themselves in like extremity; and soon marriage and family responsibility were popular in her realm again, and there were hosts of new warriors to bear the queen's arms.

Barlig girls had to plan everything for themselves because from the time they are tots they live in girl communities, sleeping in a dormitory away from everyone else. Little girls nestle together in a special part of the dormitory; those who are older, old enough indeed to be married, sleep in another part. After lights are out, it is tabu to strike a light again. Romance comes there, furtively in the midst of night, but not at all unexpected. When it is known that a girl is not under the ill will of the gods of Amuyao and that she can be a mother, then engagement is announced and there is a wedding day set.

This is old Ifugao custom, not new like the dit skirts. Because Barlig knows as well as H. L. Mencken that women take the lead about the business of mating and marriage, Barlig girls are daring enough to snatch some cherished personal belonging from a beau and run away with it to the dormitory. Then the young fellow may go to the dormitory to retrieve his property... romance begins.

It also seems that Barlig girls cherish no racial antagonisms. There is, of course, at such a picturesque place along the trail, long ago widened into a motor highway, a resthouse for travelers: Dr. Worcester and his crusading subalterns would do all things in the manner of the British in India. Back in the years when Barlig's social economy was still greatly out of balance from the wars, an American traveling salesman made the resthouse for the night, locked the door and bunked down to sleep. It was not an opportunity that Barlig girls would forego. A bevy of them stormed the place, breaking away the pine clapboards to get in; and then they offered the white stranger the friendliest hospitality.

The gods of old Amuyao were kind that night, legend says. These are Barlig gods: all cruel—all vengeful however, and open to bribery. You bribe them with wine and food, you soothe and mollify them with incantations, and inveigle them with promises. They are ruled over by the Sun God, worst of all, who often scorches the fields in the terraces, dries up the rains in the heavens, and parches the crops. The best man and woman, and young girls and young men too, can do against such malignant gods is merely to do the best they can and make the most of all accidental circumstances.

Talking such mysteries over among themselves in the dormitory, that is what Barlig girls concluded when they resolved to give the style of their skirts a touch of novel piquancy. Their wisdom, scientists now say—though not of course in such simple phrase as this—was as deep as a well. They point to Barlig stalwartness to prove it.

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umbrage to America, whose generous markets, long freely open to the Philippines, explain the basic prosperity of the Islands. Local manufacture of paper, however, if practiced on the large scale to supply any great portion of the Philippine market, would be the type of competition with American industry that is illustrated unfavorably in the manufacture of canvas shoes here for exportation to the United States.

Copra & its . . .

(Continued from page 40)

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	1,523
Atlantic Coast	6,447
Gulf Ports	508
China and Japan	1

	8,479
Beginning	End of
of Month	Month
Met. Tons	Met. Tons

Stocks on hand in—
 Manila and Cebu. 11,506 17,296
COPRA CAKE AND MEAL—Copra cake was a good demand early in April, selling as high as P51.00 f.o.b. Manila or \$36.00 c.i.f. Hamburg. Most of the demand was for early shipment not later than June. Later in the month prices declined and by the first of May were off about P5.00 a ton.

Pacific Coast were willing to make small orders of copra meal for future shipment right through the month at prices ranging up to P30.50, but sellers were handicapped by inability to obtain space and the amount of meal thus sold was necessarily restricted. The price of copra meal, of course, was far better for manufacturers in the Philippines than that of copra cake. Freight rates on copra cake to Europe advanced 3 shillings as of May 1st, 1937.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast	*3,722
Atlantic Coast	252
Europe	6,249

	10,223
Beginning	End of
of Month	Month
Met. Tons	Met. Tons

Stocks on hand in—
 Manila and Cebu. 7,960 7,809
 (*) This includes 69 tons shipped to Honolulu from Manila.

DESICCATED COCONUT—The base price of desiccated coconut was boosted to 10-1/4 cents c.i.f. New York as of March 22nd, 1937. This combined with the severe drop in copra prices, has placed the desiccated manufacturer in a very pleasant position for the time being. There were plenty of nuts available for him to buy and orders booked at 10-1/4 cents reflected a very fair profit. On the other hand, it was felt that consumer prices had been advanced too much and that some drop in base quotations must be made during the month of May, otherwise with the world decline in copra Philippine desiccated must certainly be subject to real competition from Ceylon.

Practically all desiccated factories were in full operation, chiefly making up back orders which should have been produced in February

and March. It is expected that by June or July these orders will be covered and the market is likely to be flooded with desiccated early in the second half of the year.

Shipments of desiccated for the month of April totalled 4,203 metric tons. It was always possible to obtain space for desiccated coconut because of the high freight rate involved.

GENEVA—There is no particularly bright spot in the future appearance of coconut oil and copra markets. Production is expected to pick up beginning the second half of May, and by July it is thought there will be, if anything, a surplus of copra. Demand for coconut oil is likely to be restricted due to large sales of other foreign oils in the American market in recent months, and apart from some unexpected catastrophic such as a drought, typhoons, or war, it is felt

that prices will be at a low level, compared with the past nine months, for the second half of the year. Even so, however, it is entirely probable that these prices will compare favorably with those pertaining in 1935 and the first half of 1936.

At the very end of April there was a certain hesitation in trading due to the expectation that the long awaited decision regarding the constitutionality of the excise tax will be handed down by the Supreme Court of the United States. If the Court should declare the excise tax unconstitutional, then prices might easily advance, particularly for spot positions. Informed sources, however, were pretty sure that the decision would be in favor of the constitutionality of the tax, which would take away the possibility of higher prices and might easily lead to lower ones.

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American State . . .

(Continued from page 39)

under \$100,000 were exempted from the Federal Tax. But in 1935 the exemption was reduced from half that figure or \$50,000 to only \$40,000. To make these facts more impressive let me add that the Federal Tax on an estate of \$120,000 is now 131 times as great as it was before 1932!

So much for the story of the Federal estate tax, but what about the State inheritance taxes? As stated, these are levied on the individual share each beneficiary receives, and the rates vary according to the size of these shares and the degree of kinship of the heirs. In some states the exemptions are less than those allowed by the Federal Government, and in exactly half of the 48 states it is less than \$10,000. So we find in half of the country the problem of shrinkage concerns any man who leaves more than \$10,000 to his family.

If the cost of the National Government has been mounting in recent years, the same situation exists in state governments, where costs have been going up by leaps and bounds. Most of them are sadly in the red, so heavier state taxation is also the present trend and taxes are not likely to decrease.

The third item of our dilemma is administration costs. What are these costs? As you already know a man's property must first go through a temporary receivership before it can reach his family. The only exception to this is life insurance payable directly to a beneficiary. It must be remembered, however, that all insurance receivable by, payable to, or for the benefit of, the estate, must be included in the gross estate. There is no \$40,000 exemption.

In fact, it has been held that when the proceeds of Life Insurance policies were mingled with the other assets of a trust estate and were disposed of under trust provision, by will, they were not exempt. A certain case was taken to court. The estate claimed that only the money paid over by the trustee to the executor should be taxable, since the balance of the Insurance proceeds was not to be distributed by the executor and never constituted part of the estate, but the court held that all the proceeds of Insurance were disposed of under the will and were therefore not exempt.

The answer of course is a named beneficiary or a separate Life Insurance trust.

But during the period of receivership over all other property the administrator and his assistants are undergoing the responsibility of the necessary transfers, probates and so on. While these men do not make exorbitant charges, the total costs do mount up amazingly. For example, to meet the demands of the Federal and state governments for taxes, the executor may have to sell securities, real estate, or whatever else he can lay his hands on to obtain cash. He must pay off debts, and sometimes has to contest lawsuits and claims against the estate. In addition to his fees, there are other fees for attorneys, brokers, real estate agents, appraisers and accountants. This is a true picture and is painted without exaggeration. In addition the administrator must see "that the will is probated, pay court costs, filing and inventory fees. He must pay also for keeping the property in good repair during this period. And then there are the costs of the funeral, the doctor, and possibly the hospital, all of which come out of the estate. The single item of outstanding bills may cause severe shrinkage especially in the smaller estates." I need not enumerate them—they are simply the unpaid mortgages, unpaid notes, unpaid bills, unpaid taxes and the like. Under present conditions it is quite possible that without forethought and planning an entire estate may be wiped out in settling all these obligations. Forced liquidations may put valuable property that could have yielded a handsome income, under the hammer to be sold for the proverbial song.

The papers tell us of the terrific losses of fortunes from the large estates, but we rarely hear of the innumerable moderate-sized and small estates which are broken up to meet the stringent requirements of these taxes. As one expert says: "these stories do not make the headlines, yet they are the real tragedies, far more important in their effect upon poorer families than the losses suffered by the few possessors of extreme wealth. It is time that people should realize that in the long run the burdens of taxation fall most heavily upon the little fellows who are the real workers and producers."

One writer says that it costs the people of the United States more to be governed than it does to supply the entire population for a year with three square meals a day, for only slightly more than 7-1/2 billions of dollars goes annually into

food while some 9 billions are collected in the form of local, state and Federal Government taxes.

To summarize the highlights of this realistic picture:

Federal Estate Taxes are the highest in history. State inheritance taxes also take their heavy toll and the trend is upwards.

Administration costs have mounted from the necessity of providing ready cash sums to meet the tax demands.

These various expenses in the high cost of dying must be paid in cash before the family receives its share.

No relief seems probable from these burdens of taxation.

We are up against a condition, not a theory. These are facts with which we have to reckon, so common sense would urge us to inform ourselves and to consider ways and means of reducing the inevitable losses by every legitimate method. If you have some property which you hope some day to leave to your family, you must make some constructive plans to conserve it while you are still alive, or they may never get it.

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C. Stiger, Manager

Life is change. So is banking. Hardly had the Chartered Bank of India, Australia & China vacated its familiar quarters in the Filipinas Building facing the Escolta over Plaza Moraga and moved to its new quarters in the Wilson Building on calle Juan Luna, than the Netherlands India Commercial Bank moved in. This adds another foreign bank to Manila's list. The application for license met Manila's and Washington's approval, so the Islands get their first taste of Dutch banking. It is an old art, one that Holland helped England learn when their long association in world commerce began, in the 17th century.

Netherlands India Commercial was founded in Amsterdam in 1863. Its head offices remain there. In Holland there are branches in other

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ports, Rotterdam and the Hague. Capital and reserves are P51,000,000. Holland's great flow of commerce is from her East Indies, Netherlands India Commercial has a network of branches there, extending over the Far East: Straits Settlements, British India, China, Japan, and now the Philippines.

C. Stigter is the bank's Manila manager. He has managed other branches at Bombay, Hongkong, and Shanghai. He began in Manila with a genial reception to the business community. His bank decided upon the Philippines after study of their steadily increasing importance in general commerce, also their increasing wealth. It is the first bank opened here under the Commonwealth.

Stephen Duggan Sees . . .

(Continued from page 15)

to the discrimination involved in exclusion or the losses of their nationals resulting from attacks by Filipino hoodlums, is a grave question.

"However China is not the country most seriously feared by the Filipinos as they look towards the establishment of the Republic. It is Japan. No exclusion regulations exist which are applicable to the Japanese, and there are now in the Islands about 20,000 Japanese, most of them comparatively recent arrivals. As the result of the competition of low-priced Japanese goods during the past few years, the Japanese have seriously cut into the trade of the Chinese in the Philippines and bid fair to oust the Chinese from their high position. In the early 1920's a group of Japanese settled in the province of Davao in the most sparsely populated of the Islands, Mindanao, and began to raise hemp, which was in great demand in their home country. To-day this province is virtually a Japanese colony. There are almost 15,000 settlers speaking only Japanese and living as they would in Japan with their own stores, banks, schools, hospital, and newspapers. There is a line of ships making two trips weekly between Davao and Yokohama. In this "colony" the Japanese government takes a great interest. Mindanao is the homeland of the turbulent Moros, and others of its inhabitants live under pioneer conditions. Some Japanese have been murdered, and such incidents have brought "representations" from the Japanese government. Filipino statesmen are greatly disturbed over the question whether under the Republic there would be only these pacific representations. The solution of this particular problem that appeals to the Filipino is to buy out the Japanese in Davao with the understanding that they be repatriated to Japan. But it has not yet been ascertained whether the Japanese, many of whom have become adjusted to life in their new environment, would want to sell out. And the money for the purchase would unquestionably be a burden upon an already overburdened treasury.

"Assuming that the Republic will be launched nine years hence, what will be the probable attitude of Japan? To the oft-repeated accusation that Japan would soon provide a pretext for intervention after the withdrawal of the United States, the Japanese government has issued an absolute denial. But Japanese activities in China to-day are not calculated to calm the fears of Filipino patriots. They are afraid that the Japanese economic penetration,

which has already begun, may result in the control of commerce and industry by the end of ten years, and may be followed by military intervention and eventual political control. Hence they have taken measures for national defense. General Douglas MacArthur, former Chief of Staff of the United States Army, and now Philippine Field Marshal, is responsible for the programme. The aim is to make conquest of the Islands so costly and difficult that no foreign power will want to undertake it. The defense system is based upon universal conscription, and the schools will be utilized for early training purposes. It is estimated that

the cost will be about \$8,000,000 a year during the period of the Commonwealth. This is a fifth of the present budget and can be forthcoming only at the expense of the social services, especially education. Whether the aim could be realized is very problematical.

"What suggestions do the Filipinos make to prevent the possible destruction of independence for their nation? What would be the possible action of the United States in the event of Japanese intervention? What would be the probable action of the European neighbors of the Filipinos—the Dutch in Java, the British



in India and Malaysia, and the French in Indo-China?

"The Filipino solution most often suggested is a treaty of neutralization to which the United States, Great Britain, France, Japan, and the Netherlands would be parties. Such a treaty would, of course, place a heavy responsibility upon the powers mentioned, and they might not be willing to sign it in view of their present commitments elsewhere. It should be considered also that although Belgium was a neutralized state in 1914, that fact did not prevent invasion of her territory by one of the guarantors of the neutrality. There can be little doubt that the Dutch, French, and British would be glad to enter a neutralization pact, with force behind it, only if it were understood that, in the event of Japanese attack upon the Philippines, the United

States would be the first defender and would in all probability bear the brunt of the conflict. But could it be assumed that in case the neutrality of the Islands were violated, the United States would be ready to use force to back it up? If the United States could be persuaded to commit itself to such a policy, the question would arise whether the United States ought to give up the naval bases and military posts which it has now in the Islands. Until recently the opinion of naval and military experts was to the effect that in case of war the United States could not prevent the Japanese from taking the Islands. Everyone knows that to regain them would mean a long and costly struggle.

"In the Lansing-Ishii notes of 1917, the United States recognized that territorial proximity creates special relations between

countries.' This was intended at that time to refer to the relations between Japan and China. But that interpretation no longer conforms with the main Japanese objective, which is Japanese hegemony in the Far East. Moreover, close proximity exists between the northernmost of the Philippine Islands and Formosa, the most southern of the Japanese Islands. They are, in fact, separated by only sixty-five miles of sea. It is not likely that Japan would take the risk of moving upon the Philippines within a short time after American withdrawal, and so creating ill-feeling not only in the United States but in Great Britain, France, and even Russia. But one must always make allowance for Japanese domestic politics. There exists in Japan a struggle not only between the civilian and the militarist elements as to national policy but also between the army and the navy. Both services are united in their demand for a forward policy; but the army is desirous of a continental movement to the west of Manchukuo whereas the navy is naturally more interested in an insular movement to the south. Experience has shown that Japanese will not emigrate in large numbers to such cold areas as Manchukuo and regions west of it.

"Were Japan to move upon the Philippines after our withdrawal, ought the United States to defend the independence of the Islands? Upon the answer to that question the American people have clearly not yet made up their mind. If they were to be guided solely by their own economic interests, they would no more fight Japan to defend the independence of the Philippines than they have done to maintain the Open Door in China. The trade with both those countries is valuable, but the trade with the Philippines is less than 3% of the total foreign trade of the United States, and after thirty-seven years of the Open Door policy, the trade with China is less than 4% of our total. Besides, in a conflict with Japan, the strongest weapon in the American arsenal is commercial, not military. Finally, it must not be forgotten that American public opinion at the present is strongly against making any commitment that would involve us in a foreign war except where the most vital interests of the country are concerned.

"Nine years hence, according to the Tydings-McDuffie Independence Act, the United States government will yield authority to the Philippine government. The United States should not retain responsibility without authority. That would be too dangerous. But the United States has a moral responsibility to launch the Philippines as an independent state under the best possible auspices. The moral conscience of the world seems to be dormant at the present time, but it is not dead; and if the wave of international dishonor in treaty violating should pass before the decade ends, a condition might well arise that would justify belief in and acceptance of a neutrality pact.

"Uncertainty has attended our Philippine policy from its beginning, and uncertainty still prevails. The trade relations between the United States and the Philippines upon which the welfare of the Filipino people depends, the continued possession by the United States of naval bases in the Islands, and the changed relationships among the Pacific powers necessarily resulting from our intended withdrawal, are

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all matters that demand further consideration. Surrounding this uncertainty, and affecting all our speculation as to our future relations to the Philippines, are still larger questions as to what changes may take place within the next decade in the relative positions of China and Japan and of the Western powers with interests in the Far East. Events in Europe may throw the Philippine problem, like other international problems into a wholly new perspective. Until stability on some basis is achieved in Europe it will be impossible for us to arrive at any final decision on the policy that is best for us to pursue in the Pacific.

"It cannot be denied that, so far as one can see to-day, the prospects of the Filipino people beginning their independent career nine years from now under favorable conditions are not bright. But the American people have not yet said their last word on the question. Many of us realize that we accepted sovereignty over the Islands as a sacred trust for the Filipino people until the Filipinos were prepared "to go it alone." We are rapidly learning that modifications in the economic provisions of the Independence Law must be made. It can be hoped and possibly be reasonably expected that the new Republic shall not be launched under conditions that mean failure after the splendid accomplishment of co-operation between the American and Filipino peoples. Although no definite prediction can now be reasonably made, we may hope that with tact, study, and resolution on both sides, a solution will be forthcoming, before the decade is over, creditable to the statesmanship of both countries."

Visiting Surigao.....

(Continued from page 29)

have bathed themselves leisurely, and their caretakers have done likewise, they are finally harnessed to the car and readily pull it upstream to where you can make the landing and reach the road again.

If a marine chauffeur had not been at the wheel in this emergency, you wonder where you might have wound up downstream. But you are off again on high adventure. Here at last is Santiago. There is a wait while some of the passengers chin with friends found here, and then the start forward to Cadababaran seventeen kilometers away. This distance is all made in an hour and ten minutes. The driving is intriguing: when the momentum of ten miles an hour is reached, the engine is turned off and coasting is done to economize gasoline. It is false economies but can't be corrected. The greatest delay derives from the radiator; at every kilometer, at least, it must be refilled, since it sports like a showerbath.

You at last reach Cadababaran, where much to your surprise a 1936 Ford V-8 is available. There is a drive through the streets to drum up other passengers, and then you strike out in comparative comfort for Butuan—a drive of some forty kilometers. You reach the bank of the river across from Butuan after dark. You and your luggage are ferried across in two lads in a small dugout, the current lapping over the sides. The lads leave the boat and carry your luggage into town for you, glad of the peseta each will have for the job.

You are much enlightened in Butuan by a new acquaintance made there, a man who is to

be a member of the next Philippine assembly. You learn from him that as soon the Islands become independent the League of Nations will recognize them as one of the great world powers, they will be a member of the league and as such need fear no aggressions. The problem of what to do when Philippine sugar can no longer be sold in the United States can await solution until it arises; and anyway, if America does not buy the sugar, it can be sold to other countries. The man has studied such matters, and knows. You compliment his people on their great fortune in having such a savior to represent them in the assembly.

Vicissitudes of your journey out compare with those encountered on the way in. A final experience is at night, desperately paddling to sea with a lone boatman, heavily bribed to undertake the risk, to board an interislander reported to be passing. At last, in the distance, you pick one of her lights, then the other; you hail, you are answered! The interislander hoves to, gets out a ladder, and you are soon aboard. Jogging about from port to port from Jolo to Tagbilaran, Bohol, at last this ship gets you back to Cebu, whence the tag-end of your Surigao trip can be made to Manila in the palatial comfort of the *Mayon*. There is truly gold in Surigao, and the job of living at the projects, developing them and getting out the gold, is one for heroes. *Vide supra*.

Men of the Mines

(Continued from page 25)

With Ipo announcing its second 5% dividend of the year, the operators, Benguet Consolidated, and Superintendent Ernest Burgess and Mill Superintendent J. R. Mulryan merit mutual congratulations. There is the prospect that Ipo will pay 3 centavos a share this year, par of shares ten centavos. As this is written May 13, Ipo's market price is 19 centavos. Ipo is admittedly a lowgrade mine, but there are stocks about 5 times as dear in the market that pay no better.

Praise to N. A. Fittinghoff as manager at IXL, Andres Soriano's other Masbate-island mine, for recent discoveries of ore reserves of higher average value and a mine condition leading Soriano to announce a mill capacity of 350 tons a day along about July, this year.

Oldtimer H. L. "Heinie" Fisher has retired from management of the Baguio Country Club and left the Islands for the United States, where he has not visited relatives of his since 1922, and has half an intention of settling down. Charles M. Cotterman as head of the club accepted his resignation with much regret, after having induced him to withdraw it from time to time for a nearly a year; the club was very appreciative of his services, marked by ability from the outset. The place has now fallen to Warren A. Garwick, from the staff of the Manila Hotel.

Mr. Jerry Y. Bell, an experienced mining engineer, newly imported from the U. S. A. by the Luzon Consolidated Mines Co., Inc., who, together with his charming wife have arrived on S. S. *Mckinley* have been honored with a dinner party by the President and Members of the Board of Directors of this Company at the Manila Hotel, and also by Mr. and Mrs. Ambrosio Pablo, the Secretary-Treasurer of the Company at the latter's city residence.

Miss Dorothy Herdman and A. F. Duggleby were married at the Cathedral of St. Mary and St. John Friday, May 21. Miss Herdman is one of Manila's most popular young ladies. Mr. Duggleby is a vice-president of Benguet Consolidated, in charge of operations.

GIVE THOUGHT TO YOUR EYES

Do you ever consider what a strain your eyes undergo day and night during your entire working hours?

Modern business methods and modern living conditions demand much more from the eyes than Nature intended they should stand.

If you value your eyesight, and we all do, have an examination made now and find out the true condition of your eyes.

Ever the best in quality but never higher in price.

LARK & Co.
SCIENTIFIC OPTICIANS
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MASONIC TEMPLE

Sugar and the Government

SUGAR, A CASE STUDY OF GOVERNMENT CONTROL, BY JOHN E. DALTON. Published 1937 by The Macmillan Co., New York; 311 pages; \$3.00.

This book is a contribution to the current debate over the ability of government to plan effectively for industry in whole or in part. Whether government has such ability is largely a question of historical fact, so the matter becomes one of appraising the past results of government planning, on the principle that "by their works ye shall know them". The government of the United States has essayed to plan for the sugar industry for nearly a hundred years, particularly during and since the Great War, and most intensively since the inauguration of the New Deal. Here is a "case" that exemplifies certain kinds of economic and social troubles for the cure of which government planning is invoked, and wherein we may find a basis for judging both the ability of government to make a correct diagnosis and the efficacy of the remedies applied.

In compiling case histories it is of first importance to have a record of the pertinent facts, and such a record Mr. Dalton provides in ample detail. He briefly describes the sugar industry and gives its historical background in the United States up to 1933. He then outlines the efforts made to restore the industry to economic health, first by the abortive stabilization agreement offered by the industry and then by the government's plan as embodied in the Jones-Costigan act. He next proceeds to describe the plan in action: how marketing was "rationalized" and how production was adjusted. After this general account he goes more into detail, and analyzes the situations prevailing in the individual producing areas—the sugar beet industry, the domestic cane sugar industry in Louisiana and Florida, the insular territories and possessions,

and Cuba. He shows how the sugar act affected the producers of each of these areas, and the extent to which their several demands and expectations were met or denied. The refiners get a chapter, and so do the consumers. The whole subject is objectively treated; the facts are presented in a well rounded narrative, with little or no evidence of bias. As an impartial history of the troubles of the American sugar industry and what was done about them, the book can be heartily recommended.

As regards the general result of United States government planning for sugar, the author finds that all members of the industry—plantation owners in Puerto Rico, Cuba, Hawaii, and the Philippines, the continental beet farmers, and the operators of beet and cane sugar factories, and the refiners—are in agreement that the institution of the quota system has solved their economic difficulties; so, with unimportant exceptions, the industry is not opposed to this extension of federal power over sugar. From this more or less happy result it is concluded that our national experience with sugar will give a starting point for a development of views relative to the general problem of business and government.

However, the statesman-economist who is looking for hints for revamping our economic structure should be reminded that the case of sugar is only one among many, and that from certain standpoints it is the least instructive of all. Such planning as our government has done or may do for business is subject to severe constitutional restrictions, so the American plan has had to take an awkward, not to say a grotesque, form. Mr. Dalton has done a creditable job in describing it, but he makes no comparison of this system with other smoothly functioning systems of controlling the sugar business in other countries.—O. W. W.

President Roosevelt On Sugar Quotas And Excise Taxes: From His Message

Labor

"It is also highly desirable to continue the policy, which was inherent in the Jones-Costigan Act, of effectuating the principle that an industry which desires the protection afforded by a quota system, or a tariff, should be expected to guarantee that it will be a good employer.

"I recommend therefore that the prevention of child labor and the payment of wages of not less than minimum standards be included among the conditions for receiving a Federal payment.

"I recommend that adequate provision be made to protect the right of both new and old producers of small acreages of sugar beets and sugar cane to an equitable share of the benefits offered by the program.

"In this connection I suggest also that you consider the advisability of providing for payments at rates for family-size farms higher than those applicable to large operating units.

Excise Tax

"Quotas influence the price of sugar through the control of supply; consequently, under a quota regulation of the supply of sugar, a tax may be levied without causing any adverse effect, over a period of time, on the price paid

by consumers.

"I recommend to the Congress the enactment of an excise tax at the rate of not less than .75c per pound of sugar, raw value. I am definitely advised that such a tax would not increase the average cost of sugar to consumers.

"An excise tax of this amount would yield approximately \$100,000,000 per annum to the Treasury of the United States, which would make the total revenue from sugar more nearly commensurate with that obtained during the period 1922-1929.

"It is also estimated that the total income of foreign countries from the sale of sugar in the United States under the quota system would not be less than that obtained during 1935, and, like the total income of domestic sugar producers, it can be expected to increase in future years as our consumption requirements expand.

"In considering the enactment of any tax the Congress has regard for its social and economic effects as well as its ability to raise revenue.

"The social and economic effects of an adequate excise tax on sugar are so important to the welfare of the various groups affected as to constitute a necessary complement to the quota system. For this reason I recommend that neither the quotas nor the tax should be operative alone."

Fifty Years' Consumption

Sugar consumption in the United States has more than quadrupled during the past fifty years, according to data contained in a chart which has been recently compiled by Lamborn & Company, sugar brokers. It illustrates an increase from 1,450,716 long tons, raw value, in 1886 to 5,988,010 tons in 1936. The increase was 312 per cent. Population during the same period increased from 57,937,540 to 128,429,000, an increment of 122 per cent. The rise in consumption per capita was 86 per cent, from 56.09 to 104.44 pounds, raw value. The highest annual per capita consumption, 117.37 pounds, was recorded in 1926.

Final Indian Forecast

The Indian Department of Agriculture on February 11 announced the final forecast of the 1937 crop in India as 4,431,000 acres, with an indicated sugar yield of 6,717,000 tons. This compares with a 1936 final forecast of 4,020,000 acres and 5,908,000 tons, for an indicated production increase of about 13.7 per cent.

World Sugar Production

World production and consumption for the current sugar year will reach new all-time high figures, according to estimates by recognized statistical authorities. Two such estimates recently issued agree in placing production at close to 31,000,000 long tons, raw value, and consumption at more than 30,000,000 tons, for 1936-37.

The figures are interesting for several reasons. One is that thirty million tons is more sugar than has ever before been produced or consumed in one year, and the first thirty million ton crop stands out as a milestone of attainment, like the first thirty billion dollar Congress.

Cedula Receipts Show Increase

Cedula collections in Manila for 1937 totalled P311,334, as compared with the previous year's P185,596, or an increase of P125,738. Payment of the cedula tax without penalty in accordance with the condonation act, ended yesterday.

The decision of the collector of internal revenue to fix the deadline yesterday, instead of May 1, helped bolster up this year's city revenues from the same source. According to the city treasurer's office, P23,504 was collected between the last office day in April and yesterday.

Monthly collection of cedula taxes was heaviest during April when a total of P108,758 was paid by tax-payers. In the same period last year, collections amounted to only P88,936.

The law condoning cedula tax fines and penalties normally imposed on delinquents is responsible for the enormous increase in collections this year.

Leave Constitutionality of Pension Acts to Courts

The office of the American High Commissioner and Malacañang will leave to the courts to decide the alleged unconstitutionality of the several laws liquidating pension funds now being contested by teachers and pensioners who claim that such laws have impaired existing contracts guaranteed by the Tydings-McDuffie independence law.

PRINCIPAL EXPORTS

Commodities	February 1937			February 1936			Monthly average for 12 months to February, 1937		
	Quantity	Value	%	Quantity	Value	%	Quantity	Value	%
Canton (Low Grade Cordage Fibers)				3,289	F260		484,865	F43,073	0.2
Cigars (Number)	13,919,627	F48,625	1.6	13,965,198	F426,639	1.5	14,447,523	F47,042	1.7
Coconut Oil	12,183,981	4,145,085	15.0	17,568,548	2,775,654	9.9	2,617,027	2,409,103	10.8
Copra	2,451,302	482,180	1.8	25,153,142	2,446,755	8.7	30,820,227	2,258,121	9.9
Copra Meal	4,471,156	225,074	0.7	8,725,186	281,704	1.0	8,360,373	291,731	1.3
Coffee	87,040	229,430	0.8	347,413	935,471	3.5	370,661	203,818	0.9
Decasated and Shredded Coconut	2,369,851	718,263	2.6	2,248,823	610,314	2.2	2,753,234	732,685	3.2
Esmeraldas		23,050	1.5		788,460	2.8		647,368	2.8
Hate Number	46,637	82,499	0.3	61,985	103,900	0.4	59,576	97,213	0.4
Hemp	10,063,525	2,691,833	9.8	11,628,669	2,555,019	9.1	13,902,053	3,091,437	13.4
Iron	13,009	17,074	0.06	3,368	5,645		44,058	10,763	0.05
Leaf Tobacco	2,178,311	784,015	2.8	2,934,147	1,154,602	4.1	1,105,038	337,553	1.5
Lumber (Cu. M.)	1,059,439	5,217	0.02	5,217	17,929	0.6	11,110	296,115	1.2
Care and Carriages	108,959	1,059,439	6.6	1,456,769	131,337	0.5	1,726,201	244,133	1.0
Pearl Buttons (Gross)	59,963	38,819	0.1	71,091	44,841	0.1	56,812	37,095	0.2
Sugar	96,516,194	13,538,293	49.2	120,234,622	15,724,911	56.0	74,118,108	10,438,233	45.2
Other Products		3,319,461	12.2		809,991	2.9		1,197,498	5.2
Total Domestic Products		F27,510,209	99.5		F28,143,340	99.8		F23,093,219	99.4
United States Products		112,986	0.4		71,034	0.2		120,033	0.5
Foreign Country Products		423,060	1.5		37,808	0.1		37,293	0.1
Grand Total		F27,660,883			F28,214,938			F23,250,455	

Note:—All quantities are in kiloe except where otherwise indicated.

PRINCIPAL IMPORTS

Articles	February 1937		February 1936		Monthly average for 12 months to February, 1937	
	Value	%	Value	%	Value	%
Automobile	F393,778	2.8	F557,069	3.8	F487,489	2.9
Automobile Accessories	113,847	0.8	113,847	0.8	113,847	0.8
Automobile Tires	251,288	1.8	156,198	1.0	227,550	1.4
Books and Other Printed Matters	110,129	0.8	79,649	0.5	158,048	0.9
Breadstuffs Except Wheat Flour	69,292	0.5	67,846	0.6	653,581	4.0
Cacao and Manufactures	113,678	0.8	41,241	0.3	82,241	0.5
Chemicals and Allied Products	56,681	0.4	101,486	0.7	130,889	0.8
Excepts, Dyes, Drugs, Chemicals, etc.	377,630	2.7	376,885	2.5	443,738	2.7
Coal	221,354	1.6	78,646	0.5	175,649	1.1
Coffee, Raw and Processed	141,062	1.0	82,153	0.5	95,212	0.6
Cotton Cloth	1,412,123	10.2	888,162	5.9	1,512,876	9.0
Cotton All Other	1,006,606	7.2	831,962	5.6	978,596	6.3
Dairy Products	271,638	2.0	244,324	1.6	633,547	3.8
Diamond and Other Precious Stones Used	115,422	0.8	36,639	0.2	94,673	0.6
Earthen Stone and China-ware	59,720	0.4	85,867	0.6	95,873	0.6
Edge and Preparation of Electrical Machinery	424,283	3.1	408,924	2.8	482,180	2.9
Explosives	193,038	1.4	118,441	0.8	175,102	1.1
Fertilizers	465,919	3.4	496,704	3.2	496,704	3.2
Fibers, Vegetable and Manufactures of	133,857	0.9	341,905	2.3	285,169	1.8
Fish and Fish Products	118,576	0.8	230,732	1.5	225,083	1.4
Fruits and Nuts	275,847	1.9	242,986	1.6	212,083	1.3
Grain	57,919	0.4	57,919	0.4	57,919	0.4
Glass and Glassware	94,414	0.7	125,896	0.8	125,355	0.8
India Rubber Goods	121,614	0.9	99,995	0.7	127,108	0.8
Instrument and Apparatus not Electrical	57,129	0.4	47,324	0.3	61,904	0.4
Iron and Steel Except Machinery	1,234,687	8.9	1,588,331	10.6	1,582,699	9.7
Leather Goods	257,336	1.8	149,244	1.0	157,741	1.0
Machinery and Parts of	982,093	7.1	1,170,825	7.9	922,546	5.8
Meat Products	251,148	1.8	224,702	1.5	231,347	1.4
Oil, Crude	542,890	3.9	203,397	1.4	341,034	2.1
Oil, Illuminating	1,474	0.01	498,060	3.3	208,650	1.3
Oil, Lubricating	27,872	0.2	16,236	0.1	105,189	0.6
Other Oils, Animal, Mineral and Vegetable	93,001	0.7	59,274	0.4	86,448	0.5
Paint, Pigments Varnish, Etc.	109,869	0.8	182,689	1.2	137,171	0.8
Paper Goods, Except Books	245,877	1.8	330,891	2.2	358,894	2.2
Perfumery and Other Toilet Goods	111,376	0.8	123,518	0.8	118,003	0.7
Rice	423,412	3.1	272,058	1.8	621,832	3.8
Shoes and Other Foot-ware	312,450	2.3	171,679	1.1	455,313	2.7
Silk	3,333	0.02	549,992	3.8	24,332	0.1
Silk Goods, Natural	129,138	1.0	51,543	0.3	202,732	1.2
Soaps	31,326	0.2	49,907	0.3	66,658	0.4
Springs and Molasses	36,363	0.2	14,447	0.1	29,531	0.2
Tobacco and Manufactures of	5,491	0.04	69,833	4.7	554,715	3.4
Turkey	22,947	1.8	310,738	2.1	310,738	2.1
Wax	94,927	0.7	49,916	0.3	80,436	0.5
Wool, Reef, Bamboo and Rattan	581,860	4.2	589,407	4.0	635,448	3.9
Wood, Red, Bamboo and Rattan	46,582	0.3	84,701	0.6	73,002	0.4
Woolen Goods	67,725	0.5	102,314	0.7	84,296	0.5
Other Imports	1,082,836	7.8	7,64,992	4.5	501,986	3.1
Grand Total	F13,875,544		F14,919,652		F16,316,857	

CARRYING TRADE

Nationality of Vessels	February 1937		February 1936		Monthly average for 12 months to February, 1937	
	Value	%	Value	%	Value	%
American	F1,850,564	13.9	F6,610,210	44.0	F4,901,041	30.9
British	6,211,620	46.7	3,008,946	20.4	5,329,588	33.5
Chinese	60,901	0.4	43,732	0.3	2,099	0.01
Danish	530,769	3.9	227,093	1.5	459,935	2.8
Dutch	988,319	7.4	781,929	5.3	1,001,118	6.3
French					5,939	0.04
German	640,530	4.8	763,518	5.2	848,370	5.3
Greek	20,332	0.1	25,771	0.2	20,755	0.1
Italian					7,659	0.05
Japanese	1,546,723	11.6	1,433,813	9.7	1,469,892	9.2
Norwegian	6,211,620	46.7	1,788,928	12.1	1,237,096	7.8
Panama	297,481	2.2			335,652	2.1
Philippines	119,078	0.9	39	0.001	25,823	0.2
Swedish	427,336	3.1	52,755	0.4	108,333	0.7
By Freight Aircraft	F13,332,097	96.1	F14,759,350	99.1	F15,850,416	97.4
By Mail	6,197	0.04	1,902	0.01	1,229	0.01
By Mail	5,370	0.04	16,302	0.1	425,212	2.6
Total	F13,875,544		F14,919,652		F16,316,857	

EXPORTS

Nationality of Vessels	February 1937		February 1936		Monthly average for 12 months to February, 1937	
	Value	%	Value	%	Value	%
American	F5,323,485	20.6	F9,093,466	30.7	F6,649,982	28.9
British	6,651,663	25.6	5,081,834	18.2	5,159,625	23.8
Chinese	208,240	0.8			87,137	0.4
Danish	1,498,668	5.8			3,589	0.02
Dutch	482,031	1.9	1,272,651	4.5	805,824	3.7
French	70,794	0.3			5,989	0.03
German	379,852	1.5	453,233	1.6	400,472	1.7
Italian	29,229	0.1	296,027	1.0	15,346	0.1
Japanese	8,304,038	32.0	5,931,513	21.1	5,462,645	23.7
Norwegian	2,770,931	10.7	3,728,360	13.3	2,366,980	14.5
Panama	19,436	0.1			25,826	0.1
Philippines					1,837	0.01
Swedish	125,000	0.5	274,617	0.9	182,909	0.8
By Freight Aircraft	F25,950,056	93.8	F28,096,117	99.0	F23,156,388	98.1
By Mail	F1,709,056	6.2	F1,182,821	4.1	F3,912,119	15.9
Total	F27,660,883		F28,214,938		F23,250,455	

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Countries	February 1937		February 1936		Monthly average for 12 months to February, 1937	
	Value	%	Value	%	Value	%
United States	F31,090,765	77.0	F32,267,072	75.2	F28,350,466	71.0
Netherlands	1,035,052	2.5	1,330,249	3.0	1,183,764	3.0
Australia	352,634	0.8	384,291	0.9	483,760	1.2
Canada	8,405	0.02			401	0.001
Belgium	262,443	0.6	241,481	0.6	300,233	0.8
British East Indies	270,114	0.6	396,226	0.9	427,869	1.1
Canada	235,606	0.5	336,442	0.8	280,186	0.7
China	371,414	0.9	413,310	0.9	634,916	1.6
Denmark	98,277	0.2	100,531	0.2	102,213	0.3
Dutch East Indies	324,807	0.8	296,027	0.7	347,611	0.8
France	187,273	0.4	311,399	0.7	443,970	1.1
Germany	228,015	0.5	269,383	0.6	381,114	0.9
French East Indies	549,848	1.3	766,422	1.8	831,269	2.1
Hongkong	274,981	0.7	118,087	0.3	220,751	0.6
Italy	45,826	0.1	21,269	0.05	21,969	0.05
Japan	4,029,463	9.7	3,354,463	8.3	3,633,971	9.2
Japanese-China	10,226	0.03	27,480	0.07	30,775	0.08
Netherlands	68,411	0.2	860,147	2.0	640,649	1.6
Norway	59,063	0.1	11,510	0.03	56,705	0.1
Spain	228,411	0.5	36,449	0.1	152,991	0.4
Switzerland	130,897	0.3	938,464	2.2	261,406	0.7
Sweden	21,383	0.05	141,072	0.3	110,484	0.3
Switzerland	71,126	0.2	57,997	0.1		

RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA
Traffic Manager, Manila Railroad Company



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

Rice, cavanes	234,960
Sugar, piculs	429,048
Copra, piculs	36,917
Desiccated Coconuts, cuses	36,871
Tobacco, bales	199
Lumber, board feet	320,870
Timber, kilos	977,000

The freight revenue car loading statistics for four weeks ending April 1, 1937, as compared with the same period of 1936 are given below:

Excise Tax Has "No Constitutional Infirmity" P100,000,000 to the Islands

By unanimous decision of the United States supreme court penned by Justice George Sutherland of the conservative group in the court, the legal excise tax on vegetable oil imports into the United States is upheld together with the work of the administration to remit proceeds the tax deriving from Philippine coconut-oil the Philippine treasury. This gives the lands P100,000,000 accumulated tax, and out P1,000,000 a month while the law remains force. Justice Sutherland said, among other

things:

"We find the legislation free from constitutional infirmity, and there both our power and responsibility end."

Commenting on the possibly altered circumstances due to the Commonwealth's new constitution, Justice Sutherland stated:

"Undoubtedly, these acts brought about a profound change in the status of the islands and their relations with the United States, but the sovereignty of the United States has not been and for a long time may not be finally withdrawn.

"As far as the United States is concerned the Philippines are not yet foreign territory . . .

FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONS/CG		Increase or Decrease	
	1937	1936	1937	1936	Cars	Tonnage
Rice	845	343	10,870	4,284	502	6,505
Palay	104	55	1,255	672	49	583
Sugar	744	356	22,616	11,225	388	11,391
Sugar Cane	892	403	14,403	6,923	892	14,403
Copra	193	416	1,420	3,239	(223)	(1,819)
Coconuts	101	71	983	739	30	244
Molasses	73	27	2,287	693	48	1,694
Hemp	15	1	88	12	14	76
Tobacco	1	1	3	1	1	1
Livestock	17	4	99	12	13	87
Mineral Products	292	249	3,636	3,043	43	593
Lumber and Timber	97	118	2,454	2,909	(213)	(538)
Other Forest Products	7	3	50	16	4	34
Manufactures	252	143	3,734	1,990	109	1,744
All others including L.C.L.	2,806	2,408	16,803	15,558	398	245
TOTAL	6,441	4,194	80,702	45,452	2,247	35,250

SUMMARY

Week ending April 3	2,186	1,242	33,134	13,067	941	20,085
Week ending April 10	1,546	742	19,229	8,054	804	11,175
Week ending April 17	1,401	1,171	14,730	15,686	236	(986)
Week ending April 24	1,308	1,039	13,609	8,645	372	4,906
TOTAL	6,441	4,194	80,702	45,452	2,247	35,250

NOTE: Figures in parenthesis indicate decrease.

We still retain powers concerning trade relations with the islands with certain exceptions set forth . . . in the act.

"We retain powers with respect to their financial operation, their currency and we continue to control their foreign relations.

"The power to review this court has over Philippine cases . . . not only is continued, but affects all cases involving the Constitution of the Commonwealth. . . .

"While the power of the United States has been modified, it has not been abolished. Moral responsibilities well may accompany the process of separation from this country and they may be intensified by the new perplexing problems when the people of the Philippines will now be called upon to meet at once."

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