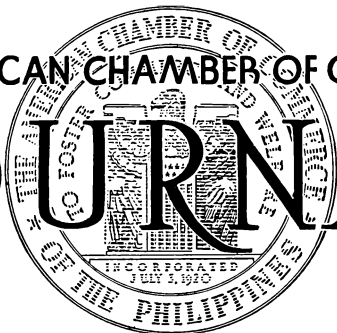


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Published monthly by the American Chamber of Commerce of the Philippines
424 San Luis Street, Manila, Philippines — Telephone No. 3-23-24

A. V. H. Hartendorp
Editor and Manager

Entered as second class matter at the Manila Post Office on May 25, 1921, and on December 10, 1945
Subscription rate: ₱5.00 the year; \$5.00 in the United States and foreign countries

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Vol. XXIX

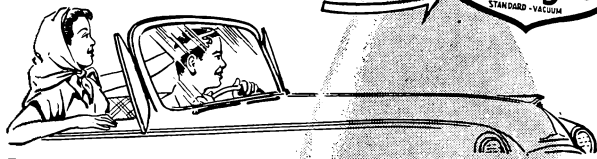
May, 1953

No. 5

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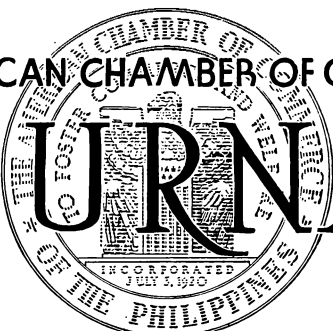
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Editorials

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Thanks to the spirit of industrial enterprise which undeniably characterizes the Philippine Government, the country now has a large dry dock capable of receiving a 10,000-ton ship, as against a number of slipways previously, the largest of which could accommodate nothing larger than a 2,000-ton vessel.

The New Government Dry Dock at Mariveles

We refer, of course, to the new dry dock of the P16,000,000 National Shipyards and Steel Corporation at Mariveles, Bataan, ceremoniously inaugurated by President Quirino on March 31, something over a month ago.

The Corporation is a post-war one, established in 1950 by the merging of a number of units of the National Development Company,—the National Shipyards and Heavy Industries Department (established in 1945), the Reparations Tools Department (established in 1948), the Steel Mill, which was only a project, and the Engineer Island Shops, which, before the war, were operated under the Department of Public Works and Communications (after 1933), but which, after the war, were transferred to the National Development Company.¹

Although most of the great dry docks of the world in Europe and America are over 1000 feet long and 120 feet wide, the Mariveles dock is very respectable in size. The dimensions are roughly: length, 550 feet; width, 100 feet; depth, 40 feet.

¹The history of Engineer Island (in the Port Area) is most interesting. W. Cameron Forbes, in his book, "The Philippine Islands", says of it: "The Bureau of Navigation came into existence, at first, under the clumsy title of Bureau of Coast Guard and Transportation, primarily to assist in the maintenance of order, transportation of the Constabulary, and in the prevention of smuggling. It was also charged with the construction and operation of lighthouses. Prior to the war with Spain there had been 53 lighthouses in operation, but when the Americans reached the Islands Spain had, as a war measure, ordered these lights extinguished. When the American civil authorities took over the administration, they found not more than 27 in operation. Under the direction of Commander J. M. Helm, later Rear-Admiral, U. S. Navy, and his successors, before many years the Philippine coast line was studded with lights, great and small, reaching in 1913 as many as 146. . . For the requirements of the government of this group of more than 1000 inhabited islands (Balabac and Sulu), it was obvious that marine transportation would be a primary necessity, and the government ordered a standard fleet of 15 steamers built in China and Japan for the coast guard service. . . Just as the extortions practiced by the merchants brought about the extensive business of government supply, so the high prices charged by private owners of marine railways [slipways] practically forced the government to construct its own marine railway and repair shops. The site selected was a tract of filled-in land near the mouth of the Pasig River, known as Engineer Island. Here the whole fleet of government vessels necessary in this essentially maritime region were out-

The excavation went down to 29 feet below sea-level and the floor of the dock rests on solid rock. The whole excavation entailed the removal of some 160,000 cubic meters of earth, 50% of which was rock.

The shipyard is provided with all the necessary facilities,—wharves, slipways, huge pumps, giant cranes, and foundries and large machine-shops, some of the equipment in which came from Japan in 1948 as reparation items.

Besides the graving² and repairing of ships up to 10,000 tons, the Corporation will engage in the building of smaller ships, fishing boats, launches, steel barges, etc., and also in the manufacture of heavy machinery of various types, such as road-rollers, concrete mixers, and machinery for mines and factories.

The enterprise was financed exclusively through the Philippine Government as outside financing agencies apparently were somewhat dubious about the wisdom of the Government's entering upon such an ambitious undertaking at the present time.

There was no opposition from "vested interests", as has been charged in some quarters, because there are no interests in the Philippines which can offer competition in the dry-docking of vessels of the size which can be accommodated at Mariveles.

The country's more important established slipways are only three,—the old Varadero de Manila, Cañacao Bay, Cavite, established in 1894, owned by the Compania Maritima, and capable of handling ships up to 2,000 tons; the

fit, repaired, and supplied. . . The Bureau of Navigation was abolished and its duties distributed between the Bureau of Customs and Public Works (Act No. 2308, Philippine Legislature, December 19, 1913) soon after the Filipinos gained control of both houses of the Legislature. In 1918, the operation of government vessels, the marine railway and repair shops, the lighthouse service, and the supervision of inter-island shipping were transferred to the Bureau of Commerce and Industry created by Act No. 2728, Philippine Legislature, January 31, 1918. In 1933, the Marine Railway and Repair Shops (at Engineer Island) were consolidated with the Bureau of Public Works Shops. After the war the Shops were transferred to the National Development Company, and in 1950 they were merged with the other NDC units which today make up the NASSCO.

The coast guard cutters, serviced at Engineer Island for so many years, were ship of around 300 tons net, but in addition to the slipways for these vessels, there was also a slipway for vessels up to 1500 tons to accommodate a number of larger government ships and several dredges.

In pre-American days, Engineer Island, is said to have been an immigration station.

²Graving—the cleaning of a ship's bottom by scraping or burning and coating with tar.

Manila Shipyard, Dry Dock & Engineering Co., Inc., at Navotas, established in 1900, formerly owned by Teodoro R. Yangco and now by a corporation headed by Joseph Feldman, which has both a small dry dock (110 feet long) and three slipways, and can accommodate ships up to 250 tons; and the Cebu Shipyard, established 1920 and capable of accommodating ships up to 1,500 tons.

The Santa Mesa Slipways and Engineering Co., Inc., of the Luzon Stevedoring Co., Inc., and the Pandacan Slipways, of Leung Yee, both on the Pasig River, handle only tug-boats, launches, and barges.

The Earnshaws Docks and Honolulu Ironworks,³ in the Port Area, historically one of the most interesting firms in the Philippines, has given up its ship-repairing business and is now engaged principally in the importation of machinery and the building and repair of sugar central and other industrial plants. Its slipway before the war was capable of accommodating ships up to 2,000 tons, but this was taken over by the Japanese with the rest of the works during the occupation and was blown up by them in December, 1944; after the liberation, the Company decided not to rebuild the slipway; among other difficulties, the entrance from the Bay had silted up. Recently, the Company sold the slipway area to the Luzon Stevedoring Company which wants the space for building purposes.

Although the word "dock" or "dry dock" occurs in the names of several of the firms which have been referred to, none except one built any real dry dock, which is a large, walled chamber, communicating with deep water, from which the water may be shut off and pumped out. All we had here before the Mariveles dry dock was constructed, and with the one exception of the small dry dock of the Manila Shipyard, Dry Dock & Engineering Company, were (and are) slipways, inclined planes, leading out of the water, onto which small ships, resting on wheeled cradles, are drawn up by machinery.

The real competition which the government shipyard at Mariveles will have to meet is that of the large dock and shipyard companies in Hongkong and in Japan. These enterprises have the advantage of many years of experience and of expert, yet low-cost labor. The Hongkong and Whampoa Dock Co., Ltd., whose history goes back to 1845, has four graving docks in Kowloon, the largest of which is 700 feet long, and another dock at Aberdeen, its oldest, 439 feet long, on the south side of Victoria Island. The Taikoo Dockyard and Engineering Company, also on Victoria Island, has one graving dock (787 feet long, 93 feet wide, and 34 feet deep) which can accommodate a 25,000-ton ship; also three slipways capable of taking ships of from 2,000 to 3,000 tons.

The owners of the smaller ships engaged in the Philippine coastwise trade will most likely continue to avail themselves of the services of the old slipways, since their charges, based on considerably lower costs, will be lower than those the NASSCO will have to establish. There are at the present time only some twelve ships engaged in the coastwise trade of a size which can not be accommodated by the established slipways. But the owners or agents of ocean-going vessels calling at ports in the Philippines, most of which are in the 10,000-ton class or somewhat smaller, will no doubt patronize the Mariveles shipyard, especially in emergencies, if the charges are held down to something within reason. The Hongkong dry

docks are busy and generally are waiting a list, and the shipyards of Japan are engaged in a tremendous ship-building program of their own.

It may be that the establishment of a large dry dock in the Philippines is somewhat premature, but the country has it now and the best possible use should be made of it. It is a decided gain to have a great dry dock available and this would be especially true in the event of another war.

In this connection, the fate during the war of the famous floating dry dock of the U. S. Navy, the *Dewey*, is of interest. The *Dewey*, 500 feet long and with a breadth between the fenders of 100 feet, capable of handling a 20,000-ton ship was completed by the Maryland Steel Company, at Sparrows Point, Maryland, in 1905, and was towed across the Atlantic and through the Mediterranean Sea, the Suez Canal, the Red Sea, Indian Ocean, and the South China Sea to its home station at Olongapo, Subic Bay, in 1906, the journey taking 150 days. It was large enough to accommodate a cruiser or two destroyers or submarines at once. The *Dewey* was towed from Olongapo to Mariveles in October, 1941, and scuttled there by the U. S. Navy before the surrender of Bataan. The Japanese floated it and towed it to Cavite, where they had rebuilt the Navy Yard they had totally destroyed in the December, 1941, bombing. The *Dewey* was finally destroyed and sunk, together with a Japanese warship in it at the time, during the first American bombings in September, 1944. The U. S. Navy now has one large floating dry dock at Olongapo, the AFDM-5, of 18,000-ton capacity, and 3 smaller ones, the ARD-28, 3,500 tons, and the AFDL-10 and 11, both 1,000 tons.

The primitive way of preparing a boat or a ship for cleaning or repair was to beach her. Ships also were careened,—that is, caused to lean over to one side in the water to make the other side accessible; sometimes a ship was careened on the beach. It is a long cry from such ancient resorts to the procedures followed in the modern dry dock, dizzying in their size, overwhelming in their massive equipment. The officials of the Government and of the NASSCO are warranted in exulting in their achievement. As a government corporation, the NASSCO is subject to the weaknesses which seem to be inherent in government operation of industrial enterprises; yet we may hope that somehow it will be an exception. Anyway, here is an example of an enterprise in which the Government clearly has led, private capital being unready to take the risks. Whether the dry dock will prove a profitable business venture, is yet to be seen; that something great has been done, is evident.

The officers and members of the Board of the National Shipyards and Steel Corporation are: Col. Amado N. Bautista, former general manager of the National Development Company and the Manila Railroad Company, Chairman; Filemon C. Rodriguez, general manager of the National Power Corporation; Dr. Gregorio Y. Zara, dean and vice-president of the Feati Institute of Technology; Gonzalo T. Abaya, engineer; Judge Roman A. Cruz, Malacañan technical assistant; Carlos Fernandez, ship owner; and Venancio E. Lim, engineer. Bernardo P. Abrera is the general manager.

With the hope, first felt some months ago, for an early restoration of peace in Korea, it was predicted at the same time that if this hope were realized, the peace would be followed by a depression because of the bankruptcies and the unemployment which would result from the curtailment of military production.

Secretary of the Treasury George M. Humphrey in a recent speech denied that a truce in Korea would have "any early important influence on the rate of military spending." "We have a big program to complete in any event to attain a proper, permanent posture of defense for America."

³The Earnshaws Docks and Honolulu Ironworks was founded in 1870 under the name of Boyle & Earnshaw, with shops on Calle Barceñón. In 1894, Manuel E. Bernabe became the sole owner. After the Spanish-American War, the Company was reorganized under the name of Earnshaws Engineering Company and was able to secure a large tract of land in the Port Area to centralize its various activities and to build a new slipway with two cradles capable of handling one 2,000-ton ship or two 1,000-ton ships. After this the name of the Company was changed to Earnshaws Slipways and Engineering Company. In 1930, the Company was merged with the Honolulu Iron Works Company and was reincorporated under the name Earnshaws Docks and Honolulu Ironworks.

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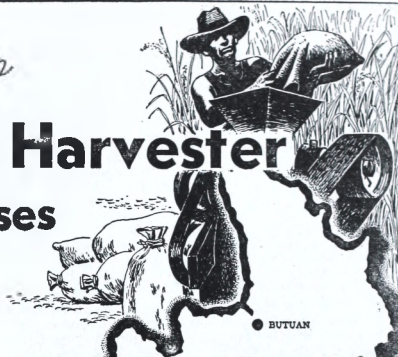
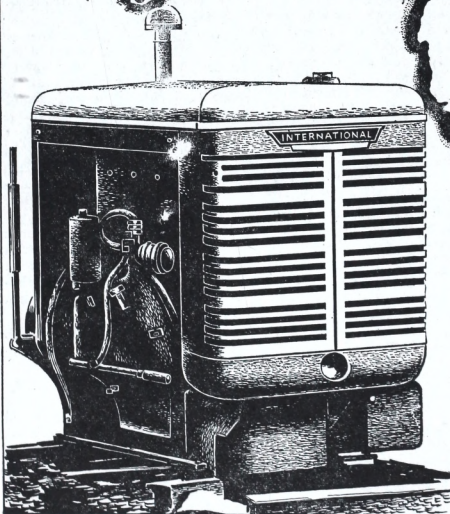
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He, however, went further and denied that peace was anything to fear. He said:

"Peace is what we all want. It is nothing to fear, nor is there any reason for any depression. Adjustments, yes; but not a depression. So long as we maintain the soundness of our money... eliminate waste, and handle our fiscal affairs with wisdom, America can look forward to good jobs at good pay and real advances in our scale of living. We can have a stronger economy, based on sounder fundamental conditions, than we have known in many years."

Secretary of Commerce Sinclair Weeks also spoke on this same subject, saying that as defense expenditures reach maturity, other investment programs will assume increasing importance. He added:

"Replacement and modernization, which accounted for half of the capital outlays before Korea, will undoubtedly be given renewed emphasis in the next few years."

Thurman Arnold, a former government economist and lawyer who helped to draft the "New Deal" legislation in the Roosevelt Administration in the 1930's, wrote recently in *Collier's*:

"My experience and faith convince me we will not have another great depression. We do not have to relive that experience. We know enough not to. If Americans will learn to understand the economic revolution which has come about in this country during the last few years, and if they will heed the lesson that it so clearly teaches, we can continue as a prosperous land, with an ever-increasing standard of living. The vast economic pressure generated by our tremendous and accelerating production will force open new markets at home and abroad. We know better than to shut off production in an effort to get our plants going again. We know better now than to deny credit when it is most needed, and to those who must have it if they are to remain assets to our economic system. My optimism for America's economic future is based on the outstanding fact that our national production is increasing by leaps and bounds in spite of the fact that we do not clearly see how that production can be sold when defense spending ends. This attitude is the opposite of our former depression psychology which led us to shut down production to avoid a so-called ruinous surplus in terms of anticipated markets. American businessmen now realize that the standard of living is rising, that the luxuries of yesterday have become the necessities of today, and that the new markets at home and abroad are without limits."

One who is quite the opposite of a "New Deal" economist, Henry Hazlitt, writing in *Newsweek*, phrased a striking question as the title of a short article on the subject: "Would Peace be a Disaster?"

Sarcastically, he wrote:

"It was only a few months ago that the Russian Communists were accused of threatening war mainly to force us to spend ourselves into inflation and bankruptcy. Now they are accused of threatening peace to force us to economize ourselves into unemployment and depression."

Our "home-grown planners", he went on, "might admit, perhaps, that we don't need vast expenditures for war. But we certainly, in their opinion, need vast government expenditures for something if we are to close the gap between production and consumption."

"This theory [Hazlitt continued sharply] is pure Keynesian nonsense. It is astounding that it could have survived the experience immediately after Japan surrendered in August, 1945, when a sweeping cancellation of war contracts was followed by even higher employment in the spring of 1946. How often must it be pointed out that if the government spends, say, \$10,000,000,000 a year less on defense, the taxpayers save \$10,000,000,000 more of their own money to spend on themselves?"

Hazlitt rightly pointed out that all such urgings of the need for vast government expenditures whether for war and defense or for other purposes, are based on an argument for a continuance of monetary inflation, indeed for an impossible "perpetual inflation." "With such doctrines on the loose," concluded Hazlitt, "the Administration is going to find it extremely difficult to hold to a course of economic, fiscal, and monetary sanity."

It is certainly not peace we have to fear, nor the natural economic consequences of a shift from war and defense to peace-time production, but the schemes of the "planners" in the government for keeping up vast government expenditures,—and the maintenance of the vast government establishments which give them their jobs.

The *Journal* has just received a copy of the "Economic Census Report", 628 pages, which is Vol. IV of the

"Census of the Philippines, 1948". It will be remembered that the actual census day was January 1, 1949. The volume is just off the press (Bureau of Printing, Manila, 1953), and "grateful acknowledgement" is made by the Acting Director of the Bureau of the Census and Statistics, Alfredo G. Eugenio, for the "timely financial aid extended by the Philippine Council for United States Aid and the Mutual Security Agency, which have rendered possible the printing of this volume at this time."

The Volume contains exhaustive data on (1) Forestry, (2) Transportation, (3) Private Schools and Hospitals, (4) Professions, (5) Mines and Quarries, (6) Electric Light and Power, (7) Fisheries, (8) Commerce, and (9) Manufactures.

As to the inclusion of the chapter of private schools and hospitals, it is stated in the Foreword that—

"although not classified as purely economic activities, these enterprises are nonetheless included in this volume, for both have attracted considerable private investments, specially the former, and have paid considerable sums in salaries and wages to their employees."

For the various activities covered in the volume, there are cross-classifications of data on the number of persons or establishments, year established, form of organization, citizenship of the investor, assets, gross receipts, power equipment, if any, number of employees, wages paid, etc., etc.

The *Journal* also received Vol. II, Part 1, of the "Report by Province for Census of Agriculture," 628 pages, covering the provinces from Abra to Cebu (17 provinces). Parts 2 and 3 of this Volume will appear in due course. This part of the Census covers data on land areas, farm lands classified as to use, acreage, production, and value of crops, fruits and tree crops grown, livestock and poultry, etc., by provinces and municipalities. The publication of this part of the Census of 1948 was specifically requested by the M.S.A. and the PHILCUSA.

No. 1 of Vol. I, for the First Quarter, 1953, of the *Philippine Geographical Journal* has just come to

hand and contains a number of articles of such quality as to augur the inception of a truly important periodical,—among them "Political Geography of the Philippines", by Prof. Pedro L. Bal-

doria, University of the Philippines; "The Philippine Hydro-electric Power Program", by Jose U. Jovellanos, Chief of the Power Planning Division, National Power Corporation; and "Geography and Philippine Schools", by Dean Charles O. Houston, Jr., University of Manila. There is also an article on Negros Island, the first of a series of climatic studies by Prof. F. L. Wernstedt, and a horticultural study of Trinidad Valley, Baguio, by Prof. Alden Cutshall.

The editor of the new quarterly is Dr. William J. Ellis, United Nations Resident Technical Assistance Representative, and the associate editors are Ramon Samaniego, Isidoro Romero, and Arturo Alcaraz; the business manager is Dominador Z. Rosell.

The *Philippine Geographical Journal* is the official organ of the Philippine Geographical Society, organized by a number of American and Filipino geographers, scientists, and businessmen late in 1950, of which Jose M. Feliciano is the President, Dr. Ellis, Vice-President, and Mr. Rosell, Secretary. The offices are in the Soil Conservation Building on Florida Street, Manila.

Recommendations re the Adjustment of the Philippine-American Trade Agreement*

THE Council of State at its special meeting, Saturday, May 2, approved the recommendation of the 15-man committee headed by Finance Secretary Aurelio Montinola to adjust the present trade relations between the United States and the Philippines to make it more equitable and mutually profitable for both countries.

"The Secretary of Foreign Affairs was directed to transmit these proposals to the United States Government through the United States Embassy with an accompanying letter to the effect that the Philippines is now ready to appoint representatives to meet with representatives of the United States Government to enter into the details of the negotiations. . .

"The concrete proposals recommended. . . are as follows:

"(1) That the present trade provisions of the Executive Agreement be replaced by another providing for a limited and reciprocal free trade between the Philippines and the United States whereby full duties will be imposed on all imports, both ways, except for those commodities that, by agreement of the two Governments, are to be included in the duty-free lists and up to such volume and amount as may be agreed upon.

"(2) That the provision of the present Executive Agreement requiring the Philippine Government to obtain the consent of the President of the United States before it could change the par value of the peso or restrict transactions in foreign exchange be eliminated, and that the right of the Republic of the Philippines to control and administer its currency, subject only to its commitment to the International Monetary Fund, be recognized.

"(3) That the provisions in the present Executive Agreement governing immigration, and the rights and privileges extended to citizens in the field of public utilities, land ownership, and exploitation of natural resources be made reciprocal as between citizens of both countries. . .

"The Council of State subscribed to the Committee Report that the economic and political stability of the Philippines can not be maintained and will be seriously endangered if the terms of the present Trade Agreement remain unaltered.

"The Report said:

"It is now realized that the indiscriminate and unrestricted entry of goods from the United States into the Philippines has made it difficult for the latter country to establish a viable economy. While it has

encouraged the rehabilitation of export industries receiving preferential treatment in the United States market, it has made difficult the establishment of local industries for the production of consumer goods, thus compelling the country to remain a heavy importer of such goods. The adverse effects of that situation on the trade balances and the dollar reserves of the nation have compelled the Government to adopt import and exchange controls and other measures deemed unavoidable to limit imports."

"The Council is for adjustment of the Trade Agreement between the two countries in order to protect the new industries that have been established and the promotion of new ones to produce consumer goods. It was pointed out that the industrial development of the Philippines is the main solution to the problem arising from increased population in the agricultural areas which have to be employed. Unlimited entry into the Philippines of competing duty-free goods is disastrous to the country's efforts to industrialize, the Council agreed.

"The Council wants to speed action on the negotiations because beginning July 4, 1954, sugar, cordage, and other Philippine articles entering the United States will be subject to duty, starting by 5% of the United States duty and increasing by 5% every year, while duty-free quotas on cigars, scrap and filler tobacco, coconut oil, and pearl buttons will be reduced annually by 5% of the original absolute duty-free quota. On the other hand, a gradually increasing duty of 5% a year of the Philippine duty will also be imposed on goods coming from the United States into this country beginning July 4, 1954, but said imports will continue without any quantitative limitations.

"Under the circumstances, the Council said, the Philippine Government is constrained to secure a trade agreement with the United States which will enable the Philippines to achieve a balanced economy.

"The 15-man committee report. . . was signed by the following:

"Secretary Aurelio Montinola, Chairman; Secretary Cornelio Balmaceda, Secretary Joaquin M. Elizalde, Senator Vicente Madrigal, Senator Lorenzo Sumulong, Senator Francisco A. Delgado, Congressman Diosdado Macapagal, Congressman Daniel Z. Romualdez, Congressman Jose J. Roy, Salvador Araneta, Conrado Benitez, Jose P. Marcelo, Governor Miguel Cuaderno, Sr., Antonio de las Alas, and Vicente G. Sincro, members."

*Press Release, Office of the President of the Philippines.

WE all look anxiously and earnestly forward to that day when governmental interference with free enterprise will cease. No one wants a regime of governmental dictation, no matter what form of government it might be, nor by what administration it might be run. The present regimented system of our economic life must go. We are building this nation on the blueprint of freedom. Not on political freedom alone. As fundamentally important, we are also building on freedom from economic, social, credit, commercial, financial, and all other forms of state controls and restrictions. . ."

—PIO PEDROSA, *President, Philippine National Bank.*

Short History of Industry and Trade in the Philippines (Continued)

The Osmeña Administration, the Election of Roxas, and the Inauguration of the Republic

By A. V. H. HARTENDORF

"*With the liberation of the Philippines from the enemy, Filipino leaders and the United States Government, too, faced a central problem of staggering proportions. That problem was to accomplish the grant of independence to a nation that, physically, was in shambles and ruins, without means of sustenance or financial support; with every phase of its economic life either completely destroyed or completely out of gear; with thousands of homeless, thousands of displaced, and thousands of dislocated and disaffected persons roaming the land.*"—From the "Seventh and Final Report of the High Commissioner to the Philippines, Covering the Period from September 14, 1945, to July 4, 1946."

In an effort at giving as complete a summary as possible, in the space available, of the tremendous war damage suffered by the Philippines and of the aid brought to the country immediately after the liberation by the U. S. Army and during the first few years after that by various United States Government agencies, and also of the first measures taken to re-establish the various public utilities, little mention could be made in the past several instalments of this short history, of the simultaneous political developments, important though these were.

The reestablishment of the seat of the Commonwealth Government at Malacañan on Tuesday morning, February 27, 1945, has already been described (in the February issue of this *Journal*).

Of special interest to Americans, is the fact that the very next day President Osmeña visited the Santo Tomas Internment Camp and made a brief speech there from the top of an army truck in front of the Main Building. He said, in part:

"I am happy to greet you this morning on behalf of the Commonwealth Government and to congratulate you not only on your newly-found freedom, but on the strength and fortitude which you have shown during the last three years. We have suffered with you throughout your captivity, and now that deliverance has come, we share with you our happiness.

"As to those who are returning to the United States,—our best wishes accompany them. It is my hope that they will foster a closer relationship between our two peoples by telling the story of Filipino loyalty to America.

"As to those who remain with us,—I assure them of our abiding friendship and goodwill."

The ceremonies at Malacañan settled a number of questions which people had asked themselves during the preceding three years, one of which was how long the military government which the Americans would have to set up, would last; some had thought it would have to last for quite a long time, but, as Osmeña said in his acceptance speech:

"General Douglas MacArthur will go down in history not only for his signal military successes, but also for consistently following truly democratic methods in dealing with Philippine civil affairs in areas retaken from the enemy. Instead of taking advantage of military operations to maintain military government over territories already recaptured, he has been faithful, in his role of liberator, to the truest American tradition. Thus, 48 hours after the occupation of Tacloban by the American forces, he turned over the functions of government to our Commonwealth. And now in this city of Manila, he is following the same procedure."

The President also spoke in his address of "close cooperation with the United States" in winning "for ourselves and our children all the blessings of democracy, freedom, and security," and an instance of this cooperation was supplied a few days later by the appointment of an American army officer as temporary head of the Manila police. According to the March 5 *Free Philippines*:

"Col. Marcus Ellis Jones, Cavalry, U.S.A., has been appointed deputy provost marshal of Manila and chief of the municipal police, by Maj. Gen. W. C. Dunkel, Provost Marshal General, USAFFE. Colonel Jones' appointment, announced today by the General, received the endorsement and approval of Secretary of the Interior Tomas Confesor."

The cooperation extended, of course, to the joint waging of the war to a victorious conclusion. The President urged that the fight be continued "with every ounce of our strength."

"It is imperative, [he said] that the war against the enemy be prosecuted all over the country relentlessly and with dispatch in order that the people's agony may not be prolonged and precious human life may be saved."

General Carlos Romulo echoed this in a "Voice of Freedom" broadcast from Malacañan that evening:

"The American people have given their dearest possession,—the beloved youth of their land, as a sacrifice to liberate us from Japanese tyranny and oppression. We feel that gratitude for our liberation imposes on us, as men, the duty and obligation to march, arms in hand, beside America; by direct assault on that stronghold of tyranny, the standing menace to freedom that is the Japan of today. We feel and we believe that the world should know that Filipino gratitude is expressed not in words, but in deeds. We feel that it is our right to share in this task and we ask for the privilege of fighting beside America."

This, in spirit and ring, was a far cry from the forced and cautious "pledges" of "cooperation short of conscription" made to Japan by Laurel.

The Collaboration Issue.—And what was to be done with those who "cooperated" with the enemy? Earlier, on November 23, 1944, in a "Voice of Freedom" broadcast from Leyte, President Osmeña had said with reference to the collaboration with the Japanese:

"... We can not close our eyes to the realities of the Japanese occupation. It is cruel and harsh. An arbitrary government has been imposed on the Filipino people by the sword and the initial misfortune of American and Filipino arms left the majority of the 18,000,000 Filipinos no other recourse but to submit to a despotic regime if they were to survive. Not all public officials could take to the hills to carry on the heroic struggle. Some had to remain at their posts to maintain a semblance of government, to protect the population from the oppressor to the extent possible by human ingenuity, and to comfort the people in their misery. Had their services not been available, the Japanese would either have themselves governed directly and completely, or utilized unscrupulous Filipino followers capable of any treason to their people. ... The problem under consideration must be solved with justice and dignity. Every case should be examined impartially and decided on its own merits. Persons holding office during the enemy occupation, for the most part, fall within three categories: those prompted by a desire to protect the people, those actuated by fear of enemy reprisals, and those motivated by disloyalty to our government and cause. The motives which caused the retention of office and conduct while in office, rather than the sole fact of its occupation, ought to be the criterion upon which such persons will be judged."

Something over a month later, General MacArthur issued a proclamation in Leyte, dated December 29, declaring:

"Whereas evidence is before me that certain citizens of the Philippines voluntarily have given aid, comfort, and sustenance to the enemy in violation of allegiance due to the Government of the United States and the Commonwealth of the Philippines; and

"Whereas military necessity requires that such persons be removed from any opportunity to threaten the security of our military forces or the success of our military operations,

"Now, therefore, I, Douglas MacArthur, General of the Army, as Commander-in-Chief, Southwest Pacific Area, hereby publish and declare it to be my purpose to remove such persons, when apprehended, from any position of political and economic influence in the Philippines and to hold them in restraint for the duration of the war; whereafter I shall release them to the Philippine Government for its judgment upon their respective cases. ..."

The key to the interpretation of this proclamation probably lay in the use of the word "voluntary" in the first sentence.

Organization of the Commonwealth Government.—At the February 27 ceremonies in Malacañan, Osmeña declared that the executive and judicial branches of the Government would be reestablished immediately, and that same day, by executive order, he not only restored all of the executive departments as they existed before

the war, with some necessary modifications, also called on—

"all duly elected members of our Congress who have remained steadfast in their allegiance to our Government during the period of the enemy occupation, to be in readiness to meet in Manila as soon as conditions permit of the reestablishment of the Legislative Branch."

On March 8, the President swore in the following men as members of his Cabinet: Tomas Confesor, Secretary of the Interior; Delfin Jaranilla, Secretary of Justice; General Basilio Valdes, Secretary of Health and Public Welfare; Maximo Kalaw, Secretary of Instruction and Information; Sotero Cabahug, Secretary of Public Works and Communications; and Tomas Cabili, Secretary of National Defense. General Carlos Romulo was reappointed as Philippine Resident Commissioner in the United States.¹

The Supreme Court was organized early in June with the appointment of seven justices, the Chief Justice, Manuel V. Moran, and two more justices not being appointed until July 12. The Court of Appeals was not immediately reconstituted.

The Rump Congress.—The first 30-day session of the Philippine Congress opened on June 9, the senators ultimately numbering 15 and the representatives 75, as against the normal 24 and 96 respectively. Manuel A. Roxas was chosen President of the Senate and Jose C. Zulueta, Speaker of the House. Auspiciously, the first resolution adopted in the first joint session was one sponsored by Roxas placing the entire resources and *man-power* of the country "unconditionally at the service of the United States in the war against Japan." This, again, was very different language from that employed during the Laurel regime when the word "man-power" was so determinedly avoided in the frequent "pledges" of "co-operation". The Roxas resolution was adopted with resounding applause from the gallery.

The Senate sat in a private house on Legarda Street and the House in a former Japanese schoolhouse on Lepanto Street. Most of the members of Congress were no better off materially than the rest of the population, and one of President Osmeña's first acts was to present each member with two pairs of pants, two shirts, and a pair of shoes.

The Rift between Osmeña and Congress.—The opening of Congress, as constituted, did not pass without protest, however, as many of the members had been members of the "Kalibapi Assembly" and had otherwise been associated with the Vargas and Laurel "governments", although no member was seated against whom the Army's Counter-Intelligence Corps (C.I.C.) held any charges. One congressman under detention in the Iwahig prison colony in Palawan, to which the leading officials under detention had been transferred by the Army, claimed that no less than 17 of the 22 surviving senators and 60 of the 88 surviving members of the House had been collaborators "like himself". On June 13, Osmeña set up a National Board of Inquiry of five members to investigate charges of disloyalty brought against public officials and government employees.

Among the bitterest critics of any and all former collaborators were the two ex-guerrilla members of the Cabinet, Confesor and Cabili, and they were especially outspoken with reference to Roxas, questioning the grounds upon which he alone had been exculpated. Senator Quirino declared at this time on the floor of the Senate that General MacArthur had told him that Roxas had been his "war-agent" in the Philippines. As it was clear that the congressional Commission on Appointments would not confirm the appointments of Confesor and Cabili, President

Osmeña, with whose more moderate views as to collaboration, these men, indeed, were not in agreement, appointed them to the Philippine Rehabilitation Commission in Washington and they resigned their Cabinet positions. Alfredo Montelibano was thereupon appointed Secretary of National Defense in Cabili's place; the position of Secretary of the Interior was left vacant.

The rift which had opened between Osmeña and Roxas was widening, and certain elements among the following of both did their best to bring this to an open break. Osmeña was devoting all of his great ability to the reestablishment of the Government and with indeed remarkable success under the handicaps he suffered, which included the unavailability, because of their detention by the Army, of many of the most able and experienced public functionaries. Much of what Osmeña accomplished was not evident on the surface, while the discouraging slowness of the pace of general recovery was obvious to all and the continuing privation and distress was universal. The Army was still waging war, and all but the most immediately necessary relief measures were naturally considered of secondary importance. As early as July, Roxas was quoted as saying: "The present administration hasn't done anything so far, and that is why I am launching my candidacy." He referred to the presidency and the remark was made just the day before MacArthur was to address Congress by special invitation, Congress having adopted a joint resolution conveying the country's gratitude to him and declaring him an honorary citizen. MacArthur spoke eloquently and urged Congress not to allow "unnecessary misunderstanding" to "impede progress and rend your country."

The special session of Congress ended on July 13 with a number of administration bills unacted upon and with only a three-months' budget passed. One important resolution had been unanimously adopted: the President of the Philippines was authorized to negotiate with the President of the United States for the establishment of military bases in the Philippines for the mutual protection of American and Philippine interests.

After the session, Roxas continued his criticism of the Administration, alleging "ineptness" on the part of the President. Osmeña remained silent, but his followers charged Roxas with obstructing the Administration's efforts while criticising it for not accomplishing anything. Roxas also declared that he had "taken up the fight for brother Filipinos who had been condemned as traitors without being given a chance to defend themselves." The general confusion on the collaboration issue, which had begun with the clearing of Roxas only and the imprisonment of the others, now grew as various guerrilla leaders declared that Roxas had secretly been their leader while other guerrillas denied this and many said that most of the higher collaborating officials had secretly supported the guerrilla activities.

First Collaboration Trials.—The first Philippine Army court martial of a collaborator, Dr. E. C. Sobrepeña, a prominent Protestant minister who had been an army chaplain, which opened on July 19, aroused great interest. He pleaded "not guilty" and was defended by several prominent special attorneys. A number of Manila ministers and laymen testified against him, but one of the statements he made in his defense was: "In the Japanese time, insincerity was a virtue." He was acquitted on August 3. However, another chaplain, less prominent, was tried a few weeks later on the same charge (violation of the 97th Article of War) and by the same court, but after a number of substitutions had been made in the membership, was convicted, and was given a heavy sentence. It was said at the time that the change in the personnel of the court had resulted from dissatisfaction with the outcome of the Sobrepeña trial on the part of

¹ Secretary of Finance, Jaime Hernandez, in Washington, was a hold-over from the Cabinet of President Quezon's government-in-exile, as was General Valdes. Later Dr. Jose Locsin became Secretary of Health and Public Welfare. Not among the first Cabinet appointees were Vicente Singzon Encarnacion as Secretary of Commerce and Agriculture, Ramon Quinsamang as Secretary of Justice, and Marcelo Addura as Secretary of Labor.

former American army officers who exercised supervision over the Philippine Army.

Increasing Political Agitation.—At the call of the President, Congress opened another 30-day session on August 14 to take up urgently needed legislation left unacted upon and a number of new bills. Roxas followers, apparently bent on taking advantage of the dissatisfaction with what was taken as a lack of administrative energy, began an agitation for the early holding of a general election, and discussion of this issue took up much congressional time. Though by law the terms of office of the President and the members of the House and two-thirds of the members of the Senate were to expire at the end of the year (1945), the holding of elections before this time was a practical impossibility because of the state of disorganization everywhere, the almost total lack of transportation and communication facilities, and even,—a seemingly minor but important point, of printing facilities and paper.²

A mob-raising campaign was also undertaken against the local Chinese merchants. Ostensibly this was a move to win a larger share of the retail business of the country for the Filipinos, and the immediate objective was the driving of Chinese stall-holders out of the public markets. Popular feeling against the high prices of all commodities—though inevitable under the circumstances, was a factor favoring the anti-Chinese agitation. Osmeña, being unwilling to take any discriminatory action, was held up by the opposition as being a "protector of the Chinese."

A swarm of little news-sheets sprang up, most of them pro-Roxas. Where they got their paper, was something of a mystery, but some of Roxas' wealthy backers were mentioned in this connection. Osmeña, quiet, sincere, able, with the late President Quezon one of the creators of the modern Philippines, was daily vilified in these papers or was, at best, held up as a senile and helpless nonentity, while Roxas was entitled "Don Manuel II", the chosen successor of Quezon, and raised to the skies in such clouds of bombast as—

"the new statesman of grand vision, whose eye unerringly pierces through the veil of time and whose heroic gesture is capable of flashing light to the very depths of the terrific crisis in which we are engulfed."

It was inevitable that such a political campaign should result in the charge that Roxas was a fascist, or, if not a fascist, at least that he had fascist backers and followed fascist tactics, and this, in turn, brought the Democratic Alliance to the Osmeña standard. The Alliance, constituted in April (1945) and composed of the National Peasants Union, the Committee on Labor Organization, the Communist Party (numerically small), and the Hukbalahap, Blue Eagle, and some other guerrilla organizations, held a meeting at Malolos, Bulacan, at which speakers demanded the dissolution of the "traitor-controlled Congress" and the trial of Roxas along with the other collaborators.

U. S. Army Turns Political Prisoners over to the Commonwealth Government.—A week before MacArthur left Manila for Okinawa and Japan (for the Japanese surrender ceremonies), he announced that the Army would cease participating in the civil administration of the Philippines on September 1, although he promised that the Army would "continue to render such assistance as may be required in the preservation of public order and the restoration of public utilities and other engineering works."

The People's Court.—It was also announced that the Army would begin to transfer the 1400 political pri-

²A few months later, in November, 1945, the United States Congress adopted a joint resolution providing that a national election should be held in the Philippines not later than April 30, 1946, that the new President of the Philippines should take office not later than May 28, and that the new Congress should convene not later than May 28.

The Philippine Congress on December 12, 1945, passed a bill providing for the national election on April 23, for the new Congress to convene on May 23, and for the new President to be inaugurated on May 28. The bill was signed by President Osmeña on January 5, 1946, becoming Act No. 723.

soners at Iwahig and the 2000 at Muntinlupa to the Commonwealth authorities on that date. Army censorship of the mails and the press also ceased on September 1. Some 300 political prisoners were turned over to Commonwealth officials on September 6, to start with, and Osmeña on that date sent a message to Congress urging the immediate enactment of the administration bill which would establish a "People's Court" to try such persons. Solicitor-General Lorenzo Tañada, who was to conduct the prosecutions, criticized this bill, as it had been amended by the House, as "weak and rotten" and went so far as to state that some of the new provisions were "intended to protect certain influential members who may be liable to be brought into the Court." A pro-Roxas newspaper, the *Daily News*, came out with an editorial declaring that collaboration with the enemy in the Philippines was "nothing but a myth". Laurel, in Tokyo, was reported to have said that the collaboration in the Philippines had been "faked", as the only way to alleviate the condition of the people was to give "some semblance of cooperation." He claimed that he had worked under a "power-of-attorney" from President Quezon and that he had done nothing to persecute or injure his own people or made any attempt to take personal advantage of the position he had assumed.

On the 9th, Osmeña returned the Court Bill, which Congress had in the meantime passed, without his signature and urged certain amendments because the Bill as passed provided that only lawyers who were members of the armed forces were eligible to act as prosecutors. This was not as it should be, said the President, as the Court would try civilians as well as military personnel. It was Osmeña's 67th birthday anniversary, and he pointed out in an earnest radio-address that it was absolutely essential that American confidence in the Philippines should be maintained. "Our conduct must be such as to give no room for doubts regarding our adherence and loyalty." He concluded by saying:

"We have a Filipino-American collaboration not for 10, 20, or 50 years, but for all time,—or as long as there is such a thing as Filipino democracy, which is the fruition, on this side of the Pacific, of American democracy."

Secretary of the Interior Ickes, under whose Department Philippine affairs were at this time looked after,³ in a radio-speech in honor of Osmeña's birthday, praised the loyalty and gallantry of the Filipino people, but he also said:

"I know they will finally, coldly, and relentlessly cast out those few timid, craven, and opportunistic helots who basely collaborated with the cruel enemy to enslave their people."

On the 10th, the House permitted Rep. L. J. Castillejos of Isabela, who had been detained but in the end cleared by the C.I.C., to take his seat. Two days later, the House refused to seat Rep. Jose Veloso of Leyte on the ground that he was facing charges of collaboration. He was one of a number of political prisoners who were being released on bail at an average level of ₱20,000. Those facing charges of actual treason, however, were refused bail.

The Ickes Telegram and Osmeña's Reply.—In the United States the forced nature of the collaboration with the enemy in the Philippines had never been understood, and a bomb-shell was thrown into the Congressional pro-collaborationist camp by a telegram from Ickes dated the 11th and addressed to Osmeña:

"Both official and press reports indicate that a substantial number of persons who adhered to the enemy and gave him aid and comfort through their services in the puppet governments during the invasion are now holding important offices in various branches of the Commonwealth Government including the judiciary. I am informed that you intend to release numerous persons against whom evidence was collected by the U. S. Army. Your attention is invited to the statement of President Roosevelt on June 29, 1944, that those who have collaborated with the enemy must be removed from authority and influence over the political and economic life of the country. It was intended that this

³President Roosevelt, under Executive Order No. 9245, September 16, 1942, designated Secretary Ickes as *de facto* High Commissioner.

statement should serve as a guide to the policy of the Commonwealth and that the Commonwealth would find the means of effectively investigating charges and speedily trying the offenders before courts or tribunals composed of judges of unquestioned loyalty. I deem it essential that this task be completed before the holding of the next Commonwealth general election and I would call the attention of your Government to the probable reluctance with which funds may be appropriated for relief, rehabilitation, and support of the Commonwealth Government if it becomes generally believed that the Government had failed diligently and firmly to convict and punish those guilty of collaboration."

Osmeña, after consulting with Roxas, replied the following day:

"In reply to your telegram of September 11, I desire to state that information given you that I intend to release numerous persons against whom evidence was collected by the U. S. Army, is erroneous. Persons kept in detention by Counter-Intelligence Corps of U. S. Army and later delivered to the Commonwealth Government have been ordered detained by me even beyond the period of 6 hours permitted by the criminal laws of the Philippines. A few of them have been temporarily released on bail as determined by the Department of Justice pending presentation of charges against them and their trial before the courts. The Philippine Congress has enacted a law creating a special court to try all persons accused of collaboration with the enemy. The judges of this court will be persons who never served in any capacity under the puppet governments, and the prosecutors are chiefly recruited from the Army Judge Advocate and guerrilla leaders. Doubtless the prosecution of alleged collaborators will be diligently conducted and those found guilty will be promptly punished in accordance with law.

"We have never knowingly reinstated any official whom the U.S. Army authorities have detained for collaboration. Several officials and employees who continued in their posts during the puppet regimes but committed no hostile acts against the Philippine or American Governments have been reinstated by me in the executive and judicial branches after they had been cleared by the Counter-Intelligence Corps of the U. S. Army. I reinstated them on the basis of the views I expressed in Leyte and after consultation with Army authorities. In conferences on the subject of collaboration held in Washington with Secretary of War Stimson first by me and later by Secretary Hernandez, this Leyte speech was substantially approved as a proper basis of action in pursuance of the policy enunciated by President Roosevelt on the subject."

While friends of the prominent collaborators accused Confesor and Cabili, then in the United States, of having instigated the Ickes action, and for having communicated their bitterness to him, the telegram had a sobering effect on Congress, and on September 15 the People's Court Bill was passed substantially as the Administration wanted it. The second special session ended on September 17, still with many important measures pending. On the 21st the President called a third, 10-day session.

The Democratic Alliance and Osmeña.—The Democratic Alliance, on Sunday, September 23, staged a march to Malacañan in which some 10,000 people participated. Speeches were made and a petition was handed to the President. After listening to the speeches and making a short one of his own, Osmeña, in spite of the fears of the police, mingled freely with the crowd. The petition asked for the consolidation of existing government agencies of relief distribution, immediate relief to the families of those who died fighting the enemy, immediate construction of shelters for the homeless, a minimum daily wage of ₱3, payment of back-pay to non-collaborating government employees (employees holding subordinate positions were not considered collaborators), extension of easy credit facilities, increase in the tenants' share of the harvests, strict enforcement of the Tenancy Law, vigorous execution of the policy of buying and sub-dividing for re-sale of large landed estates, immediate reopening of the schools, early reconstruction of essential public works, purging the government of collaborators and racketeers, strengthening of the national unity against fascism, forwarding the development of friendly relations with the United States, and the immediate release of Luis Taruc, Casto Alejandrino, and other leaders of the Hukbalaahp guerrillas who were being held by United States Army authorities. Osmeña stated that most of these requests were only reasonable and the next day turned the petition over to his Cabinet for study and recommendation. Taruc and Alejandrino were shortly after released.

Small Congressional Accomplishment.—On the 25th Osmeña signed the People's Court Act, providing for a special court of 15 judges to try persons accused of collaboration with the enemy, and appointed most of the judges, making Judge Leopoldo Rovira President of the Court. The next day, without waiting for the close of the third special session of Congress, Osmeña left again by plane for the United States, with a small staff,—his third visit to America since the American landings in Leyte. Congress adjourned on October 3, after at last passing the General Appropriations Bill for 1945-46 (fiscal year opening June 30, 1945), which provided for an outlay of ₱137,000,000, but of the four important public works bills, only two were acted upon, one providing ₱23,000,000 for the repair of roads and bridges and the other ₱4,000,000 for the repair of communication facilities. The big Public Works Bill, certified by Osmeña as urgent and calling for an expenditure of ₱270,000,000, was held up in the Senate, but Roxas said that even if had been passed, there would have been no money. Congress did find it possible to pass a ₱13,000,000 item in the Appropriation Bill toward the payment of back-salary to government employees, as recommended, Congressmen pointed out, by the President, but of this amount they awarded ₱3,000,000 to themselves, covering three years' full back-pay, while the ordinary government personnel was to be given only two months' back pay to begin with.

Action in Washington.—In Washington, meanwhile, Osmeña had secured the release of \$71,000,000,—the accumulation of the proceeds of the sugar and coconut oil excise taxes collected for the Commonwealth by the United States Government. And President Truman had made a significant statement to the press on Wednesday, October 3, two days after Osmeña had conferred with him. Truman told newsmen:

"As you know, President Osmeña of the Philippines is in Washington. Monday I conferred with him and the High Commissioner of the Philippines, Mr. McNutt, and the acting Secretary of the Interior, Mr. Fort. I propose to confer again with President Osmeña to formulate a broad program for this Government with respect to the Philippines and will take account of the heroic conduct of the Filipinos during the war. It would be neither just nor fair to the loyal people of the Philippines, who have been our brothers in war as well as in peace, to proclaim their independence until the necessary program for rehabilitation has been worked out and until there has been a determination of the fundamental problems involved in our mutual relationship after independence. To assist in the orderly working out of these problems, I am taking the opportunity to state that I do not intend to consider advancing the proclamation of independence to a date earlier than July 4, 1946, until it is necessary to do so, which, I believe, has been taken. . . . Additional time is also required to enable the Philippine Government to set its house in order and to hold a free, democratic election."

To advance the date of the proclamation of independence had at one time been suggested by President Osmeña and was echoed by Senator Tydings; any such plan was now given up. President Truman on October 26 issued a number of important directives² to various American govern-

¹The President landed in Leyte with MacArthur on October 20, 1944, and left Leyte by plane on January 7, 1945, to hold important consultations with President Roosevelt, returning the following month and landing on the Tarlac airfield on February 4, 1945. A week or two after the re-establishment of the seat of government in Manila he returned to Washington, D. C., where he returned with Senator Tydings and his party on May 23. On September 26 he once more left Manila, this time to consult with President Truman, returning on November 21.

²President Truman's October 26 (1945) directives were addressed to various agencies and with the following import:

To the Chairman of the Reconstruction Finance Corporation requesting him to direct the U. S. Commercial Company to continue and advance the program it had undertaken and where necessary to sell goods on credit terms not exceeding 2 years duration;

To the Administrator of the War Shipping Administration requesting information as to the amount of tonnage expected to be available for Philippine trade and stating he was anxious to supply adequate shipping;

To the President of the Export-Import Bank stating that he believed the Bank should participate in the Philippine rehabilitation program and asking for suggestions;

To the Administrator of Veterans' Affairs requesting the Administration make an analysis of the past and current benefits payable to American and Filipino veterans;

To the Surplus Property Administrator stating that he believed that surplus American Government property in the Philippines should be made available for

Living Conditions; Stetition and Crime.—

Because of the destruction of all the public utilities and the lack of all kinds of supplies, including building material, and even of implements and tools, the people for many months could do little for themselves except in the entertainment of the American troops. The only people making any money were those who were catering to the soldiers,—restaurant, saloon, and cabaret owners, who set up for business in the ruins, and several of the big distillers, who got a good part of the army pay-roll. And up to the arrival of the first two civilian cargo ships in August and September, every item not locally produced served in the Manila refreshment "parlors" and restaurants was obtained from the "black market",—that is, ultimately stolen from the Army, for one serious oversight on the part of the army authorities was that they made no provision whatever for some sort of legitimate source of supply for such public establishments which necessarily sprang up everywhere to serve the civilian population. This neglect practically forced crime into existence,—rings of thieves in which servicemen were necessary links.

Because of the continuing scarcity of all the desperately needed consumers goods and the relatively large amounts of money in circulation,⁸ prices,—while they no longer reached the crazy heights of the latter part of the Japanese regime, and there had been a tremendous drop in food prices immediately after the liberation, now mounted again in spite of the efforts of the Commonwealth Government at price-control. A cup of coffee and a doughnut cost ₱1.20, two fried eggs ₱2.50, a very poor breakfast or lunch ₱5.00,—these were the prices in the cheapest type of eating-houses patronized by the masses of the people. There was a drop in prices in August and September, but prices rose again in October and November, and a slight decrease in December still left prices at above the March level. According to the Bureau of the Census and Statistics, the figures for the cost of living of wage-earners' families in Manila, all items, as compared with the 1941 level at 100, were as follows: March 550, April 589, May 680, June 736, July 742, August 715, September 699, October 726, November 738, December 660, average 683.3. The average level from March to December for food was 834.3, for clothing 1,448.4, for fuel, light, and water 591.1; there was no satisfactory figure for rents,—like the figure for clothing, it ran into the 1000's.

A rather disgusting phenomenon of the time was the appearance in the numerous jerry-built "bazaars" which lined the principal streets, of vast quantities of gaudily-packaged toilet-waters and perfumes, powders, hand-mirrors and combs, cheap pocket-books, fountain-pens, pocket-knives, fake jewelry, and other trumpery stuff,—people wondering where this all came from. What the people needed and wanted, besides food and clothing, were simple, practical household goods, pots and pans, dishes, knives, forks, and spoons, oil-stoves, lamps, and also gardening and farming equipment, tools, etc. What they were offered were these "trade goods", South-sea-island "incentive-goods" brought over in vast quantities by the U. S. Commercial Company and turned over to dealers in the various islands in exchange for copra and abaca badly needed in the United States. The U. S. Commercial Company, by the way, was originally established during the war to engage in the purchase of essential raw materials for American war industries and was scheduled for liquidation at the end of 1945, but its services were considered so essential in the Philippines that its activities here were continued until May, 1946. It also, of course, brought in more useful goods than those referred to, but in many cases the goods were diverted into the ubiquitous Manila black market.

⁸By the end of 1945 there was some ₱600,000,000 in circulation, as against some ₱200,000,000 before the war.

Remainders of these "incentive goods" appear to clutter Manila bazaar shelves until this day.

Manila was for the greater part a shack-town, a sprawling, giant slum. The main down-town streets were lined with rickety structures built within or on the edges of the toppled ruins of the great buildings, housing cheap curios, black-market bars and restaurants, and vulgar side-shows whence issued blasts of raucous jazz from early morning until late at night. Motley, pushing crowds jammed the side-walks,—American soldiers and sailors, soldiers of the Philippine Army, ex-guerrillas still in their jungle-uniforms, peddlers hawking stolen army goods, prostitutes, pimps, pick-pockets, throngs of unemployed, poorly dressed, tired-looking people, jostling and elbowing each other. Manila, once so beautiful and pleasant a city, now presented the appearance of some hellish fair or carnival against a background of ravage and ruin.

The Army had contracted for the entire, though still limited output of the Elizalde distilleries and the Soriano brewery and also of the Soriano ice-plant. Throughout the whole hot season following the liberation, when the heavy army traffic threw up such clouds of red dust that it looked from ships in the Bay that the city was again on fire, there was not a legitimate glass of beer or even of ice-water to be obtained by a civilian. The Army temporarily repaired the main avenues it had to use, as also the buildings it occupied, but the ordinary streets in all sections of Manila were full of holes several feet deep and became impossible quagmires during the rainy season. The side-walks, were these remained, were two inches deep in the oil sludge washed up by the heavy army trucks which still pounded along in endless streams with their ear-splitting racket and splashed filth in all directions.

The Tydings and Bell Bills.—A number of Philippine relief bills had been introduced in the American Congress, the most important of which were the Tydings and Bell bills which were both rewritten many times. The first Tydings Bill was filed in July, 1945, although an earlier Philippine war-damage bill had been filed by Senator Taft as early as January. The Taft Bill provided for the payment of war damages to an unspecified amount. The first and second Tydings bills both provided for the payment of only \$100,000,000, and the second, introduced in October, also contained a section on the future trade relations between the United States and the Philippines which provided for no period of free trade and only for a 20-year period of gradually increasing tariffs and decreasing quotas on Philippine exports to the United States. It was, however, decided that the trade relations should be covered in a separate measure, and the final Tydings Bill, introduced in November, covered only the war damage to be paid, increasing the amount to \$330,000,000 for private losses and \$120,000,000 for government losses; the first item was subsequently raised to \$400,000,000 through the efforts chiefly of Senator Bell and High Commissioner McNutt.

Meanwhile, the first Bell Bill had been filed in September. It provided for 20 years of free trade between the two countries. Two later versions of the Bill provided for an 8-year period of free trade and a subsequent 25-year period of increasing tariffs and decreasing quotas. The final Bell Bill, filed in March, 1946, provided for 8 years of free trade (under quotas) and for a 20-year tapering-off period.

These various measures were the subject of extended study and debate in committee meetings, and did not become law until April 30, 1946, when they were signed by President Truman. This was a week after the election in the Philippines.

Roxas Elected President; Quirino Vice-President.—Under such untoward conditions as have been described, it was remarkable that when the people went to the polls, on April 23, disillusioned, irritated, ill-informed, confused,

that the Administration did not lose the election by a far larger adverse vote. The official count for Roxas was 1,333,392; for Osmeña, 1,129,996; a difference of 203,396. Quirino received 1,161,785 votes as against Rodriguez, 1,051,243, a difference of 110,482. Due largely to poor communications, the reports of the results were slow in coming in, but on April 29 Osmeña conceded the election to Roxas, saying:

"The people have spoken and we must abide by the decision. That is democracy. I wish to express my deep appreciation of the loyal support of the many hundreds of thousands of our people, and also my gratitude to the men and women in the government service who have worked so hard and so faithfully with me during the past trying year. A two-party system is a tried and tested division of the electorate in a democracy, but once the chief executive has been chosen, he should have the whole country behind him in the rightful exercise of his duties. To prolong the passions of election time could lead only to tragic civil strife. I wish my successor well and pray that he will be given the wisdom and strength for the great task which he will shortly assume as the first chief executive of the Philippine Republic. He will carry very heavy responsibilities for us all, and we must support him in everything that is right."

Roxas issued the following statement (in part):

"I am of course happy for the victory of the Liberal Party. . . I renew my pledge to promote the freedom and welfare of all our people 'with malice toward none and with charity to all,' with the unflinching determination to place the interests of the nation above the interests of my Party or my own. I shall do justice to every man. I shall promote the well-being of the common masses. . . I again pledge my faith and loyalty to America. Confident in her kindly interest and assistance, I shall not fail in the expectations of the American Government and the people of the Philippines. I ask the cooperation of all Filipinos, irrespective of party, in the difficult task of strengthening our democratic institutions and rebuilding the Philippines from the ruins of war."

In a radio-broadcast to the United States, the President-elect said a few days later, with respect to the collaboration question:

"... These charges of collaboration have been completely and unequivocally repudiated by the Filipino people who were here and in the best position to know the significance of my actions. Had there been any semblance of truth to these charges, the Filipino people would have completely rejected us."

Roxas Goes to Washington.—On May 8, President-elect Roxas, accompanied by High Commissioner McNutt, left by plane for the United States, by way of Tokyo, where he was met at the air-port by General MacArthur. MacArthur issued a statement the next day, declaring:

"Roxas is not a collaborator. . . He was one of my most trusted and devoted officers and conducted himself with the utmost gallantry. . . He was purposely left behind by President Quezon to conduct matters of the civil government and to further secure the continued resistance of the Filipino people. . . He was [after Wainwright's surrender] not only instrumental in providing me with vital intelligence of the enemy, but he was one of the prime factors in the guerrilla movement."

Roxas and McNutt spent eight crowded days in Washington during which he was received by President Truman and consulted with various officials on the needs of the Philippines. He gave an interview to the Washington correspondents and received a very good press. The two men were back in Manila on the 21st.

Roxas Inaugurated President of the Commonwealth.—On the 28th, Roxas took his oath of office in a temporary structure built near the ruins of the Legislative Building; Osmeña, following the American tradition, conducted him there but left before the ceremonies, retiring to his private residence in the Santa Mesa District. Roxas was sworn in at 9:10, received a 19-gun salute, and delivered an address in which he contrasted the prosperity and happiness of the country before the war with the present tragic situation. He declared that during the years of the enemy occupation, Philippine hearts and convictions had never faltered, that the "Filipinos discharged their debt of allegiance to the United States with a payment of loyalty which was never surpassed," and, with reference to criticism of certain aspects of the Bell Bill, asked the people to have faith in the justice of America. He said he would move with maximum speed in dealing with the ills which beset the country, promised to establish better con-

ditions for farm tenants and labor, called for a surrender of arms but said that the country would not forget those who had wielded them so well, declared that "traitors will not escape their just deserts," but that there must be "no recriminations or malignancies" and that "errors of mind rather than heart must be forgotten and forgiven."

"I have faith in the wisdom of our people. I have trust in the goodness of God. Let us together maintain our faith in each other, in liberty and in the ways of democracy, and give strength to one another as we advance in our search for the ever-green pastures of peace and well-being for all. With the help of Almighty God, let us build in this our land a monument to freedom, liberty, and justice, a beacon to all mankind."

Early in his speech he mentioned as sources of inspiration the late President Quezon, "that mighty champion of independence and great friend and benefactor of the masses" and the "spotless integrity and noble patriotism" of President Osmeña "who grasped the banner of leadership when the incomparable Quezon was taken from us."

The New Congress and the Opposition.—Unhappily, the effect of this eloquent inaugural address was alarmingly vitiated by one of the first acts of the new Congress; in its opening session, held on the 25th, it refused to seat no less than 9 representatives, among them 6 members from the provinces of Central Luzon (including Tarlac) who were affiliated with the Democratic Alliance, on the alleged grounds that they had been elected through "terror," though they had been duly certified as elected by the Commission on Elections. In the Senate, the ten minority senators walked out in protest against a ruling of the Senate President that the body would follow the rules of a simple majority as against the former two-thirds rule. The eleven members remaining after the walk-out then approved a resolution suspending the oath-taking of three opposition senators.—Jose O. Vera, who had headed the Nacionalista election campaign, Jose Romero, who had delivered the key-note address at the Nacionalista Convention, and Ramon Diokno, another Osmeña stalwart. President Roxas was quoted as saying that he would not "interfere in legislative functions". Jose Avelino was elected President of the Senate and Eugenio Perez was elected Speaker of the House, the former speaker, Zulueta, resigning his position as representative to accept the Interior portfolio. Other members of the Roxas Cabinet were Vice-President Quirino, who took over the Office of Foreign Relations; R. Nepomuceno, Finance; R. Ozaca, Justice; P. Magalalin, Labor; A. Villarama, Health and Public Welfare; R. Kangleon, Defense; E. V. Gallego, Instruction; and M. Garচিতorena, Commerce and Agriculture.

Criticism of the Tydings and Bell Acts.—Opposition had arisen to certain provisions of the Bell and Tydings Acts, especially that provision which called for an amendment to the Constitution of the Philippines to provide for parity of certain rights pertaining to the economic development of the country between American and Philippine citizens and corporations during the period covered by these Acts,—28 years, up to July 3, 1974. The Constitution, adopted in 1935, limited the right to develop natural resources and to operate public utilities to Philippine citizens and to corporations whose capital was at least 60% Filipino. However the "Ordinance" adopted at the same time and appended to the Constitution provided that pending the final and complete withdrawal of American sovereignty (that is, during the Commonwealth period), citizens and corporations of the United States were to have all the civil rights of Philippine citizens and corporations. The parity provision in the Bell Act, therefore, was not as sweeping as that in this Ordinance.

Apart from the moral justification for the provision in question, based on the continuing close relationship between the two countries even after independence, there was a valid technical reason for it. The Tydings Act stipulated that the war-damage payments were to be re-invested

in the Philippines and the War Damage Commission was authorized also to make payments in the form of repairs and replacements. The intention of the American Congress was to prevent successful American claimants of war damages from leaving the country with their money and to practically compel them to take part in the reconstruction and rehabilitation. Congress therefore had to see to it that this forced contribution could actually be made and that the rightful interests concerned were protected.

The Executive Agreement Approved.—Despite the criticism, which was rabid in some hyper-nationalistic quarters, the Philippine Congress passed and President Roxas approved on July 3, the day before the inauguration of the Republic, the so-called Executive Agreement which the Presidents of the United States and of the Philippines were to enter into and under which the Bell and Tydings Acts were provisionally to go into effect.

The Later Popular Ratification of the Parity Amendment to the Constitution.—The constitutional amendment was still to be approved by three-fourths of the members of both houses of the Philippine Congress after which it was to be submitted to the people for ratification in a plebiscite. This plebiscite was not held until March 11, 1947, when the amendment was approved by a popular vote of 8 to 1 (1,696,753 for, and 222,665 against,—a vote of around 2/3 of the total number of registered voters.)

The Inauguration of the Philippine Republic.—The ceremonies which ushered in the Republic took place in and about the same temporary structure in which Roxas had taken his oath of office as President of the Commonwealth on May 28, some five weeks before. Among the distinguished Americans present, besides High Commissioner McNutt, were General MacArthur, Senator Tydings and Representative Bell and several other members of Congress, U. S. Postmaster-General Hannegan, former Governor-General Harrison, and former acting High Commissioner J. Weldon Jones, and there were present also the delegations from some 27 different nations. After an invocation by the Rt. Rev. R. F. Wilmer, of the Protestant Episcopal Church, Senator Tydings delivered a brief address which opened with the following statement:

"We are gathered here to participate in one of the most unprecedented, most idealistic, and most far-reaching events in all recorded time. Without the violence, bloodshed, and revolution which usually attends such happenings, a great people are to attain their complete freedom and independence, and a new nation is to be constituted to take its place at the world's conference table. With the beginning of the Republic of the Philippines, a new example of human justice, human dignity, and friendly relations between great peoples will have been established, and an entirely new concept of international relationship will have been given to all mankind. This is a great day for the people of the Philippines, but it is also a great day for the people of the United States of America. It is a great day for the friends of freedom all over the earth."

Tydings then expressed America's pride in the gallantry and loyalty of the Filipino people and declared that—

"though our Governments may sever the political ties which for half a century have bound us together, our Governments can never alter or repeal the history of Bataan and Corregidor, of Leyte, of Lingayen Gulf, and Manila, when your people and mine, under the matchless leadership of those gallant and great Americans, General MacArthur and Admiral Halsey, planted the feet of the Filipino people once again on the soil of freedom and cleared the way for that independence for which you had waited so patiently and so long. . . The Congress of the United States of America, which I have the honor to represent in part, extends to the Filipino people as they go forth to meet the high challenge of this historic hour, 'Godspeed'. . . The story that began in 1898 has now come to a glorious close. We have kept the faith, we have helped you to erect the institutions of democratic government and to build in the new nation the ideal that government shall be the servant and

"Commonwealth Act No. 733.—"An Act to accept the Executive Agreement to be entered into between the President of the Philippines and the President of the United States pursuant to Title IV of Public Law 371, 79th Congress, approved on April 30, 1946, entitled 'An Act to Provide for the Trade Relations between the United States and the Philippines, and for Other Purposes' (the Bell Act) and after July 4, 1946, to enact the provisions of parts I and II of Title III of the said Act of Congress as laws of the Philippines during the effectiveness of the said Executive Agreement, and to implement the penal clauses of said Agreement in order to carry out Title I of the Philippine Rehabilitation Act of 1946 (Tydings Act)."

not the master of the people . . . The friendship we have builded, the labors we have performed together, the sacrifices we have shared, and the great ideals we have in common, makes certain that in the United Nations councils two strong peoples will continue to stand on the frontiers of civilization and keep up a good fight for the rights of all mankind. Long Live the Republic of the Philippines! Long Live the United States of America!"

MacArthur spoke next and declared that—

"the world must bear witness that you have earned the right that this day of destiny might be. . . Let History record this event in flaming letters as depicting a new height of nobility in the relationship between two separate and distinct people of the earth, peoples of the East and peoples of the West. Amid racial, cultural, and language differences and great distances of geographical separation, they forged an affinity of understanding which survived both the vagaries of peace and the shock of war. . . Let History record this event in the sweep of democracy through the earth, as foretelling the end of mastery over peoples by power of force alone,—the end of empire as the political chain which binds the unwilling weak to the unyielding strong. . . In behalf of the great Army which I here represent, I stand at salute to the Republic and the people who proudly compose it. . ."

High Commissioner McNutt was the third speaker and opened with the impressive words:

"The Great Seal of the United States has been affixed to one of the historic documents of our times. I am authorized and directed by the President of the United States to proclaim the independence of the Philippines as a separate and self-governing nation. Seldom in the history of the world has one nation proclaimed the independence of another. Seldom has one nation freely yielded a portion of its territory, the prerogatives and privileges of absolute sovereignty, affectionately, sincerely, and with noble purpose and intent. . ."

Referring to the dropping of the atomic bomb at Bikini a few days before in the first of the experimental blasts which have followed the bombing of Hiroshima and Nagasaki, he said:

"Within the short space of four days the eyes of the world will have seen in the Pacific the rending impact of the atom bomb and the gentle gift of freedom to a dependent people,—both by the same nation, one action an expression of limitless power, the other a manifestation of infinite understanding. This contrast is the supreme triumph of the forthcoming moment. The world which sees these spectacles will, I know, comprehend their significance. I have never been prouder to be an American. The 18,000,000 people of these Islands, who are for these swift-fleeting seconds still American nationals, are proud of us, too. They share in our glory. . ."

He went on to say that independence of itself would not solve the many problems which confronted the country and he implied a solemn warning when he asked,—

"Will this people, physically wounded and crushed by war, be able to surmount their obstacles, overcome their difficulties, withstand the lures and dangers of dictatorship and demagoguery, and emerge from their trials as a citadel of freedom? America will help. The sympathies and hopes of the freedom-seeking peoples of the world rise on your great adventure here. . ."

With reference to the military bases, he said:

"The existence of American military bases in the Philippines is a part of a world system of security. It recognizes a mutuality of defense interests, a community of principles to be upheld. The United States has designs on no nation and asks nothing in selfishness from any nation. We recognize obligation to the Philippines. That obligation will be discharged. The United States, mighty in its new consciousness of power, but humble in its exercise, has underwritten the security of the Philippine Republic. This is not done in the expectation of reward or concession. This is not done because of imperialistic interests in this part of the world. Our only interest is the protection of the peace of the Pacific and the safeguarding of the rights of peoples to work out their destiny in peace and security, in freedom and dignity. . . America has a mighty stake in the Philippines. It is not an economic stake in the sense that we have an expectation of economic privilege in this land. As a nation the United States expects no profit from this pitifully devastated area. Our stake is our belief in democracy as a way of life. . . This is the first democratic republic of Western mold to be established in the Orient. All the races and peoples of the Far East will watch the progress of the Philippine nation. Today, with the representatives of many lands in attendance, we proclaim complete confidence in the success of this venture. The aspirations of Jose Rizal and Manuel Quezon are hereby realized. . ."

The High Commissioner then read President Truman's proclamation:

" . . . Now, therefore, I, Harry S. Truman, President of the United States of America, acting under and by virtue of the authority vested in me by the aforesaid Act of Congress (the Philippine Independence Act of March 24, 1934), do proclaim that, in accord with and subject

to the reservations provided for in the pertinent provisions of the existing acts of Congress, the United States of America hereby withdraws all rights of possession, supervision, jurisdiction, control, or sovereignty now existing and exercised by the United States of America in and over the territory and people of the Philippines and on behalf of the United States of America I do hereby recognize the independence of the Philippines as a separate and self-governing nation and acknowledge the authority and control over the same of the Government instituted by the people thereof under the Constitution now in force. . . ."

McNutt closed with the words:

"A nation is born. Long Life the Republic of the Philippines. May God bless and prosper the Philippine People, keep them safe and free."

Then, to the accompaniment of the American National Anthem, played by a U.S. Army band, he slowly, by means of a white cord, lowered the American flag, after which Roxas, standing a few feet away from him, and with the same cord, slowly raised the Philippine flag while the Philippine National Anthem was played by a Philippine Army band. Many a Filipino as well as some of the Americans wept at that dramatic moment. Cruisers of Task Force 77 of the U. S. Seventh Fleet, began firing 21-gun salvos, as did also a number of Australian, Portuguese, and Siamese warships in the Bay.

After first Vice-President Quirino and then President Roxas had taken their oaths of office, administered by the Chief Justice of the Philippine Supreme Court, the head of the new nation delivered his inaugural address. His first reference was to the Flag.

"... The American flag has been lowered from the flagstaves in this land,—not in defeat nor in surrender, nor by compulsion, but by the voluntary act of the sovereign American nation. The flag which was first raised in conquest here has been hauled down with even greater glory. The Stars and Stripes will no longer fly over this land, but in the hearts of 18,000,000 Filipinos, and in the eyes of many millions more in this part of the world, the American flag flies more triumphantly today than ever before in history. . . . I have raised the Philippine flag to wave henceforth alone and unshadowed over the entire Philippines. American sovereignty has been withdrawn. It has been transferred and is now possessed in full measure by the Filipino people. We have reached. . . the summit. . . toward which we and our fathers have striven during the lifetime of our people. . . . As the spokesman for America predicted half a century ago, the Philippine people now look back with gratitude to the day when God gave victory to American arms in Manila Bay and placed this land under the sovereignty and protection of the United States. . . ."

Roxas reviewed the development of democracy in the world and, declaring that alliances and loyalties must be firm and enduring, stated:

"Our choice has been made. In the presence of our honorable guests today, in the presence of the representatives of the sovereign American nation, I state my firm conviction that we have already subscribed irrevocably to the principles of the American Declaration of Independence and the American Constitution. Those principles are now embodied in the basic law of our land. We are committed to

the cause and the international program of the United States of America. We are pledged to the support of the Four Freedoms. . . . We are staging a drama of democracy in this part of the world. . . ."

After his address came the public signing of an agreement for the promotion and establishment of diplomatic relations between the United States and the Philippines, McNutt signing as the first American Ambassador. The ceremonies closed with the singing of the Philippine Independence Hymn by a chorus of one thousand voices and by an invocation by the Most Rev. Gabriel Reyes, Archbishop of Cebu.

The Return of Laurel and Vargas.—It still remains as rightly pertaining to the general theme of the last few instalments of this short history to record the fact that Laurel, Vargas, Aquino, and Osias were flown from Japan to Manila on July 23 and were taken to the New Bilibid Prison at Muntinlupa, where, however, they were lodged in special quarters as they awaited trial before the People's Court. After some weeks they were released on bail.

Quezon Remains Brought Home in Honor.—Accompanied by Associate Justice Frank Murphy, one-time Governor General and U. S. High Commissioner, the body of the late President Quezon reached Manila on July 27 aboard the aircraft carrier *U.S.S. Princeton*. As the remains were brought ashore, a 21-gun salute was fired. The casket, which was not opened, was taken to Malacañan, later to the House of Representatives, and from there to the Santo Rosario Church of Santo Tomas. Interment took place at high noon in the Cementerio del Norte on August 1, all the great in the Philippines taking turns in carrying the casket. The four noted prisoners, then still at Muntinlupa, were given special permission to pay their respects before the Quezon bier very early on the morning of the burial.

The Philippines had still to set its house in order.¹⁰ For that matter, the whole world was still to be set in order.

¹⁰Of the approximately 6,000 cases of collaboration with the enemy turned over by the U. S. Army to the Office of Special Prosecutors, and of the 5,554 cases filed before the People's Court, only 91 cases had been disposed of at the time of the inauguration of the Republic on July 4, 1946. Of these cases, 44 had been decided and appealed, 4 decided but not appealed, 4 in which the sentences had been suspended, 9 in which those accused had been acquitted, and 30 cases had been dismissed. Among the sentences handed down were 14 death sentences; most of the rest were for life-imprisonment, including one life-sentence laid on a woman. There had been 4 convictions by Philippine Army court martial and 5 acquittals; 5 cases were dropped for lack of evidence; 5 cases had been referred for trial and in 37 more cases charged had already been preferred. The Special U. S. Army Commission had by July 4, 1946, handed down some 30 death sentences on Japanese war-criminals.

(To be continued)

"... **T**HE problem is exactly what it was in 1787,—how to protect the liberties of American citizens against a famous tendency of all governments, including our own: the tendency to become a leviathan instead of a limited state; the tendency to substitute what some may think is good government for what all know is self-government."

"**T**HE Soviet spectacle is mainly responsible for this discrediting (of many naive *isms* and ideologies),— a clear demonstration that a socialist economy may lead to political terror. To which the English example has added the lesson that even if socialism does not lead to terror, it also does not necessarily lead to happiness or wealth. Britain's dependence on capitalist America had undermined the self-confidence of many socialists both there and here."

—JOHN KNOX JESSUP, in *Fortune*, August, '52.

Should the Peso be Devalued Now?*

BY LEONIDES S. VIRATA

Vice President-Treasurer, Philippine-American Life Insurance Co.

I AM no authority on devaluation. I realize that the subject is complex and because of its nature, should be handled with care. There has been a great deal of prejudice against discussing it in the open, and understandably so. On the other hand I believe that for a subject so important as this it is best that the greatest possible amount of public enlightenment be fomented. I hope that my discussion, inadequate though it may be, will contribute to clearing up some of the confusion and misunderstanding that prevails up to now about the subject.

The concept of devaluation is a simple one. It consists in a unilateral decision on the part of one country to make its currency cheaper in terms of others—particularly one dominant currency. For example, after appropriate consultations with the International Monetary Fund, our Government could declare the peso cheaper in terms of the United States dollar, legally making two pesos worth less than a dollar. But while as a concept it is simple, devaluation as a policy is a far-reaching political decision that can mend or irreparably destroy the fabric of social organization. Governments do not make this decision lightly. They usually do so only after exhausting all other remedies and after it has become patently clear that the balance in their economy's position relative to other countries cannot be restored by any other means.

What is the type of situation that may impel a country to devalue its currency?

It is easily conceivable that because of a war or a major cumulative change in technology or a long-run evolution in the tastes or preferences of peoples, the relative productive-efficiencies of different countries can change. Countries which before-the change could sell their products profitably in other areas at the prevailing rates of exchange now find themselves priced out of their traditional markets. Their domestic cost of raw materials, equipment, supplies, labor, and other productive agents have become prohibitive when translated at the prevailing exchange rate into the currencies of their trading partners. They can no longer sell their exports profitably nor can they produce goods and services competitively with imports for domestic consumption. When such a situation evolves, devaluation of the currency can indeed be the prerequisite of any effective adjustment. It can set the stage and give potency to all the other corollary measures. It is important to emphasize that devaluation cannot and does not work miracles. It does not dispense with the necessity of using other measures of control to make the process of adjustment completely successful. Not because a country has devalued its currency may it immediately relax or abandon import, exchange, price, or fiscal controls. Indeed, a sudden abandonment of these measures may make the devaluation futile and precipitate further devaluations.

Let us now analyze Philippine conditions, using as reference the model I have just outlined. With respect to some of our export industries such as copra, logs and timber, and gold, a situation has developed since a year and a half ago in which international prices for these commodities has declined—in some cases rather precipitously—down to levels that exporters consider discouraging and unprofitable. This is not true, however, of all our exports. Hemp, sugar, base metals, and sawn lumber, for instance, fare differently on the whole. Copra started rallying during the second half of the past year. When

the price of copra was fast declining, fears were expressed—vociferously in some quarters—that we have entered a stage of market development at which we have to reckon very seriously with the competition of lower-cost producing areas and we stand to lose a substantial part of the market if we do not adopt remedial measures to alleviate the lot of the copra-producer and encourage him to continue producing and selling in volume. As I said, there are those who readily lay the blame for our inability or reluctance to sell on our higher cost of production and the unprofitability of producing and selling at the prevailing prices. Without attempting to invalidate this thesis, let me point out with regard to copra that the post-war years, on the average, have been highly profitable years. We may have been psychologically spoiled by this experience. Descending as we did from an abnormally profitable plane, we are prone to regard lower profits as equivalent to losses. In any event, copra prices did resume an upward course and, as is to be expected, our fears about it have now been calmed. There are, indeed, some aspects of the copra situation and of the export markets generally that are quite disturbing. We have heard during recent years of the rapid advances in technique made by industrial countries during the war years which have resulted in the production of effective substitutes for coconut oil in industrial processes. We also have been told often enough that as a consequence of the dollar shortage all over the world, many countries can not buy our exports no matter how great their desire may be, due to sheer lack of the requisite foreign exchange. Many and varied economic and financial arrangements have been concluded during the war and post-war years among advanced countries and their economic and political dependencies,—arrangements resulting from long association and the inertia inherent in such relationships. These developments, however, do not prove the need for devaluation of the peso as an indispensable corrective to our economic position. Some of our export industries do not need the stimulus that devaluation can provide to make them produce more. What holds up greater production in these cases is not lack of adequate return for the capital and effort invested, but other bottlenecks of a totally different sort. Neither is the case for copra and logs conclusively proved. And even if the case for these industries and for gold were indeed proved, I beg to submit that their problems are not such as to permit of no other solution than a general "across-the-board" devaluation of the currency. Granting for the moment that these are indeed high-cost industries, might not such a situation indicate the need for a desirable permanent contraction in their size and a reallocation of the resources invested in them, either to other industries or more efficient branches of the same industry? Granted that in order to accomplish this end there is need for giving temporary relief to these industries in order that they may retrench in good order, is devaluation the best way of providing it? In the absence of any control measures, what assurance is there that the windfall accruing to those engaged in these industries as a result of devaluation, would be channeled into improvement of their cost of production or into other productive enterprise and away from conspicuous consumption? Finally, a devaluation, unless complemented by other stringent production, monetary, and fiscal policies, would surely result after a temporary lag in raising further the cost of operation of these same industries and probably bring them back to where they were before.

*Speech delivered before the Manila Junior Chamber of Commerce, January 12, 1953.

THIS brings us to the next point,—namely, a consideration of our subject from the import side. A devaluation of the currency would increase, as a matter of course, the cost of imports in terms of local money. This would increase the cost of economic development, whether public or private. Devaluation would surely lead to a rise in the peso-prices of all imported commodities, whether of luxuries or essentials. It is often pointed out that this development might prove healthful because it would encourage the domestic production of many commodities. While this might be the eventual result, we should face up to the fact that there are many commodities and services, essential not only to the establishment of new enterprise but also to the maintenance of existing ones and to the normal conduct of our daily lives, that we cannot produce locally. If their supply should be curtailed, not only would continued economic growth be severely handicapped, but a drastic downward adjustment in our standard of consumption would have to be made. I am not in a position to judge on the basis of experience the amount of stress and strain that our social organization can sustain and endure without breaking down. I have heard many make the observation that we stood up quite well as a nation under the burdens, the sacrifices, and the indignities of the Japanese occupation. The relevant point, of course, is not whether we have the capacity to go through such an excruciating experience once again and live (about which I have no doubt), but rather, do we have to? Having come as far as we have, is it essential that we backtrack that much?

Granting that devaluation does supply the incentive to increase domestic investment, one further problem still remains; namely, the pattern that such investment will assume. Our experience under the regime of import- and exchange-controls over the last three years showed the strong preference of idle commercial risk capital for speculative light-assembly or processing industries, producing non-essential commodities, over projects or industries that are more basic in character and whose long-run contribution to increased productivity and stable employment is greater. From the social point of view (as distinguished from that of private or individual business) this is a regrettable mal-allocation of admittedly scarce investible funds.

But apart from all this, what is the present situation regarding the protection of domestic industry? We find that local industry already enjoys a measure of security from a number of protective devices we have employed in recent years. These devices are all familiar to you. If these are not enough, surely some other instruments can be fashioned that do not involve an outright devaluation of the currency. We should not forget either, that for some years now the trend of prices abroad has been upward. And until recently this was also true of freight rates. All these trends have the cumulative effect of bringing about

an equalization of domestic prices with international prices, and of eliminating the apparent urgency, if there is one, for such a drastic adjustment as devaluation.

In any discussion of devaluation one invariably comes to the point that the government profits and is enabled to raise more funds which it may use to implement its investment or development program more aggressively and promote prosperity in the economy. This is indeed possible and, within the framework of certain important assumptions, desirable. The point, however, is well taken only if the assumptions are realized. One basic assumption is that there would be intelligent fiscal management. On the revenue-side, the tax structure would be such as to put a premium on savings and to cut deeply into windfall income. The temptation to allocate the available funds to unnecessary and postponable expenditures would be avoided. It is also basic to the argument to assume that the management of the government's fiscal affairs would take particular care that the flow of income resulting from government expenditure is such as not to generate any strong inflationary pressures.

One argument that is often adduced in favor of devaluation is that it would result in forcing a transfer of real income from importers to domestic producers of commodities and other services. It would redistribute income more equitably than at present and lead to increasing the welfare-level of many. Such an adjustment is no doubt healthy. Nevertheless, it must be pointed out that such a process could lead to a dissipation of funds in consumption rather than to its diversion to investment.

There is a very real danger that devaluation will produce an irrational psychological reaction on the part of the people which will defeat the attainment of its legitimate objectives. Should the people lose faith in their currency (they need not, but should they), the situation could deteriorate very rapidly into one of chaos. The consequence of such a development is too fearful to contemplate; and in a period that is so politically unstable, the resulting disorganization could easily be taken advantage of by inimical groups which are interested in seizing the reins of political and economic power in our society.

I submit that neither the time nor the occasion is ripe for a devaluation of our currency. No one will disagree with the fact that we have serious economic and social problems in this country. The problem of increasing productivity is a trying one. But I do not believe that we are ready to say honestly and sincerely that we have used all the numerous social, technological, and financial measures that are at hand. There are still many alternatives to devaluation. I suggest we be forbearing, and try them first. That old saying about the best-laid plans of mice and men miscarrying can apply as well to devaluation as to any other scheme. The difference is that with devaluation the resulting harm may well nigh be irreparable.

Philippine War-time Shipping Losses

A. V. H. HARTENDORP

ACCORDING to the captain (civilian) of a U. S. harbor boat at Corregidor, who was later interned in Santo Tomas, the attack on the island fortress was launched about 11:15 p.m., on the 5th (May), from the Bataan coast around Cabcaban, the Japanese using a great many steel and wooden barges. They started out stealthily, but the approach was discovered by the men at Fort Hughes, on Caballo (one of the three small island forts stretching from Corregidor to the Cavite coast across the mouth of Manila Bay) and the firing started. Though not without the loss of many barges and men, the Japanese effected a

landing at Monkey Point at around 4 o'clock in the morning. At 9 o'clock three Japanese tanks were seen near the mouth of the Malinta tunnel. At 10 o'clock the firing ceased. A Japanese officer told the Captain afterward that the Japanese lost some 5000 men in the attack while the American and Filipino dead, according to the Japanese officer, numbered around 700. The Japanese continued all that day to bomb various ammunition dumps on Corregidor, possibly in the belief that they had been mined. The following day they brought thousands of Japanese troops from Bataan, it seemed only so that they could take a look

around, for during the next few days all or most of them were taken from the island to Manila.

All the big guns which had not been destroyed during the months of the Japanese shelling and bombing, had been put out of commission before the surrender, not only those on Corregidor (Fort Mills) itself, but on Caballo (Fort Hughes), El Fraile (Fort Drum), and Carabao Island (Fort Frank). Caballo is a small island, high and rocky, lying some 2 miles southeast of the nearest wharf on Corregidor. According to the Captain, there were 2 14-inch guns and a number of mortar batteries. On Carabao Island, smaller and lower than Caballo, and lying about a mile from the Cavite coast, there also were 2 14-inch guns and a number of mortar batteries. In between these two islands, some 4 miles from Caballo and 2 miles from Carabao Island, lies El Fraile, a mere rock, on which a battleship-like structure had been built of steel and concrete called Fort Drum, equipped with 4 of the large 14-inch guns. About a month after the surrender, the Captain said, a number of American soldiers were brought back to Fort Drum to run the powerplant which the Japanese didn't know how to operate.

THE Captain said that the *Hyde*, of the U.S. Harbor Boat Service, the *Bohol II*, an inter-island ship, both anchored off the Bataan coast, were sunk on April 9, the day of the Bataan surrender. The *Keswick*, a British tug, was also shelled that day and was beached off Monkey Point. The then Captain of the *Keswick*, an American naval officer, was killed. The S.S. *Suisang* (British) was bombed and blown up at Mariveles that same day. On the 11th, the Japanese tried to tow away the cableship *Apo*, and Corregidor batteries then sunk the ship. The S.S. *Neptune*, an inter-island ship used as an auxiliary mine-sweeper, was bombed and sunk off Carabao Island a few days later. The tug, *Trabajador*, was sunk at Corregidor by Japanese shell-fire on the 20th. The inter-island ship, M.S. *Elcano*, was sunk off Caballo Island by enemy shell-fire on the 21st. The S.S. *Miley*, another U.S. Harbor Boat Service ship, was set afire by bombs, also off Caballo, on the 23rd, burned for two days, and then sank.

With the surrender of Corregidor, the Japanese captured a number of ships and launches. An effort had been made to scuttle some of them, but they did not sink fast enough. Among them were the U.S.S. *Luzon*, gun-boat, the U.S.S. *Harrison*, an Army mine-layer; the U.S.S. *Quail*, a Navy mine-sweeper; the U.S.S. *Vaga* and the U.S.S. *Ranger*, both tugs, and the Navy ferry-boat, the U.S.S. *San Felipe*. They also captured the *Maria Dolores*, a yacht belonging to J. H. Marsman, which the Navy had taken over, as well as J. W. Haussermann's yacht, the *Jem*, which had been taken over by the U. S. Army. President Quezon's beautiful yacht, the *Casiana*, had been sunk off Corregidor on January 6.

Among the earlier losses, too, was the S.S. *Don Jose* of Madrigal & Company, the biggest freighter under the American and Philippine flags (formerly the *Robert Dollar*), bombed and burned off Corregidor on December 29. The ship had arrived in Manila from the United States

several days before, and had unloaded planes and tanks for the Army and had been utilized during the night of the 28th-29th to carry a large number of troops to Corregidor with part of its general cargo still aboard. After the ship had been bombed and set afire by the enemy, it was towed to a reef where 2500 tons of fuel-oil were pumped out while the ship was still burning. The Japanese later salvaged the hull and towed it to Hongkong, where, according to reports, it was reported to have been bombed and sunk by American planes in China. The S.S. *Capillo*, an American freighter, was also bombed and set afire off Corregidor, that same day, the 29th, and was towed to the Bataan coast, where it sank. Still another victim that day was the S.S. *Kaiping*; it was towed and beached on the Bataan shore and its cargo of coal was taken off there.

The Japanese had during the month preceding the fall of Corregidor captured a number of ships which were bringing supplies to the fortress, including the S. S. *Lepus*, the S.S. *Compañia de Filipinas*, the S. S. *Princesa*, and the M. S. *Kolambuagan*. The M.S. *Don Esteban*, bombed and set afire, was beached on the Mindoro coast by the captain. The M.S. *Legaspi* was also run ashore on that island, scuttled and set afire by its captain. The crack S.S. *Mayon* was bombed and sunk at Butuan, Mindanao; the captain and 13 others on the ship were killed.

THOUGH the Japanese apparently aimed at least some of their bombs at the shipping in the Pasig river on the 27th of December (1941), on which day they hit the Intendencia Building and the Dominican Church, they failed to hit a single ship. The authorities, however, believing that the ships tied up along both sides of the river from the mouth to the Jones Bridge were drawing enemy attack, ordered the owners and masters to move them from there, and as some of the ships had no steam up and others lacked large enough crews, the following ships were scuttled: M.S. *Anakan*, S.S. *Bicol*, S.S. *Bisayas*, S.S. *Dos Hermanos*, S.S. *Mauban*, S.S. *Nuestra Señora de la Paz*, and S.S. *Nuestra Señora del Rosario*. All of these ships were later refloated by the Japanese and put back into commission, as were also the *Kaiping* and the *Keswick*, later.

In the harbor and Bay, the Japanese were more successful. In the first bombing of shipping in the Bay, on December 11, they sank S.S. *Sagaland*, with its cargo of 60,000 sacks of flour; 7 people aboard lost their lives. On the 26th they bombed and set fire to the S.S. *Paz*. On the 27th and 28th they sank the following: S.S. *Arayat* (at Pier 5), S.S. *Bohol* and S.S. *Samal*, (both inside the breakwater), S.S. *Lanao* (anchored off Malabon), S.S. *Leyte*, and S.S. *Magallanes*. The S.S. *Mindanso* was under repair at Cañacao, Cavite, and was sunk by enemy bombs there. The S.S. *Montañes* was bombed on the 30th and sunk by her own crew. The ship was raised by the Japanese, but was later sunk by an American submarine, as were also the *Dos Hermanos* and the *Bicol*.

On taking Manila, the Japanese captured the S.S. *Don Juan O*, the M.S. *Palawan*, and a number of smaller ships which had escaped the bombs and were still at anchor in the Bay. The S.S. *Canlaon*, a light-house tender, was scuttled by her captain off Malabon.

Besides all the ships destroyed and captured in Luzon waters, many other ships of the Philippine coastwise service were lost in various parts of the archipelago. The Philippine merchant marine was wiped out. Forty or fifty good-sized ships were gone, some of them, like the *Don Esteban* and the *Don Isidro*, practically new ships. The latter was reported to have been bombed and sunk at Port Darwin, Australia. The total losses represented at least ₱25,000,000 at pre-war valuations.

A NUMBER of British ships were attacked and sunk in Philippine waters during the first weeks of the war. Among the first to be attacked was the S.S. *Hareldswine*

¹ In connection with the statements made in last month's instalment of the writer's "Short History of Industry and Trade in the Philippines" relative to Philippine shipping losses, it occurred to him that this short section from his unpublished book on the subject of the 1941 sinking of the *Bohol II* might be of interest to the U. S. harbor boat captain referred to (in the text itself, the writer never divulged his sources) was Federico Narruhn, a Spaniard of American citizenship, who was brought into the Santo Tomas Camp some time after the fall of Corregidor. To the writer's astonishment, Captain Narruhn recited the facts given, names, dates, etc., from memory. There may be errors, and, if so, the writer would be pleased to receive corrections from any reader. The latter part of the article, concerning the sinking of the S.S. *Hareldswine*, is based on the story of the ship's master, Edward Bentley, as told to the writer in the Santo Tomas Camp. Mention is not made in the story of the great maritime disaster in Philippine history, the sinking of the S.S. *Corregidor* with some 1500 people aboard, when it struck a mine off the island of Corregidor some time after midnight on December 17, 1941, ten days after the outbreak of the war. Over a thousand lives were lost. The writer has this story also from several survivors, but he has not yet published it.

² Not mentioned either is the blowing up, following a machine-gunning of the ship by a Japanese plane, of the Madrigal ocean-going freighter, the *Marataway*, with 80,000 sacks of dynamite aboard, about 1 kilometer off shore and about 4 kilometers from Paracale, on January 13, 1942. This story is told elsewhere in the writer's book. Here is an extract: "An American who lived 12 kilometers away said that he would have been the first of the armchair in which he was sitting if he had not had a hold of the arms of the chair."

The Government

From Official Sources

APRIL 1 — President Elpidio Quirino vetoes House Bill No. 2717 which would exempt public market vendors from payment of the fixed tax on business and from issuing sales receipts, the President explaining that under Section 182 of the Internal Revenue Code, those public market vendors engaged exclusively in the retail of domestic food products are already exempt and that under Section 204 they are not required to issue sales receipts for purchases less than ₱2 in amount if their gross annual sales for the preceding year do not exceed ₱20,000.

April 6 — The President, returning from Porco Point where he spent part of Holy Week, approves the proposal, made by Maj. Gen. Calixto Duque, Chief-of-Staff, Philippine Armed Forces, to turn over the responsibility for the maintenance of peace and order in the Visayas and Mindanao from the Army to the Constabulary, effective May 1, the General having stated that "the campaign against the Huk in these areas can well be considered as terminated." The constabulary units will be under the command of the Chief of Constabulary, but it is announced that no change is entailed in the over-all organization of the Armed Forces, the Constabulary continuing as one of the major services of the Armed Forces, directly under the Chief-of-Staff, and co-equal with the Army, Air Force, and Navy.

The President appoints Bado Dangwa, a native of the Mountain Province and bus transportation magnate in Northern Luzon, as Governor of the Mountain Province, succeeding Jose Mencio. Mr. Dangwa wished to serve without pay, but as this is contrary to law he will donate his entire salary to charity.

April 7 — The President signs House Bill No. 2064 classifying chartered cities, except Manila, Quezon City, and Baguio, according to their annual revenues and fixing the salaries of the officials; the cities whose revenues exceed ₱1,000,000 a year will fall in the first class; fifth class cities are those whose revenues amount to less than ₱500,000, but over ₱300,000; the other classifications fall in between.

April 9 — The President arrives in Cebu aboard the Apo and in a number of speeches on the economic development under his Administration mentions the recent inauguration of the ₱16,000,000 National Shipyards and Steel Corporation shipyards and drydock at Mariveles, and the Maria Cristina hydro-electric plant and the fertilizer plant at Iligan to be inaugurated in May, and the steel mills at Overton, Iligan, to be inaugurated in September; he also mentions the ₱100,000,000 Ambuklao power plant in Luzon; he states that many new industries have been established, including 165 new tax-exempt industries; as to the breaking of the back of the dissident movement, he states this was "not the achievement of one man as advertised (referring to former Secretary of National Defense Ramon Magsaysay) but was the achievement by joint government action under my leadership." He spends a half hour in a visit with former President Sergio Osmeña.

April 11 — The President visits Bacolod, Occidental Negros, addressing the Lions Club in its 4th annual convention there, and again speaks of his total economic mobilization program and warns them that if the members of the organization allow it to be used as a "tool of some calculating political candidates, then you are doomed to perdition."

April 12 — The Nacionalista Party, in its national convention held in the Fiesta Pavilion of the Manila Hotel, nominates former National Defense Secretary Ramon Magsaysay, recently resigned, as its candidate for the presidency by a vote of 702 against a vote for Senator Camilo Osias, who was also nominated, of only 49. Magsaysay was proposed for the nomination by Senator Jose P. Laurel; Senator Cipriano Primicias, in nominating Osias, was not allowed by the convention to finish his speech, and Osias, himself, in a two-hour speech on his own behalf was repeatedly booed whenever he voiced direct or indirect criticism of Magsaysay; Senator Carlos P. Garcia, of

Bohol, was nominated for the vice-presidency by a vote of 594 against a vote of 157 for Senator Jose C. Zulueta; Senator Claro M. Recto delivered a key-note address remarkable for its power of denunciation.

April 14 — President Quirino expresses great interest in the exchange of wounded and ill prisoners-of-war in Korea and the hope that many Filipinos will be included among those to be exchanged.

The Department of Foreign Affairs announces that the Philippine and Mexican Governments have agreed to establish diplomatic relations and that the first Philippine Minister to Mexico will be Mariano Epelleta, until recently First Secretary and Consul General in the Philippine Legation in London.

April 15 — The Council of State takes up the letter of President Eisenhower to President Quirino on the matter of the proposed revision of the Bell Trade Act, and the President directs the 15-man committee, which was created to study the problem, to submit concrete proposals to be circulated among "responsible elements in the country for their views before the Council of State takes final action."

April 17 — The Liberal Party seizes control of the Senate by electing Osias as President of the Senate and Zulueta as President pro-tempore, respectively, replacing Eulogio Rodriguez and Manuel C. Briones; the move further precipitates a reorganization of all committees; the defection of the two disgruntled Nacionalistas results in a new line-up of 12 to 11.

April 21 — Upon his return from a 3-day visit to Davao and Bukidnon provinces, the President gives a luncheon at Malacañan to the members of the new majority in the Senate, headed by Senate President Camilo Osias and Senate President Protempore Jose C. Zulueta.

April 23 — The President, aboard the presidential yacht Apo, confers with Admiral Arthur W. Radford, U. S. Pacific Fleet Commander; they reportedly discussed the situation in Indo-China and Formosa and the exchange of wounded prisoners-of-war in Korea. Present were Foreign Secretary Elizalde, Ambassador Raymond A. Spruance, and Rear-Admiral Richard Cruzen.

The President certifies to Congress as urgent the bill validating certain of his fund allocations under his emergency powers, terminated by a decision of the Supreme Court, and the deficiency bill.

April 24 — The President receives Paul V. McNutt, former United States High Commissioner and later Ambassador to the Philippines, now Chairman of the Board of the Philippine-American Life Insurance Company, who arrived in Manila on the 22nd to preside over the annual stockholders and directors meeting.

April 25 — Following a meeting of the Liberal Party Executive Committee aboard the Apo, it is announced that the Party will hold its annual convention on May 24 at the Rizal Memorial Stadium.

April 27 — The President, at a luncheon given in honor of the delegates to the annual convention of the Transportation Association of the Philippines, assures transportation operators of the solid support and cooperation of the Government in the expansion of the transportation industry as a means of encouraging production and promoting commerce; the President emphasizes the importance of transportation in time of war and reveals that an administrative order was prepared two years ago, ready for issue, in case of an emergency.

The Department of Foreign Affairs announces that an air agreement between the Philippines and Siam will be signed at Bangkok today which grants designated airlines of the two countries certain rights of traffic in each.

April 28 — The President signs the suspension of the writ of *habeas corpus* in the provinces of Iloilo, Capiz, Antique, Cotabato, and Davao, as recommended by Acting Secretary of National Defense Oscar Castelo on the strength of a report of Maj. Gen. Calixto Duque, Chief of the Armed Forces of the Philippines, that conditions of peace and order in these provinces have so improved as to warrant the lifting of the suspension. The writ of suspension had already been lifted in the other provinces of the Visayas and Mindanao.

(2,200 tons) which had been ordered from Hongkong to Singapore by the British Naval Control Office on December 7. The next day, at sea, at 10 o'clock in the morning, the master, Edward Bentley, was informed by radio that Japan had opened hostilities. Early on the morning of the 9th, a Japanese plane swooped down and machine-gunned the ship. The wireless operator immediately made contact with Manila, sounded the SOS and reported the ship's position, approximately 140 miles northwest of Cape Bolinao, Luzon. The plane turned and dropped a bomb, which missed and fell ahead of the ship. The operator wireless:

"Japanese plane bombing vessel. Crew taking to boats. Want assistance."

Manila replied and relayed the message to the British Navy at Hongkong, reporting also that another British ship was being attacked by 7 planes. In the meantime another enemy plane had appeared which dropped a bomb close to the port side of the *Heraldswine*, the concussion knocking the operator down and upsetting the furniture in the wireless room. The captain and the wireless operator joined the men in the life-boats, and as they pulled away

(Continued on page 214)

The President directs Mrs. Anuscion Perez, Social Welfare Administrator, to take personal direction of the relief of Batangas, Bantagan, which suffered a disastrous ₱4,000,000 fire today.

The Cabinet, on recommendation of Secretary of Commerce Cornelio Balmaceda, decides to extend the Philippine International Fair, scheduled to close on April 30, to June of this year.

April 29—The Cabinet, to encourage closer relations with Indonesia, authorizes the establishment of an Indonesian vice-consulate in Davao City and also approves the establishment of a Philippine vice-consulate in Indonesia, possibly in Celebes.

The Cabinet decides not to allow exports of a "C" sugar following reports from the Sugar Quota Administration that the sugar crop for 1952-53 will fall short of the United States quota by some 85,832 short tons instead of showing an excess of 10,000 short tons as previously estimated.

The President receives a visiting group of prominent Detroit businessmen who arrived from Singapore today after visiting Tokyo, Okinawa, Taipei, and Hongkong.

April 30—Ambassador Carlos P. Romulo arrives in Manila to confer with the President at the latter's request.

The President enjoins a delegation of court of first instance judges and provincial and city fiscals, which calls on him following the close of their annual Manila convention, to accelerate the Administration's program of cleansing the government ranks of graft and corruption. The delegation called to present a resolution expressing confidence in Acting Secretary of Justice Castelo, who was the subject, yesterday, of a bitter attack in the Senate by Senator Claro M. Recto who charged him with acts bribery and extortion while he was a judge.

Secretary Castelo submits his resignation as Secretary of Justice and Acting Secretary of National Defense, and the President accepts it on the condition that Senator Recto will resign from the Senate, the President stating to the press that if the Senator does not resign he will consider the Secretary's resignation as "tabled", as he has full confidence in the Secretary.

The President attends a banquet at the Manila Hotel given in his honor by labor leaders on the eve of Labor Day, tomorrow.

Announced by the Department of Foreign Affairs that Ambassador Chen Chih-ping, just returned from Formosa, conferred with Secretary Elizalde on the early release of some 200 Chinese citizens still being retained by Philippine Government authorities on suspicion of subversion.

Secretary Elizalde also receives a delegation of the visiting group of businessmen from Detroit. "Mr. Willis Hall stressed that Philippine-American commercial relations, to be stable and enduring for both sides, must be based on the two-way principle."

The international reserves as of March 31 were as follows:

Central Bank International Reserves	\$238,453,293.85
Japan Open Account (Due from)	8,733,627.60
Net FX Holdings of Banks	62,746,028.39
Total International Reserves	\$309,932,939.84

This is an increase of \$9,278,111 from the preceding month.

Currency and coins issued totalled ₱665,083,323.

The Central Bank has released the following comparative statement of foreign exchange receipts and disbursements of the Philippines, 1951 and 1952:

		(Million U. S. Dollars)	
Items	1951	1952	
RECEIPTS:			
Merchandise Exports (c.i.f.)	414.7	339.1	
Gold	3.3	2.5	
U. S. Government Expenditures	99.9	133.6	
Other Foreign Government Expenditures	1.8	1.5	
Invisibles	45.1	59.7	
Total	564.8	536.4	
DISBURSEMENTS:			
Merchandise Imports (c.i.f.)	520.9	443.0	
Philippine Government Expenditures	14.3	24.9	
Invisibles	79.2	67.0	
Total	614.4	534.9	
Surplus or (Deficit)	(49.6)	(1.5)	

Black market dollars are quoted around ₱290. The open market rate on fine bullion is currently reported at ₱104.20 per ounce.

(NOTE: The information contained herein has been derived from responsible sources, but the National City Bank of New York assumes no responsibility for its accuracy).

Manila Stock Exchange

By A. C. HALL

Hall, Picornell, Ortigas & Co.

March 21 to April 17

AS usual at this time of year, trading has been restricted due to the Easter holidays and the annual hot-season exodus to Baguio. Price changes in mining shares have been very small, with the exception of Masbate Consolidated, which has registered a substantial percentage gain on speculative buying inspired by long-term prospects for the Toledo group of copper claims which the company has under option.

Base metal shares continue to attract investment buying, and have gained on balance over the period. Gold mining shares have been little affected by further unfavorable developments during the past two weeks. The latest bad news affecting this depressed group included United Paracale's decision to close down indefinitely owing to operating losses, and a further decline in the local free gold market where the price-range during the month has been, approximately, high ₱106.50, low ₱104, closing at ₱104.60 per fine ounce.

In the commercial and industrial section, volume of business has also contracted appreciably, with closing prices little changed from a month ago.

In the overall market picture, supply and demand appear about in balance. Holders are reluctant to dispose of dividend-paying shares and continue to prefer good equities to cash in the bank. On the other hand, credit is not plentiful, which tends to restrain buying, and, possibly, may lead to some increase in offerings as the May 15 income-tax date comes closer.

Banking and Finance

By W. M. SIMMONS

Manager

The National City Bank of New York

COMPARATIVE statement of condition of the Central Bank:

Assets	As of	As of	As of	As of
	Dec. 31, 1949	Dec. 29, 1952	Feb. 27, 1953	March 31, 1953
	(In thousands of Pesos)			
International Reserve	₱460,689	₱454,157	₱472,540	₱476,907
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage	113,306	106,940	106,940	106,940
Loans and Advances	77,047	54,165	54,140	48,140
Domestic Securities	92,197	235,438	235,142	234,825
Other Assets	20,390	42,279	41,902	42,842
	₱793,629	₱922,979	₱940,664	₱939,654
Liabilities				
Currency—Notes	₱555,576	₱579,584	₱571,418	₱576,465
Coins	74,384	89,945	89,041	88,618
Demand Deposits—Pesos	117,682	205,899	229,299	223,939
Securities Stabilization Fund	2,000	12,233	20,543	18,923
Due to International Monetary Fund	22,498	497	496	496
Due to International Bank for Reconstruction and Development	2,389	2,383	2,380	2,380
Other Liabilities	2,636	2,733	4,840	5,056
Deferred Credits	—	568	1,769	2,397
Capital	10,000	10,000	10,000	10,000
Undivided Profits	6,464	12,005	745	1,247
Surplus	—	7,132	10,133	10,133
	₱793,629	₱922,979	₱940,664	₱939,654

1952-53 Range		MINING SHARES					April		49,193,000**		42,798,000	
High	Low	High	Low	Close	Change	Total Sales						
131.55	92.09	M. S. E. Mining Share Average	103.09	100.87	100.87	Off .32	11,521,424	May	45,580,000	June	45,223,000	
0.315	0.16	Acco Mining Co.	.25	.235	.235	Off .025	283,000	July	47,542,000	August	47,988,000	
0.06	0.038	Antemok Mining Co.	.041	.04	.04	—	174,000	September	47,216,000	October	50,073,000	
6.20	1.80	Atok Big Wedge Mining Co.	2.30	2.30	2.20a	Off .10	400	November	47,652,000	December	50,656,000	
0.13	0.06	Baco Gold Mining Co.	.09	.08	.09	Up .0125	429,500	Total	557,458,000			
2.65	1.60	Balacot Mining Co.	2.00	2.00	2.00	—	600					
0.0035	0.0013	Batong Bulay Gold Mines	—	—	—	0018b	—					
4.80	3.50	Benguet Consolidated	4.40	4.20	4.40	—	10,559					
0.07	0.038	Coco Grove, Inc.	.03	.03	.03	—	265,000					
0.044	0.028	Consolidated Mines, Inc.	.0425	.039	.041	Up .0005	6,257,000					
0.29	0.16	Hibar Gold Mining	.19	.19	.19	Off .025	30,000					
0.155	0.065	Itoyan Mining Co.	.0875	.08	.085	Up .005	120,000					
0.075	0.038	I. K. L. Mining Co.	.048	.045	.048	Off .002	70,000					
0.95	0.73	Lepanto Consolidated	.85	.81	.85	Up .02	273,000					
0.0875	0.028	Masbate Consolidated	.0875	.047	.0725	Up .0255	2,061,000					
0.30	0.09	Mindanao Mother	.135	.10	.10	Off .005	541,262					
0.1275	0.095	Paracale Gumsuay Corp.	.095	.095	.095	Off .01	10,000					
3.26	2.15	Philippine Iron Mines, Inc.	2.50	2.35	2.40	Up .10	58,700					
0.32	0.17	San Maurizio Mining	.30	.29	.29	—	49,000					
0.285	0.21	Surigao Consolidated	.24	.225	.225	Off .015	303,000					
0.12	0.04	United Paracale Mining—Ex-Dividend	.065	.06	.06	Up .0075	125,000					

*Revised
**Partially estimated

1952-53 Range		COMMERCIAL SHARES				
High	Low	High	Low	Close	Change	Total Sales
140.00	120.00	Bank of the Philippine Islands	—	—	140.00b	—
22.00	22.00	Binalagan-Isabela Sugar	—	—	20.00b	—
20.00	15.00	Boo-Medellin Milling Co.	—	—	20.00a	—
90.00	75.00	Central Azucarera de Bata, Inc.	75.00	75.00	75.00	Off 3.00
150.00	100.00	Central Azucarera de La Carota	100.00	100.00	110.00	—
110.00	100.00	Central Azucarera de Pilar	110.00	100.00	100.00	—
50.00	30.00	Central Azucarera de Tacloban	37.00	36.00	37.00	—
325.00	320.00	China Banking Corporation	—	—	280.00b	—
12.00	10.00	Cia. de Cebu de Filipinas	10.75	10.50	10.50	Off .25
27.50	24.00	Filipinas Cia. de Seguros	—	—	24.50a	—
12.00	8.30	Industrial Textiles Mfg. Co. P.I.	9.50	8.50	8.50	Off .50
0.30	0.25	Manila Broadcasting Co.	.30	.30	.30	Up .05
4.90	3.00	Manila Wine Merchants	—	—	3.10b	—
0.30	0.30	Marsman & Co. pref.	—	—	.30a	—
107.00	100.00	Meralco 6 1/2%	102.50	102.00	102.00	Off .50
22.50	20.50	Metropolitan Insurance Co.	—	—	150.00b	—
7.00	5.00	Pasadenco	21.00	21.00	21.00	Up .50
0.0925	0.025	Philippine Air Lines, Inc.	5.00	5.00	5.00	Off 1.00
1.10	0.96	Philippine Oil Development Co., Inc.	.029	.025	.025	Off .005
99.50	99.50	Philippine Racing Club, Inc.	—	—	1.00a	—
36.00	28.00	R. & D. 4% bonds, 1950	—	—	99.50b	—
101.00	93.00	San Miguel Brewery, com.	31.00	29.00	30.00	Up .30
108.00	102.00	San Miguel Brewery, 7% pref.	—	—	99.00b	—
13.00	13.00	Talissay Silay Milling	106.00	105.50	106.00	Up .50
13.50	13.50	Univ. Insurance & Demolition Co., Inc.	13.00	13.00	13.00	—
8.70	6.00	Williams Equipment, com.	8.70	8.60	8.70	Up .70

T—Bond sales reported in units of P100.

OVER THE COUNTER				
Company	High	Low	Close	Total Sales
Anakan Lumber Co.	P12.00	P12.00	P12.00	12
East Mindanao Mining Co.	0.01	0.01	0.01	104,000
General Base Metals	0.25	0.25	0.25	10,000
Manila Jockey Club	2.10	2.10	2.10	700
Victoria Milling Co.	105.00	105.00	105.00	172

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—16,316,000 KWII

	Kilowatt Hours	
	1953	1952
January	50,107,000	45,152,000
February	45,501,000	42,450,000
March	50,789,000*	45,128,000

The average daily output in April slightly exceeded the record month of March despite the Easter holidays. Total output was less due to one less day. The increase over April, 1952, was 6,495,000 KWH, or 15.1%. A new peak output figure of 125,300 KW was set on April 30.

These figures again emphasize the large increase of electricity being used by industry.

About a year ago this column reported briefly on electric output in the rest of the Philippines. A report for 1952 follows:

For comparative purposes it should be stated that Manila Electric Company serves about 10% of the population of the Philippines in 48 cities and municipalities principally in Manila and surrounding territory.

A large increase in output for 1952 was reported to the Public Service Commission by provincial plants. Based on incomplete reports, all other electric plants in the Philippines selling power to the public produced about 90,000,000 KWH in 1952. This compares with 75,000,000 KWH in 1951 and 63,000,000 KWH in 1950. (The reader should note again that because reports are incomplete these figures are approximations. Also these figures do not include production of private industrial plants such as in mines, sugar centrals, etc.)

The approximate output of a few of the larger provincial plants is shown below:

Principal City Served	1952 Output	1951 Output	Increase
Cebu	12,500,000 kwh	10,300,000 kwh	21%
Iloilo	9,300,000 "	8,600,000 "	8%
Davao	6,000,000 "	4,800,000 "	25%
Baguio	5,600,000 "	5,200,000 "	8%
Bacolod	5,000,000 "	4,400,000 "	14%
Zamboanga	1,700,000 "	1,000,000 "	70%
Total	40,100,000 kwh	34,300,000 kwh	17%

This sample indicates that the percentage increase in the 1952 output of provincial cities was greater than the Manila Electric Company system increase of 12.1% over 1951. However, in comparing KWH, the total provincial output now runs to only about 16% of Manila Electric Company production.

Credit

By R. A. CALLAHAN

Accountant and Office Manager
Philippine Refining Company, Inc.

THE Association of Credit Men, Inc. (P.I.) held its annual general meeting on April 21, 1953, combined with luncheon. Seventy-five members and guests were present. The outgoing President, Mr. C. W. Muilenburg, of the International Harvester Company of Philippines, made the annual report on operations. He pointed out that during the year active membership showed a net increase of 5 members (6 new members being affiliated between April 1, 1952, and April 1, 1953, with one resignation). The principal activity during the year continued to be the operation of the Ledger Interchange Bureau through which a total of 4,032 account-names were processed.

The highest response on one name was 38 member firms who provided ledger information. The Ledger Interchange Bureau is capable of rendering even more service to members. Mr. Muilenburg reported on the importance of the completion and distribution of the "Credit Manual of Commercial Laws and Practices" which was the biggest project of the year. The outgoing President expressed his thanks to the other Directors and to various members for their assistance during the year.

Other items of business at the annual meeting included the report of the Treasurer, the report on the Committee charged with the revision and indexing of the "Credit Manual," and the election of a new Board of Directors. The new Directors are the following:

R. A. Callahan	Philippine Refining Co., Inc.
P. Luthi	Menzi & Co., Inc.
W. J. Nichols	General Electric (P.I.) Inc.
J. Y. Orosa	H. E. Heacock Co.
A. Roxas	National City Bank of New York
O. Soriano	Standard Vacuum Oil Co.
E. Tebankee	Northern Motors, Inc.

The new Board held an organizational meeting immediately after the general meeting, and on April 28 had its first full meeting. Plans were laid for work for various committees and proposals were discussed for expansion of services and activities.

In April the Association published a consolidation of information on terms, balances, and bad-debt losses as reported by members for the first quarter of 1953. The majority of firms reporting still indicate 30 days as standard terms and approximately one-third of the members reporting handled installment sales. Association members have been provided with pertinent factual details of actual percentages of balances in trade accounts receivable (both in installment- and standard-term accounts) as at March 31, 1953, as well as with figures and percentages of bad-debt losses.

Checkings through various credit executives reveal little change in opinions or collections. Collections are still slow, many inventories continue high, and money is still short. Recently, banks have been soliciting deposits with some increase in interest rates reported, and some are taking steps to encourage savings deposits. There has been a curtailing or temporary stopping of some domestic credits due to heavy exports of sugar. Sugar export is expected to continue until about June. Except for sugar, the export market has been dull. Imports are still holding up with plenty of licenses still out, but the tightness of money makes it difficult to open credits. The international situation has affected domestic trading and has brought about some brief fluctuations. The general attitude is one of caution, but this is supported by both international and domestic conditions, particularly by the uncertainties of a possible Korean truce and of operations elsewhere in Asia. Other factors are that this is an election year and that no announcement has yet been made about the future status of the Import Control Commission. Most credit and collection executives report no great change during the past month. Some report a slight improvement in collections, others report a slight decline, but serious individual effort and attention are required to avoid a decline.

Real Estate

By ANTONIO VARIAS

Vice-President, C. M. Hoskins & Co., Inc., Realtors

REAL ESTATE SALES registered in the Greater Manila area during the month of April, 1953, numbered 650, with a total value of ₱6,965,917, as compared with 682, with a total value of ₱7,759,209, registered during the preceding month of March.

Of the April totals, 187, with a total value of ₱3,481,727, represented deals within Manila proper, and 463, with a total value of ₱3,484,190, were sales in Quezon City, Pasay City, and in the suburban towns of Makati, Calocan, Malabon-Navotas, Mandaluyong, Parañaque, and San Juan.

A number of the bigger sales registered during the month were:

CITY OF MANILA

Binondo
Nueva St., 2nd lot NW. of Damarinas St. (L-5 & 6, B-2019); Area: 190.6 sq.m. w/concrete bldg. Sold by Co Na Peh to Pacific Shoe Co. for ₱217,000.

Dewey Blvd. cor. Padre Faura St. (L-1, B-) Area: 2,081.2 sq. m. Sold by Jose Reyes to Leonica Ang for ₱245,000. or ₱118 sq.m.

San Luis St. 442-48. Area: 304.5 sq.m. Sold by Mariano G. Ching to Mariano V. de Lednický for ₱63,945.

Intramuros
Arzobispo St. (L-3, B-23) Area: 847.8 sq.m. Sold by Lino Gutierrez to Edward J. Neil for ₱45,000.

Malate
Dart St. #801 Area: 231 sq.m. Sold by F. B. Enriquez to Zaki Chaker for ₱46,000.

Georgia cor. Tennessee Sts. (L-8, B-528) Area: 421.7 sq.m. Sold by Vicente Castillo to N. Rustia for ₱75,000.

Vito Cruz St. (L-2, B-576) Area: 3,786.5 sq.m. Vacant lot irregular in shape. Sold by Antonio S. Vda. de Flores to Ramon Reyes for ₱112,000.

Paco
Isaac Peral cor. Perez St. (L-1B, B-887) Area: 2,557.3 sq.m. Sold by Maria La Concepcion Rosales to Jose M. Sison for ₱28,865.

Piazza Dilao, near the Paco RR station. (L-11, B-) Area: 5,453.1 sq.m. w/quarters. Sold by Jose Fabie to Noemi Zamora for ₱30,000.

Quinta
Echague St. #523-43. (Lots 10-B, 16-B-2, 15 & 19, B-2503) Area: 1,100.5 sq.m. w/3-story concrete building. Sold by Vicente Reyes to Cu Unjungsi Hno. for ₱40,000.

Legarda St. #120 (L-4 & 5, B-2570) Area: 1,512.3 sq.m. 2-story residential building of Spanish colonial type of architecture, modernized, sold by Julia Vda. de Cruz to Eulogio B. Sison for ₱20,000.

San Rafael #81. (L-8, B-2535) Area: 420.9 sq.m. Sold by Tusson Realty Inc. to Metropolitan Investments Inc. for ₱30,000.

Sampaloc
Gastambide St. (L-47, B-4005) Area: 405.9 sq. m. Sold by Brigidto Solong to the University of the East for ₱63,000.

San Juan St. #100. Area: 3,044.0 sq.m. Sold by Vidal A. Tan to Henry S. Chua for ₱68,000, or ₱22.60 sq.m.

San Nicolas
San Juan St. #771-75 (L-31 & 32, B-1902) Area: 520.2 sq.m. Sold by Josefa Villacorta Vda. de Ycaasiano to Juilita Olaguevel for ₱160,000.

San Miguel
Crisologo St. (L-6 & 17, B-2629) Area: 572.4 sq. m. Sold by Jennie Moss Reynolds to Ludwig Meier for ₱60,000.

Sra. Ana
Herran St. (L-1, B-1419) Area: 4,611.9 sq.m. Sold by William Ick to City of Manila for ₱101,499.

Sra. Cruz
Alegre Ave. #420-422 (Yorktown Building site) A 3-story reinforced concrete building with a lot of 278.3 sq. m. (L-7, 8 & 15, B-2147) at 420-22 Rizal Ave. Sold by Juana de Guzman et al. to Aurora P. Caniza for the reported sum of ₱225,000.

Rizal Ave. #1401-05 corner Bambang St. (L-2C, B-2241) A property with a lot of 87 sq.m. Sold by Jaime Gomez to Fabio Feliciano for ₱85,000.

Feliz Huertas St. (L-2C & 2F, B-2259) Area: 247 sq.m. Sold by Meriano Bernardo to Juan de Guzman for ₱50,000.

Benavides, cor. La Torre St. #216 (L-10, B-2870) Area: 955.7 sq.m. Sold by M. C. S. Tandingan, Inc. to Hope Christian Foundation for ₱140,000.

Corb. Bay, Bldg. Bldg. Area: 1,400 sq.m. Sold by Maria San Joo to Angel R. Adia for ₱100,000.

QUEZON CITY

Ayora Blvd. adjacent to Aguin Cola Compound. Area: 11,491 sq.m. Sold by Magdalena Estate Inc. to Pepsi Cola Bottling Co. for ₱200,000, or ₱17.43 sq.m.

Payatas Estate. Area: 26,604 sq.m. Sold by Eduvigis Espiritu to Pedro del Rosario for ₱23,997, or ₱0.90 sq.m.

PASAY CITY

Dewey Blvd. cor. Perla St. Area: 930 sq.m. Sold by Agustin Liboro to King Wan Yu for the reported sum of ₱40,000, or ₱43 sq.m.

San Antonio. Area: 1,000 sq.m. Residential compound sold by Mariano G. Ching to Chung Siang Pek for ₱35,000.

Gibson St. Area: 1,527 sq.m. Sold by Jose del Prado to Jaime Gomez for ₱56,489, or ₱37 sq.m.

SUBURBAN TOWNS

Las Alas
Tindig. Area: 325,803 square meters. Sold by Maria Rivera to Cecilia P. Pading Alano for ₱150,000.

Makati
Several Parks Subdiv. Area: 2,329 sq.m. Sold by Ayala Securities Corporation to Jose del Prado, Jr. for ₱31,441.

Several lots with a total area of 3,499 sq.m. Sold by Tomas de Vera to Manlo Entrero for ₱41,388.

Guadalupe. Area: 33,424 sq.m. Sold by Guadalupe Estate Inc. to San Lorenzo Co., Inc. for ₱149,000.

Mandaluyong
Araullo St. Area: 638 sq.m. Sold by Juan L. Mendoza to Diosdado A. Buendia for ₱45,000.

Marikina
Barranca. Area: 16,549 sq.m. Sold by Philippine American Drug Co. to Parke and Davies Co., Ltd. for ₱105,490.

Parañaque
San Dionisio. Area: 4,586 sq.m. Sold by Kawihian Corporation to Solomon Leticiana for ₱42,840.

REAL ESTATE MORTGAGES registered in the Greater Manila area during the month of April numbered 575, with a total value of ₱9,204,844, as compared with 635, with a total value of ₱12,063,097, registered during the preceding month of March.

Of the April totals, 228, with a total value of ₱5,069,966, represented deals within Manila proper, while 347, with a total value of ₱4,134,878, were mortgages regis-

Commodity	Tonnage	
	1953	1952
Products of agriculture.....	76,944	61,405
Animal products.....	543	1,022
Mineral products.....	2,462	1,038
Forest products.....	14,460	14,279
Products of manufacture.....	32,858	36,946
Merchandise less than by carloads.....	10,894	7,917
Total.....	138,161	122,607

There are 42 items considered in this review. Twenty items registered increases totaling 26,865 tons, while 22 items suffered decreases totaling 11,311 tons, or an aggregate total increase of 15,554 tons. Among the articles which registered increases were palay, 358 tons; sugar cane, 16,724 tons; lumber, 625 tons; crushed rock, 1,017 tons; gasoline, 1040 tons; fuel oil, 2,217 tons; cement, 300 tons; and merchandise in less than carload lots, 2,977 tons, totaling 25,308 tons. On the other hand, the important items which suffered decreases were rice, 410 tons; copra, 1,261 tons; other forest products, 452 tons; cattle and calves, 680 tons; petroleum, 718 tons; other oils, 410 tons; desiccated coconut, 1,289 tons; centrifugal sugar, 2,045 tons; molasses, 1,239 tons, and other miscellaneous manufactures, 1,934 tons, totaling 10,492 tons. There was, therefore, an increase of 14,816 tons.

It is readily seen that if it had not been for the sugar cane shipments, the result of the Railroad's operation in March would have been unfavorable because of decreased carloading for copra, desiccated coconut, centrifugal sugar, molasses, and other miscellaneous manufactures. As at the present writing (April) the sugar cane has all been delivered to the Centrals, the coming report is to be viewed with pessimism. The only hope is for a continued increase in shipments of logs and lumber, gasoline and fuel oil, crushed rock, and miscellaneous items in less than carload

lots. It is also hoped that with freight cars released from the centrifugal sugar traffic, the Railroad will be able to meet the demand of shippers of rice and other commodities which can only be transported in box-cars.

Lumber

BY PACIFICO DE CAMPO
Secretary-Treasurer

Philippine Lumber Producers' Association, Inc.

THE Philippines exported 38,319,160 bd. ft. of logs and lumber during March, 1953, an increase of 13,739,733 bd. ft. over the 24,579,427 bd. ft. exported during the preceding month. This huge increase was due principally to a tremendously large shipment of logs made to Japan, amounting to 28,918,979 bd. ft., or an increase of 11,472,265 bd. ft., compared with 17,444,714 bd. ft. shipped in February, 1953. Export of logs and lumber to other countries during the month in review also improved by over 100%, from 1,414,007 bd. ft. in February to 3,251,108 bd. ft. in March, while shipment to the United States increased only slightly, from 5,720,706 bd. ft. in February to 6,149,073 bd. ft. in March. Compared with 23,906,521 bd. ft. of log and lumber exported during March a year ago, this month's export is more by 14,412,639 bd. ft.

Hereunder are the figures for logs and lumber inspected for export as released by the Bureau of Forestry:

Shippers	Destination	Volume in Board Feet	
		Logs	Lumber
Aguinaldo Development Corp....	Japan		1,541,908
Albert S. Lorente.....	Japan		499,992
American Asiatic Co.....	Japan		501,178
American Rubber Co.....	Japan		1,400,299
Anakan	U. S. A.	59,787	200,000
Lumber	Japan		1,250,000
Company.....	Indonesia		75,196
A. Soriano y Cia.....	Japan		297,111

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Bass Lumber Co., Inc.	U. S. A.	843,097	514,600	Misamis Lumber Co., Inc.	Japan	837,106
Bislig Bay Lumber Co., Inc.	Hongkong	135,201		Nasipit Lumber Co., Inc.	U. S. A.	239,220
Brigido R. Valencia	U. S. A.	601,060		Nils Gunsten	Japan	1,300,000
Cantilan Lumber Co.	Hongkong	383,969	1,000,000	North Star Lumber Co., Inc.	Finland	904 16
Cipriano Luna Lumber Enterprises	Japan	499,965	429,004	Pan Asiatic Commercial Co.	U. S. A.	212,234
Connell Bros. Co.	Japan	323,066	998,517	Sanchez Logging Co.	Japan	1,101,718
Dy Bun Chiu.	Guam	8,125		Sta. Clara Lumber Co., Inc.	Japan	250,000
Findlay Millar	U. S. A.	368,977	429,004	Tagtag Sawmill Co., Inc.	U. S. A.	2,059,107
Timber Co.	Hongkong	133,238		Taligaman Lumber Co., Inc.	U. S. A.	399,996
F. E. Zuelig, Inc.	U. S. A.	2,393		Valderrama Lumber Mfrs. Co., Inc.	Japan	1,929,996
General Enterprises, Inc.	Hongkong	34,845	2,100,856	Valderrama, T. H.	U. S. A.	67,535
General Lumber Co., Ltd.	Japan		1,749,919	Valeriano C. Bueno	Japan	804,646
Golden Ribbon Lumber Co., Inc.	Formosa		797,240	Western Basilian Timber Co.	Japan	450,894
G. S. Mañalac Enterprises.	Japan		2,056,750	Western Mindanao Lumber Co., Inc.	U. S. A.	198,317
Hercules Lumber Co., Inc.	U. S. A.	150,000		Woodworks, Incorporated	Japan	1,301,996
Iligan Lumber Co., Inc.	Japan		1,000,000		U. S. A.	234,312
Insular Lumber Company	Japan		536,148		Canada	30,000
Jose G. Sanvictores	U. S. A.	1,252,213		Total		5,508,921 32,810,239
Mariano R. Lacson	Africa	525,352				
Martha Lumber Mill, Inc.	Belgium	65,860				
Melesia F. Iturzaeta	Canada	40,559				
	Eric	61,670				
	Hawaii	74,771				
	Japan	1,391,249				
	U. S. A.	201,183				
	Guam	2,042				

TREND OF EXPORTS TO:	This Month		Month Ago		Year Ago	
	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Lumber (Bd.Ft.)	Logs (Bd.Ft.)
Japan				17,444,714		16,891,010
United States and Canada	4,082,944	2,066,129	3,109,631	2,611,075	2,867,726	795,384
Other countries	1,825,977	1,825,131	1,411,007	—	2,889,481	462,900
Totals	5,508,921	32,810,239	4,523,638	20,555,789	5,757,207	18,149,314

COMPARATIVE STATEMENT OF EXPORTS MADE TO DIFFERENT REGIONS OF THE UNITED STATES DURING THE MONTHS OF FEBRUARY AND MARCH, 1953

Period	Lumber in Board Feet					Logs in Board Feet					Grand Total
	Western States	Eastern States	Gulf States	All Others	Total	Western States	Eastern States	Gulf States	All Others	Total	
February, 1953	2,247,824	323,525	509,523	26,425	3,107,297	1,781,142	500,000	—	299,993	2,581,135	5,688,432
March, 1953	2,526,649	1,018,700	212,038	254,998	4,012,385	1,156,054	399,996	—	500,979	2,056,129	6,078,514
Difference (Increase + Decrease -)	278,825 +	685,175 +	397,486 -	228,573 -	905,088 +	615,088 -	100,004 -	—	200,986 +	515,006 -	390,082 +

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RÉSUMÉ OF EXPORTS TO:

	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Total (Bd.Ft.)
Japan	—	28,918,979	28,918,979
United States and Canada	4,082,944	2,066,129	6,149,073
Other countries	1,425,977	1,825,131	3,251,108
Totals	5,508,921	32,810,239	38,319,160

SUMMARY OF EXPORTS DURING MARCH, 1953, ARRANGED BY COUNTRIES OF DESTINATION IN THE ORDER OF VOLUME OF SHIPMENT TO EACH COUNTRY

Countries of Destination	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Total (Bd.Ft.)
Japan	—	28,918,979	28,918,979
United States	4,012,385	2,066,129	6,078,514
Formosa	687,253	1,749,919	2,437,172
Hongkong	525,352	—	525,352
Africa	—	75,196	75,196
Hawaii	74,771	—	74,771
Canada	70,559	—	70,559
Belgium	65,860	—	65,860
Erie	61,670	—	61,670
Guam	10,167	—	10,167
Finland	904	16	920
Totals	5,508,921	32,810,239	38,319,160

THE local lumber market weakened during the month under review, after remaining stable during the previous month. Opening at ₱177.50 per 1000 bd. ft. for white lauan and apitong, and at ₱207.50 for red lauan, these prices went down gradually, closing at the end of the month at ₱170.00 for white lauan and apitong and ₱200.00 for the red.

Arrivals of logs and lumber in Manila during March, 1953, amounting to 14,066,666 bd. ft., showed an increase of 2,761,147 bd. ft. over arrivals of 11,305,519 bd. ft. during the preceding month.

THE question of freight-rate reduction has been re-opened and the Philippine Lumber Producers' Association, Inc. is pressing the Associated Steamship Lines to reduce the present rate by \$9.00 to all United States coasts. The trend of log export reveals that more and more logs are diverted to Japan instead of going to the United States. Japanese manufacturers in turn process Philippine logs into sawn lumber, and re-export to the United States, where they undersell Philippine lumber. This anomaly is attributed to the high freight rates on log shipments from the Philippines to the United States. It is for this reason that in the interest of the national economy and as an aid to local lumber mills, there seems to be an imperative necessity to concede a reduction in line with the present decreased charter rates the world over. It is believed in official circles that if freight rates are not reduced, the increasing diversion of Philippine logs to Japan will continue and will eventually result in the weakening, if not the loss, of the United States market. The only alternative, it would seem under the situation, would be for log shippers to utilize non-conference vessels, particularly Japanese bottoms.

Mining

By HENRY A. BRIMO
President

Philippine Gold Producers Association, Inc.

IS the sun shining at last on our gold producers? At first blush the answer is in the affirmative because it is fairly obvious at this writing that the present Congress will pass an important measure of tax relief for our sorely pressed gold mines operating from Baguio to Mindanao. It

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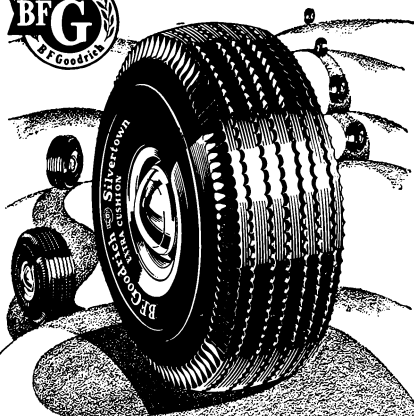
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may be too early to attempt to guess the outcome of the pending legislation, but the ad valorem tax, if not entirely eliminated, is certain to at least have its graduated scale clause omitted, and it is quite possible, if not likely, that the 17% excise and the 7% compensating taxes will also be eliminated.

But when we say "at first blush", we mean just that. Experience has shown that the gold producers all over the world have for the past many years been faring rather badly. This has been, of course, true in the Philippines, despite the fact that the gold producers here are now allowed to sell their entire output in our local "premium" market. Quite apart from the main reason for the plight of gold producers everywhere,—which is the fixing of the international price at the same pre-war rate of \$35 per ounce and the consequent restrictions on movements of gold above this price, the main problem of the Philippine gold producers is their high operating costs due to the fact that almost all supplies and equipment used in mining have to be imported from thousands of miles away.

The cost of such importation amounts to from 10 to 15% over and above the f.o.b. factory prices, and added to this cost are the high import taxes prevailing here which amount to another 30%. Under such conditions, it should not surprise anyone that most of our gold mines, being marginal producers, have been reduced to extreme circumstances.

To get back to the use of the term "at first blush", readers will recall that during the latter part of 1952, the plea of the gold producers for a delay in the full implementation of the Minimum Wage Law for a period of 6 months (to enable the industry to first secure tax relief) went unheeded after the plea had been upheld in almost all circles, from those of the Secretary of Finance to the Governor of the Central Bank and from the Special Wage Board to the Wage Administration Service.

Is history to be repeated? There is no doubt that Congress in passing tax relief legislation for the gold industry meant to relieve the gold mines. Yet it is probably true that, for better or worse, Congress also meant to give Central Bank an opportunity to buy a part of the gold production at the "official" price of only ₱70 per ounce. It may therefore be asked of the industry: What now little man? What will happen to you this time? Can the Central Bank logically and justifiably force the gold producers to sell even a part of the gold production at ₱70 per ounce, when the acknowledged cost is over ₱100 per ounce? And if so, how much of the production will Central Bank demand?

Therein lies the dilemma for the gold producers. It is a problem that has plagued the gold industry since the issuance of Circular No. 21 in early 1951. Indeed, one of the reasons the gold industry came close to collapse is this same Central Bank Circular No. 21, which cost the industry millions of pesos. Only the cancellation of this Circular, announced last October but made retroactive to August 4, saved the industry from complete collapse.

It is therefore to be hoped that some understanding can be reached between the gold producers and the Monetary Board as well as the Central Bank that will allow the gold producers to reap the benefit of the tax relief legislation pending before Congress (which may be passed by the time this article is printed).

If the Monetary Board will show the same factual grasp of the present situation as it did last October, then the gold producers, without engaging in any controversy, will continue to be able to sell 100% of their gold production freely, thus reaping the legislative benefits granted, and not merely swapping one type of benefit for another type of loss.

When one considers that the gold industry here has proved that it has been paying over three times more in

taxes per ounce of gold produced than its Canadian counterpart, the industry would seem to merit all the tax relief it can receive, without having to pay part or all of the relief back to the Central Bank in any manner whatsoever.

Copra and Coconut Oil

By EDWARD F. UNDERWOOD

Manager, Copra Buying Department, Philippine Manufacturing Company

March 15 to April 30

THE period under review saw copra prices drop more than 20% in 45 days with almost all of the decline taking place in April.

A decline in copra prices during this period was expected, but the break was hastened and accelerated by the announcement of a world-wide Communist peace offensive. The arrival in the United States of a large quantity of palm-kernel oil in March and a trans-shipment of some coconut oil from Europe to New York by resellers also helped crack the market.

Consumers reduced their extremely small stocks even further in the face of daily reductions in copra and coconut oil quotations. All sustaining influences were disregarded as discouraged exporter-longs, led by resellers, attempted to unload their stocks on panicky and disinterested buyers.

At the beginning of the price collapse, there was only a very small short position in copra outstanding, since short sellers had been discouraged by their losses in the spectacular February-March advance. Shorts therefore could not provide a cushion of covering and instead led the assault on market prices by attempting to establish a short position for future months on the break.

European buyers who had been inactive for several months came back into the market in the latter stages of the decline. As prices broke below the \$200 f.o.b. level, more interest was evinced by Europe for June and July positions.

At the end of April, with copra at \$190.00 c.i.f. nominal for nearby and at \$182.50 f.o.b. landed weights Europe for July, the downward price movement seemed to have spent most of its force.

Copra Prices. Copra declined from \$262.50 to \$190.00 per short ton c.i.f. Pacific Coast for nearby shipment.

Buyers for Europe reduced their ideas from \$280 to \$195 per long ton f.o.b. landed weights for immediate shipment. Future positions were at a discount with f.o.b. June quoted at \$187.50 and f.o.b. July at \$182.50. Resellers sold fair quantities of copra for June and July shipment to Europe.

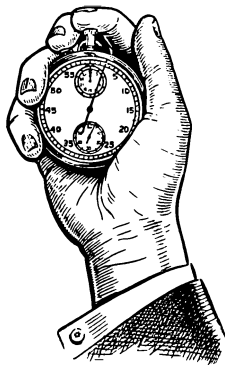
Local prices fell from ₱52 to of ₱35 per hundred kilos.

Coconut Oil Prices. Coconut oil declined from 20-1/2¢ to 14-3/4¢ per pound f.o.b. tank cars Pacific Coast for immediate shipment, and was quoted at 13-3/4¢ per pound for June shipment. Coconut oil for immediate shipment to the East Coast was quoted at 15¢ nominal, a loss of nearly 5¢ per pound.

Copra Cake and Meal Prices. Copra-cake and meal prices dropped sharply. Prices declined about \$8 to \$10 a ton. At the end of April, cake and meal prices were \$72 to \$75 per short ton c.i.f. West Coast.

The drop in copra-cake and meal prices had nothing to do with the decline in copra and coconut oil, but was caused in part by a sharp price-cut announced on April 27 by the U.S. Commodity Credit Corporation on its large stocks of cottonseed meal acquired under the cottonseed support program. The C.C.C. decided to reduce prices and sell its meal before the advent of hot weather in the United States so as not to run the risk of serious losses from deterioration.

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Copra Statistics

Philippine Copra and Coconut Oil Exports (In long tons) February-March, 1953

Copra	February		March
	1953	1952	1953
United States	20,021		26,187
Europe	9,300		6,100
Other Countries	2,943		12,342
Total	32,264		44,629

Coconut Oil	February		March
	1953	1952	1953
United States	3,122		—
Other Countries	532		—
Total	3,654		2,992

Philippine and Indonesian Copra Exports*

	Philippine Copra Exports			Indonesian Copra Exports		
	Metric Tons	Percentage	1953	Metric Tons	Percentage	1953
January	41,025	77.05%	53.2%	14,230	32.657	43.6%
February	38,672	84.884	45.6%	18,884	24.931	75.5%
March	50,168	55,549	90.3%	19,559**	34,518	56.7%
Total	129,865	217,483	59.7%	52,671	92,106	57.2%

* Includes coconut oil exports converted to copra

** Preliminary

Manila and Cebu Copra Arrivals* (In metric tons)

	Manila		Cebu		Manila & Cebu		1952		1953	
	1953	1952	1953	1952	1953	1952	1953	1952	1953	
January	8,448	14,775	12,682	16,303	21,130	31,078	68.0%			
February	7,741	16,600	13,029	11,705	20,770	28,275	73.6%			
March	6,897**	14,233	17,991	10,992	24,888	24,325	102.3%			
April	8,305	12,411	13,364***	9,587	21,669	21,998	98.5%			
Total	31,391	57,989	57,066	47,687	88,457	105,676	83.7%			

* Manifested arrivals only. Unmanifested arrivals are usually estimated at 10% of manifested.

** Does not include 1,800 tons of damaged copra from SS Anthony.

*** Preliminary.

Production and Future Prospects. There has been very little improvement in production during the period under review. Production in Luzon improved slightly, while there was some decline in the high production rate in Mindanao. The normal seasonal pattern of production suggests that minor improvements are likely for May and early June and major increases can be expected in late June, July, and August. The production rate for July and August should be up a minimum of 50% from present levels.

The month of May should see an interruption of the April down-trend at prices not too far below present quotations. Rallying tendencies however are not likely to develop into a new upward trend, barring an outbreak of hot war, since the heavy production season in copra is only 45 to 60 days away. Furthermore, the price collapse in April is clearly the beginning of a new downward phase of the copra price-cycle which past post-war swings indicate should last at least 10 months.

A long-awaited announcement by the U. S. Department of Agriculture which is expected in May in regard to the cottonseed support program for the 1953-1954 crop-year, may well be one of the most important factors influencing copra prices this year. The U. S. Department of Agriculture decision will have a major effect on United States domestic oil prices for the coming year and consequently will provide an important clue to future copra and coconut oil prices.

Any major changes in the international situation in the direction of peace or war will certainly have their obvious effects.

Desiccated Coconut

By HOWARD R. HICK

President and General Manager

Peter Paul Philippine Corporation

THE period from March 15 to April 15 show a steady copra market at high prices with a dip toward the close of the period which would indicate that copra and nuts were on a steady decline to more realistic values.

Most desiccated coconut companies maintained steady production and the monthly shipments reached a new high for the last 18 months, indicating better planning and inventory control.

The shipping statistics for the month of March are as follows:

Shippers	Pounds
Franklin Baker Company	4,711,400
Blue Bar Coconut Company	1,144,240
Peter Paul Philippine Corporation	1,406,800
Red V Coconut Products, Ltd.	3,046,300
Sun Ripe Coconut Products, Inc.	372,000
Cooperative Coconut Products, Inc.	264,000

Total shipments for March, 1953..... 10,944,740

Sugar

By J. H. D'AUTHREAU

Theo. H. Davies & Co., Far East, Ltd.

THIS review covers the period April 1 to April 30, 1953. *New York Market.* After the close of business on April 10, the Secretary of Agriculture increased the United States Domestic Sugar Quota by 100,000 tons to 7,900,000 tons. This possibility had been suggested by refiners at the end of March when raw prices were at 6.45¢ and the market was talking 6.50¢. The announcement was made furthermore at a time when distribution was running about 100,000 tons behind 1952. In announcing the increase, the Department of Agriculture stated that in order to provide a price stimulus, the initial quota had been established at 400,000 tons below estimated consumption. This margin is therefore now reduced to 300,000 tons. Some authorities find possible significance in a return to the beet growers, at present price levels, of approximately 97% of parity, against 94% of parity in general for other crops.

On April 13 reports were issued of a special block-sale of 600,000 tons of Cuban reserve sugar at 2.75¢ for delivery in 1953, and 400,000 tons at 3.08¢ for delivery in 1954; by the Cuban Sugar Institute to Great Britain, on condition the latter de-rations. This transaction radically alters Cuban statistics for 1953, and, together with the Cuban Ministry of Agriculture's confirmation that production in excess of 5,000,000 Spanish tons will not be permitted, establishes a firm basis in both contracts. No. 4 fluctuated wildly at first and No. 6 was held in check both by the quota increase and by the game of patience still continuing between refiners and sellers for the May delivery. The May position was duly liquidated on April 20 with the long holder accepting a mixed bag of 30,000 tons which had not been offered on the market and had presumably been placed by private arrangement.

Throughout the month, trading in actuals was insignificant, as opposed to the considerable volume done on the Exchange. The market has been dull but steady with small sales of Philippines at 6.39¢ for April shipment; 6.40¢ afloat for early June arrival; 6.45¢ and 6.46¢ for July/August shipment; and on April 29 6.45¢ for May/June and June/July shipment.

Reported sales of actuals totalled approximately 118,000 tons, of which approximately 37,000 tons were Philippines. Exchange operations for the period totalled 323,750 tons. Deliveries of refined for the month totalled 528,980 tons, as compared with 721,366 tons for March and 580,084 for April, 1952. Distribution for the year to April 11 was 2,155,479 tons, as compared with 2,273,645 tons for the same period in 1952. Receipts of raws from all sources for the year to April 23 were 1,547,110 tons, against 1,414,447 for the same period last year. (This figure was incorrectly given in our last report and should have been as follows: "for the year to March 28, 1,205,901 as against 1,085,701 for the same period last year").

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Refiners' stocks on April 18 showed an increase at 169,558 tons, from 119,844 tons on March 28, and as compared with 152,115 tons on the same date last year. Cuban production to April 30 may be estimated at 4,500,000 tons, which would indicate the completion of grinding the restricted crop by mid-May at latest. By April 20, 10 mills had already finished grinding. Cuban stocks on April 18 were reported at 4,550,839 tons, as against 3,528,313 on the same date in 1952. Opening and closing quotations on the No. 6 contract were as follows:

	May	July	Sept.	Nov.	March 1954
April 1.....	5.81¢	5.88¢	5.94¢	5.96¢	5.51¢
April 30.....	—	5.95	5.98	5.98	5.58

Average spot price for the period was 5.88¢.

Average spot price January 1 to April 30, inclusive, was 5.73¢.

Local Market. (a) Domestic Sugar. An official Sugar Quota Administration announcement of the expected crop-shortage of up to 85,000 short tons, caused a rapid advance in the price of domestic about the middle of the month. While the current supply continues to be in excess of normal needs, some trade quarters apparently anticipate a shortage later in the year. This, however, might to some extent be offset should the quota itself prove to be excessive, as held by others. Ruling prices at the end of the month were:

Centrifugals	97°—	¥15.00—	¥15.30	per picul, ex Manila warehouse
Washed	98°—	¥16.00—	¥16.80	" "
	99°—	¥17.20—	¥18.00	" "

(b) Export Sugar. Quotations during the month followed the New York market very closely, advancing as the New York market tone improved from ¥15.20 per picul, ex Negros warehouse, at the opening, to ¥15.50 at the close. Sales volume was light, however; holders remaining confident of higher prices soon.

Total shipments for the month are estimated at 103,819 long tons, making a total (revised) of 443,000 long tons, against the 1952-53 crop, and a total (revised) of 323,000 long tons since January 1, 1953. New York reports show Philippine arrivals for the period January 1 to April 18 at 210,935 long tons.

1952-53 Milling. Latest estimate of the 1952-53 crop is 1,145,463 short tons. Sixteen Centrals have finished milling, with a total final production of 733,401 short tons, against their total estimated production of 815,611 short tons. Estimated total production to April 30 is 973,253 short tons, including an estimated (revised) 195,000 short tons allocated to the domestic quota. The average of juice purities to date is 84.34.

Manila Hemp

By T. W. JURIKA

Acting General Manager

Columbian Rope Company of Philippines, Inc.

THE month of April saw continued resistance in consuming markets and a corresponding decline in prices following the initial downward trend established in March. Fibre values dropped an average of 2-1/2 cents per pound in New York and London, while sales to Japan registered a fall of \$5 to \$7 per bale. Prices to producers during the same period dropped only \$3 to \$4 per bale, and, as margins disappeared, exporters hesitated to sell too freely, except for late shipment. A certain amount of resistance developed among producers, and the month closed with Davao grades fairly steady.

At the new low levels, there has been increased interest in most consuming markets, particularly for higher grades. However, early April saw enough production in the Davao area to fill most requirements. The increase in Davao balings was probably due to efforts on the part of producers to take advantage of prices while they were still comparatively favorable. Another contributing factor was the continued dry weather in the Davao area, which not only permitted uninterrupted stripping and transport of fiber to market, but also prevented farmers from planting other short-term food crops for lack of rain. It has been reported that a certain amount of over-stripping has taken place which may reflect itself in reduced production later this year.

The Bicol area registered another drop in production, but this only follows the expected pattern resulting from last October's destructive typhoon. In spite of the shortage, values here dropped as much, if not more, than in other areas because demand for Bicol grades diminished in the face of availability of Davao and Visayan fiber at reasonable prices. Any firmness elsewhere, however, is certain to produce an equally marked reaction in Bicol prices, as the low Bicol production is not of a temporary nature.

BEA sisal was reported slightly weaker toward the end of April, although spinners may again turn their interest in this direction should abaca register any prolonged firmness.

The Philippines-Japan barter trade agreement expires May 31, and while no active measures taken toward effect-

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ing an extension have yet been reported, no doubt this matter will again be satisfactorily resolved to cover a further period of trade. The mutual benefits of such an extension are too obvious to be ignored.

We attach hereto baling and export figures for the period January/March inclusive:

BALINGS—JANUARY-MARCH INCLUSIVE

	1953	1952	1951	1950	1949
Davao	119,713	129,356	122,446	75,456	54,729
Albay, Camarines, and Sorsogon	79,788	56,099	86,356	50,790	36,569
Leyte and Samar	34,788	50,625	49,803	31,598	31,741
All other non-Davao	26,246	20,469	27,627	20,402	23,458
Total	260,483	256,549	286,232	178,246	146,947

EXPORTS—JANUARY, MARCH INCLUSIVE

	1953	1952	1951	1950	1949
United States and Canada	88,311	91,974	188,079	61,080	49,049
Continental Europe	48,768	50,792	50,919	23,384	33,561
United Kingdom	29,571	37,095	41,707	17,240	7,447
Japan	67,712	26,307	33,990	31,688	47,428
South Africa	2,550	3,450	2,820	780	750
China	600	3,425	1,555	3,850	3,629
India	1,700	1,430	2,290	1,775	326
Korea	—	—	—	700	—
Australia and New Zealand	1,200	350	—	625	—
All other countries	270	160	—	—	80
Total	240,682	214,983	321,360	141,122	142,270

Tobacco

By **LUIS A. PUJALTE**

Exporter, Importer, and Wholesale Dealer in Leaf Tobacco

GOVERNMENT in business usually spells bad business. We have, as examples, the cases of the defunct NA-COCO, NATOCO, etc. Millions of pesos of the taxpayers' money were wasted to no general good, though there is no doubt these millions benefited some.

The National Tobacco Corporation, in process of liquidation, has already sold most of its stocks, and will soon be entirely disposed of at great loss, yet despite this experience, a number of Congressmen have presented a bill, House Bill No. 2941, which would establish the Philippine Tobacco Corporation. The proposed new corporation would assume all the functions of the Department of Agriculture and Natural Resources related to the industry and would grant it complete control over the industry. The defunct National Tobacco Corporation traded in tobacco and also carried out some tobacco research. The new entity would trade in tobacco and would at the same time supervise and control all private trade in tobacco and subject all tobacco dealers to its interpretations of the Internal Revenue Regulations on tobacco.

House Act No. 2941 would grant powers to a government corporation the exercise of which could and very likely would result in a loss of our export markets and the killing of the whole industry within a few years. For the good of the country's economic stability as a whole and particularly for the good of the tobacco industry and all those dependent on it, I hope that this bill will not become law.

Imports

By **S. SCHMELKES**
Mercantile, Inc.

ALL figures are in kilos with the exception of those for foodstuffs which are given in package units:

Commodities:	March, 1953	March, 1952
Automotive (Total)	1,891,150	1,792,906
Automobiles	232,936	171,032

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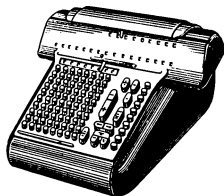
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Truck Parts.....	100,670	178,210
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Board, Fibre.....	10,778	46,158
Cement.....	19,915	21,011
Glass, Window.....	172,725	736,811
Gypsum.....	—	—
Chemicals (Total).....	8,698,470	18,985,752
Caustic Soda.....	198,716	613,297
Explosives (Total).....	282	691
Firearms (Total).....	918	1,143
Ammunition.....	430	261
Hardware (Total).....	2,875,411	2,598,542
Household (Total).....	1,198,168	423,407
Machinery (Total).....	2,440,118	2,030,203
Metals (Total).....	9,285,249	6,835,269
Petroleum Products (Total).....	100,067,675	98,837,060
Radios (Total).....	13,842	11,405
Rubber Goods (Total).....	959,683	958,627

Beverages, Misc. Alcoholic.....	5,153	5,641
Foodstuffs (Total Kilos).....	19,083,149	22,430,775
Foodstuffs, Fresh (Total).....	21,198	38,802
Apples.....	2,980	8,120
Oranges.....	15,587	11,628
Onions.....	6	4,037
Potatoes.....	10	7,695
Foodstuffs, Dry Packaged (Total).....	30,194	24,892
Foodstuffs, Canned (Total).....	298,635	273,667
Sardines.....	24,603	55,923
Milk, Evaporated.....	104,764	123,015
Milk, Condensed.....	17,548	25,523
Foodstuffs, Bulk (Total).....	391,974	571,115
Rice.....	—	—
Wheat Flour.....	337,987	507,877
Foodstuffs, Preserved (Total).....	751	7
Bottling Misc. (Total).....	899,339	432,561
Cleaning and Laundry (Total).....	33,292	10,671
Entertainment Equipment (Total).....	9,556	6,596
Livestock-bulbs-seeds (Total).....	16,019	6,604
Medical (Total).....	657,473	332,042
Musical (Total).....	24,723	55,580
Office Equipment (Total).....	54,423	42,939
Office Supplies (Total).....	15,698	43,495
Paper (Total).....	3,570,553	4,178,158
Photographic (Total).....	30,665	27,519
Raw Materials (Total).....	1,332,695	1,009,445
Sporting Goods (Total).....	20,417	5,980
Stationery (Total).....	83,684	95,631
Tobacco (Total).....	1,091,645	1,389,227

Chucheria (Total).....	43,471	36,398
Clothing and Apparel (Total).....	372,583	130,095
Cosmetics (Total).....	36,972	8,919
Fabrics (Total).....	1,081,565	571,662
Jewelry (Total).....	14	61
Leather (Total).....	254,675	66,161
Textiles (Total).....	4,411,120	1,478,610
Twine (Total).....	48,802	19,011
Toys (Total).....	15,683	5,820
General Merchandise (Total).....	554,080	345,358
Non-Commercial Shipments (Total).....	95,109	58,031
Advertising Materials, Etc. (Total).....	22,169	9,034

Food Products

By W. E. M. SAUL

Manager, Food Products Department
Marsman & Company, Inc.

THE extension of the present Import Control Act, which expires June 30, is still pending legislation.

It became apparent during the month of April that the initial allocation of \$17,000,000 for "decontrolled" items made by the Central Bank of the Philippines for the first semester of 1953 would not be sufficient to enable the Import Control Commission to approve even a nominal portion of applications filed. Within a very short period

of time the I.C.C. announced that it had no further foreign exchange available for decontrolled items, though hundreds of applications had still not been acted upon. A shortage of canned fish and evaporated milk was felt immediately, and the Established Food Importers Association thought it advisable to ask the Central Bank of the Philippines and the I.C.C. for an increase of \$8,000,000 for decontrolled commodities. After it had presented facts and figures to the Central Bank, Governor Cuaderno approved this additional outlay, which trade circles now believe to be adequate.

THE International Wheat Agreement has been renewed for another two years, but with an increase in the maximum price from \$1.80 to \$2.05 per bushel of wheat. This increase of \$0.25 per bushel means a price-increase on flour of \$0.58 per 100 pounds. Non-IWA flour at present is still around \$1.05 to \$1.55 per 100 pounds higher than IWA flour, and therefore the flour price increase effective with the start of the new International Wheat Agreement on August 1, 1953, of \$0.58 per 100 pounds will still leave the price of IWA flour substantially below the open market price and advantageous to the Philippines. The IWA quota for the Philippines from August 1, 1949, to July 31, 1953, was 196,000 metric tons per year, or 7,702,000 bushels of wheat, which is equivalent to 6,181,974/50-lb. bags of flour. The proposed Philippine quota beginning August 1, 1953, has been raised to 236,000 metric tons, or 8,671,000 bushels, which is equivalent to 7,442,900/50-lb. bags of flour. This proposed new quota for the Philippines is more realistic than the old one, for as it allows the importation of some 620,242/50-lb. bags of flour monthly, it will probably not be necessary for the Philippines to import flour at non-IWA prices, as during the period of the old agreement, to avoid serious shortages.

Present flour stocks in the Philippines are on the short side, and no improvement can be expected unless the I.C.C. will issue additional licenses for non-IWA flour for June and July shipment. This June/July period has been very critical every year and flour prices in previous years during the period have soared to around twice the Government ceiling-price. To avoid similar black-marketeering, adequate licenses should be issued. The estimated quantity of non-IWA needed for this period amounts to 1,000,000/50-lb. bags, which would require \$3,500,000 foreign exchange. It is hoped that the Central Bank will approve this additional outlay, which is the bare minimum required for the period mentioned.

THE present shortage of evaporated milk should be overcome shortly since additional licenses have been approved by the I.C.C. and immediate shipment from the

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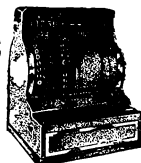
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United States West Coast has been arranged for. On account of the flush season, the prices of milk and milk products are on a downward trend, which will benefit consumers shortly.

Corned beef has been arriving in fair quantities, consequently supplies are ample for the present.

Canned fish supplies from the United States continue to be below normal.

It is indeed unfortunate that no action has yet been taken for the decontrol of varieties of low-priced fish, including mackerel, herring, pilchards, and squid.

Imported fruits and vegetables, both fresh and canned, are scarce. However, locally grown potatoes and tomatoes, which are of fair size, as well as onions, are now on sale but at unnecessarily high prices.

It can be expected that local prices will go higher on both imported and locally-produced food items, when the rains come.

Textiles

By **W. V. SAUSSOTTE**
General Manager
Neuss, Hesselein Co., Inc.

OVERTURES of peace in Korea and weakness in the stock and commodity markets in New York did not have any adverse effect on the textile market. During April the New York market for finished goods was virtually unchanged. While there were some reductions in the prices of raw cotton and other natural fibers and synthetics, these were more than offset by new labor contracts with mill operators, and while business was relatively quiet, there was a strong undertone in both the cotton and rayon textile markets.

The Manila market remained at approximately the same levels during April as those which prevailed during March. There were some advances in sheer materials for hot-season use, but by and large these increases were not sufficient to make up for the declines experienced during February and March.

Arrivals from the United States during April totaled 18,195 packages. Included were 4,660 packages of cotton piece goods, 5,439 packages of rayon piece goods, 1,714 packages of cotton remnants, 2,198 packages of rayon remnants, and 2,046 packages of cotton knitting yarns. Included also were 1,108 packages of sewing thread, 497 packages of cotton twine, and 111 packages of cotton duck.

Arrivals of all types of textiles from countries other than the United States totaled 2,065 packages. Included were 748 packages from China, consisting mainly of cotton piece goods and cotton yarn, and 581 packages from Japan, consisting mainly of cotton piece goods and seine twine. There were 329 packages from Europe consisting almost entirely of sewing thread and 407 packages from India consisting entirely of jute cloth and jute sugar bags.

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The I.C.C. announcement of March 25 regarding the re-classification of certain textile commodities within the "Controlled Essential" and "Non Essential" categories still has not been clarified. It is believed, however, that clarification will be made in the very near future.

Legislation, Executive Orders, and Court Decisions

By E. E. SELPH
Ross, Selph, Carrascoso & Janda

AMONG the principal legislative measures that apparently will be approved are the "Labor Peace Bill" and the tax extension bills.

The Labor Bill, as finally amended and accepted by the Secretary of Labor, is a combination of Senate Bill 423, House Bill 825, and some amendments recommended by the Conference Committee. It will probably be a few days before it is printed in final form for submission to the President.

The tax bills are:

- | | |
|--------------|---|
| H. Bill 3128 | which extends the increased corporation income tax. |
| H. Bill 3210 | which extends the increased personal income tax. |
| H. Bill 3333 | which extends the increased documentary stamp tax. |
| H. Bill 3336 | which extends the increased specific tax on liquor and cigarettes. |
| H. Bill 3482 | which extends the increased percentage taxes on sales and other business activities. |
| H. Bill 3335 | which extends to June 30, 1954, the 17% exchange tax which will supersede the reduction which otherwise would have gone into effect on July 1 of this year. |
| H. Bill 3889 | which seeks to extend to December 31, 1955, the Price Control Law. |
| H. Bill 3878 | which provides for extending the Import Control Law until June 30, 1954. |

THERE have been a few decisions of the Supreme Court recently which are of interest to all employers. On April 29, 1953, in the case of Manila Trading & Supply Co., Case No. L-5062, the Court said: "It is hardly fair for an employee or laborer to fight or litigate against his employer on the employer's time". The Court reversed an order of the Court of Industrial Relations requiring payment of wages while the employees were absent from work attending court hearings involving demands made by their union.

In the Atok Big Wedge Mining Co. case (L-5276, March 3, 1953) the Court ruled that in computing the wages paid for purposes of the minimum wage provisions, some margin must be provided for contingencies and that additional compensation representing an efficiency bonus should not be included as part of the wage. The Court said:

"x x x The law guarantees the laborer a fair and just wage. The minimum must be fair and just. The 'minimum wage' can by no means imply only the actual minimum. Some margin or leeway must be provided, over and above the minimum, to take care of contingencies, such as increase of prices of commodities and increase in wants, and to provide means for a desirable improvement in his mode of living. x x x

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"It is next contended that the efficiency bonus paid the laborer should have been included in his (minimum) wage, in the same manner as the value of living quarters. Whether or not bonus forms part of wages depends upon the circumstances or conditions for its payment. If it is an additional compensation which the employer promised and agreed to give without any condition imposed for its payment, such as success of business or greater production or output, then it is part of the wage. But if it is paid only if profits are realized or a certain amount of productivity achieved, it can not be considered part of the wages. In the case at bar, it is not payable to all but to laborers only. It is also paid on the basis of actual production or actual work accomplished. If the desired goal of production is not obtained, or the amount of actual work accomplished, the bonus does not accrue. It is evident that under the circumstances it is paid only when the labor becomes more efficient or more productive. It is only an inducement for efficiency, a prize therefor, not a part of the wage."

Philippine Safety Council

FRANK S. TENNY

Founder and Executive Director

COUNCIL officers for the current year have been elected and are: President—Manuel M. Aycardo, Jr., engineer of Soriano y Cia; Vice President—Victor H. Bello, manager of the American Foreign Insurance Association; Secretary—Dr. Francisco P. Reyes, of Reyes Brothers Optical Company; Treasurer—Hyman Levine, of Bachrach Motor Company; Executive Director—Frank S. Tenny.

A most heavy agenda awaits the new Board, and meetings and committee work has intensified. In general, the schedule of the Council and the technical staff is divided as follows: various public safety activities (gratis)—40%; administrative functions—10%; services to members—50%.

A break-down of the technical services accomplished would read approximately as follows: industrial safety and accident prevention—30%; security matters—27%; traffic safety and driver training—23%; fire protection—20%. Other functions, although sometimes intensive, would not appreciably alter the foregoing figures.

Attention is currently being devoted to various bills now pending before the Senate and House, the enactment of which would directly affect safety conditions. It is felt, however, that many of these will be passed over due to the preoccupation of the Congress with other matters.

The new Board has approved a recommendation that intensive attention be given this year to the problem of the "jeepney" driver. Great progress was made during 1952 with taxicab drivers.

Some activity has been noted in the Fire Prevention Board, the Advisory Safety Council to the Secretary of Labor, and the Manila Mayor's Traffic Committee. Nothing has been heard from the Provincial Bus Terminals Board or the National Traffic Commission.

Several new members have recently joined the Council. Included are: State Bonding and Insurance Co., Reyes Bros. Optical Co., E. R. Squibb & Sons Phil. Corp., E. V. Mendoza & Co., and the Philippine Iron Mines, Inc.

Current out-of-town safety activities involve various MERALCO installations, PANTRANCO in Dagupan City, U. S. Engineers at Camp Cavite, Philippine Air Force at Basa Field, Pampanga, Philippine Iron Mines at Larap, and others.

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COST OF LIVING PRICE INDEX FOR WAGE EARNER'S FAMILY* IN MANILA BY MONTH, 1948 TO 1952*
(1941 = 100)

Bureau of the Census and Statistics, Manila

1948	All Items (100)	Food (63.43)	House Items (11.96)	Clothing (2.94)	Fuel, Light and Water (7.73)	Miscellaneous (14.84)	Purchasing Power (of a Peso)
January	390.7	427.6	453.9	224.5	304.6	249.9	2560
February	369.8	394.0	453.9	223.8	301.1	254.4	2708
March	349.4	361.0	453.9	214.6	308.1	255.9	2862
April	354.6	374.1	453.9	209.4	289.7	254.8	2850
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	191.3	281.6	262.4	2806
August	363.6	385.7	453.9	200.8	281.6	261.7	2751
September	370.6	397.2	453.9	199.2	279.6	260.6	2698
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	343.7	357.9	453.9	198.4	272.9	251.1	2910
January	363.8	386.8	453.9	202.0	279.0	258.9	2757
February	343.8	355.5	453.9	203.0	277.5	258.9	2900
March	345.3	358.2	453.9	202.0	276.3	258.5	2896
April	348.7	362.6	453.9	197.6	287.5	257.1	2868
May	348.8	362.8	453.9	197.2	287.5	257.1	2869
June	349.0	362.9	453.9	203.9	287.5	257.2	2865
July	351.7	374.0	453.9	194.2	265.8	240.5	2844
August	337.5	351.2	453.9	196.3	266.6	241.2	2963
September	333.6	345.1	453.9	190.3	264.8	243.0	2998
October	332.9	343.3	453.9	199.9	264.8	245.0	3004
November	339.6	356.1	453.9	191.1	258.4	239.8	2945
December	329.6	335.9	453.9	192.9	259.5	256.2	3035
1950	337.5	333.7	453.9	270.7	252.0	313.8	2963
January	332.3	336.8	453.9	238.0	253.1	269.3	3010
February	336.9	340.2	453.9	233.3	257.8	284.1	2969
March	331.8	341.4	453.9	236.7	257.8	292.6	2950
April	331.8	328.6	453.9	237.7	252.9	301.2	3015
May	320.2	308.6	453.9	244.7	249.7	309.1	3123
June	323.1	310.9	453.9	243.5	249.7	319.1	3095
July	332.0	322.4	453.9	252.6	249.7	328.7	3012
August	334.4	325.9	453.9	258.7	251.1	328.4	2990
September	341.3	335.0	453.9	317.4	252.5	327.5	2930
October	352.8	351.1	453.9	337.3	249.7	334.5	2835
November	354.1	353.2	453.9	322.8	249.7	335.9	2825
December	352.2	350.5	453.9	325.2	249.7	334.8	2836
1951	359.4	361.5	453.9	365.3	248.0	331.5	2782
January	355.2	355.0	453.9	331.5	249.7	334.6	2819
February	358.4	359.8	453.9	342.8	249.7	334.4	2790
March	352.4	349.3	453.9	379.4	248.8	334.3	2838
April	361.2	362.6	453.9	398.6	247.5	334.7	2769
May	365.0	367.0	453.9	410.4	247.5	339.5	2740
June	367.8	372.0	453.9	399.5	247.5	337.7	2719
July	366.3	370.1	453.9	382.0	247.5	339.0	2730
August	365.1	371.4	453.9	354.0	247.5	339.1	2739
September	363.0	369.0	453.9	356.4	247.5	325.4	2755
October	358.1	361.1	453.9	350.4	247.5	326.7	2793
November	351.1	351.1	453.9	343.8	247.5	323.3	2848
December	349.0	348.9	453.9	335.2	247.5	319.4	2865
1952	346.4	347.4	453.9	280.6	244.1	317.7	2887
January	355.1	357.8	453.9	323.0	247.5	324.6	2816
February	348.8	349.8	453.9	282.9	243.4	318.3	2874
March	343.3	343.3	453.9	273.7	243.4	315.0	2908
April	342.7	342.7	453.9	276.1	243.4	313.8	2918
May	342.2	341.8	453.9	279.9	243.4	313.8	2922
June	345.4	346.3	453.9	277.1	243.4	316.3	2895
July	347.6	349.5	453.9	273.6	243.4	318.3	2877
Aug.	347.9	349.4	453.9	276.3	243.4	320.4	2874
September	348.3	350.0	453.9	274.8	243.4	320.5	2871
October	344.5	344.6	453.9	276.2	243.4	317.8	2903
November	347.5	349.3	453.9	274.7	243.4	318.3	2878
December	347.9	348.9	453.9	271.5	247.5	321.2	2874
1953							
January	344.3	343.2	453.9	271.0	247.5	321.4	2904
February	330.1	321.1	453.9	268.8	243.4	322.3	3029
March	325.7	314.3	453.9	268.8	243.4	321.6	3070
April	324.7	312.8	453.9	268.4	243.4	321.3	3080

*Average number of persons in a family = 4.9 members.
*For explanatory note, see the AUGUST, 1951, Journal.

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The "LET YOUR HAIR DOWN" Column

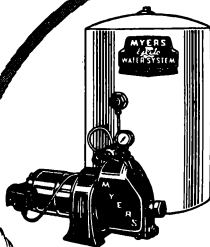
WHEN the editor had hammered out (with two fingers) the instalment of his "Short History. . ." published in this issue of the *Journal*, dealing principally with the time of the Osmeña administration, he handed it to us for reading and comment with a very pleased, not to say smug expression. "I know that *Journal* readers will be interested in this," he said. "The last two instalments,

I feel, have necessarily been rather heavy with facts and figures, but here is something every reader will recognize as a personal experience as well as history. And it will interest many Americans, even the old-timers, because the most of the Americans here who were interned in Santo Tomas, went home and did not get back to the Philippines until this immediate post-liberation

period was well over. They were lucky, in a way, but they certainly missed what was probably the most interesting year and a half in recent Philippine history. And, as I have said before, it is very difficult to understand the present without having some knowledge, not only of the pre-war Philippines, especially the Commonwealth period, and the three horrible years of the enemy occupation, but of the first years following the liberation. Of course, you know that I was here. I was one of the few who refused the Army "transportation offered" and stuck it out just because I wanted to see just how everything was going to happen. And I had a ring-side seat as advisor and technical assistant to President Osmeña, as I had been to President Quezon during the entire Commonwealth period before the war. This (and also the preceding) instalment was based in part on President Osmeña's annual report to the President of the United States which I was given the honor to draft and to do which I read and summarized the annual reports of all the Department and Bureau and government corporation heads for the year 1945. To get a really balanced view of the period, I recommend the reading, also, of the *Seventh and Final Report of the High Commissioner to the Philippines*, Paul V. McNutt, (U. S. Government Printing Office, Washington, 1947), drafted, I have been authoritatively informed, by Commander Julius C. C. Edelstein.

"In writing the rest of the 'Short History. . .',—if I do, I shall have to write from the point of view of an outsider, because I naturally resigned my position in Malacañan effective as of the end of the Osmeña Administration. Although I trust that it does not show in what I have written for the *Journal*, I was publicly critical of the Roxas candidacy and could not expect employment by President Roxas in the position I had occupied under Presidents Quezon and Osmeña. I had always respected and liked Mr. Roxas, but I felt at that time that he should have been content with a nomination for the vice-presidency. He should have supported and aided grand old Mr. Osmeña, who, through a lifetime of devoted service to the country, had won, over and over, the moral right to be elected to become the first President of the Republic. I felt that in splitting the Nacionalista Party, Roxas allowed his ambition to overcome his personal and party loyalties, and even the best interests of the country,—

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although the latter point, I realized, was debatable. Yet it is incontestable that things would have gone very differently if there had been team-work between Osmeña and Roxas; also, Roxas might have still been alive, today. . .

"I might as well tell you some more," the editor went on. "As months passed I began to understand that in Roxas' mind, the question of whether to seek the presidency had been almost certainly not merely a matter of personal ambition, but perhaps chiefly a matter of his moral need for vindication. To a man like Roxas, the accusations of treason voiced by his enemies must have been intolerable and must fairly have maddened him. I was also impressed by the heroic effort he was making to cope with the tremendous difficulties of his administration, and so, some seven months after his election as President I took the liberty of addressing a letter to him in which I expressed my regret over some of the things I had written about him during the campaign and promised to make what reparation I could if I ever had the opportunity. A few days later I received the following generous letter from him:

"My dear Mr. Hartendorp:

"I was pleased to receive your letter of December 30th. I think I understand your feeling and meaning. In any event these are

times that call for the efforts of all of us who believe in the same goals and purposes. I am glad to know that you are continuing the good work you have been doing in the Philippines for so many years.

Sincerely yours,

"MANUEL ROXAS."

"**H**istorical Committee.—At a recent Awards Assembly of the American School, the Historical Committee of the American Association of the Philippines gave a first prize of P100 to Arturo Fanlo, Freshman, and a second prize of P60 to Betty Chen, Junior, for the best essays on the life of former Governor-General W. Cameron Forbes. It is planned to give prizes annually for the best essays on prominent members of the community during the American occupation. . ."—From the *American Community Newsletter*, April, 1953, of the American Association of the Philippines.

The editor, who is a member of the Historical Committee and was one of the judges in the contest, showed us the foregoing, very pleased, and he explained that one reason for his satisfaction was the fact that he judged, from the name of the winner, that he was a son of a former honor student of his in Santo Tomas University, now a Soriano Company executive. "The young man wrote a very good essay on Forbes," he said, "but, of course when reading it and the other essays submitted, I did not know the names of the writers. Goes to show again that ability runs in families. . . That's one of the happinesses of parenthood, although it also often happens that a very able man springs from quite undistinguished parents, and, conversely, a dumb-bell may be the offspring of an able father. . ."

"What about mothers?" we interrupted to ask.

"Oh, of course; mothers, too. Fifty-fifty," he said easily. "The haploid gametes unite to make the zygote. . ."

"What?"

"Yes. But don't you think it was a good idea of the Historical Committee to establish such an annual contest? And to make Forbes, one of our greatest American governor-generals, the subject of the first?"

"But what was that you said about goats?"

"Zygote," he said. "Has to do with cell division, chromosomes, sperm cells, fertilization, heredity, and so forth. The word just slipped out."

"Must have. Even the 'Hair Down' column is no place. . ."

"I know, I know," he said. "Just remember that heredity is a very wonderful thing, dear, though pretty terrible, too, sometimes."

That last sounded suspiciously like some kind of a crack.

"You know," said we to the editor, "the whole town is agog about 'Miss Universe' marrying a Filipino. What do you think about it?"

"Do I have to think about it?" he asked. "I suppose it is the talk of the town, she being a very outstanding young woman; still people are getting married all the time; I had a marriage in my own family only a few weeks ago and that was the fifth and, I hope, the last, I having only five children,—so far."

"Let's not talk about you," said we patiently, "but about Miss Universe."

"All right, all right. Then let me say that I think she is living up to her title. She is proving her cosmopolitanism. I wish her and her brave husband every happiness."

"But. . . but. . . Don't you think. . . ? How do you explain it?"

"Explain it? Well, youth, adventurousness, the fascination of the exotic, both ways. Don't you know about the attraction between opposites? Even among our own people, blonds marry brunets, the tall the short, the fat the thin, the nervous the stolid, even the brainy the stupid, for all their brains. There is also what is called the reversion to type, extremes tend to be attracted to the average.

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"Talking about cosmopolitanism,— I wrote a poem about that once, a long time ago. I still have it."

"Let's have it! For the 'Hair-Down' column."

"I have my doubts about that; some people will consider it immoral but I'll let you read it. I happen to have it here for a new collection I am getting up."

He brought us a poem, "Asiatic Mistress," of which we print only the closing lines:

"We exult in our strange love;

As we span the centuries and oceans of separation

Which held our peoples apart till now. . . We show the way of love to worldhood, We beget the new man."

THE following letter, from Attorney Leon Ma. Guerrero, shows, among other things, that *Journal* advertisements are read. It was addressed to the editor.

"I do not understand why I did not come across it before,* but I was very interested in the advertisement on page 163 of the April *Journal* offering certain services. I wonder if these are available to non-members of the Chamber. I am particularly interested in the digest of C.I.C. [Court of Industrial Relations] decisions. Will it be possible for me to secure the original digest? (Aug. '45—Feb. '49)? What is meant by 'additional sets'? Would these be digests of decisions rendered up to this date? What would be the total price of the complete collection?

"In passing, I should like to add my congratulations to the many you have already received on your 'Short History,' etc." I am

looking forward to your treatment of the Bell Trade Act and the system of controls. Very truly yours, etc."

*The reason Mr. Guerrero did not come across this advertisement before is that this was the first time it was run.

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Philippine War-time Shipping Losses

(Continued from page 192)

from the ship the enemy plane flew off. It did not return and the men in the boats climbed back aboard the ship. The wireless operator again got through to Manila, obtaining the answer, "Wait." About noon a large American plane circled over the ship, and an hour or so later the same or another plane again flew over, but on neither occasion was there a message. The ship was leaking and all the main shaft bearings were cracked, but no help arriving, the captain decided to raise steam again and just before sundown, set a course by dead reckoning, as he had no morning sights to work on and the ship had been drifting in a strong current all day. All hands were kept on duty, the firemen working as hard as they could and the sailors trimming coal. It was a cloudless, moonlight night.

They sighted land at daybreak and at about 7 o'clock, when only some 8 miles from the coast, an enemy plane flying high overhead circled down to a lower altitude and dropped a bomb which hit the wireless-room and blew up a good part of super structure. The men again took to the lifeboats and were pulling away when the plane dropped another bomb which struck amid-ships. The captain threw his coding and decoding books overboard in a weighted bag. The chief officer's boat turned over, spilling the men, and when the men in the other boats were helping to right the boat, the plane came down very low and machine-gunned them, ineffectually.

During the three or four hours of rowing to land, the men saw the plane again bombing the ship, but the enemy aviator paid no more attention to the three boats. The chief engineer's boat was the first to reach the land, then the captain's boat, and last the chief engineer's. Happily everyone was accounted for, four British officers and all of the 42 Chinese who made up the crew. A number of the men were hurt, however. The captain had been wounded in the leg; the second mate had both hands injured; the second engineer had a cut on his foot; the wireless operator had a damaged hand; a sailor had a head-wound. They learned that they were near the town of Vigan and soon a Filipino doctor came to the beach and attended to the wounds. Then they were taken in an army truck to San Fernando, where the man with the head-injury was placed in a hospital for treatment. The rest, after food and rest, went on to Manila in another Army truck. The British officers were among those interned at Villamor Hall on January 2 and were taken to Santo Tomas the day the camp was opened, January 4 (1945).

OTHER British ships sunk, were the 10,000-ton *Tantalus*, sunk off the Bataan coast, near Orion, December 26; the *Seistan*, sunk the next day in the same area; and the *Yusang*, sunk off Alassin Point, Bataan, about the same time. In the case of the last, 9 lives were lost. Many of the officers and crews of these ships were interned, in Santo Tomas.

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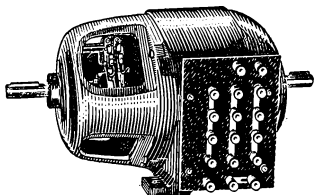
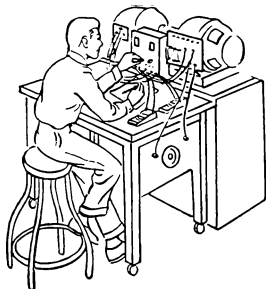
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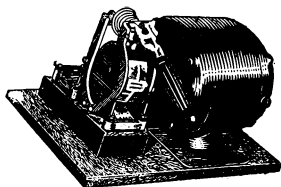
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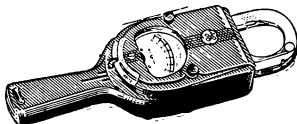


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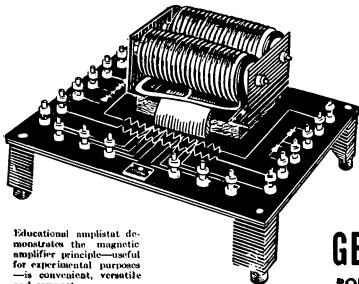
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