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Cabanatuan: *Rocky Ford*

♦Potentialities for Trouble in Davao

Voice of the People Condemns Nationalism

Philippine Farmers' Dependence on Overseas Trade

Practical Homemade Copra Dryer

Devised at Ceylon

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MINING SECTION

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WALTER ROBB  
Editor and  
Manager



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## CABANATUAN: *Rocky Ford*

The report of President Quezon's rice commission, detailed and commendable, tells you why the town of Cabanatuan is so bustling and important. It is the capital of Nueva Ecija, on the Pampanga river, and must now have 25,000 inhabitants at least. Wherever there is the sound of industry in the place, there are Chinese, or it is a depot of a land-transportation company. Wherever there is a great residence, there is the seat of one of the ruling class: he is a large landowner, his fields grow rice. Rice is the riches of Cabanatuan, as of all Nueva Ecija. This you gather from the cited report.

In the year ending June 30, 1935, Nueva Ecija grew 9,048,100 cavans of palay on 233,220 hectares, an average of 38.8 cavans to the hectare. (The one other province approaching this figure is Pangasinan: 6,578,200 cavans of palay from 218,510 hectares, an average of 30.1 cavans to the hectare). Another table in the report shows that Nueva Ecija's average palay exports are 3,509,280 cavans. The only other province whose palay exports top 1 million is Pangasinan, where they average 1,784,480 or about 50% those of Nueva Ecija.

But please bear in mind another table, that gives the Islands' rice consumption in 1910 as 11,916,000 sacks of 57 kilos each, and in 1936 (estimated) as 22,590,600—quite double the consumption during 1910. The government thinks a profound economic problem is at the bottom of the current rice shortage. We don't. The population of the Islands has not doubled since 1910 (but may have nearly doubled since 1903, when the first census was taken). But production of rice has doubled, as is seen, and the people are better supplied with bread, rice, than they were 25 years ago when no so-called rice problem existed.

It is because Nueva Ecija is the bulk of the rice granary of the Islands that her capital and metropolis, Cabanatuan, is a thriving business center covered with *tiki-tiki* dust from the Chinese' gargantuan rice mills. Rice is the mother of the town's capitol, giving the place concrete dignity. Rice explains the parks, not well located for the poor; the water system, giving the convenience of running water to the planters and better-to-do townfolk; the schools, including secondary schools, and all other municipal and provincial services

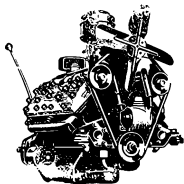
of which the town may decently boast.

The railway branch from Bigaa reaches Cabanatuan to accommodate the rice mills. It is the wealth of rice that makes the province, and the town especially, a good transportation point. All this growth was seen at its beginning, because Cabanatuan was, in 1907, our first station; we went there in June 1907, to supervise the schools of Cabanatuan, Talavera, Sta. Rosa (where Judge Simplicio del Rosario is a considerate and paternalistic planter) and San Antonio, then just filling up with Ilokano settlers from the north.

To digress a moment. No one, we observed, could compete with the Chinese in the rice-milling and warehousing business. There were 2 considerable mills in Cabanatuan in 1907. The Lizarraga Hermanos owned one, but after a few years, sold it. They introduced the first modern thresher, and got 10% of the crop for the use of it. An American who tried the game was W. W. Weaver, an able oldtimer formerly well known in the Islands. As we recall, Weaver tried to buy palay for cash, mill it and ship it to Manila and have a straight miller's profit. Perhaps this system was too simplified, and failed to give Weaver control of the palay early enough in the year. However it was, the Weaver mill lasted only a few years.

Neither the Spaniards' mill nor the American's is among the great mills whose offal pollutes Cabanatuan's atmosphere today, and give the townfolk so much day labor. This labor does the portering; from mill to railway car, each man trotting along with a sack of rice, 57 kilos, more than 125 lbs., and a painted stick to tally it. The Chinese always seemed luckiest, during the rush of the season, or at any time prices were favorable to selling, in getting empty cars brought up and spotted on the siding for loading. They handled this as well as they did the labor. No doubt they do still.

There is a Chinese Chamber of Commerce at Cabanatuan, and sometimes a vice-consul, and long has been, because of the importance of the Chinese interests and community there; and also their importance throughout the province. Rice is the medium of exchange, the basis of credit. The Chinese proceed on this basis. Rice is the main crop of the Philippines, sugar not excepted. Rice employs 4 million inhabitants of the Islands. The cited report gives the total investment in



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the sugar industry including land as P530,740,000. The investment in rice is 4 times that sum, rice lands alone being valued at P2,259,360,000.

The rice crop of the Philippines is small when it is 45 million cavans of paddy (palay, rice unhusled), 1 cavan being 44 kilos, while 50 million cavans is a large crop. Since the Islands have 14 million inhabitants, paddy consumption is about 3½ cavans a year per capita. Converting this to hulled rice ready for cooking, its weight is about that of 3½ sacks of wheat flour, 48 lbs. to the sack. The average size of a Filipino family is roughly 5½ persons; let us say, 6 persons. Such a family uses during the year, rice the equivalent in weight of 20 sacks of wheat flour.

To mill much of this rice, and finance the growing of much more, makes Cabanatuan one of the most important inland towns of the whole Philippines.

The reader will tolerate a recapitulation.

When America got the Philippines from Spain, the rice crop was much smaller, Cabanatuan just a good-sized village. Yet then there was always rice enough, while now there frequently is not. (For all the Islands, some little rice came in from Indochina, at the world price, so the people had rice on the best terms, if not always from Philippine fields; and from growers of Philippine rice there arose no complaint. Merchandising, left to Chinese, was done by them as they saw fit; traditionally, among the people themselves, it had been practically discouraged and measurably proscribed.) But now, it puzzles President Quezon how to make shift when the rice is not enough, and how to get the farmers pay enough for it when, occasionally, it seems to be too much.

To solve this problem, as he sees it to be, President Quezon has founded a public corporation with capital of P4,000,000 and placed Senator Vicente Singson Encarnacion at the head of it. It is to act on the rice market like the thermostat of an incubator, regulating its fluctuation. If rice is lower than the price the corporation tolerates, the corporation will bid it up, buy and store it as paddy. At prices higher than the corporation tolerates, the corporation will sell from its stores and bring the market down.

When neither buying nor selling does the particular trick in hand, then the corporation will either import rice to bring the price down or export it to make the price go up. If all means fail together, then further legislation is expected; not of course because the rice grower starves, but because he votes. Rice-growing voters are many, the qualified men among almost 1/3 of the Islands' population. Rice acres are many, 4,700,000, or 1/3 of the cultivated lands of the Islands. Rice production has so increased in the Islands during the past 25 years (as cited data show) because of vast irrigation systems established in the central Luzon plain, of which Nueva Ecija is typical, and elsewhere—all with bond proceeds and at the general expense of taxpayers.

These costly irrigation systems, so beneficial to planters reluctant to pay

the yearly charges to obliterate the cost, were anticipated by an observant Augustinian tolled off 130 years ago to tour the provinces with General Alava, sent from Spain to prepare the Islands against an attack by the French. The friar was a practical engineer, and so was Alava. As they proceeded from town to town, the friar analyzed the topography and outlined what could be done; and finally he made a long report, in 2 volumes available today. But to his knowledge as an engineer he added that of a philosopher; he said that though the irrigation works could be put in, and would increase the land's production as he had mathematically indicated, and therefore the people would be richer, *he was not sure they would be happier.*

In this he defined,

we are convinced, President Quezon's real problem concerning rice, that will not yield to the interventions of his rice corporation however skillful and honorable these may be. In the friar's time the people were peasants, with limited rights and privileges and no hope of additional ones. They are now citizens, with votes, and therefore rank opportunists counting that day lost that gives them no special advantage from the state. President Quezon, utilizing more and more intensively the irrigation systems established in Governor Harrison's administration, may double both the rice crop and the price; still his citizen ricegrowers will not be content, and there will ever be a crisis in their industry and in their welfare.

Nearly everyone in the Philippines remembers clearly when the ricegrowers of Nueva Ecija were organized for political ends, and soon afterward, when the Buencamino rice tariff was to settle the rice question for all time; by keeping the cheaper Saigon rice out of the Islands and giving local growers the whole market under a substantial bounty. And now everyone observes that with more rice, the rice question is more critical than ever. Nor has the feeling, of communism, that Assemblyman Felipe Buencamino hoped to abate, abated at all. Social inquietude is rife at Cabanatuan, where a large and strong provincial prison is a feature of the public works—that in our time there, 30 years ago, would have been laughed at as a grotesque prediction—and the province is governed under a strong constabulary.

The question really confronting President Quezon is a social-political one. He has said he would let no one exploit the poor, and every tenant on every estate in the Islands, fertile Nueva Ecija certainly not excepted, has recorded his words in memory. The day has gone when there will ever be rice enough in the Philippines, for the reason that the greatest abundance and best of prices will fail of satisfying the restive ambition of the masses for more; . . . and more. . . and more. . . *ad infinitum.*

The cited report says that a single family grows very little irrigated rice; the average is about 2-1/2 hectares yielding 100 cavans of paddy. Taking out 20 cavans for general expenses and threshing, leaves 40 cavans for the tenant and his family, with their work animals, and 40 cavans for the landlord.

### Average Rice Production 1930 to 1934

Surpluses are indicated by (+) and Deficits by (-). All figures in Cavans of 57 Kilos

Nueva Ecija.....	+3,509,280
Pangasinan.....	+1,784,480
Tarlac.....	+713,460
Bulacan.....	+492,610
Lanao.....	+388,260
Gagayan.....	+163,220
La Union.....	+162,540
Nueva Vizcaya.....	+145,080
Pampanga.....	+144,840
Iloos Norte.....	+128,960
Zambales.....	+86,970
Bataan.....	+70,680
Abra.....	+46,820
Camarines Sur.....	+22,790
Marinduque.....	+10,710
Bukidnon.....	+7,560
Batanes.....	-5,290
Cotabato.....	-17,270
Capiz.....	-28,480
Agusan.....	-29,120
Surigao.....	-34,550
Iloilo.....	-41,740
Mindoro.....	-52,790
Masbela.....	-61,210
Isabela.....	-72,960
Misamis Occidental.....	-86,790
Camarines Norte.....	-91,560
Camvite.....	-106,750
Bohol.....	-108,280
Romblon.....	-109,570
Oriental Negros.....	-122,600
Davao.....	-184,560
Rizal.....	-190,280
Palawan.....	-191,340
Laguna.....	-195,560
Sorsogon.....	-201,980
Iloos Sur.....	-203,700
Misamis Oriental.....	-208,960
Antique.....	-216,550
Zamboanga.....	-252,640
Tayabas.....	-260,630
Cebu.....	-300,530
Mountain Province.....	-301,990
Albay.....	-418,780
Occidental Negros.....	-496,340
Sulu.....	-543,650
Batangas.....	-660,300
Samar.....	-687,730
MANILA.....	-694,860
Leyte.....	-714,900

Antonio Peña, assistant chief of statistics, department of agriculture and commerce.

The rule is, the landlord will have half, the tenant half.

Usually hard pressed, the tenant sells his rice when it has been threshed. That is when the price is lowest. He may sell for ₱1.75 per cavan, and have for the year's work of himself, wife and children, ₱70; that the cited report figures to be 33 centavos a day for the family. He may sell to the landlord, as he often does. But the landlord will not sell in turn until later, in September or October, when rice, just before a new crop comes on, is scarce and may bring ₱3 a cavan. The landlord may thus get ₱120 for his 40 cavans, and net ₱50 more from the tenant's 40 cavans bought at ₱1.75 and forced sale.

Others than landlords engage in this speculation in tenant rice. Millers do, merchants do, and even teachers put their savings into the unlosing game. Anyone at Cabanatuan (or any other town in the great central rice plains of Luzon, and many in Manila herself) who can get together as much as ₱25 to ₱30 at the right time, finds croppers to borrow it at high rates and return it at harvest time in form of rice—along with the interest. In this way, money sometimes doubles in a single season. The business is unflinching profitable, if what are termed *honest* tenants are found.

Really honest tenants, in good customary law, are such families as those in which the children assume the unpaid obligations of their parents when the parents die. Less honest tenants are those that merely carry a debt, however burdensome, to their grave. But the new political consciousness is the source of tenant anxiety for better terms. The citizen tenant is not the oldtime one, who believed the soul of his dead father would only rest peacefully when the sons and daughters had discharged the father's debts in full. Many tenants are not therefore so *honest* as all the oldtime ones

were, and the game of staking them, to get their rice at bargain rates, is not as safe as it once was.

The cited report hopes that in some way the tenant may have as much as ₱3 a cavan for his paddy, or ₱120 a season for his work and that of his family and buffaloes. If 4 million inhabitants of the Islands grow rice, as the report believes, that signifies about 650,000 families. Probably 250,000 of these families grow rice in conjunction with other important crops; some 400,000 families, most of them in central Luzon, and in tenantry, are those whom a price of ₱3 a cavan for paddy would provide an income of ₱120 a year.

But not one such family, once it should gain an income of ₱120 a year, would be content with it. In every family there are citizen-voters socially conscious; they make up the democracy of the Philippines, whose wants henceforth, as in all democracies, will prove insatiable. (In this, we speak not against democracy, in which, awkward as it often is, we believe sincerely). The ₱120 a year will not give the family schooling enough, it will demand more; nor a doctor's services, yet it will want these at times; nor hospital attention, though it will want this, too; nor perhaps a surfaced road to its village, that porforce must be provided; nor shoes for the children, yet every worthy democrat needs shoes; and so the rice, though plentiful, will be insufficient, and the price, though high, will not be high enough.

Thirty years ago at Cabanatuan, when the rice crop of Nueva Ecija was probably not 1/3 what it is now, and that of the whole Philippines less than 1/2 what it is now, the old customs still prevailed. Governor Isuro Gabaldon was just preparing to resign his office and stand for the province's seat in the first Philippine assembly. (We were in the pre-

*(Please turn to next page)*

### Capital Investment in Leading Philippine Farm Industries<sup>1</sup>

ITEM	LAND AND IMPROVEMENTS		MILLS, REFINERIES, ETC.		TOTAL INVESTMENTS	
	By Nationalities	Total	By Nationalities	Total	By Nationalities	Grand Total
<b>SUGAR</b>		<b>₱362,640,000.</b>		<b>₱168,100,000</b>		<b>₱530,740,000</b>
Philippine.....	₱340,880,000		₱ 79,700,000		₱420,580,000	
American.....	10,880,000		44,850,000		55,730,000	
Spanish.....	7,250,000		40,000,000		47,250,000	
All other.....	3,630,000		3,550,000		7,180,000	
<b>COCONUTS</b>		<b>418,640,000</b>		<b>23,790,000</b>		<b>442,430,000</b>
Philippine.....	389,330,000		1,810,000		391,140,000	
American.....	16,750,000		11,090,000		27,840,000	
Spanish.....	8,370,000		1,050,000		9,420,000	
British.....	—		6,990,000		6,990,000	
All other.....	4,190,000		2,850,000		7,040,000	
<b>FIBERS</b>		<b>374,500,000</b>		<b>15,630,000</b>		<b>390,130,000</b>
Philippine.....	352,480,000		2,020,000		354,500,000	
American.....	11,010,000		7,850,000		18,860,000	
Japanese.....	7,340,000		1,500,000		8,840,000	
British.....	—		2,820,000		2,820,000	
All other.....	3,670,000		1,440,000		5,110,000	
<b>TOBACCO</b>		<b>41,990,000</b>		<b>18,500,000</b>		<b>60,490,000</b>
Philippine.....	40,730,000		190,000		40,920,000	
Spanish.....	840,000		12,080,000		12,920,000	
All other.....	420,000		6,230,000		6,650,000	
<b>NATIVE FARMING</b>		<b>2,259,360,000</b>		<b>20,600,000</b>		<b>2,279,960,000</b>
RICE.....	1,540,980,000		20,600,000		1,561,580,000	
CORN.....	98,220,000		—		98,220,000	
TRUCKLANDS.....	401,990,000		—		401,990,000	
LIVESTOCK.....	218,170,000		—		218,170,000	
		<b>₱3,457,130,000</b>		<b>₱246,620,000</b>		<b>₱3,703,750,000</b>

NOTE: The sugar mills investment under PHILIPPINE includes ₱37,700,000 invested by the Philippine National Bank, reduced from time to time by payments from planters interested in the mills originally financed by the banks. The investment in NATIVE FARMING is dominantly Philippine, but the Chinese have an investment of ₱16,400,000 in the rice industry, chiefly in mills and warehouses. Corn is milled in small establishments, mainly owned by Chinese general-store traders, and no definite data are available. Americans have ₱2,580,000 invested in the Philippine livestock industry.

(1) According to an official estimate prepared by the Bureau of Insular Affairs, revised as of July 31, 1935.

*sidencia* when he telephoned his resignation to San Isidro, then the provincial capital). Voters were few. But when Gabaldon reached the assembly, he sponsored with his name the first act, the law granting 1 million pesos a year for construction of country schools! That act, commendable, gave President Quezon the problem he confronts under the fictitious sobriquet of the rice problem.

There was then, as we say, enough rice in Nueva Ecija; and there has been more ever since; one year with another, a rapidly increased production.

But agriculture in Nueva Ecija 30 years ago was wholly in the hands of heaven, and not swayed by politics or great political expectations. The people, planters and tenants alike, were simple partners of providence. No one's desires exceeded what providence offered. If the crop was short, it still sufficed; it was the will of providence. If the crop was bountiful, it was a providential blessing. The great irrigation systems did not function, did not exist; the people had such irrigation as their individual and collective efforts could provide, and going to Manila for irrigation funds was not dreamed of.

There were few doctors, and the people shunned their high fees and the prescriptions always to be filled at their own drugstores. There were no dentists, apparently teeth never decayed; or if they did, the cure was borne. Lawyers were happily scarce, but now Cabanatuan is filled with them, and they boast handsomely appointed *bufetes* with rows and rows of law books. There was no hospital in the whole province, and the people greatly suspected such places because (really) only the hopeless cases reached them and mortality rates were mysteriously high. The town hall, or *presidencia*, was a bare loft; the mayor's office was in one corner, that of the justice-of-the-peace in another, while still another, less desirable, was flimsily partitioned off for the treasurer and the postmaster.

A set of stocks served for a jail. Prisoners lounged freely about the place during daytime and slept with one foot in the stocks at night. They expected no justice, and were seldom disappointed; their aim was, upon any terms, to get back to their fields and families. The police, who were overabundant, were the higher servants of the mayor and the justice-of-the-peace. No one expected forthright service from these men, and never got it. To be the health officer was a practical means of charging the poor for routine medical services. It was well

understood, everywhere acknowledged, that one class ruled, the other submitted to rule. Only providence, inscrutable, was above both classes; and even providence often acted through the ruling class.

The river was everyone's laundry, likewise their cistern.

Cholera and smallpox were providential visitations; but so were fevers, and the babies of the peasants, at weaning time, were almost expected to die. Sanitation was entirely lacking; every house had a foul place behind it, reached by a bamboo walk, haunted beneath by swine roving the streets freely. Nursing mothers planted rice in the rain, the muck to their knees. The exposure often gave them a congestion, from which their babies died; there was a common name for the mother's ailment, and the child's fatal one—and no one thought anything about it. This was the tenant's lot, accepted as such. These were typical conditions in Nueva Ecija when the rice was always enough, however little it might be. Providence governed all; not remotely, not finally, not theoretically or indirectly; but immediately and most directly.

We respectfully suggest that if President Quezon would solve the rice problem, as demagogues, honest and otherwise, persist in styling it, he create a powerful corporation, powerfully financed at the public expense, to bring back into being that complacent peasant of only yesterday in the Philippines who ascribed all evils to his own shortcomings and some consequent displeasure of providence; who thereupon bent his neck to the yoke the stronger, to atone for his unknown lapses, and to please his offended Maker, and so perhaps gain in future a better fortune—but only then of course, should it be the will of God, and comport with the desires of his master. For it is that kind of peasant, not the restive citizen sort, who finds his crops sufficient.

But this cloddish humptydumpty has been knocked from his wall. Under the steady influence of democracy, he is now to be found only in fragmentary pieces. All the king's horses and all the king's men could not reassemble him. Even if he might be called into being again, no one would wish it done. We have merely suggested, in the paragraph just preceding, what can't be done; what none would have done.

The people's material condition was, in cloddish Humptydumpty's day, utterly wretched, and is now infinitely improved. But their simple

fath rose above every calamity. The terms they lived upon in the constant company of the saints were most familiar. Their lives were engrossed in a medieval mosaic of superstition. Fortune ebbed and flowed under a mystic law of propitiations. The peasant saints, San Isidro especially, helped with the crops. San Antonio and San Roque helped with sickness. The best possible action against pestilence was an appeal to San Roque. If a cholera visitation did not yield to evening processions in the name of San Roque, these through the infected areas, the good saint's image being trundled along ahead on a cart blazing with blessed candles, then nothing at all could be done about it and the folk marked to die of the plague merely had to die.

It was almost their duty to die; and if they were but children, it was their fixed fate to die. This simple faith has been markedly eroded upon during a generation. Cholera, typhoid fever and dysentery yield to prophylactics, and smallpox too is prevented by simple vaccination; through the medium of a doctor's services, and even of hospitals, the peasants will now make a persistent fight for life and feel that they do not sin in doing so. Such is the revolutionary change of attitude among the slightly lettered classes.

The new rice corporation grapples with infinity. It is patent upon the barest facts that it can never reach the end of its impossible task. So far as the change in the rice industry has been economic during the past 30 years, it has been for the better—immeasurably for the better. This would not create a problem, but rather solve any that might have existed. It is the social change that provokes the problem: the corporation attacks. It is this change that makes the effort vain, as to final and actual solution, and justifiable only as an expedient tiding affairs along. For at no time, even if the P120 the corporation hopes the average rice tenant may have in a year becomes 10 times that sum, then 20 times, will the old satisfaction of the poor man with his penurious lot be recovered.

Governors, high commissioners, war secretaries, great functionaries of all sorts, and newspapers repeating their reports, allude to the great progress of the Philippines in the past 30 years. It is one of Roosevelt's weasel words. A great revolution is what the remarkable change actually was. Therefore the cited report hopes that basic reforms may be effected in tenancy terms, reforms to benefit tenants of course. These may be effected; and afterward, the reforms will have to undergo reform. This agrarian question will be perpetual with the government itself.

—W. R.

### Rice Commission's Report

Copies of the Report of the Rice Commission on whose findings the public rice corporation was founded are to be had in mimeograph form from the statistics division of the department of agriculture, or from the publications division. This report is interesting and valuable to anyone seeking authenticated information on Philippine agriculture; especially information concerning rice, the Islands' major crop. Receipt of the *Journal's* copy is acknowledged with thanks.



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# Potentialities for Trouble in Davao

*20,000 Japanese in Davao, many alleged to be occupying public lands illegally, make that province a source of possible U.S.-Japan controversy*

The most delicate focal point in America's relations with Japan lies at the southeastern tip of this archipelago, and is the vast province of Davao. During 30 years some 20,000 Japanese have settled in Davao, on its rich gulf-shore lands, as farmers and planters, and business men thriving on the trade the farms and plantations produce. At last it has been contended that thousands of these settlers hold their acres illegally, because the Filipinos and a few Americans from whom they lease have illegal possession on account of subleasing to aliens.

It is not the United States who advances this "illegal possession" theory. Her sovereignty is over the land, and will be during 10 years more, but that theory is advanced by the Philippine government to whom congress gave the 60 million and more acres of public domain in the Islands.

But since the commonwealth government in the Philippines, to last 10 years, is a subsidiary government and Philippine international questions are handled by the United States, if an issue arises in Davao between the Philippines and Japan, Washington must finally have a decisive hand in it. It all falls back upon Uncle Sam's shoulders in the end.

A reliable American planter in Davao, thoroughly familiar with the situation, says:

"The problem raised by the 'illegal possession' theory might eventually be straightened out by Uncle Sam, illuminating the points of his argument with U. S. armed forces."

He places Japan in the rôle of the lion proposing to bed friendly with the lamb, the little subsidiary Philippine government; and he says history teaches that when the lion and the lamb have an argument, the lion makes the final rules and arrangements—the lamb perforce submits.

Davao, as has often been pointed out, is potentially a stronghold of Japanese; it is a cruising point toward Japan's Pacific islands; it is convenient to the Celebes or Spice Islands, to Borneo, where other Japanese interests will develop, and to the East Indies generally. Japanese steamers plying to New Guinea and Australia make Davao a way port. Japan's population increasing a million a year, Davao proves that Japanese live healthily in the Philippines—that they can colonize in the Islands.

✓ All of this may have its own significance, yet remain only remotely related to the plain fact that during 30 years and without protest until very recently, an agrarian community of some 15,000 Japanese has grown up around Davao gulf; and that now, and only now, the legal rights of many of these industrious Japanese are put in question.

The American planter continues:

"The Japanese have made the Davao wilderness into the garden that it is. They have invested tens of millions in money, thousands of lives, and who can calculate the foot-pounds of physical effort. The Japanese farmer will die in his hemp field or his coconut grove, rather than meekly walk away on the order of some functionary unacquainted with the implications either of the word 'courtesy' or 'diplomacy.' And when the first Japanese dies defending his hemp field from the Philippine govern-

ment, is not His Imperial Majesty, the 124th descendant in line from the Sun Goddess, going to make a move or two?

"Your guess is as good as mine.

"In saying what the Japanese has accomplished in Davao, I am not forgetting the thin line of American 'oldtimers' who blazed the trail, stuck the first knives in the jungle, and proved what could be done in and with Davao. Most people writing about Davao ignore or overlook the American pioneers of Davao.

"They had no equipment but stamina, they got no help from the Philippine or the American government, or anyone else. They were up against the jungle (how few in the world know what that means!), hostile tribes, malaria, dysentery, cholera, vast distances; no road but the sea, no vehicle but a sailing dugout. And no telegraph. When mutiny of the military occurred at Davao, a launch had to carry the word to Zamboanga (a coasting trip of hundreds of miles). The only communication with Manila was a wheezy tub that took 6 weeks to 2 months for the round trip.

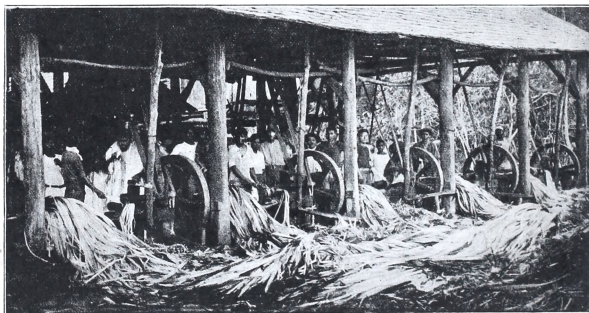
"Court cases required a trip to Zamboanga. Medical help was that of one missionary medico in Davao, and many of the Americans' plantations were 50 to 100 miles from the town. On rare occasions when these planters met each other at Davao, in their club, often they pried up a corner of h—and shoved a chunk under it—and smudged it—very good! Personally, my admiration for the old h—raisers is very great; they ought all to have lived 100 years and died suddenly of gout engendered by rich food and champagne, to balance up for all the rice and dried fish they actually existed upon, with occasional wild boar as a delicacy.

"Japanese should have no credit for the pioneering, since they did not begin settling in Davao until 10 to 15 years after the Americans demonstrated its possibilities.

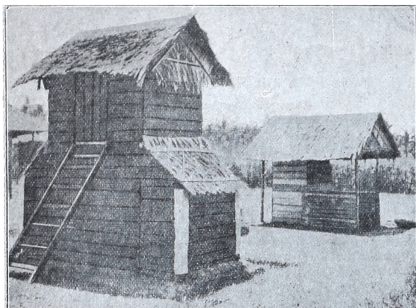
"Another thing, the Americans who made the way clear for the Japanese knew nothing about farming, and about tropical farming particularly. They knew nothing about growing Manila hemp (Davao's main crop now); and to repeat, 'guts' were their sole equipment.

"Now that the old crowd is thinning fast, no younger Americans are coming to Davao to take their places; younger Americans seem to prefer to ride the New Deal Bandwagon

(Please turn to page 11)



Stripping Hemp by Power: Talomo, Davao



*Copra Kilns: Left the "30 acre" kiln and at right the "10 acre" kiln.*

New plans and adaptations for the drying of copra in the Philippines are frequently published in Manila. None can ever be amiss, since so much smoke-pit copra is poorly dried and entails great loss to producers. We therefore publish a new drier from Ceylon, suited to groves ranging in size from 1 to 15 hectares. According to the *Malayan Agricultural Journal* April, the dryer "is capable of producing a superior grade of crisp, white copra." They are commonly called smoke dryers in Ceylon, but this is a misnomer because the copra is dried in them by the hot gases, not smoke, of burning coconut shell.

It seems that much copra is prepared in Ceylon as a great

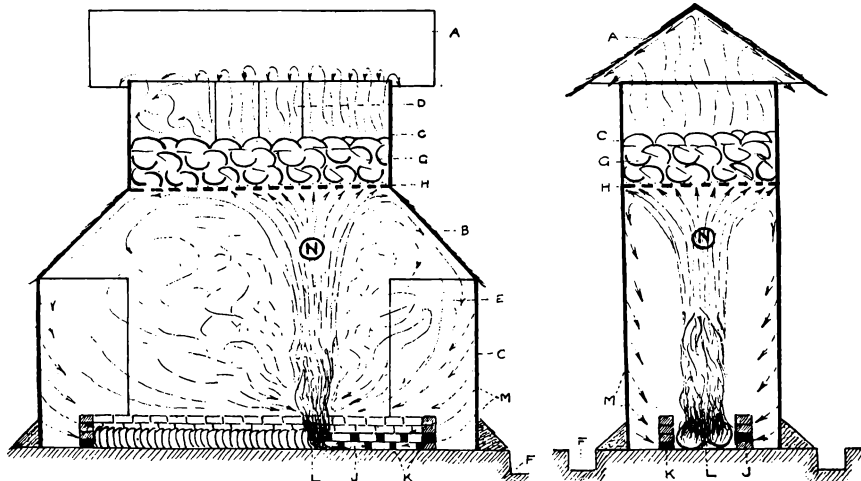
## Practical Homemade Copra Dryer *Devised at Ceylon*

deal is prepared here, by drying over smudges in pits—the *tapahan* of the Laguna-Tayabas and Bicol coconuts districts. It is a fact, of course, that in many coconut districts of the islands sun-drying can not be utilized because consistent sunshine can not be depended upon. In these districts the pit is the primitive expedient commonly used, but the copra thus dried is discolored, smoky and subject to mold.

If any reader wishes to refer to the magazines that are the source of material for this comment, he will be welcome to them at the *Journal* office. Or he may order the set, April to June this year, from the author, F. C. Cooke, c/o The Malayan Agricultural Journal, Kuala Lumpur.

Dr. Cooke, an entomologist, claims great economy for his dryer. To us, too, it would seem to inexpensive to build and set up, while of course the shells it burns cost the planter nothing but are rubbish he is glad to be rid of. The smallest Cooke dryer handles only 100 nuts at one time, the drying taking 15 hours. For groves of 2 hectares, he recommends larger units. His bill of materials for a planter for 1 hectare:

100 bricks, 12 planks thoroughly dry, 1 piece of iron sheeting, 2 pieces of flat galvanized iron, 3 pieces of stripping 16-ft.  $\times$  2 in.  $\times$  2 in., 50 nipa shingles, 4 8-ft. poles, 4 hinges, 1 bundle rattan ties, creosote, nails, etc., the whole lot coming to 10 Singapore dollars.



THE "30 ACRE" KILN

Sectional diagrams shewing the lines of heat as traced by fumes of ammonium chloride.

- |                             |                             |                          |                           |
|-----------------------------|-----------------------------|--------------------------|---------------------------|
| A. Attop Main Roof.         | D. Double Doors for Copra.  | G. Copra.                | K. Gaps in brick work.    |
| B. Attan-on-iron Wing Roof. | E. Fire pit Doors.          | H. Copra Grill.          | L. Travelling Shell Fire. |
| C. Plank Walls.             | F. Gutter round Kiln.       | J. Wall of loose bricks. | M. Cold Air Supply.       |
|                             | N. Travelling Cone of Heat. |                          |                           |

# Voice of the Peoples Condemns Nationalism

Two trends in world affairs are evident, reports Dean Carl W. Ackerman of Columbia University's Graduate Journalism School, after attending the Philippine Commonwealth inauguration and continuing around the world.

"One is nationalism. The other is a persistent educational force challenging nationalistic policies and activities. While nationalism appears to be the dominant force its progress is being held in check by a formidable body of public opinion within nations, or by world opinion. Although governments are thinking and acting in terms of military and naval defenses, the wish and the will of peoples are reflected in their continuous search for a different arbitrator of international disagreements and aspirations.

The United States is building a new line of defense, a triangle from the Aleutian Islands to Hawaii and Panama. Pearl Harbor, the spearhead for an aerial fleet and a naval base, is the 'Gibraltar of the Pacific,' according to our Secretary of War.

In Japan photography and sketching are prohibited in all fortified zones, which include about all the land area and the Inland Sea. Traveling from the capital to Kobe the trains were crowded with army officers and troops bound for maneuvers near Shiminosaki, the 'Gibraltar of the Yellow Sea.' This is explained publicly as part of the preparations for the defense of Japan.

In Shanghai, British, French, Japanese and American warships are as conspicuous as billboards on a public highway.

From Hongkong to Manila today is 'no-man's sea' temporarily in the keeping of Great Britain and the United States.

Singapore is two isolated cities on an island. One is the commercial port. The other is a secret military and naval base, the 'Gibraltar of the Tropics' on the trade seaway to the Orient and Australia.

At Aden, guarding the 'Gate of Tears' to the Red Sea, the British Navy polices the tropical waters to India and Ceylon and one of the trade routes to South Africa.

In Alexandria harbor, twenty-five British warships were visible. From Christmas to the New Year they were decorated with evergreens and palm leaves, while airplanes from a carrier at anchor surveyed land and sea. At night the entrance to the harbor was closed by a submarine net, while lacelike steel skirts hung from the hulls of battleships to protect them from torpedoes—evidence of peace on earth by preparations for defense.

Gibraltar, the master-model for the defenses of Great Britain, Japan, and the United States, was silhouetted at dusk against a grey sky, masking land fortifications and a naval base, while out of the darkness flashed a Morse message to all ships passing through the Straits: 'Who are you? Where are you going?'

This is the armed realism of the Pacific, the Indian, and the Atlantic Oceans; of the Yellow Sea, the China Sea, the Bay of Bengal, the Arabian and Red Seas and the Mediterranean.

Similar realism exists in the air because commercial and military air routes today weave a web of defensive preparations in the skies. Neither by land, by sea, nor by air have peoples anywhere an opportunity of physical escape from war preparations which governments are forging for their defense. Everywhere the power of governments is directed toward the maintenance of the status quo when the irrepressible movements within and without national borders are in the direction of greater economic and political freedom.

During the ten-year period of transition which began with the inauguration of Manuel Quezon as President of the Commonwealth the press will be a dominant factor in the public opinion of the islands. While the future political status and economic welfare of the Philippines will probably be determined by American opinion and attitude, the opinion of the Filipino will be a factor in the final decision.

The newspapers of the Philippines are enterprising and progressive. The leading daily journals published in English,

Spanish and the vernacular have national circulations. Their news coverage of the Orient is superior to the Japanese. Their editorial policies are militant.

Opinion will not be 'made' by the press exclusively, but its development will be recorded and interpreted in the newspapers. It will be 'made' by educational institutions, by the church, and by business, the three chief factors in Philippine affairs. Incidentally, it will probably also be influenced by the bar. The Japanese have adopted the American custom of retaining Filipino lawyers to represent their firms. The British are finding it useful to follow a similar policy in India. This practice naturally exerts an influence on public opinion as well as on governmental policies.

Journalists around the world share today a similar philosophy of journalism although they do not always practice it. Nevertheless, it remains a wholesome and an attainable objective: 'It falls to correspondents to interpret the people of one country to the people of another. Upon their interpretation depends often the creation of good feeling or ill. And not upon interpretation alone. In the mere objective recording of events a correspondent can influence the mind of his readers.' (Sir Roderick Jones, chairman of Reuters).

The press of Japan is a potent factor in public education. Because of the high literacy of the people and the orientation of Japanese journalists in world affairs the press exerts wide influence. Modern journalism in Japan dates from the Russo-Japanese War, 6,500 newspapers now published.

In India and in Ceylon both the British and the native press have been important factors in the development of local, representative government.

Neither the attempted regimentation of opinion in Italy and Germany, nor declarations of neutrality by the United States, can make these nations immune from the influence of world opinion.

Public opinion is never static. It fluctuates constantly, not like a pendulum but like a radio sound gauge. It is this active force, common to all countries, which is educating the masses and becoming a dominant international as well as a national force. In 1933 this was a theory. In 1934 it was demonstrated by the British Peace Ballot to be a national fact. The world today is experiencing a new form of international diplomacy based on public opinion, and it is vitally essential that this new peace force remain tolerant.

There are indications that journalism is on the threshold of a scientific era. The press and the radio, the two modern forms of journalism, are not only vital sources of public information but they share responsibility for the public welfare at home and abroad. If we are passing from the period of romance and snap judgment in editorial and news policies and from the commercial exploitation of public interests, to this new era, research in public opinion will be a valuable contribution to education in journalism and lead to a better understanding of 'the voice of the people' in foreign countries."

## Announcement

### Home for Children

Mrs. S. W. Muller, formerly 1004 Taft Ave., wishes to announce that she has taken spacious quarters in a quiet residential section of the city. The new home is located at 2025 Calle Herran and can accommodate a greater number of American and European children and young girls from the provinces, who attend Manila schools. Transportation by automobile to and from school will be furnished. Special care is taken of children and food of best quality served. If desired, instruction will be given in elementary and junior high school subjects. Children will be received beginning of June and detailed information gladly furnished on request.



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OF THE  
PHILIPPINE ISLANDS

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## PHILIPPINE FOUNDATIONS

"... on the stones of this old town  
Making the sharp truth ring, like golden spurs."

—Cyrano de Bergerac: Edmund Rostand.

In *Letters* elsewhere in this month's *Journal* appears a letter from Senator Wm. H. King of Utah alluding to the excise tax in the United States of 3 cents a pound on Philippine coconut oil, and to a letter of ours about it intended to amuse him. An intermediate court at Washington has since held the tax legal, and that the United States is legally and morally bound to return the proceeds to the Philippine government under the terms of the law creating the tax. Perhaps an installment of about \$55,000,000 may be expected as an eventual and initial deposit to the credit of the Philippines—more of course to follow right along.

Our contention was, in the King letter, that this tax is bad for the United States. It makes soapmakers search for oils and fats in countries where the United States enjoys little reciprocal trade. Its proceeds, once in the Philippines, may go toward the development of all branches of farming except coconut-growing. This use might extend to use of farm products, which would of course help farming by absorbing its output. The coconut industry needs no technical aid; coconut trees beyond their first 2 to 3 years need no care, and the oldest inhabitant doesn't know how long such a tree lives and bears. But other farm products might be helped to their advantage, both old ones and new. All the Philippines might

learn to produce, from experiments with this money, and to elaborate into products for their own consumption, if not for exportation as well, would reduce their demand for American products. Thus America may really be taxing herself with the actual effect of curtailing, if not destroying, one of her major markets.

Very little has ever been spent for the scientific development of Philippine farming, but \$50,000,000 a year, or more, should effect material results even were the efforts the most inept in the world.

Besides, such money for farming would be more than would be required. The general budget would be relieved of any burden on account of farming, and would be enriched by many millions a year for more directly practical purposes. But this is to leave the viewpoint of the United States, where the tax can not be logically defended, and to approach that of the Philippines. Heaven knows what a boon this tax will be, if continued, to the Grand Army of the Republic-to-be. It need think no longer of a paltry \$8,000,000 a year, but may raise its hopes to a matter of \$40,000,000 or so; and therefore march, up hill and down, if not 5 times as fast, at least 5 times as well fed and well paid.

Even though the Loyal Sisyphuses gorged on \$40,000,000 of this tax a year—it coming, as it does, so conveniently from the American people—farming would of course be left enough.

Such are the iniquities of a bad tax. But a bad tax tends to remain in the law when it is easily and painlessly collected. Such this oil tax is, lamentably. Therefore, in anticipation of getting the tax refunded, many responsible Philippine officials may indeed inveigh against the tax, but probably with their fingers firmly crossed. The tax is demoralizing, but that will not take it off the books. The tax falls upon millions of the poor of these islands. These are the poor of the most meritorious class, small land holders. It falls on them heavily, to the tune of 3 cents gold a pound of coconut oil, about 4 centavos, 2 cents gold, a pound of their copra. Even so, this will not take it off the books. It promises to bring so much to the Philippine treasury, so easily: so far as we know, even the cost of collection, that must be small, falls upon the United States.

The Philippines get the net, presumably, and they must already dream of great uses for it. This may continue until the coconut industry of the Islands is ruined. It is to be remembered that the Islands produce 1/3 of the world's copra, and the market for this sets the price to a measurable degree. Other copra being barred from the United States by a 5-cent tax, against the 3-cent tax charged the Philippines, this throws all that copra to other markets, and Philippine copra to the United States alone; or if to other markets at all, then to markets burdened with copra that without the tax would go to the United States. Meantime, users of fats and oils in the United States obtain substitutes not subject to the 3-cent tax. And now another movement begins; various European countries buy more Philippine copra, penalized by this damnable tax, for their own uses, and send into the American market the substances that are the usual sources of their oil. They gain by this, because what they ship into the American fats and oils market either pays no duty or less than the 3 cents per pound.

The whole set-up is demoralizing and depressing. Nor will American consumers of oil products benefit materially either from the tax or the use of coconut-oil substitutes it provokes. Our copra producers will suffer, and keenly; it will still be hard to shade the price of a cake of soap so as to give the buyer much of the benefit of cheap oil. But we say again, there is the money rolling in from the tax, and who will stop it? Who will dare say to the United States, for example, she may keep that money, that so far as the Philippine government is concerned, it will not traffic in the hardships of the poor—the millions of coconut growers who are inarticulate, unorganized, and can make no protest?

This would embarrass the United States; and we dare say, she would not hold that *hot* money long before she repayed the tax. She has never taken such money from the Philippines, and would dislike taking it now. But she need not

fear, in our opinion, because Philippine protest will not go that far. It will not be immaculate. It will be practical—and take the tax.

This brings us to the defense that ought to have been made against the tax, that of the Tydings-McDuffie act as a covenant of administration and commerce between the United States and the Philippines. In our judgment, it is wrong to deviate an iota from the provisions of that act. It is the foundation of the Commonwealth. It was meant to be fair. No one yet knows it is not fair. It was meant to be long and thoroughly tried, as in our opinion, it ought to be tried. To deviate from it, to permit deviation, to build any case against deviation, except upon it alone, is to undermine and make it useless.

A forthright attitude is urgently needed. We never favored the Tydings-McDuffie act. We don't know. But the question is beyond us, it is with the American and the Philippine peoples. But to have such an act, the country's fundamental law, and begin undermining it and permitting its undermining, seems to us to add folly to foolhardiness. Would that we might all, to such fundamental law as we have, stick firmly. But our toleration of this coconut oil tax shows that we are easily undone in such matters. Being subsequent to the Tydings-McDuffie act, it violates the covenant of commerce in that act. But it brings the Islands \$50,000,000. What wine of Comus! Who will see beyond such bursting casks of gold?

—W. R.

## Philippine Farmers' Dependence on Overseas Markets

*Having 100 measures of surplus products to sell, 90 of these must be sold outside the Islands—chiefly in the United States*

### Production and Exportation (1934) of Main Philippine Crops

1 kilo is about 2-1/5 lbs. and 1 hectare about 2-1/2 acres

Name of Crop	Hectares 1000's	% of Area	Production 1000's Kilos	Used Locally 1000's Kilos	Exported 1000's Kilos
Rice.....	2,904	50	1,640,534	1,632,385	8,149
Corn.....	539	13	344,636	344,636	
Abaca and Maguey.....	488	12	191,004	(unavailable)	193,609
Coconuts as Copra.....	608	15	475,240	(unavailable)	636,906
Sugar.....	306	8	1,479,824	317,982	1,162,841
Tobacco.....	56	1	32,678	19,446	13,231
Deduct.....	4,001	99	4,154,915	2,344,449	2,006,736
Rice and Corn.....	2,343	63	1,985,170	1,977,021	8,149
Surplus Cash Crop Products.....	1,458	36	2,169,745	337,428	1,997,587

The forestry bureau, that classifies the lands of the Philippines officially, gives their total land area as 29,629,600 hectares. Forests, never sold, but administered by the forestry bureau, cover 57% of the Islands' total land area, or some 18 million hectares.

The islands' population is about 14 million, dominantly sustained by farming.

Some 8,881,669 hectares of land in the Philippines is classified agricultural. Less than 50% of this area is farmed. The 7 main crops listed above occupy 4,001,000 hectares. This brief paper will show the reader who examines it in conjunction with the table that begins it, the extent to which the Islands' 2 bread crops, rice and corn, engage the farmer's attention; also the utter dependence upon overseas markets of the remaining 5 main crops. Quantities are reduced to

kilos, the kilo equaling about 2-1/5 pounds; areas are in hectares, the hectare equaling about 2-1/2 acres.

The year 1934 is taken for recent and complete data, and weights in the table are in 1000's of kilos, or metric tons, the metric ton being 2,240 pounds. Similarly, 3 ciphers are eliminated from the hectares column. The general tendency is a gradually increasing production. Sugar will be limited during 10 years to 1,015,000 short tons a year duty-free in the American market, its only outlet. This is but little below the exports of 1934.

Customs reports consulted for the making of the table show 1,997,587 metric tons of surplus of the 5 main cash crops of the Islands, sold overseas in 1934. Local consumption, disregarding immaterial and unavailable items, covered but 337,428 metric tons. Local consumption and exports together, of the 5 main cash crops, summed 2,335,015 metric tons. It is seen that local consumption of the farm surplus of the Philippines covers but 10% of that surplus, and 90% must be exported. Another step, hardly necessary here, would show that most of this 90% of the surplus Philippine farms produce, that can not be sold in the Islands, finds but one market overseas; namely, the United States.

### Potentialities for Trouble . . .

(Continued from page 7)

than to pioneer the tropics."

Altogether, a vivid and accurate picture of Davao, focus of potential friction between Japan and the United States. For argumentative purposes of the Philippine government itself, Major General Douglas MacArthur, loaned by Washington to President Quezon, is getting 40,000 lads 20 years old ready for their first military encampment and army training. MacArthur's proposed army, that is only to cost \$4,000,000 a year, will partly assure peace and order in the Islands, according to theory at least, and partly serve as a defense force. There are grave misgivings as to its immediate efficiency, and fears of high mortality at the camps.

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## Postman's Holiday

The old joke that postmen spend their holidays hiking always gets a laugh. Colonists in the Orient are similarly victims of a little dig—they are prone to read books about their temporary homelands. I do it, too, and viewing this month's choice of books being reviewed, hasten to laugh first.

For they are:

*My Country and My People*, by Lin Yutang, *Men in Sun Helmets*, by Vic Hurley, *Good-Bye to Western Culture*, by Norman Douglas.

*Commonwealth of the Philippines*, by George A. Malcolm.

After scores of Anglo-Saxon visitors, dropping in on China for a stay of a few weeks or months or even years, wrote about the Sons of Han sometimes wittily, or poignantly, or scholarly, or superficially, a Chinese named Lin Yutang pondered long and decided that despite his native birth, he might know and write something new about China.

He did know, and his book *My Country and My People* has been widely read in the United States. Pearl Buck in entire approval commented: "It is truthful and not ashamed of the truth; it is written proudly and humorously and with beauty, seriously and with gaiety."

So, having all these attributes, the book is a very literary book—in one way—and yet a regular detective story to those who look about them, and seek everywhere for clues to interpret what they see.

A chapter called *Old Requery* ("for want of a better term"), the author modestly says) discusses the Chinese view of life, most difficult to explain to a Westerner. It is the spirit of Lao-tse, the philosopher. It may be contained in the proverb, "Of all the thirty-six alternatives, running away is best," or then again, it may be contained in the famous dialogue of two poets—

"Once Hanshan asked Shih-teh: If one slanders me, insults me, sneers at me, despises me, in-

juries me, hates me, and deceives me, what should I do? Shih-teh replied: Only bear with him, yield to him, let him, avoid him, endure him, respect him, and ignore him. And after a few years, you just look at him!"

The Chinese mind sticks to the earth, insists Lin Yutang, thus exploding many a theory of the spiritual heights of Orientalism as interpreted by Occidental writers. And he brings this thesis many a vivid illustration. For instance the Westerner in self-defence for a mistaken grasp of another's meaning, might say, "How could I perceive his inner mental processes?" But the Chinese most likely would say, "Am I a tapeworm in his belly?"

So pidgin, "English meat with Chinese bones" is defended by the author. The thought is at least challenging. Somewhat ironically, Lin Yutang writes "according to the Chinese, the difference between 'I liek he' and 'he liek I' is perfectly clear without the subjective-accusative complex."

The ideal of life, too, stays on earth instead of roaming skyward. "For the Chinese the end of life lies not in life after death, for the idea that we live in order to die, as taught by Christianity, is incomprehensible; nor in Nirvana, for that is too metaphysical; nor in the satisfaction of accomplishment, for that is too vain-glorious; nor yet in progress for progress' sake, for that is meaningless." The true end, the Chinese have decided in a singularly clear manner, lies in the enjoyment of a simple life, especially the family life, and in harmonious social relationships.

What the impact of Western thought has done to this basic philosophy gave rise to many a stimulating chapter. Lin Yutang gives his own personal experience of having been cheated by Western education. He was not permitted to attend the Chinese theatre, and thus lost the beauty of childhood that lay in fairy tales.

No more avid readers of books on the Philippines exist than those who live in the islands. The fact bears testimony to the old truism that

humankind can look far away, but has a blind spot for the near things. Vic Hurley, first making his bow as a writer with *Southeast of Zamboanga*, again proves himself an exception with his second volume, *Men in Sun Helmets*.

The physical danger of a year in the Mindanao bush is no less than the social pitfalls in the life of a contract man. Hurley has the courage of his lost generations—the college grads who saw the Spanish castles of '26 crashing—and is therefore a realist. He gazes as boldly at his fellow-countrymen in the Philippines as he does on his own life. That his writing is not malicious testifies to another attribute of the artist: compassion.

Short, conversational chapters tell many an incident of his life and work. He is of the school of writers to whom the autobiographical snail is entirely natural. George Bernard Shaw prophesied of Harris' biography, that it would tell more about Harris than about Shaw; a subsequent generation doffs the masque of anonymity and says, "Here is a book about myself, I am writing it on the subject of this-or-that!"

Hurley is not so introspective in this second book of his. The touch of his feet on the soil of hopefulness, work, gives him an equilibrium that produces unique, though unadorned, tales of himself in his momentary environment. He tells all. A lesser man would have been afraid.

"Frederie, you must think that I am simple-minded to come with a story like that and expect me to believe it. Do I look like a damn fool?" Hurley says he asked one of his workers.

The boy thought the matter over. He considered it from all angles.

"Yes, sir," he said.

By ending a chapter in that simple fashion, Hurley leaves the subject open to your judgment. And well for you, fellow-human being, if you, too, can laugh when the joke is on you.

*Good-Bye to Western Culture* by Norman Douglas is a notebook of satirical comparisons. The fire of it was struck on the flint of a crudely sensational book on India. Reading that, Douglas, who had been a civil servant in India, later the writer of a half-dozen jingly novels, jotted down his thoughts. "They hold the paltry judgments of the authoress up to huge laughter. Like for like, Douglas found every unpleasant circumstance in his own England—and more so. His conclusions: the Western world has lost its sense of humor, is in a state of girlish funk, and hides behind public opinion, which Douglas defines as "public nuisance."

Factual, even judicial, is George A. Malcolm's *Commonwealth of the Philippines*, published by Appleton-Century, New York, 1936. The title is somewhat misleading, for the book is not solely a study of the new government, in fact it is only secondarily so.

Comprehensive, above all, the 510 pages roam the islands with a pleasant style and an authentic presentation of all phases of Filipino and American life in the Philippines. Former Chief Justice Malcolm is *sympatico*, with an understanding weighted in the balance of eighteen years' residence.

The impersonality of the book distinguishes it from many another on the Philippines. Where summaries of the history, race, agriculture, science, American immigration, etc., are given, their clarity and matter-of-factness offer excellent ready reference. A well-wrought index contributes to this feature. Occasional disertation in the lighter vein gives a bit of comic relief to the governing purpose of factual portrayal.

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## This Year It's Latin America

Wideawake exporters are devoting increased attention to Latin American business this year. There are many evidences of this and many good reasons for it. Pan American Airways report that more than 5,000 Americans a month are flying to points south on their Clipper ships. Steamship lines report heavier travel to Latin American ports. Tourist trade accounts for part of this, and tourists this year are visiting the beautiful South American cities instead of Europe. Hotels are reported to be crowded, but instead of being systematically overcharged—as in some countries—visitors in Rio and Buenos Aires find that rates are the same for all. The new Laredo-Mexico City highway will stimulate touring in Mexico this year. The proposed Inter-American Conference at Buenos Aires this Summer will promote better understanding.

The recent treaty with Panama, in which the United States voluntarily relinquished certain rights in that republic, has made a favorable impression from the Rio Grande to Cape Horn. Reciprocal trade agreements have been a helpful influence in several markets, and will soon be in others. Taking this far-flung group of markets as a whole there has been a marked improvement in business conditions, in the matter of exchange delays, and in credits and collections as compared with a year ago.

Traveling salesmen—those indefatigable missionaries of larger trade and better understanding—are flocking southward in greater numbers than at any time for the past six years. Air transport facilities are inducing scores of major export executives to visit their Latin American connections—the trip now requiring days instead of weeks. A striking index of the fast-growing interest in Latin American business by leading export manufacturers is the fact that their advertising appropriations for that section this year will exceed \$6 million—up 20%. There has been a still greater expansion in the use of radio advertising for reaching the consumers in these markets. The list of pioneers in this field is a long one and includes many of the most far-sighted and aggressive exporters in the country. General Motors Export Co., for example, will sponsor through its distributors broadcasts of a 72-piece symphony orchestra, using not less than 18 radio stations in Latin America.

Even for the small manufacturer the Latin American markets offer brighter possibilities. Many merchants in that part of the world are already showing a tendency to safeguard their future sources of supply by switching orders from Europe to this country. And do not overlook the fact that a rise of one or two cents in the price of coffee means millions of dollars in additional exchange available for purchases in the United States. For some time past the trend of world prices for this greatest of all Latin American staples has been unmistakably upward. Evidently, and emphatically, this year it's Latin America.

### Dr. Grady to Leave Department of State

Exporters have learned with regret of the decision of Dr. Henry F. Grady, Chief of the Division of Trade Agreements in the Department of State, to return to scholastic life on July 1. He has accomplished a remarkably fine job

in the trade agreements program as carried out thus far under his direction. To date eleven of these have been successfully negotiated and several more are nearly completed. Dr. Grady returns to the University of Southern California as Dean of the College of Commerce. He will take with him the good wishes of all exporters throughout the country.

### Reciprocal Treaty Under Court Test

The Reciprocal Trade Agreement Act is now being tested before the United States Customs Court at New York in an action brought against its constitutionality by the Florida Agricultural Association. The duty on pineapples was reduced from 40 cents a crate to 20 cents in the trade agreement with Cuba. The action is based on a shipment of 42 crates, so the sum involved is only \$8.40, but if the decision of the court should declare the Act to be unconstitutional and the Supreme Court should subsequently uphold that decision the entire trade agreements program would be jeopardized, if not destroyed. Accordingly all exporters are watching this case with the utmost concern. The results of the treaties thus far negotiated have unquestionably been favorable to the expansion of American export trade, and, while it is admitted that imports have likewise been stimulated, there are few responsible business men today who do not agree that if we wish to export our surplus products we must also be prepared to import those that other nations have to sell. International trade is a two-way proposition.

Italy: No matter what the final outcome of the controversy over Hitler's military occupation of the Rhineland may be, Mussolini stands to gain. It seems even possible that sanctions will be either abandoned, or so far reduced as to be of little effect, as part of the price for Italy's support in the new alignment of the major powers. Meanwhile the volume of American trade with Italy continues to be con-

siderable, part of it on a compensation basis. Payments on merchandise classified as "essential" are reported to be fairly prompt, but on other shipments there are delays of four to five months. Some shipments are being made on a cash in New York basis. Mussolini's nationalization of the banks and larger industrial corporations in Italy will probably have little effect on

(Please turn to page 15)



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## LETTERS

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"During the last twenty years I have introduced to America many writers so far ahead of their times, that even competent critics found difficulty in adequately appraising the worth and the importance of my discoveries. You cannot establish a Cather, a Hudson, an Undset, or a Mann with the customary publishing ballyhoo. You cannot suddenly provide readers with finer sensibilities, deeper emotional reactions, or more cultivated minds than those which they already possess. My problem has been to find the comparatively few intelligent minds, ready and eager for great discoveries.

"In this, I have had a measure of success. I have published six Nobel Prize Winners. But while a publishing enterprise like this is exciting and gratifying, (though not always profitable), it has its tragic aspects. Many fine books become commercially successful six, seven, ten years after they are published. Consider the fate of the author, to whom recognition often comes too late. Bunin, Nobel Prize Winner in 1933, lived in penury for sixteen years. The books which ultimately won him fame (and sustenance) had been languishing on the book stalls for a decade.

"In inviting you to become a charter member of the friends of Borzoi Books, I am not asking you to join a philanthropic movement, or to contribute to any 'cause'. I simply would like to have the privilege of sending you four to eight times a year (not oftener) a book which I sincerely believe you would buy anyway, if you knew about it. I want to be able to send you those books by new writers which I am publishing because I believe in them, believe in their future, and believe that they are trail blazers in the development of contemporary literature." (We gladly took this bait, and here offer it to our readers.—E.L.)

James Marshall  
assistant, editor of *Collier's*  
whose Philippine stories will  
be along right away.

"I should have written you before this to thank you for your generous hospitality, but we have been dashing madly about trying to get enough story copy to satisfy the maw of *Collier's*. We are trying to clean up Hongkong and get away to Shanghai. It is cool here, and easy to work. I have about three pieces or-

ganized, and I think that will hold the town for a few months. . . . We both hope to go back to Manila some day and be 'bawled out' for 'getting it all wrong' in *Collier's*." (We were flattered that the gifted James Marshall found our arranged office congenial working atmosphere. Our thanks are extended to Miss Arzaga, poet, actress, dancer, who charmed the Marshalls with her Sulu dance and some briefer interpretations of peasant dances during the evening they enjoyed with some of the young writers of Manila).

Arthur L. Shepard  
—young Ann Arbor man who recently  
made a geographical study of Manila.

"... Governor Ralston Hayden spoke Sunday evening at the International banquet, and committed himself on several points. Most important was his statement that the Philippines, with the Filipino's 'will to live', would probably be successful in the Commonwealth government, but, unless the United States took them back, complete ruin was in sight ten years from now—or before, if the Philippines and the United States do not cooperate."

Norbert Lyons  
—whilom Manila newspaper man and  
former editor of this magazine.

"Although it is years since we have communicated, I have kept in touch with you through the *Journal*, not a single issue of which I have missed since leaving the Islands in 1924. It is my only means of contact with the Islands except for occasional meetings with ex-residents. Two or three weeks ago I had lunch with Larry Thibault, and every few months we have a visit with the Beaumonts. Hartford Beaumont is connected with the National City Bank, and is now on a business trip to Russia.

"I have been Statistical Supervisor for the National Re-employment Service for the past three years, and Mrs. Lyons, as you may have heard, is Assistant Director of the Hall of Fame. We are comfortably settled in Manhattan.

"The changes have indeed been many and epochal since we were there. On occasions I have tried to interpret them to the American public, but recently have had little time for this work. My last article appeared in the *New York Times* of April 17, 1932 on the editorial page. It was based on information secured from the late John R. Wilson and your *Journal*. You are doing a fine job and I hope the chamber will keep up the *Journal* as an authoritative, interesting and effective medium for expression of the American view in the Philippines.

"I trust you will keep me on the mailing list indefinitely, but will ask you to please change my address to 333 West 56th Street, New York City. With kindest personal regards and remembrances to

any of the old-time newspaper men who still remember me."

Hon. Wm. H. King  
—United States Senator  
from Utah.

"Your letter presents in amusing but striking form some of the facts that may arise from the tax on coconut oil. Pursuant to your suggestion I shall deliver to Senator Gibson a copy of it. As indicated to you when I was in the Philippines, I shall be glad to receive any suggestions you may care to offer respecting matters affecting the Philippine Islands, or the relations existing between the United States and the Philippines. What Congress will do in regard to this excise tax on coconut oil no one knows—or at any rate I do not know." (Our letter intended to amuse Senator King, for whom we gained the highest respect during his visit in the Philippines at the time of the inauguration of the Commonwealth, tried to show that the coconut oil tax is detrimental to America's trade in the Islands; it could amount to the American People's taxing themselves to create a fund to make the Islands independent, or measurably so, of supplies they now buy from the United States.—Ed.)

Cornelio Balmeada  
—director of the commerce  
bureau, of whose integrity in the  
rice-importations question we never  
harbored doubts.

"Though you may not find my name among your subscribers, I have in fact been a constant reader of the *Journal* as it comes regularly to my desk, our bureau being a subscriber. I wish to tell you that I have always found it most interesting and very helpful."

Ilor B. Powell  
—a professor of history  
in the University of Wales.

"Among chamber-of-commerce journals, yours must surely be the world's best. I see a few of such periodicals, but for soundness of commercial reviewing, for variety of subject (you cover a whole country and its commodities), and for editorship, your grand *Journal* is unequalled.

"One reason, of course, is that the Philippines are so full of interest; another, you have such good commodity experts. . . . Most commerce journals are dull and lifeless; yours is alive and has personality. . . . You give your paper something none other of its kind that I know of; and those of us who have warmed our hands at your fire meet you again in your review—how an exile like myself welcomes its arrival! The thing about it is, it is such a fine commerce journal and yet so much more. . . . It is surely a fine thing to build up a paper and stamp its pages month by month with a character and personality which makes it perhaps unique of its kind."



## This Year It's Latin America

(Continued from page 13)

business or exchange conditions affecting U. S. exporters.

**Japan:** Exporters generally look upon the appointment of Hirota as Premier after the sensational events of the last few weeks as a much more favorable outcome than was expected. The new Premier appears to be acceptable to all factions and is decidedly moderate in his views. While Japanese competition continues to cause concern in many markets it is important to remember that Japan itself is one of our best customers. With the tension that has existed in the Far East distinctly lessened as a result of the selection of a well known conciliator to head the cabinet, trade in that region is likely to expand along normal lines.

**Palestine:** The Levant Fair at Tel-Aviv, which will open April 30 and continue until May 30, is expected to surpass all of its predecessors both in number of exhibits and in attendance. American participation will be larger this year than ever before. Goods destined for the Fair must be plainly marked "Levant Fair, Tel-Aviv", with name of Pavilion and handling indications such as "Top", "Breakable", "This side up", etc. A list of contents must be enclosed in each package, in addition to that attached to the usual documents. The latter, which must be submitted for each consignment, include: Bill of lading (original); insurance policy, if any; certified invoice; and specification of contents of each package. Invoices and specifications must be in triplicate and in English. Specifications of silk, woolen, cotton or other textiles must indicate composition, weight and

measurement of each article, for customs purposes. Goods should be packed in stout cases, secured if possible by iron hoops, to avoid damage during unloading in the Jaffa Roadstead. Goods addressed to the Levant Fair Management, Tel-Aviv, will enter free of duty, which will only be collected at the close of the Fair on such goods as are not re-exported.

**Philippine Islands:** The plan to subsidize exports of some 333,000 barrels of flour, representing about 1½ million bushels of wheat, to the Philippines recently announced by Secretary Wallace is one of the best breaks that American flour exporters have had in a long time. While available only to flour exporters in the States of Washington, Oregon, and Idaho this export movement should assist flour manufacturer elsewhere by taking that amount of milling wheat definitely out of the American market. This is the first time that the export-indemnity feature of the AAA law has been utilized. The law appropriated 30% of the annual customs receipts, estimated at \$100 million, for this purpose. The plan will be operative until June 30 and all exporters who meet the following conditions will be eligible for the indemnity payments: (1) giving notice of the sale of the flour, (2) filing a declaration of sale with an agent of the Secretary of Agriculture, (3) making an application for the indemnity payment, and (4) permitting access to the Secretary or his agents of books and records needed to verify documents in connection with the export transactions. It is hoped that the plan will not only greatly increase exports of American flour to the Islands, but enable our exporters to recover their former dominant position there.

General business conditions continue to be in the main satisfactory, though curtailment of sugar exports to the U. S. and cessation of AAA benefit payments will cause some hardship to planters.

**Poland:** Trade between the United States and Poland made substantial gains in both directions during 1935. Exports from the U. S. to Poland rose from \$18,888,386 in 1934 to \$24,485,703 last year, while imports from that country increased from \$5,648,362 in 1934 to \$9,714,555 in 1935. Traffic at the port of Gdynia continued to expand. The new motor liner *Batory* of the Gdynia-America Line will make her maiden trip to New York, May 18, arriving here May 27. It will join the *Pilsudski* on the New York-Halifax-Copenhagen-Gdynia run, the two liners making a total of 20 round trip transatlantic crossings during the year. Like the *Pilsudski*, the *Batory* will cut down the running time between New York and Gdynia to 8½ days. Starting eight years ago without a single ship, Poland has built up her mercantile marine to 86 vessels with an aggregate tonnage of close to 200,000. The important Poznan Fair will be held this year from April 28 to May 5.

**Spain:** The recent elections, which resulted in the accession to power of a Socialist Premier, Manuel Azaña, has been followed by such serious and widespread disorders that business has been greatly interrupted. The American Chamber of Commerce in Spain has taken the unusual step of calling the attention of American exporters to the fact that payments are now more than twelve months overdue, adding that unless Spain obtains a foreign loan or devalues the

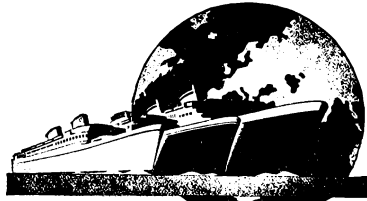
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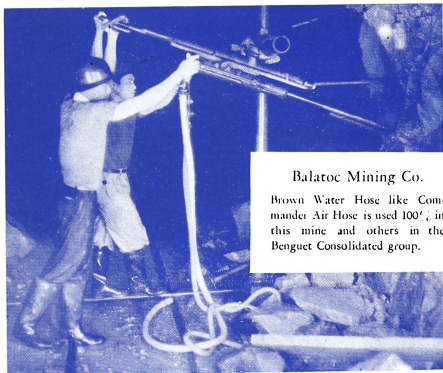
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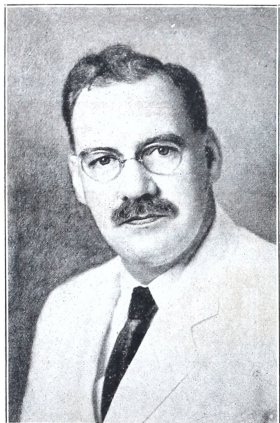
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The attention of the public in the Islands has been turned during the past six months to an hitherto unknown and unexplored district in Albay province; as is usual on such occasions the world over, conflicting rumors of all sorts have been prevalent. The area is the greatest gold field in the Philippines, and will justify the erection of the largest plants here, say some; the area has some low grade ore, but not enough to justify an ore treatment plant, say others; one engineer thinks the whole thing is wonderful, others think it is a dud.

Before starting a description of the activities now going on, a few general conclusions are in order. These conclusions are based on common sense, personal observation, and on information obtained from a number of engineers who have inspected the property.

First, it is obvious that not enough is known about the district as a whole, or about any one of the properties, to warrant any predictions from any one as to its future. Work has been going on for but a few months; in the other mining districts of the Philippines, the existence of gold has been known for many years, and the mineral-bearing sections were mined more or less haphazardly by primitive methods long before the introduction of modern mining. Nothing of the sort has taken place in Albay; those who are prospecting it now are starting from scratch. The latest issue of *The Mineral Resources of the Philippines For the Years 1926-1933*, just issued by the division of mines, bureau of science, mentions Albay only for its lime, sand, gravel, and stone.

Mining projects in their early stages are gambles; no one will deny that. A project undertaken on virgin ground is even more of a gamble than one started in a proven area. Consequently, those who are investing their time and money in the Albay region are definitely betting on a long shot.

Reports made so far from the district indicate that there is gold-bearing material there. Assays from samples taken in and around the various tunnels and outcrops have varied; they indicate deposits of lowgrade ore, but of mining value—

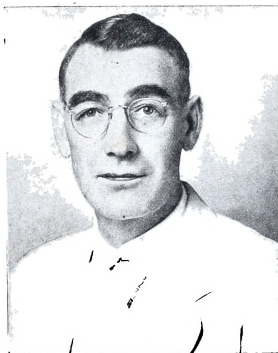
# The Albay Gold District as I See It

By Ralph Keeler

Mining-Section Editor and Reporter

J. H. ALLEY, Bicol Gold's President

*J. H. Alley, president of the Bicol Gold Mining Association, has had a long business career in the Philippines in the service of the Philippine Refining Co., Inc., of which he is the assistant manager. Formerly, with same company, he was with their Cebu plant, but during recent years has been with the main plant at Manila. He is also the general manager of the Agusan Coconut Company, a subsidiary with coconut and cattle projects.*



J. H. von Hieber

*J. H. von Hieber is the mining engineer of leading associations developing the Bicol gold region.*

dependent in last analysis upon how the ore yields to treatment. Many high assays have been reported. Bicol Gold reports its current work on tunnels and shafts as in higher values. Another association is having similar experience.

Ore reserves amounting to some 150,000 tons are reported to have been blocked out at Bicol Gold.

The district is located about 360 miles southeast of Manila, in the province of Albay. There are two routes to the area, of which the journey via the Manila Railroad's Bicol Express of about 14 hours is most commonly used to Legaspi, although interisland steamers call at the port occasionally. Airplanes have landed in the vicinity of Legaspi, and there is some talk of a suitable landing field being built either near Legaspi or across the bay in the vicinity of Manito.

Mining activities are centered around Manito, across the Albay gulf to the east of Legaspi. The Bicol Gold interests maintain a launch which makes the trip in an hour and a half, in fair weather; it usually goes each way once



Headquarters at Bicol Gold

*The road has been built to tidewater at the association's expense. From Albay the trip across to the peninsula is made by launch.*

daily, hauling supplies, mail, and passengers.

At high tide the launch can go up the Buyo river a short distance to a road which has been built to the Bicol Gold camp. At low tide it is necessary to disembark from the launch some distance out in the gulf and take a banca up the river to a landing place.

The claims of the Cabit Mining Association are on the opposite side of the peninsula from Bicol Gold and from Manito. The Cabit property borders on the Pacific Ocean, and the tunnels can be seen from the sea, although the coast at this point, extremely rugged, forbids a landing.

As can be seen from the map accompanying this article, there are seven principal groups of claims staked out: Bicol Gold, Cabit, Monte Cristo, Parina, Albay Goldfields, and Neptune. The Mayon Gold Mining Association owns eight claims of the Cabit group; these claims were not located on the map because their exact boundaries have not as yet been settled.

Manito is 39 kilometers from Legaspi, but is not yet accessible by road. A government road has been started and a few kilometers of it completed. Should developments warrant it, this road will undoubtedly be finished, since the present method of transportation would not be suitable for the haulage of large and heavy equipment.

Credit for the discovery of gold near Manito is given to Andrew Budell, who for ten years was in charge of a sawmill in the region, and to Joseph Pastori, who was interested in coal properties in the province for some three or four years. They took samples of outcrops, had them assayed, and soon after, J. H. von Hieber came from Manila to make an examination.

Von Hieber, who is now consulting engineer for all of the properties around Manito, and the principal mining man connected with them, worked on the area during June, July, and August, 1935. It was he who interested a group of Manila business men in the project, and it has been through his engineering efforts that the district has reached its present state of development. He came to the Philippines in 1930, for Benguet Consolidated. He was shift boss at Balatoc, superintendent of development at the Hartwell group, and shift boss in both mine and mill at Benguet. He left the Benguet interests in November, 1933, to assume charge of the Big Basig Mines, Inc., in the Suyoc district.

Results at Big Basig were not encouraging, and Von Hieber devoted his time to consulting work all over the Islands. He was consulting engineer for the Bued Placer Mining Company on the Kenon Road, just out of Baguio, and has acted in a similar capacity for a number of prospects in the various districts.

He is a native of Montana, and was graduated from the state school of mines with the degree of engineer of mines. His early experience was gained in Montana, Mexico, Alas-

ka, and the western United States.

The geology of the district has mystified the engineers who have looked it over. Hydrothermal action was responsible for the deposition of whatever minerals may be found. One engineer reported that the Bicol Gold property is impregnated with hydrothermal quartz, and that the quartz is still being deposited. This same engineer also reported that on the Cabit property the evidence pointed to a deposit hydrothermally metamorphosed.

Hydrothermal metamorphism includes the changes effected in rocks by hot ascending waters. The presence of hot springs in the sea adjoining the Cabit group is a factor towards the belief in this theory.

The Albay region is, of course, a volcanic area. The Mayon volcano was active not more than 25 years ago, and is still smoking. If the hot springs and the mineral deposits of this area are the result of volcanic action, then the latter may be more or less geological freaks.

The Bicol Gold Mines was formed in July 1935, for the purpose of exploring and developing a group of 85 lode claims on the banks of the Puchan river. The association which was formed at the time was headed by a board of trustees of which J. H. Alley is chairman; J. C. Cowper, manager and treasurer; Robert Hill, H. A. Gibbon, and G. P. Fernandez. R. C. Tuggle was in charge of the preliminary work. On April 1, 1936, H. L. Briggs was engaged as general superintendent. Mr. Briggs has had a wide experience in construction work all over the Islands, and under his supervision a road some 6 kilometers long was built from the river to the camp, camp buildings were constructed, and work started underground.

Working with Briggs is Simon P. Solomaniuek, young Belgian civil engineer, as engineer; Paul Alexander, shift boss; and Ricardo Abalos, assayer. The crew consists of 65 workmen on daily wages, and about 200 contractors working in the tunnels, shafts, and timbering.

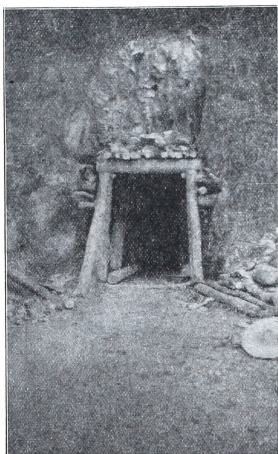
The camp is in the barrio of Patson, 5 kilometers from Manito and 500 feet above sea level. Bicol Gold has 16 tunnels started, others on which work is suspended, and work is going on in 5 tunnels at present. A shaft has been started near the main camp, and is down about 40 feet.

The buildings at Bicol Gold consist of a main office; an assay office with a small flotation cell for test purposes, and equipped to handle several hundred samples a day; a power house, in which is located a portable 45 h.p. McCormick Deering engine and a 45 k.w. generator; a mess house; a superintendent's house; foremen's quarters; workmen's quarters; store; garage; machine shop.

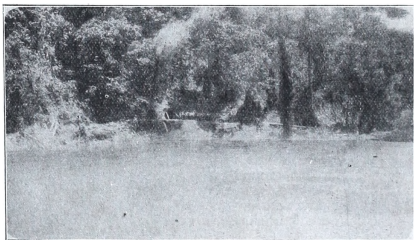
A compressor which will supply air for 3 jackhammers will be installed within a short time; it is already on the ground.

The company has a dispensary, with a male nurse in attendance. Dr. Richmond

(Please turn to page 20)



Portal of Tunnel No. 1: Bicol Gold pay values are reported to start from the head of this tunnel, as from others the association is driving.



Hot Lake on Cabit Property. Minerals in solution in this lake include gold.

# Practical and Legal Aspects of Mine Financing

By Philip S. Mathews

*Editor's Note:*—This is the fourth in a series of articles taken from leading mining periodicals of the world, tracing the background of mining. The subject is peculiarly appropriate at this time, since the financing of mining enterprises is one of the basic problems facing legislators in the Philippines now—to say nothing of the importance of the subject to those who control mining properties. The author is an attorney-at-law of San Francisco. The article was presented before the San Francisco Section of the American Institute of Mining and Metallurgical Engineers recently, and was published in *Mining and Metallurgy*.

The tremendous stimulus given to the mining industry by the gold and silver policy of the present administration has found the capital market for mines ill prepared to afford practical means of financing. Particularly has this been true of the host of abandoned high-cost producers and prospects which increased gold and silver prices have made potentially profitable.

In a comparatively short time, experience has demonstrated abundantly that valuable properties have frequently failed to secure capital, while questionable properties have drawn to themselves and their promoters more of the public moneys than their prospects justify. Singularly enough, the fault is usually attributable to faulty financing. Discussion and study of this problem are vital to the industry.

It is not necessary here to condemn the practice of flooding the market with stock of prospects and partially developed mines, principally to enrich promoters. But the greatest loss comes from commencing operations with inadequate capital. The difficulty of raising money and the inclination of promoters and even engineers to underestimate the amount of capital required, not to mention honest errors in calculation and judgment, persistently cooperate to throw upon the market ventures which are thus doomed to failure.

Two fundamental premises should be kept in mind: first, that in successful mine financing there is no substitute for careful examination and conservative reports, not only as to the physical property and its potentialities, but as to the money required to prove or develop it; and second, that the project should not be undertaken until adequate capital has been made available.

Proved mines with proved values present little difficulty. If sufficient capital cannot be obtained in customary channels, the authority of the Reconstruction Finance Corporation to make loans for development work or actual mining and milling operations will suffice at least to supplement available funds, if not to supply all that is needed. Prospects and mines requiring further development work, on the other hand, involve the speculative element to such degree as to require careful financial planning.

From the point of view of the owners or promoters, the prime consideration is that if the project is to be successful, they shall reap their fair reward; and that those who hazard their capital shall receive a reasonable return. The problem is complicated not only by existing security laws, but by the necessity of raising adequate capital to complete the work if the values are in the ground.

The key to the problem is found in the type of organization to be used in the vehicle of the promotion. Of these

there are four: (1) a corporation, (2) a limited partnership, (3) a Massachusetts trust, and (4) a syndicate.

(1) In California, the Corporate Securities Act is administered for the protection of the investor. The host of fly-by-night and foolish ventures, with which the Division of Corporations in administering the Act has been flooded, has necessitated the adoption of rules which definitely limit the extent to which the promoters or owners may profit from their venture. These rules are substantially as follows:

Stock may be issued free of escrow for money paid, appraised value of fixtures and personal property, land value, and ore in sight; in other words, for actual tangible values only. All other stock will be escrowed and may not be freed from escrow until its value has been demonstrated by actual earnings. The promoters or owners will be allowed only one additional share for each share issued for money paid in or its equivalent. If, therefore, the property is in the prospect class and no money has been expended upon it prior to the filing of the application with the Division of Corporations, the promoters will be allowed only one share for each share sold to the public. Nothing will be allowed for the potential value of the property

itself. Even if enough work has been done on the property to justify the engineer in concluding that it has a tangible value, the answer is the same. The promoters or owners will be permitted to issue stock to themselves only against the money expended on the property and ore blocked out. Beyond this and the share for promotional stock, they will get nothing for the property's potential value, no matter how great it may be.

Assuming even that the original financing through a corporation is successful, further difficulties and expense are incurred in the not infrequent later need for additional financing. Even

if the Division of Corporations will authorize the sale of additional stock in the face of this mistake in planning, the difficulty of selling it to the public and the disillusioned shareholders is frequently insurmountable.

Lastly, if a large amount of money is needed, the marketing of the stock either in connection with original or supplemental financing may require compliance with the Federal Securities Act of 1933, which will be discussed later.

Therefore, in most instances, the corporate form of organization is impractical and suitable only for a producing property.

(2) A limited partnership, for a small group, is simply set up, without the need of a permit from the Commissioner of Corporations. On the other hand, it lacks the elasticity necessary to the proper financing and management of an undertaking such as a mining property.

The general partners conduct the business and ordinarily have the larger interest in the profits. The limited partners supply only capital, in money or property, upon which they may receive not only interest, but a share of the profits. The limited partners, however, may not take any part in the business. In effect, they are the equivalent of nonvoting preferred shareholders. Each of the general partners is liable for every debt incurred by the partnership. The limited partners are subject to no liabilities beyond the loss of the capital that they may contribute.

Such an organization is ideal for a small group to among themselves can supply all money that may be needed at any stage of the work. Where additional capital must be

(Please turn to page 24)

## Valuable Mining Reference

The department of agriculture has published a paper-bound volume, "The Mineral Resources of the Philippine Islands for the Years 1926 to 1933," by the science bureau's division of mineral resources. The text is supplemented by a series of maps contained in a convenient envelope at the back of the volume. We acknowledge with thanks receipt of a copy of this reference on Philippine mining, copies of which sell for 80 centavos each at the printing bureau, Manila.

### The Albay Gold . . .

(Continued from page 18)

of Legaspi is the consulting physician.

In a report dated January 20, 1936, Von Hieber stated that 96,000 tons of ore had been blocked out in tunnel 6, with an average value in gold, at the new price, of ₱8.66, and of gold and silver, of ₱10.66. He estimates the total value of these 96,000 tons to be ₱1,023,360. In addition, some 60,000 tons of ore are reported to have been blocked out in tunnels 1 and 3.

In general, the theory on which Von Hieber is working is that the Bicol Gold ore body is about 1,000 meters wide; that it is covered by a shallow overburden which could be easily removed by hydraulic means or by hand; that the ore body runs approximately from south to north and is several hundred feet deep and several kilometers long.

If this theory is found to be true, and the ore body assays throughout as high as the ₱8.66 reported for the 96,000 tons blocked out, then Bicol Gold has an enormous ore body and one which will justify the installation of a mill of large capacity—providing, of course, that tests show that the ore can be treated at a profit. There are but few such ore bodies in the world; time, and careful prospecting and development alone, at a very considerable expenditure of time and money, can tell whether or not it is true.

The program mapped out for Bicol Gold is one of exploration by means of tunnels, crosscuts, and shafts, and, while this is going on, a testing campaign to determine the metallurgical characteristics of the ore is to be conducted.

The same general plan will be followed for the other properties in the region under the supervision of Von Hieber, who makes frequent trips to the prospects to map out future work.

A 20-ton pilot plant has been ordered from the United States, Bicol Gold officials report, and it will be in operation within a few months. This plant will be a combination amalgamation (to recover the coarse gold) and flotation-cyanidation unit.

The Cabit Mining Association was organized November 13, 1935. Von Hieber is the association's president and consulting engineer. L. P. Mitchell is vice-president; R. Hill, secretary-treasurer; H. V. Campbell and Andrew R. Budell, directors. Work at the property is in charge of Budell. The capital stock consists of ₱300,000 of 300 units of ₱1,000 each. Of this, ₱105,000 was placed in escrow until an evaluation of the property is made by the government and permission secured to release it.

Preliminary exploration work, as reported by Von Hieber, indicated that samples ran from 8.82 to \$36.50 old price. The company is said to have started 7 tunnels, with a main haulage tunnel as the main operation.

Von Hieber reported that in tunnel B 1, No. 1 drift, at a depth of 71 feet, samples taken from the conglomerate ran from \$1.44 to \$4.60. A trench in the southeastern part of the property averaged \$2. A trench in the northeastern part, 400 feet long, ran from \$1.44 to \$6.60. Samples taken from an outcrop in the northwestern section averaged \$8.20, while the B3 claim outcrop showed \$12.80 a ton, according to Von Hieber.

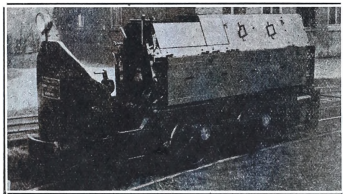
Up to May 1, about 1,550 feet of tunnels had been driven, and work is now being carried on, by hand, in 7 headings.

The Monte Cristo Gold Mines, or the Quimahat group, are located between Bicol Gold and Cabit. Capt. C. H. Sleeper is the president of this association, and J. C. Cowper is the manager. Harley McVay is a director, and Von Hieber the consulting engineer. Worden S. Clark is in charge of the work, and has about 75 men on the job, working 3 shifts in 3 tunnels.

Assay results from the Monte Cristo workings have averaged between \$1.00 and \$3.00, and every sample taken, practically, has shown values of some kind.

There are several other groups of claims in the vicinity. The Mayon Mining Association has acquired 8 claims from the Cabit group, in addition to others, and work is just

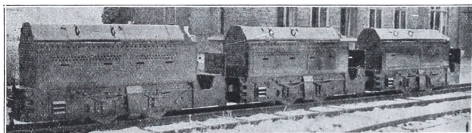
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# Philippine Gold Mining

By C. M. Eye\*

From Colorado School of Mines Magazine: November

Gold mining as an organized industry in the Philippine Islands, was practically non-existent prior to the American Occupation in 1899, and for several years after. In 1903 Congress provided a mining code which permitted location of mining property. There followed a period of active prospecting and location, mostly by men from Western United States, who had come to the Islands as members of volunteer regiments. Owing to the primitive conditions existing and to lack of financial backing, development progress was very slow: Practically no capital from abroad was available and local capital for mining investment was scarce. Such milling plants as were built were small and light, and depended solely on amalgamation for gold recovery.

The first mill in the Benguet District was of this type: Built by Jack Hartwell of Phillipsburg, Montana, in 1903, it consisted of three stamps of 265 lbs. each, working in a mortar with sheet iron sides, with a few feet of copper plate for amalgamation. Hartwell died of smallpox in the epidemic which swept Benguet in 1904, and the plant was removed.

At about this time a portable prospecting stamp mill of all iron and steel construction was placed on the property of the Eastern Mining Co. at Aroroy, Island of Masbate, but for several reasons was not operated long. In 1905 Messrs. Peterson, Clyde and Reavis built a mill on the Comote property in Benguet. It consisted of three stamps of about 500 lbs. each, working in a cast iron mortar, with a few feet of silvered copper plate; no crusher was furnished, but this small mill worked successfully for several years on calcite and manganese ore, soft and mostly fine.

In 1906 the first plant in the Islands to employ cyanidation as well as amalgamation was erected by the writer on the property of the Benguet Consolidated, at Antamok, Benguet. The treatment consisted of breaking to stamp mill size in a 7 x 10 jaw crusher, reduction to 40 mesh by three 1050 lb. stamps working in individual, triple discharge mortars, amalgamating on a silver plated copper plate 12 ft. in length, elevation, and classification of tails into sands and slimes, the former going for leaching to six 50 ft. tanks and the slimes to waste. There were of course, the storage, sump and solution tanks and zinc boxes which constituted a necessary part in such a plant. Later, a slimes treatment plant was added and a Wilfley table, the former to save the high values which were in the slimes and the latter to remove sulphides from the sands prior to leaching. At a still later date, a 12 ft. Ridgeway filter was installed to reduce soluble losses in slime treatment. This filter was in operation a very short time when the major portion of the plant was lost in a typhoon and flood, on November 28th, 1909. A somewhat similar plant, built several years before by the Bua Mining Co. just below the Consolidated Camp was badly crippled by the flood, and in 1910 was dismantled.

It is apparent that the first Benguet Consolidated mill was too complex, and involved too many operations to be very easy to operate, but nevertheless, it kept the show going, and in addition to yielding some profit, enabled the development of the mine from practically no reserves to begin with, to some 18,000 tons of around \$17.00 gross value per ton in sight at the time the washout occurred. The mill operation also furnished much information regarding treatment which was of considerable value later, when a new mill was called for.

Meanwhile considerable prospecting and development of claims was going on elsewhere in the Islands, notably in the Paracale District in S. E. Luzon, and in the Aroroy District, Island of Masbate. In Paracale the development was mainly of placer deposits, which, while not so very extensive were

quite rich, enabling them to be worked profitably for several years, even though the dredges were small and the dredging conditions difficult. Several larger dredges were built in the United States for properties in this and neighboring localities, but it did not take long to exhaust the deposits, and production figures dropped to a low point. At this time, considerable interest is being shown in placer deposits, especially on the Island of Mindanao, so there may be a revival of production from this source.

By 1910 favorable developments on the Colorado property had reached the point where a milling plant was fully warranted, so in 1911, the writer who was in charge of this property built a mill of 100 tons rated capacity—the first in the Islands to employ fine grinding in solution, and cyanidation throughout. The equipment consisted of a jaw crusher and twenty 1050 lb. stamps for preliminary reduction and two 5 ft. by 16 ft. tube mills for fine grinding, two Pachuca tanks each 12 ft. by 45 ft. for agitation, primary and secondary thickeners for counter current decantation, steel zinc boxes for precipitation and two Oliver filters for final washing. (These last were later replaced by a Moore filter.) The ore consisted mainly of quartz and manganese oxide with some calcite, with the gold very fine and very free. It was therefore very amenable to cyanidation, as high as 80% of the

\*The author now lives in California but was the leading expert in gold mining here for many years, and made his fortune with Benguet Consolidated while superintendent of that famous property. He is still a consultant of Judge John W. Hausermann's—Ed.

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values often going into solution by the time the pulp left the grinding circuit.

At the time of starting the mill, there was in sight in the mine, 118,000 tons of ore of better than \$14.00 gross value per ton. This plant was profitably operated for a number of years, though it later became necessary to discard the stamps and to convert the tube mills into ball mills, because of changes in the character and grade of the ore from the lower workings in the mine. The original investment in this enterprise was not much in excess of \$300,000, and the total production was reputed to be over \$3,000,000, from which a number of substantial dividends were paid before the final shutdown and dismantlement of the plant. Recent announcements have been made of the intention of the present owners to build a thousand ton mill on the property to handle low grade ore believed to remain in the mine.

At about the time that the Colorado mill was under construction, a milling plant was built on the Headwaters mine in Benguet by C. T. du Bell, '95. As I recall, it employed amalgamation with cyanidation of the tails, following in the treatment South African practice of the time. The equipment consisted of a coarse crusher, ten stamps, amalgamating table, conical tube mill for fine grinding the tails and a number of conical bottom steel treatment tanks, and finally a 14 ft. Ridgeway filter. I am not at all certain as to the method followed in the treatment, as I never saw the plant in regular operation. It was run for a time by the owners, and later by successive lessees from time to time, until about 1926, when the Itogon Mining Co. bought most of the equipment, and removed it to their property. When the mine was reopened by Baguio Gold, a new mill was built in a much more advantageously situated location, not previously available.

(Please turn to page 43)



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## THE MINER

By D. G. Godfrey

The old prospector finds the claim,  
The young surveyor marks the same;  
And the carpenter builds the gallow's frame,  
And the foreman tells them the way to do  
The engineer hoists a cage or two—  
But listen to this—I'm telling you,  
It's the miner that digs the hole.

Stranger—another bowl.  
I'm dry as a roasted soul.  
I've had to choke on powder smoke  
My teeth are full of the rock I've broke,  
For I am one poor son-of-a-gun,  
A miner who digs the hole.

When the Lord first planted the ore,  
He said, "I'll pack it away in store,  
Where nobody'll get it out no more  
Unless he is a human mole."  
But he reckoned without the Miner Man  
Who isn't built on the regular plan.  
And so, since the blooming earth began  
It's the miner who digs the hole.

Stranger—another bowl.  
My tongue is as black as coal,  
And my ears still sound  
With that fall of ground  
That nearly caught me that last round.  
For I am classed with the boys who blast  
The miners who dig the hole.

He must work in gas and see in the dark  
And the music he hears is the air drills' bark;  
It isn't no picnic in the park,  
It isn't no cunch he has stole.  
He is a carpenter, plumber, machinist—yes,  
A sort of a surveyor, too, I guess,  
A little of everything—more or less—  
The miner who digs the hole.

Stranger—another bowl  
I'm fat with my pay-day roll;  
With board and such  
It ain't too much  
But I'm glad I'm walking without a crutch  
For I am one poor son-of-a-gun  
The Miner who digs the hole.

There is the fire to fight and the miners "con."  
Rickety ladders to step upon.  
A missed hole found and a miner gone  
And you'll hear the church bells toll.  
But Hell! We have got to make her pay.  
And get our two hundred tons a day.  
So have another on me I say  
You Miners who dig the hole.

Stranger—another bowl  
Heaven is our final goal  
The mines are hot  
But they are all we've got  
And they will last awhile as like as not.  
And we are the ones—poor sons-of-guns,  
The Miners who dig the hole.

# South Africa Through a Trade Commissioner's Eyes

*Gleanings from a morning's talk with Trade Commissioner  
A. T. Brennan of South Africa, surveying the Far East*

The Union of South Africa with an area of 650,000 square miles and population embracing 12 million blacks (among whom Zulus are dominant in numbers, culture and character) and 2-1/2 million Europeans with whom are grouped a considerable infiltration of Americans, is well represented commercially in the Far East by A. T. Brennan, her trade commissioner whose headquarters for the present are in Batavia, Dutch East Indies. Commissioner Brennan called at Manila in a tour of the Far East he is making. He finds little prospect of South Africa's developing much trade with the Philippines.

As Commissioner Brennan sees it, the Philippines—so far as South Africa is concerned—has the advantageous handicap of geographical proximity to Australia, China, and Japan. The most we got out of Commissioner Brennan is insight into the liberalism that inspires the South African government. It may be British and therefore deliberate; but it is deliberate of purpose, and right now is arranging for native black representation in both houses of the legislature. For a time, perhaps 10 years, this representation will be through whites thoroughly familiar with the social and political problems of the blacks; meantime, thorough-going popular education continues, and the education system for the blacks is capped with several universities. Natal University is headed by the brilliant negrophile, Professor Edgar Brooks, able to turn off a poem for you in Greek, Latin, or Zulu with equal grace; or in his native English, dominantly the literary language of the country, where the official languages are English and *Afrikaans*, the latter 15th century Dutch that Hollanders of today find very distinctly dated and oddly vulgar.

Public servants are required to be familiar with both languages, and government documents are printed in both.

South Africa has a *fear* problem, as so many countries have. Her philosophy, of peace, conflicts with basic policy northward in Belgian and French territories. There the Frenchman or the Belgian does not expect to reside permanently, but feels himself stationed for a time in the public service; and there too, the colored populations are recruited into massive systems of colonial regiments to be called up for European service when needed, or sent anywhere else that occasion suggests. This policy affects adversely an otherwise potential market for South African products. South Africa finds her major export markets in England and through London into northern Europe; this remains true even when gold is not classified a commodity.

South Africa's gold production was listed for 1935 in the *Journal* last month. It was about 87 million pounds, about 33 million net profit, dividends about 16-1/2 million. (A Russian representative recently in Capetown reported Russia's expectation of 5 million ounces of gold from her mines this year: \$175,000,000 or ₪350,000,000).

South Africa went off the gold standard in December 1931, for the benefit of agriculture. However, when the government did so, it previously advised the Corner House (the building in which most of the gold companies have their offices gives the name) that it would not be given all the profit accruing from the step. Roughly, the government takes half, under a system worked out by the Corner House in cooperation with the government. The government's share (of the *increase* in the price of gold) is used for agriculture. This will largely explain the gap between net profit from the country's gold output last year and the dividends distributed.

South Africa admits European immigrants under a quota law. She is very encouraging of American immigration; she takes, in fact, numerous suggestions from American institutions and practices, and of course American experts are widely employed in her thriving mining industry. Sojourners going to South Africa are required to have £100 with them. The minimum for an immigrant planning to remain in the country is £1,500. So provided, a family is granted land by the government for which it pays during 40 years with interest at 2-1/2%. Land ranges in price from 10 shillings per morgen (a little more than 2 acres) to 15 to 20 pounds according to location, fertility, etc., and marketing facilities. On a single irrigation project the government is spending 9 million pounds; irrigation is given a great deal of government attention, and agriculture encouraged in every way.

Corn is a major product, local consumption being 40 million bushels a year; there is a surplus for export. Corn is the staple food of the blacks, and important in the livestock industry, wherein both cattle and sheep are important.

General labor in South Africa's mines, that of blacks, is paid about the same as like labor in the Philippines. It is well housed, hospitalized, etc., and provided at the mine stores, at mine prices, much lower than general prices. It is paid £4 per man per month, and contracted for terms from 6 months up. The government tries to prevent payment of the final settlement until the black is back among his people; paid off in Johannesburg, a black will be sold every-

(Please turn to page 29)

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## Practical and Legal Aspects...

(Continued from page 18)

attracted to the enterprise, the following objections arise:

First: It is difficult to center responsibility or foster initiative among a group of general partners, each of whom theoretically has an equal voice in the business.

Second: A contributor of capital may not be content either with the status of a limited partner, which denies him any real voice in the business, or that of a general partner, which subjects him to unlimited liabilities.

Third: Every change in the membership of the partnership, every shift of capital or major amendment in the partnership agreement, requires a cumbersome and technical legal procedure, which may cause expensive or disastrous delay.

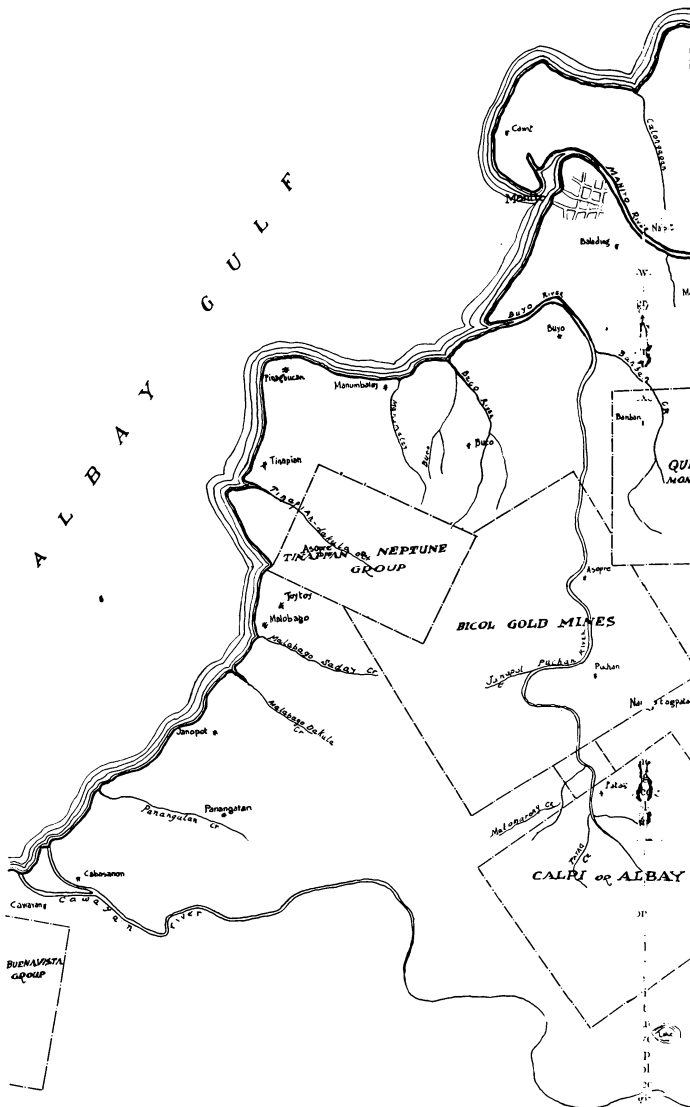
Fourth: Interests in the partnership are not readily salable to the public to raise additional capital, hence further financing is impeded.

(3) The Massachusetts trust is sometimes thought available to obtain the advantages of a corporation and a limited partnership, with freedom from their objectionable features. Without explaining the legal structure of this highly technical creature of the law, it is sufficient to say that the management is placed in the hands of trustees who issue certificates of beneficial interest in exchange for the property contributed by the owners or promoters and for the money supplied by the investors. To insure the proper protection of the holders of certificates of beneficial interest against liability, substantially all power and authority must be vested in the trustees. Thus the investor is denied any voice in the conduct of the venture. The certificates of beneficial interest are securities under the California Corporate Securities Act and the Federal Securities Act of 1933. Hence the organization is subject to all of the difficulties created by those laws in the case of a corporation.

(4) Combining the best features of the forms of organization already discussed is the so-called syndicate agreement. This seems best suited to the requirements of initial financing. It has the flexibility and the freedom of action demanded for a property in the early stages of development. It is formed with an initial capital in an amount estimated by the engineers as adequate either to prove the property or to carry on the development work until production is obtained.

Usually interests in the syndicate are divided into three parts. First, is the interest of the owner of the property or of the lease and bond, who transfers to the syndicate an undivided interest in the property, or the lease and bond, or a right to share in a part of its production. Second, is the interest of the syndicate managers, usually the owners of the lease and bond, who may either donate their services or may receive a portion of the profits for assuming the responsibility of managing the project. Third, is the interest of the subscribers who receive units in proportion to their respective contri-

(Please turn to page 26)





## Practical and Legal Aspects . . .

(Continued from page 24)

Contributions of capital, and share ratably in the portion of the profits not allotted to the owner and managers.

The following example will illustrate the division of interests. The owner of the property or the lease and bond has contributed to the syndicate an undivided sixty per cent interest in the property or in the lease and bond, retaining a forty per cent interest. The subscribers agree to supply \$20,000 in money. This cash capital is divided into twenty units of \$1,000 each. The holder of each unit is, therefore, entitled to a twentieth part of sixty per cent of the whole interest in the property or in the lease and bond.

Assume that after a trial period, the syndicate finds itself inadequately financed. It is a simple matter to provide additional capital through the sale of additional units. The interests of the owners in the property are ordinarily not disturbed unless there is a provision in the agreement that the owners must give up a portion of their share if additional syndicate units must be sold.

If the property becomes a commercial producer, provision is made for organization of a corporation and the transfer by the managers of the whole interest in the syndicate to the corporation in return for its stock which, of course, is divided among owners and subscribers in proportion to their interests in the syndicate agreement.

The managers act as the executives of the syndicate and are given wide powers without the prior approval of the subscribers. This freedom of action and latitude of powers are among the most beneficial features of the syndicate form of organization. When a property is in the prospect or development stage prompt and decisive actions are often demanded, and the managers, who are in close contact with the property and the engineering staff, are better qualified to make such decisions than a board of directors or a group of partners, most of whom ordinarily are inexperienced and insufficiently

informed. On the other hand, provision is made for the removal of any manager by the vote of the subscribers, should he prove incompetent or unsatisfactory.

In California it is necessary to obtain a permit from the Division of Corporations to sell the units. This can be obtained by filing an application, supported by an engineer's report, an attorney's opinion on title, and copies of any relevant agreements.

Experience with this form of organization has shown that usually it gives entire satisfaction, but there is one drawback, which sometimes creates selling resistance. The liability of the subscribers is like that of partners. They do not have the exemption from liability which they would enjoy as shareholders of a corporation. This difficulty is met by providing in the syndicate agreement that the manager may incur no liabilities in excess of money on hand available for the payment thereof. Legal counsel supervises the conduct of the managers and, when a purchase is made on credit, requires a clause in the contract to the effect that the seller has notice of the provision of the agreement so limiting the power of the managers and thus protecting the subscribers from personal liability for the debts of the syndicate. The syndicate managers are also required to insure against other forms of liability. If these precautions are taken there is only a remote chance of liability by the subscribers beyond the amount of their respective subscriptions.

The advantages of the syndicate may be summarized as follows: The initial prospect work or development of the property is placed in the hands of a small group of experienced men, thus centralizing responsibility. The capital requirements are restricted to the actual needs of the property in the initial proof or development. If the property is proved or successfully developed, ownership will have been retained in the whole venture in a comparatively small group. This small group will then be rewarded to a far greater extent than if they had sold shares to the public for \$1 a share less a twenty per cent selling commission. Their

interest in the property will be recognized by the Division of Corporations at its true value and, having taken the risk before the property was proved or developed, they will not be required in any further financing to yield so large a share of the profits to the investor.

Finally the syndicate adapts itself more readily than the corporation to the problems created by the Securities Act of 1933. Under this law, issues of stock and other securities, with certain exceptions, before being offered to the public, must be registered with the Securities and Exchange Commission at Washington, D. C. This procedure is not only troublesome, but occasions undue expense and delay, oftentimes presenting insurmountable obstacles. The units and shares of a syndicate, as well as shares of stock in corporations and certificates of beneficial interest in a Massachusetts trust, are securities within the meaning of this law, but it is usually possible to organize a syndicate so as to exempt its units or shares from the operation of the law.

Thus, issues under \$30,000 in money value usually are exempt. Issues of a corporation organized and doing business within a single state, or of a group of individuals resident and doing business within a single state, are exempt if sold only to persons resident in that state. Again, issues sold for cash amounting to less than \$100,000 and not involving any promotional interest (or having a promotional interest subordinated to the interests of cash investors) are also exempt.

It is generally possible under the syndicate plan to arrange the initial financing and organization so as to qualify under one of these exemptions. After the property has been sufficiently developed or brought into production by the syndicate, there should be no hesitation in complying with the Securities Act of 1933, if public financing on a larger scale is necessary or desirable.

On the other hand, if a corporation, it is desirable, if not necessary, at the outset to raise the maximum amount of capital that may be required. This may be so large and the distribution of securities may be so broad as to make it impractical to qualify under one of the enumerated exemptions specified in the Securities Act of 1933.

Although the advantages of the syndicate have been emphasized in the foregoing discussion, another form of organization in certain instances may be necessary or desirable. A venture on a large scale requiring an unusual amount of capital may necessitate resort to the corporate form with all of its difficulties. On the other hand, a small operation, involving few interests, may readily lend itself to a limited partnership, or a simple partnership. In a word, the cloth must be cut to fit a customer.

In discussing thus briefly a few of the problems in mine financing there is no desire to obscure the fact so well known to mining engineers that the ultimate success or failure of a mine must depend upon the presence and accessibility of mineral values in the ground. For the solution of this physical problem there is no substitute for sound engineering counsel. It must, nevertheless, ever be borne in mind that the proper solution of the financing problem may play an important part in assuring deserved success of the venture and in thus justifying the engineer's judgment.



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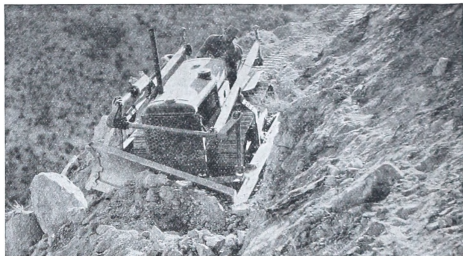
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# Tungsten

*Marsman and Company has aroused interest in this alloy metal with the announcement of a contract with the Hongkong government for the exploitation of extensive wolfram deposits*

Although no deposits of tungsten ore have been discovered in the Philippine Islands, a Philippine corporation is about to start development of the mineral in China; *Journal* readers will be interested in a survey of tungsten.

Announcement was made on May 12 that the Hongkong government had accepted the proposal of Marsman and Company to explore wolfram deposits in the New Territories. Engineers of the company have been to the location of these deposits, which is said to be not far from Kowloon, across the bay from Hongkong itself; J. H. Marsman, president; Major A. Beckerleg, head of the consultation staff of engineers; and B. S. Ohnick, director, of the company went to Hongkong early in May to complete the deal.

It was reported that if expectations are realized, mining operations will be started in four months. It is likely that the engineering talent for the development work will be supplied from the present staff of Marsman and Company, now scattered over the Islands from Suyoc to Mindanao. Philippine capital is invested in Marsman and Company; investors in the company will follow closely the progress of this venture into a new field.

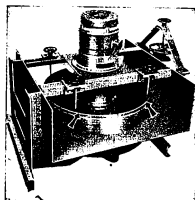
Tungsten is a rare, heavy, greyish-white metal; its chemical symbol is W; its atomic weight is 184; its density is 19.1; its melting point is 3380 degrees Centigrade, and its atomic number is 74. It was discovered in 1783 by d'Elhujar.

Twenty-five years ago tungsten was an expensive, little-known, and little-used element. Today it finds general use in the electric lamp filament and in radio tubes, but its major use is an alloy in high-speed tool steel and in several other special steels.

The amount of tungsten ore used in the world is compara-

(Please turn to page 46)

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## April Gold Production

The total for the month was slightly under that for March, but the figure was well over the P3,000,000 mark. The year's total is now well over P12,500,000.

New monthly high records were made by Itogon, with P270,858; Antamok Goldfields, P331,504, and San Mauricio, P150,019.

The trend is definitely upwards; there is no reason why, with conditions continuing favorable, the Philippines will not be shipping close to P4,000,000 a month by the end of 1936.

Here are the April figures:

Antamok Goldfields.....	P331,504
Baguio Gold.....	86,618
Balatoc.....	1,024,785
Benguet Consolidated.....	701,520
Benguet Exploration.....	17,270
Cal Horr.....	75,326
Demonstration.....	133,091
Ipo Gold.....	49,503
Itogon.....	270,858
I. X. L.....	83,636
Masbate Consolidated.....	168,144
San Mauricio.....	150,019
Salacot.....	34,000
Suyoc Consolidated.....	79,411
United Paracale.....	91,763

Total Production..... P3,297,448

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The Albay Gold...

(Continued from page 20)

getting started. The Parina Mining Association, adjoining Monte Cristo on the south, has a large group of claims. Albay Goldfields adjoins Bicol Gold on the south, while the Neptune group is between Bicol Gold and the Albay gulf. The Banao group is just south of Cabit. G. W. Gangzorn is in charge of prospecting work for the Neptune group, of which L. P. Mitchell is the head.

Conditions are favorable for mining operations in the region. The climate is healthful, with a consistently cool temperature. There is plenty of pure water, from springs, for milling purposes and for domestic use. There is an ample supply of second and third group lauan for use in timbering and construction.

Both Bicol Gold and Cabit are contracting for their timber, the work being done by hand by Philippine workmen.

There is a scarcity of skilled labor, quite naturally, since the Bicol provinces are not mining provinces. However, those in charge say that the workmen take readily to mining work.

A short distance away from Manito, on the island of Rapu-Rapu, in the mouth of the Albay gulf, exploration work is being carried on by Arthur Bridle on 75 or 80 old workings. It is reported that the Chinese prospected this island very thoroughly, and that they found gold. Just why they never came to the Manito region is a mystery, but there seem to be no traces of any earlier mining activities at all in the area.

It is interesting to note that during 1935 there were 2,480 instruments filed and recorded with the mining recorder in the province of Albay. Of these 8 were placer, 2,255 lode, 179 affidavits of annual assessment work on 2,263 claims; 6 were transfers, 1 a lease; 11 deeds of sale; 15 powers of attorney; 3 quitclaim deeds; 2 miscellaneous instruments. So far, in 1936 there have been 51 instruments recorded, 30 for annual assessment work, 19 deeds of sale, and 2 powers of attorney. In 1934, just for comparison, there were but 7 declarations of lode locations filed between October and December.

South Africa...

(Continued from page 23)

thing he doesn't need, but which his fancy makes him desire at the time, and reaches home with this needless plunder and no money. Yet it is the money he ought to have on reaching home.

With money made at the mines, a black buys cattle, perhaps sheep also. He can trade the increment, calves and lambs, for a wife; and the more desirable a girl is, the more livestock she brings. This is not as gross as it sounds. The gift for the bride is an earnest of good faith. (This resembles closely, marriage laws of the Fugaos of Mountain province). If the bride is ill treated, she will leave her spouse, return home, and possess herself of the livestock given for her. This will make something on which to support her children. On the other hand, if she is unfaithful to her vows, her spouse may put her away, and go and claim the bride price back again; and upon legal proof, he will get it.

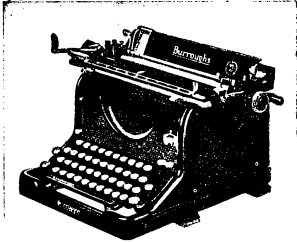
South Africa is paying off her war debts promptly and conscientiously. Naturally, she has not great debt. Her floating debt, counting her European population only, is about 4 to 5 pounds per capita; but counting the whole population it is about 1 pound per capita. (The Philippine public debt is about 1 pound per capita, about P10). In South Africa there is land for all. The government is very particular in setting aside ample lands for the blacks alone; and there, no one but blacks may settle.

It is interesting for the Philippines to know that there is a community of Malays in Capetown dating from about the middle of the 16th century. They are Mohammedans, and hold strictly to their old faith and their old culture; and they are highly respected for their love of peace, their obedience to law, their skill and industry—more notably still, their personal cleanliness. They are craftsmen, and do a great deal of cooping. The country's climate resembles California's; all fruits such as California grows are produced abundantly; vine culture is extensive, and though whisky is not manufactured, brandies and wines, from grapes, are.

(Please turn to page 50)

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**ERRATA**

The complete list of active mining companies in the Philippines as published in the April issue of the *Journal* contained two inadvertencies. The corrections follow:

W. W. Harris is president of Atok Gold Mining.  
Par Value of Manubao Gold is P.10.

## Men of the Mines

George T. Scholey, Balatoc chief engineer for the past six years, will leave the company to become head of the newly-established engineering and mine consultation service of L. R. Nielson and Company about June 5. Mr. Scholey has been with Balatoc for seven years—longer than any of the other engineers on the staff. A graduate of the University of Arizona, he came to the Philippines in 1929 to work for Balatoc as an assayer. He was at various times mine shift boss and mill shift boss before he became chief engineer.

R. L. Loofbourou, assistant to Mr. Scholey at Balatoc, is expected to assume the duties of chief engineer.

Another name was added to the already large list of graduates of the Colorado School of Mines in the Philippines with the arrival of C. B. Larson on April 30. He came to join the staff of the United Paracale Mining Company as mine superintendent.

He was graduated from the Colorado institution in 1923. His experience has been with the United Verde Copper Company, in Jerome, Arizona, three years; and with the Cia. de Real del Monte y Pachuca, in Mexico, ten years.

F. A. Brien, who came to the Islands a few months ago to work for United Paracale, is now on the staff of the Balatoc Mining Company, as mine shift boss. Mr. Brien attended McGill University at Toronto, Canada, and has worked for the Anaconda Copper Company in Montana; for the Inspiration Copper Company in Arizona; and for the Utah Apex in Utah.

An interesting visitor to the Philippine mining districts during the past month was S. G. Turrell, Far Eastern representative of the American Cyanamid Company of New York. Mr. Turrell spent some time in Baguio district, consulting with the various plant heads, and left for the Paracale and Masbate districts about the first of the month. While in Baguio he presented a series of moving pictures showing mining conditions in the Australian gold fields.

Vice-President Sergio Osmeña and a party of his friends inspected the Demonstration Gold plant on April 21. R. L. Lile, general superintendent, and G. A. Bell, mill superintendent, escorted the vice-president through the mill and mine, and explained various technical points to them.

N. A. Fittinghoff, metallurgist, has joined the Soriano interests and will be chief metallurgist for the various properties of the group. He has been doing test work at Benguet Consolidated for some time.

H. H. Booker, formerly engineer in charge of the Keystone mine of Benguet Consolidated, has joined the staff of Masbate Consolidated as mine superintendent.

Two mining engineers arrived in the Islands during April for Marsman and Company. Sam S. Coldren, graduate of the Colorado School of Mines, has become shift boss at United Paracale. Wallace A. Coltrin, whose alma mater is the University of Nevada, has taken a similar position at San Mauricio.

Mr. Coldren has seen mining experience in Mexico for about ten years, and was a consulting engineer in Soviet Russia for three years before coming here. Mr. Coltrin also worked in Mexican mines, and has had considerable experience in the western United States.

Charles W. Burgess, export manager of the Dorr Company, went to China during April on a business trip to Shanghai. He was expected back in Baguio about May 20; he makes his headquarters at the Pines Hotel.

D. W. Blythe, who was in charge of the operations of Marsman and Company at the King Solomon property in Baguio,

has been transferred to the Paracale district.

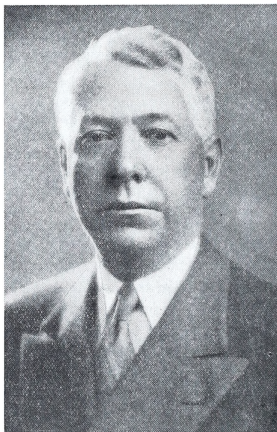
A group of executives of Marsman and Company, headed by J. H. Marsman, president, went to Hongkong, Shanghai, and Peking on a business trip late in April. They were expected back by the middle of May.

J. Fraser Brown, vice-president of Masbate Consolidated, sailed recently for Europe on an extended business trip. He plans to spend most of his time in England and Scotland. During his absence A. D. Goodlife and L. J. Crichton, both of Fleming and Williamson, will take over his duties.

Judge John W. Haussermann, head of the Benguet interests, is now in California, where he will stay about a month before going on to New York. Judge Haussermann will make a survey of the chromite market in connection with the sale of the products of the Consolidated Mine in Zambales, which is being operated by Benguet.

Leslie E. August arrived in Manila on the *Kota Agoeng* from California to make an independent study of the minerals resources of the Philippines. A mining engineer, he has had wide experience and has done much graduate study. He will be in the Islands until his scientific curiosity about our minerals is satisfied.

## Mineral Resources Conservative



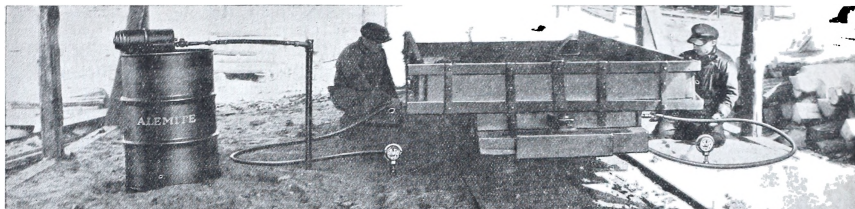
SAMUEL F. GACHES

Samuel F. Gaches, president of Mineral Resources, Inc., reports unofficially that this mining exploration company has no interest in the daily quotations of its shares on the stock exchange and confines its sole interest to the development of its properties with the ample funds at its disposal and the best staff of experts it can procure here and in the United States; headed by Victor Lednicki, the geologist, who was for a number of years in the mining division of the science bureau and for some time the head of that division.

Mineral Resources has at present two extensive projects under active development. One is a deposit of lead and zinc on the island of Marinduque. The recoverable metals, shown so far by the assays, are well worth going after.

The other project is gold, on the Labo group of claims in Camarines Norte. Assays consistently good have come from the considerable development work already completed, and a problem of flooding has been solved. Actual depths and the linear extent of the vein have still to be determined. The operating contract is favorable to the company, providing it the return of its investment and 70% of the output from operations.

As an operating company, Mineral Resources is not of course limited in its activities to these two projects, but may extend its interest to any other projects that seem to it acceptable ventures.



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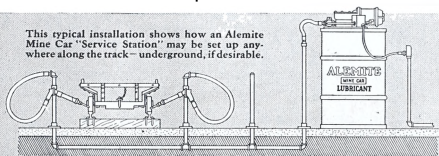
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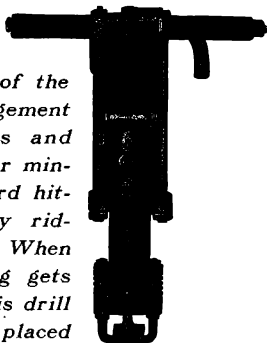
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# COMMERCIAL REVIEWS



AMERICAN CHAMBER

OF COMMERCE JOURNAL



## Coconut Groves

... cover 608,200 hectares of land in the Philippines and account for Philippine copra's being 1/3 of the world's supply. The expansion of plantings since 1910 when the coconut area was but 164,150 hectares has been rapid.—The picture shows young trees; 8 to 10 years after being planted trees are in full bearing.



*Up to Date Commercial Reviews*



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**APRIL SUGAR REVIEW**

By GEO. H. FAIRCHILD



**NEW YORK MARKET:** Despite the advance of quotations on the Exchange, there was virtually no business transactions in sugar during the first two weeks of the month under review. Operators were buyers only of present shipment Puerto Ricos on the 1st at 3.80 cents and first half of June shipment Cubas on the same parity. 2000 tons of 1937 quota Philippine sugar for November-December shipment were sold on the 4th at 3.50 cents and a further 1000 tons on the 8th at 3.51 cents. A resale of 3600 tons present-crop Philippines afloat was made on the 6th at 3.80 cents.

The announcement of the upward revisions in quotas in Washington on the 11th as the result of the increased estimates of the U. S. consumption for 1936 led to a sharp decline on the Exchange when the market opened after the holidays. However, a swift reaction set in the following day in view of the prevalent opinion that the increased quotas were very moderate, and quotations on the Exchange from then to the end of the week were maintained at higher levels than those of a week previously. Since holders continued their firm attitude in the face of refiners being well stocked, there was practically no business in actual sugar during the week.

The market showed some activity early in the fourth week with an improving tendency, May-June shipment Puerto Rico and Philippines being sold at 3.85 cents and second half of June-shipment Cubas at 2.97 cents (the highest price of the year). This improvement was not long maintained however after buyers' retirement from the market although 3000 tons June-July shipment Philippines were sold on the 25th to operators at 3.85 cents. Early in the week 2000 tons new-crop Philippines for November-December shipment were sold at 3.60 cents to operators who subsequently resold the lot at the same figure. Puerto Ricos for July shipment and entry against 1937 quotas were sold on the 23rd at 3.50 cents.

The last week of the month was virtually lifeless, since buyers' ideas were very much less than sellers' quotations of around 3.85 cents for June shipment. A parcel of 500 tons January shipment and 1500 tons February shipment new-crop Puerto Ricos was sold on the 28th at 3.55 cents. The weakness which developed was credited to the congestion in spot and near positions and the very limited demand for refined. The larger arrival of sugar expected in May coupled with the accumulated stocks of refiners contributed much to this weakness.

**Futures:** Quotations on the Exchange during April fluctuated as follows:

	High	Low	Latest
May.....	2.87	2.75	2.86
July.....	2.86	2.73	2.81

September.....	2.85	2.74	2.81
November.....	2.84	2.71	2.81
January.....	2.68	2.48	2.62
March.....	2.64	2.45	2.58

**Stocks:** Latest figures of world stocks were 6,533,000 tons as compared with 7,935,000 tons last year and 8,330,000 tons in 1934.

**Philippine Sales:** Sales and resales of Philippine sugar afloat and for future delivery during the month were as follows:

	Cents per lb.		
	Tons	From	To
Sales.....	19,800	3.50	3.85
Resales.....	5,600	3.60	3.80

**LOCAL MARKET:** In sympathy with the New York market, the local export market during the first half of the month was practically lifeless, with exporters quoting nominally P8.75 to P8.90 per picul and with holders holding for considerably higher prices. Although the value

of export sugar advanced to P9.00 per picul on the 22nd following the improving tendency of the New York market, no business could be done since holders were asking P9.25 to P9.50. At the beginning of the last week, buyers reduced their quotations to P8.80 and P8.90 at which levels a few small parcels changed hands.

After being quiet for sometime the domestic market showed some activity in the middle of the month and moderate purchases were made by one Manila refinery on the basis of P8.00 per picul ex-ship. The market was quiet again during the last week, with buyers quoting around P7.80.

**Philippine Exports:** According to reliable advisers, Philippine sugar shipments to the United States during April amounted to 136,148 long tons of centrifugal and 7,042 long tons of refined. The aggregate shipments of these two classes of sugar for the first half of the crop year 1935-1936 follow:

	Long Tons
Centrifugal.....	406,263
Refined.....	29,313
<b>Total.....</b>	<b>495,576</b>

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## COPRA AND ITS PRODUCTS

By KENNETH B. DAY  
and LEO SCHNURMACHER



KENNETH B. DAY

During the entire month of April the controlling factor in the copra and coconut oil markets have been prices paid by European buyers for copra. Throughout the month the European export value was greater than any value in the United States and considerable quantity of copra has been sold, both to Northern European and Mediterranean ports, with Italian buyers the strongest competitors in the market.

**COPRA:** Copra arrivals in Manila were the heaviest yet noted for that month. Arrivals were also heavy in Cebu for this period of the year. Prices were dropping throughout the month with local dealers selling fair quantities as far ahead as June all along the decline. In



LEO SCHNURMACHER

general prices dropped faster and earlier on the American market than in Europe, so that a considerable volume of sales to Europe was registered, both for usual and Italian destinations. The European market opened at £13 0 0 for F.M.M. and £13 7 6 for sundried and closed the month at £11,10 0 F.M.M. and £11 15 0 sundried. Prices for copra on the Pacific Coast dropped from \$2.55 to \$2.25 with small purchases excepting from outports where shipping facilities to Europe are not available. It is felt that the falling market during April has probably had the effect of making farmers harvest their nuts before time, thus accounting for the unusually strong April arrivals in Manila and that this is likely to result in a reduction of the marketable crop during May.

Statistics for the month follow:

Arrivals—	Sacks
Manila.....	284,810
Cebu.....	280,258
Shipments—	Tons
Pacific Coast.....	9,260
Atlantic Coast.....	1,133
Europe.....	14,769

Gulf Ports.....	2,032
Other Countries.....	242
Total.....	27,436
Stocks on hand in Manila—	
Beginning of Month.....	24,219
End of Month.....	20,501
Stocks on hand in Cebu—	
Beginning of Month.....	20,912
End of Month.....	17,537

**COCONUT OIL:** Conditions in the coconut oil market in the United States noted during April have become intensified and declines in value came more swiftly than had been expected. The decline was so rapid and the volume of business transacted along the decline so small as practically to mean a collapse. From 1½ cents c.i.f. New York, prices dropped to 3¼ cents, with no takers at the lower figure. The reason for this rout in prices is due to the further declines in the price of tallow, increases in the importation of oils which do not have to pay the excise tax, and reports of a probable increase in the foreign crop this year, which would tend to increase the production of lard. We have to repeat that we see little chance for coconut oil to resume its position in the United States as a

main ingredient in the manufacture of soap with the continuance of the excise tax of 3 cents per pound.

The month closed with buyers completely out of the market and the entire trade waiting for a basis on which business could be done. The local market for drum oil dropped from 18½ to 16 centavos per kilo with the market weak. Statistics for the month follow:

Shipments—	Tons
Pacific Coast.....	1,120
Atlantic Coast.....	6,841
Gulf Ports.....	1,510
China and Japan.....	46

Total.....	9,517
Stocks on hand in Manila and Cebu—	
Beginning of Month.....	14,662
End of Month.....	17,126

**COPRA CAKE AND MEAL:** This is the only coconut product which showed an improvement during the month. Mills were reluctant to contract ahead for cake when they could not contract for coconut oil. Prices improved about 10% during the month and showed a distinct upward tendency at the close. The price range was from \$28.75 to \$28.30 per 1000 kilos, with prospects of better prices in the near future. The copra meal market in the United States is seasonally dull during this period of the year.

**DESICCATED COCONUTS:** The desiccated market continued with little change but shipments continue to increase and with lower prices for copra, mills are easily able to secure all the nuts they wish. Shipments for the month were 3,196 metric tons.

**GENERAL:** It is very difficult to predict the future course of the market of coconut products. There are repeated inquiries from Italy for copra, but how much more they will be interested in actually buying is very uncertain. The key to the position remains the American market and we cannot expect any lasting improvement to Philippine producers unless the market can be found to again arouse interest in copra and coconut oil with the consumers in the United States.

### Kagahastian Reports on Luzon Consolidated

President-Manager Raymundo Kagahastian of Luzon Consolidated Mines, Inc. reports the company's chemical laboratory functioning on its property at Lueapon, Sta. Cruz, Zamboales, under a chemist experienced at the science bureau. Power for the laboratory provides light for Camp No. 4, in the south of this chromite property. There the emergency hospital was to be completed by the end of April, equipped and operated under a physician and a registered nurse.

The report says the company's road connecting with the provincial road at Lueapon is expected to be completed in June for delivery of ore to the port of Lueapon both from the north and the south workings. It says the laboratory and road related factors, important for sale and delivery of ore to foreign markets. The laboratory will determine the quality of the ore. The report claims that several thousand tons of high-quality chromite ore are ready for analysis and delivery. With the road in, either "with another more responsible and formal Japanese company or ... German and American companies."

The report claims that a force of 650 men is working at the road, another of 250 men at production, exploration work, and development of ore deposits. It estimates that about 3,600 persons are thus benefited.

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SHIPPING REVIEW

By H. M. CAVENDER

General Agent, The Robert Dollar Co.



March shipments amounted to 280,482 revenue tons, exceeding the preceding month by 55,000 tons. The sugar movement of 119,227 tons accounts for 10,000 tons of this increase. Refined sugar movement was heavy, 12,154 tons shipped, making a record for this commodity. An increase of 7,000 bales

in hemp shipments was proportionately distributed throughout the world, total hemp movement amounting to 127,158 bales. Deseccated coconut (4,257 tons) increased 400 tons, Copra and Meal held their own, and Oil (23,491 tons) was more than double February shipments. Lumber and Logs (11 million feet) were more than double the February movement, the increase being in logs for Japan, two full cargoes having gone forward. A full cargo of 12,933 tons of molasses went forward to West Africa via Cape of Good Hope for orders. Iron Ore to Japan amounted to 42,415 tons, and two small lots of Chromite (or Manganese) 900 tons were forwarded to the United States. Embroideries held their own. Cigars, Guns, Rope and Cutch shipments increased. Furniture shipments, amount to 562 measured tons, are more than double February figures. No Canned Pineapples or Coco Shell Charcoal was shipped. Vegetable Land shipments dropped by 200 tons. Tobacco shipments dropped considerably, only 300 tons being shipped in March as against 2800 tons in February.

Passenger Traffic last classes increased considerably over the previous month and exceeded figures for March, 1935, the principal increase being in traffic to China and Japan.

Through traffic to the Pacific Coast declined as compared with the same month last year, but through traffic to Europe and Mediterranean ports made a substantial increase.

Carrying to the Straits Settlements and Dutch East Indies showed a decrease.

The following figures show the number of departures from the Philippines during March, 1936:

	First	Second	Third
China and Japan	247	381	219
Honolulu	5	5	13
Pacific Coast	41	11	15
Europe via America	12	4	0
Straits Settlements and Dutch East Indies	22	4	2
Europe and Mediterranean Ports beyond Colombo	70	48	10
Australia	3	1	0
America via Suez	9	0	0
Round-the-World	0	0	0
Total for March, 1936	409	487	259
Total for February, 1936	139	174	141
Total for March, 1935	413	378	241

From statistics compiled by The Associated Steamship Lines, during the Month of March there were exported from the Philippine Islands the following:

To	Tons	With Miscellaneous Sailings	Were Carried in American Bottoms With	
			Tons	Sailings
China and Japan	64,097	39	964	5
Pacific Coast Local Delivery	42,414	15	30,513	8
Pacific Coast Overland	1,696	12	890	6
Pacific Coast Inter-Coastal	1,846	8	1,739	6
Atlantic and Gulf	147,072	31	43,673	11
European Ports	21,599	19	580	4
All other ports	1,768	28	263	7

A GRAND TOTAL of 280,482 tons with a total of 92 sailings (average 3,050 tons per vessel) of which 78,622 tons were carried in American bottoms with 17 sailings (average 4,625 tons per vessel).

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## LUMBER REVIEW

By ARTHUR F. FISCHER  
Director, Bureau of Forestry



The total lumber and timber exports for February registered a slight increase over that of the previous month. This was largely due to increased shipments to Japan and the United States. As compared, however, with the corresponding period last year, consumption of Philippine lumber and timber in foreign markets showed a decline of 27%.

Demand in Japan was practically all for round logs as usual. Local producers are evidencing greater interest in this market, which is due to favorable offers being received from Japanese buyers. The prospects for continued heavy shipments of round logs to the above market, at least, during the next few months are bright.

Shipments to the United States during the month under review aggregated 1,532,336 board feet compared with 1,125,296 board feet for January, or an increase of 36%. Thus, despite bad weather which is offering difficulties in that market, consumption of the Philippine product has shown improvement. Inquiries continue to be received and it is generally believed that the above market will continue to show satisfactory progress. Local producers and exporters, however, should be warned against the danger of cut-throat competition as this would easily ruin the market despite the presence of favorable factors thereof. Shipments to Great Britain and South Africa remained steady. Demand, however, in China and Australia registered a considerable slump, although it is believed this is merely temporary.

The local markets showed the usual seasonal strength during the month under review. There was, however, an unusually strong demand for Apitong due to scarcity of stocks. The mills were comparatively active, the total production during the month under review being 19,710,175 board feet compared with 17,153,504 board feet for February of last year, or an increase of 14%. Despite the increase mill production, the lumber deliveries exceeded the former by 5%.

The following statements show the lumber and timber exports, by countries, and the mill production and lumber inventories for the month of February, 1936, as compared with the corresponding month of the previous year.

Lumber and Timber Exports for the month of February

Destination	Board Feet	1936	
		Board Feet	Declared Value
Japan.....	4,161,568	1,066,622	106,622
United States.....	1,532,336	136,658	136,658
British Africa.....	379,056	24,723	24,723
Great Britain.....	288,320	21,940	21,940
Ireland.....	39,008	3,597	3,597
Sweden.....	31,376	3,181	3,181
China.....	24,592	1,358	1,358
Australia.....	16,536	1,843	1,843
Hongkong.....	848	77	77
Denmark.....	—	—	—
Norway.....	—	—	—
Portuguese Africa.....	—	—	—
Hawaii.....	—	—	—
Germany.....	—	—	—
Total.....	8,473,640	P299,999	

1935

Destination	Board Feet	1935	
		Board Feet	Declared Value
Japan.....	7,387,776	1,136,133	1,136,133
United States.....	2,287,904	141,420	141,420
British Africa.....	203,520	18,712	18,712
Great Britain.....	743,272	66,591	66,591
Ireland.....	15,264	1,205	1,205
Sweden.....	13,568	1,493	1,493
China.....	297,224	15,045	15,045
Australia.....	590,208	23,469	23,469
Hongkong.....	—	—	—
Denmark.....	13,144	1,517	1,517
Norway.....	15,264	1,838	1,838
Portuguese Africa.....	89,464	4,468	4,468
Hawaii.....	2,968	290	290
Germany.....	424	80	80
Total.....	11,660,000	P412,251	

NOTE:—\*This represents mostly solid log scale, that is, 424 board feet to a cubic meter.

## For 60 Mills for the month of February

Month	Lumber Deliveries from Mills	
	1936	1935
February.....	20,710,455	16,279,978
Month	Lumber Inventory	
	1936	1935
February.....	35,269,548	31,946,586
Month	Mill Production	
	1936	1935
February.....	19,710,175	17,153,504

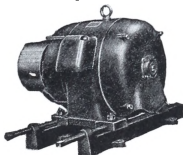
NOTE:—Board Feet should be used.

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**THE RICE INDUSTRY**

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



The market is easier although no great volume of paddy is forthcoming. Rice of the luxury grades sold on May 5 at P6.95 to P7.15 per sack of 57 kilos, paddy of that class at P3.25 to P3.35 per cavan. Macans were P6.70 to P6.90 per sack, macan paddy P3.15 to P3.20 per cavan.

The easier market was due to activities of the National Rice and Corn Corporation in part, something that everyone familiar with the situation had fully expected; although action seems to have been delayed too long, to permit holders to dispose of stocks—apparently with no effect on the holders. In the last week of April Saigon No. 1 was quoted at P7.04 per sack, and the grade generally imported, Saigon No. 2, at P6.95; in both cases, duty paid. This means that Saigon No. 2 can be laid down here at P4.10

per sack of 57 kilos, but to sell at less than P6.50 per sack would be to demoralize the domestic market. Also, P6.50 per sack would allow the Rice and Corn Corporation a profit (P2.40 per sack.—Ed.) to go into its revolving fund. (This profit would be more than 50% on each turn-over.—Ed.)

If the imported rice were sold cheap, as a political gesture, it would be that growers here would turn to other crops; and with the disease affecting rice here, the problem would be accentuated. Imported rice could be sold for cash to rice merchants at 50 centavos per sack discount

from the retail price of P6.50 per sack; provided the merchants resell at not more than P6.50 per sack, domestic rice would remain at P7 a sack and follow out the price level of the past year.

As had been anticipated, several provinces short of rice are calling upon the government or the corporation for supplies. These calls will grow in volume and urgency as the local supply dwindles. Hence imports are imperative, not at 50,000 sacks per shipment, but in large volume to allow timely distribution. At the above prices, producers, middlemen and consumers must be satisfied, for there has been no such rice emergency as that now existing in the past 18 years. Even the most optimistic statistician has to admit it.

**REAL ESTATE**

By **P. D. CARMAN**  
*Addition Hills*



April sales were somewhat better than in April of last year, nearly the same as in 1933 and considerably higher than in 1931, 1932 and 1934.

*Sales City of Manila*

	March 1936	April 1936
Sta. Cruz	P 185,626	P 94,837
Sampaloc	98,528	136,369
Tondo	215,099	84,265
Binondo	268,035	646,000
San Nicolas	79,411	24,399
Ermita	61,500	5,500
Malate	115,300	17,615
Paco	40,956	32,910
Sta. Ana	41,575	18,071
Quiapo	119,794	35,000
San Miguel	3,273	5,100
Intramuros	19,280	—
Pandacan	200	2,910
Sta. Mesa	—	6,000
San Juan del Monte	2,500	—
<b>Total</b>	<b>P1,251,731</b>	<b>P1,129,376</b>

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Friday	May 15, 1936	Leave Bauang U. <td>9:35 p.m.</td>	9:35 p.m.
"	" 22, "	Leave Damortis <td>11:00 p.m.</td>	11:00 p.m.
"	" 29, "	Sunday	May 17, 1936
"	" "	"	" 24, "
"	" "	"	" 31, "

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## TOBACCO REVIEW

By P. A. MEYER



**RAWLEAF:** Price in the local market continued firm although trading was rather quiet. Harvesting of the 1936 crop has begun in many districts of Cagayan and Isabela. A crop of good average volume may be expected. Of shipments made abroad during April nearly 80% were destined

for the Tobacco Monopolies of Austria, Czechoslovakia and Spain. Comparative export figures are as follows:

*Rawleaf, Stripped  
Tobacco and Straps  
Kilos*

Australia	384
Austria	320,126
China	24,761
Czechoslovakia	521,456
Holland	27,193
Hongkong	27,929
North Africa	156,437
Spain	180,090
United States	92,766
	1,551,112
March, 1936	172,732
April, 1935	1,192,833

**CIGARS:** Shipments to the United States compare as follows:

April, 1936	13,382,678
March, 1936	16,922,918
April, 1935	14,736,277
January-April, 1936	51,792,845
January-April, 1935	68,148,189

## MANILA HEMP

By H. P. STRICKLER  
Manila Cordage Company

All foreign markets continued very quiet during the entire month of April, and this lack of demand had its depressive influence over prices which declined further during the month.

Reflecting the condition of foreign markets, all local markets weakened in sympathy and sellers were willing to accept further concession in prices, and business was done on the following basis:

Prices of Loose Fiber in Manila Per Picul			
March 31st	April 30th		
CD.....	P21 00	CD.....	P21 00
E.....	19 00	E.....	18 50
F.....	18 25	F.....	17 50
I.....	17 50	I.....	16 50
J1.....	14 50	J1.....	14 00
G.....	12 50	G.....	11 75
H.....	9 25	H.....	9 00
J2.....	10 50	J2.....	10 25
K.....	8 00	K.....	7 75
L1.....	7 25	L1.....	7 00
L2.....	5 50	L2.....	5 25

## This Year it's Latin America . . .

(Continued from page 15)

peseta it is believed that she cannot possibly pay for her American imports, and that banks there are unwilling to extend further credits to finance the purchase of goods from the United States. It is possible that the reciprocal trade agreement between Spain and this country, now nearing completion, may provide for a plan for liquidating these debts similar to that recently effected with Brazil, but no statement to that effect has as yet been made. The country has strong gold reserves, so either a foreign loan or a debt-paying agreement is practicable. In some quarters it is expected that when the clearing agreements recently negotiated with Spain by France and England are out of the way some arrangement may be possible that will put American exporters to Spain on a better basis.

To Pre-Depression Levels

For the first time since 1929, according to the *New York Times*, export executives are now working out programs for foreign sales that are back to pre-depression levels. While this

trend is evident in practically all manufacturing lines, the markets in which the principal sales efforts will now be made are not the same as those of six or ten years ago. "Following in the wake of automobile and business machine manufacturers who went on a pre-depression binge for export more than a year ago, producers in such lines as machine tools, agricultural machinery, drug and toilet articles, manufactured foodstuffs and a wide range of other products are sending travelers to Latin America, South Africa, Australia and selected spots in Europe and the Far East. Germany and Italy are being given special attention because exporters are concentrating in England, Belgium, France and other European markets where trading conditions are more nearly normal. Similarly in some spots in Latin America, where exchange restrictions are onerous, the exporters are curtailing sales efforts and concentrating their energies in selected markets where trade agreements or general improvement in the economic conditions offers good possibilities."

—The American Exporter.

## South Africa . . .

(Continued from page 29)

A bit of fairyluck in South Africa was the recent discovery of vast diamond deposits on the west coast south of the Orange river, 600 miles from the great diamond mines of Kimberly. The new beds seem to be an old river deposit; you may walk out over them and scratch up diamonds with the toe of your shoe, the usual thing being for them to lie in caches, handfulls of them together. The government realized at once that to let this deposit be exploited in the usual way would be to ruin the industry, make diamonds as cheap as quartz. It therefore monopolized the deposit without delay.

It has put a women vene fence 15 feet high around the whole deposit, put in flood lights and a dead line 75 yards inside the fence, and stationed-armed guards all round. The area is about 40 miles wide, more than 100 miles long. Having reserved and protected it, the government went further and effected arrangements with the diamond trust, that is to say, the Diamond Corporation marketing Kimberly's diamonds, through which the new supply is fed into the market gradually so as not to depress prices too seriously. Of the proceeds, 50% must go to payment of the public debt, and 50% may be used as current revenue. (Three great members of the Diamond Corporation are: The Bernato group, the Oppenheimer group, and the Anglo-American group.)

South Africa has no standing army. It has a military defense organization. All youths register for military service when they are 18 years old, after which, before they are 25, they spend 3 years in training: 2 weeks full time a year, for 3 years, and 1 Wednesday and 2 Saturdays during the remaining 50 weeks of the year in training of some sort. They then go into the first reserves until they are 45 years old, when they pass to the second reserves. Their employers pay them during all their training periods, and keep their positions ready for them upon their return from service—a requirement of law. At the universities the government encourages aviation; students qualify, and go into that branch of the reserves.

Europeans of South Africa take the country as their home. Many have been there during generations. Commissioner Brennan himself was born in Capetown. He rates the Union's educational system one of the best.

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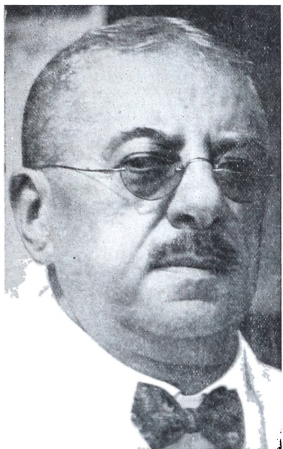
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## Consuls in Manila: VI—Leopold Kahn, Sr.

By BETTY SIMPSON



LEOPOLD KAHN

"Everything is quiet," said Mr. Kahn slowly. "There is no news." Thus the acting consul for France and Belgium sought to evade an interview.

The interviewer was persistent.

"Well, I know why the editor did not come himself. He is my good friend, and knows I do not like to have articles written about me," Mr. Kahn said wilyly.

During the very warm season, Manila is vacated by many an executive. But Mr. Kahn came to Manila before there was any Baguio. For 47 years he has conducted his wholesale and retail business on the Escalita. The utmost reliability is evinced by the fact that when France and Belgium need an acting consul, he calmly assumes that duty.

"Everybody knows me anyway," Mr. Kahn explained, still trying to avoid having a story written.

His cool office looks over the Pasig river. There were military barracks across from it until the handsome post office building was reared. For 20 years General Wood was his friend, and on leaving the Philippines gave a souvenir photograph to Mr. Kahn.

"When you go to Mindanao without danger today, you owe that to General Wood," his friend says.

Alsace-Lorraine was the birthplace of Leopold Kahn 65 years ago. As a lad of 18 he came to Manila. Things were much different then. Instead of electric fans and air-cooling, a sleepy boy kept the *punkah* moving with his foot. The Pasig was not so clean. Trim, sputtering launches were few.

The French Chamber of Commerce was formed 16 years ago. Leopold Kahn was its first president, and is today.

During the World War, he was above the age for fighting. Nor would he be a megalomaniac. Propaganda does not alarm or disturb him.

The French newspapers he receives, and reads leisurely, did not reflect so much disturbance and apprehension as the cabled reports to local papers. Mr. Kahn has the perspective born of a judicial nature and an unperturbed vantage point.

Twice he has revisited Europe. The Philippines are the country he likes. When he first came, the vacation spots during April and May were Antipolo, Sibul and the like. Perhaps they are still his favorites.

He has known everybody in Manila for 47 years. If there are newcomers now who do not know him, he still does not think that is reason for an article to be written about him.

Musie he likes, admitting that he and his family have a little musicianship. Probably that means a generous measure of musical talent, in reality.

He claims that hundreds of interviewers—of the masculine sex—have been turned away from his office. It is true that he has an aversion to the spotlight. You who read this, forget you saw the article, when you are talking to him.

No Frenchman, however, can be rude to a lady. But after ten minutes' of trying to escape being interviewed, Leopold Kahn tried to buy his way out of the magazine spotlight. He preferred to pay the equivalent in hard cash. And to the request for a photograph, he was gently but firmly negative.

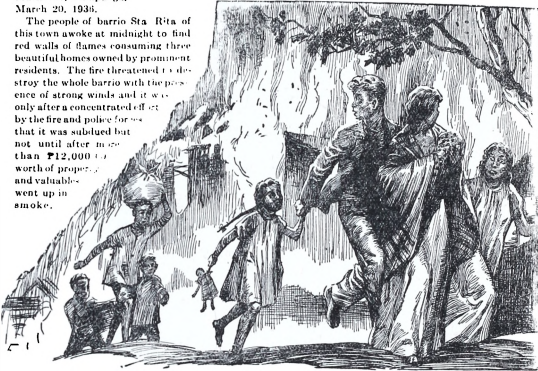
Yet when a matter of consular duty arises, or when wise and calm heads are needed in some Manila enterprise, first will be Leopold Kahn.

## Pampanga Scene Of Conflagration!

Marabebe, Pampanga.

March 20, 1936.

The people of barrio Sta Rita of this town awoke at midnight to find red walls of flames consuming three beautiful homes owned by prominent residents. The fire threatened to destroy the whole barrio with the presence of strong winds and it was only after a concentrated effort by the fire and police forces that it was subdued but not until after a loss of more than P12,000 worth of property and valuable time was spent in smoke.



The Red Calamity may strike at you next—destroying in half an hour all that you have saved and built during half a lifetime! The greatest crime you can commit against those who look up to you for comfort and security is *not to do what can be done now—provide for the future—*

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## Men Downtown

Ralph Pauli from the sugar domain of Negros spent a few weeks in Manila keeping money in circulation on Gold Row. Then, either tiring of the mad whirl or content with the spoils, he sailed back to the cane with a half dozen books in his portmanteau. His latest—and always trenchant—analysis of commerce and industry is that, like a fireman, you have to sleep with your clothes on.

Vacations by air are the mode. Guests of the International Harvester plantation at Davao arrived by plane and were royally feasted by N. H. Duckworth who accompanied the presidential party on the cutter Arayat. Some of the vacationists were Warren Garwick, C. S. Russell, Mildred Evans, Edith Bundy, Mabel George.

C. E. Almy of Warner Brothers-First National was among many trippers sailing Chinaward for a holiday. The rumor that newspaper headlines on starvation there were part of a plot to avert hordes of hungry visitors is yet unauthenticated.

Manila and the Philippines are hostess to the "only million-dollar-a-year insurance women in the world". Elsie Mumma is far-famed for her business accomplishment, yet failed to keep her vacation schedule because of the lure of Southern Islands.

The annual T. J. Wolff party was as successful as ever, perhaps more so. It was not the cause, however, of changing residence to the Manila Hotel, building construction gets the credit.

Shipping men recently arrived in Manila are I. W. Lang of Hongkong and R. Hubert of

Tokyo. Mr. Lang's favorite indoor sport is to give readings of Bobbie Burns' poems, much to the enjoyment of casual listeners.

Paul Malone, president of American Sweets, arrived in Manila from the United States, in the procedure of making an extensive trip through the Far East. Have some coconut candy? Yes, sir!

Among happy tourists sight-seeing in the Walled City and drinking in (phrase it this way, please!) the Philippine sunsets were Stuart Benson, noted sculptor, Harriet Aiken of Public Art Institute at Glenn Falls, Mass., Everett White of Boston and David Segal of New York.

Manilans dodging the hot season, albeit taking their chances with *mal-de-mer* on the Pacific, were Ben Ohnick, Judge M. D. Purdy, E. E. Wing, Andy Anderson, et al.

Julius Reese of Manila Trading returned to Manila after an extended trip to the United States.

Off to Baguio for conference and coolth was E. D. Hester, sugar economist, and scholar *par excellence*.

Norman H. Hill of the High Commissioner's staff shaved off with Dr. H. Odley Beyer to Banaue, and gained insight into the penetrating comprehension of a scientist adding still more to his already remarkable store of knowledge.

William E. Nash of Montgomery, Ward & Company spent a pleasant few days in Manila in April. *Time* of April 6 reviews *Ward's* 64th annual report in comparison with the golden jubilee report of their great competitors, Sears, Roebuck. *Ward's* net is up 47% over what it was a year ago, to \$13,527,000.

A visitor in the town from Manchester, England, was A. Rickard of Tootal, Broadhurst, Lee Company, Ltd.

(Please turn to page 46)

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## Philippine Gold Mining

(Continued from page 23)

Soon after the equipping of the Colorado mine with a mill, the neighboring Syndicate property (formerly the Eastern) was supplied with a 150-ton plant which also used fine grinding and cyanidation. The equipment consisted of a washer for removal of clay, a gyratory crusher, ball and tube mills for reduction, Symmes agitators and a counter current series of tanks for treatment, zinc boxes for precipitation and Kelly filters for final washing. This plant, enlarged from time to time, was operated at a profit for many years by the Syndicate Mining Co. but was finally sold with the mine to Mr. Paul Schwab, who with Ben. Berkenkotter operated it profitably for many more years—in fact I believe it is still in operation, and there is now talk of enlarging it to 1000 tons per day to handle large reserves of low grade ore.

In 1915 a new plant of a rated capacity of 60 tons per day, was erected on the Benguet Consolidated property by the writer. This plant provided treatment by fine grinding (in solution), and cyanidation, the equipment installed consisting of a 9 × 12 jaw crusher, ten stamps of 1050 lbs. each, one tube mill, 6 ft. by 10 ft., three Dorr agitators and five thickeners, one Dorr Duplex classifier working in closed circuit with the tube mill, and zinc boxes for precipitation. Later, when the need was felt for greater treatment capacity, a line of Trent equipment consisting of one agitator and three replacers was installed, but was later discarded in favor of more Dorr equipment. An additional tube mill, 6 ft. by 8 ft. was added in the course of time and an Oliver filter was installed in 1917 to reduce soluble losses. Other changes and additions were made from time to time, the stamps being finally replaced by ball mills, the smaller tube mill converted into a ball mill, zinc box precipitation replaced by press precipitation in conjunction with the Crowe process, more classifiers added (including two bowl classifiers) and more Oliver filters (until at present there are in operation six of these, all 11-1, 2 ft. by

14 ft.) Several additional ball mills have been added, and the old tube mill discarded. The capacity has thus been brought up to 800 tons per day, after the addition of flotation apparatus to handle the natural slimes of the ore, but the line of treatment adopted in 1915 has not been materially changed except for the flotation feature just noted (which increased the mill capacity by 200 tons per day). Never since the mill started in 1915 has it been short of ore, except for one short period when hoisting was stopped by reason of a mine fire. The property has produced close to \$25,000,000 and paid regular dividends since Sept. 1916. As for ore reserves, the 1924 report gives the estimate of 981,905 tons of positive and probable ore, of an average value of \$9.00 per ton, on the old basis of \$20.67 per oz. (Figured on the present price of \$35, the total gross value of reserves is in excess of \$15,000,000.)

In 1926 a milling plant was put into commission on the Itogon property in Benguet. It was not much of a mill, consisting largely of such second hand equipment as could be had locally, but with improvements and enlargements from time to time, it has maintained continuous operation ever since. With handicaps of lack of capital and of a rather low grade of ore, the mill to reach a profitable stage was a long hard one, but with capable management and the advantage of the present high price of gold, it now ranks as one of the more successful mines of the District. The annual production climbed from a little over \$100,000 in 1927 to over \$800,000 in 1933, the total up to the end of that year being \$2,635,664.43, while the production in June of this year was \$102,081, from 10,030 tons milled. Antamok Goldfields, which is crowding Itogon for third place in production handled 12,000 tons in June with about the same recovery, began operations much later, but has not been very successful.

The most important mine in the Islands, however, is the Balatoc, a mere prospect in 1926, but now one of the big mines of the World. It was taken over by the Benguet Consolidated in 1927 and equipped with a mill of 100 tons nominal

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capacity. Its growth since then has been spectacular: The grade of the ore has maintained a high average in value, the ore bodies are strong and consistent and the ore is treated with no great difficulty and with high extractions. The capacity of the mill has been increased several times to keep up with the mine, until at present it is handling 1200 tons of \$9.00 grade per day (old basis) —and the mine is still leading, with reserves constantly increasing. At the end of 1934, reserves of positive and probable ore totalled 1,134,883 tons of an average grade, on the old price for gold, of \$10.00 per ton. The output per month for this year has been around \$500,000 at \$35 per ounce for gold. The line of treatment, while somewhat similar to that of Benguet, is more complex and difficult, requiring finer grinding, and longer contact. Step filtration with repulping and re-agitation, has featured the treatment from the start. Space does not permit me to undertake a detailed description of the plant, nor to discuss the treatment further.

Encouraged by the success of Benguet, properties have been equipped and brought into production within the past few years, notably Antanok Goldfields, (previously mentioned), Baguio Gold, handling around 4000 tons per month with recovery of about \$35,000, Demonstration, milling about 5000 tons per month, with an output of about \$40,000, Benguet Exploration with about 2000 tons milled per month and recovery of about \$17,000, Suyoc Consolidated (in Northern

Luzon) with output of about \$30,000 per month from 2,500 tons milled, United Paracale (in S. E. Luzon) with 2,500 tons milled per month and a yield of around \$30,000 and Ipo, (in Bulacan), whose production has been somewhat uncertain and varying for some time past, owing to shortage of payable ore. The mill has a capacity of 150 tons per day but has not been operated to capacity lately. Gold River, in Benguet, was equipped with a very complete mill early this year, but proved to be a flop, due to lack of payable ore in quantity sufficient to keep the mill going.

On the whole, however, the industry is in a very thriving condition, and production, which climbed from \$3,700,000 in round numbers in 1930 to \$12,000,000 in 1933, and which has exceeded \$7,500,000 for the first half of 1934, should reach (and perhaps exceed) \$16,000,000 for 1935, making due allowance for normal increase from the plants already working and some additional from two plants now under construction—The Salacot in Bulacan Province near the Ipo of a rated capacity of 200 tons per day and the mill which is being placed on the Cal Horr property of Benguet Consolidated, in Benguet, of 150 tons capacity. Both of these plants should be in commission by the end of September; other plants are projected on properties now being developed. It is not an unreasonable assumption, therefore, that there is likely to be further growth of the gold mining industry in the Islands for some years to come.

## GENEVIEVE CLAUSON

Leave these lines rugged,  
Bare of rue—

So she would have them,  
Plain, and true.

Her Krags were knowledge,  
Her Springfields, grit:  
Set her a task to do,  
Hers the running it,  
God! How that task was done!  
How thorough-going fine,  
Each toe upon its mark,  
Each heel to line.

She matriarched public schools  
In the Philippines thirty years,  
Pampanga to Surigao—  
Each year a furrow straight  
By well-held plow:  
It made her old, she's dead,  
And with her Maker now—  
Wearied into her grave  
Unbeaten still, still brave.

Our tropic seas scarce lave  
A village coast  
That shall not boast  
Some heart her own made strong,  
Some soul invincible as she,  
Some ration of sound education  
For this marching nation:

Some drawing out of worth  
Where there seemed dearth;  
And thousands, with quickened breath,  
Lament her death—  
Her Krags were knowledge,  
Her Springfields, grit.

—Walter Robb.

To Robert Emmett Clauson, oldtime schoolman of the Philippines and longtime subscriber to the *Journal*, the above memorial to his late wife Genevieve, who died at their home in California about 2 months ago after having been retired from the educational service here but a few years. Mrs. Clauson first came to the Islands as a teacher with the first large number of teachers on the old transport *Thomas* in 1901, and from the beginning her untiring work was of the first order, much of it at pioneer stations.—W. R.

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## Tungsten

(Continued from page 28)

tively small. In 1933 there were less than 7,000 tons of the ore produced, and around 11,000 in 1934.

Tungsten occurs in nature as the tungstate minerals: wolfram, scheelite, hubnerite, and ferberite; and in the altered form as an oxide variously termed tungstic oxide, tungstite or wolframite. Of these wolfram is commercially the most important.

About 70 years ago tungsten was first used for improving the quality of tool steel. It was first introduced into the steel in the form of the mineral, but from 1890 onwards tool steel containing substantial percentages of tungsten came into use and made it necessary for tungsten to be prepared in metallic form. For many years metallic tungsten powder was the form in which the metal was used by tool steel makers, who worked almost entirely in crucibles. Through the use of electric arc and high-frequency furnaces, tungsten metal powder has been replaced to a large extent by ferro tungsten, smelted directly from the ore by electrolysis or Aluminothermic methods. The consumption of tungsten has varied very much over 30 to 40 years, as it has followed closely activity or slumps in engineering.

Previous to the World War most of the production came from British territory, but the market was dominantly in Germany and the reduction products were supplied to Sheffield, where British consumption was centered, as powder or ferro-alloy, and there was little curiosity as to the sources and methods of production so long as supplies were available.

From 1900 to 1910 prices began to rise, with the increasing demand due in part probably to German stocking up in anticipation of possible war. In 1910 production was about 7,400 tons, falling to about 6,600 tons in the next year and averaging about 8,000 tons up to the outbreak of the War. Increased quantities began to reach the mineral dealers in England about 1911, and interest in that country for metallurgical applications are said to have started at about that time. There was much interest shown in the metal in Germany and in France, and the start of the War brought about considerable activity in the industry in England.

The demand for tungsten during the War led to a rapid increase in price and consequently in production. In 1915 the price in Great Britain was fixed by the ministry of munitions at 55 shillings a unit; this was raised in 1918 to 60 shillings with allowances. At this time the bulk of the supply was in British hands, and the rapidly growing demand in the United States for the mineral led to a rise in price up to \$120 per unit.

Early in 1917 important discoveries of wolfram were made in China, and as the ore was very cheaply produced, Chinese output rose rapidly so that by 1918 the world output was estimated at about 22,000 tons of ore.

After the War there was an immense accumulation of concentrates and of powder and ferro tungsten, as well as of tool steel. When the price was decontrolled there was a great slump in the market which rapidly put most producers, with the exception of China, out of operation. From that time on, China has dominated the market.

Recovery in price was slow, when demand did not begin to revive. During the latter part of 1928 prices improved, and in 1929 the American Tariff Bill, and negotiations for the formation of the European cartel (for the control of the market) boosted the price considerably. In August, 1929, the top of the movement was reached, when a top price of 40 shillings was recorded. By this time the cartel had been established and the price fell at the end of the year to 34 shillings. With the world-wide slump, the price fell in 1930 to 30 shillings, and at the end of 1932 had declined to 10 shillings 6d.

In the spring of 1933 there were reports of agreements to control shipments from China, and in May and June prices began to firm up slightly, and when eventually the Nanking government intervened and established a monopoly of export the present cycle of high prices was well on its way to establishment. At the end of the year the price was around 28 shillings, and last year (1934) prices advanced to around 50 shillings. This high price stimulated production from producing countries outside China, resulting in a lower tendency, with prices standing at about 36 shillings in August, 1935.

As nearly as can be estimated, the arrivals of wolfram ores in Europe have been as follows: 1931, 11,228 tons (of which 5,642 tons was Chinese); 1932, 6,114 tons (of which 2,821 tons was Chinese); 1933, 8,614 tons (of which 4,287 tons was Chinese); 1934, 11,000 tons (of which 4,230 tons was Chinese).

The countries producing the bulk of the world's requirements are China, Burma, Malaya, Bolivia, United States, and Portugal, while Australia, Argentina, Cornwall and several other countries have contributed substantial quantities.

In 1933 the production of tungsten ores, expressed in metric tons of tungsten concentrates containing 60% WO<sub>3</sub> (wolfram), as given in the *Engineering & Mining Journal* of New York in a chart prepared by the Bureau of F. & D. C. and the Bureau of Mines of the United States, was follows: China, 22.5; India, 22.3; British Malaya, 5.5; Bolivia, 6.9; Europe, 3.2; United States, 3.6; Indo-China, 2.5. Apparent consumption, also expressed in metric tons of tungsten concentrates containing 60% of WO<sub>3</sub>, was Europe, 59.8; United States, 4.6; Japan, 2.8. Thus China, India, British Malaya, and Indo-China exported all of their production, and used none of it, while Europe produced but a fraction of its needs.

Tungsten is one of the few minerals which the Far East contributes to the world's trade in any amount, antimony and tin being others.

In 1924 China supplied 63% of the world's tungsten; Burma, 18%; Siam, 13%. In 1927 China supplied 64.3% of the tungsten used in the world.

China dominates the world tungsten market, in spite of high tariffs levied against the ore by the United States and other countries. Tungsten had no value to the ancients, so that the abundant ores found in the residual soil over the veins in which it occurs were not mined away. When there came a period of world shortage at the time of the War, attention was attracted to the Chinese deposits. A little was mined during the first year of the War, and production rose in two years to an estimated output of 10,000 tons of concentrate.

The Chinese tungsten ores occur at the surface, and are readily amenable to wet concentration with a simple plant. This fits in particu-

larly with Chinese methods, and within a short time shipments of concentrates were large enough first to dominate and then to break the market. High grade concentrates can be laid down in New York or European ports cheaper than from any other district. Much of the richer, easier-mined material has already been marketed, but it is presumed that large quantities remain, and for a considerable period China may be expected to rank first among producers.

According to H. Foster Bain, (Ores and Industry in the Far East), the important deposits in China are in the southeast. W. H. Wong recognizes two tin-tungsten belts, one near the coast and extending down through Fukien; the other, and more important, extends along the border line between Kiangsi and Hunan on the north and Kwangtung and Kwangsi on the south, running on into Indo-China. It is the same belt in which the tin deposits are found, and the mode of occurrence is the same, tin and tungsten coming often from the same veins. It is reported that the principal center of tungsten production is at Yao Kang Hsien in Hunan, where a mass of granite is intruded between limestone and quartzite. There are many quart-tungsten veins in the quartzite but not in the limestone. Toward the east, tin replaces tungsten.

The book from which the above paragraph was taken was written several years ago, and nothing is said of recent developments. The predictions made, that large quantities of tungsten ores remain, are apparently justified by present conditions. More about the Kowloon deposits will probably be released to the public from time to time as the Marsman interests carry on work there.

Tungsten is essentially a war material; and the present tendency of the nations of the world to prepare themselves for war has undoubtedly favored the tungsten market.

EDITOR'S NOTE:—In preparing this article, use was made of, and quotations taken from the *Mining Journal*, of London; the *Engineering and Mining Journal*, of New York; *Ores and Industry in the Far East*, revised and enlarged edition, by H. Foster Bain, for which acknowledgment is hereby made—R. K.

## Men Downtown

(Continued from page 42)

W. S. Bardarson, hotel man of Shanghai and Hongkong, arriving in Manila for a considerable stay.

Newcomers to the mining fields are Charles E. Chaffin, going to Cebu as metallurgist for the East Mindanao, and Harvey S. Terbusch, to be diamond drill contractor at Antamok Goldfields.

Henry Unistad, after a trip home, greeted Manila friends briefly before heading toward Iloilo, where he manages International Harvester.

Come June, the kiddies will be traipsing back and forth from school. Among them will be the proteges of Mrs. S. W. Muller, some from the provinces. She has taken new quarters and teaches under the tutorial system.

From headquarters at Batavia, South Africa's amiable and ardent Far East Trade Commissioner—T. J. Brennan—came to Manila and looked about with an economic gaze. Our perspicacious *Journal* editor, invariably called upon for information, turned the tables on him generally and emerged from the coffee hour with an excellent article *South Africa Through a Trade Commissioner's Eyes*, appearing elsewhere in this issue.—E. S.



## RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA

Acting Traffic Manager, Manila Railroad Company



The volume of commodities received in Manila during the month of APRIL 1936, via the Manila Railroad Company are as follows:

Rice, cavanes	71,071
Sugar, piculs	274,357
Copra, piculs	82,625
Desiccated Coconuts, cases	23,321
Tobacco, bales	1,189
Lumber, board feet	304,162
Timber, kilos	878,000

The freight revenue car loading statistics for four weeks ending April 25, 1936, as compared with the same period of 1935 are given below:

## FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONS/HAIR		Increase or Decrease	
	1935	1936	1935	1936	Cars	Tonnage
Rice	343	546	4,284	6,705	(243)	(2,421)
Pulver	56	135	672	1,569	(60)	(897)
Sugar	356	596	11,225	17,921	(240)	(6,696)
Sugar Cane	—	—	—	—	—	—
Copra	46	142	3,220	1,378	27	2,061
Coconut	71	287	730	3,478	(216)	(2,739)
Molasses	27	16	693	458	11	235
Hemp	—	—	—	—	—	—
Tobacco	—	—	—	—	—	—
Lumber	—	4	10	12	45	(33)
Timber	249	241	3,643	2,701	(6)	8,324
Mineral Products	118	209	2,969	5,425	(91)	(2,456)
Manufactures	3	37	16	125	(14)	(109)
Manufactures	143	145	1,990	2,409	(3)	(410)
All others including T. C. L.	2,408	2,411	10,558	14,117	(6)	2,441
<b>Total</b>	<b>4,194</b>	<b>4,759</b>	<b>45,452</b>	<b>56,130</b>	<b>(565)</b>	<b>(10,678)</b>

## SUMMARY

Week ending April 4	1,245	1,520	13,069	15,538	(75)	(2,409)
Week ending April 11	742	1,197	8,054	11,580	(455)	(3,526)
Week ending April 18	1,171	1,618	15,086	12,213	223	3,473
Week ending April 25	1,036	1,294	8,843	10,799	(258)	(8,150)
<b>Total</b>	<b>4,194</b>	<b>4,759</b>	<b>45,452</b>	<b>56,130</b>	<b>(565)</b>	<b>(10,678)</b>

NOTE—Figures in parenthesis indicate decrease.

## My First Inspiration

By JOSE RIZAL

(Translator's note: According to Soledad Rizal, her brother wrote this poem at age of nine years. The present English translation is the only one I know of. —Frank Laubach.

Why do the fragrant flowers  
Exhale their sweet bouquet  
Upon this festive day  
From out their chalice bowers?  
And why in silvan vales  
Are heard sweet melodies

So like the harmonies  
Of singing nightingales?

And why in grasses deep  
Are mellow carols heard  
As every eager bird  
From stem to stem doth leap?

And where the fountain flows  
What lovely murmur sighs  
Like muffled lullabies  
To every breeze that blows?

Dear Mother, in your praise

Your natal day to greet!  
The rose exhales her sweet,  
The birds pour forth their lays.

The fountain's gurgling purr  
This merry-hearted day  
Is spluttering to say  
"Long life and joy to her!"

And now with my guitar  
I join the fountain singing—  
O hear this first note winging  
To tell how dear you are.

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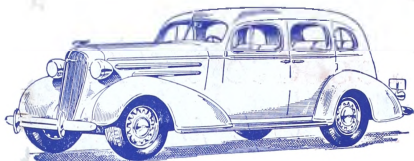
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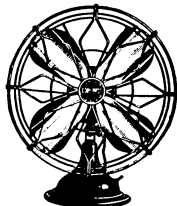
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