

# THE AMERICAN CHAMBER OF COMMERCE JOURNAL



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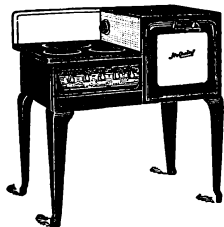
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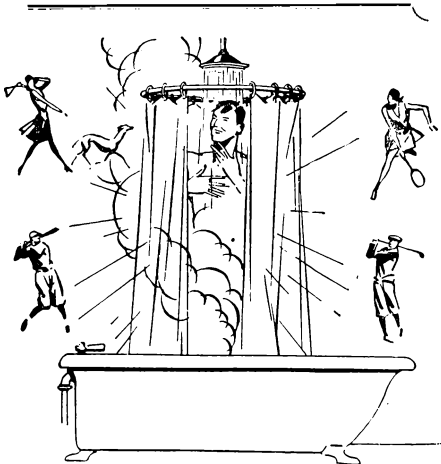
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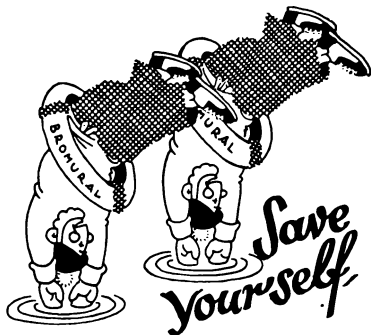
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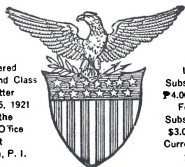
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—  
WALTER ROBB  
Editor and  
Manager

# Let Us Come Down To Earth

By JOHN R. WILSON, *Secretary of the American Chamber of Commerce*



JOHN R. WILSON

To read the many interpretations of the Hawes-Cutting bill one would be led to believe that same was written on a cuneiform and recently discovered by congressional archeologists. The truth is that the Hawes-Cutting bill is written in very clear-cut English and it does not necessitate men versed in legal lore to understand and interpret same. Simply because it was not drawn in terms to suit everyone does not mean that it is susceptible of more than one interpretation. Everyone will admit that it is

a measure inspired by selfish interests. It is not an altruistic measure in any sense of the word. As has been stated, altruism got nowhere in its efforts to cast off the American yoke, but once selfish minded interests entered the fray, it didn't take them long to destroy such part of the binding ties as suited their purpose. The tie that interested the Haweses, the Hares, the Huey Longs and many others, was not regard for the welfare of the Filipinos, it was the cry of Cuban sugar and the deluded farm interests of the United States. These men were hailed by the Filipinos as their American friends, they were wined, dined, entertained and lauded to the sky. Any "corroded" American who dared sound a warning "Look Out!" was branded as a carpetbagger, exploiter, imperialist and enemy of the Filipino people.

Thank God, some of us have lived long enough to see the tide turn and what a turning it is. Never before has there been such a revision against congress on the part of the press of the United States as took place after the passage of the Hawes-Cutting bill. These criticisms cover every aspect of the situation. Some of them are imperialistic but most of them condemn the injustice done the Filipino tao, none of them have any sympathy with professional politicians or philosophers.

Some of our spellbinders for years have been wearing a suit of sackcloth sprinkled with ashes and asking for sweet charity, others have been demanding justice. In other words, some of them were running with the hare, while others were hunting with the hounds. Everyone, who will, can see what they got and why. They got an independence bill because of propaganda backed by Cuban interests. Had it not been for the fact that hundreds of millions of American dollars are invested in United States cordage and Cuban sugar, there would be

no independence bill today. Those Americans who for years have been working for Philippine independence were left at the stake and now they deery the bill that was passed. Perhaps they are merciful in that the reduction to peonage or slavery of the Filipino tao would be quickly accomplished. It has been said that some of the veteran anti-imperialists were also influenced by money, but the Philippine money was not as plentiful as was, and perhaps still is, Cuban money.

For years the cry was for complete and immediate independence. When the possibilities of independence became probabilities, the leaders began to ask for conditions such as free trade for a term of years, neutralization and many other equally desired objects, but when the bill finally emerged from the egg, it was a rare piece of legislation and was far different from what was wanted.

The Hawes-Cutting bill is more of a business proposition than one of philanthropy. The restrictions on Philippine products apply to sugar, coconut oil and cordage. As yet the permissible amount of coconut oil would be all right for, say, five years, but cordage has been cut to one-half the present export to the United States. Sugar now exceeds the permissible amount, although this is as much as was exported in 1930 or 1931. Everyone admits that there must be a curtailment of sugar production all over the world, so why is it not wise to start now? Now as to certain other provisions which are considered objectionable; they hinge principally on the bonded indebtedness of the Philippines. In view of the defaulting of nearly all the powers of Europe in the payment of debts, does anyone expect that the United States is going to allow the Philippine Islands to avoid payment of this debt when it is so easy to collect it before or on due date? An independent Philippines will have to borrow money and the United States will not be the lender. The Philippines will be forced to borrow from lenders who will demand more than a mere promise to pay. What have they to offer except special privileges such as a monopoly in the export of hemp, or on certain imports or exclusive rights for exploitation of minerals, forest, fishing, etc.? These are not fancies, they are facts. These will be the only assets the Philippines will be able to offer. The decrease in the collection of taxes will be a staggering blow. The actual decrease at this time is so great that government reorganization is necessary and the worst is yet to come. Customs revenues will be cut one-half and land taxes will fade away to nothing. The preceding statement is not to be denied. Right now

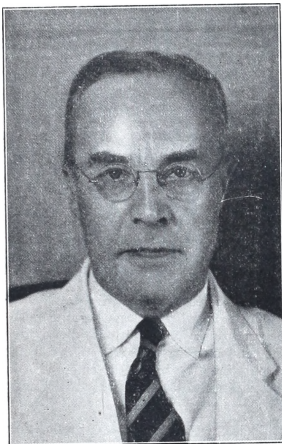
delinquent land taxes are taken as a matter of course and our officials have been turning over every stone looking for other sources of revenue. All our wealth comes from the ground and it is a sad plight when our soil cannot bear its share of government.

One feature of the Hawes-Cutting bill is the provision regarding military and naval reservations. These will provide millions of ready cash and it is safe to presume that their

dollars will be like manna was to the Israelites in the wilderness.

Now let us stop reading interpretations into the law. It is couched in no uncertain terms. Let us look at it from the economic standpoint and do everything we can to protect the material well-being of our Filipino people and seek the rejection of the bill by our legislature. Fortunately there are distinct signs that the responsible elements in the Philippine community are beginning to take the same point of view.

## Roosevelt Leaves Malacañan: Holliday Acting Governor General

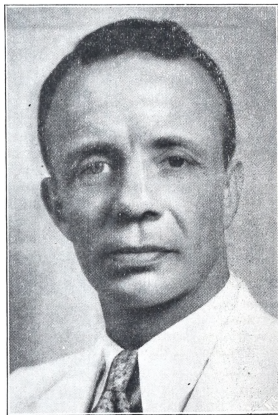


JOHN H. HOLLIDAY

Governor-General Theodore Roosevelt, whose resignation has been accepted by President F. D. Roosevelt, left Manila, March 16, with Mrs. Roosevelt for the East Indies trip and thence to the United States by way of Europe. His administration of the Philippines covered just 16 days more than a calendar year and numerous farewell functions honored his departure.

President H. M. Cavender of the chamber of commerce spoke for the business community at the popular banquet for outgoing Governor Roosevelt March 14 at the Plaza Hotel.

The Philippines were much pleased when President Roosevelt appointed again, to the vice-governorship, Hon. John H. Holliday, to be acting governor-general of the Philippines until a new governor-general arrives in the islands and assumes office. Vice-Governor Holliday's appointment under Mr. Hoover had expired with the latter's administration, March 4; so it happened that the Democratic president reappointed him, a Republican, and the Democratic senate confirmed the appointment. By this action of President Roosevelt's the islands were immediately given an experienced chief executive of



THEODORE ROOSEVELT

proved ability. The action was in behalf of the islands' best interests and comports with what the chamber of commerce has always advocated and will always approve; namely, disregard of partisanship and selection of tried experienced men for the executiveship of the islands where, as happily in Acting Governor Holliday's case, such men are in line for recognition and their work incontestably recommends them.

## LONDON CHAMBER'S SCHEME

The scheme put forward by the London Chamber of Commerce aims at the maintenance of stability in exchange and in the internal price level. Internally, their proposals envisage the provision of a more scientific regulator than the fortuitous arrival and disappearance of gold to determine when trade and industry require more or less currency. Internationally, moreover, the system, based on a clear recognition of the fact that one nation can receive payments from others only in goods and services, would remove the incentive to obtain a "favourable" balance of exports, and would thereby make it unnecessary to force down the price level to foster exports. At present the desire for an excess of exports is ultimately due to a desire to obtain gold; if international trade were conducted, as the Chamber suggests, through a Central Bankers' Clearing House, no useful purpose could be served by a country exporting more than it wished to import. If it did, it would merely be making a present of its goods to other nations.

The question of exchange stability, moreover, would solve itself under this system. The Central Bankers' Clearing House would transact business on exchange rates which were fixed

by agreement. All exchange would be transacted through the Clearing House, and no rate other than that originally fixed would be discussed. The problem of the parity of exchanges, it may be pointed out, is not a peculiar difficulty of this scheme, for it would have to be faced equally if the nations were to try to reinstate the gold standard. Every nation, however small, would be represented on equal terms in the Clearing House, and all would be working to a reindexing, or goods, standard—not to a gold, dollar, or sterling standard.

As long as goods and services were the only means of settlement between countries, there could be no question of instability of foreign exchange. If a country exported more than it imported, it would merely have a certain quantity of unused short-term credits in other countries. It could take these out in goods if it wished; but if it did not do so, there would be no question of a "debt" owed to it. The buying nation would have paid for the goods it imported by the only means it could—that is, by giving a claim to its own goods or services. The Chamber's scheme, through the Clearing House, provides for the transfer of these claims from one country to another, thus making triangular

trade simple.

It should be emphasized, however, that the individual exporter would in effect experience no difference in his procedure. He would export his goods and receive payment, as he does now, in his own currency from his bank. The bank in turn would send the export bill forward to its correspondent bank in the other country, which in due course would receive payment in the currency of that country from the importer.

The fact is, as Mr. Leigh pointed out in a recent letter to the *Times Trade and Engineering Supplement*, following his articles which appeared in the issues of December 17 and 24, that, "having been driven out of the temple of the Gold Fetish, we are now wandering aimlessly about in the groves and avenues surrounding it. We find the twilight of the groves better than the darkness of the temple; we do not want to go back, and it is evident that we could not if we wished to do so, but we are afraid to go forward." And, he concludes, "The nations cannot remain indefinitely in the present twilight bog-land; they cannot return to the temple, because their efforts to get it swept and garnished are foredoomed to failure. They must take their courage in both hands, and step out into the sunlight, when they will see their bridges for what they are."

—London Chamber of Commerce Journal.

# Trying to Solve the Homesteading Problem

*Present status of homesteading in relation to emigration from overcrowded provinces that will be turned away from America*

Necessity knows no law. Emigration of some 20,000 to 25,000 persons a year from the Ilokos region is a rigorous necessity—they must get out. Heavy emigration from Cebu, too, where the population is about 1,200,000 on an area of 1,888 square miles. This population is a day's steaming from Mindanao, land of promise to the landless man. Mindanao, far from thoroughly surveyed, with few roads, with few boundaries of public lands run, few homestead areas plotted, is a lodestone to the immigrant. Mindanao is therefore overrun with homesteaders ahead of the surveyor. Here, in forced migration and unsurveyed, undelimited and subdivided public lands, are the major elements of one of the most pressing problems facing the government.

A minor element is the state of the produce market; the prevailing low prices for produce, with little expectation that they will soon be much higher, make it harder than ever for the settler to maintain himself on the raw public domain where he seeks and clears land with the purpose of making it his homestead. The individual provinces have no funds with which to aid this homeseekers movement; the financial burden of it falls individually upon the settlers and collectively on the insular treasury, and treasury disbursements are through the lands bureau.

This year there is a fund of P150,000 specially set apart for homestead surveying. More is available in the specific appropriation for the lands bureau, where the directorship is unable to state at the moment what the actual amount will be.

Two classes of settlers seek to engage the government's attention; one, the ordinary emigrant, the other, persons who have lost their claims to land in suits at law that have resulted in eviction of the claimants from their holdings. These evictions, from which, however, the course of the law's administration, there is no escape, make a restive border. The problem is complicated by the lack of a general survey of the islands, with titles all registered up to date, and clear demarcation of the public lands and their subdivision into parcels within the homestead limit of 16 hectares, corners permanently marked. These factors contrast homesteading in the Philippines with homesteading in the United States: in America it was comparatively simple, saving the hardships, and here the hard-hips are the least part of it—the settler ordinarily knows neither that he is surely on public land nor where his boundaries are.

A beginning is being made to make things easier for him. This is what is being done:

In the Cagavan-Isabela valley, a tract of 22,000 hectares, or 55,600 acres, has been surveyed around its boundaries; the title has been purged in court and rested in the government; so that all land within the tract is known, and is declared to be public land. This tract is being occupied by settlers. A survey party is being sent out to survey the claims of these settlers, adjust boundary disputes, fix corners, and take all steps that will lead to legal recognition of the claims and the final granting of titles to them. This effort by the lands bureau is to be coordinated with the work of a land office temporarily established on the tract.

Such a tract may be depended upon to take care of more than one family to the plot of 16 hectares. Most claims will be smaller at the outset, because a family can not ordinarily cultivate so much, and claims as large as 16 hectares will,

once title has passed from the government to the claimant be sold off—down to the few hectares a family is able to till.

Another tract of 400 hectares, or 1,000 acres, has been located in Nueva Ecija. The boundaries of this tract are being surveyed; the title will be cleared in court, then the tract will be subdivided into homesteads and opened to settlers. In the same province, another tract, of 800 hectares, or 2,000 acres, is being made ready for homesteading in the same way. On these two tracts the government hopes to accommodate settlers evicted from other lands to which they failed to prove their title in the land courts. Names of hundreds of such settlers are in the government's possession, so they will not be lost sight of when land of proved title is made ready for legal occupancy.

In Nueva Ecija, then, the government is making ready 1,200 hectares, or 3,000 acres, for homesteading this year. In northern Tavabas another 1,000 hectares, or 2,500 acres, is being made ready in the same way. In Mindoro, 12,000 hectares, or 30,000 acres. All the work must go on slowly, since the subdividing is tedious, and what is done is limited to the money in hand to do it with.

In Lanao the new homesteading tract immediately under survey is one of 10,000 hectares. This may be extended to 20,000 hectares more, making 30,000 hectares, or 75,000 acres. The boundary is being surveyed, for the purpose of purging the title, and subdivision will follow. Many claimants have already settled on this tract; boundary disputes will arise, inevitably, and complicate the task of subdivision. A temporary land office on this tract will be necessary, especially to compose disputes. Large tracts and some smaller ones have been reserved in Cotabato for homesteading, but that is as far as matters have gone there. The tracts are not surveyed, no surveys are underway or planned for this year. Homesteading will go on there, ahead of the surveyor and the land court, and the evils usual to homesteading in the Philippines will prevail. The government testifies that more funds and more surveyors would be the only remedy. Mindanao produces very little revenue, costs a great deal more than the taxes it pays the government. A land of promise is just that, of promise—not production.

But where the government will, this year, make surveys, and secure title ahead of encumbering settlers to any great number, the settlers will enjoy the rights pretended to be secured to them in the public lands laws. They will not have to contend against third parties to establish their legal claims to their holdings, and the problem will be reduced to subdividing unoccupied land into parcels for homesteading and adjusting disputed boundaries between homesteads already taken up.

LANDS BUREAU'S DISTRIBUTION OF PUBLIC LANDS  
SINCE ITS ORGANIZATION IN 1903

Kind of Application	Number Received	Number Rejected	Number approved but not patented	Applications cancelled	Number Patented	Pending Action
Homestead	195,184	76,620	62,469	15,495	21,406	19,194
Free Patent	53,401	20,095	14,141	1,259	14,516	3,370
Sales	25,831	13,772	3,393	620	677	7,368
S. Purchase	77	1	70	—	—	—
Lease	7,880	4,930	325	115	—	2,510
Rev. Permit	3,593	333	2,250	384	—	596
Total	285,966	115,751	82,678	17,873	36,599	33,038

(Please turn to page 14)

# BLESSED UNCERTAINTY

*Men speak in deprecation of the Philippines' uncertain relations with the United States, but the question has two sides*

The JOURNAL has received from a young business man in Manila the following communication:

"No discussion of the Philippine situation seems to be considered complete unless the author, or speaker, pavs his respects to the allegedly baleful effects of the *uncertain* political status of the islands in retarding economic progress. One speaker recently used the term *paralyzing uncertainty*. This conviction has taken root in many quarters; the argument is sometimes employed by friends and enemies of independence alike, and has gained many converts in congress, where it is a stock argument of the protagonists of independence—yet this doesn't prevent the other side from using when occasion requires.

"Constant iteration has served to dignify this myth, and to give it the force of a creed. It is now almost ubiquitous, and may yet destroy us, but meanwhile it may be well to inquire just what it means. A convenient shibboleth, do any two persons give it the same construction? Have any of its advocates ever paused to examine their handiwork? In short, to quote Kipling, 'It's striking, but is it art?' Let's take a look at it. *Uncertainty* was born with the passage of the Jones law of 1916 and has therefore been with us some time. Its infancy ended about 1921; it has since matured lustily and is now a full-fledged member of the family of live issues.

"In fact, we might go back much farther and say that the Philippine question was born with the silver spoon of uncertainty in its mouth—the doubtful gift, if you will, of god-fathers McKinley and Taft. There is therefore scarcely any question but that we have always had it and still have it. It is part and parcel of the Philippine-American contract and is inherently and irrevocably bound up in it. But has it been, is it now, so paralyzing? Hardly! As late as 1920 Manila was little more than a collection of galvanized iron roofs; there was not a single first class structure in downtown Manila before the Masonic Temple was built, *circa* 1921; and you can secure a very interesting estimate of the *paralyzing* effects of uncertainty by a comparison of Manila then and now: education, sanitation, industry, diffusion of wealth.

"It is not, in fact, the paralyzing uncertainty the spell-binder and adventurer refer to that will retard progress in the Philippines. Given its Philippine implication, the very word uncertainty leaves the door open for something better. It implies hope, kindles the will to take chances. Men don't ask for sure-thing propositions: so long as it remains uncertain that the Philippines will sever relations with the United States, just so long will there still be progress and, in normal times, increasing prosperity. But should economic and political separation from the United States become *certain*, then would progress become truly paralyzed.

"Let's lay the ghost of uncertainty."

Since the major drift of opinion in the islands seems to be

setting in the direction of our correspondent's suggestion, some data may be added to it.

The islands' overseas trade may be taken, as of 1916 and of 1932. The data will be given in *millions of pesos*.

Ninety-one were the millions of pesos of imports into the Philippines in 1916, and 159 in 1932. One hundred and forty were the millions of pesos of exports in 1916, and 191 in 1932. The apparent balance of trade was 49 millions in favor of the islands in 1916, and 32 millions in 1932. Three millions of gold and silver ore and bullion were exported in 1916, and 10 millions in 1932, the proceeds of which either remained in, or eventually returned to, almost in entirety, the islands.

The trade may be taken up by countries.

Imports, 1916, millions of pesos, from the U. S., 46, and last year 103. Exports, 1916, millions of pesos, to the U. S., 71, and last year, 166. Apparent favorable 1916 trade balance, 25, and last year, 63.

Imports from the United Kingdom, 1916, millions of pesos, 5, and last year, 6. Exports to the U. K., 1916, 25, and last year, 3. Apparent favorable trade balance with the U. K., 1916, 20, and last year, unfavorable, 3.

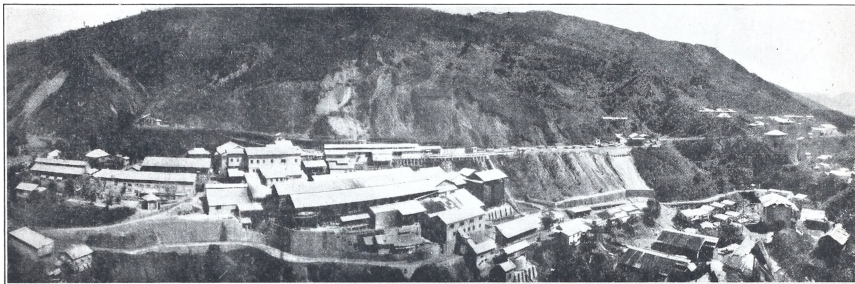
Imports from Japan were 9 millions of pesos in 1916, exports 10, a favorable balance of 1. Last year Japanese imports were 12 millions, exports 5, the unfavorable balance 7. Chinese imports in millions of pesos in 1916 were 5, exports 4, the unfavorable balance 1. Last year Chinese imports were 11, exports 1, the unfavorable balance 10. There was no trade with Germany in 1916, but last year's German imports in millions of pesos were 7, exports 2, the unfavorable balance 5.

Summarizing still more briefly, the favorable balance with Hongkong in millions of pesos in 1916 was 7.8, and last year 0.5; the unfavorable balance with French Indochina in 1916 was -12.8, and last year (because the Philippines now practically import no rice), -0.87. The 1916 trade balance with the Dutch East Indies, -1.6; last year, -3.1. That with Australia in 1916, -1, and last year, -1.8. That with France in 1916, plus 5, while last year the trade was equalized, imports setting off exports. The trade with other countries is nearly all in mere fractions of millions and therefore not significant.

Millions of pesos of abaca exported in 1916 were 53, last year they were 10; they were 38% of all exports in 1916, and 5% last year. With the world taking so little abaca last year, the United States—with whom our relations are habitually complained of as uncertain!—still bought so much of our other products, copra, coconut oil, sugar, cigars, lumber and timber, embroideries (6 millions last year, only 2 in 1916), cordage, hats, etc., as to overcome the thumping unfavorable trade balances with other countries and give us an apparent favorable balance of some P32,000,000 for the year, slow as trade was, low as prices were. So there may be quite a lot in what our correspondent says.



# John W. Haussermann and Benguet Consolidated's History



Latest View of the Benguet Consolidated Mine Works

Judge John W. Haussermann, president and general manager of the Benguet Consolidated Mining Company, and of the Balatoc mine associated with it, is probably the richest American in the Philippines. He is by far the largest holder of Benguet stock, which dominates in ownership of Balatoc stock. Both the Benguet and Balatoc mines are at optimum production, or satisfactorily near it, owing to the unstinting hand that has put millions into their development and mechanization. Last year Benguet grossed P3,986,380.74 and Balatoc P4,115,879.70; the total gross production was therefore P8,102,260.34, or \$4,051,130.17, out of which Benguet paid dividends of P2,400,000 and Balatoc P2,000,000, a total in gold of \$2,200,000.

In addition, Balatoc has just declared a stock dividend of P1,000,000, doubling its invested capital. Hundreds of stockholders are justly gratified by such lucrative returns on their investments. By no means the result of accident, these returns are due to Judge Haussermann's views of how a gold mine ought to be operated; that is, to the greatest possible advantage in getting out the maximum quantity of gold. It is the money Benguet has produced, that has been put back into its improvement, that makes it the bonanza property it is today. Thus last year the capacity of the mill was enlarged from 300 tons of ore a day to 500 tons at a cost of P360,000. The expert's report adds:

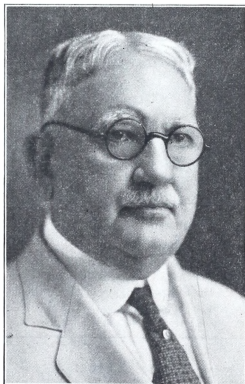
"Mining methods, and the entire underground routine were improved and expanded. \* \* \* increased tonnage is being handled without difficulty, and at reduced cost. \* \* \* The company now faces a period of steady, efficient low-cost operation."

• The same expert places the minimum probable life of the mine at 5 more years. (The mines division of the science bureau practically doubles this figure.)

Below is a summary of Benguet's statistical history from its original organization in 1903 to the end of 1932:

Benguet Consolidated, originally organized in 1903, had produced P400,000 gross up to 1915, in which year it produced P90,095. The first dividend, P100,000, was paid in 1916, when 17,368 tons of ore were milled. Previous to that there was no record of the tonnage milled. During its entire life, up to the end of last year, Benguet has produced P36,695,112.74 from 1,190,001.3 tons of ore and has paid 77 dividends amounting to P8.30 a share or a total of P14,150,000, from which P2,603,750 must be taken as having come from Balatoc, leaving net dividends from Benguet P11,546,250.

This is just 28% of the gross gold yield of the mine; the other 72%, or P25,148,862.74, has been, during the 29½ years of the mine's existence, expended for wages, supplies, equipment and other incidental expenses. In other words, while the way is easy now, it was hard enough at first, and during 30 years the actual annual net returns have been far under 1% a year. Balatoc, paying its first dividend in 1929, P50,000



JUDGE JOHN W. HAUSSERMANN

from 41,154 tons of ore, had paid, up to the end of last year, P4.20 a share in dividends, amounting in all to P4,200,000. The mine's output had been P11,807,284.22; what went into dividends was 35.5%, and what went into expenses was 64.5%. Another way of putting this is to say that in earning P1 net Benguet has spent about P2.20, and in earning P1 net Balatoc has spent about P1.70; in other words, from the operation of Benguet the public receives benefits in the ratio of 2.2 to 1 as compared to the benefits to the owners, and 1.7 to 1 from the operation of Balatoc. The combined benefits to the public in the operation of the two mines, compared to the benefits to the owners, are about 2 to 1.

If then the actual uses to which the dividends from these mines were traced, most of them would be found going into other Philippine investments. This is a substantial accretion to invested capital in the Philippines year by year. Just as the Huntingtons, the Mills, the Stanfords tended to invest mining profits in California and the other western states where they were made, so men making money in the mines of the Philippines—Judge Haussermann notably, and his associate, A. W. Beam—invest here. The detailed Benguet expense statement for last year, to which the Balatoc statement is similar, is interesting in the relation of the labor expense to other items: Labor P814,689.68, supplies P623,511.62, taxes P123,300.06, school P5,043.68, hospital P36,677.11, insurance P6,648.46, marketing bullion P34,822.39, mine miscellany P223,680.72, administration P116,300.31.

When the question came up of raising the tax on gold output, Judge Haussermann went before the legislative committee and accepted, for his mines, the increase from 1½% of the value of the gross output to 5%, an increase of 233.33%, out of willingness to carry his share, and considerably more, of the burden of the depression. At the same time he interceded with the committee in behalf of the partially or totally undeveloped mines, explaining the wisdom of taxing them moderately in order that their earnings might go into their further development. From more gold from them, at the lower rates the committee accepted, the government would in the end have as much revenue, and the public advantages, in expenditures and expenses on behalf of the mines, would be greater. Under the new rates, therefore, mines yielding up to P500,000 a year are taxed 1.5% of their gross output, those yielding between P500,000 and P1,000,000 are taxed 2%, those yielding from P1,000,000 to P2,500,000 are taxed 3%, those yielding from P2,500,000 to P4,000,000 are taxed 4%, and only two mines, Benguet and Balatoc, each yielding more than P4,000,000 gross value of output a year, are taxed 5% and will pay the government yearly while this rate persists in effect more than P400,000. Add income taxes taken from their stockholders and you have, easily, one of the heaviest tax-paying units in the Philippines in these two little Baguio mines.

# The New Federal Administration at Washington

*"Sometimes Roosevelt is slow to make up his mind. He hears every side of the case. . . But once he makes a decision, it stands."*

—Drew Pearson, in the February Harper's.

Franklin Delano Roosevelt, 51 years old, ushered in his presidential administration with an 8-minute inauguration address promising action against the depression, a peremptory federal order declaring a 4-day bank holiday, and a call for congress to meet in special session Thursday, March 8. From congress he expects a grant of power to cope with the economic situation, whose predations are tantamount to those of war. The cabinet confirmed by the senate is noted elsewhere in this paper.

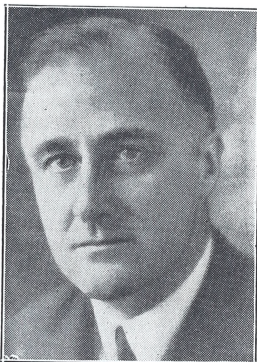
Two men in the cabinet come from the senate and Senator Thomas J. Walsh, whose death kept him from being the attorney general, made a third from that source. Juniors who take these men's places in the senate will take the foot of the Democratic class and acquire only by longevity of service and ability the prestige and influence of seniors.

This fact bears upon foreign policy especially and is of no little weight. Democracies have no consistent foreign policies, the United States notably—proposals dealing with foreign affairs come to grief between the Capitol and the Whitehouse. But the Whitehouse, where all initiative must be taken, enjoys a much stronger position when, as under Roosevelt it will be, it is *en rapport* with the senate and finds there no men of mature and presidential ambitions opposing it.

Few open disputes, or any differences not readily reconcilable, should arise between the senate and the Whitehouse. This is of particular interest because the United States has recently and firmly declared her position in the Manchurian question. Not only does this bear relationship to the policy in which she has most consistent throughout her history, her China

policy, but it is a further fact that from such a position on any subject of international affairs, when her position has been openly declared, she has never withdrawn.

As inconsistency is apparent between protesting against "the fruits of aggression" in Manchu-



PRESIDENT ROOSEVELT

ria while participating in their benefits elsewhere in China, it is reasonable to suppose that the United States is preparing to resume that independent course in China affairs that time has honored with invariable success.

Home affairs are measurably more pressing. In their solution Roosevelt's friends of the "brain trust" will be advisers, though the one most completely in his confidence, Raymond Moley, has been put in the state department. Another, Rexford Guy Tugwell, economist, gives a clue to what seven main aims will be in the following outline from *Time*:

"A sharp increase in income taxes, especially in the higher brackets. . . 'Take incomes from where they are and place them where we need them.'

"A public works program costing up to \$5,000,000,000. 'I have no doubt the Government could borrow \$5,000,000,000 at 2%'.

"A reduction in retail prices, utility rates, interest on mortgages.

"A federal budget balanced with the aid of prohibition repeal. 'But I doubt if repeal would produce more than one-quarter of the stimulus to business which its advocates say it would.'

"A sound currency, with no inflation. 'General inflation would not produce the results we want. . . It would be favorable to those groups which never adjusted themselves to the new price level; it would injure those who had done so.'

"Some prices ought to go down, some ought to go up. Most obviously all retail prices have resisted decline in comparison with wholesale prices. But certain groups are worse offenders—for instance, public utility rates. . . A little statesmanlike denunciation of retailers and public utility concerns might do something. Devices like the domestic allotment plan for

## The Cabinet

(Nine men, one woman; average age, 59.7 years)

State: Senator Cordell Hull, aged 62, lawyer and ex-circuit judge in Tennessee, with legislative experience since 1893 and a congressional career at Washington in both houses.

Treasury: William Hartman Woodin of Pennsylvania, aged 65, manufacturer for railroads: cars and equipment.

War: Governor George Henry Dern of Utah, aged 61, miner, banker, agriculturist; a native of Nebraska and a Congressionalist.

Attorney-General: Mayor (and Attorney) Homer Stille Cummings of Stamford, Connecticut, aged 63, the Yale man Roosevelt has selected to be governor general of the Philippines, made attorney general for a temporary period.\*

Postmaster General: James A. Farley of New York, aged 54, building-supplies salesman high in Elkdom who gets the postmaster-generalship for managing Roosevelt's nomination and election campaigns

and to aid the president in distributing patronage.

Navy: Senator Claude Swanson of Virginia, aged 71, a firm middle-of-the-roader about navy matters.

Interior: Attorney Harold L. Ickes of Chicago, aged 69, member of the National Conservation Commission.

Agriculture: Editor Henry Agard Wallace, aged 45, publisher of a string of Iowa farm papers headed by Wallace's *Farmer*, inherited from his father, father of the agricultural department, Henry C. Wallace, who held the office under Democrats and Republicans alike.

Commerce: Attorney Daniel Calhoun Roper of South Carolina, aged 66, top-notch counsel for Cuban sugar interests who have been hammering at the sugar tariff and free entry of Philippine sugar into the American market; his long Washington career has included the clerkship of the house ways and means committee

(tariff) and other technical posts familiarizing him with the country's revenue system and laws, such for example as the vice-chairmanship of the U. S. tariff commission in 1917.

Labor: Frances Perkins (Mrs. Paul C. Wilson) of New York, aged 51, a Massachusetts woman whose career has been made in the administration of the labor legislation of New York mainly put through by Alfred E. Smith.

\*Senator Thomas J. Walsh of Montana, who had been chosen attorney-general, died in sleep March 2 on a train at Wilson, N. C., taking him to Washington for the inauguration. On Saturday, February 25, in Havana, Cuba, Senator Walsh had married Mrs. Nina Perez Chaumont de Truffin, widow of a Cuban sugar planter. He had long been a widower. He was 73 years old and had gone to Cuba and returned to America by airplane.

agriculture ought to be really effective on the other side.

"Rationalization of foreign trade with war debts, with a possible remission of all interest charges in return for commercial advantages." (Smith's proposal, practically, of two years ago.)

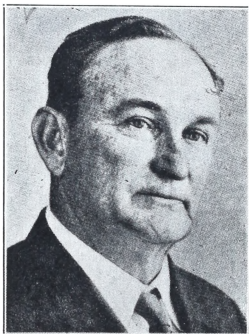


SENATOR CARTER GLASS

Virginia has had in the senate the stout Swanson and the lean sardonic Glass. Senator Carter Glass's picture appears among our illustrations. Senator Huey P. Long's filibuster, nine weary days' long, in the congress just ended, against the Glass branch-banking act, tagged that piece of needful legislation with a big question mark as it went to the house, where adjournment *sine die* temporarily buried it. But it will be up in the special session of the new congress, its early adoption is almost a foregone conclusion. On the subject of currency inflation, note that Senator Glass and Dr. Tugwell equally oppose it—the one an indispensable ally in the senate, the other in high place in the unofficial cabinet. Treasury Secretary Woodin is of the same school.

President Roosevelt's first decision of a vital Philippine question showed what Drew Pearson notes as one of his administrative traits, ability

to weigh facts accurately and reach irrevocable conclusions. He had thrown the United States including the Philippines into the 4-day moratorium called the bank holiday. Because of the excellent cash position of both the Philippine government and Philippine banks, the islands needed no such measure, which would have been harmful in extreme. Requested to do so, Roosevelt at once gave the Philippines option either to come within the scope of his order or remain outside of it. The request upon him for this privilege was made by Governor-General Roosevelt after the largest and longest conference with bankers and business men of his entire year



SENATOR JOSEPH T. ROBINSON

—he tilts in debates of administration measures with Senator Huey Pierce Long of Louisiana.

at Malacañan. In this conference he ascertained, and the Manila business world discovered, that the banks of the Philippines, with the assistance they could claim legitimately from their insular treasury, had cash enough to pay all their demand deposits in full, and that the banks alone had cash reserves totalling some 30% of these deposits.

Senate President Quezon's voice in the con-

ference was for proceeding independently of the moratorium and keeping Philippine banks open. His position and Governor Roosevelt's being one, the government assumed the responsibility of the independent course, and the crisis, what might have happened, arrived and departed without coming to many men's knowledge. Business went on, only seriously crippled, because of the paralyzation of all overseas commerce, midstream in which troubled situation this paper had to be closed. So the issue of the drastic event remains in doubt, but this remains clear, that regular traffic with the United States affects these islands to their very foundations—cessation of that traffic even a few days sends gloomy repercussions into every community. Banks indeed remain open, but with three more days of the moratorium to run, as this is written, the Escolta is stagnated. Credit has timidly secreted itself behind the timelocks of bank vaults. Exporters and importers use their desks for footstools, gossip anxiously and wonder when trade will resume with America and at what rates of exchange.



DR. REXFORD GUY TUGWELL

of Columbia University and President Roosevelt's brain trust of unofficial and powerful counselors

**TRADEMARKS REGISTERED**

From December, 1932 to January, 1933

Reg. No. 11223. Trade-name consisting of the words "FILIPINO SOAP MANUFACTURING CO.," for the business of a soap factory, registered on December 15, 1932, by Isidoro Aragon, of Manila, P. I.

Reg. No. 11224. Trademark consisting of the word "FISHOLLENE" for oil, registered on December 15, 1932, by Fishoilene, Inc., of Cleveland, Ohio, U.S.A.

Reg. No. 11225. Trademark consisting of the word "MILY" with a design, for cigarettes, registered on December 15, 1932, by La Yebana Company Inc., of Manila, P. I.

Reg. No. 11226. Trademark consisting of the word "MARY" with a design, for cigarettes, registered on December 15, 1932, by La Yebana Company Inc., of Manila, P. I.

Reg. No. 11227. Trademark consisting of the word "GLOBE" with a design, for glassware, glass cups, glass jars and glass lamps,

registered on December 16, 1932, by Daido Boeki Kaisha, Ltd., of Manila, P. I.

Reg. No. 11228. Trademark consisting of the words "NEURALGINA CARANDANG" with a design, for medicine, registered on December 19, 1932, by Juan R. Carandang, of Tanauan, Batangas.

Reg. No. 11229. Trademark consisting of the words "FILIPINO SOAP" with a design, for soap, registered on December 19, 1932, by Isidoro Aragon, of Manila, P. I.

Reg. No. 11230. Trademark consisting of the words "SANITARY SOAP" with a design, for soap, registered on December 19, 1932, by Isidoro Aragon, of Manila, P. I.

Reg. No. 11231. Trademark consisting of the word "ECLAT" with a design, for liquid and powder perfumes, toilet waters, talcum powders, etc., registered on December 19, 1932, by the Colgate-Palmolive-Peet Company, of Chicago, Illinois, U.S.A.

Reg. No. 11232. Trade-name consisting of the words "AMERICAN HARDWARE AND PLUMBING CO.," for the business of selling to the public hardware, electrical and plumbing

supplies and allied lines; etc., registered on December 21, 1932, by the Pacific Commercial Company, of Manila, P. I.

Reg. No. 11233. Trademark consisting of the words "HOLLYWOOD CIGARETTES" with a design, for cigarettes, registered on December 22, 1932, by La Insular Fabrica de Tabacos y Cigarrillos Inc., of Manila, P. I.

Reg. No. 11234. Trademark consisting of the word "CADUM" for toilet soaps, perfumed and otherwise, registered on December 22, 1932, by Societe Cadum, of Seine, France.

Reg. No. 11235. Trademark consisting of the words "LA DICHA" with a design, for cigarettes, registered on December 23, 1932, by Viuda de Antonio M. Heras Lim Genco & Co., of Manila, P. I.

Reg. No. 11236. Trade-name consisting of the words "JOSE BLANCO SONS" with the words "KIM SUY HENG", for the business of groceries, registered on December 23, 1932, by José Blanco, of Manila, P. I.

Reg. No. 11237. Trademark consisting of the words "LUSOLIN" and "ESMALTE" (Please turn to page 23)



Vol. XIII March  
No. 3 1933

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OF THE  
PHILIPPINE ISLANDS

(Member Chamber of Commerce of the United States)

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### PRESIDENT ROOSEVELT'S TASK

"The people of this country do not sufficiently estimate the importance of patronizing and promoting science as a principle of political action." John Quincy Adams wrote that statement into his diary in 1843. He was a man of prevision. It doubly applies today and must be the measure by which President Roosevelt's administration is gauged. To the turn of the century, depressions in America were relieved by westward migrations. Then the west was filled up. The World War relieved the 1914 depression, foreign trade that of 1921. Fortuitous circumstances in 1933 can not be looked for, and fundamentally they are not solutions, but mere lucky palliatives. The pace of science, on the other hand, was never so rapid as it is now; therefore its challenge of the flexibility and adaptability of political forms was never so great.

Applied science has thrown millions of men and women out of work in America. More applied science is the means, we think the only means, by which these millions may be returned to work. It may be that science may be applied to the question of money, but essentially it is work that is lacking—work on which credit may be had, gainful work. Everything tending toward stability will help. The banks, for instance, are upset. It has been demonstrated that the local independent bank is no longer the ideal bank for rural needs: the Glass branch-banking act will be an application of science to banking, especially country banking, or banking at its weakest point.

Banking under the Glass act would bring into the resources of banks that distributed risk that has long been scientifically applied in insurance. This step may be expected from a special congress. But beyond this, the crisis demands that the president have and exercise special powers with scientific firmness. If a special congress does not grant these powers, President Roosevelt's problem will be to obtain them piecemeal—solution of the crisis will be more intricate and more delayed. Professor R. G. Twigg, a Columbia University economist of the Roosevelt *brain trust*, believes the United States can obtain 2% credit, to the extent of 5 billion dollars, and that this money should be borrowed to put men to work. Drew Pearson, forecasting Roosevelt in the February *Harper's*, says the president will promote any plan protecting the farmers that the farmers agree upon, "whether it be the domestic allotment plan, the export debenture, or the equalization fee."

The whole country, the world, is concerned with the stability of the

American farm's value. That value has been grossly inflated by speculation and must be reduced to a fraction of its present figure on the books of the mortgage companies. To do this by inflating the national currency would not be truly scientific, perhaps. Certain folk, both the farmer and his creditor, must lose, not anything they ought to make, but what their buoyant cupidity made them hope they might make. Even local taxes are involved in the valuations, which must be brought down summarily—an indication of how far refinancing must go, how far-reaching it must be. Firmness of the gravest and best informed sort is needed for this delicate problem. Farms can't bear fictitious credit over any prolonged period.

America is only less interested in Cuban farms than in her own. That the sugar tariff will be lowered materially, to save the Cuban farm as well as the Cuban sugar mill in which American capital is directly and enormously interested, is a reasonable prediction of the scientific trend congressional legislation will probably take. This is another reminder that it is imperative for the Philippines to suggest to congress that a technical commission be named to study Philippine-American commerce and report both to congress and the Philippine legislature. While the Philippines have a vital interest in the welfare of Cuba, an outlet for American industries that usually afford the Philippines a prosperous market for their own farm products, they have their own sugar industry to look after and should be about it.

Our interests are being let go by default. This is a shame. After so long insisting that it alone is authorized to represent the islands, the legislature should feel doubly obligated to represent them when, as now, their interests are at stake in a controversy they have every right to ask to join.

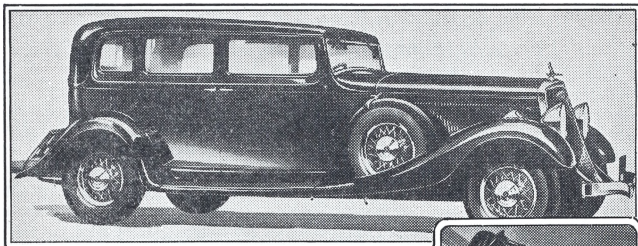
Now return to the United States. Let us assume that a farm mortgage for \$3,000 begins a chain of credit; the mortgage has been endorsed, for collateral, say for a business building in town the mortgage agent has put up, and the farm is no longer worth the face of the mortgage. The building, then, is not worth its original value. The refinancing method of the past administration, aiding merely the securities company or the bank at the top of this peak of credit, failed to reach the farm. The scientific method must reach the farm; there must be a write-off, possibly only of profit, or expected profit, all along the line—the remaining credit must leave the farmer an equity he can afford to save, can't indeed afford to sacrifice. Such a method might involve crediting interest as principal. The cry of confiscation might be raised, when the sole purpose would be the actual securing of the capital from certain losses. This shows the necessity of the special powers, practically war powers, the president asks for and ought to have.

But if the rural situation is hard, the urban is still harder of solution. The orgy of blind speculation in realty values was rife in the cities, the suburbs especially, where values—not real, but imaginary, hoped-for values—must be radically scrapped. Throughout the speculation, which played upon the natural love of home, the science of urban building was taking monstrous strides forward; the suburbs built by speculation are today largely antiquated, overexpensive to build and keep up, and many, where war trade and the subsequent foreign trade deriving from the evanescent foreign loans was centered, need conversion into parks or truck gardens, or even forests. In these ways, and others, the 5 billion dollars that might be borrowed at 2% by the federal government could be put to work: (1) that realty companies concerned should have back from the land its original value to them, what it cost; (2) that their purchasers' equities be redeemed from the sheriff's hammer; and (3) that new values contain nothing on account of unearned increment. Details are beyond our space; however, it is a scientific fact that suburbs might be lighted and heated with the refuse it is now expensive for them to get rid of.

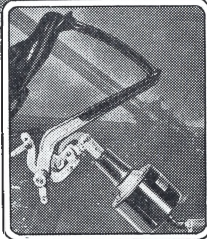
By magnitude of the problems presented, the railways come last. Combined, they are a property of 20 billion dollars' value. They are obsolescent, enthusiasts for competing forms of transportation say. We doubt it, doubt if they ever will be: they will undergo change and improvement and remain permanent indispensable public utilities. They need quadruple tracks, for faster trains. If the 10 or 12 billions thrown away in foreign loans had been loaned the railroads to improve their facilities and fetch down their rates, the public might now be getting it back. Scientific experiment, entirely possible without enormous outlay, might prove that modernizing the American railway would still be one of the very best ways of employing men and capital to relieve the depression and establish a sound credit structure.

The foreign loans may, most of them, be bidden goodbye. This is not to say that new legitimate ones should not be undertaken. But there should be federal cognizance of them and they should be coupled with trade that a scientific revision of the tariff may find beneficial to American industry. There is not, finally, in the scene any obstacle really insurmountable. Quite the contrary. There is a juncture of circumstances actually favorable to America's rapid economic recovery. Money is plentiful and cheap; legitimate uses for it, in applying science to national affairs, abound on every hand and in every section of the country; public men have largely ceased to be dogmatic in their views, are not frightened at the suggestion of intelligent expedients; and the viewpoint of the federal supreme court, thanks very largely to ex-President Hoover's appointments to it, is liberal and progressive. "What though the day is lost; all is not lost."

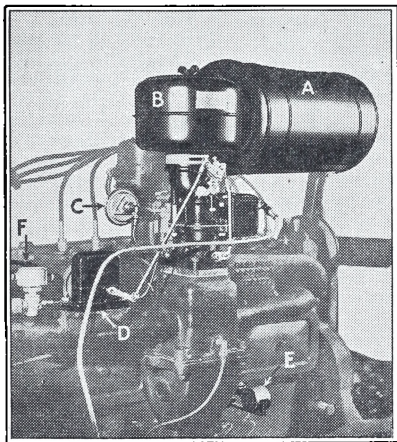
## Many Improvements Feature New Studebakers



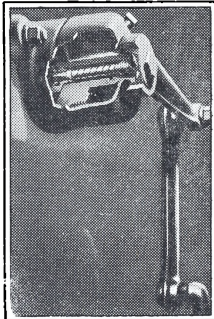
The new five-passenger Studebaker Commander Eight Sedan typifies the grace and beauty which distinguish all new Studebakers this year. Supplementing this "appearance appeal" of aerodynamic body lines are standards of performance, comfort, safety, economy and price which meet every need of a depression-keyed conception of true quality and value. Prices range from \$840 to \$2040 at the factory and include a new 100-horsepower Commander for \$1000.



Power brakes are a notable contribution to safety in all new Studebaker cars. Featherweight toe pressure is aided by a vacuum cylinder which brings the car to a swift, sure stop with but a fraction of the physical effort formerly required in this operation.



Grouping of refinements in the new Studebaker engines featuring Studebaker's new exclusive Auto-thermic Control of Carburation Manifolding and Ignition, claimed as the nearest approach to perfect combustion ever achieved in an automobile engine. (A) Carburetor intake silencer. (B) Downdraft carburetor and air cleaner. (C) Automatic spark control providing scientifically correct spark advance or retard at all times. (D) Auto-thermic Choke Control which automatically assures constant perfect ratio of fuel to air and obviates the necessity of driver control from the dash when starting. (E) Auto-thermic Heat Control, which automatically applies heat to the incoming fuel mixture according to the precise needs of the motor. (F) Anti-backfire Unit which automatically protects the mechanism from damage from backfire.



Studebaker's Automatic Ride Control is now offered as standard equipment in all cars throughout the line. A small spiral thermostat located within the shock absorber itself adjusts the absorber to automatically take care of the expert-ed or the unexpected bump.

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# Tyler Dennett on the Manchurian Situation

*"There is before the League, at the present moment, no proposal . . . which would restore Manchuria to China"*

When *La Vanguardia* editorially invited attention in Manila to an article by Tyler Dennett in the January issue of *Current History* on world aspects of the Manchurian situation, search for the magazine at downtown newstands showed that every copy had been sold, and dealers said students had bought them. Evidently the material sought was the Dennett article, primarily, and then the Japanese reply to the Lytton report. Avoiding the controversial as much as possible, it is proposed to quote a bit on this page from Dennett. For instance—

"Nothing is clearer than that neither Great Britain, France nor the United States will join in the application of any kind of military sanction. It cannot be doubted that President Hoover, in his Omaha speech last October, spoke for the American people when he declared that the United States would not join in the application of such coercion (of Japan). With these three powers subtracted from the equation, it is perfectly clear that Japan cannot be driven from Manchuria by the employment of force recruited out of the West."

The italics are ours. Dennett wrote from Princeton. A responsible and most painstaking historian, he could not have penned the paragraph above without consulting not only what the Hoover administration was doing, but what the Roosevelt administration will do. Already, in behalf of the new administration, Senator James Hamilton Lewis of Illinois has strongly suggested a return by the United States to its traditional independent course in Far Eastern affairs. Dennett's book, *Americans in Eastern Asia*, is the prime authority on this subject: on all our relations with Japan as well as China. His career at Washington in the state department dates from 1924 to 1931; for three years he was a historical adviser to the department, upon Far Eastern affairs.

"It is fundamental in Chinese policy" he writes, "to depend upon foreign assistance for defense. China would prefer to receive that aid from the United States, but, failing to obtain it there, she would like to have it from the League of Nations. If it is unobtainable in both America and Geneva, it is logical and almost inevitable that China should seek again a defensive alliance in Russia, where such a military arrangement was negotiated more than a third of a century ago. There has been in the Western world so much wishful thinking about the help which the Soviet Union may render China in her conflict with Japan that one hesitates to harp on the subject further. It cannot be overlooked, however, that China is looking for a more substantial friend than she can find in Washington, in London, in Paris or anywhere in Europe, unless it be in Moscow.

"Although China looks to Washington and Geneva for help, she is, at the moment, receiving more effective aid from the

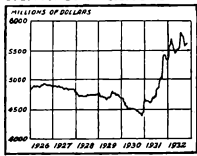
financial conditions in Japan already referred to and from the pertinacity of her 'volunteers' in Manchuria. During November Japan waged a desultory warfare on many fronts in the new State of Manchukuo. On Nov. 3 a great Japanese victory was reported at Tsitsihar, 200 miles northwest of Harbin. On the same day Japan reported that she had restored quiet southeast of Mukden, but two days later it was necessary to acknowledge that there were still great bodies of volunteers at large in the area west of Tsitsihar. Japan holds the South Manchurian Railway and the south branch of the Chinese Eastern, but when Mr. Matsuoka went to Geneva, he could not cross Manchukuo from Harbin to Manchuli in the direction of the main line of the Transsiberian for the simple reason that Japan does not control the western link of the Chinese Eastern. General Muto, on Nov. 9, announced a plan to buy off the alleged bandits, which he estimated at 210,000. Three days later an airplane mission proceeded to Manchuli to negotiate with General Hsu Ping-wen, who holds 245 Japanese hostages. Moscow permitted the Japanese mission to enter Dauria, whence negotiations were to be conducted. General Hsu rejected the gold and the compromise and defied Japan. While the Japanese were pleading their case at Geneva, Moscow requested the Japanese to withdraw from Dauria, where the negotiations had been quite futile.

"Recently it was alleged that Japan was prepared to launch a new drive through Jehol. If Japan wishes to support the Manchukuo claim to effective administration of Manchuria, it would appear that the reclamation of Barga and of Jehol, as well as the entire area north from Tsitsihar, is already long overdue.

"The military events of the last three months in Manchuria are helping the arguments advanced by the Lytton Commission that Japan is indulging in a very costly venture. On the other hand, there is little in the present situation to warrant much Chinese optimism. Some of the Chinese are already beginning to take a sober second thought. 'Manchuria is gone,' declared Edward Hsu in the *China Critic* for Oct. 27, 1932; 'so long as China remains what she is, so long will Manchuria remain a piece of unredeemed territory. To recover it, China and her people must go through a fundamental change.'

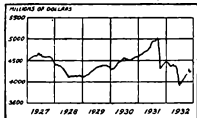
"It is worth pointing out that there is before the League, at the present moment, no proposal, other than that of the somewhat frantic Chinese delegates, which would restore Manchuria to China. If the status quo is maintained, Manchuria is gone until either China, the Chinese in Manchuria or some Western power rises to drive out the conqueror. If the Lytton recommendations are accepted and some day put into effect, Manchuria will even then be only nominally part of China. In either case, Manchuria is gone."

U. S. MONEY IN CIRCULATION



The amount of money in circulation in the United States, adjusted for seasonal variation.

UNITED STATES GOLD STOCK

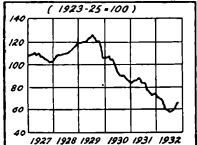


INTERNATIONAL BUSINESS



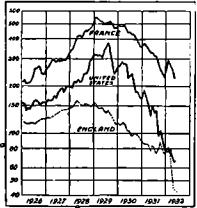
Activity in Belgium, Canada, France, Germany, Italy, Japan, United Kingdom and United States as shown by the output of iron, steel, coal and volume of rail traffic. Source: Cleveland Trust Company.

UNITED STATES PRODUCTION



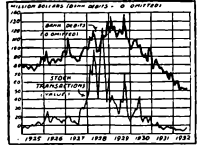
Manufactures and minerals in United States, adjusted for seasonal variation. Source: Federal Reserve Bank of New York.

INTERNATIONAL TRADE PRICES



Source: Barron's

STOCKS AND BANK DEBITS



The monthly variation in value of transactions on the Los Angeles Stock Exchange and the monthly variation in bank debits in the city.

# The Economic Picture

By Dr. John Parke Young: Excerpted from the Los Angeles Times Weekly Magazine

The extent to which available purchasing power is utilized is largely a matter of business confidence, which swings from one extreme to the other. Business confidence is a strange thing. It is often unreasoning, shying at a shadow only to walk over the precipice. It is afraid of politics, war debts and the stock market, just why, it does not know. Its spell enslaves bankers, business men, investors and economists alike. In 1929 we witnessed economic recklessness, lack of considered judgment in undertaking new ventures, in contracting debts, in making commitments and particularly in making investments. The exuberance suddenly changed to extreme pessimism—to fear of dire events, even the collapse of the economic system—which, let us hope, reached its climax last June. If nothing untoward happens to start the public worrying, an increase in lending and greater utilization of our purchasing power will be helpful in getting the wheels of industry once more turning.

Hoarded money amounts at present to about \$1,000,000,000. The decline in the amount of money in circulation in 1929 and 1930, shown in the chart, represents declining business. As money came into the Federal Reserve banks it was retired. The great increase in circulation beginning at the end of 1930, largely represents hoarding, as the Federal Reserve Banks issued more notes to meet the demands of the people. The hoarding was done by individuals who were fearful of banks, investments and things in general. It was also done by banks (although this perhaps should not be called hoarding), which felt they needed larger amounts of vault cash to meet unexpected demands of the public. Furthermore, the many bank failures—over 500 in the month of October, 1931—led to a demand for cash to transact business that formerly was done by check. The peak of monetary circulation, in June, 1932, was caused largely by hoarding and reflects the excessive pessimism of that time.

In the years prior to 1929 occurred a great expansion of bank credit. The expansion was much greater than necessary for the growth of business, which normally is at the rate of about 4 per cent a year, and provided the wherewithal for the stock market speculation and boom of those years. Had the new purchasing power not gone into the purchase of securities, but been directed toward the purchase of commodities, the commodity price level would have experienced a rise during those years of credit expansion.

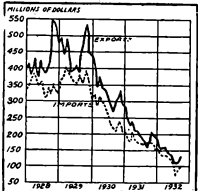
### Gold Standard

The gold chart shows two movements of special interest. In the fall of 1931 this country had the largest amount of gold of any nation in the history of the world, a little over \$5,000,000,000, and felt extremely secure. In September of that year Great Britain suddenly went off the gold basis. The nations of Europe became fearful lest the United States do the same, and immediately began to withdraw their money in gold. Mischievous rumors were circulated throughout Europe and the attack on the dollar was under way. An epidemic of bank failures in this country made conditions worse. The withdrawals subsided when Europe began to see that the dollar was secure and that the attack on the dollar was not going to succeed.

The second major efflux of gold took place in the late spring of 1932. It resulted from discussions in the United States Congress and elsewhere regarding inflationary schemes, unsound currency proposals, a huge soldiers' bonus and other raids upon the Treasury. As European funds over here dwindled the withdrawals inevitably came to an end. The refusal of Federal Reserve officials and others to become excited about our abandonment of the gold standard—at the lowest ebb we still had about \$4,000,000,000 in gold, which was almost as much as we held in 1928—and the realization by the public here and abroad that apparently we were not going off after all checked the outflow. The strength of the dollar was proved and gold began to return. Students of the gold standard have at no time entertained serious doubts as to the ability of this country to maintain the gold standard, unless new and unforeseen circumstances appeared.

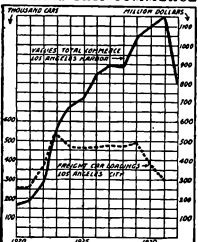
Foreign trade of the United States has been particularly hard hit by the depression. Our exports and imports are now about one-fourth what they were a few years ago. This decline has been especially disastrous to American agricultural industries since the United States is dependent upon foreign outlets for a very large part of our agricultural production. A revival of foreign trade would provide a market not only for agricultural products, but for much of our industrial production. It is important that attention be given to the restoration of foreign trade, imports as well as exports, since foreigners can buy from us only to the extent that we buy from them. Foreign trade through Los Angeles Harbor has not declined to nearly the same extent as trade for the entire nation.

### U. S. EXPORTS AND IMPORTS



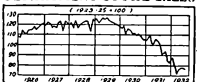
Copyright 1932 by the N. Y. Evening Post, Inc.

### RAIL AND SHIP COMMERCE



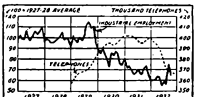
The growth of the total value of commerce through Los Angeles Harbor is here compared with the variation in number of freight cars loaded at twenty stations of four railroads in the city.

### DEPARTMENT STORE SALES



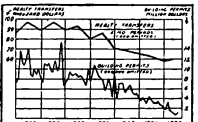
Monthly variation in Los Angeles department store sales with the average of 1923 to 1925 taken as 100.

### EMPLOYMENT—TELEPHONES



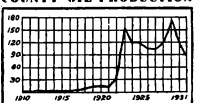
The monthly variation in industrial employment in the Los Angeles metropolitan area is here compared with the number of telephones in Los Angeles.

### REAL ESTATE—BUILDING



Monthly variations shown by six-month periods compared with the monthly variation in building permit volume in Los Angeles.

### COUNTY OIL PRODUCTION



Credit petroleum produced in Los Angeles County. Source: Los Angeles Chamber of Commerce.

# Men Leaving, Men Arriving: What They Say



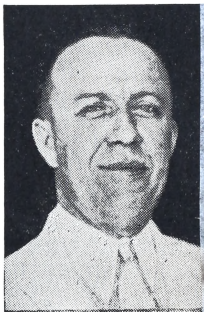
S. R. HAWTHORNE

S. R. Hawthorne, popular clubman and head of the Hamilton-Brown company, responsible for the dashing prosperity and business-as-usual atmosphere of its Escolta street, paid a business trip to China recently. He is one of the young business men of Manila with an eye on the supplementary opportunities China may offer for expanding business centered primarily here. He spent a month in Peiping, visited the other main commercial centers, found the foreign community at Shanghai little preoccupied with the conflict raging between Nanking and Tokio over Manchuria. In Shanghai and Hongkong he found business active, dull, affected by the military operations, in northern China.

Her long and desultory political revolution by no means terminated, but seemingly more complicated every year, in business China still forges ahead. At this writing, March 13, Japanese-Manchukuo forces had

occupied Jehol and were reported to be holding all passes of the Great Wall, Peiping an apparent objective. Japan's resignation from the League of Nations had been submitted to the emperor.

Vice-President S. W. Caywood of the Goodrich International Rubber Co., paying a business visit to Manila, told shipboarding reporters that the Philippines are sitting on top of the world compared with other countries of the Far East, as far as business is concerned. "The people here," he said, "have no reason to complain of the business crisis, since conditions in the Philippines are of late very encouraging. Our own business is improving here." He added that improvement here is noticeable since his visit here last year. He goes from Manila to New Zealand and Australia, to inspect the Goodrich agencies there. The company's plans for growing some of its own rubber were placed in abeyance by the general decline of the raw-products market that has brought rubber to such low levels that trying to produce it is less an unpromising enterprise. Mr. Caywood had nothing to say about the Hawes-Cutting independence bill beyond his hope that whatever the outcome no drastic legislation either here or at Washington will affect Philippine-American trade.

S. W. CAYWOOD  
Finds P. I. business best  
in Far East.

F. Theo Rogers, business manager of the *Philippines Free Press*, left Manila a fortnight ago for a leisurely tour of the world planned to terminate toward the end of the year. He expects to visit Washington and to confer with President Roosevelt. Rogers and R. McCulloch Dick, publisher of the *Free Press*, now working a bit and golfing regularly at Manila, take turns at trips abroad and sending back contributions to the paper. These illustrated travelogues, and commentaries on world events, from the Rogers pen, have been announced in connection with his present trip. He will see Conservatives governing a Labor England, France playing desperate cards in the European tangle that begins with Soviet Russia's repudiation of empire and Karsensky debts and ends with the reparations payments, Germany seeking economic and political breathing space under leadership of Hitler, America making domestic and foreign adjustments as new foundations of banking, budgeting and commerce. An intensely interesting world scene, surely this will be.



F. THEO ROGERS

Free Press Photo  
ARSENIO LUZ

Arsenio Luz, new president of the Chamber of Commerce of the Philippine Islands, suggested, when taking over his new place, cooperation between the Philippine and American Chambers of Commerce. This attitude was welcomed and responded to in the spirit in which it was offered.

## Trying to Solve the . . .

(Continued from page 5)

The above data were kindly furnished the *JOURNAL* by Secretary of Agriculture and Commerce V. Singson Encarnación. They are, on their face, irreconcilable with competent public administration, or with any standard of procedure whatever that the public could be expected to tolerate. They challenge directly the ability of Secretary Singson Encarnación to work for the public weal, he having just assumed office; and they will, as long as they stand, challenge, almost equally with the secretary immediately responsible, the cabinet, the governor general and the legislature. Nor can the under-secretary of the department escape blame for the situation the data so glaringly reveal, nor the lands director.

The data show that 39.2% of all homestead applications ever filed with the government have been rejected; 32% have been approved, but less than 11% have been patented, or

covered with a legal title rested in the claimant. In about 8% of all cases, applications have been cancelled, and on 10% of all applications action is still pending. Among every 100 men who have attempted to secure homesteads from the government, only 11 have succeeded; among every 100 men, that is, who might now be owners of farms and paying realty taxes, only 11 are doing so—the children of the whole 100 will be in school, supported by the taxes of the 11 only. The situation conveys more, and equally damning, implications.

Of 53,401 applications for free patents, only 27% have been honored—hardly more than 1 in 4. But 37.6% have been rejected; 26.5% have been approved but not patented. Action is still pending on more than 6% of these cases. There have been 25,931 offers to buy land from the government, but more than half have been rejected and less than 3% of the applicants have actually received title to their purchases. Further analysis of such an inept and indefensible record would be superfluous.

—W. R.



# No Business Can Escape Change

(From "Nation's Business")

**A new home refrigerator** uses solid carbon dioxide (20 pounds a week) as a refrigerant. The principle's also being applied to ice cream cabinets, display cases for handling frozen foods, etc. . . .

**A new electric refrigeration system** for trucks, storage boxes, etc., stores up cold much as a storage battery does electricity. Trucks so equipped, "charged" at night at off-peak rates, are said to keep a constant temperature for 15 hours or more. . . .

**An old railroad safety device** is adapted to highway use in an emergency road flare which guards stalled vehicles against collision. It burns 20 minutes, serves also as illumination. . . .

**Designed for safe, cheap, frequent transportation** on railroad main lines, a new torpedo-shaped, aluminum, motorized vehicle is now in service. Sixty feet long, it carries 42 passengers, is air-conditioned, rolls on steel-tired, rubber-cushioned wheels. . . .

**Copper's** now being made in thin sheets, weighing as little as an ounce to the square foot, through electro-deposition. Readily bonded to other materials, many uses are foreseen for it—roofing, container lining, pipe wrapping, etc. . . .

**Addition** of a small percentage of beryllium to copper has produced a new, extremely hard, noncorroding alloy. Possible uses: nonsparking tools, electric power transmission, valve springs in steam power transmission, etc. . . .

**By a new chemical treatment** cotton yarns and piece goods can be made to look like, feel like and wear like wool. The process puts a permanent curl, like that of wool, in the fibers. . . .

**Cotton** is finding a new use in a new facial cloth. Of a special soft weave, the cloth is easily disposable, does not disintegrate. . . .

**Canvas** in awnings, etc., can now be protected against sparks and cigarettes by a fire-retardant paint which doesn't affect the fabric's flexibility. . . .

**Fabrics** and other absorbent materials are also made non-inflammable by recently developed salts, applied in solution. The treatment's said to leave materials unchanged in color, feel, texture. . . .

**Flax-growing** may offer the South a new industry. New methods for extracting fiber from seed flax straw permit all the long fiber to be used in linen, short fiber in cigarette paper. One firm recently made such paper from Virginia flax; heretofore it's been made from imported flax—40,000,000 pounds a year. . . .

**Handles** of paint and lard pails have long been attached by "ears" soldered to the pails. Now comes a new pail in which button-like "ears" are spun up from the metal of the pail itself. . . .

**New treatments** have been devised to increase the production of oil, gas and brine wells. One involves a solvent composition, said to reduce limestone yet not to injure casings. . . .

**NEW products** are of more than usual importance in times like the present, for in many cases they translate themselves into reemployment of idle men, new pay rolls and fillips to business in general

**A new spray gun**, driven by compressed air, carries an electrically heated, quart-size gravity cup in which paraffin or other coating materials can be heated to 300 degrees. . . .

**A new expansion joint** can be packed or repacked without turning off steam. It's done through a plastic packing and an adaptation of the pressure-lubrication principle. . . .

**The machine's** even invaded noodle-making. With a new noodler, housewives make 'em in a jiffy, forming them from batter and dropping them into hot water or soup by a twist of the wrist. . . .

**Milk's** now retailed in cellulose boxes instead of bottles. The new containers are formed, dipped in superheated paraffin, cooled, filled and sealed in one continuous operation. Used but once, they are said to save weight, space, washing and sterilizing operations. . . .

**A new form** of bank check is printed on the back of an ordinary penny postal in tamper-proof ink. It saves mailers of checks time, envelopes, and two cents postage. . . .

**Papers** are fastened permanently or temporarily by a recently developed stapling device. The temporary staple's put in pin-like; unpin-like, it has no sharp points to stick file clerks' fingers. . . .

**A new combination** desk and safe for vertical card record systems opens and closes electrically, giving added fire protection. In case of fire, a clerk has only to push a button and run. . . .

**Processed blast furnace slag** is now offered as a lightweight aggregate for use in concrete mixtures. It is said to make an easily sawed, nailable concrete weighing only 96 pounds a cubic foot. . . .

**Ferro-alloys**, in briquette form, may help to clear roadsides of junked autos. The briquettes, added to such scrap in foundry cupolas, are said to produce high-grade cast iron. Thus scrap, heretofore not worth shipping to large steel plants, may now be advantageously utilized by many local cast iron foundries. . . .

**Anglers** save both temper and tackle with a new artificial minnow. If it catches on an obstruction a sharp tug on the line releases a spring which, in most cases, kicks the minnow free. . . .

—PAUL H. HAYWARD.

**EDITOR'S NOTE**—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

# The British World View of Commerce

*From the current number of the London Chamber of Commerce Journal accessible at the library of the American Chamber of Commerce*

## Australia

Business sentiment is better than a few months ago. Notwithstanding very high landing costs caused by the tariff and exchange, recent increases in imports, particularly productive goods, show that the tendency to allow them to decline below consumption level has ceased. A substantial increase in motor registrations definitely indicates an improvement in general conditions. Distributing companies report that monthly sales of cars and trucks have increased by more than 100 per cent compared with six months ago. There is a large expansion in demand for light English cars. Seasonal conditions are creating additional employment, including the handling and transport of increased primary production. The larger volume compensates for some of the decline in prices. The more stable political outlook has given greater confidence in financial and business circles, Federal finance has improved inasmuch as revenue exceeds expenditure, and the State Governments are aiming at balanced budgets within a reasonable period. The future, however, depends largely on the settlement of the war debt problem, which will mean a balanced or an unbalanced budget, in the latter case increased taxation, when the vital need of industry is relief.

The Australian wheat crop promised to exceed 200,000,000 bushels, which is highly satisfactory in view of the fact that owing to their financial position many growers could not buy superphosphate or employ labour. The quality of the crop is of a high standard, especially in New South Wales and Western Australia. Unfortunately, prices are still below cost of production, except in cases where farmers are getting unusually heavy yields, such as in several districts in New South Wales.

## India

The annual statement just issued by the Millowners' Association shows that the cotton mill industry, once centred on Bombay, is dispersing through India. For instance, there are twenty mills in Bengal compared with four last year. The growth is also shown in the fact that mills consumed nearly 300,000 bales of cotton more than the previous year's figure. Consumption was 2.91 million bales (the Indian bale is about 390 lbs.) This figure easily constitutes a record, but side by side with this piece of information we are also told that one out of nine Bombay mills are idle. Bombay is, of course, more and more feeling the competition from Ahmedabad and other up-country centres, which next to Japan, are her real competitors, and not Lancashire, as some Indian politicians would have one believe.

Here one might remind both British and Indian manufacturers that the proposal put forward at Ottawa for the greater use of Indian cotton should be mutually helpful. The Indian Central Cotton Committee have for long been striving to popularize a longer staple cotton, which is required for the finer counts manufactured in Lancashire. That more long staple varieties are not grown is due to the fact that the agriculturists find the short staple variety brings them a better return. The new Barrage Canal scheme in Sind will bring into cultivation vast areas suitable for the growth of medium staple cotton, and with the stamping out of the malpractices of adulteration through the efforts of the Central Cotton Committee, there should be scope for improvement in Lancashire takings of Indian cotton—always assuming, of course, there is no revival of the boycott campaign which might bring about retaliation in Manchester.

## United States

Summarizing briefly recent trade trends, with the commo-

dity price index to a new low of 55.4, the decrease in the level of all commodities was due chiefly to three groups—industrial products, livestock and fuels. Such groups as agricultural products, building materials, fine textiles, coarse textiles and vegetable oils are holding well above the lows established earlier last year. Moderate price weakness is customary at this time of the year. The seasonal trend of industrial activity is normally downward. But the automobile industry reports an improvement in sales and in its output of cars. Stocks of anthracite and bituminous coal in the United States and Canada in industrial plants as at the beginning of last month amounted to 27¾ million tons, as compared with 26 millions on November 1, showing an increase of 1¾ million tons. There has been a slight increase of consumption in both kinds of coal. Chemicals held the distinction of being the only group which entered the year 1933 on a higher level than at the opening of 1932.

## China

The boycott against Japanese goods is little heard of nowadays, except where some hotheaded enthusiasts hurl bombs into Chinese shops suspected of dealing with the "enemy". But proof whether the boycott is a popular movement is not given by these spectacular ebullitions of feeling, but by the dispassionate eloquence of Customs returns. The pertinent figures need not be quoted in full—it is sufficient to mention that for the first nine months of this year the volume of Japan's excess of exports to China was Yen 74 millions, while during the similar period of 1931 it was only Yen 36 millions. Put in another way, the exports from Japan to China only fell off Yen 20 millions in the first nine months of this year, while the imports from China into Japan fell away by nearly Yen 43 millions. This suggests that the boycott is doing much more injury to China than Japan, and that the anti-Japanese boycott is not receiving much popular support.

To some extent, of course, particularly in South China, British piece-goods trade has benefited as a result of the boycott; but the advantages are illusory—a boycott against British goods might be started to-morrow with just as little justification as the last one directed against Great Britain.

## Japan

The chief use of the United States, from the Japanese point of view, is as a purchaser of raw silk. Before the Great War, 1,000 yen (\$5'00) was regarded as an excellent price for raw silk; it was a price which, as a matter of fact, was not often attained. The general discussions of the time fixed upon 700 yen as the cost of production, and arrangements were always directed towards limiting production or withholding stocks from the market when that price was diminished. During the war boom American prosperity sent silk up to 3,000 yen. After the depression in 1929 it seemed as though Americans, instead of all wearing silk, were giving it up, and the price was in the neighbourhood of 400 yen. With the aid of the Government, large quantities were withheld from the market, and farmers were instructed to diminish their output. Such was the position when Japan went off gold. The response to the decline in the yen was slow, as the depression was still increasing in America; but it gradually improved, and the standard price is now in the neighbourhood of 960 yen, which is reckoned a very handsome one. But it looks somewhat different when we remember that 960 yen, instead of being \$480 is only \$192.

## REVIEW OF THE EXCHANGE MARKET

By RICHARD E. SHAW  
*Manager, National City Bank*



The tendency toward firmness in U. S. dollar rates which was prevalent at the end of January continued into February. Banks were general sellers of T. T. at 3/4% premium and buyers 60 d/s bills in many cases for ready and forward delivery at 1/4% discount. About the middle of the month, however,

it became apparent that some banks were short of cash, and that, coupled with the increasing financial stringency at home, tended to weaken

the market, and by the end of the month banks were very reluctant to buy either ready or forward and were keen sellers at 5/8% premium, with 1/2% being talked of in some quarters.

Sterling rates fluctuated in sympathy with the ups and downs of the New York-London cross rate, the selling rate on February 1st being 2/10 1/4 and closing at 2/9 15/16, with a low of 2/9

3/4 from February 18th to 21st. The New York-London cross rate opened at 339-1/2, touched a high of 344-1/4 on February 18th and closed at 342-1/2.

During the four weeks ended February 25th the Insular Treasurer sold remittances on the U. S. totaling \$675,000, against \$753,000 in January, and \$2,188,000 in February, 1932.

## THE MERE FACT THAT THE GOAT'S HOOF

IS A COCKTAIL MADE IN MANILA OF PHILIPPINE PRODUCTS  
 NATURALLY COMMENDS IT TO THOSE WHO WISH  
 TO SEE PHILIPPINE BUSINESS PROSPER.

### SAGACIOUS BUSINESS MEN PREFER IT.

1. Because it doesn't cloud the issue.
2. One may compute foreign exchange after three.
3. Contracts may be considered after five.
4. Description of the goods you sell expand and take on color in proportion to your libation.

THE COCKTAIL WITH NO MATUTINAL REGRETS  
 AT THE AMERICAN CHAMBER OF COMMERCE BAR

MANUFACTURED BY  
 Frank G. Haughwout

Retail Distributors  
 MANILA WINE MERCHANTS, LTD.

*This Parke-Davis germicidal soap is a wise precaution against skin infections of all kinds.*



# VACATION TIME IS HERE



BEFORE GOING AWAY FOR YOUR SUMMER VACATION BE SURE TO LOOK UP THE LOCATION OF OUR TOLL STATIONS ALONG YOUR ROUTE AND MAINTAIN PERSONAL CONTACT WITH HOME AND OFFICE BY

## LONG DISTANCE

THE MODERN WAY

AN ADVERTISEMENT OF THE  
 PHILIPPINE  
 LONG DISTANCE TELEPHONE  
 COMPANY

# LYRIC

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Mary Pickford in "SECRETS"

Al Jolson in "HALLELUJAH, I'M A BUM"

Gloria Swanson in "PERFECT UNDERSTANDING"

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## Tydings Insular Possessions Charterman

Senator Carter Glass, appropriations committee.

Senator Dunne U. Fletcher, banking and currency committee.

Senator Pat Harrison, finance committee.

Senator Key Pittman, foreign relations committee.

Senator Morris Sheppard, military affairs committee.

Senator Ellison D. Smith, agriculture and forestry committee.

Senator Park Trammell, naval affairs committee.

Senator Millard E. Tydings, territories and insular possessions committee.

Senator Millard E. Tydings is a lawyer, represents Maryland in the senate and is 43 years old. He began public life in the Maryland legislature, where he served first in the lower branch (House of Delegates), rising to the speakership, and then, 1920-1922, in the senate. From 1923 to 1927, two terms, he was a member of congress from Maryland. He was elected in 1926 to the senate, where his first term expired March 4; so he is now entering upon his second term. He is a bachelor, an Episcopalian; his home in Maryland is at Havre de Grace. He is World War veteran, 29th division, D. S. M. for Meuse-Argonne service, 3 citations. He is a Rotarian and an Elk.

## RAIL COMMODITY MOVEMENTS

By M. D. ROYER

Traffic Manager, Manila Railroad Company



The volume of commodities received in Manila during the month of February, 1933, via the Manila Railroad are as follows:

Rice, cavans	174,070
Sugar, piculs	824,206
Copra, piculs	102,007
Desiccated Coconuts in cases	14,736
Tobacco, bales	2,972
Lumber and Timber, B. F.	439,329

The freight revenue car loading statistics for four weeks ending January 28, 1933 as compared with the same period for the year 1932 are given below:

### FREIGHT REVENUE CAR LOADINGS

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONNAGE		INCREASE OR DECREASE	
	1933	1932	1933	1932	Cars	Tonnage
Rice	700	783	7,827	8,619	(83)	(792)
Palay	140	149	1,444	1,514	(9)	(70)
Sugar	1,562	1,572	45,377	45,497	(10)	(120)
Sugar cane	12,997	12,226	254,079	219,003	771	35,076
Copra	711	580	5,179	4,259	131	920
Coconuts	76	82	814	816	(6)	(2)
Molasses	129	200	3,730	5,967	(71)	(2,237)
Hemp	10	21	69	197	(11)	(128)
Tobacco	4	6	20	39	(2)	(19)
Livestock	16	39	70	179	(23)	(109)
Mineral Products	299	360	3,878	4,222	(61)	(344)
Lumber and Timber	147	142	3,904	3,276	5	628
Other Forest Products	2	11	18	96	(9)	(78)
Manufactures	114	148	1,353	1,403	(34)	(50)
All others including LCL	3,011	3,094	22,402	22,865	(83)	(463)
<b>TOTAL</b>	<b>19,918</b>	<b>19,413</b>	<b>350,164</b>	<b>317,952</b>	<b>505</b>	<b>32,212</b>

### SUMMARY

Week ending Saturday January 7	4,300	4,474	72,974	70,002	(174)	2,972
Week ending Saturday, January 14	4,653	4,804	80,659	79,303	(151)	1,356
Week ending Saturday, January 21	5,165	4,942	92,012	79,589	223	12,423
Week ending Saturday, January 28	5,800	5,193	104,519	89,058	607	15,461
<b>TOTAL</b>	<b>19,918</b>	<b>19,413</b>	<b>350,164</b>	<b>317,952</b>	<b>505</b>	<b>32,212</b>

NOTE: Figures in parenthesis indicate decrease.



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## The Philippine Lumber Trade in 1932

The volume of timber and lumber exports for 1932 is about the level of 1931 when the total exports was little over 50 million board feet. The economic depression that has been gripping the whole world for the last three years has affected practically all industries and has also depreciated the currencies in nearly all the countries importing Philippine lumber except the United States. As a result, their buying power decreased and their lumber demand was reduced. As a consequence, there was little demand of Philippine lumber and timber abroad. The local market situation was just as bad. Timber and lumber exports in 1932 were 50,628,144 board feet with a customs-declared value of P1,669,450 as compared with 71,333,760 board feet with a customs-declared value of P3,681,203 for the corresponding period in 1931. There is thus a decrease of 29% in volume and 55% in value.

Although the mill production for the year continued to recede and the surplus stock in the yards continued gradually to dissolve, still the supply is ample to meet the present demand. From 46 mills, reports show that the total production was 127,489,649 board feet as compared with 158,376,770 board feet for the corresponding period last year, or a decrease of 19%. The delivery was reduced 15%—135,658,179 board feet for 1932 as against 159,955,069 board feet in 1931. Inventory was reduced 26%—24,183,942 board feet for 1932 as compared with 32,554,471 board feet in 1931. The delivery thus exceeded the production by about 6%. The situation is, however, still far from satisfactory as actual demand continues to be out of proportion to the stock on hand.

Analyzing closer the amount of export to the different countries, figures in the table below reveal the following facts:

Japan, despite the economic depression and the boycott in China against Japanese goods, augmented by the depreciated value of the yen, maintained her lead in exports by consuming 36,019,648 board feet or 71% of the total bulk of lumber and timber shipped abroad as compared with 35,798,320 board feet for last year, or an increase of approximately 4%. Practically all these exports, however, were round logs.

On the other hand, our shipment to the United States during the period under review, declined from 20,318,080 board feet in 1931 to 5,315,684 board feet in 1932, or 74%. This was discouraging. Although orders and inquiries were not lacking during the latter part of the year, no transaction of importance was consummated due to low prices offered. The proposed deal on Apitong ties, which had found satisfactory use in the United States, appears to be still under advisement. Importers evidently are preferring to wait for the business trend of 1933 before making any commitment. Local lumbermen are optimistic that 1933 will bring about a better market for the local lumber, due to its recognized high quality for cabinet purposes and the fact that it is not in direct competition with other hardwoods in the United States.

The Sino-Japanese trouble in Shanghai contributed much to the dwindling of our export to China during the period under review, being 3,891,472 board feet as compared with 7,127,440 board feet for the corresponding period last year, or a decrease of 45%. The reduced buying value of the Chinese silver contributed also to the decrease of our lumber exports to that country. Shipment to Great Britain for 1931 was 5,884,696 board feet as against 3,410,656 board feet in 1932, or a reduction of 42%. This falling off of shipment was no doubt partly caused by the depreciated value of the pound sterling and also by the passage of the tariff act which took effect March 1, 1932, charging 10% ad valorem on all imports by that country.

There were 345,560 board feet of lumber and timber exported to Australia during the year 1932 as compared with 74,624 board feet for the same period the previous year, or an increase of

363%. The lumber shipped to that country in 1932 consisted, however, only of especially selected lumber and it is not likely that the lumber trade of the islands with the above country will resume its normal volume, unless the Australian tariff affecting the Philippine product is reduced.

Of the other countries importing Philippine woods, the following registered a decrease this year as compared with that of last year: British Africa 64%; France 51%; Canada 22% and Guan 9%. Those that registered increases are Hongkong 21,300%; Spain 2,807%; Netherlands 215%; Italy 84%; Portuguese Africa 5% and Hawaii 3%. Germany, which imported little lumber from here in 1931, did not import any in 1932.

Lumber exports have been made to countries that have not been reported importing Philippine lumber last year: To Dutch East Indies 25,016 board feet were shipped; Japanese-China 12,296 board feet; and Japanese (Oceanic) 2,120 board feet. Thus, while there was a falling off in the lumber and timber exports to most of the islands' principal markets, it is encouraging to observe that new markets have been found. All

the shipments to these countries, however, were in small quantities and did not offset the decreases suffered in shipments to the principal markets. If these new countries will continue to import Philippine lumber and the trade with our old customers will improve, it is anticipated that the lumber business for 1933 will be better off than the year just ended.

Director Arthur F. Fischer of the forestry bureau returned to Manila a few weeks ago from his American visit convinced that the American market can easily absorb the whole export output of the lumber mills of the Philippines, if steps are taken properly to advertise this lumber to American lumber dealers and their patrons. He found ignorance about Philippine lumber in America, where many cities have no idea of its prime qualities and moderate cost; and he found America importing Central American lumber for needs, not competitive with American lumber, that Philippine lumber would better supply. His observations will be urged upon the Philippine Lumber Association. The JOURNAL avails itself of this opportunity to welcome Director Fischer back to town.—Ed.

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## COPRA AND ITS PRODUCTS

By LEO SCHINURMACHER AND  
KENNETH B. DAY

As feared in our January article, prices of coconut oil, copra and copra cake, weak enough in January, sagged to even lower levels in February and at the end of the month all prices were at new lows.

**COPRA:**—At the beginning of the month, copra was selling in Manila at P5.60 per 100 kilos, reseeda. Arrivals kept up unusually well for February and with foreign markets for copra and oil on the decline, prices dropped gradually until, at the end of the month, buyers would not pay over P5.00. At this figure, there was little selling interest, dealers fearing that copra had been over-discounted. Buyers, on the other hand, felt that P5.00 was really more than oil prices would justify. Copra receipts for the month in Manila totalled 232,336 sacks and in Cebu 213,921 sacks, both figures, and particularly Cebu, being a marked increase over 1932.

Considerable export business was done at prices ranging from 1.60 down to 1.50 cents for delivery on the Pacific Coast and from £12/10/0 down to £11/7/6d. for shipment to Europe. Very little business was done at either minimum. In particular, several lots were sold for shipment to Europe during the last half of February in view of the increase of 50d. in freight, scheduled to go into effect on March 1st. Shipments of copra were a third less than in January, totalling just under 10,000 tons. These shipments were very equally divided between Pacific Coast, Atlantic Coast, Gulf and Europe, with 450 tons thrown in Japan. As usual, Cebu accounted for the largest export quantity, the Cebu total being just 5,000 tons.

**COCONUT OIL:**—Coconut oil continued its downward progress, dropping from 3 cents to 2-3/4 cents c. i. f. New York and from 2-3/4 cents to 2-1/2 cents f. o. b. Pacific Coast. These latter figures were nominal and no business was put through at less than 2-7/8 cents and 2-5/8 cents. Buyers were very nervous and refused to offer except at, what seemed to sellers, ridiculously low prices. It is currently believed that buyers are fairly well covered for shipment the first half of the year and are only interested in late shipment. Competing oils and fats are so cheap that buyers see no reason to buy coconut oil except at bargain prices. Very little coconut oil business was done in February.

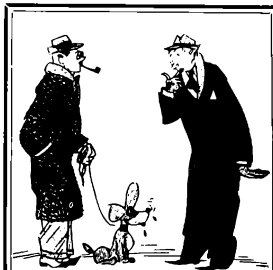
Shipments of coconut oil during the month totalled 13,066 tons, of which nearly 11,000 went to the Atlantic Coast. No shipments whatsoever were sent to the Pacific Coast.

**COPRA CAKE:**—Copra cake reflected the decline in other coconut products. At the beginning of February it was possible to sell cake at P21.50 ex-warehouse but by the end of the month, this price had sagged to P20.00. It is very evident that copra cake is not preserving a preferred position in European feed markets. Soya meal being very much more generally in demand, as well as other similar products. As soon as sellers realized that prices were not likely to improve, a fair amount of business was done for February/March shipment, which is ordinarily a preferred position, as contrasted with April/May/June. Coast business in meal was dead. During February, total shipments of cake amounted to 8225 tons, practically all destined for Europe, distribution being effected through Hamburg.

**DESICCATED COCONUT:**—The desiccated market remained in a nominal position, with

quotations holding closely around 6 cents, c. i. f. New York. Poor demand evidenced in January continued and very little business could be done. Local manufacturers have worked their stocks down very well and with the price of nuts at new low levels, running down to as little as P8.00 per thousand, some mills have been commencing to buy and making plans to step up their production to take care of anticipated business. Desiccated shipments for the month were 1715 tons, all to the United States.

**GENERAL:**—In January we reported prices as ranging from 15% to 25% below last year. In February, this differential was raised to from 20% to 30%. It is very hard to foresee what is going to happen to copra, coconut oil and copra cake, but there is a general sentiment to the effect that prices are now very close to bottom and, if the political scene clears up a bit, there is good hope that a slow, but gradual, recovery may commence to set in.



—Machamer in Judge.

The man with the dog explains: "This dog went to the pole with Byrd—! In fact, he discovered it first!"

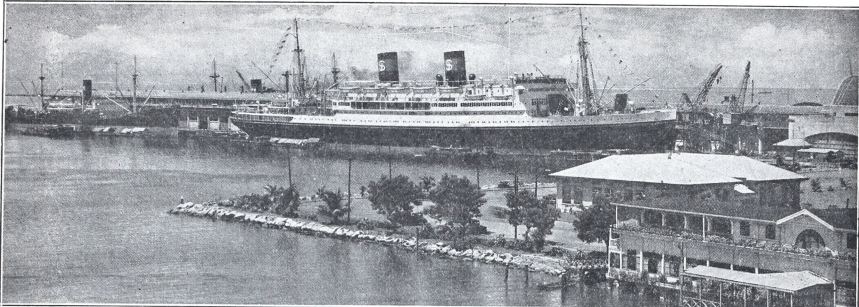
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**SHIPPING REVIEW**

By H. M. CAVENDER

General Agent, The Robert Dollar Co.

Total shipments for the month of January from the Philippines amounted to 174,329 tons, an increase of over 20,000 tons over the month of December. The increase is due to the heavy movement of sugar to the Atlantic Coast, amounting to 116,000 tons, an increase of 27,000 tons over the previous month.

To Japan, hemp shipments were good, amounting to nearly 45,000 bales.

Tobacco shipments were also very good, while logs and lumber continue to move in fair quantities.

To the Pacific Coast there was only one very small shipment of lumber reported, no movement of coconut oil, and no shipments of hemp for overland destinations, other items remaining about the same as the previous month.

To the Atlantic Coast and Gulf, copra was quite good, shipments totalling over 6000 tons. No lumber was shipped, and there was a very

noticeable falling off in desiccated coconut shipments.

To European ports, copra, hemp, lumber, and tobacco moved in fair volume, but copra cake and meal dropped off, possibly due to the heavy shipments the previous month.

From statistics compiled by the Associated Steamship Lines, during the month of January 1933, there were exported from the Philippine Islands:

	Tons	Miscellaneous Sailings	Tons	Sailings
China and Japan	13,805	with 31 of which	742	carried American Bottoms with 6
Pacific Coast	14,874	with 14 of which	10,345	carried American bottoms with 9
Local Delivery Pacific Coast	186	with 6 of which	179	carried American bottoms with 5
Overland Delivery Pacific Coast	1,252	with 8 of which	907	carried American bottoms with 5
Inter Coastal Steamer Atlantic Coast	130,170	with 24 of which	19,679	carried American bottoms with 6
European Ports	13,560	with 15 of which	55	carried American bottoms with 2
Australian Ports	62	with 5 of which		carried American bottoms with 1
<b>GRAND TOTAL</b>	<b>153,933</b>	<b>with 73 of which</b>	<b>31,907</b>	<b>carried American bottoms with 15</b>



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Suez Canal  
and  
Europe

- Pres. Pierce - - - Apr. 3
- Pres. Monroe - - - /p. 17
- Pres. Van Buren - May 1
- Pres. Garfield - May 15
- Pres. Folk - - - May 29
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Passenger statistics for January 1933 show a decrease in first class departures for China and Japan—145 as against 343 in December 1932. December departures included about 180 round trip excursionists from China ports.

The following figures show the number of passenger departing from the Philippine Islands during the month of January 1933:

	First Inter-	Third	
	Class	Class	Total
China and Japan.....	145	85	190
Honolulu.....	4	0	35
Pacific Coast.....	20	18	31
Europe via America.....	8	6	0
Straits Settlements.....	14	2	0
Europe and Mediterranean ports beyond Colombo.....	22	2	1
America via Suez.....	21	2	0
Dutch East Indies.....	31	0	1
Australia.....	6	0	0
<b>TOTAL.....</b>	<b>271</b>	<b>115</b>	<b>258</b>

Dollar Steamship Lines announced that premiums for private bath accommodations across the Pacific have been cut to approximately one-third of the former figures. This company has also announced the installation of Special Class accommodations on the *President Grant*, *President Jackson*, *President McKinley*, *President Lincoln*, and *President Wilson*.

States Steamship Company announced reduction in some of their premium accommodations. Mr. E. Blackburn, Auditor of the Canadian Pacific Steamship Company in the Far East, sailed for Hongkong on the S. S. *President Coolidge* on February 25th.

Mr. Neil MacLeod, Manager Shipping Department Smith Bell and Company, returned to Manila February 6th on the S. S. *Empress of Japan* from a nine months vacation in Europe.

## REAL ESTATE

By P. D. CARMAN  
Addition Hills



February sales since 1919 have exceeded those of last month except in 1921, 1927 and 1932 when the totals were slightly less. The large reduction in volume of business from that of January will be noted.

Sales City of Manila  
Jan. 1933  
Feb. 1933

Sta. Cruz.....	P 91,496	P 81,776
Sampaloc.....	157,667	129,851
Tondo.....	216,797	41,558
Binondo.....	60,400	68,512
San Nicolas.....	28,064	16
Ermita.....	64,500	15,000
Malate.....	224,700	129,158
Intramuros.....	113,631	11,800
San Miguel.....	8,000	
Sta. Mesa.....		7,543
Quiapo.....	47,234	97,601
Sta. Ana.....	52,440	35,704
Pandacan.....	600	8,000
<b>Total.....</b>	<b>P1,065,529</b>	<b>P 626,519</b>

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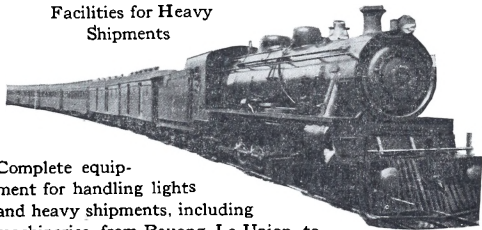
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## MANILA RAILROAD COMPANY

## TOBACCO REVIEW

By P. A. MEYER  
Alhambra Cigar and Cigarette Mfg. Co.



RAWLEAF: The market situation remains unchanged and no transaction of importance are to be reported. Exports, as shown below, include a large shipment to Japan and the usual supply to the Spanish Monopoly.

Rawleaf, Stripped Tobacco and Scraps

	Kilos
Australia.....	31,228
British India.....	843
China.....	\$-159
Czechoslovakia.....	260
Hongkong.....	3,580
Japan.....	265,956
North Africa.....	10,266
North Atlantic (Europe).....	23,264
Spain.....	1,252,642
Straits Settlements.....	476
United States.....	44,154
<b>Total.....</b>	<b>1,640,788</b>

Period Cigars

CIGARS:	Period	Cigars
Export to the United States amounted to.....	February 1933	11,286,004
As against.....	February 1932	15,351,638
And total of the year, so far amounted to.....	Jan.-Feb. 1933	19,475,085
As against.....	Jan.-Feb. 1932	26,547,449



**Trademarks Registered**

*(Continued from page 9)*

with a design, for paints, registered on December 27, 1932, by Co Lu So, of Manila, P. I.

Reg. No. 11238. Trademark consisting of the representation of three sheep in triangular formation, for linen and hemp piece goods, registered on December 28, 1932, by the Welted Handkerchief Manufacturing Company, of Victoria, Hongkong.

Reg. No. 11239. Trademark consisting of the word "TRILOSIN" for hair tonic, registered on December 28, 1932, by Chemische Fabrik Promonta Gesellschaft Mit Beschränkter Haftung, of Hamburg, Germany.

Reg. No. 11240. Trademark consisting of the word "ARGYROL", for antiseptics, registered on December 28, 1932, by A. C. Barnes Company, of New York City, N. Y., U.S.A.

Reg. No. 11241. Trademark consisting of the word "URASEPTINE", for urinary antiseptic and treatment for hepatic and renal colic, gout, rheumatism and as a diuretic, registered on December 28, 1932, by La Societe en Nom Collectif Hency Rogier, of Paris, France.

Reg. No. 11242. Trade-name consisting of the words "INTERNATIONAL COLD STORES", for the business of selling to public cold storage products, butter, cheese, fresh fruits and vegetables, and miscellaneous food-stuffs, registered on December 29, 1932, by the Pacific Commercial Company, of Manila, P. I.

Reg. No. 11243. Trademark consisting of the word "CASINOS" for cigars and cigarettes, registered on January 7, 1933, by the Allambrera Cigar & Cigarette Mfg. Co., of Manila, P. I.

Reg. No. 11244. Trademark consisting of a Chinese character which is pronounced as Jok and other design, for flavoring powder, registered on January 7, 1933, by the Vetsun Food Products Limited, of Shanghai, China.

Reg. No. 11245. Trademark consisting of the word "FOX" for shirts, undershirts, drawers, pajamas and neckties, registered on January 7, 1933, by Dy Chiao Cheng, of Manila, P. I.

Reg. No. 11246. Trade-name consisting of the words "ANG TIBAY", for signboard, letterheads and on advertising matters to identify the business, registered on January 9, 1933, by Toribio Tegoro, of Manila, P. I.

Reg. No. 11247. Trademark consisting of the words "CIRCLE CIGARETTES" with a design, for cigarettes, registered on January 10, 1933, by La Insular Fabrica de Tabacos y Cigarrillos Inc., of Manila, P. I.

Reg. No. 11248. Trademark consisting of the words "3 MINUTE" for cereal food products and ingredients of foods, including oat, flakes, hominy grits, bran and wheat flakes, registered on January 10, 1933, by the Three Minutes Cereals Company, of Cedar Rapids, Iowa, U. S. A.

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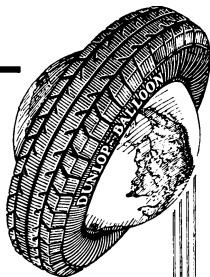


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11, 1933, by La Fabrica de Cerveza de San Miguel-San Miguel Brewery, of Manila, P. I.

Reg. No. 11253. Trademark consisting of the words "FLYING A" with a design, for gasoline, or similar gasoline or petroleum products, registered on January 11, 1933, by the Associated Oil Company, of Manila, P. I.

Reg. No. 11254. Trademark consisting of the word "WASHINGTON" for cap, hat, necktie, undershirt, shirt, coat, pantaloons, drawer, stockings and pajamas, registered on January 10, 1933, by Co Chuy Tng, of Manila, P. I.

Reg. No. 11255. Trademark consisting of

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Reg. No. 11256. Trademark consisting of the words "PARAMOUNT CIGARETTES" with a design, for cigarettes, registered on January 20, 1933, by the Philippine Aromatic Cigarette Mfg. Co., of Manila, P. I.

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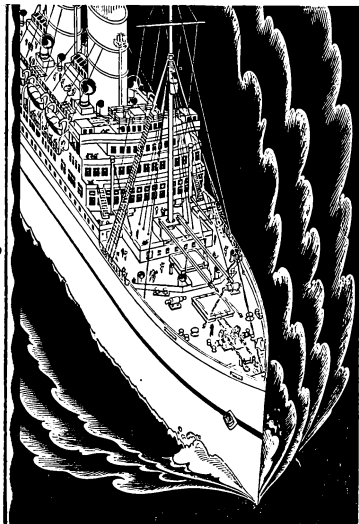
Reg. No. 11262. Trademark consisting of the word "KALMERID" for surgical ligatures and sutures, registered on January 24, 1933, by Davis & Geck, Inc., of Brooklyn, New York, U. S. A.

Reg. No. 11263. Trademark consisting of the word "ONEIDA", for knives, silver plated or of non-precious metal, registered on January 24, 1933, by Oneida Community Limited, of Oneida, Madison, New York, U. S. A.

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Reg. No. 11265. Trademark consisting of the words "ANG SARAP" with a design, for sauce, registered on January 25, 1933, by Gregorio Jongco, of Navotas, Rizal, P. I.

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Reg. No. 11273. Trademark consisting of the word "SELVADIN" for calcium compound for diseases on the basis of calcium deficiency (exudative diathesis, serum sickness, anaphylaxis, general inflammations, and relative conditions), registered on February 1, 1933, by the Winthrop Chemical Company, Inc., of New York City, N. Y., U. S. A.

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Reg. No. 11275. Trademark consisting of the word "ATLAS" with a design, for ham, bacon, lard, dripping, cheese and butter, registered on February 7, 1933, by Wise & Co., Inc., of Manila, P. I.

Reg. No. 11276. Trademark consisting of the words "PALIHAN NG BAYAN" with a design, for cigarettes, registered on February 7, 1933, by the Katipunan, of Manila, P. I.

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Reg. No. 11278. Trademark consisting of the word "TRUMP" with a design, for cigarettes, registered on February 10, 1933, by the Philippine Aromatic Cigarettes Manufacturing Co., Inc., of Manila, P. I.

Reg. No. 11279. Trademark consisting of the words "TRAIN BRAND" with a design, for condensed milk, registered on February 10, 1933, by The Mitsubishi Shoji Kaisha, Ltd., of Tokyo, Japan.

(To be continued)

## The Present Importance of Manila Hemp

Marine cordage forms a large part of the total world output of cordage; and at present most users believe that for this class of rope Manila hemp is the only entirely satisfactory fibre. The production of this fibre is large and its almost complete monopoly of the market for marine cordage is the principal factor restricting the openings available for the other hemp fibres.

Manila hemp or abaca was, until recently, confined to the Philippine Islands and though an increasing amount, estimated at about 10,000 tons a year, is being prepared in Sumatra, this remains small compared with the Philippine production. Since 1913 the area under Manila hemp in the Philippine Islands has slowly expanded. The yield per acre in recent years has also been somewhat larger than in 1913 but there is reason to suppose that this is primarily due to an increase in the production of the coarser grades. The yield of "excellently cleaned fibre" from the freshly cut stalk is only 1½ per cent of the weight of the raw

material compared with 2 per cent of "coarsely cleaned".

The fibre is obtained from the plant *Musa textilis*, which, though a member of the banana family, is more particular in regard to climate and soil than the ordinary banana plant. The fruit is inedible and the commercial value of the plant lies in its fibre. The lower portions of the leaves wrap tightly round the real stem, making a trunk or what is known botanically as a "pseudo-stem", which when fully grown may be nine inches in diameter and up to 20 feet high. When two or three years old, the whole trunk is cut down just before flowering; but since the plants put out suckers freely, there may be as many as twenty trunks to each clump, and the same area can be cut over every six or eight months. Although the better practice is to replant after twelve years, cutting may be prolonged up to twenty.

Until the last twenty-five years the production of Manila hemp in the Philippine Islands has

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been entirely in the hands of the small holders. These producers follow the old methods of planting, exercising little care in the choice of the suckers and using no fertilizers; while they prepare the fibre by methods which have altered very little since the first export a century and a quarter ago.

After the trunk is cut, the outer layer of the leaf sheath, which contains the fibre, is removed by hand in "ribbons" a few inches wide—a process which involves much labour and waste of fibre. These "tuxies", as they are called, are then drawn between a plain or serrated knife and a smooth block of hard wood. This work is so strenuous that it can only be done by an able-bodied man, yet it is estimated that he can produce only 20 to 25 lbs. of fibre a day. The only machine at all widely used is a revolving spindle, to which the fibre is attached and which helps to pull the "tuxy" past the knife. It was not until 1921 that any experiments were made with radically different methods of stripping the fibre. Trials are being made with sisal decorticators adapted to deal with Manila; so far they have not been regarded as entirely satisfactory and only about a half of one per cent of the output in the Philippines is prepared in this way. In contrast with this the decori-

tor is regularly used in Sumatra for the production of Manila hemp.

Many improvements have, however, been developed in the Philippines—particularly in the province of Davao in South Mindanao where, within the last 25 years, large plantations have been taken over by United States and Japanese interests. On these estates sisal decorticators are being tried; and experiments are being made with fertilizers and with new systems of planting. Until 1931, the fiber from this district secured a premium over that from other provinces, and production has expanded so rapidly in the last 15 years that nearly one-half of the total increase in the Philippine acreage has taken place in Davao. It now produces more than one-third of the total output of the Philippine Islands and there is ample opportunity for further expansion. It is difficult to estimate whether any further development in Davao would be at the expense of the other Philippine producers, or whether it would add to world supplies. It is felt that if the other Philippine producers are slow to take advantage of the improved technique they may be gradually eliminated.

As the following table shows, most of the fibre produced is exported; though a certain amount

is retained for a local rope-making industry, which exports a small but increasing amount of cordage. The principal market for the finer grades (a) of fibre is found in the United States, which takes from 30 to 35 per cent of the total quantity exported. The United Kingdom and Japan each take 20 to 25 per cent of the total and draw their supplies from the medium and lower grades respectively.

*Acreage, Production and Exports of Manila Hemp of the Philippine Islands (in thousands)*

Year	Acreage	Production tons	Exports tons
1913	1,081	153.8	117.9
1925	1,181	177.6	148.6
1928	1,188	175.9	172.0
1929	1,198	210.0	186.4
1930	1,226	192.3	166.6
1931	—	137.3	130.0

Within the British Empire, there is a very small production of Manila hemp in British North Borneo, and small quantities of fibre have been prepared in some of the Pacific Islands and in Burma; but there is no prospect of the Empire becoming self-sufficient. Trials of the suitability for marine cordage of other Empire fibres—sisal, New Zealand, Indian sunn and Mauritius hems—are, however, being made. In 1925, the Imperial Institute, under the auspices of its Advisory Committee on Vegetable Fibers, began a series of experiments "to determine the effect of sea-water on the strength and durability of sisal hemp in comparison with Manila". Three series of trials have been completed and the results published. The first series was carried out with 3-inch ropes of First Quality East African sisal, Unbrashed Superior No. 2 East African sisal and "J" grade Manila. The ropes, all made by the same manufacturer, were put in wooden crates, which were fixed to Southend Pier in such a position that they were completely submerged and uncovered at each tide. The breaking strain was determined after 4, 6, 9 and 12 months' immersion in sea-water and comparisons were made of the swelling of the ropes and the buoyancy of the fibres. In the second series, tests were made with 1½-inch and 3-inch ropes of sisal, Manila and henequen, all manufactured to a single specification. Not only were the ropes submitted to continual immersion as in the first series, but lengths were also dried by exposure to the air for a period and then tested after re-immersion in sea-water. In the third series, eleven 3-inch ropes of sisal, Manila, Russian, Indian sunn and New Zealand hems, made after the same specifications as in the previous series, were exposed to tidal action. In the last two series, breaking strains were tested after exposure for periods of from one to twelve months. Concurrently with these trials, the Admiralty carried out similar tests on sisal, New Zealand and Manila hemp ropes, which had been made in the Admiralty rope works.

As a result of these tests, it has definitely established that East African sisal, New Zealand hemp and Indian sunn hemp are all capable of resisting the action of sea-water. The Admiralty trials showed that a rope made of No. 1 East African sisal not only had a much better appearance than a rope made of J grade Manila—a higher grade than is often used for marine cordage—but had also a great initial breaking strain and compared favourably with Manila when exposed under service conditions. There are, however, certain objections to the use of sisal; for it (i) absorbs water more quickly than Manila—therefore weighing more—and sinks more rapidly, (ii) swells more, (iii) shrinks in length at a quicker rate and (iv) when dry does not return to its approximate original size like Manila. However, despite these objections, the results were such as to justify large scale trials under service conditions, and two hundred and forty coils of rope, of various sizes up to 6 inches circumference, have been distributed to the Fleets in all parts of the world for use as boats'

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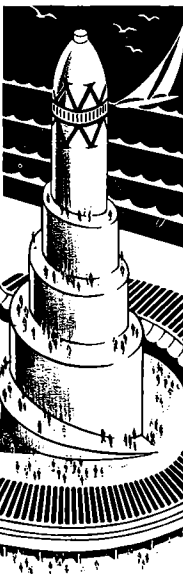
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falls, etc. Reports on this rope should be available in the autumn of 1932 and will particularly note how it compares with Manila in flexibility and ease of handling, and whether swelling or mildew cause any trouble.

At the same time, the Admiralty is carrying out further trials with New Zealand hemp of High Point Fair grade—the best of the three grades used in the first tests. The initial breaking strain of the New Zealand hemp so far tested has not been so high as that of Manila and while its colour is similar, the fibre is coarser. It absorbs water at a greater rate than Manila and sinks more rapidly, though rather better than sisal in both these respects; further, it swells more than Manila and remains swollen when dried.

Between 1927 and 1930, the Admiralty carried out trials of tarred cordage made from Indian hemp. Further trials have been deferred pending improvements in the production, grading and marketing of the fibre; and its use by the Admiralty is restricted to spun-yarn. The resistance of Indian sunn hemp to sea-water has been tested by the Imperial Institute. In this quality, it compared very favourably with Russian hemp (dressed Siretz), of which a small amount is used for marine purposes.

To sum up: while sisal may surpass Manila in strength and appearance and compares favourably in durability, it is inferior in retaining its buoyancy, size and shape after immersion. Whether sisal or any of the other Empire fibres is widely adopted is likely to depend, therefore, on the importance attached to these latter qualities.

We have already pointed out that the present dependence on Manila for marine cordage only dates from the middle of the last century; before that the bulk of marine cordage was made of soft hemp. When the safety of lives may depend on the strength and ease of handling of the ship's ropes, the standards demanded by the Board of Trade's regulations are necessarily high, and users are naturally reluctant to change from a known product to a comparatively unknown article. Producers of Empire fibres are therefore confronted with one of the chief potential markets for their product. As we have shown, that position is not unassailable. Further, the publication of the results of the Imperial Institute and Admiralty tests and the publicity given by the Empire Marketing Board to the possibilities of sisal for marine cordage, stimulated interest in the problem among British shipping companies.

Whether any Empire fibre is used for marine cordage must depend on its fitness for the purposes to which it is put. Should any of them be found suitable in practice, we believe that Empire users will voluntarily prefer to use an Empire product, but we expect their wide adoption to be a slow process. This is especially likely outside the Empire, for unless the supply expands to meet the new demand, the use of sisal or any other Empire fibre for marine cordage must tend to raise its price relative to that of Manila, since, apart from the effects of the present depression, we see no likelihood of a falling off in Manila production.

Outside the market for marine cordage, Manila has been losing ground. There has been a gradual decline and deterioration in the quality of the Manila hemp prepared by the smaller producers, so that, for a number of its minor uses, such as twines and cords and some kinds of small rope, it has been unable to compete with the increasing supplies of well cleaned sisal which have been coming from East Africa and the Netherlands East Indies. Sisal has also provoked an improvement in the preparation of Mexican henquen, and hence has increased the competition met by Manila hemp from that fibre as well. Combined with the prospect of the production of Manila hemp in other areas where temperatures and humidity are sufficiently high, the competition of sisal has shown the Philippine authorities that prohibitions on the export of Manila plants are insufficient to safeguard the local industry, and has stimulated efforts to improve current methods of preparation.

In a Bulletin recently issued by the Fiber Standardisation Board of the Philippines, a series of suggestions for reform are put forward, which include a simplification of the grading and, in order to assist this, standardisation of the "stripping knives". A number of reforms in agricultural practice and the development of automatic or semi-automatic machinery, such as the decorticator, are also urged.

The present position is therefore that the exclusive use of Manila in the manufacture of marine cordage is being challenged, but that Manila is certain to remain the dominant fibre for some time longer in this limited but very important market. Consequently it is in the manufacture of twines, cords and small ropes that the immediate outlet for the Empire hemp fibres most clearly lies. The rest of this report is confined to a consideration of the

use of Empire fibres for these purposes, especially in Empire markets. Here again, to an unknown but certainly limited extent, Manila is a competitive fibre. As we indicated in the previous paragraph, it has in this field recently lost ground to sisal. The proportions of the Manila supply which are used for marine cordage and for other

purposes cannot be estimated; therefore, while its competition should not be forgotten, we have excluded it from further consideration.

The price of the Imperial Economic Committee's Report No. 24 (Fibres) from which the above is taken is 6d net. The address is His Majesty's Stationery Office, London.—E.L.

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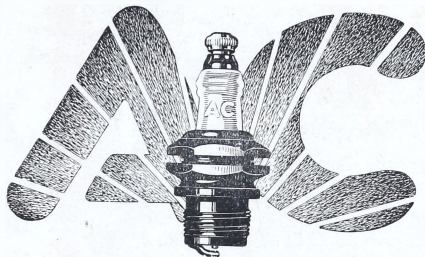
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## Equip with new AC Spark Plugs every 10,000 miles