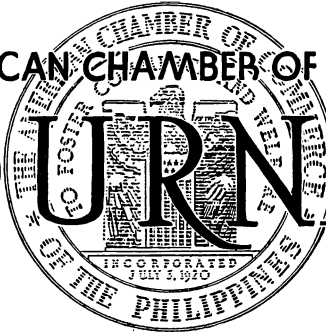


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



Published monthly in Manila by the American Chamber of Commerce of the Philippines  
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**A. V. H. Hartendorp**  
*Editor and Manager*

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No. 2

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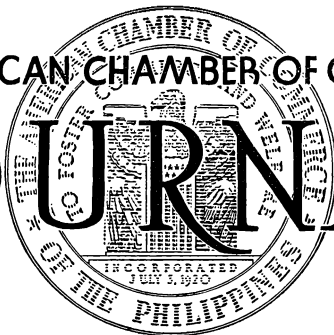
Manila

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# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

*"... to promote the general welfare"*

We in the Philippines have recently been vouchsafed the privilege of reading or hearing over the radio two significant addresses, one following the other closely: the first by President Truman, the second by President Quirino.

Comparisons are often odious and though we wish to point out certain unhappy facts, it is not our intention to say anything invidious but to submit certain thoughts for serious cogitation.

The two addresses differed naturally in that one was an Inaugural, addressed to the people of the United States and also, definitely, to the whole world, while the other was a "state of the nation" address delivered before the Congress of the Philippines and primarily addressed to its members, though not without a thought to the electorate.

It is notable that President Truman's address dealt chiefly with the tenets of the American faith and with American foreign policy. It was impersonal, solemn, and highly realistic.

President Quirino's address, quite properly, dealt almost wholly with domestic matters, but was in large part a review of the accomplishments of his administration.

It was, we are sorry to say, quite the opposite of realistic. As one listened, or read the address later, one's sense of wonder grew at the almost magically one-sided picture of the "state of the nation" which was presented.

Why, if all that were true, and that were all the truth, there was nothing wrong with the Philippines! What have we been so worried about?

But alas! we know, the people know, that there is much that is wrong, deeply and gravely wrong. Day after day the newspapers are loaded down with accounts of the unhappy facts as to the homelessness and poverty of many of the people, the general corruption in the government, abetted in high places, the widespread lawlessness and criminality, the popular criticism, unrest, and actual insurrection. And added to this, the persistent government interference with,

rather than regulation of, the nation's economic life, which can only make general conditions worse. We have still a long way to go even to equal our pre-war state as to general living conditions, peace and order, the efficiency of the public services, and as to numerous other things.

The Government, obviously, even the President himself, is much more pleased with the Government than are the people. That, in fact, is natural enough, though all the more lamentable for that. For we have here a politicians' government rather than a government of the people. "Politics" is still the Philippines' first industry; the politicians are our most prosperous and complacent citizens. They are sitting on top of their little world. They call the tune to which all others must caper, and will, perhaps, until the dancers' exhaustion will end the ball and the lights will go out.

Is it wise for the President to use such rose-tinted glasses that he misses all the deep shadows that are cast over the land?

Hopefulness, courage, determination, are one thing. Blindness, wilful or otherwise, is quite another.

President Quirino has accomplished a great deal, though less than he might have, especially if the Government had followed wiser economic policies.

But much has been left undone, and so long as the President thinks, as he seems to, that everything is so beautiful, will the remedial actions and processes so desperately called for ever be decisively enough undertaken?

Satisfaction has been expressed in the Philippines over the success of the Government in securing the promise of a loan from the World Bank to finance, in part, the construction of two hydro-electric plants.

**Government Loans versus Private Investments**

That is a good thing, nobody will deny.

We may, nevertheless, in this connection, ponder the following very lucid statement by S. G. Baggett in the December issue of the *American Bar Association Journal*:

1948

P.A.L.'s outstanding achievement in serving the public was the inauguration of the DOUGLAS DC-6 five-mile-a-minute pressurized cabin sleepers on all International flights.



1949

P.A.L.'s program will be to start the reconversion of all its passenger Inter-Island aircraft to Super DC-3 four-mile-a-minute de luxe planes, with all the latest improvements for your air-travel comfort.

## PHILIPPINE AIR LINES inc.

on the occasion of its Anniversary takes pride in presenting the following facts and figures covering one year of outstanding service.

	<u>1947</u>		<u>1948</u>
<b>PASSENGERS SERVED</b>			
Inter-Island .....	267,938		300,046
International .....	8,793		10,930
	<u>276,731</u>		<u>310,976</u>
<b>MILES FLOWN</b>			
Inter-Island .....	4,619,119		4,656,743
International .....	2,276,894		2,596,098
	<u>6,895,513</u>		<u>7,252,841</u>
<b>FREIGHT CARRIED</b>			
Inter-Island .....	4,581,724	Kgs.	4,867,241
International .....	303,768		451,437
	<u>4,885,492</u>	"	<u>5,318,678</u>
<b>TOTAL SEATS MILES</b> .....	<u>173,119,163</u>		<u>193,771,715</u>
<b>TOTAL HOURS FLOWN</b>			
Inter-Island .....	Hrs. 36,151		37,516.40
International .....	" 12,089		12,198.42
	<u>" 48,240</u>		<u>49,715.22</u>
<b>INCOME IN PESOS SALES</b>			
Inter-Island .....	P10,138,269.69		P12,122,461.11
International .....	7,812,466.53		11,058,599.94
	<u>P17,950,736.22</u>		<u>P23,181,061.05</u>

PHILIPPINE AIR LINES started in February 14th, 1946, with EIGHT Planes of the C-47 type. Today, the PHILIPPINE AIR LINES operates the following fleet:

DC-6	4	planes
DC-4	3	"
C-47	38	"
C-64	2	"

Making a total of ..... 47 planes

In 1941, PHILIPPINE AIR LINES began operating with a capitalization of P500,000.00. The present capitalization, since May 5th, 1947 is P10,000,000.00 of which P8,210,000.00 is fully paid.

PHILIPPINE AIR LINES maintains daily service, except Sundays, to all important points in the Philippines. Regular trips twice a week to San Francisco, Honolulu, Guam and Hongkong. Once a week to Tokyo and Okinawa. Every other week to Calcutta, Karachi, Dhahran, Cairo, Rome, Madrid and London.

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 FREIGHT DEPARTMENT — (Inter-Island and International) Trade & Commerce Bldg.  
 Juan Luna St. Tel. 2-79-66  
 M A N I L A

**A. SORIANO Y CIA.**  
 General Managers

"Inter-governmental loans usually hang a millstone around the neck of the borrower because the loans must be repaid and funds for such purpose must be raised through additional tax levies. The payment of the service charges on loans upsets international balances and puts a further strain on international exchange.

"Private capital, on the other hand, if invested in productive enterprise, results in additional production and an increase in purchasing power. Instead of placing additional burdens on the receiving nation, the investment of private capital produces additional sources of governmental revenues.

"At best, all the government could do through international loans would be to engage in some pump-priming, but if private capital does not take up the slack, the priming would be lost and both the creditor and the debtor would suffer.

"The investment of private capital, however, multiplies like seed-corn, and, if replanted, will continue to produce large and abundant harvests."

It is hoped, of course, that the projected hydro-electric plants will in time pay for themselves, so that all that Mr. Baggett says about international loans does not apply strictly in this case. Nevertheless, his contrasting of the two kinds of capital, or, rather, of the two ways in which foreign capital may be brought into a country, is most instructive.

It was reported recently that the first of some 205,000 new immigrants have begun to reach the United States, so-called "displaced persons" whose entrance was authorized by a special act of Congress. Samar Exile

Most of them were chosen because of their special skills, for although the United States has over 60,000,000 of its own people gainfully employed, there is still need especially for agricultural, household, construction, and clothing workers. All of them have been assured jobs in advance either by employers or voluntarily organized commissions. The labor unions have not only not objected to this influx of new labor, but are firmly behind the program. The Clothing Manufacturers Association, in conjunction with the Amalgamated Clothing Workers, for instance, has promised jobs for 10,000 tailors.

According to the December issue of *Fortune*:

"There is no reserve of unemployed. There is a chronic, if sporadic, shortage of agricultural labor. In addition, in the words of the Federal Security Agency, 'the nation does not have any significant pool of unemployed to meet the growing demand for non-agricultural workers resulting from the gradual expansion of exports and national defense production....' Increasing needs are seen for aircraft workers, shipbuilders, engineers of all types, bricklayers, plumbers, metalworkers, machinists, electricians, domestics, scientists, teachers, stenographers, and textile and clothing workers."

According to *Fortune*,

"The I.L.G.W.U. offered to admit displaced persons to membership at once, and several other unions have agreed either to waive or to defer initiation fees. A mid-western zinc manufacturer said he wanted 300 smelters; a Massachusetts firm making store furniture and fixtures applied for skilled woodworkers; Colorado wants miners; a Texas cattle raiser wants a mixture of leatherworkers, blacksmiths, handymen, and cooks; an Indiana saw firm asked for nine good craftsmen. Connecticut wants dairymen, tobacco workers, sewing-machine operators, tool and die makers, electronic engineers, Minnesota and Wisconsin, where two of the best commissions operate, have jobs and homes for about 10,000 displaced persons each, mostly farmers. So far, few company applications have been motivated by desire for cheap labor."

Acting upon the request of the International Relief Organization, the Philippine Government has recently approved the sending here of some 8000 refugees of mixed nationalities mostly from China for several months' stay, until they can be sent elsewhere. This has been hailed as an act of humanity, as it no doubt is.

However, far from offering them homes and jobs here, we do not even allow them to set foot in Manila, but pack them off to the remote coast of eastern Samar.

We seem to be afraid that they might conceivably be able to help us.

Shouldn't we learn one more lesson from America?

Let us keep asking ourselves, What makes America so rich and so great? What makes even the newest comer to America so loyal?

The editor requests the indulgence of the members of the Chamber and of the readers of this Journal in his advancing here what must be considered his personal opinion rather than that of the Chamber on a matter regarding which the general opinion of the membership would be difficult to gather, but which, nevertheless, is of some importance particularly to the foreign policy of the Philippines.

Speaking personally, he has been interested since the time of Governor-General Harrison and Governor Carpenter, — who gave serious thought to it: the possible emergence at some time in the future of a Malaysian confederation, to be led, perhaps, by the Philippines.

Such an aggroupment, including the Philippines, the East Indies, the Malay Peninsula, and perhaps other parts of Southeastern Asia, would have a geographical, racial, and cultural validity, and a certain historical one as well as it would encompass the elements of the old successive, Sri Vishaya, Madjapahit, and Malaccan Empires.

With this as a background, the editor has not been able to share in the enthusiasm of some of our officials here, notably Ambassador Romulo, over the recent meeting at New Delhi and the formation there, or the tentative formation, of a so-called "regional Asiatic" bloc, because it embraces such diverse elements as Australia and India and even a number of Near and Middle East countries. The area covered is difficult to place geographically and the nations included comprehend peoples of great racial and cultural differences. The conference at New Delhi was in fact predominantly one of Islamic representatives and barely escaped being drawn into the Jew-Arab dispute, which possibly accounts for the brevity of the meeting.

The immediate object of the conference was to bring pressure against the Dutch Government for its recent police action in Java. The upshot of the conference was the adoption of a comparative mild resolution asking the United Nations Security Council to set up a definite time-table leading to full independence for the United States of Indonesia by January 1, 1950. Various speakers, including Indian Prime Minister Nehru and Ambassador Romulo, declared that "colonialism" in Asia and elsewhere must end.

The latter point is not to be argued at the present stage of world development, though there still are peoples who need tutelage at least. But everyone will agree with Mr. Romulo's eloquent statement made before the Manila Rotary Club on his return from India:

"... democracy, if it is to endure, if it is to survive the forces that seek to destroy it, must be practiced among as well as within nations. Freedom and equality must be for all peoples, as they should be for all men."

But it appears to the editor that the occasion for making a declaration against the continuance of the old-style colonialism, was not well chosen by the governments represented at New Delhi. The editor believes that the world-wide criticism of the Dutch action was based on an equally wide misunderstanding of the situation particularly in Java.

Let us ask ourselves how the United States Government would have taken any attempt at compelling it, after the war, to deal on a basis of equality with the puppet government set up here by the Japanese? How would the Filipinos today take any kind of foreign bloc interference in the Government's policy with respect to the Huks?

These parallels are very close, and, furthermore, most of the men who are so loosely talked of as the leaders and representatives of Indonesia, can at best be considered as controlling only 23,000,000 people in Java out of a total population there of 40,000,000, and 70,000,000 in the whole of the East Indies.

The recent calming down of the United Nations on the subject is probably due, not to any insincerity, as has been charged in some quarters, but to a growing understanding of the conditions in Java with which the Dutch Government has to deal. The outside interference which the Dutch have had to accept, has served only to make their task the harder.\*

Democratically-minded observers, including the editor, have criticised the Dutch policies in the Netherlands Indies before the war as too studiously inhibitory of native political development, but the Dutch today are committed to the establishment of an independent Indonesia within a reasonably short period of time. Meanwhile, by virtue of hundreds of years of rule there, the Netherlands remains the sovereign power. No competent student would hold that the Japanese invasion and occupation of the Netherlands Indies ended that sovereignty.

The Dutch are a great and honored people, who established one of the earliest democratic governments in Europe. Their interest in a successful establishment of an independent Indonesia, is as great today as any outsiders' can be. Their knowledge and understanding of the situation there can not be questioned. Their administrative ability is generally acknowledged.

Amid all the noise, — which fortunately is somewhat subsiding, let us listen to what the Dutch have to say.

Meanwhile, let us in the Philippines not go overboard in this matter of a so-called Southeastern Asia bloc which is not that at all, but a loose and scattered aggregation which lacks all cohesion and has very little, if any, reason for being.

The editor hopes that nothing he has said will be

taken as a stricture on the spontaneous sympathy expressed among the people here, — in the newspapers and in congressional and other Philippine Government circles, for a people akin to them who they believe are being oppressed, or a reflection on the natural indignation felt over an action taken by the Netherlands Government which appeared to be unprovoked. The trouble is chiefly to be attributed, as has already been said, to the insufficiency and the one-sidedness of the information available. The fault seems to lie chiefly with the United Nations representatives on the ground, and with the emotional rather than the rational treatment of the matter not so much at New Delhi as in the Security Council itself, not excepting the United States representation in that body.

Businessmen abroad, interested in business with the Philippines, should be informed of the fact, recently brought out in Manila newspapers, that some 1,500 bags of United States parcel-post matter, and some 6,000 bags of other mail have been allowed to pile up in the Manila Postoffice. The parcel post mail which reached Manila in December, totalled some 3,000 bags to begin with, and no more than half of it was distributed as late as February 1.

The Postmaster cites the Pacific Coast strikes in the United States and lack of sufficient postoffice personnel here as the reasons for the backlog.

The situation should supply an explanation to businessmen abroad for delays in or failure to receive replies and acknowledgements in connection with letters and parcels sent here.

There is no need to expatiate on the general inconvenience and the damage to many that results from such delay in delivery, nor on the obligations of the Philippine Government in this respect as a member of the Postal Union.

The annual meeting of the American Chamber of Commerce of the Philippines was held on January 28 and resulted in the election of the following men to the new Board of Chamber Board Directors, the officers being chosen at the organization meeting held on the 31st:

President — F. H. Stevens, President and Manager, F. H. Stevens & Co., Inc.  
Vice-President — J. T. Hicks, Manager, Liggett & Myers Tobacco Company.  
Treasurer — F. C. Bailey, Sub-Manager, National City Bank of New York.  
Members — F. C. Bennett, Vice-President, Atlantic, Gulf & Pacific Company of Manila.  
J. H. Carpenter, General Manager, Colgate-Palmolive-Peet Company.  
C. H. Hirst, Vice-President and General Manager, American Factors (Phils.) Inc.  
Nathan Most, Manager, Getz Bros. & Co., Inc.  
R. J. Newton, Vice-President and General Manager, Williams Equipment Co., Ltd.  
F. L. Worcester, Vice-President and General Manager, Philippine Refining Co., Inc.  
Executive Vice-President — (Mrs.) Marie Willimont.  
Secretary — Isabelo T. Salmó.

The Journal believes it may speak for the membership at large in denoting the new Board, which contains a number of men who were re-elected, including the President, as a strong and able group, under which the Chamber may be expected to continue to make good headway.

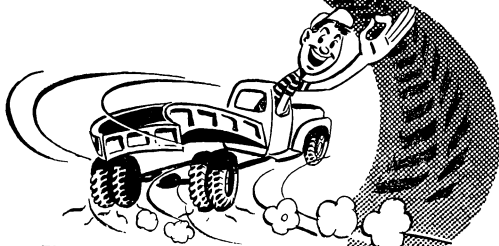
We congratulate these men, the membership generally, and ourselves.

\* This was written before the United Nations Security Council adopted the resolution calling on the Netherlands Government to "free" the Dutch East Indies by July 1, 1960. Suppose the League of Nations, say in 1935, when the ten-year Philippine Commonwealth period was about to open, had demanded that the United States Government grant the Philippines complete independence within two years!

---

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# Annual Report of the President

*American Chamber of Commerce of the Philippines*

TO THE MEMBERS  
AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES

S i r s :

**T**O put it succinctly, I believe that I may say that the Chamber has had a good year in that it has been more than usually active and in that it has been successful, in some degree, in its activities. Our officers, directors, and committeemen, aided by the office staff, have faithfully, diligently, and effectively discharged their responsibilities.

We have at present 100 active members and 74 associate members. During the year we lost two active members, but seven came in, of which three represented membership transfers. Fifteen associate members dropped out, but ten new associate members came in.\*

After a thorough consideration of the matter by the Board, it was decided, to reduce the active membership fee from ₱1,000 to ₱250, effective September 1. We trust this meets with your approval. The outgoing officers and directors hope that the action will lead to an increase in our active membership.

During the year the Board elected the United States Ambassador to honorary membership in the Chamber, which membership he accepted. The Board also invited him to attend, if he should so desire, the Board meetings or to send some member of his staff, like the trade attache. After that, we sent the Embassy the agenda of all board meetings and Mr. Patten, D. Allen, the first secretary, attended most of them.

The Chamber during the year twice suffered serious loss, first, in the sudden death last March of the Executive Vice President, Mr. Leon Rosenthal, and, second, in the death in May of one of the directors, Mr. A. H. Barrett. Mrs. Marie Willimont was appointed to the position left vacant by Mr. Rosenthal. Another lamentable death was that of Mr. H. W. Titus, editor of the "Port of Manila" column in the Journal.

The Chamber is indebted to Messrs. Ross, Selph, Carrascoso & Janda for the reconstruction of our corporate records destroyed during the war. A certificate to this effect was subsequently issued by the Securities and Exchange Commission. Claims for the Chamber's pre-war bank deposits, amounting to approximately ₱30,000, are still pending.

Since August, 1947, the Chamber has had its temporary offices here on the fifth floor of the Insular

\* The seven underlisted firms were elected to active membership during the year:

Williams Equipment Company, Ltd.  
Bunge Far East Agencies, Inc.  
Colgate-Palmolive-Peet Company  
Philippine Engineering Corporation  
W. A. Chittick & Company, Inc.  
Pampanza Sugar Mills  
Philippine Packing Corporation

Ten new associate members were taken in during the year as follows:

A. C. Davis	Fred McN. Butler
G. S. Burton	Tom O. Gaston
R. F. Baker	C. C. Crawford
Louis G. Wagner	John D. Hardie
John R. Cooney	Harry Aviron

Life Building. During the past year we were kindly offered space in the reconstructed building, across the river, of the Chamber of Commerce of the Philippines, but on the basis of the limited area available and the price, the offer was declined. Next month the Chamber offices will be transferred to the fourth floor of El Hogar Filipino Building, around the corner, where we shall have some 190 square meters at our disposal instead of the 150 here. The rental per square meter is the same. The Board having queried the membership by mail, some 70% of the active members voted in favor of installing both a bar and a coffee-counter in the new quarters. I hope, personally, that you will reconsider your vote as to the bar. Most of us, I am sure, do not favor drinking hard liquor during the middle of the day; licenses, fees, and up-keep would run into money, and we would probably incur a deficit.

**F**OLLOWING the annual meeting held early last year, the Board held twelve regular meetings and a number of special meetings, — among the latter, one was to discuss the third-quarter imports, at the request of PRATRA; another was held in connection with the coming of the businessmen's delegation from the United States Pacific Coast to the regional trade conference sponsored by the Chamber of Commerce of the Philippines; still another was to consider the Chamber's transfer to the Hogar Filipino Building; and the last was a meeting on import control.

A number of more generally attended meetings of members were held on the Chamber premises during the year. One, held in February, concerned the licensing of American flour exports to the Philippines; another, held in July, was called to discuss labor problems and the advisability of organizing an "employers' association," on which the decision was in the negative; and the last, held only a few weeks ago and very well attended, concerned the recently instituted import control.

Among the more social occasions, was a luncheon given in February at the Manila Hotel by the Board of the Chamber of Commerce of the Philippines to the Board of our Chamber, in return for a luncheon given by your President to the Philippine Chamber Board the preceding November. Your President also gave a luncheon at the Manila Hotel in June in honor of Secretaries Cuaderno, Mapa, and Abello, Mr. Jose Yulo, and a number of other prominent Filipinos.

Due to the circumstances and to the crowded schedules of the delegation of United States businessmen to the regional trade conference already mentioned and held here in July under the auspices of the Chamber of Commerce of the Philippines, we were not able formally to entertain these men, as we wanted to, but means of individual friendly social contacts were found nevertheless.

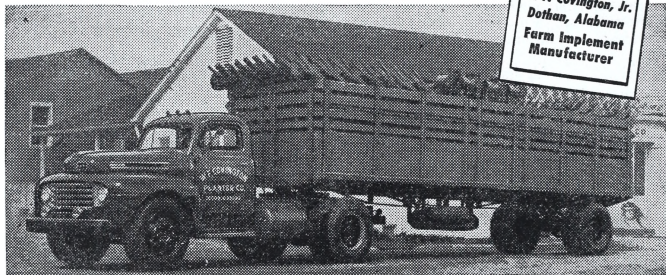
**A**T the regular meetings of the Board, many matters other than routine were dealt with, among them the following:

(1) A joint petition with the Philippine Chamber of Commerce addressed to the President with re-



# "7½ MILES PER GALLON WITH 11 TONS PAYLOAD"

... on our new FORD F-8 BIG JOB"



Roadside Report  
W. F. Covington, Jr.  
Dothan, Alabama  
Farm Implement  
Manufacturer

"We find that our new Ford F-8 BIG JOB has averaged approximately 7½ miles per gallon of gasoline, with about eleven tons payload," reports W. F. Covington, Jr., of the Covington Planter Company.

"On long trips, the truck will gain a full day compared with trips made with a two-ton truck."

Enthusiastic reports like this are rolling in from Ford BIG JOB users in every part of the country. They claim gross train weights of 50,000 lbs. and more on tandem axle semis . . . power that leaves other trucks behind in the hills, or on the level . . . astonishing gas economy . . . unusual driving ease.

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OVER 139 NEW MODELS  
FROM PICKUPS TO BIG JOBS!  
COME IN AND GET THE FACTS!

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- ★ New Heavy Duty Quadrax Axles; F-7 Hypoid, F-8 Two-Speed
- ★ Big Tires; up to 10.00-20 on F-8, up to 9.00-20 on F-7
- ★ New Heavy Duty Five-Speed Transmissions
- ★ Big Rear Brakes, Vacuum Actuated, 16-in. by 5-in. on F-8
- ★ Built and Warranted for the following ratings:
 

	Gross Vehicle Weight	Gross Train Weight
FORD F-7	19,000 lbs.	35,000 lbs.
FORD F-8	21,500 lbs.	39,000 lbs.
- ★ Nationwide Service From Over 6400 Ford Dealers



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## FORD SERVICE THROUGHOUT THE PHILIPPINES

- |  |  |  |
|--|--|--|
| BICOL TRADING, INC.<br>Iriga, Camarines Sur    | DAVAO MOTOR SALES<br>Banquerohan, Davao City | EAST VISAYAN MOTORS, INC.<br>3 R. Palma, Cebu City |
| MINDANAO MOTORS CORP.<br>Cagayan, Or. Misamis  | MONTILLA BROS. CO.<br>Bacolod City           | PANAY MOTORS, INC.<br>Muella Loney, Iloilo City    |
| MANILA TRADING & SUPPLY CO., Port Area, Manila |  |  |

ference to the lifting of the Moratorium, and, later, protests against certain provisions of the bill on the subject which became law.

(2) Representations made and letters addressed to the United States Embassy in connection with the congestion at the piers and the release or partial release of Pier 5 by the United States Army.

(3) Representations made and letters addressed to the Embassy and the U. S. State Department with reference to changes in the export license policy in Washington, "new importers," etc.

(4) Various actions with reference to a number of bills introduced in the Congress of the Philippines, including those affecting the professions of mining and chemical engineering, new taxes on liquors and cigarettes, "luxury" taxes in general, and import control, the high fees for the inspection of imported fruits, etc.

(5) In connection with import control, and on the invitation of Secretary of Commerce Balmaceda, the Board appointed a committee composed of Messrs. D. O. Gunn, N. Most, and R. J. Newton, to meet with the Import Control Board in the discussion of the control provisions of the Act which was finally passed and of the presidential executive order which implemented it. Mr. Gunn had also previously been nominated by our Board, on invitation of the Government, to advise in connection with the revision of ceiling prices.

I was absent from the Philippines during the period of the import control hearings, but I wish to say that our committee did all that could reasonably have been expected of it under the circumstances and that it well deserves our thanks. I do not believe that anything could have been done by us to avert import control, and I am certain that the Chamber, through this committee and through criticism frankly and forcefully expressed in a number of editorials in our press organ, the Journal, did much to temper the provisions, though many of these are still most onerous. We have continued to press our objections strongly.

With respect to labor problems, a special committee was appointed headed by Mr. F. L. Worcester, which sent out a questionnaire to the members on the basis of which a bulletin was put out in mimeographed form for restricted circulation showing the minimum and maximum salaries and wages paid in different categories of employment, special privileges accorded, such as vacation and sick leave, medical and dental care, hospitalization, accident and group insurance, retirement pay, holiday, over-time, and night-shift pay, etc., and the type and extent of unionization in the various business and industrial establishments represented in the Chamber.

This committee, through the Chamber, has also taken steps toward the engagement of a man who will make a digest of all the post-war decisions of the Court of Industrial Relations and thereafter regularly supply the Chamber with a digest of current decisions.

Another important Chamber survey, handled by Mrs. Willimont, and published for restricted circulation in mimeographed form, was that of the present, still very high cost of living of Americans and foreigners in Manila.

We are at present planning still another survey, at the suggestion of Commissioner Waring, of the total American post-war business and industrial investments and the total annual American business expenditures in the Philippines.

Much of this survey work has fallen on Mrs. Willimont, who has rendered outstanding service in

this as well as in her regular capacity as Executive Vice-President.

Most recently we have received a valuable report by Mr. C. H. Hirst, Chairman of our Civic Affairs Committee, on the proposed establishment of a Community Chest organization here. Our members should indicate to the incoming Board of Directors what they think of this matter.

WHILE in the United States during the latter part of 1948, I was impressed by the high appreciation shown by businessmen there of our Chamber publications, both our mimeographed Bulletins, of which we put out 543 during the year, and our monthly Journal. However, I recommend to the incoming Board that it consider whether or not it is necessary to continue to send out excerpts from the "Special Business News" dispatches of the Associated Press, as I am personally of the opinion that the local press now gives adequate coverage.

I found the Journal on the desks of practically every business executive interested in business with the Philippines. They were outspoken in their praise of both the regular monthly contributors to "The Business View" pages and the editor, Mr. Hartendorp. The editorials, especially, have helped to clarify, abroad as well as here, a number of important issues. I may say that though they are always trenchant, they are so obviously imbued with a concern for the best interests of the country that they have always been well received and have frequently been reprinted in full in some of the local newspapers.

The editor has stuck to his belief that the Journal, though strictly an organ of the Chamber and therefore appealing to only a somewhat limited class, should require no direct subsidy from the Chamber. I am glad to say that the advertising in the Journal has been fairly good for the past six months, but it could be better. I urge all our members to continue and to increase their support of the Journal through the advertising columns. It is our own organ and is serving us with intelligence and distinction.

DURING the year we have had the pleasure of working jointly with the Philippine Chamber of Commerce on a number of matters. I feel that such cooperation could well be increased if the mutuality of the interests of all business organizations are more clearly understood here.

We have continued the closest relations with the Philippine American Chamber of Commerce in New York and a number of other important United States business organizations. The New York Chamber has been especially cooperative and we are under continuing obligation to Colonel Daye for assistance in many important matters. We have also received great help from Mr. M. D. Thompson, Chairman of the Philippine Committee of the Foreign Trade Council. His advice has always been of the greatest value to our Board.

THERE is no gainsaying that American business in the Philippines has had its set-backs during the year, but where necessary we have put up a good fight and have been able to make our influence felt both for the good of the country, I firmly believe, as well as in self-interest.

There are those among us who would have us take a stronger stand in some matters affecting our position here, and there are others who think we have gone quite far enough, if not too far, in frank opposition to certain tendencies. But frankness is an Ameri-

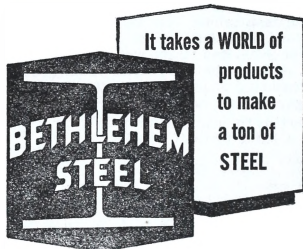


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*Philippine Correspondent: L. W. Detzer  
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can quality and a commendable one, especially desirable and necessary, I think, here and now.

We must think of ourselves not as constituting a chamber of commerce alone, but a group of Americans who, for the most part, have been closely identified

with the building up of the modern Philippines and who continue to hold both a moral and material interest in Philippine development and progress. We can be of greatest service to this country only by stoutly upholding the American view and the American way of life.

## American Capital in the Philippines

THE somewhat disparaging remark that "no American individual or firm has invested as much as P200,000 in any local industry since Parity", made by Mr. J. Amado Araneta, a leading Filipino sugar industrialist, led to a significant exchange of facts and opinions during the past month between him and another Philippine business man, Mr. Gerald Wilkinson, President of Theo. H. Davies & Co., Far East, Ltd. and a number of other companies.

The background of this exchange is the controversy initiated by sugarcane planters in connection with the ownership of the sugar export quota, the whole of which some planters now claim for themselves, and certain statements reportedly made by Mr. Ildefonso Coscolluela, President of the Federation of Sugarcane Planters, to the effect that the planters would bring the matter to court, and his incidental proposal that the Government, through a bond issue, advance the funds that would be necessary to enable the planters to buy the centrals, Mr. Coscolluela also adding that the planters were going ahead with their plans to seek the aid of foreign capital "to build their own centrals".

It was this latter statement which led Mr. Araneta to discount the prospects of American investments in the sugar industry.

Mr. Wilkinson challenged Mr. Araneta's statement and brought out the fact that his own Company has since 1945 invested, on behalf of American investors and institutions, over P10,000,000 in the factory, railroad, and dock of the Hawaiian-Philippine Company at Silay, and P2,700,000 in the factory, railroad, and dock of the San Carlos Milling Company, both in Occidental Negros, and P1,200,000 in the Asturias Sugar Central in Capiz.

As regards the planters' proposals, Mr. Wilkinson stated, in a letter to the *Chronicle*:

"We have noted in various countries that the interests of production and employment are at times beset and obscured by political cross-currents, and as guests in a friendly land we are qualified, neither by right nor by inclination, to political expression. But as men of goodwill who love the Philippines, and have expressed our faith in its future in tangible form, we would urge every section of the sugar industry to look outward and onward, not inward, for the betterment of its lot.

"For centrals, improved factory and handling processes; for planters, research and improvement of yields through new cane varieties, can bring to this Republic gains that can infinitely outweigh the maximum concessions that any central might gouge from its planters, or any planters from a mill, and the vital interests of labor are inseparable from the prosperity of both.

"Unity may require patience and understanding. But it can build a great industry. Disunity can bring nothing but paralysis and the impoverishment of all."

Mr. Araneta's reply to this was that he is not against the coming of foreign capital:

"I am 100 percent for it. I urge it to come and enjoy the full benefits of a potentially rich country, the cooperation of an industrious and hardworking people, and have the satisfaction of having helped in building the future economy of the Philippines."

However, he pointed out,—wrongly as it proved, that the funds invested in the Theo. H. Davies enterprises—

"... your 14 million pesos, if anything, was purely rehabilitation money used to protect, and if possible resuscitate, pre-war investments. Similar capital has indeed come in, to help put back into operation mines, lumber mills, sugar centrals, and other old Philippine industries. That money was bound to come in as a matter of economic necessity, not on behalf of the country but to salvage pre-war investments.

"I repeat and I insist that neither you nor anybody else can point out a major American or other foreign investment in new industries in this country since liberation. About the only notable exception is Glo-Co [toilet preparations], but even that firm had begun local investments before the war. So, strictly speaking, it's not a newcomer to the field."

Mr. Araneta added that he was under the impression, also, that the Davies Company was a British and not an American firm.

Mr. Araneta's letter received wide publicity in the daily press. Mr. Wilkinson replied in detail privately to Mr. Araneta, but feels that anything in the nature of a public controversy between interests of identical aims within the industry would be beneficial to no one. At our request, however, he has released the following extracts from his reply to Mr. Araneta of December 23:

"Of the P14,000,000 of capital that has been committed to Hawaiian-Philippine, San Carlos, and Asturias sugar centrals since the war, approximately P10,000,000 came from American entities which had no pre-war interest by loan or investment in these three companies, and whose motives therefore were totally divorced from the protection of salvage and the resuscitation of assets to which you now refer. This was genuine new American finance coming into the Philippines, as new and as beneficial to the economy of the country as would be capital entering an unproven industry."

Mr. Wilkinson went on:

"If, by modification of previous statements, you should wish to exclude sugar from this discussion, I would like to quote another industry in the Philippines, also under our management and therefore the only other one on which I am qualified to speak with detailed knowledge, in which more than double the limit of P200,000 to which you referred, has been invested by new American capital since the war: the Hume Pipe and Asbestos Company, incorporated in July, 1946. Of the P760,000 of new cash remitted into this Company during the last six months of 1946, nearly P500,000 was of American origin, and in saying this I am excluding our own investment in the Hume Pipe and Asbestos Company since there is British as well as American ownership in Davies & Company."

BY way of comment, we of the American Chamber of Commerce Journal believe that Mr. Araneta in his second statement, if modified to refer only to American investments in new post-war industries

in the Philippines, was correct in emphasizing the minor extent of such investments, and it would be of interest to us and to our readers if further data on the subject were communicated to the Journal. In this matter, we share the disappointment of Mr. Araneta and other forward-looking Filipino business leaders.

At the same time, Mr. Wilkinson and his associates, whose faith in the Philippine economy is widely known, are on strong ground when they point out that the country's over-all economy is as much benefited by a dollar invested in the rehabilitation of a pre-war factory as it is by a dollar invested in a new and perhaps less stable undertaking. The wages of men at work buy no less food or clothing if those wages are derived from a rehabilitated industry, than if derived from a new venture. In fact, the prosperity of new industries is more likely to be increased than diminished by the revival of pre-war enterprises, particularly those engaged in production for export, in view of the increase in both foreign exchange and domestic buying power that results therefrom.

Another interesting point that has emerged from the correspondence quoted, is the fact that finance committed to the rehabilitation of war-damaged industries is not, as the public perhaps tends to imagine, necessarily of the same origin as the pre-war capital engaged in the same enterprise. Mr. Wilkinson has a pertinent example in pointing out that approximately P10,000,000 out of P14,000,000 of new money committed to three of the Centrals under his direction, came from American entities which had no pre-war money by loan or investment in those three companies.

It is also of interest to learn that in quoting the total of P14,000,000 referred to, Mr. Wilkinson intentionally refrained from reference to some P7,000,000 of new finance employed since the war in other com-

panies associated with Theo. H. Davies & Co., Far East, Ltd., on the grounds that there is a British as well as an American interest in the finance of these other companies, thus rendering them not strictly relevant to the category discussed by Mr. Araneta.

It is clear that the efforts of both Mr. Araneta and Mr. Wilkinson and their associates have been of unquestioned value to Philippine production and employment and all that results therefrom. It is by no means true that money is bound to come into the Philippines as a matter of economic necessity to rehabilitate pre-war investments. The number of silent mines and silent mills that still stand in ruins are eloquent testimony to this, and there is no question that American capital is cautious, if not timid. So perhaps is all capital worthy of the name. Has Philippine domestic capital been bolder? In the case of American capital, a sense of caution tends to be increased by a number of provisions in the existing land, mining, and corporation laws. The so-called Parity Rights, conveyed to Americans under the Philippine Trade Act of 1946, while much publicized and sometimes criticized, apply only to the development of national resources and public utilities, while in the important and varied fields of manufacturing, Americans enjoy no parity but are, in fact, as gravely handicapped as other nationals by the "Flag Law" which penalizes Americans, as well as other non-Filipinos, to the extent of 15% when bidding to the Government and its numerous entities and corporations.

Investors will listen with interest to the statements of our Government and business entities, and to any publicity that may be organized to promote foreign investment here, but capital, as Mr. Araneta has rightly pointed out, is cautious, and will look more particularly into the actual provisions of Philippine laws, regulations, and court decisions, than to the warmest expressions of welcome couched in general terms.

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**T**HE AMERICAN system of free, private, competitive enterprise is not pure laissez-faire, since it operates within a framework which combines enlightened self-discipline with a substantial measure of intelligent and purposive regulation by government. Legislation enacted by democratic process to promote the general welfare and to assure public order and safety, to eliminate unfair business practice, or to regulate public service enterprises which are natural monopolies—all these are fully consistent with this thesis; but while private enterprise readily adapts itself to an intelligent system of law and regulation designed to enhance the social purpose, stability, and security of the national economy, it can not willingly accede to arbitrary governmental intervention in the processes of production, investment, and trade. Such intervention is the antithesis of economic freedom and is in essential conflict with the fundamental tenets underlying the private enterprise system."—*National Foreign Trade Council.*

# The Bus Terminals Proposal

By Frank S. Tenny

Executive Director, Philippine Safety Council

SINCE the plan to establish bus terminals in Manila was formally presented, there has been much comment both for and against it. This is a healthy sign, for no one interested in the plan wants to meet only with apathy in a matter of such importance.

However, some of the opposing opinion appears misinformed as to the purpose and nature of the plan. It is the writer's intention to present the matter from the point of view of the public interest.

The need for bus terminals is but a consequence of the growth of Manila. There is always opposition to any change, and a present danger lies in unnecessarily prolonging difficulties simply because of a tendency to resist change and to preserve the status quo.

One of the main arguments advanced by opponents of the plan is that the establishment of such terminals would cause extra expense to the traveling public, yet this need not necessarily be true. For instance, assuming that the price of a ticket for a trip from some outlying point to Manila is ₱1.00, this must include the cost of transporting a passenger through and to the center of Manila. A fractional amount, therefore, could be deducted from the cost of the ticket without loss on the part of the bus operator, and this amount could then be paid by the passenger to an operator holding a city franchise who conducts a shuttle-service from the terminal. If an efficient transfer system were adopted, such as is in effect in other cities of the size of Manila, this could all be made very simple and of benefit to all concerned, with the net cost to the passenger remaining the same.

Another objection which has been raised concerns the added inconvenience to the traveling public since passengers, after reaching a terminal, would have to seek a secondary means of transportation to take them to where they want to go. This difficulty, on examination, practically disappears, for the recommended sites of the terminals are not so remote as might be thought. The proposed Divisoria terminal, for example, would be within walking distance of one important general point of destination, and this would be true of most of the terminals. Furthermore, there is no possible way for any bus operator to divine the ultimate destination of the majority of his passengers. No matter where a bus finally stops, most of the passengers will go on to somewhere else. The conclusion is that some secondary means of transportation, foot

or vehicle, is necessary whether the terminal plan is put into operation or not.

Still another objection, voiced in certain quarters, is that the plan would require the employment of additional workers to handle baggage and freight, but this, if true, should not be permitted to outweigh the advantages to the public.

It is not necessary to emphasize the importance of the plan as a means of reducing the congested traffic in the city. That, of course, is the main point in its favor, but there would be other advantages, some of which may be listed as follows:

1. Value of the terminals as information centers to travelers, — information as to the local geography, hotels, restaurants, shops, etc. This would greatly lessen the present preying on innocent provincianos.

2. Value of the terminals in improving conditions of sanitation, — rest rooms, etc., especially for mothers and children, could be provided more conveniently than at present.

3. Value of the terminals in promoting public safety, — the inspection of busses would be facilitated, over-night parking in the streets would be eliminated, losses from theft would be reduced, the entrance and exit of persons wanted by the police could be better controlled. A great deal more of protection could be afforded the public than is now possible.

4. By establishing the bus terminals, depots, etc., in supervised areas, fire-danger would be reduced. Some operators now store gasoline in prohibited places and others operate garages which do not meet even the minimum safety standards.

5. The public would be inconvenienced by the opportunity to compare routes, schedules, fares, etc. Travelers would have the opportunity to choose what appeared to them to be the cleanest and best operated busses, and this would undoubtedly result in a general raising of operation standards.

Much more could be written on the subject, and probably will be. It is the opinion of the writer that if the matter is correctly presented, it would meet with widespread approval. Many other cities have met the same problem in this way. The plan has been successful wherever it has been put into effect, to the benefit not only of the city and the public, but of the operators.

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"Collective bargaining is not a vehicle of economic warfare but a normal and necessary part of business dynamics. That it is so frequently depicted in the former aspect is largely due to the fact that much recent legislation has been based on the false assumption. Listening to many of our neo-liberals, you might picture the American economic scene as a chaotic free-for-all, with its amazing productivity a lucky and inexplicable accident!"

William A. Orton, in FORTUNE

# The Business View

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

## Office of the President of the Philippines

*From an Official Source*

**D**ECEMBER 31, 1948 — President Elpidio Quirino, on the basis of the census just completed, proclaims the population of the Philippines to be 19,234,182. Census Day was October 1.

The President and the Cabinet approve the request of the International Relief Organization for the accommodation here of refugees of mixed nationalities, mainly from China, numbering up to 8000. The evacuees will be concentrated at the former Guian Base, Samar, and not more than 1000 will be sent at one time. The Quonset huts, once numerous there, have been removed, and the evacuees will probably be housed in borrowed or hired U. S. Army tents.

January 3, 1949 — The Central Bank of the Philippines is inaugurated. (For details see the January issue of this Journal.)

Jan. 5 — Announced that Budget Commissioner Pio Pedrosa assumes today the position of Secretary of Finance, vice Miguel Cuaderno who was appointed Governor of the Central Bank. Pedrosa also becomes ex-officio Chairman of the Monetary Board of the Central Bank. On recommendation of Governor Cuaderno, Ceferino Villar, ranking official in the Bureau of Banking, now absorbed by the Central Bank, is appointed Insurance Commissioner. The President has also signed the appointment of Felino Neri as permanent Under-Secretary of Foreign Affairs.

Jan. 6 — The President and Cabinet are reported to have decided upon the reconstruction of the University of the Philippines buildings on the old campus vacated by the removal of the University to its new site.

The Philippine Naval Patrol has been authorized to expand its personnel by 80 officers and 700 enlisted men to man, operate, and service additional ships received from the United States Government.

The President and a party of government officials, including Speaker Eugenio Perez, board the S.S. *Argus* for a tour of the Bicol region.

Jan. 7 — The President accepts, acting for the Philippine Government, the invitation of the Indian Government that the Philippines participate in New Delhi conference, opening January 16, to consider the situation created in the Netherlands Indies by the recent action of the Dutch Government with respect to the Indonesian Republic. Ambassador Carlos P. Romulo, chief of the Philippine delegation to the United Nations, will represent the Philippines at the conference.

Jan. 9 — The President formally reopens the Legaspi railway line in ceremonies in Legaspi City.

Jan. 11 — President Quirino, commenting on a Washington news dispatch stating that President Truman has included \$185,000,000 for the Philippines in the budget he has sent to Congress, expresses his gratitude and says also that he is happy over the choice of the new U. S. Secretary of State, Dean Acheson, to whom he has sent a telegram of congratulation.

Announced that the Philippines has so far received under the transfer program of Japanese reparations, machinery and equipment worth ₱24,087,946.

Jan. 13 — The President and his party return to Manila.

Jan. 14 — The President signs an executive order (No. 201) amending Executive Order No. 200, extending for 6 months the period "within which logs, flitches, and sawn lumber may be exported by any actual producer thereof."

The President appoints a committee headed by Secretary of the Interior Sotero Baluyot to study ways and means of ridding Manila of the present makeshift dwellings and getting their inhabitants properly housed. These structures are all fire-traps. Seven persons were recently burned to death in a fire in Paco.

Jan. 15 — Announced that the Council of State has set greater production and more widespread social amelioration as the 1949 aims of the Quirino administration, as the establishment of peace and order and the strengthening of the people's faith in the Government were the objectives in 1948. The President presented the main features of his proposed legislative program to the Council, including the building of more roads and bridges, and irrigation works, speeding up the development of ports and supports, the construction of power plants, and the reorganization of government corporations. The opinion is expressed in the Council that certain of these corporations which have not shown sufficient success or which are competing with private enterprise should be abolished.

Jan. 17 — The Cabinet grants permission to the Freedom Shrine Foundation of the United States to raise funds through Dr. Harry Gregory Schnackel, for the construction of a war-memorial on Corregidor. According to a communication from Dr. Schnackel, the project has the support of the Pacific War Memorial, Inc., whose President is Gen. R. C. Richardson, and of other eminent Americans, including Generals Douglas MacArthur, J. M. Wainwright, H. H. Arnold, and F. R. McCoy, and Adm. W. Halsey, former Secretary of State Stimson, etc. Photographs of a sculptural group of the Four Freedoms, designed by Dr. Walter Russell of Carnegie Hall, are circulated. [Some criticism of the design was voiced in Manila.]

Jan. 18 — The President asks the department secretaries to instruct their bureau directors and other officials to pay special attention to provincial and municipal officials who come to Manila on official business so that their stay will not be unnecessarily prolonged. He makes it known that his former residence on Dewey Boulevard will be available as a guest house for provincial governors here on official business.

Announced that a five-man mission of the U. S. Veterans Administration will arrive in Manila on February 7 to look into the needs and welfare of Filipino veterans.

Jan. 19 — In a telegram of congratulation to President Harry S. Truman on the occasion of his inauguration, President Quirino states in part:

"You carry the mandate of the age of the common man, and the success of your administration in advancing his welfare will undoubtedly be signal victories at large for democracy, freedom, and peace in our troubled world. God steady your heart and hand in this tremendous task and opportunity. I wish to reiterate the gratitude, friendship, and loyalty of my people to the noble people of America, which has unselfishly given us the same opportunity."

Jan. 20 — Secretary of Finance Pio Pedrosa corrects a statement which appeared in the newspapers to the effect that ₱400,000,000 was to be withdrawn from the Reserve and Exchange Fund, saying in part:

"The amount of ₱200,000,000 is the maximum total which the law authorizes to be advanced by the Central Bank to the Government. The Monetary Board will fix the amount of each of such advances as may be applied for. The size of each advance would depend, first, upon the adequacy of the international reserve to meet all foreseeable demands upon it; second, upon the maintenance of domestic monetary stability; and third, upon the merits and justification and financial requirements of the 'productive and income-producing' project for which such advance would be requested."

The Technical Committee on the Reorganization of the Government Enterprises Council meets at Malacañan for a general discussion of the present system of control over the government corporations. The Committee will study the possibility of simplifying the supervisory work over these corporations. It is composed of Messrs. Pedrosa, Chairman, and Commissioner F. Cosio, V. Sabalvaro, V. Carmona, C. S. Cervantes, I. Coscolluela, S. Bayan, and G. S. Licaros; the secretary is Dr. Amando Dalisay.

Jan. 22 — The President issues three administrative orders implementing the Executive Order which created the Rice Emergency Board. Of the first two orders, effective December 8, 1948, one authorizes NARIC to "exercise full control and supervision of the distribution of rice" and the other designates the Rice Emergency Board as the "sole coordinating body of the Government to gather data from different sources on matters of rice production, consumption, and supply for purposes of official publication." The third order sets forth the rules governing the issuance of licenses for the purchase of palay and rice, effective January 15, 1949.

Jan. 24 — The Fourth Session of the First Congress of the Republic of the Philippines opens.

Jan. 25 — The President and a large party of government officials leave Manila for a visit to the Ilocos region.

Jan. 26 — The technical committee on tariff and foreign trade of the National Economic Council considers a proposal of the Belgian Legation to reduce the tariff on plate- and window-glass.

Jan. 28 — Arriving in three groups, two by plane (19th and 20th) and the third by ship (23rd), 585 refugees from Shanghai, mostly White Russians, have landed at Guiuan, Samar. The U. S. Army is supplying them with K-rations, tents, cots, bedsheets, mosquito nets, and kitchen utensils. Local foodstuffs are supplied by local contractors and are paid for by the IRO but subject to control by the Government to avoid profiteering. For "deliberately ignoring the instruc-

tions" of a representative of Malacañan (Technical Assistant Alfredo Eugenio), Colonel Constantin Klug, leader of the third group, was refused permission to land and is to be returned to Shanghai with his family.

Jan. 29 — President Quirino and party return to Manila from a tour of the Ilocos region.

Philippine Ambassador J. M. Elizalde has notified the Department of Foreign Affairs that prospects are good for Philippine inter-island ship-operators to secure renewal of the charters under which they are operating certain ships of the U. S. Maritime Commission. Unless the General Ship Chartering Law is amended, the operators face loss of their charters by March.

Jan. 31 — The U. S. Army formally transfers 60 army-built houses near Marikina, Rizal, valued at ₱650,000, to the Philippine Government; the houses will be used for Boys' Town.

## Banking and Finance

By F. C. BAILEY  
National City Bank of New York

COMPARATIVE financial Summary of Thirteen Manila Banks compiled from reports issued weekly by the Bureau of Banking.

Monthly Averages (000 omitted)

Loans, Discounts, and Advances		
December 31, 1948	November, 1948	December, 1947
₱48,219	₱40,956	₱39,085
Total Bank Resources		
December, 1948	November, 1948	December, 1947
₱95,471	₱94,103	₱86,737
Bank Deposits		
December, 1948	November, 1948	December, 1947
₱45,450	₱48,222	₱42,050
Debits to Individual Accounts		
December, 1948	November, 1948	December, 1947
₱106,445	₱100,422	₱113,885

According to the Currency Statement issued by the Treasurer of the Philippines, the following figures are given relative to the Currency in Circulation:

December 31, 1948	November 29, 1948	December 31, 1947
₱813,501,310	₱836,528,887	₱769,915,824

Money conditions became somewhat tighter during the past month and there has been a tendency toward higher interest rates on loans and advances.

The Central Bank has assumed the functions of the Treasurer of the Philippines with respect to supplying banks with dollar exchange. It has established rates at which it will sell Telegraphic Transfers and On Demand drafts on New York to banks who wish to obtain cover for their sales to merchants. At present the Central Bank rates are:

Selling T.T. . . . . .	₱201.00
Selling O/D . . . . .	200.95

The Central Bank has also authorized the following rates within which commercial banks may quote dollar exchange to their clients.

U. S. Dollars T.T. over \$500.00 . . . . .	Selling	₱201.75	Buying	₱200.75
" Demand over \$500.00 . . . . .		201.625		200.75
U. S. Dollars T.T. and Demand — under \$500.00 . . . . .		202.00		200.00

During the month banks quoted generally for T.T. ₱201.75 selling and ₱200.75 buying.



# American Stock and Commodity Markets

By ROY EWING

Swan, Culbertson & Fritz

December 28, 1948, to January 27, 1949

THE New York market has been dull and uninteresting for the past month. Moderate strength continued to be evident but prices moved in a narrow range and volume averaged well below a million shares per day. As measured by the Industrial Average, the market is 179.52 today against 175.98 a month ago. The high for the period was 181.54 on January 22, and the low 175.98 on December 28 of last year.

The sluggish market is probably explained by many traders being on the sidelines pending economic and political developments. On the one hand are most pleasing 1948 earnings reports and a record all-time national production of \$253,000,000,000. On the other are an increasing number of soft spots in industry; textile, clothing, and shoe businesses have cut prices in an attempt to keep up sales, all scrap prices are on the decline, and even automobiles are coming into supply. As a result of expected government actions, such as increased taxes, there is a widening acceptance of the fact that total corporate earnings are likely to decline from 20% to 25% this year. That the market is firm indicates, in the opinion of some, that a business recession of this proportion has already been discounted.

According to the Dow Theory, the current strength represents a secondary reaction in a bear market which began last June. The theory holds that a primary trend once established remains in force until reversed by an authoritative counter-signal. At present writing, therefore, chartists' opinion is that lower prices are to be expected.

COMMODITIES also moved in narrow range, grains in general declining moderately, reflecting the fact that the United States 1948 harvest was 11% bigger than the previous record. May Chicago wheat is 220-1/8, down from 228-3/4 a month ago on winter crop estimates of 965,000,000 bushels, a near record. May Chicago corn recorded a low of 141-7/8 on January 26 but recovered to 143, down from 149-1/8 on December 28. Visible supply on January 15 was about 45,000,000 bushels versus 11,500,000 a year ago. New York spot cotton is 33.74 against 32.98 last month, on the heaviest export demand in several months from both Europe and the Orient.

The March Contract No. 5 sugar in New York is 5.26 bid, practically unchanged from a month ago. The market is reported as fundamentally steady.

## Manila Stock Market

By A. C. HALL

A. C. Hall & Company

December 16, 1948, to January 15, 1949

### Mining Shares

IN this column a month ago we stated that indications were that the market was in the process of reversing the major trend. Since then the market has gone up 15.16 points as measured by the Manila Stock Exchange Mining Share Average, thereby con-

firmed, in this writer's opinion, that the bear trend which was in force since early January of 1948 ended on December 1 of last year.

As usual when bullish sentiment prevails, factors which were considered bearish several months ago, such as Import Control, the Central Bank, and foreign political developments, did not affect the market.

The best performers were Mindanao Mother Lode, Surigao Consolidated, and Atok-Big Wedge, reflecting better news from the properties and the general strength of gold shares in other markets, including New York. Acoje, Consolidated Mines, and Lepanto Consolidated registered substantial gains on reports of satisfactory shipments and earnings.

Interest was almost entirely in the producing issues and what few sales were made in non-producing listed shares were at prices practically unchanged from a month ago.

Volume of business done picked up considerably, — additional confirmation that the major trend is bullish. At present writing, the rapidity of the rise suggests that a consolidation, — or correction-period is to be expected. Theoretically this would be a healthy development and provide a firmer base for further strength.

1949 Range			High	Low	Close	Change	Total Sales
High	Low						
86.50	71.32	M. S. E. Average	86.90	71.41	86.90	Up	11.16
.37	.13	Atok-Big Wedge Mining Co.	.37	.28	.35	Up	.665
—	—	Antamok Goldfields	—	—	.013	—	—
—	.17	Atok-Big Wedge Mining Co.	.17	.46	.17	Up	.11
—	—	Baguio Gold Mining Co.	.035	.035	.035	Unchanged	41,500
.0028	.0028	Baron Buhay Gold Mines	.0028	.0023	.0028	Off	.6002
—	—	Coco Grove, Inc.	.025	.025	.025	Unchanged	30,000
.014	.012	Consolidated Mines, Inc.	.014	.011	.014	Up	.003
—	—	Iogosa Mining Company	.018	.018	.018	Unchanged	165,000
.76	.72	Lepanto Consolidated Mining	.76	.69	.76	Up	.05
—	—	Masbate Consolidated Mining	.015	.015	.015	Unchanged	46,800
—	—	Madaya Mother Lode Mines	.14	.40	.14	Up	116,000
.17	.11	Misamis Chromite, Inc.	.17	.11	.11	Off	.515
.02	.02	Sayoc Consolidated Mining	.02	.015	.02	Off	.062
.14	.14	San Maurice Mining Co.	.14	.14	.14	Up	.007
.24	.25	Surigao Consolidated Mining	.24	.22	.27	Up	.03
—	—	United Paracale Mining Co.	.04	.04	.04	Unchanged	20,000

During the month there were sales on the over-the-counter mining market of Benguet Consolidated at P2.50 to P3.00; Philippine Iron Mines at P31; and Taysan Gold Mining "A" shares at P0.20 and P0.18.

### Commercial and Industrial

THERE was moderate activity in the commercial and industrial section and some good gains recorded, notably Central Azucarera de Tarlac, reflecting improved conditions in Central Luzon. San Miguel sold between P57 and P61; this company paid a dividend of P1.50 on January 15 to stockholders of record January 10.

1949 Range			High	Low	Close	Change	Total Sales
High	Low						
P44.00	P19.00	Bank of the Philippine Is.	P44.00	P18.00	P44.00	Up	P11,000
50.00	51.00	Central Azucarera de Bais	60.00	51.00	51.00	Off	P9,000
116.00	116.00	Central Azucarera de la Car.	—	—	—	—	—
—	—	Central Azucarera de Marikina	116.00	116.00	116.00	Up	P
107.00	101.00	Central Azucarera del Pilar	107.00	101.00	107.00	Up	P17,000
—	—	Central Azucarera de Sra-Ayup	—	—	45.00b	—	—
60.00	59.00	Central Azucarera de Tarlac	60.00	48.00	60.00	Up	P20,000
—	—	China Banking Corporation	—	—	180.00b	—	—
—	—	Filipinas Cia. de Seguros	—	—	22.00b	—	—
—	—	Manila Wine Merchants, Inc.	—	—	4.00b	—	—
—	—	Metropolitan Insurance Co.	—	—	140.00b	—	—
.50	.50	Pampanga Bus Company	.50	.50	.50	Off	.10
.155	.15	Philippine Oil Development Co.	.175	.155	.155	Off	.025
1.28	1.26	Philippine Racing Club	1.28	1.26	1.28	Off	.02
61.00	59.00	San Miguel Brewery	61.00	57.00	60.00	Up	P2,000
—	—	Williams Equipment Co. PIA	—	—	75.00b	—	—
—	—	Williams Equipment Co.	—	—	75.00b	—	—
—	—	Com. (s)	7.00	7.00	7.00	Off	P1.50

(s) ex-dividend.

Over-the-counter commercial transactions included 75 Victorias Milling at P145; a small block of Jai Alai at P10; 1,400 Philippine Air Lines at P7; and 275 Philippine American Drug Co. at P135.



BUILDING CONSTRUCTION IN MANILA: 1936 TO 1948

Compiled by the Bureau of the Census and Statistics from data supplied by the City Engineer's Office.

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)
January . . .	P 540,030	P 426,230	P 694,180	P 463,430	P1,124,560	P 891,140	P —	P 1,662,245	P 3,645,970	P 6,571,660
February . . .	720,110	479,810	434,930	1,063,050	1,025,920	467,790	—	2,509,170	3,270,150	6,827,005
March . . .	411,680	396,890	1,300,650	662,840	671,120	641,040	—	3,040,010	3,398,910	7,498,560
April . . .	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,295,640	7,370,292
May . . .	400,220	670,350	1,063,570	1,139,560	740,510	335,210	1,496,700	2,968,460	5,564,870	8,570,410
June . . .	827,130	459,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840
July . . .	302,340	691,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,487
August . . .	368,260	827,660	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	7,568,950
September . . .	393,100	777,690	684,590	554,570	590,380	530,830	1,015,250	7,326,570	7,770,310	7,095,860
October . . .	663,120	971,780	718,190	645,810	738,700	699,040	639,030	4,630,550	6,747,240	5,368,800
November . . .	460,720	320,890	972,310	461,590	485,100	315,930	1,364,310	4,373,390	7,088,283	3,424,125
December . . .	648,820	849,160	503,230	1,105,910	333,490	67,553	1,605,090	5,034,600	4,924,320	4,507,580
TOTAL . . .	P6,170,750	P7,530,690	P9,280,560	P9,063,250	P8,234,460	P5,692,278	P12,186,150	P47,526,905	P73,907,248	P82,792,569
Annual Average	514,229	627,557	773,380	754,438	686,205	474,356	1,015,513	3,960,575	6,158,937	6,899,381

Ocean Shipping

BY F. M. GISPERT

Secretary, Associated Steamship Lines

Port of Manila

BY R. L. BARY

General Manager, Luzon Brokerage Company

TOTAL exports for December, 1948, amounted to 189,166 tons, which was considerably more than the 150,846 tons exported during December of the previous year.

The shipping strike on the United States Pacific Coast caused no falling off in exports; in fact, the 189,166 tons lifted during December was more than the 179,766 tons carried during the previous month of November.

Principal commodities exported during December, 1948, as compared with December, 1947, were:

	1948	1947
Alcohol . . . . .	40 tons	—
Coconut, desiccated . . . . .	8,701 "	8,425 tons
Coconut oil . . . . .	5,670 "	5,204 "
Concentrates, copper . . . . .	2,400 "	—
" gold . . . . .	186 "	214 "
Copra . . . . .	\$2,708 "	55,549 "
Copra cake . . . . .	3,977 "	2,240 "
Embroideries . . . . .	117 "	59 "
Empty cylinders . . . . .	216 "	249 "
Furniture, rattan . . . . .	493 "	624 "
Gums . . . . .	92 "	93 "
Hemp . . . . .	45,805 bales	45,232 bales
Household goods . . . . .	134 tons	55 tons
Junk metal . . . . .	4,665 "	1,177 "
Kapok . . . . .	75 "	101 "
Logs . . . . .	1,208,197 bft.	595,878 bft.
Lumber* . . . . .	(3,986,938) "	—
Molasses . . . . .	(3,066) tons	—
Ores, chrome . . . . .	(26,500) "	20,500 tons
" iron . . . . .	(16,196) "	—
" manganese . . . . .	4,748 "	—
Rattan . . . . .	186 "	228 tons
Rope . . . . .	377 "	233 "
Rubber . . . . .	135 "	134 "
Skins and hides . . . . .	208 "	—
Sugar, raw . . . . .	(19,998) "	17,500 "
Transit cargo . . . . .	57 "	—
General merchandise . . . . .	(11,568) "	14,711 "

CONGESTION on the piers and within the customs area is a condition which will probably recur from time to time in the future, and is one which will not be easily solved in spite of sincere efforts on the part of the Philippine Ports Terminals Company, customs officials, and customs brokers.

With Pier 9 not available for use and with the lack of overhead cranes, rush periods will cause confusion, a fact recognized by all interested parties. All freight-handling agencies must cooperate to improve the situation as much as possible.

On January 24 this matter was discussed in a two-hour meeting between Commissioner of Customs Jose de Leon, Philippine Ports Terminals Company officials, harbor police, the Arrastre Advisory Committee, and customs brokers. Recommendations came from all interests present and are being considered. It is the hope of the customs brokers that action will be taken for the alleviation of the situation both for the benefit of themselves and their customers.

Careless piling of cargo on the pier has occurred in the past to the extent that truck lanes were blocked, but this has already been stopped by means of controlling the rate of discharge of the ships. Traffic control is being considered with the view to adopting measures to speed up movements of cargoes on the piers and within the area. Apparently the Philippine Ports Terminals Company has enough laborers and equipment on the piers to meet the cargo-handling problem, but measures were discussed for better coordination between customs brokers and the Philippine Ports Terminals Company so as to have men and equipment available where and when needed. Within a short time definite controls should be in operation.

One of the major losses of time has been in the checking of cargoes moving through the gates, and it was suggested that additional men check the trucks, several at a time, before the gates are reached, and trucks be allowed to pass through the gates on presentation of a pass showing that inspection has been completed and that its load is in order.

Parties on both sides of the argument over the pier congestion have admitted that the problem is a really serious one, not easily solved, but cooperation between customs brokers and the various government entities should result in an improved situation.

We hope to report in the next issue of the Journal the final recommendations of the committees and success of new measures put into operation.

## Inter-Island Shipping

BY G. F. VANDER HOOGT  
*Manager, Everett Steamship Corporation*

**D**URING the month of January, shipment of goods between Manila and other parts in the Philippines was fairly brisk. We believe that one of the contributing factors was the arrival from the United States of considerable amounts of merchandise which has been more or less backlogged by the long Pacific Coast strike. This merchandise began to arrive about the first of January and continued, with ocean vessels arriving almost daily, throughout the month. Although, during the strike, there was no great shortage of necessary goods in the Philippines, as these were supplied from the Atlantic Coast and the Gulf, it appears that the new merchandise arriving after the Pacific Coast strike attracted considerable buying by merchants in the southern cities. Another factor tending to improve inter-island carryings is, no doubt, the lesser number of vessels competing for the trade, as commented upon in previous articles in this Journal.

The opening month of the year 1949 has been one of encouragement for inter-island operators, and it is hoped that the normal flow of inter-island business will continue throughout the year without the previous handicap of too many vessels to carry the cargo offered.

## Land Transportation (Bus Lines)

BY L. G. JAMES  
*Vice-President and Manager,  
A. L. Ammen Transportation Co., Inc.*

**T**RUCK and bus operators are faced with constantly increasing costs of operation due to several factors over which they have no control.

1. The basic cost of a new unit, including chassis and body which in 1941 amounted to P4,000 now requires an initial investment of approximately P10,000.

2. The cost of gasoline which is still the principal fuel used in public utility operations is more than 50% higher than in 1941. Lubricants are in the same proportion.

3. The demands and requirements of Labor are constantly becoming more burdensome. Present wage levels are from 2 to 4 times those in 1941, depending upon the locality.

4. Prices for the many essentials that are necessary in keeping a fleet of busses in operation—tires, spare parts, shop equipment and building materials, are at high levels and in most cases show a constant tendency to increase.

5. Tax burdens steadily increase. The average reputable company which meets its tax obligations conscientiously, pays out a present average of 30% to 40% of the value of its paid-up capital every year by way of tax responsibilities. As an example, one company operating on Luzon paid the Government P450,000 in taxes of various kinds during 1948. This represented 35% of its paid-up capital. This company showed 1948 net earnings of P30,000 on a gross income of P3,000,000, which indicates the disparity between the amount paid in taxes

and the amount available for distribution to stockholders by way of dividends.

6. Provincial operators are beset by toll charges which are established in some cases by the national government in connection with bridges on national highways and in other cases by provincial governments at bridges on provincial roads. In the latter case, the funds so collected are not exclusively used for the erection and maintenance of the bridges concerned. Toll fees paid by a number of companies amount to as much as P150,000 per annum for each.

The rising cost of operation is not offset by a corresponding increase in basic rates. Competition is so widespread and so lacking in supervision and regulation by government authority, that a general policy of rate reduction has been forced upon all operators. A number of the well known companies covering lines between Manila and outlying provinces have adopted the P0.01 per km. passenger rate which was a pre-war standard. Others have been able to maintain a rate of P0.01½ per km. When these rates are compared with the current average cost of operation, which amounts generally to 2½ to 3 times the pre-war cost, the present prospects for prosperous operation are remote.

A number of the larger operators are substituting Diesel equipment for gasoline-powered units. Operating experience indicates that Diesel power effects a saving of P0.03 to P0.04 per bus kilometer as compared to gasoline power. This seems to be the only possible solution of present problems involving high operating costs and low rates.

The initial investment in a Diesel bus is considerably higher than that required for a similar unit with a power plant using gasoline for fuel. The former costs P2,300 to P3,500 more than the latter, depending upon make and type of Diesel. However, a Diesel truck or bus operating an average of 6000 kms. per month, will save P180 to P240 per month in fuel cost. Estimating the average life of the unit to be 5 years, the total net economy of operation is appreciable.

A list of the well known transportation companies which have invested in Diesel equipment with satisfactory operating results includes Pangasinan Transportation Co., Inc., La Mallorca, Halili Transit, Pampanga Bus Co., Inc., Laguna, Tayabas, and Batangas Transportation Companies, Negros Transportation Co., West Leyte Land, and others.

Operators in the sugar-producing areas will no doubt install alcohol-conversion equipment for use in their present units which require gasoline as a fuel, as soon as alcohol becomes available in sufficient quantities. The use of lower-cost fuel seems to be the only apparent means of reducing operating costs. Under the present ruinous competitive situation, the operator who lowers his costs will be the one who survives with a chance to earn an operating profit as his competitors retire from the field.

## Mining

BY CHAS. A. MITKE  
*Consulting Mining Engineer*

**T**HE principal Philippine exports before the war, were sugar, lumber, and minerals. The sugar industry, employing approximately 2,000,000 people and paying, in 1932, over P20,000,000, or 43% of the Insular Government revenue for that year, dates back to Spanish days, but mining, while prosecuted before the time of Magellan, and conducted on a small scale during the entire Spanish colonial period, never

attained commercial importance until after the American occupation, when more scientific techniques of prospecting and modern methods of mining were introduced. As a matter of fact, it was not until around 1934 or 1935 that mining attained any real significance.

At first, mining consisted chiefly of gold and silver. To this, later were added iron, chromite, manganese, and copper. Assets of all mining companies in 1938 totalled \$201,225,396, of which 94% appertained to gold mines, 2% to iron mines, 2% to chrome mines, 1% to manganese, and 1% to copper mines.

While largely an agricultural country, the impetus given mining during the boom years, 1934-35, through the influx of Spanish and Chinese money, bid fair to create a rival for sugar, long the bonanza crop of the Philippines.

In 1940, Philippine mineral production ranked third in value among Philippine products, being exceeded only by sugar and rice. It accounted for approximately 30% of the total export trade; it paid the highest wages in the Philippines, having disbursed \$29,163,416 to 44,276 laborers and employees; it contributed \$7,447,616 to governmental revenue in the form of taxes, and paid annual dividends to stockholders of approximately \$18,000,000.

The following year, 1941, promised to show even better results, and there was a possibility that mineral exports would equal, possibly exceed, those of sugar.

Then came the war and its death and destruction. Practically every mining camp suffered, some worse than others. Without funds for rehabilitation, hampered by difficulties in obtaining equipment and supplies, recovery has been slow. However, five gold mines, and several iron and chrome and copper mines are now operating.

Loans and gifts of funds from the United States are helping the country materially, but much more is needed if it is to take its place among the galaxy of nations, independent not only in the government, but in its ability to finance itself and pay its way.

Apart from its agricultural products, the Philippines has great natural undeveloped resources in the form of minerals not yet opened up or exploited. Indications are that only a small fraction of the rich mineral deposits have as yet been uncovered and mining still remains one of the great potential sources of the nation's wealth.

FOR purposes of comparison, let us look at another country which a few decades back was in much the same position as the Philippines. For two centuries, Canada was chiefly noted for its furs, later also for its wheat and wood products. The world had considered Canada as a country good only for a few raw materials, otherwise it was thought of as cold, bleak, and inhospitable. That it contained mineral stores of incalculable richness was beyond imagination. A famous American geologist, making his first examination, is reported to have exclaimed, "There just can't be a mine in this country. Everything is wrong, no rocks, no carbonates, no gossan, no hills, no mountains. Nothing but this hellish bush, as you call it, and flies and mud." The particular tract of "hellish bush" he was looking at at the moment, later became one of the world's notable mining camps, with an annual production of \$40,000,000. As time moved on, Canada was to learn that its bush was "an imperishable asset."

As an agricultural country, producing grain, wood products, and furs, Canada very likely would have remained a comparatively unimportant member of the British family of colonies, but mining transformed the economic and social life of the Dominion, lifting it to a position of importance among the nations of the world. The last 25 to 30 years have been epoch-making for Canada. Off to a slow start, it has produced gold at the rate of \$200,000,000 yearly, with every prospect that this figure will be materially increased. In 1900, the total mineral production of the Dominion barely exceeded \$64,000,000. In 1942 this figure had increased to \$567,000,000.

Canada must export. It produces far more than it requires in almost every essential, and while its industries have increased, raw products obtained from the back country comprise the livelihood of the nation. In addition to being its major industry, the gold production, normally \$200,000,000 a year, has given Canada an enviable position at international monetary conferences, besides furnishing domestic currency and credit requirements. The world has become dependent on Canada for such necessities as nickel and asbestos. Canadian uranium played a leading part in the development of atomic energy. It ranks second in zinc and cadmium production; third in gold, copper, magnesium, and cobalt; fourth in silver and lead. In short, as one authority has stated, "Canada would not be the modern, virile country it is today without the mining industry."

In Canada, anyone over the age of 18, regardless of nationality, can purchase a miner's license for \$5 or \$10 (it varies in the different provinces) which entitles him to stake a designated number of claims each year. This freedom from restriction is unique. The prospector is circumscribed only by assessment-work requirements. He must perform a specified number of day's work on any claim he stakes. A patent, or some other form of ownership is granted after he has completed five years' work, and thereafter he only pays a nominal tax as the permanent owner of the land. The Canadian miner receives a larger weekly wage than workers in any other industry. With his family and those dependent on the industry he constitutes 7% of the population. The taxes obtained from mining are enormous, enabling Canada to maintain a pay-as-you-go fiscal policy; this was the chief reason why Canada refused to accept Lend-Lease during the war.

Canada is a fabulous mining country, but Canadian mining has always meant hard work, back-breaking prospecting, and sound geological knowledge.

TODAY, the Philippines stand where Canada stood some 30 odd years ago. It also has an "imperishable asset" in its bush, or jungle. Moreover, prospecting here is easy compared to the difficulties encountered in Canada, where the extreme cold — 50° below zero, the flies, and the combination of peat, rotten wood, swamp, and water, known as "muskeg" confronts the prospector at every turn; where canoes and packs must be carried from stream to stream, or lake to lake, and where the difficulty of bringing in supplies makes the search for mineral an almost unbearable hardship. There is no reason why the Philippines should not follow in the footsteps of Canada. The discoveries already made here are sufficient encouragement to search for additional ore-bodies, the discovery of which would tend to lift the Republic into an enviable position among the nations.

# Copra and Coconut Oil

By MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company

December 16, 1948, to January 15, 1949

**T**HIS period covers the last two weeks in 1948 and the first two weeks in 1949, and also represents a period of sustained strength and one of acute weakness.

During the last two weeks of December, the copra market held steady to firm, with buyers willing to pay up to \$255 c.i.f. or f.o.b. and sellers reluctant to accept these prices because they felt copra might be scarce in January, and because estimated stocks on hand were light. Consequently, sellers did not generally take advantage of what now appears to have been an excellent opportunity, and the year ended with sellers holding for \$260, and with buyers showing less interest, even at \$255.

At the beginning of 1949, the picture suddenly changed. Preliminary estimates of oils and fats available for Europe indicated that there will be plenty of copra available for all the ECA dollars allotted, largely because of increased availability of fats in soft currencies. Edible oils, notably cottonseed, soya, and peanut, began to decline sharply on the American market, due to surplus crops, and tallow was particularly weak. American oil-buyers immediately withdrew from the market entirely and refused to quote, and this made it impossible for Coast crushers to buy copra unless they happened to be in a short position, which but few of them appeared to be. Consequently, Philippine copra declined in ten days from \$250 to \$180, a sensational drop of over 25%. This tendency was reinforced by the French buying policy, where the market was brought down from \$240 f.o.b., shipped weights, to \$197.50 f.o.b., delivered weights, equivalent to little more than \$185 f.o.b., shipped weights. After making these purchases, France dropped out, and the subsequent interest from Europe was negligible.

Buyers pessimistically predicted that copra would soon drop to at least \$175, and maybe \$150, which would be reasonable if coconut oil were to fall into line with other domestic oils. But with the sharp drop, production immediately dried up, and it became evident that there should be a fair amount of short covering to be done on a market which appeared to be reasonably well sold up for January/February shipment. Therefore, the market steadied at \$180 to \$185, and, at the close of the period, sellers were holding back, it being felt that any copra required for prompt shipment could command fully \$190.

As mentioned previously, large oil buyers were practically out of the market for the whole period, though a little spot oil was sold in the last half of December at around 21½¢ a lb. The next transaction reported was a speculative purchase of 3000 tons by the United States Government, but by January 15, there was no interest at any price, except for scattered spot cars at 14¢, f.o.b. Pacific Coast, with no indication of when buyers might change their views.

At the close of the period, there was no strength in outside markets whatever, and there was nothing to indicate that copra or oil would be in demand at other than prices considerably lower than we have recently seen. While it was not anticipated that supplies would be heavy in January and February, and

while this is the short period of the year, it was difficult to see how these factors could hold prices up against the world trend, except for occasional small coverings by shorts. After a rapid drop, a reaction is to be anticipated, but in this case it is difficult to believe that the reaction could be prolonged or sharp. Consequently, the outlook for Philippine copra and Philippine oil during the first part of 1949, while unpredictable, certainly does not give hope of other than a gradual leveling down of prices to more nearly the equivalent of other oils and fats, with an unusually weak tallow market exerting strong additional pressure.

**L**OCAL copra markets naturally reflected the outside trends, and even in Manila, prices dropped to a new low since 1947. Copra required for local production, however, commanded somewhat better prices than world equivalents, particularly because of the interest of desiccators who maintained their price for nuts at well over copra values. At the close of the period, desiccators were reported dropping their prices.

Exports for the month of December were about as expected, totalling 53,808 tons, with destinations as follows:

United States		
Pacific Coast	10,231	
Atlantic Coast	6,498	
Gulf	8,220	24,949
Canada		2,000
South America		4,510
Europe		22,349

Copra exports for the year 1948, while still unofficial, indicate the following:

United States		
Pacific Coast	228,675	
Atlantic Coast	61,143	
Gulf	69,320	369,138
Europe		199,376
Canada		17,799
South America		14,541
Japan		24,340
Total		615,194

During December, shipments of oil, all of which went to the East Coast of the United States, totalled 5,670 tons, and shipments for the entire year totalled 43,013 tons, equivalent roughly to 71,000 tons of copra. Total 1948 exports of copra and oil in terms of copra were therefore slightly under 700,000 tons. Whether 1949 will be a better oil year or not will depend entirely on whether prices for oil in the United States will be in line with copra values here, which has proved to be rarely the case in 1948 and which is an impossibility at this particular time.

The copra-cake market was dull, but there were but few offerings. There was some interest from Europe at about \$47.50 per long ton f.o.b. Meal on the Coast, however, sold from \$70 down to \$67 per short ton c.i.f., still slightly better than European equivalents. Prospects were that meal would drop further as the Spring advances.

1949 gives promise of being a normal copra year in the Philippines, perhaps 10% to 15% better than 1948. Price-wise, however, prospects for 1949 are far less favorable than for last year, and it would not be surprising if the average price in 1949 should be well under \$200 per ton, gradually declining as the year progresses. This will surely be hard on producers, and on the national economy, but is in line with world

values of oils and fats as they are today, and as they are expected to be during the year. The picture is not bright, and the uncertainty is not conducive to what used to be considered legitimate trading.

## Desiccated Coconut

BY HOWARD R. HICK  
President and General Manager,  
Peter Paul Philippine Corporation

**T**HIS report covers the period from December 15 to January 15. In the last half of December, copra remained firm and sellers were even thinking in terms of a rise in the market in January and were reluctant to sell. As workers on the plantations stopped work for the Christmas season, even a delivery premium failed to induce sellers to sell. As the first half of January opened there was a sudden drop in copra from ₱47 per 100 kilos of resacada to a low of ₱31, which is almost unprecedented in the history of the business.

This sudden collapse of the copra market was followed by a similar collapse of the raw nut market and although this was seriously damaging to sellers, it was a healthy thing for the business. For a long time coconut oil was far out of line with other oils and many times in the past year copra value was in excess of oil value. These factors presented a very unreal copra and nut market and could not sustain healthy business conditions.

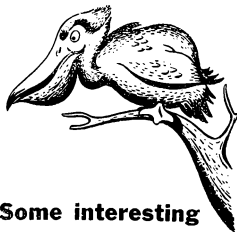
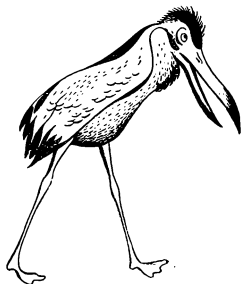
Today's prices are in keeping with influencing factors and it may be presumed that copra has come back to earth, let us hope, to stay. Any rise or fall in the market will likely reflect a more accurate world and domestic picture than we have had for the last 18 months.

The nut supply during January has been abundant and promises to continue that way until February.

Labor problems remain unchanged, but the Huk-balahap trouble has subsided, practically all of the areas now being open, and procurement of nuts has eased up considerably because of this factor.

The following are the shipping statistics for the month of December and the year 1948:

	December	Total for 1948
Franklin Baker Co. of the Philippines	4,124,800	42,976,816
Blue Bar Coconut Co. . . . .	1,842,450	17,379,490
Peter Paul Philippine Corp. . . . .	3,313,900	27,009,000
Red V Coconut Products, Ltd. . . . .	2,050,100	15,575,100
Sun-Ripe Coconut Products, Inc. . . . .	451,000	7,266,100
Standard Coconut Corp. . . . .	236,000	2,096,800
Isabelo S. Hilario Cooperative Coconut Products, Inc. . . . .	—	1,273,500
Tabacalera . . . . .	493,960	2,082,640
Luzon Desiccated Coconut Corp. . . . .	376,860	3,344,280
	<u>12,899,070</u>	<u>120,557,266</u>



Some interesting  
facts about bills !



The bills of these birds never change. The peculiar bird's bill at the left is long and thin. The duck's bill is always sort of flat. The pelican's bill always has a pouch attached. Each species retains the same distinctive bill — year after year.

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## Sugar

BY S. JAMIESON  
Alternate Secretary-Treasurer,  
Philippine Sugar Association

**T**HIS review covers the period from December 28, 1948, to January 28, 1949.

**NEW YORK MARKET.**—The period opened with large offerings of Cuban, Puerto Rican, and Philippine sugar for shipment from January to April, 1949, at 5.75¢, sellers indicating a willingness to shade this price a little but buyers showing no interest. During the closing days of the year, sales were made at from 5.65¢ to 5.72¢. On the resumption of business after the New Year holidays, the market had a firmer tone and refiners made limited purchases at 5.75¢ but still left untouched the major portion of the sugar on offer at that price. On January 3, refiners advanced the refined price from 7.75¢ to 8.00¢, though many were willing to accept 30-day contracts at the former price up to the close of business that day. During the greater part of January, the market for raws was dull and prices had a tendency to decline. Sellers in general, however, gradually withdrew their offers rather than force supplies on the market, and there was not much sugar offering. The market closed with a few sales at 5.65¢ and buyers willing to buy further quantities at this price for suitable positions. The spot price at the close was 5.65¢.

Substantial quantities of Philippine sugar were sold during the period under review, as will be seen

from the following list of sales:

December 30, 1948	2,000	tons	March/April shipment at	5.70
	2,000	"	January/February "	5.65
	2,000	"	February/March "	5.65
	6,000	"	March/April "	5.70
" 31, "	2,000	"	January/February "	5.72
	2,500	"	January/February "	5.72
January 4, 1949	2,000	"	January/February "	5.75
	3,000	"	February "	
	4,500	"	February/March "	
	2,000	"	March/April "	
" 18, "	1,000	"	now loading	5.68
	1,800	"	2nd half January "	
" 20, "	2,000	"	afloat	5.65
	2,000	"	January "	5.65
	2,000	"	April/May "	5.68
" 22, "	7,500	"	February/March "	5.65
" 29, "	2,500	"	afloat	5.65

Quotations on the New York sugar exchange for the period December 15, 1948, to January 31, 1949, under Contracts Nos. 4 and 5, ranged as follows:

Contract No. 4 (World Market)

	High	Low	Close	Sales
March	4.00	3.96	3.96	3,550 tons
May	4.03	3.97	3.97	1,050 "
July	4.04	3.98	3.98	1,300 "
September	4.05	3.97	3.97	600 "
March, 1950	3.65	3.42	3.41	2,850 "
Total				9,350 tons

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## Contract No. 5

	High	Low	Close	Sales	
December	5.42	5.18	5.18	800	tons
March	5.32	5.11	5.11	51,360	"
May	5.32	5.11	5.11	85,300	"
July	5.32	5.12	5.10	49,300	"
September	5.32	5.12	5.11	14,450	"
March, 1950	5.00	4.91	4.91	350	"

Total 201,550 tons

Regarding sugar exchange quotations, it may be of interest to know that the cumulative average for the calendar year 1948 for No. 4 contract was 4.2366¢ per pound, and for No. 5 contract, 5.0453¢.

In our previous review, we mentioned that the United States consumption quota for 1949 had been set at 7,250,000 short tons. We now give below the allocation of this quota:

	Short tons
Basic Quota for U. S. A. — 1949	7,250,000
Less Statutory Basic Quotas	
Domestic beets	1,800,000
Mainland cane	500,000
Hawaii	1,052,000
Puerto Rico	910,000
Virgin Islands	6,000
Philippines	982,000
Balance for Cuba and Foreign Areas	<u>2,000,000</u>
To Cuba 98.64%	1,972,800
Foreign 1.36%	27,200
	<u>2,000,000</u>

Regarding the Philippine allocation of 982,000 short tons, a deficit of 125,000 short tons has already been declared and reallocated as follows:

To Cuba 95%	118,750
Foreign areas 5%	6,250
	<u>125,000</u>

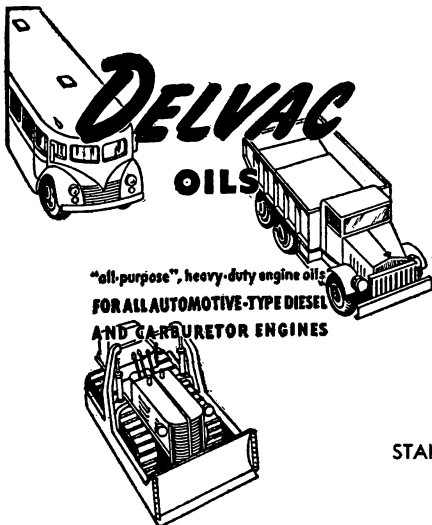
This leaves a net allotment of 857,000 short tons to be filled by Philippine sugar during the calendar year 1949.

**LOCAL MARKET.**—(a) Export Sugar.—There was a good demand for export sugar during the last week of the year, and the market advanced to P13 per picul ex mill warehouse. After the New Year, however, prices declined in keeping with the downward trend of New York prices, and for a time buyers were not greatly interested and were quoting nominally P12.60 per picul ex mill warehouse. During the past few days there has been an improvement, and at the close buyers are quoting from P12.70 to P12.90 per picul.

(b) Domestic Sugar.—As was expected, there was a steady decline in prices after the New Year as supplies became more plentiful. Latest sales were made on the basis of P17 per picul ex mill warehouse for ordinary centrifugal sugar and washed sugar is quoted at from P19.50 to P22 per picul.

**GENERAL.**—The 1948/49 milling season is now in full swing in all sugar districts.

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## Manila Hemp

By H. ROBERTSON

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

**T**HIS review covers the period December 16, 1948, to January 15, 1949. In New York, the market period opened on a very steady tone, but gradually developed into a dull affair, and ended with sellers rather than buyers at the quotations given below. At the time of writing, buyers are showing a tendency to hold off in anticipation of lower prices.

A fairly large business was done by SCAP in Davao hemp toward the end of the period. This tendency developed when it became apparent that United States buyers would not pay the prices asked by exporters here except for limited quantities. Prior to this, exporters had preferred to sell to the United States market as prices there were slightly better than when selling to Japan.

Business to other markets was once again small.

In the Philippines, the market closed rather steadier than in the consuming markets due to provincial sellers still being of the opinion that the small available supply of abaca would prevent a decline. Whether their ideas are correct remains to be seen, but local producers must not forget that manufacturers are finding ways and means to reduce their consumption of high-priced Manila hemp by using substitutes. There are also indications that the over-all business picture in the United States is not as bright as heretofore and a lessening demand for manufac-

tured products is becoming a distinct probability. This may fairly quickly manifest itself in a decreased demand for raw products such as Manila hemp.

An interesting feature noticed during the month was the apparent increase in demand for non-Davao hemp which resulted in a small rise in values; whereas Davao prices ended about unchanged. This in part may be explained by the somewhat higher production of Davao hemp and the continued scarcity of non-Davao hemp.

Nominal provincial values on January 15 were:

	Per Picul		
	Basis Loose		
Davao I . . .	₱70.50	—	Unchanged from December 15
Davao J1 . . .	69.00	—	" " " "
Davao G . . .	61.50	—	" " " "
Non-Davao I	₱68.00	—	Up ₱2.50 from December 15
Non-Davao G	51.00	—	Up ₱0.50 " "
Non-Davao K	30.00	—	Unchanged " " "

New York quotations:

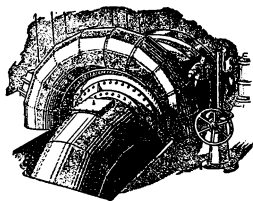
	Per lb.		Per lb.
	c.i.f.	New York	From December 15
Davao I . . . . .	30-5/8¢		Down 3/8¢
Davao J1 . . . . .	30-1/4¢		Down 3/8¢
Davao G . . . . .	27-3/8¢		Down 3/8¢
Non-Davao I . . . . .	30-1/8¢		Up 1/4¢
Non-Davao G . . . . .	23-1/8¢		Up 1/8¢
Non-Davao K . . . . .	15-1/2¢		Unchanged

Production for December, 1948, was 36,884 bales, — an increase of 6,745 bales from November, 1948. Non-Davao balings for December were slightly better than those of November, being 15,936 bales as com-



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pared with 15,012 bales for November. The bulk of the increase for the month, however, resulted from Davao balings reaching 20,948 bales, as compared with 15,127 bales for November,—an increase of 5,821 bales.

Total pressings for 1948 amounted to 577,464 bales, compared with 786,765 bales for 1947,—a decline of 209,301 bales for the year. Unfortunately for the trade, there are no signs at this time that 1949 production will be much in excess of 1948.

## Tobacco

BY THE CONDE DE CHURRUCA  
President, Manila Tobacco Association

**L**AATEST events in the tobacco business have been two conventions sponsored by the National Tobacco Corporation; the first of manufacturers, and the second of planters.

Many interesting points were discussed during the first one, among them the ways to obtain better tobacco and bigger crops; possibilities of increasing the exports of cigars and leaf tobacco; and ways to stop the increasing imports of cheap brands of foreign cigarettes which are sold here at prices well under the original factory wholesale price.

These imports are not only endangering the local industry but are in very unfair competition with established and well known brands of American cigarettes.

In one instance cigarettes invoiced and selling at P12.50 c.i.f. Manila, and naturally classified under the lowest income-tax bracket of P2 per 1000, have a wholesale factory price in the United States of \$17.

During the tobacco planters' convention, a Planters Association was created, and it is hoped that its success will benefit not only the farmer but the tobacco business in general.

There is no change in the estimates of the size of the crops; if anything, there is a probable increase in the Union and Pangasinan figures.

Salcs are few and prices tend to decline, in expectation of the results of the 1949 crop.

One of the chief causes for the high prices paid last year in the Union and Pangasinan provinces, and consequently in the other tobacco regions, was the speculation on war. Many Chinese merchants wanted to secure large quantities of tobacco, which in case of war would have represented a solid and very profitable investment. In the other case, as their overhead expenses are practically none, they could always dispose of the tobacco without loss, selling to local small factories, many of which are owned by them.

This year, with 80% or more production and talk of war having subsided, it is very probable that prices will descend to the 1947 and 1946 levels.

**"A**N analysis of the annual progress and program reports submitted to the Food and Agriculture Organization of the United Nations by 30 member nations reveals that in spite of a slight gain in food and agriculture supplies throughout the world in 1947-48 over other post-war years, only seven of these reporting member nations had food supplies which, if equitably distributed, would have provided adequate nutrition for all their own people."—United States Information Service.

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## Textiles

BY JAMES TRAYNOR

**T**HE textile market during January continued to be sluggish. Importers report sales to be fairly large but the offtake did not keep up with arrivals so that inventories continued to increase.

Arrivals during the month were estimated to be about 20% greater than during December, all of which came from the United States with the exception of several hundred cases from Shanghai early in the month. These are probably the last we will see from Shanghai until conditions in that city stabilize.

## Food Products

BY C. G. HERDMAN  
Director, Trading Division  
Marsman & Company, Inc.

**T**HE depression in the local market for imported foodstuffs which was noted at the beginning of January still continues. In fact, the situation is more aggravated now than at that time. The market is very seriously overstocked on flour. Quantities in storage in Manila and known to be arriving on nearby steamers are sufficient to satisfy all local requirements until the latter part of April, at least, and we are approaching the season of smallest consumption.

On canned milk, while conditions are not quite as serious, stocks on hand throughout the market are more than ample and those holding stocks, as in the case of flour, are selling at cost or below in an endeavor

to secure movement.

The third important staple item here in imported foodstuffs is canned fish. Here again stocks are well above normal and the demand is very poor. Stocks are passing only slowly into consumption. The situation is not serious for those importers who are adequately financed and have sufficient storage space. As the fishing season on the United States Pacific Coast has finished, stocks available for purchase there are very small and there will be no further catch of sardines until July at the earliest and probably the middle of August. In the meantime, replacement-cost of canned fish has advanced materially. Those importers who can hold their canned fish for a reasonable period of time should have no difficulty later in realizing a fair profit on their stock. At the moment practically all varieties of canned fish are selling at a loss or actual cost and far below replacement-cost.

Canned meat stocks are only normal and the demand is fairly brisk at reasonable prices. Exports from the United States require export license and quantities available are thereby limited. There is a steady, good demand for all varieties of canned meat, and this applies as well to canned soups.

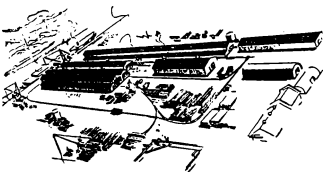
Arrivals of both fresh and dried fruits have been large but are not excessive and both are moving into consumption at a fairly rapid rate at prices which permit of a fair return to the importer. Canned fruit stocks, likewise, are normal and moving in fair volume.

Canned vegetable importations have been somewhat heavier than usual and stocks are above normal. We are now entering the season of smallest demand and sales of canned vegetables should be very slow for some time to come.

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Business in general in food products is very quiet and it is unlikely there will be any material improvement in the near future.

## Legislation, Executive Orders, and Court Decisions

BY EWALD E. SELPH  
*Ross, Selph, Carrascoso & Janda*

**D**URING the year 1948 only a few decisions of the Court of Industrial Relations reached the Supreme Court.

In Case L-1557, January 29, 1948, the CIR ordered the reinstatement of an employee, stating that the prolonged suspension was sufficient punishment. In affirming this decision the Supreme Court said there was no question of law involved and that the Supreme Court would not review a decision on a question of fact except in an evident case of abuse or the absence of evidence to support the judgment.

The Supreme Court, however, stated that the right of an employer to select or discharge his employees is subject to regulation by the State in the exercise of its police power; that while an employer cannot legally be compelled to continue in his employment any person who is guilty of bad conduct when such continuance may be prejudicial to the interests of the employer, because the law in protecting the rights of the laborer, does not authorize the oppression or destruction of the employer, it is however clear that there are cases in which the suspension or discharge of an employee may be capricious, unjustified, or illegal, in which case the laborer ought to be protected by the State by means of the agency designated by law for the purpose, which in such case is the Court of Industrial Relations.

\* \* \* \*

In Case 48411, February 24, 1948, the Supreme Court said that whether a company is an industrial organization, taking into consideration its purpose and activities which can only be determined by evidence, is a question of fact, and that only questions of law may be raised on an appeal.

The Court also said agreements for work seven days a week on a monthly salary basis without any extra pay for holidays and overtime, are contrary to law and null and void.

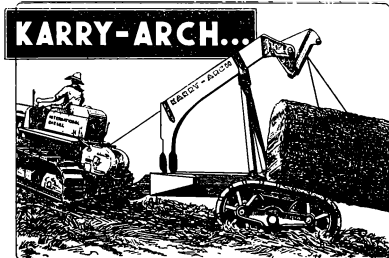
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In Case L-1573, March 29, 1948, the Court had before it an objection to an order of the CIR compelling the strikers to return to work. The laborers claimed the order was unconstitutional and was in violation of the prohibition against involuntary servitude. The Supreme Court said that any employee entering into a contract of employment under the present law, voluntarily accepts the condition that in case of disputes the CIR may proceed in accordance with the law, and that the section of the law authorizing the CIR to make such an order does not offend against the constitutional inhibition against involuntary servitude. The Court also said the public has an interest in preventing undue stoppage or paralyzation of the wheels of industry.

\* \* \* \*

In Case L-1668, March 29, 1948, the Supreme Court reaffirmed the power of the CIR to enjoin strikes and lockouts and said:

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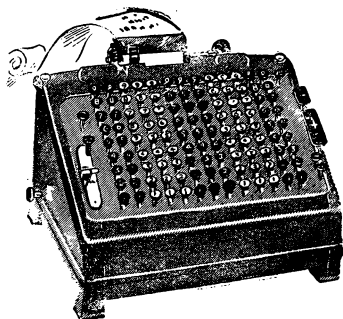
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"... It seems that in this respect our law has achieved an advance not attained by the capital-labor legislation of other countries. And considering that this progressive enactment is evidently aimed at preventing in the public interest an undue stoppage or paralyzation of the wheels of industry, the general welfare requires that it be upheld and enforced."

\* \* \* \*

In Case L-1377, May 12, 1948, the Supreme Court said that whether the ruling of the CIR will allow the petitioner a fair return on its investment or result in its bankruptcy, is a factual inquiry which the Supreme Court is not authorized to make. The Court also said the authority of the CIR to grant vacation and sick leave with pay is included in its general jurisdiction to deal with and settle labor disputes. In this case the petitioner objected to salaries and wages being fixed higher than those paid by the National Government. The Supreme Court said the comparison is rather sad because the Government, unlike the petitioner, is not established for profit and mainly derives its income from taxes paid by the people, but that, as its finances permitted, the Government was endeavoring to raise the standard, especially for those in the lower brackets.

\* \* \* \*

In Case L-1309, July 26, 1948, the Supreme Court said that as the CIR has the power to fix wages and salaries for day-work, so it has the power to fix the same with respect to night-work, and that as night-work is considered more onerous than day-work, it merits a greater remuneration.

## Philippine Safety Council

By FRANK S. TENNY  
 Executive Director

**D**ISCOURTESY and negligence were the greatest contributing factors to the 1948 toll of traffic accidents in Manila, which was the greatest since Liberation. The figures were compiled by Lieut. M. B. Nazareno, Chief of the Accident Investigation Branch of the MPD Traffic Bureau.

The total motor vehicle accidents within Manila city limits has climbed from 5,400 in 1946 and 6,300 in 1947, to a new high of over 6,900 last year, 1948.

The leading causes of the mishaps reflected directly the prevalence of discourteous driving on local roads, the analysis showed. Perhaps the best indication of this was the increase in "failing to yield the right of way", which climbed to the number-two spot with 975 accidents recorded. This violation is conceded by traffic authorities to be a direct result of lack of courtesy behind the wheel.

"Improper passing" retained its three-year leadership of accident causes with an annual total of 1,132 cases. A close tie for third place was registered by "cutting in" and "following too closely" with 694 and 687, respectively; 406 accidents were caused by persons operating defective vehicles. It is believed that this latter cause can be remedied by stricter mechanical inspection of vehicles when application is made for licensing.

"Speeding", or exceeding safe or lawful speeds, was the principal cause of 346 mishaps, although it was undeniably a contributing factor in other categories. Other violations causing accidents running into the hundreds were "passing within an inter-

section" and "turning from the wrong lane". Many of such accidents could be prevented if drivers were subjected to a test on traffic regulations and rules of the road.

A total of 54 persons were killed and 2,170 injured. Of the over 12,000 vehicles involved, 96.7% were civilian-owned. Thirty-eight pedestrians were killed, including 17 minors under 14 years of age. Discouraging trends were noted in the categories of "hit and run" and "no driver's permit". These factors reflect directly upon the respect of the driver for law and order, and his sense of responsibility to society. The 1949 totals were 292 hit-and-run cases, and 105 drivers involved in accidents had no vehicle operator's permits.

The districts of Tondo and Sampaloc contributed the heaviest to serious accidents, with 79% of these happening north of the Pasig River. December, as usual, had the highest number of accidents, and April the least.

A surprising number of accidents were caused by vehicles driving on the wrong side of the road (165), despite the fact that right-hand driving has been in effect since June, 1945. In order to combat this trend, stricter enforcement is urged of regulations prohibiting parking on the wrong (or left-hand) side of the street.

Summarizing this worsening condition, the need for a central traffic authority is re-emphasized in order to strengthen the Enforcement, Engineering, Education and Administration factors of the traffic problem. The traffic problem, both that of accidents and of congestion, is rapidly becoming Manila's greatest single civic problem.

**F**IGURES supplied from an official source reveal the number and causes of fires in Manila last year, 1948. For the third consecutive year the total number reported was in the 600's.

"Electricity" led the parade for the second year in a row. Investigation by fire department, fire insurance, and police arson experts determined that 175 fires began due to faulty wiring, short-circuits, or allied causes. This also caused 274 fires in 1947. The great majority of these were the result of illegal installations, not approved by Meralco or the City Electrician.

The number two cause (for the 2nd year) was "cigarette butts". Careless disposal of used cigarettes has been the bug-a-boo of fire departments the world over for years. They fall into piles of inflammable materials, oil slicks, beds, waste-paper baskets, and similar places. More mature consideration by the smoking public of the results of such negligence, seems to be the only thing that might lead to a solution to the problem. This cause was number one in 1946 with 200, accounted for 126 in 1947, and totalled 162 last year.

"Gasoline" held to number-three position for the 3rd year. Authorities hold that most of those start from illegal storage of fuel, and from hoarding. These fires are particularly devastating, once underway, and totalled 233 for the three-year period, although the annual number is declining.

A new member of the high-cause list was "spontaneous combustion"; 47 fires were attributed to this means of ignition, which usually begins in piles of rags, clothing, or textiles that have absorbed oils, directly or from the air. Specific warnings have been

issued by the Safety Council to many firms last year in this connection.

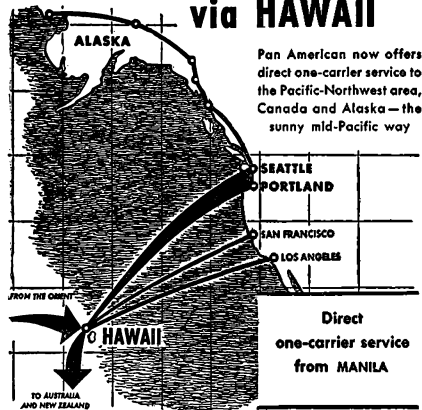
A long list of miscellaneous causes includes: firecrackers, bonfires, lamps, and "suspected arson". This last category includes some of Manila's largest 1948 blazes in crowded areas. The 1948 total, all causes, in Manila city limits — 607.

"Nothing doth more hurt in a State than that cunning men pass for wise." — Francis Bacon.

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## United States Government Agencies in the Philippines

### U. S. Coast and Geodetic Survey

UNLIKE land and air transportation hazards, maritime hazards are not above the surface; they lurk unseen, a little submerged under the outwardly safe expanse of water. No sober mariner would risk his vessel in waters where these dangers abound uncharted. And Philippine waters, because of the war, have become littered by wrecks of sunken ships to a condition where the channels in Philippine harbors are unsafe unless carefully charted. This need for re-charting Philippine waters was seen by the American Congress when it enacted the Philippine Rehabilitation Act which provides, among other things, for the resumption of coast and geodetic survey work in the Philippines.

The Act authorizes the U.S. Coast and Geodetic Survey to continue until June 30, 1950, the survey work it conducted prior to December 7, 1941. It also authorizes the Director of Coast and Geodetic Survey to train 20 Filipinos designated by the President of the Philippines each year until 1950. The rehabilitation program is further discussed in the agreement between the American and Philippine governments signed on May 12, 1947. Under this agreement, the U.S. Coast and Geodetic Survey undertakes the rehabilitation of its Philippine counterpart, the recharting of Philippine waters, the continuation of other survey work conducted before the war, and the training of qualified Filipinos for future officers and personnel of the Philippine Bureau.

Immediately upon the start of the program, the U.S. Coast and Geodetic Survey acquired for the Philippine Bureau the three-story concrete Oracca building and compound in Binondo, Manila. Then the local office was headed by Lt. Glenn W. Moore, USCGS, who was at that time temporarily serving in the U.S. Army. He was succeeded in June, 1947, by Lt. Comdr. Charles Pierce, the current head. Capt. Andres O. Hizon heads the Philippine Coast and Geodetic Survey.

Among the major accomplishments of the U.S. Coast and Geodetic Survey program are the outfitting of the Philippine survey fleet with 5 vessels, the preparation of a weekly notice to mariners, the re-surveying of the Manila harbor and Bay area, the topographic mapping of Manila Bay and parts of the city of Manila, the establishment of precise level lines from Manila to San Fernando and to Sangley Point, and the establishment of primary tide stations

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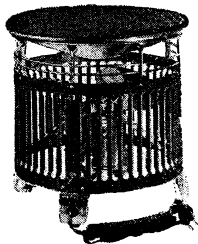


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at Manila, San Fernando, Legaspi, Cebu, Davao, and Jolo. At the time of writing, arrangements are being made by the USCGS for the acquisition by the Philippine Government of complete reproduction and printing equipment which will enable the Philippine Bureau of Coast and Geodetic Survey to reproduce or print nautical charts, maps, coast-pilot notes, tide tables, and other related publications.

The program is financed by funds, taken from the lump sum of \$120,000,000 allocated by the Philippine Rehabilitation Act for the restoration and improvement of public property and essential public services. Varying amounts are appropriated every fiscal year; \$178,235 were appropriated in 1947 and \$306,178 in 1948. For the current fiscal year \$381,892 has been appropriated. An estimated \$330,000 is expected to be appropriated for 1950. More than one-third of the total appropriations has been used in rehabilitating the bureau offices, in the purchase or repair of equipment, and in the commissioning, repairing, and outfitting of survey vessels.

\* \* \*

The U.S. Coast and Geodetic Survey training program for survey officers, consists of two 10-month training periods, the first spent in the Philippines and the second in the United States. Ten trainees already finished their training and are at present holding commissions ranging from ensign to captain in the Philippine Bureau of Coast and Geodetic Survey. Ten trainees are scheduled to return to the Philippines early this year upon completion of their training period in the United States. Another 10 trainees have finished the Philippine phase of their train-

ing and are scheduled to leave for the United States this month. Applications are at present being entertained for openings in the next group of trainees.

It is generally expected that before the termination of the program in 1950, there will be enough able Filipino officers and personnel to run the affairs of the Bureau. It is also officially believed that if additional responsibilities are delegated to the Philippine Bureau of Coast and Geodetic Survey by Philippine legislation, such as administering the lighthouse service, producing topographic maps, compiling aeronautical charts, gathering magnetic and seismic data, establishing a magnetic observatory, etc., the organization existing in 1950 will be in a position to take over additional duties and make full use of its trained personnel.

The number of persons currently employed by the U.S. Coast and Geodetic Survey is 111; 8 are Americans and 103 are Filipinos. The Philippine Bureau of Coast and Geodetic Survey employs a total of 230 officers and civil service personnel. When the American rehabilitation agency ceases to operate in 1950, the Philippine Bureau is expected to function with a complement of 45 officers and some 200 enlisted men and civil service personnel.

*United States Information Service, Manila*

"The United States aid policy is not directed against any doctrine, but against hunger." — Paul G. Hoffman

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## Text of Import Control Rules

(Directions issued by Secretary of Commerce and Industry Cornelio Balmaceda as Chairman of the Import Control Board, to importers who are affected by Executive Order No. 193.)

1. Importers concerned should register at once in the Import Control Office, 210 General Solano, Manila, bringing with them their registration papers either in the Securities and Exchange Commission or in the Bureau of Commerce, business license and tax clearance certificate. Each importer should fill out Form IC-5 of the Import Control Office entitled "Importer's Information Sheet." Import values must be c.i.f., Philippine ports. Quantity of commodities need not be stated.
2. After accomplishing the "Importer's Information Sheet," it should be submitted to the Import Control Office for approval. A registration certificate will then be issued to the importer. This certificate is his authority to apply for quota allocation and import license.
3. Based on the figures submitted by the importer in Form IC-6, the Import Control Office will give him a tentative import quota.
4. To obtain final import quota, the importer must submit invoices or documentary proofs to support the value of his importations as submitted in Form IC-6.
5. To apply for import license, fill out Form IC-1, specifying the kinds of articles to be imported, value, names of foreign suppliers, port of origin, etc.
6. An import license is not transferable, except where the corporate or firm name of licensee has been changed, or where it is desired to transfer license to subsidiary of the licensee duly registered in the Import Control Office, or where the entire or a substantial portion of the assets of the corporation has been sold or transferred to any individual or firm duly registered in the Import Control Office.
7. To secure a consular invoice abroad, the importer must give the number of the import license, which must be shown on the consular invoice.
8. In order to clear shipments, the importer must present the original copy of the import license to the Collector of Customs at the port of entry.
9. If only a partial shipment has been made against an import license and no additional shipments against the unshipped balance is contemplated, the license must be returned to the Import Control Office.
10. An import license is subject to revocation for cause.
11. In case the goods covered by an import license are not shipped before the expiry date of the license, request for extension may be made with the Import Control Board which may grant such extensions for justifiable cause.
12. Application to renew an expiring import license should be made 10 days before the expiry date. The request for renewal should consist of a new license application accompanied by the old license and the reasons why renewal is requested.
13. If the Board finds that the importer has failed or has not taken steps to import the articles covered by his license, the Board may cancel it and reallocate the quantity of merchandise covered by such license.
14. Acceptance of orders by suppliers abroad should be reported immediately to the Import Control Office, stating approximate date of shipment, together with the documents evidencing acceptance.
15. Importers of goods under license will report in writing the arrival of such imports to the Import Control Office within two (2) days of such arrival.
16. Goods in bonded warehouses in the Philippines are considered to have entered the country.
17. Goods not included in the list appended to Executive Order No. 193 do not need import license.
18. Goods in dock, on lighter and on exporting vessel on January 1, 1949 are considered to have left port on that date and therefore not subject to import control.
19. Import license numbers will not be required on consular invoices before January 20, 1949. However, importers in the Philippines must secure import license to clear shipments upon arrival.
20. Old importers must register on or before January 31, 1949 and new importers on or before February 25, 1949.

CIRCULAR 2  
(Revised)

TEXTILES

January 21, 1949

Specific Articles Under Woven Fabrics, Ready-Made Wearing Apparel, Household Articles And Other Manufactures  
Those not included are not under control.

1. Cloth, knitted and not knitted
2. Remnants

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3. Tapestries  
4. Tulle  
5. Veilings  
Applies to Rayon & other textiles, not controlled if made of cotton except grey cloth 17.1.

**Ready-Made Wearing Apparel**

- | Inner            | Outer             |               |
|------------------|-------------------|---------------|
| 1. Nightgowns    | 1. Bathrobes      | 8. Overalls   |
| 2. Petticoats    | 2. Blouses        | 9. Pajamas    |
| 3. Sports Shirts | 3. Coats          | 10. Pants     |
| 4. Shirts        | 4. Dresses        | 11. Skirts    |
| 5. Slips         | 5. Jackets        | 12. Slacks    |
|                  | 6. Kimonos        | 13. Sun Suits |
|                  | 7. Lounging Robes | 14. Trousers  |

Applies to cotton, Rayon &amp; other textiles.

**Household Articles**

- Bath Mats
  - Bed Sheets and Pillow Sheets
  - Blankets
  - Curtains and Draperies
  - Mosquito Nets
  - Quilt, Counterpanes, and Bedspreads
  - Table Cloths
  - Towels
  - Table linens or covers, doilies, napkins and table runners
- Not controlled if made of cotton.

**Other Manufactures**

- |                  |              |
|------------------|--------------|
| 1. Carpets       | 4. Laces     |
| 2. Embroideries  | 6. Umbrellas |
| 3. Handkerchiefs | 8. Veils     |
- Items 1, 2, 3, 5 and 6 are not controlled if made of cotton, except item 4 (Laces) and weaving yarns.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer**CIRCULAR 3****SPECIFIC ARTICLES UNDER:**

January 13, 1949

**BEAUTY CULTURE EQUIPMENT****4.1 Beauty Parlor Equipment and Accessories**

- Electric Permanent Wave Machine (including Wireless or Pre-Heat)
- Electric Hair Dryer
- Electric Steamer for hot oil treatment
- Shampoo Board
- Croquinole Heaters
- Spiral Heaters

(For Toilet Preparations used by Beauty Parlors, please consult the heading PERFUMES AND TOILET PREPARATION.)

**4.2 Manicure Apparatus and Accessories:**

Manicure sets, any component part of which is of gold, silver or platinum (plated or not plated)

**4.3 Dresser Sets:**

- Powder Boxes
- Perfume or Lotion Bottles
- Atomizers
- Combs
- Brushes
- Hand mirrors

When any component part of the above articles is of gold, silver or platinum (plated or not plated or if the glassware are of cut glass).

**GAMES AND AMUSEMENTS****5.5 Other game equipment**

Includes pinball machines, chess, checkers, dominos, bingo.

**ORNAMENTAL ARTICLES, INCLUDE:**

- Christmas trees, decorations and lights
- Flower vases, bowls, stands, brackets and hangers
- Figures
- Candle sticks
- Book ends
- Curios and carvings
- Artificial flowers and fruits
- Picture frames

Approved By The Import Control Board  
At Its Meeting On January 10, 1949(SGD.) ERNESTO B. LEDESMA  
Executive Officer**SILVER AND JAVA PACIFIC LINES**SILVER LINE, LTD.  
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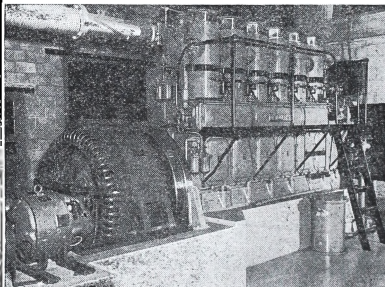
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### CIRCULAR 4

January 15, 1949

- Quotas to old importers may be based either on their total imports during the base period or on two-thirds of their imports from July 1, 1947 to December 31, 1948.
- Shipments covered by payments made by the importers or by irrevocable letters of credit issued prior to January 1, 1949, certified by the issuing bank, shall be given import licenses. Such shipments shall be charged to the present and future quotas of the importers.
- Merchandise shipped from the port of embarkation after January 1, 1949 but were in transit from the point of origin to the port on or before that date, shall be issued the corresponding import licenses. Such shipments shall be charged to the present and future quotas of the importers.
- In the two preceding cases, should the total quota of the importer be insufficient to cover his shipment, the excess thereof shall be referred to the Import Control Board for decision.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

### CIRCULAR 5

January 18, 1949

Specific Articles Coming Under Furniture,  
Item 24.4 of Appendix "A"

(Hospital and Medical Equipment are not under control)

Beds  
Benches  
Bookcases  
Buffet  
Cabinets (kitchen, storage, etc.)  
Chairs  
Commodore (comodas)  
Cupboards  
Dressers (vanities)  
Desks  
Hostess Serving Carts  
Magazine Baskets  
Nursery Furniture  
Racks (for hats or canes)  
Screens (namparas or cancelos)  
Sofas  
Stools  
Tables  
Wardrobes

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

### CIRCULAR 6

January 24, 1949

Licenses For Articles Used As Samples

Articles under control brought in or sent to importers or indentors in the Philippines as samples shall be allowed to come in provided the necessary license has been secured for them. The licenses for such articles will be for specific amounts and periods to be determined by the Import Control Office. Importers or indentors desiring such licenses must file their applications (Form IC-7) under oath with the Import Control Office. These articles are not chargeable to quotas.

Licenses For Articles For Personal Use

Articles under control for personal use and not for resale shall be allowed to enter by mail, air or ship provided the necessary license has been secured for them. These licenses will not require quotas. Applications for these licenses may be made by filling out the Import Control Office Form No. IC-7. When the articles are to be brought in by incoming passengers, applications may be filed with the Philippine Consulates abroad. These applications duly approved by the Philippine Consulates should be presented to the Import Control Office at Manila or to the Collector of Customs at other ports of entry for a license to clear the shipments.

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## Rayon Price Limits

The price limits set for Rayon fabrics in Appendix "B" of Executive Order No. 118 apply to cloths of single width not to exceed 40". The price limits for cloths with widths over 40" are two times those of single width.

Chandeliers  
(Item 13.2)

For purposes of the Import Control Law, CHANDELIERS are defined as lighting fixtures with more than six (6) outlets for lights. Chandeliers with six (6) or less numbers of outlets are not subject to control. Chandeliers made of cut glass are subject to control irrespective of the number of outlets.

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

\* \* \* \*

CIRCULAR 7

January 31, 1949

## UNDER CONTROL

## TOYS

Air Rifles  
Construction Sets except those listed below under "NOT UNDER CONTROL"  
Dolls and Accessories  
Miniature Musical Instruments  
Roller Skates  
Rubber Balloons  
Toy Games  
Trains, Mechanical and Electrical and Accessories  
All other Toys not listed below under heading "NOT UNDER CONTROL"

## NOT UNDER CONTROL

Airplane Model Construction Sets  
Alphabet Blocks  
Savings Banks  
Ship Model Construction Sets  
Baby Carriages and Children's Vehicles:  
Automobiles  
Beach Vehicles  
Goats  
Scooters and Sidewalk Cycles  
Strollers  
Sulkies  
Three Wheeled Play Carts  
Velocipedes and Tricycles  
Wagon (Coasters and Play)  
Walkers and Tenders

(SGD.) ERNESTO B. LEDESMA  
Executive Officer

## Weekly Changes in Retail Prices

Bureau of Commerce, Market Division

January 24 to 29, 1949

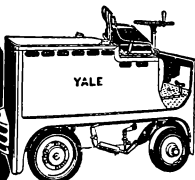
THE deflationary trend of retail prices of essential commodities, which has been going on steadily since the last quarter of the past year, appears to be gathering momentum as reflected by the further drop of the Bureau of Commerce Price Index to the 235.94-mark, recording a new post-liberation low. The lowest point ever touched by the index previously was at the 237.10-mark during the middle part of 1948. Likewise, the recent decrease of the index by 4.05 points from the previous week's level, was the sharpest made within the last four months. Principally responsible

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**COST OF LIVING INDEX OF WAGE EARNER'S  
FAMILY<sup>1</sup> IN MANILA BY MONTH, 1946 TO 1948**  
(1941 = 100)

Bureau of the Census and Statistics  
Manila

1946	All Items	Food (89.15)	House Rent	Cloth- ing (8.43)	Fuel, Light and Water (13.94)	Miscel- laneous (17.86)	Purchas- ing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	.1657
February	547.2	656.3	236.4	940.3	369.5	460.5	.1827
March	525.9	631.0	236.4	940.1	340.4	445.2	.1902
April	556.2	684.1	236.4	910.3	345.5	435.9	.1798
May	545.1	675.6	236.4	762.5	342.3	409.6	.1835
June	538.7	666.4	236.4	737.9	343.3	404.2	.1856
July	552.7	704.3	236.4	598.9	341.3	364.6	.1809
August	477.9	690.0	236.4	384.7	320.9	346.3	.2092
September	477.9	591.3	236.4	378.7	314.5	347.2	.2092
October	487.4	587.2	236.4	382.7	405.8	342.7	.2052
November	484.8	607.8	236.4	406.4	346.5	305.2	.2063
December	461.9	570.8	236.4	371.9	344.7	302.1	.2165

1947<sup>2</sup> (100.00)(63.43)(11.96) (2.04)(7.73) (14.48)

January	426.2	368.2	453.9	381.9	326.2	282.5	.2346
February	418.5	454.9	453.9	356.2	344.8	281.4	.2389
March	406.8	440.1	453.9	295.2	334.7	279.4	.2458
April	387.7	413.3	453.9	269.2	328.9	271.6	.2579
May	381.0	404.4	453.9	250.9	325.4	269.4	.2625
June	386.3	414.4	453.9	286.8	316.6	268.6	.2589
July	393.4	426.8	453.9	217.7	309.3	269.9	.2542
August	387.4	419.8	453.9	210.2	292.0	269.1	.2581
September	368.9	392.1	453.9	216.4	283.3	266.8	.2711
October	358.7	376.3	453.9	212.7	280.5	267.7	.2788
November	358.4	376.3	453.9	215.1	280.5	265.3	.2790
December	371.9	395.8	453.9	219.1	298.2	262.9	.2689

1948

January	391.2	428.3	453.9	224.5	304.6	249.9	.2556
February	368.5	392.0	453.9	223.8	301.1	254.4	.2714
March	349.4	361.0	453.9	214.6	308.1	255.9	.2862
April	356.1	374.1	463.9	209.4	289.7	254.8	.2808
May	349.8	360.2	453.9	214.2	289.7	271.6	.2859
June	354.3	370.4	453.9	205.2	283.2	262.9	.2823
July	356.4	374.2	453.9	201.3	281.6	262.4	.2806
August	363.6	385.7	453.9	199.8	281.6	261.7	.2751
September	370.6	397.2	453.9	199.2	279.6	260.6	.2699
October	374.9	404.0	453.9	204.8	283.2	257.9	.2668
November	368.7	394.4	453.9	202.0	281.6	258.7	.2712
December	365.9	389.9	453.9	202.0	282.4	258.9	.2732

1949

January	363.8	386.8	453.9	202.0	279.0	258.9	.2750
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<sup>1</sup> Average number of persons in a family = 4.9 members.

<sup>2</sup> Revised in accordance with the new survey on the "Levels of Living, in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

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## The "LET YOUR HAIR DOWN"

Column

A FRIEND of the Journal has sent in a clipping from the New York *Herald-Tribune*, — a press copy of a letter in which Mr. J. Anthony Marcus, President of the Institute of Foreign Trade, let his hair down and told Mr. Amado Hernandez, President of the Philippine Congress of Labor Organizations, who was then visiting the United States, what he thought of certain remarks Mr. Hernandez must have made:

"I have sent the following letter to Señor Amado Hernandez, President of the Philippine Congress of Labor Organizations, who is visiting this country.

"I have read your published remarks about this country. To say that your criticisms of our government and people will be resented by our fellow-citizens as much as by this writer, is to put it mildly.

"On two different occasions and at enormous expense in lives and treasure, our country has liberated the Philippines from slavery. We have spent untold hundreds of millions of dollars to help your economy and still are. We have given you a stable government while in other parts of the Western Hemisphere so-called republics indulged in perennial palace revolutions, disturbing their economies and retarding their progress. We have given you the spirit of Thomas Jefferson and Abraham Lincoln to guide you in your independent living.

"What have you ever done for us? You have not even the decency of being courteous to us while enjoying the hospitality of our country. Had it not been for this country, your people would have been the slaves of Japan; you would not have known the meaning of freedom... You certainly would never have known the feeling of having free labor unions in which you are particularly interested.

"You know as well as I do that you are merely mouthing the Red Fascist (Communist) lie when you stated that the independence we have granted you is 'a mockery', that the leaders of your country are subservient to the dictates of Wall Street and Army officials in Washington.

"If we are so bad, why do you come here to study slum-clearance, housing, and labor conditions? Why don't you go to the workers' paradise in Stalin's empire? I have been there on many occasions and can tell you what you will find. There you will find millions of people in slave-labor camps, other millions—workers and peasants—chained to their jobs in factories, mines, in the fields, etc. There you will find that the people have as much to say about ordering their lives as the animals in the zoo. And as for the labor unions, you will find them mere agents of oppression of the workers and not free as yours and ours are; in the U.S.S.R. they serve the same purpose as the secret police.

"Having read your remarks, I am confident that you have come to the wrong country. Had you gone to the Soviet Union first, you might have appreciated better what we have here or what we have given to your people, unless, of course, you are one of those incurable Red Fascists.

"I seriously question your right to speak in the name of your workers and peasants when you state that they see no threat of Communism in China. It is possible that you refuse to see the threat in China if the Communists take over, all of which convinces me that you don't belong here and what you will learn here will be of little value to you. You are fishing for something else and not the announced purpose."

The following is a letter received by the editor from Jim Halsema, well known in the Philippines, who is now in Washington, D.C.

"I am writing to ask you if you will kindly furnish the library of the School of Advanced International Studies, 1906 Florida Avenue, N.W., Washington, D.C., with recent issues of the Journal. I am a student at the school this year and working on an M.A. in international politics before returning to the newspaper business. It is amaz-

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ing to learn how little people here know about the post-war Philippines. Not that there is a lack of interest,—a number of the students here have been in the Islands with the armed forces during the war, but material is not readily available. I finally found back copies of the Journal in the Library of Congress, but that is hardly like having them available in one's own library. I would be glad to send you a check for whatever is needed to keep the Journals coming a while.

"From this perspective it is apparent, much more than it is in Manila, what a treasure trove of information is available in the Journal, and I would like to tell you again how much I admire your combination of literary talent and hard-headed editing."

The editor said he liked that word, "hard-headed", as he always has a feeling that he is too sentimental. Talking about ex-Philippine newspapermen, Fritz Marquardt, now editor of the Chicago *Sun-Times*, and on a Far Eastern trip, was in the Journal office several times during the past month. He wanted issues of the Journal, and at his suggestion we sent sets of all the post-war issues of the Journal to the following: the libraries of the New York *Times*, the *Christian Science Monitor*, and the San Francisco *Chronicle*, and the Chicago Public Library and the Newberry Library, Chicago. All complimentary, of course.

Dr. Claude A. Buss also was a recent visitor, by the way, and carried off an armful of Journal issues. However, lest anyone should think that he was too deeply inspired by the Journal in the writing of his article on the Philippines which appeared in *Fortune* (so far we have seen only newspaper excerpts), we wish to say that he told us that he had also obtained various issues of *Commerce*, the monthly organ of the Philippine Chamber of Commerce here.

"I suppose that you thought, or hoped, that I was dead, but I am still very much alive. I have not written you because I have felt that as a back-slidden 'liberal' (never trust a liberal), you are hopeless. Mammon has got you. But I must vent my indignation about your editorial, 'Work and Wealth,' in the last issue of the Journal which you so distinguishedly edit, as ordered. You start out innocently enough, as you often do, sneaking up on the reader, with some statistics about farm production in the United States, then comes something about total production, and then you express your admiration for the hard work that must have been done by the Americans in producing such great wealth.

Check. But then you begin your mental sleight-of-hand. You say that all capital only represents hard work done in the past. And as hard work is so admirable and noble, therefore capital is, too, and so is the capitalist! You even propose to deify either capital or the capitalist, I don't know exactly, for that is where you airily waded a veil, like a circus magician. Deify capital, or the capitalist! Good God! You object to the usual cartoonist's picture of the capitalist. Then, in the back of the Journal, you, following *Fortune Magazine*, criticize the novelists for portraying capitalists for what they are. What a twister you are. I know that you know that capital has its origin in profits and that profits are what the capitalist withholds, steals, from the wages of labor. Capital stands for robbery, not for work.—*Admirer.*"

"No, I wouldn't wish the man dead. He has a right to life, liberty, and the pursuit of happiness, and makes himself so happily indignant over his wrong economics that it becomes almost a pleasure to listen to him. That's the trouble with economics. It is a difficult science and it requires some brains to grasp even the fundamentals, but it is so close to all of us that all sorts of exciting untruths and half-truths are avidly laid hold of and clung to. Often to account for personal shortcomings and failures. I don't want to be mean, or personal, but the man sounds to me as if he never did an honest day's work in his life, or ever made a profit, or has anything but the pants he walks around in.

"I had a laugh a few months ago," the editor went on, "when one of my sons-in-law, a very stalwart and well-meaning young man, offered to lick 'Admirer' for me if I would point him out. Of course, I couldn't, and I certainly wouldn't if I could. No, let the man live and pursue the good life as he will. I have given up trying to de-misinform him. . .

"The trouble is, there are so many like him, — fine subjects of the enemies of our civilization to operate with. All sorts of fallacies go round and round in their undeveloped brains. Why don't our schools, even in the lower grades, give pupils some elementary understanding of the work-a-day world they live in? I am sure 'Admirer' will now curse me for advocating 'capitalistic propaganda' in the schools. But capitalism, so-called, is our way of life, an integral part of what we know as democracy, and our youth should be given some understanding of its

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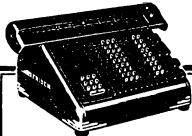
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fundamentals so they will not be misled by what are not only such stupidities but such deliberate lies as are eating on 'Admirer.'

"Capital does have its origin in saving, and a good part of it does derive from profits, though not all, because wage-earners and others can and do also save. Profits are not something that is taken away from wages. The workers alone are by no stretch of the imagination entitled to the whole of the value of what is produced. Wages are the price of labor, determined by the supply of and the demand for labor. Profits are the price or reward of enterprise and good management. Wages are earned by great numbers of people; profits are earned by far fewer, those few who can prove in practice that they have exceptional ability in the initiation and direction of work. Wages and salaries generally in the United States take up some three-fourths of the national income, while profits take up only a part of the remainder. In the majority of enterprises there turns out to be no profit at all, only losses, and they end in failure. What really sensible man can believe that the men who start a business, whether they succeed in keeping it going or not, do no real work and deserve no share in the value of the production or the service? Is that robbery? To call it that is nonsense. Nonsense, even if the idea lies at the bottom of Marx's Labor Theory of Value

and its corollary, the Surplus Value Theory, which would make 'exploitation' an integral part of the capitalist system.

"Is the whole material structure of our civilization, our mills and factories, trains, ships, harbors, roads, hospitals, schools, churches, and homes only a monument, basically, to cupidity, rapacity, oppression, and theft?"

"Could men who are such monsters and other men who are such dupes together ever have built anything so great and so fair as is, with all present shortcomings, our modern democratic civilization, its freedom, its abundance, its zest and joy?"

"That could have been the thought, that could be the thought only of a baboon; of a hater of his kind and of life itself."

Said we to the editor, "You sure went to town that time!"

"Wait, wait," said he. "If there were no such thing as profits, we would be obliged to invent them. Profits serve as a guide to production, — what goods should be produced at any particular time and in what quantities. If there are no profits in a given enterprise that is an indication that the labor and capital involved are being misused. No government planning or control could ever be so effective as this profit barometer to production needs. Then, of course, the desire for profits serves also as an ever-present check on waste and inefficiency..."

"Well, that's enough for one lesson," said we.

"And that is in the interest, too, of labor. For the greatest possible production is to labor's advantage. High wages can come only with high production..."

We believed him, but we had no more time. After all, we don't have to be told everything.

"That's the real reason why wages in the United States are so high..." he shouted after us.

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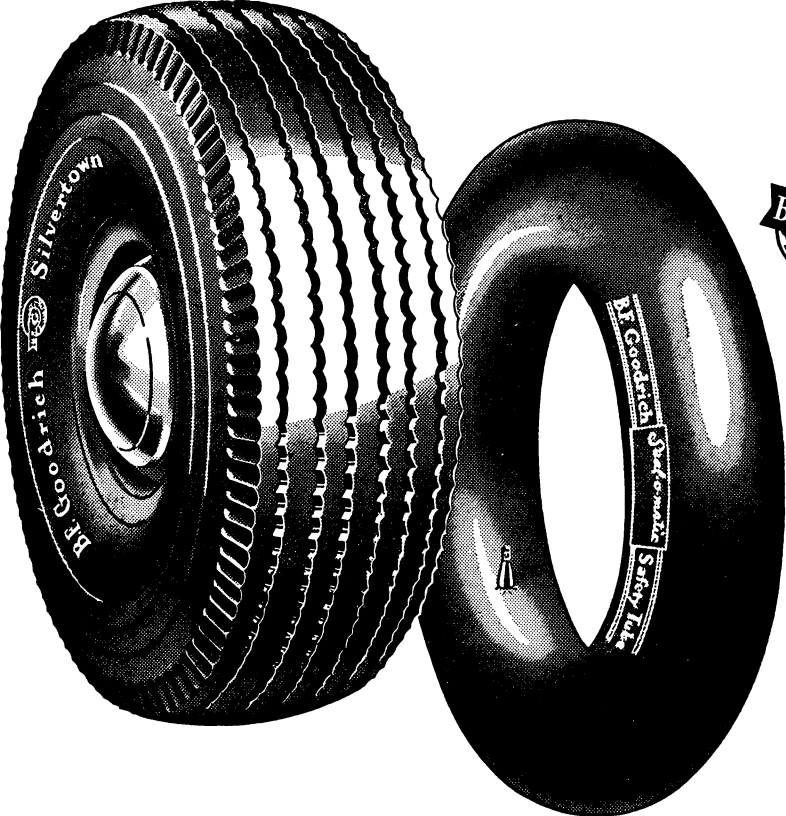
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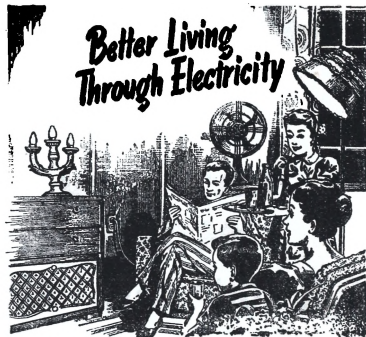
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