THE AMERICAN CHAMBER OF COMMERCE

JOURNAL

Published monthly in Manila by the American Chamber of Commerce of the Philippines
Fourth Floor, El Hogar Filipino Building — Telephone No. 2-95-70

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

Vol. XXVI — March, 1950 — No. 3

Contents

50 CENTAVOS THE COPY

1ST IN HISTORY

FIRST IN QUALITY!

COLORFUL SAGA BEHIND MOBILOIL

Achievement after achievement—such is the colorful saga of MOBILOIL . . . the motor oil . . .

. . . that was the choice of Byrd in his flight to the North Pole . . .

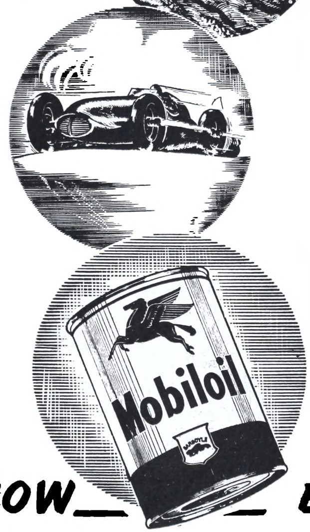
. . . that took Lindbergh across his New York to Paris non-stop flight . . .

. . . that traveled with John Cobb in the fastest mile ever covered on land . . .

. . . that made a clean sweep of the famous Pikes Peak race . . .

. . . that swept to victory at the annual Indianapolis speedway classic . . .

. . . MOBILOIL . . . the oil that's FIRST IN HISTORY—FIRST IN QUALITY!



NOW — BETTER THAN EVER!

NEW TRIPLE – ACTION Mobiloil

Mobilgas

STANDARD – VACUUM OIL COMPANY

THE AMERICAN CHAMBER OF COMMERCE
JOURNAL

Editorials

"... to promote the general welfare"

The Proposed Joint Economic Commission

Probably the most hopeful development in many a moon in the field of Philippine-American economic relations was the announcement made simultaneously in both Washington and Manila by the American and Philippine chief executives that a high-level Philippine-American economic commission will shortly be created to advise on the establishment of a sound and well-balanced economy here.

President Quirino returned to Manila from the United States on Saturday afternoon, February 11, and made the announcement on his part that evening in Malacañan, and President Truman's announcement in Washington, as reported in a press dispatch, bore the same date, both appearing in the Sunday papers. This promptitude, suggestive, indeed, of haste, is doubtless indicative of the urgent importance given to the matter by both the American and Philippine heads of state.

The Manila report of President Quirino's announcement ran, in part—

> "President Elpidio Quirino will start shortly a series of conferences with American Ambassador Myron Cowen to take up the organization of a proposed joint top-level Philippine-American Commission to map out a comprehensive and complete blue-print for Philippine economic development in accordance with the understanding reached between President Quirino and President Truman in Washington, it was learned last night in Malacañan...
>
> "As soon as President Quirino and Ambassador Cowen reach an agreement, the proposed joint body will be immediately organized. Malacañan expects the Commission to be organized by the middle of March... It will be composed of ten members,—five Filipinos and five Americans ... headed jointly by American and Filipino chairmen... President Quirino will choose from local businessmen and professionals as Filipino members."

According to the Washington report, President Truman "favors the idea of a high-level American commission to the Philippines to advise on economic rehabilitation."

> "Mr. Truman is said to be seeking a man of the caliber of Detroit bank president Joseph Dodge, who carried out a similar mission to Japan...The Commission to be appointed would be one of considerable stature. President Truman's attitude, according to sources close to him, was that this matter must be approached vigorously."

It will interest members of the American Chamber of Commerce of the Philippines to learn that the idea for forming some such commission originated in this Chamber and was taken up by the Vice-President of the Philippine-American Chamber of Commerce in New York in a letter to the members of the New York Chamber. Mr. Koch wrote:

> "One suggestion which deserves the support of the entire membership of this Chamber is that a small, top-level, non-political, permanent joint Philippine-American economic commission be established to study, recommend, and follow-through on measures for the attainment of a sound and well-balanced economy in the Philippines."

The proposal was called to the attention of Mr. Jose Yulo just before he left Manila for the United States with President Quirino, and was discussed with him in New York by officers and directors of the Philippine-American Chamber and the National Foreign Trade Council there.

The present plans appear to be a development of this preparatory work. The local planners had a less official body in mind, voluntary, chiefly local, and more or less permanent, but in some respects the present plan appears to be an improvement since more heed is likely to be paid to an official group such as Presidents Truman and Quirino appear to have agreed upon.

It is not amiss to enter a word of caution. Our past experience with joint governmental commissions has not been an entirely happy one, especially when the make-up was either too political or too technical and professorial, which often results, in the first case, to a spreading out of genial platitudes and, in the second, to theoretical and impractical generalizations. Advantage, too, has sometimes been taken of recommendations more or less tentatively advanced by the experts, which have later been given too radical an implementation in practice.

Reassuring, however, is Mr. Truman's reference to such a man as Mr. Dodge and Mr. Quirino's statement that he will look for his appointees among the businessmen and professionals.

But only the thought that American and Filipino leaders see the need for such a body as is proposed, and that they feel that it is so urgent that it get to work immediately, is a most heartening thing in these desperate days.

American Help and the Philippine Future

Two prominent and able friends of the Philippines have recently spoken up in the United States for the Philippines in its present situation, both of them emphatically bringing out the fact that the Philippines is worthy of continued American interest and assistance.

Former Ambasador Emmet O'Neal made a statement which was introduced into the *Congressional Record.* It read in part.

"There is no spot on earth more potentially important to the cause of future world peace and human freedom than the Philippines. A successful Philippines can affect the thinking of the Eastern world more than propaganda from any source... The Philippines are on the doorstep of China, Malaya, Indonesia, Japan, Siam, and other populous countries.

"The leadership of all those awakening nearby countries are watching with extreme interest the progress of democracy in the Philippines. To them it is a demonstration of the democratic way of life in the Orient, and it carries with it implications as to the value of American friendship and cooperation. They are watching to see if democracy can succeed in Asia...

"If the Philippines succeeds in demonstrating that its democracy is bringing all the freedoms to all its people, and a better life to its citizens than any Asiatic country ever saw, it could lead countless millions to demand a true democratic government. In this way the chances of peace in the decades to come would be enhanced greatly...

"America should give the greatest consideration to the Philippines as a matter of duty and enlightened self-interest...

"What will it mean to America in the future and to world peace, to have the Philippines a powerful, successful, happy, and free democracy, showing the way in Asia to a better life through a democratic process!

"If our foreign policy is to bring results, we must think in terms of decades rather than years. In our Asiatic foreign policy, if we recognize the importance of the Philippines and think in terms of five and ten years, we will advance the cause of democracy beyond our present power to evaluate..."

Dr. Frank A. Waring, Chairman of the Philippine War Damage Commission, made the other statement, urging, according to a press report, " 'continued interest and sympathetic consideration' of Philippine problems during the crucial last half of its ten-year reconstruction program". He said, in part:

"The United States, in my opinion, can not afford a failure in the Philippines because of the new Republic's importance to United States foreign trade, its relation to the cause of democracy in the Far East, its strategic military location, and the valiant aid which countless Filipinos... rendered to the allied cause.

"With adequate capital, efficient management, and technical skill, the Philippines could well become one of the world's favored lands,—a garden spot in the Far East..."

The reader will note that both the statements made as to the future of the Philippines are conditional,—"if" so and so, the Philippines "could become", etc.

In that connection, the recent words of Secretary of State Dean Acheson have the most solemn bearing:

"... That leads me to the other thing I wanted to point out and that is the limitation of effective American assistance. American assistance can be effective when it is the missing component in a situation which might otherwise be solved. The United States can not furnish all these components to solve the question. It can not furnish the determination, it can not furnish the will, and it can not furnish the loyalty of a people to its government. But if the will and if the determination exist, then, and not always then, is there a very good chance. In that situation American help can be effective and it can lead to an accomplishment which could not otherwise be achieved."

Secretary Acheson, in the foregoing paragraph, spoke of American assistance in general, rendered anywhere in the world. But he spoke of the Philippines in particular when he said, in the same speech:

"... Here again we come up against the matter of responsibility. It is the Philippine Government which is responsible. It is the Philippine Government which must make its own mistakes. What we can do is advise and urge ... We can not direct, we should not direct, we have not the slightest desire to direct. I believe that there are indications that the Philippines may be facing serious economic difficulties. With energetic, determined action, they can perhaps be avoided or certainly minimized. Whether that will be true or not, I can not say, but it does not rest within the power of the American Government to determine that. We are always ready to help and to advise. That is all we can and all we should do."

Important as the Philippines is to the United States in various ways, to world peace and the cause of democracy, and whether or not the United States could "afford a failure in the Philippines", the issue must finally depend, irrespective of any help the Philippines may receive, upon the people of the Philippines themselves.

For that matter, a strong people would not want it otherwise. They accept the responsibility and stand up under it.

As the historian Toynbee has shown in his monumental study of the rise and fall of nations and civilizations, a rise has always resulted from a vigorous and effective response to some dangerous challenge, under creative leadership and not under some merely "dominant" minority which must so[illegible]r later lose power.

Hidden in that [illegible]is, still to appear in time, lies the fate of the Phi[illegible]es and all it may mean to other peoples of the world.

Point Four: What it is and What it isn't.

Point Four, in the four-point "Program for peace and freedom" which President Truman laid down in his inaugural address delivered on January 20 of last year, was worded by him as follows:

"Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of under-developed areas".

To provide the frame for this statement, we may recall here that the President gave, as Point One, that America would continue to search for ways to strengthen the authority and increase the strength of other partner countries,—the old and the new nations being formed; as Point Two, that America would continue its programs for world recovery, which include "keeping our full weight behind the European Recovery Program" and additionally providing "military advice and equipment to free nations which will cooperate with us in the maintenance of peace and security". Then came Point Four.

Enlarging on Point Four, the President said in part (italics ours):

"The United States is pre-eminent among nations in the development of industrial and scientific techniques. *The material resources which we can afford to use for the assistance of other peoples are limited.* But our imponderable resources in technical knowledge are constantly growing and are inexhaustible.

"I believe that we should *make available to peace-loving peoples the benefits of our store of technical knowledge* in order to help them realize their aspirations for a better life. And, *in cooperation with other nations, we should foster capital investment* in areas needing development.

"Our aim should be to help the free peoples of the world, *through their own efforts*, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens.

"*We invite other countries* to pool their technological resources in this undertaking. Their contributions will be warmly welcomed. *This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable.** It must be a world-wide effort for the achievement of peace, plenty, and freedom.

"*With the cooperation of business, private capital, agriculture, and labor in this country*, this program can greatly increase the industrial ability in other nations and can raise substantially their standards of living.

"Such new economic developments must be devised and controlled to benefit the peoples of the areas in which they are established. *Guarantees to the investor must be balanced in the interest of the people whose resources and whose labor go into these developments.*

"The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is *a program of development based on the concepts of democratic fair-dealing.*

"*All countries, including our own*, will greatly benefit from a constructive program for the *better use of the world's human and natural resources.* Experience shows that *our commerce with other countries expands as they progress* industrially and economically.

* A United Nations program for expanded technical aid was approved by the General Assembly on November 16.

"*Greater production* is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge. . ."

In a special message to Congress on June 24, the President recommended the enactment of legislation to implement the plan, and two separate administration bills, assigned to different committees of each House of Congress, were introduced. The House bill was recently (February) reported for action by the foreign affairs committee. It envisages an expenditure of $35,000,000 for one year's operation in providing experts to assist development projects abroad, including public health programs, power and flood-control projects, and agricultural and industrial development projects, and an additional $10,000,000 to continue United States participation in the technical co-operation programs authorized under the Institute of Inter-American Affairs (1947) and under the U.S. Information and Educational Exchange Act of 1948.

The other, complementary, bill has also passed the banking and currency committees of both Houses and would grant broad powers to the Export-Import Bank to guarantee United States private capital against risks "peculiar to such investments".

Meanwhile a third bill, offered as a substitute for the administration measures, omits such a guarantee but would seek to create a more favorable climate for American investments abroad *by requiring foreign countries desiring assistance to enter into treaties and agreements assuring* (1) *fair treatment of American private capital,* (2) *convertibility into dollars of local currencies derived from these investments, and* (3) *avoidance of double or discriminatory taxation.** Government loans would also be authorized, under this condition, if private capital were not available. The bill would create a Foreign Economic Development Administration within the Department of State, together with an advisory board of American citizens. Joint commissions in collaboration with foreign countries for formulation of economic development programs would be authorized.

The facts in the preceding paragraph were taken from a brochure on the Point Four Program which was prepared by the Chamber of Commerce of the United States, and no doubt provide some of the background behind the recent announcement, made separately by President Truman and by President Quirino, that a joint economic advisory committee would be created for the Philippines shortly. It is the topic of another editorial in this issue of the *Journal.*

Although none of these bills have, at this writing, been passed, and although, even when they are passed, the actual appropriation bills would still have to be enacted, Acting Secretary of Foreign Affairs Felino Neri issued a press release early in February stating that three American experts from the U. S. State Department and the U. S. Department of Agriculture** were coming to Manila in April to discuss with Philippine authorities the details of a program for this country under Point Four.

A reference to an important statement made in Manila by Ambassador Philip C. Jessup, was included in this press release, as follows:

"Considerable importance is attached to the forthcoming mission of the American experts in view of the United States decision to use the Philippines as a 'pilot area' in the implementation of the Point Four Program in the Far East. U.S. Ambassador-at-large Philip C. Jessup who was here on a four-day diplomatic mission two weeks ago, himself indicated at a policy conference with Foreign Office officials the United States intention to use the Republic as a 'show window' for democracy in the Far East and as a demonstration area for President Truman's 'bold new plan'."

It goes without saying that the Point Four Program is or could be a most constructive one, but it should also be plain that it does not involve any large expenditure of American government funds in any foreign enterprise. The $35,000,000 to be appropriated is no doubt for administration costs and for the salaries and expenses of the experts who may be sent to various countries. Unless the substitute bill, already mentioned, is adopted instead of the two administration bills, there will be no government loans made under the Program, and even under that bill, Government lending is unlikely. The success of the Point Four Program will depend on whether private capital can be induced to invest.

And the fact of the matter is that spokesmen for private capital have so far shown no great enthusiasm in connection with the Program. An editorial in the February issue of *Fortune* states that "the chief danger in Point Four is the amount of rosy hoping and cloudy thinking that has surrounded it", and raises the question whether President Truman has not "simply promised too much."

"The obstacles to private capital abroad are legion", states *Fortune:*

"In few undeveloped countries can you get your money out when you want it, and in fewer can you count on a stable exchange rate. Often the courts are unreliable, labor laws are arbitrary, taxes are discriminatory, local monopolies are protected by law, local participation is required by law, and there is usually a threat or a history of expropriations".

"Even if the State Department does its duty and wins for the investor the best treaties possible", says *Fortune,* this still "will not mean plain sailing for United States capital or for the economic development of backward countries." There are obstacles, "partly economic and partly social", that "neither their governments nor ours can do much about". Among such obstacles, *Fortune* lists poor sanitation and public health, poor farming methods and low diets, short life-expectancy, and a shortage of "native people capable of intermediate responsibility: the foremen, bookkeepers, field engineers, and the like whose non-existence reflects the failure of most backward countries to develop a petty bourgeois class".

Mr. Milo Perkins, former assistant to the U. S. Secretary of Agriculture, in an article on Point Four in the *Reader's Digest* for January, also touches on the lack of a middle class in under-developed countries, stating that the petty industrialists and land-owners in such countries talk about "dollar imperialism" but that what they really mean is that "they don't want any large-scale economic development with its emerging middle class. . . They want large pools of cheap labor."

"We must not be ashamed to state our self-interests openly," says Mr. Perkins.

"We should tell the world in unmistakable terms that a way must be found by like-minded peoples to work together to build recovery on a basis which can be *self-supporting.* So far as we are concerned, this means counting primarily on private capital. Many nations may not want to cooperate with us on this basis. That is their business; and we shouldn't get provoked when we encounter ideas different from our own. Our policy should be to husband our resources for those countries which *do* want to build up productivity in the only way we know how to do it; through encouraging the individual to engage in competitive enterprise with the minimum amount of government interference.

"We should negotiate treaties with like-minded countries which guarantee fair treatment for United States private capital when it goes abroad. All we want from these treaties is the simple assurance that our businessmen will be treated as fairly when they go to another country as the nationals of that country are treated when they come to the United States to engage in business. We are not entitled to preferential treatment and no responsible person suggests it.

"Unless we get reciprocally fair treatment, however, and unless there is a chance to make a profit commensurate with the risks of doing business abroad, we are not going to invest our savings in factories in other lands. This is so elementary that it's silly to pussyfoot on the issue with other nations."

Concludes Mr. Perkins: "World recovery requires more of this kind of private activity [such as that of the United States oil companies, the United Fruit Company, General Electric Company, and Sears, Roebuck] and fewer doles from the United States Treasury. *If Point Four is*

* These indeed are the essentials, without which no country, including the Philippines, will ever get any amount of foreign capital investment.

** Dr. Ross E. Moore, Dr. Albert Moseman, and Dr. P. V. Kepner.

to succeed, American business will also need more vigorous diplomatic support from our State Department than it has received in the past."

The Chamber of Commerce of the United States, in the brochure already referred to, states that the established policies of the Chamber "justify a sympathetic attitude toward the Point Four program", but that Chamber principles "do not countenance waste or needless expenditure of funds in any program which may be inaugurated either at home or abroad".

A summary statement runs:

"The Chamber specifically has warned against 'industrialization at any cost' in the less developed countries of the world. In this connection, it has held that factors to be taken into account should include the establishment of political and economic security and equal justice for domestic and foreign traders, possession of or access to essential raw materials, necessary capital whether domestic or foreign, the requisite technical personnel, the prospect of adequate markets for industrial products either at home or abroad, the ability of industries thus fostered to survive without uneconomic trade barriers, and private rather than government operation."

Among the Chamber's final recommendations are:

"That the Government confine its technical aid projects to countries where there is a genuine desire and ability to cooperate and where there is no question as to conditions favorable for economic development. . .

"That the program of technical or other aid be restricted to countries which through treaties and agreements or financial guaranties provide assurance of fair treatment for American private capital. . ."

This *Journal* will not say that the Philippines will get no further United States Government assistance additional to that still on schedule. It is possible, perhaps even likely, that a further inter-governmental loan may be negotiated for economic development purposes, but this could not be under more than a nominal application of Point Four policy.

An inter-government loan, if it were to be agreed upon at all, would have the advantage of being comparatively quick and sure, which private investments under the Point Four Program would not be. But development under Point Four would in the long run be far more sound, enduring, extensive, and self-multiplying, than any piece-meal development on the basis of a government loan could be, provided only the proper "climate" were established, and this rests with the Philippine people and Government.

If the Philippines is to be a "pilot area" in the implementation of the Point Four Program, a "show-window" for democracy in the Far East, it rests largely with the Philippines, because the success of the Program will depend on cooperation and *reciprocity*, on the profit there will be in it for *both sides*.

The Tañada Bill Again

With the re-introduction of the Tañada Bill on the forced disposition of lands acquired by foreigners, we feel impelled to sound the warning once again that the Supreme Court decision (not, we claim, any of the provisions of the Constitution) which this Bill seeks to implement, will strike foreign capital investment in the Philippines its possibly most deadly blow.

It is true that under the interpretation given the Supreme Court decision in the notorious Krivenko Case by other high officials of the Government, American holdings will not be affected under the present "Parity" provisions, but this is a safeguard likely to be good for only a limited number of years.

What could be more discouraging to capital than the fact that the investor could never own land here,—the land which he would develop as a plantation, the land on which he would erect a factory or a shop, even the land on which he would build his residence? The possibility of acquiring a sound title to any land necessary, is generally one of the first concerns of any one who is contemplating a new industrial or business venture.

And speaking of a favorable "climate" for investment, what could produce a more vivid impression of a hostile climate than if any man who might come into the country learned that he would not even have the right to a small piece of land on which to build his private home, let alone his factory or mill or shop?

We say again that such a policy is not in consonance with the Philippine Constitution, but traduces what is, in the main, a liberal, democratic basic law. We say that it is contrary, too, to the letter and spirit of the Universal Declaration of Human Rights, in the drafting of which, by the United Nations, the Philippines took so honorable a part. What, indeed, could be more cruel than forcibly to dispossess any resident here, of whatever race or nationality, of the home he and his family occupies, in which, perhaps, with foresight and care for those dependent on him, he has invested all his savings, and which he has tended with the love and pride which go into home-making everywhere? Such an inhuman and wicked policy, executed wholesale, under a mere color of law, would make the Philippines a by-word for its hostility to the aliens within its territories.

Meaning of The Coin Shortage

It is fortunate that there are members of Congress who understand the nature of our present economic and financial problems and who are ready to face them realistically and speak of them frankly.

We refer at the moment especially to Senator Lorenzo Sumulong, worthy son of a worthy father, who according to the newspapers at the time of this writing, is initiating a move in the Senate—

"to amend the monetary reserve provisions of the Central Bank Charter so as to strengthen domestic as well as international confidence in the Philippine Peso. . .

"Senator Sumulong said yesterday he planned to introduce a bill to require the Central Bank to keep a reasonable percentage, possibly 25 per cent, of its reserves in gold as is done in the United States.

"Under the present Charter, the Central Bank is under no requirement to keep a definite percentage of its reserves in this stable metal..." —*Manila Daily Bulletin*, February 11.

This proposal comes at a time, and is no doubt largely prompted by the growing shortage in the circulation of silver coins which became apparent recently and which is now (middle February)* creating not only great inconvenience but is leading to all sorts of charges in official quarters as well as in the newspapers that this is the result of wilful hoarding and speculation on the part of "Chinese merchants".

The circulation of such charges and reports, together with the fact that many merchants, Chinese and others, find it actually impossible to make change, could easily result in rioting in which many innocent people would suffer injury. To single out one group in the population and to charge it with being responsible for what is actually a natural economic phenomenon under present conditions, is unfair and indicative of a lack of a sense of responsibility. There is hoarding but it is general, and, as is well known, for instance the conductors of certain bus-lines, Filipino-owned, are among those who simply refuse to make change, though it is obvious that after the first few runs of the day, the conductors must have collected enough coins to hand out some change when necessary. In a number of stores change is now being offered in the form of postage stamps and small "promissory notes."

There are no doubt a number of causes contributory to the disappearance of our silver coins. This is the season

*As this issue of the *Journal* goes to press (early March), the coin shortage appears to have been pretty well overcome, at least for the time being, through the release of additional coins by the Central Bank, through appeals for confidence published in the newspapers, and through the introduction of legislation providing for the punishment of hoarders. These are all proper measures, but the shortage as a phenomenon of last month remains to be explained, as also the possibility of a recurrence.

of the year when there is usually some shortage because the farmers are selling and being paid for their crops and it is a country custom to put away silver coins rather than paper money as safer to keep against the danger of fire.

Also, once a shortage becomes noticeable, everyone, willy-nilly, becomes a hoarder. Every man who has to have some change for small purchases or for transportation or other such purpose, will do his best to see to it that he has some in his pocket. With several million people doing this and attempting to keep more change than they ordinarily would, a great quantity of coins naturally disappears from view; they are in people's pockets. This is what an official of the Central Bank meant when he said that the cause of the coin shortage is "psychological";—it is that, but it is also more than that.

It is possible that there may be some individuals, perhaps even a "syndicate" such as is being talked about, buying up silver coins which, at the present price-levels, may actually be worth more than the monetary equivalent,* doing this buying either for such profit as there may be in it, or, as has also been suggested, for shipment to Formosa to help pay Chiang Kai-shek's soldiers. The latter seems a pretty far-fetched guess, and as to the holding of large quantities of silver coins for hoarding or for sale at a profit as bullion, no such activity has actually been uncovered, and there may be nothing at all to any of this talk.

But if it were true that silver coins are being hoarded and sold at a profit on the basis of the silver-content, which is considerably below the normal monetary value of the coins, then the real cause of the coin shortage would not be this speculation, but both the fact that the paper peso had greatly depreciated in value and the fact that a loss of confidence in the national currency was manifesting itself.

This, indeed, may be one of the principal causes of the phenomenon, and Senator Sumulong, therefore, put his finger precisely on the weak spot in our present currency system,—the lack of a mandatory metal reserve supporting the currency, and proposed the proper remedy. The lack of a mandatory metal reserve has from the first threatened to be destructive of confidence, and a year ago, we stated editorially in this *Journal:*

> "January, 1949, marks an important point, a point of departure, in Philippine economic life. With the inauguration of the Central Bank, the currency and banking situation changes radically from that of a banking system which has been largely free and from a virtually automatic exchange currency standard, to a system of direct government control over both currency and credit...
>
> "As the old banking system served the country well and as the Philippine currency under the former standard has been one of the few stable currencies in the world, it may truthfully be said that the new system, with all its obvious risks has not been hailed with excessive enthusiasm outside of certain government circles..."

In the main, the country is still using the old pre-independence Philippine notes, but merely as a convenience until new notes can be printed and these old notes can be retired. Last year the Central Bank issued the first of its new one-peso bills, printed in England on not-so-good paper and in a rather unattractive gun-metal black. It is generally known that the common people throughout the country do not much like them and call them "*piso maitim*", the black pesos. The Central Bank would have been better advised had it printed the notes in some more cheerful color and had it, indeed, reproduced the appearance of the old note as closely as possible in the new issue.

Public hesitancy in the acceptance of the new peso-note is probably chiefly due to "aesthetic" reasons and because they are different from what the people are accustomed to, as only the instructed among the people are likely to take notice of what is technically known as the "covenant" on this first issue of the new currency.

The old Philippine Peso note bears the following covenant or promise:

> "This certifies that there has been deposited in the Treasury of the Philippines One Peso payable to the bearer on demand in silver pesos or in legal tender currency of the United States of equivalent value."

This Peso was backed 100% by United States Dollars in the ratio of 2 to 1, the then existing law requiring that the Philippine Treasury maintain a Treasury Certificate Fund in dollars at the rate of $1 for every ₱2 in circulation or available for circulation. This Fund was not in silver but in United States Dollars, which Dollars themselves were supported by a substantial gold and silver metalic reserve (the minimum being 25 per cent and the actual generally much larger).

The new Peso note bears the following covenant:

> "This note is a liability of the Central Bank and is fully guaranteed by the Government of the Republic of the Philippines. This note is legal tender in the Philippines for all debts, public and private."

Nothing is said about any Treasury Certificate Fund or any metal backing, and the word "liability", though technically correct, does not have a reassuring sound. However, in effect, the old Treasury Certificate Fund has now become what is called the "International Reserve" which properly may be considered a reserve against the Philippine currency issue, as this issue, a direct liability of the Central Bank, is backed by the total assets of the Bank of which the International Reserve forms a part.

But whereas the old Treasury Certificate Fund was a very stable one, not to be diminished except by retirement of notes in circulation or available for circulation, the new International Reserve increases or decreases according to the amount of foreign exchange which has to be bought or sold by the Central Bank and its agencies, as is required by the general balance of trade and of payments. The International Reserve goes down if Philippine payments exceed collections, and vice versa.

In December, 1945, Philippine reserve funds amounted to $557,000,000. In January, 1949, when the Central Bank was established, the reserve amounted to $279,000,000.

As of January 31, 1950, the International Reserve was made up as follows, according to a Central Bank report:

Gold	₱ 2,935,162.93
Due from United States Depositories	439,472,634.85
Foreign Currency (United States coins)	25,120.98
	₱442,432,918.76

As against this Reserve, the currency issue in notes and coins stood as follows on January 31, 1950:

Notes	₱540,849,900.00
Coins	74,723,481.60
	₱615,573,381.60

As Central Bank authorities have pointed out, the Philippine currency, despite the large decrease in the total of the International Reserve, still has a very considerable backing, over 70 per cent, which exceeds the backing behind most national currencies these days. But because of the continuing excess of imports over exports, the Reserve continues to dwindle, and it is for that reason that exchange control was recently imposed on top of the earlier controls on imports and credits.

Some such control was evidently necessary to diminish the drain on the International Reserve, although such control is not a cure, and while the drain has been temporarily diminished, the restrictions placed on the convertibility of the peso is having most serious effects. Converti-

*According to the *Manila Times* (February 19), "Currency profiteers and agitators tiptoe on sound business logic . . . Melted, one peso in silver coins amounts to ₱.76. At present blackmarket rates (₱2.80 to a dollar) a peso bill is worth ₱.71."

The silver content of Philippine coins runs as follows:

Peso	20 grams	(800/1000 fine)
50-centavo piece	10 "	(750/1000 ")
20-centavo piece	4 "	(750/1000 ")
10-centavo piece	2 "	(750/1000 ")

Central Bank figures show that most of the coins in circulation are silver pieces: ₱53,394,000 in 10- and 20-centavo pieces; ₱28,154,000 in 50-centavo pieces; and ₱19,299,000 in silver pesos. Only ₱12,459,000 are in 1-centavo and 5-centavo pieces.

bility is the one thing of most crucial importance, not only in the maintenance of industry and trade but of the inflow of outside capital, and, finally, in the maintenance of confidence not only in the currency, but in the whole economy of a country and in the wisdom of its management.

As has been noted, Philippine currency is backed not only by the total assets of the Central Bank, whatever these may be, but is "fully guaranteed by the Government of the Republic of the Philippines". This could be a very strong guarantee, just as the American Dollar enjoys all the world's confidence though it has a metal backing of only 25 per cent. But if conditions arise which cause a loss of confidence in a government, in its political and financial stability, then there is a corresponding loss of confidence in the paper currency guaranteed by that government.

As is well known, the Philippine Government has spent sums greatly in excess of its revenues,—partly from necessity, partly in extravagance. The country as a whole, also, partly from necessity and partly in extravagance, has bought far more (in the form of imports) than it has been able to pay for (in the form of exports). As results: loan funds are being exhausted and the International Reserve is, or was, rapidly dwindling.

Under these circumstances, we must accept the no doubt unhappy interpretation that the disappearance of the country's silver coins is one symptom of a loss of confidence in the Peso, not so much, in this case, a loss of confidence on the part of aliens, but on the part of the people of the country, the common people, themselves. They are coming to think that silver money is at least better than the paper peso, so, whenever they can, they are holding on to the coins. It is an example of Gresham's law at work, —the tendency of money of lesser intrinsic or imputed value to remain in circulation while that of some higher value is hoarded.

For people to hold on to their silver is a rather pitiful thing for at best this gives them only little protection, coins constituting only around one-eighth of the total currency and the silver in the silver coins being ordinarily valued at much less than their monetary value.

And the drain on the silver coins could be stopped quickly enough by issuing paper notes in small denominations, as is generally done in war-time, but even if this were done, it would still be to deal only with a symptom and not the disease.

The coin shortage should be taken by the Government as a grave warning-signal. It is a manifestation of a local reaction among the people themselves which, in a sense, is more serious than any reaction, outside of the Philippines, in foreign countries. It is a warning far more spontaneous, far deeper, far more unmistakable (if we only do not try to explain it away falsely) than a popular vote at an election.

We may take it for granted that the Government will want to take every possible measure to restore the people's waning confidence in the currency. It would not be enough merely to issue appeals against hoarding, and we say this although certain members of the American Chamber of Commerce very creditably took the initiative in organizing the Philippine and Chinese Chambers and the Philippine Media Association for the purpose of instituting, in cooperation with the Central Bank, a publicity campaign against hoarding. That is a good thing, but neither such appeals nor the passing of laws punishing hoarders can result in anything but a mitigation of a symptom.

To treat the basic cause, some such legislation as Senator Sumulong's proposed bill should be adopted. The Government also should take even the most radical measures necessary to balance the budget. At the same time the Government should seize upon every available means to promote the rapidest possible increase in the national production and in the country's exports.

In such an all-out effort, the American Chamber of Commerce, as an organization and through its membership, will do everything possible to assist, and so, we are sure, will all the foreign business elements in the country, for certainly it is not to their interest to do anything else.

Annual Report of the Philippine-American Chamber of Commerce

Members of the American Chamber of Commerce of the Philippines who had an opportunity to see it, read with interest the 1949 Annual Report of the Board of Directors of the Philippine-American Chamber of Commerce (New York), presented by Mr. E. F. Koch, the Vice-President. For those who did not have the opportunity, we shall quote a few paragraphs to show "how others see us":

In speaking of the economic situation in the Philippines, the Report states:

> "The Philippine economic situation progressively deteriorated during 1949. At the close of the year, the outlook for 1950 was far from bright. Relatively mild import controls, mainly on luxury goods, were imposed January 1, 1949. These were followed by more drastic controls toward the end of the year. To these import controls were added, in November and December, first selective credit control and then exchange control. The latter suspended the free convertibility of pesos into dollars, the maintenance of which it had been expected would be insured to the mutual benefit of the Philippines and the United States, under the provisions of the Philippine Trade Act of 1946....
>
> "The underlying factors that brought about the predicament in which the Philippine Government now finds itself are varied and complex, but they are water under the bridge. Regardless of the causes, we are all facing an extremely confused situation which has for the present at least undermined confidence in the Philippines as an attractive field for the investment of capital and for other commercial operations. The mere removal of recently invoked controls will not be the cure, but the efficient and equitable administration of these controls and a flexible attitude on the part of the Philippine Government toward such liberal modifications as may be justified, will be of some temporary help. The basic need is further constructive long-range planning in which both the Philippines and the United States should participate, including representatives of business from both countries. A more favorable climate should be created in the Philippines to attract the investment of private capital...."

Commenting on the Chamber's relations with the Philippine and American Governments, the Report declares:

> "As in the past, the Chamber has maintained friendly relations with the elected as well as the appointed leaders of the Philippine Government and with its diplomatic and consular representatives in the United States. The same applies to the government departments in Washington that deal with Philippine affairs. We have at all times found the representatives of both governments accessible and prepared to discuss Philippine problems frankly. In cases where we had constructive suggestions to offer that were within the scope of established governmental policies or regulations, there has generally been a disposition to be helpful to business interests. This has been especially true with respect to the Chamber's day-to-day dealings with the Philippine Consulate General in New York."

With respect to the American Chamber of Commerce here, the Report remarks:

> "The closest possible contact has also been maintained with the National Foreign Trade Council and with the American Chamber of Commerce in Manila, with a view toward coordinating policies, complementing each other's activities, and thus avoiding working at cross-purposes..."

In commenting on the fact that "with a less promising outlook for the Philippine economy shaping up during the course of the last year, it was expected that some firms with only a marginal or transitory interest in the Philippines would drop their membership", the Report expresses the hope that there will be no further loss, and concludes:

> "While the immediate outlook for the Philippines is clouded, the return of better days is hoped for, and it is precisely during a period like now that the Chamber can best serve its members by being of assistance in accelerating the arrival of these better days."

As this issue of the *Journal* goes to press, the Fifth World Congress of the Junior Chamber of Commerce International, being held in Manila from March 1 to March 8, has not yet run its full course, but it is already a demonstrated fact that the Congress here, attended by some 75 delegates from 10 different nations, as well as by the members of the 22 Philippine chapters, will be recorded as a great success.

The Jaycee World Congress in Manila

The American Chamber of Commerce of the Philippines, which shared with the American Embassy the honor of tendering a reception to the Jaycees, joined all Manila in welcoming the visitors and in congratulating the local body on its able management of this truly important affair.

The Junior Chamber of Commerce movement, inaugurated in St. Louis in 1915, during the First World War, may be regarded as one of the most significant and hopeful developments in the field of free economic enterprise and in the field of Democracy itself. The movement spread very rapidly in the United States and in 1920 a national organization was established with a membership of around 300,000. It then spread to other countries and in 1946, immediately after the Second World War, the International was established at the first world congress held in Panama City. Since then world congresses have been held each year,—successively in Dallas, Rio de Janeiro, Brussels, and now in Manila, though the local organization is only two years old.

The most remarkable thing about this movement among the younger businessmen is the fact that it is highly idealistic and that emphasis is laid not on the narrower interests of business, but on the deep democratic interests which underlie a free economy.

The Jaycee "Creed" reveals this clearly. It declares—

(1) That the brotherhood of man transcends the sovereignty of nations;
(2) That economic justice can best be won by free men through free enterprise;
(3) That government should be of laws and not of men;
(4) That earth's great treasure lies in human personalities;
(5) That service to humanity is the best work of life.

The Manila Congress is dedicated to "The preservation of world peace and the democratic way of life". Plans are being studied to counteract the growth of communism and there is also a movement under way to secure the outlawing of the manufacture of uranium and hydrogen bombs. There are other plans to aid in the implementation of President Truman's "Point Four", in assistance to "displaced persons" who are technicians, in the exchange of scholars and professors, and in various social and welfare movements, including the prevention of juvenile delinquency.

Youth, strength, enthusiasm, civic spirit, world-mindedness,—these are the sterling and inherent qualities which the Jaycees naturally draw upon, and these should take them to great achievement.

We are pleased to record here that Mr. Ramon V. del Rosario, President of the Junior Chamber of Commerce of the Philippines, was unanimously elected President of the Junior Chamber of Commerce International, succeeding Mr. Theo Staar, of Belgium. He was nominated for the office by Mr. Clifford D. Cooper, President of the United States national organization, and Mr. Hubert Harvey of Australia and Mr. William Fuller of Canada seconded the nomination. The Philippine delegation abstained from voting. Two other members of the Manila body were elected to International offices: Mr. Joaquin Gonzalez as Secretary-General and Mr. Roberto Villanueva as Vice-President for Asia. Mr. del Rosario is General Manager of the International Business Machines Corporation of the Philippines which is an active member of the American Chamber of Commerce. Mr. Villanueva is General Manager of the Manila *Chronicle* and Mr. Gonzalez is a member of the Law firm, McClure, Salas, and Gonzalez.

Mr. William Fuller (Canada) was elected Vice-President of the International organization; Mr. Al Cahill (America), Vice-President for North America; Mr. Hubert Harvey (Australia), Vice-President for Oceania; and Mr. Paul Moreau (Belgium), Vice-President for Europe.

Upon the election last month of Mr. Sy En as President of the Philippine Chinese General Chamber of Commerce, following the retirement of Mr. Alfonso Z. Sycip, who occupied this position for many years, Mr. Paul Wood, President of the American Chamber, wrote these two gentlemen as follows:

Messrs. Sy En and Sycip

"Dear Mr. Sy:

"Although we will miss seeing our good friend, Mr. Alfonso Z. Sycip, as often as has been our pleasure in the past, we are very happy to learn of your election to the Presidency of the Philippine Chinese General Chamber of Commerce.

"On behalf of the Board of Directors of the American Chamber of Commerce of the Philippines, I wish to extend to you our greetings and best wishes and to assure you of our full intent to continue the close cooperative association with you and the Philippine Chinese Chamber."

"Dear Mr. Sycip:

"On behalf of the American Chamber of Commerce, may I extend to you our congratulations on your election as Honorary President of the Philippine Chinese General Chamber of Commerce and express also at this time our appreciation of the understanding and generous cooperation we always received from you in business and civic matters during the many years you headed the Chinese Chamber as its President, which covered the entire life of our Chamber up to the present?

"We join the members of your own community in saying of your long and active and able leadership, 'Well done', and trust that as Honorary President of your Chamber, we may all still expect a continuation of your public-spirited interest in Philippine affairs."

"THE tremendous productive capacity of the United States continued to ship more than one-third of the world's exports and it imported over one-tenth of the world's goods for its own needs...

"America's vast economic present and future potential, the immense power to produce, has no particular secret formula. Producing more goods and services through the use of machine-power coupled with a freely operating competitive capitalistic economy, has made this program possible." — *American Exporter*.

Controls versus Production*

By Paul H. Wood
President, American Chamber of Commerce

Dr. Kamantigue, distinguished guests, and members of the forum

I sincerely appreciate the invitation to come here today to represent the American business community, but I am going to take advantage of your hospitality to also appear as an exponent of people, both national and foreign, earnestly seeking the economic well-being and development of the Philippines.

I feel that I have a right to do so for several reasons:

First: While it is probably true that many of us Americans come here originally expecting to benefit economically, we soon find that our major interests lie here, that our best friends live here, that our families are raised here, and this becomes our home. You can be sure that such people continue to think and work for the common good of their fellow community members, regardless of nationality.

I also feel that you will be interested in another reason. It has been my experience to live and work for various lengths of time in more than 50 countries other than the United States. This experience has included working under import, export, exchange, and other controls in many places and long before they were ever considered of possible application in this country. I have found that it is the precept of such controls that they are of good intent, but that precedent is established by historical pattern and that one control follows the other as a consequence.

Generally, they are lined up as:
1) Export Control, then
2) Import Control, then
3) Exchange Control, then
4) Price Control, then . . .
5) I leave to you the research on the next.

I have seen the good and the bad results of these controls in many other places, as well as here.

I do not question the present justification in the import and exchange controls in the Philippines. They are vitally necessary today.

We all agree that foreign trade is a two-way street.

The world is running out of dollars because United States business is selling and exporting more goods than it is buying and importing. This dollar deficiency is being countered by loans, grants, payments, and various "plans." Since the beginning of the first world war, when it first became necessary, the United States has progressively become more and more self-sufficient; and today that is one of the main causes of the world dollar shortage.

In the years preceding the last war, the Philippines enjoyed a favorable trade balance. Goods exported returned more foreign exchange than was required for the payment of imports. Today, that condition is totally reversed.

In the Philippines, our exportable goods have not yet reached the saturation point of exports to the United States. We have yet to become self-sufficient in the basic foodstuffs we produce, or fully to supply from our mines, forests, and factories the demands upon us.

I do doubt the advisability of some controls that have been imposed in this country before this time, and I specifically refer to export control which was placed into effect shortly after liberation and which included many items on which present foreign market demands have been irrevocably lost to this country. I am also certain that these export controls on the re-export of many imported items helped to bring about the elimination of Manila as a Far Eastern site for large scale import-export activities.

This would have been a natural development for Manila in the trade between the United States and the countries of South Asia. The establishment of these firms here instead of in other Asian ports, particularly after Shanghai fell, would otherwise have taken place, and made for a great deal of local employment in the handling, processing, assembling, and shipping of such re-export merchandise. I can talk to you about these from personal experience.

I do not want to be limited to speak of the effects of the exchange control regulations on the American business community, because the effects are exactly the same on all the Philippine business communities. The exception is in the effect on the American individual, which, while important to him, to his family, and his associates, is less important than the effects on the whole population and the national economy.

In speaking briefly of the effects on certain American individuals it is necessary to consider:

1) Need to defray the expenses of children at school in the United States;
2) Need to maintain dependents in the United States;
3) Need to pay taxes, including those on real property, in the United States;
4) Need to remit life insurance premiums;
5) Need for travel funds for business trips and earned vacations;
6) Need to send savings to the United States to establish old age security.

While some of these needs have been provided for in part by the present exchange control regulations, the concessions are far from satisfactory to the American individual living in the Philippines because they still do not meet his urgent needs.

American business and Philippine business, as a whole, is concerned with obtaining dollar exchange:

1. To pay for imports made before December 9. These are the goods that we in the Philippines have consumed and paid for in pesos to the importer, who, however, has been unable to pay the people he owes the dollars to for the goods from the United States.
2. To pay for subsequent importation. There are established policies and practices by the Exchange Control on such matters, but they do not take into consideration consumption levels as against inventories. The Exchange Control Board needs badly to be guided by a system that provides information on consumption demands or requirements so that it can reduce the amount of dollars not required for commodities already in excess of normal requirements, and be able to increase the amount of dollars available for commodities of which the country is in bad need.
3. To pay for machinery and raw materials to keep manufacturing concerns in operation, or to establish those needed, or to institute new processes that will provide dollar savings.
4. To remit dividends and profits.
5. To pay United States taxes.

Exchange control is an intricate matter. To determine guiding policies and to set up an organization to implement these policies is a tremendous job which will take unremitting effort over a period of time and which cannot be projected all at once. The policies and organization of exchange control have gradually acquired shape and as of now, many of the routine procedures to take care of some of the problems of both individuals and business, have been set forth.

The Central Bank has taken a wise course in delegating authority to its authorized agents, the banks, to deal with quite a number of the functions of control. It is thus relieved of many of the details which the authorized agents can handle expeditiously, and free to deal with unusual and exceptional cases and with the many important phases of exchange control which arise on a higher level.

All controls cause disruption of business and hardship. Some people and some businesses are hit more than others. Among the bad effects of exchange control, some of which cannot be avoided or corrected, are:

1) Less business volume;
2) Unemployment;

* From an address at the San Beda College symposium on government import and exchange controls, March 4, presided over by Dean Jacinto Kamantigue, College of Commerce, University of Santo Tomas. Other speakers were Governor Miguel Cuaderno, Mr. Gil J. Puyat, and Mr. Felix de la Costa.

3) The complications in complying with the regulations, with much increase in paper work in offices;
4) Higher tax rates to offset other tax losses.

I am particularly concerned with another application of exchange control.

In the United States, 18% of the people produce the foodstuffs and the agricultural products not only consumed by the best-fed people on earth (which includes the other 82% of the population), but the 18% produce, in addition, enormous quantities of agricultural products for export.

The reverse of that condition is in effect in the Philippines. Here, according to the latest statistics, more than 70% of the employable male citizens are engaged in agricultural production and still are unable to feed themselves and the rest of the population from their labor.

I would like to quote from a recent advertisement on the subject of "Food for the Toilers:

"Today, feeding 19 million Filipinos should not be a problem. Modern machinery and new labor-saving devices make it possible to produce more from every hectare of land. This means abundance for all those who toil and a greater measure of comfort, security, and plenty for the Philippines."

When we think of mechanization of agriculture, we should include irrigation and the application of commercial fertilizers.

The very foundation upon which this country must stand and grow will be established through the development of its agricultural and natural resources, and by the creation of an independent small farmer class.

After more than 30 years experience in various parts of the world in assisting just exactly such developments, I am sorry to say to you that I do not see that program under full implementation here.

There is a great deal of talk about industrialization. Industrialization is a natural consequence of a people's self-sufficiency and the development of their natural resources. It comes naturally as a people are released from seeking a bare subsistence from the soil. It cannot and never will be successfully forced or imposed from the top down. Industrialization can only become economically advantageous to the Filipino people as a natural consequence of an improved agricultural production and a development of the basic resources of the country.

As an Ex-G.I., I know that you need no proof of the continuing interest and the faith that all Americans have in the Philippines. We only have to remember our demonstrated cooperation during the last war. Philippine problems are American problems, and if we work together they will be solved.

AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES, INC.

ORGANIZATION CHART

—1950—

Approved by Board of Directors
February 8, 1950

BOARD OF DIRECTORS

PRESIDENT AND VICE-PRESIDENT

ADVISORY COMMITTEE

C. R. Leaber (banking)
F. J. Moore (banking)
E. A. Perkins (export)
Paul Wood (imports)
Fred Berry (local manufacturing)
R. J. Newton (trade and commerce)

ALTERNATES

J. A. Parrish (imports)
Nathan Most (trade and commerce)
K. B. Day (exports)
O. A. Boni (local manufacturing)

EXECUTIVE VICE-PRESIDENT

WORKING COMMITTEES

HOUSE COMMITTEE
T.M.JORDAN (chairman)
H. C. L. TERZIN
MARIE WILLIMONT

CONTROLS IMPORT-EXCHANGE-EXPORT-PRICE, ETC.
J. H. CARPENTER (chairman)
K. B. DAY
F. C. BAILEY

MEMBERSHIP AND MEMBERSHIP DRIVE
R. J. MONICAL (chairman)
F. H. BERTELL

INDUSTRIAL RELATIONS
PAUL T. MILLIKIN (chairman)
J. A. PARRISH
JOHN CLARKIN
T. H. DIEHL

PUBLIC RELATIONS & ENTERTAINMENT
D. M. CAMERON (chairman)
M. R. STEWART
ROBERT TRENT

LEGISLATION
E. E. SELPH (chairman)
E. A. PERKINS
M. P. SUÑGA (loan member)

PUBLICATIONS
PAUL WOOD (chairman)
R. J. NEWTON
A. V. H. HARTENDORP

PUBLIC UTILITIES
R. J. BAKER (chairman)
J. L. KLAR
H. M. CAVENDER

CIVIC AFFAIRS
C. H. HIRST (chairman)
R. DEL ROSARIO
ROY G. DAVIS

TAXES—UNITED STATES AND PHILIPPINES
K. B. DAY (chairman)
JAMES B. ANDERSON
C. M. HOSKINS

Expansion of the Philippine Manufacturing Company

By Paul T. Millikin

Director of Sales, Philippine Manufacturing Company

The Philippine Manufacturing Company Plant in Tondo, Manila .

ONE of the largest companies in the Philippines, sponsored by American capital, is the Philippine Manufacturing Company,* manufacturer of edible oil products and soap. Known throughout the Philippines as PMC, this organization is a wholly owned subsidiary of the Procter & Gamble Company, largest manufacturer of shortening and soap in the United States. The products of PMC are: Purico and Venus Shortening, Star Margarine, Mayon Edible Oil, Luto and Perla Laundry Soap, and the well-known Camay Toilet Soap. In addition to these products, the company manufactures other brands of edible oil products and soap for export to various parts of the world.

The company's objective is to manufacture and distribute locally large quantities of these products at the lowest possible price. For this reason, the Philippine Manufacturing Company has pioneered in the installation of modern mass-production equipment and has set up an island-wide distribution service by means of a big fleet of Purico trucks which stop at stores, large or small, and a strategically located network of warehouses to back up this service.

The Camay Toilet Soap plant in Manila, which has just been completed and is now producing large quantities of quality toilet soap daily, is an example of PMC's far-sightedness, good planning, and execution, plus a bit of good fortune. At the outset, an installation of this type is an expensive thing. PMC has invested more than ₱1,500,000 in this toilet soap venture. Fortunately, several years ago, before import and exchange control restrictions had become a fact and a new consideration for business decisions, PMC's management had decided that it would be worthwhile to undertake a toilet soap plant installation.

The most modern toilet soap-making equipment was ordered and plans were drawn up to erect the plant at the company's present factory site in Manila under the supervision of local and American engineers. More than one year was required to complete the plant after the decision to invest had been made, but by January 1, 1950, the first cake of Camay Toilet Soap was passing through the paking line. This Camay Toilet Soap is in every respect equal to or better than the Camay Soap marketed in the United States. The same formula, care, and modern equipment are used to make this soap in the Philippines. Locally made Camay is no substitute. Its quality and the method by which it is made are real assets to the Philippine economy.

*PMC started out in 1908 as the Manila Refining Company, established by Edwin Burke and Ernie Young, for the purpose of manufacturing soap. This company was incorporated as the Philippine Manufacturing Company on April 2, 1913, and a new plant was established in its present location, Tondo, Manila. Capitalized at ₱500,000, the objective of the company was to continue the production of soap. In 1914 the company got into the production of coconut oil by crushing some copra. It continued the manufacture of soap, and also started to manufacture candles. Its first edible product, a shortening named Purico, and a brand of edible oil was put on the market in 1920. F. N. Berry joined the company in 1919. In 1935, the Procter & Gamble Company purchased the PMC. During the war, the Japanese operated the plant until they ran out of fuel oil in 1944. The plant was completely destroyed in the fighting for the liberation of Manila. Rehabilitation began late in 1945.

President Quirino of the Philippines received the first case of Camay Soap. Inasmuch as the President was convalescing in Washington, D.C., this first case of Camay Soap was flown via the Philippine Air Lines to the President. The President immediately wired back to Philippine Manufacturing Company his congratulations for its outstanding achievement in quality and mass production.

The PMC plant has had many visitors from all walks of life, including prominent business men, legislators, and most recently, the Seattle Chamber of Commerce delegation.

F. N. Berry, PMC Vice-President and General Manager, who has spent the major part of his life in the Philippines guiding the destiny of PMC, has recently announced another pioneering move in the form of an employees' pension plan. This pension plan is one more stone in the solid foundation of PMC-employee relationships. PMC employees work enthusiastically toward helping the Philippine Manufacturing Company to maintain its lead as the largest manufacturer of edible oil products and soap in the Far East.

Purico Shortening has been the backbone of the company's business. Since its establishment in 1913, the company has steadily expanded its line of products and volume, except for the war period when its plant was totally destroyed. Its rehabilitation, started in late 1945, and its continued expansion have kept the growth-curve headed upward continuously. The activity of PMC is an already established part of the Philippine industrialization program.

Possibilities for Export of Finished Coconut-Oil Products

LOCALLY produced copra (dried coconut meat from which coconut oil is extracted) is by far the principal raw material used for the Philippine production of soap, shortening, margarine, and refined edible oil. Other items such as hardening oil, resin, caustic soda, and part of the packaging supplies, all of which must necessarily be imported, are a quite small part of the finished-goods cost compared with copra. Thus, the soap and edible oil-products industry is truly a vital factor in any national self-sufficiency program.

It should be noted that edible-oil products made from coconut oil, a vegetable oil, are especially appetizing and overcome some of the difficulties inherent in similar products made from animal fats and oils. In particular, Philippine margarine appears to be much more delicious as a table spread than margarine known to other countries.

There would be many more opportunities to *export* large quantities of these coconut-oil products, were it not for these reasons:—

1. Inter-country trade barriers and restrictions.
2. Widespread lack of dollar exchange.
3. Current high cost of crude coconut oil compared with the cost of tallow, soybean oil, cottonseed oil, and other fats and oils used in competitive products manufactured in other countries.

In the Philippines right now is enough plant capacity—

1. To supply the current per-capita consumption of fats and soap in the Philippines, and
2. To provide substantial quantities of finished products for export.

Local producers want to export, but most countries in the sterling bloc or in countries short of dollar exchange, greatly restrict or prohibit importation of these products from dollar areas, since they have other sources and agreements.

The few countries remaining that can still turn up dollar exchange, find our edible and soap coconut-oil products a luxury as compared with exports from the United States, for example. The reason is simple. The raw materials are a very large part of the entire product-cost. Current quotations in U. S. cents are: Coconut oil 13-1/2¢ (not including 3 U. S. ¢ processing tax), cottonseed oil 12-3/8¢, soybean oil 12¢, lard 9-5/8¢, as edible raw materials, while for soap you can compare coconut oil 13-1/2¢ (not including 3 U.S. ¢ processing tax) and tallow at 6-1/2¢. Some coconut-oil products can command a slight premium, but the spread cannot be that large and still turn up volume export business. In addition, the differential ocean freight costs from the Philippines to many countries widen the gap even more.

Why is coconut oil currently priced so much higher than other fats and oils? Because world demand exceeds world supply for this particular oil. And why is that?

1. War-torn supply areas have not been completely rehabilitated.
2. Some of our own areas were given a bad setback by typhoons and disease in 1947, and have not fully recovered.
3. Apparently some producers and laborers are satisfied to produce less than maximum, as demonstrated by prolonged holidays, absenteeism, held-back production for market-strengthening purposes, and some lack of cultivation and replacement (plus some premature or post-mature picking of nuts).
4. The marketing channels are sometimes complicated.
5. The increase in demand for desiccated coconut has resulted in a situation where it is necessary for desiccated-coconut plants to go after nearby nut production aggressively and they are sometimes forced to reach out to remote parts of the Philippines. This means that both local edible-oil products manufacturers and desiccated-coconut plants are in stiffer competition for supplies than previously.
6. In a few instances, dissident activities have held up production and marketing.
7. While many pre-war foreign coconut-oil users have found substitutes and other sources of supply, it seems that new coconut-oil uses have been developed and new markets have appeared to soak up the decrease of demand from pre-war users.

How does this affect the Philippine economy?

The coconut export industry is of tremendous proportions. In 1949 it is estimated that over $130,000,000 was turned up by this industry as a result of exporting copra, crude coconut oil, desiccated coconut, and copra cake. On a copra-equivalent basis, these exports amount to approximately 750,000 long tons.

How does this affect the local manufacturer?

1. Since more than 85% of the copra made is exported as copra or crude coconut oil, the cost of raw material to Philippine manufacturers of edible oil-products and soap is governed by the whims of the world copra and coconut-oil market (which is currently relatively high). Not only does the situation force up export prices, but it also keeps local costs high.

2. In addition to the 10 or more large edible oil-products manufacturers, there are many "backyard" soap factories and small oil producers that go in and out of business monthly. They operate when the price of copra is low and stop when it gets higher.

The obvious answer to this supply problem is—

1. More production of copra and improvement of quality. Any decrease of price, without increased prodution, will turn up less total dollars of foreign exchange; and
2. Streamlining of marketing channels.

Improvement of these two factors should result in—

1. Lower prices for Filipino consumers of edible oil-products and soap.
2. More opportunity for Philippine manufacturers to compete in the world market for both crude and finished products—expanded exports.
3. Less incentive for present world users of coconut oil to search for substitutes and other sources of supplies.
4. More solid foundation for future maintenance of this important foreign-exchange producing industry.

The Business View

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

Office of the President of the Philippines

From an Official Source

FEBRUARY 1 — In ceremonies at the Manila South Harbor, Vice-President Fernando Lopez accepts on behalf of the Government a note from American Ambassador Myron M. Cowen signifying the formal transfer of the newly constructed Pier 9 from the United States Government. Speeches are made and Lt. Col. W. W. Ragland, district engineer of the U.S. Army Corps of Engineers which supervised the construction, congratulates and thanks the men who participated in the work.

Members of the Seattle Chamber of Commerce Trade Delegation, which arrived today, call on the Vice-President to pay their respects.

Director Pablo Lucas of the Bureau of Printing has urged the immediate purchase of printing machines to replace those lost in the fire last year as the Bureau's present equipment is insufficient to cope with the growing volume of government printing; he also urges the training of some 200 new printers.

Feb. 2 — Vice-President Lopez and a party of foreign diplomatic officials in the Philippines emplane for a tour to Iloilo and other southern cities.

Earlier the Cabinet approves the draft of proposed legislation which would legalize and ratify the licenses and other fees and royalties collected by the Sugar Quota Office, claims having been filed by private parties for refunds because of the Supreme Court decision which invalidated Executive Order No. 192. The Cabinet authorizes the Surplus Property Liquidation Committee to negotiate a loan from the Rehabilitation Finance Corporation to pay all its outstanding obligations as there are enough receivables to guarantee the loan. The Cabinet further authorizes the Bureau of Coast and Geodetic Survey to receive the equipment and supplies which the Manila Field Station of the U.S. Coast and Geodetic Survey is expected to turn over to the Philippine Government.

The Department of Foreign Affairs announces that Minister Bernabe Africa, accredited to SCAP, has formally taken his seat as Philippine delegate to the United Nations Commission in Korea, taking the place of the former Philippine delegate, Dr. Rufino Luna.

Disclosed that Central Bank Governor Miguel Cuaderno sent a communication to the Vice-President urging the ratification of the International Wheat Agreement (deadline February 28); he states this would save the country over $4,000,000 a year, as the Philippines would be entitled to the world-price level on the commodity which is estimated by experts to be about $.50 less per bag of 50 pounds than the free market price. President Quirino certified to the urgency of the ratification in a letter to the Senate some time ago.

Feb. 4 — Acting Foreign Secretary Felino Neri urges upon foreign policy leaders in the Senate the early enactment of an administration bill authorizing the President to conclude bilateral barter trade pacts with foreign countries as well as the speedy ratification of the International Wheat Agreement. Neri states that Japan is already enjoying the advantages of barter agreements which SCAP concluded with 19 different countries. Under the proposed legislation the President could not increase or decrease existing tariff rates by more than 50% and such treaties would be limited to a tenure of 5 years. "Any barter pact to be concluded would not affect any of the provisions of the Philippine trade agreement with the United States".

Feb. 6 — The Department of Foreign Affairs announces that India has formally given notice to the Philippines its desire to enter into a bilateral trade treaty.

Feb. 7 — Assistant Secretary of State for Far Eastern Affairs, W. W. Butterworth, arrives in the Philippines from Tokyo on his way to Bangkok to attend the conference of United States Far Eastern diplomatic officials to be held there beginning February 13, and confers during the day with Vice-President Lopez and Acting Foreign Secretary Neri.

Feb. 8 — Vice-President Lopez receives the members of the Seattle Chamber of Commerce World Trade Group.

Feb. 9 — In connection with a growing shortage in the circulation of silver coins, Vice-President Lopez states that Congress should immediately pass a measure punishing hoarders.

S. Wilson, retired U. S. Navy captain and Philippine war veteran, confers with the Vice-President to suggest the re-issue of notes to cover some ₱3,500,000 in notes burned by him in Lanao in 1942 to avoid capture by the enemy, the burning being witnessed by the late President Manuel Roxas, then a USAFFE colonel, Andres Soriano, then a USAFFE major, and General Ford.

A delegation of the National Janitors and Watchmen Association of Manila calls on the Vice-President to petition for a raise in the minimum wage from ₱95 to ₱125 monthly which pay would be equal to that now received by janitors in the employ of the City of Manila.

Auditor General Manuel Agregado proposes the creation of a department in the auditing office for the auditing of government collections and of another department for the auditing of the accounts of government corporations.

Canadian Consul General Frederick Palmer in a radio-cast over Station DZFM, as a guest of the Foreign Office, states that two prerequisites in the attraction of Canadian investors here are (1) an internal climate favorable to foreign investment, and (2) no impediment to the transfer of foreign earnings out of the country. A favorable climate should possess the following features:

"Political stability, a sound budget, definite absence of threats of nationalization of foreign assets, a reasonable tax structure, non-discrimination in the treatment of foreign and domestic capital, and a favorable record in the treatment of foreign investment in the past."

Consul General Palmer also indicated that his Government does not contemplate entering into a bilateral trade agreement with the Philippines. He said that Canada's trading policy is based on "multi-lateralism", and he emphasized that in recent years Canada has "successfully resisted all appeals from other countries to enter into bilateral arrangements".

Feb. 10 — Secretary of Finance Crispin Llamado issues a statement in reply to certain charges made by Senator L. Tañada, stating that the Philippines is "up-to-date in the payment of annuities and interest on its bonded obligations".

The Department of Foreign Affairs addresses a note to the Chinese Embassy expressing "Philippine concern over the alleged practice of Chinese nationals, particularly those living in Batangas, to hoard Philippine coins and to spread "false rumors that the Philippine peso will be devalued".

"It is therefore suggested in the interest of preserving the cordial relationship between the Philippine Government and the Chinese nationals in the Philippines that the Chinese nationals be advised to desist from the practice referred to above."

Feb. 11 — President Elpidio Quirino returns to Manila from the United States where he underwent a successful operation for kidney-stone. In a brief address to those who came to greet him at the airport, he refers to the talks he had with President Truman, first at tea at Blair House and later at a White House conference, and reveals that he—

"received assurances of America's continued concern toward the Philippines and of effective support in its efforts to secure economic stability and national security."

Feb. 13 — Announced that the present policy of the Rehabilitation Finance Corporation of granting loans for real estate and building construction will be changed to a policy of granting loans primarily for economic development projects, as decided upon at a conference between President Quirino, Secretary of Finance Pio Pedrosa, RFC Chairman Delfin Buencamino, and Budget Commissioner Pio Joven.

Feb. 14 — President Quirino issues Executive Order No. 302, amending Executive Order No. 227, to exempt from the Import Control construction materials needed for the completion of government projects financed by war damage funds.

The President addresses a communication to Congress urging the passage of legislation to punish coin hoarders.

Announced that the President's Action Committee on Social Amelioration is extending assistance to some 20,000 people who have had to evacuate some 30 barrios of San Pablo City, Laguna, because of outlaw depredations.

Feb. 15 — The President informs the Council of State that he has—

"an understanding with President Truman that a Commission representing experts from both the United States and the Philippines would soon be established to promote closer and mutually beneficial economic collaboration between the two countries".

He also tells the Cabinet he will name a commission shortly to advise him on the general reorganization of the government and of government corporations. He states he proposes—

"the closest possible liaison and consultation between the Executive and Legislative Departments of the Government to assure maximum beneficial results during this session of Congress".

Under-Secretary of Foreign Affairs Neri, correcting press dispatches from Bangkok which referred to President Quirino's Southeastern Asia Union proposal as an "Asian anti-Communist pact", states that there has been no change in the basic objectives of the SEAU as enunciated by the President,—"political, economic, and cultural collaboration".

"President Quirino has emphatically announced time and again that the Philippine idea of an association of democratic countries in this part of the world is one based on regional peacetime cooperation and completely devoid of any military connotation."

[Brig. Gen. R. B. Lovett, U. S. Veterans Administration manager, reveals that ₱110,975,373.02 in veterans benefits were distributed in the Philippines during 1949, including death compensation and pensions to dependents of deceased servicemen, disability compensation and pension to disabled veterans and their families, and readjustment and rehabilitation benefits to veterans in school or in job training. The number of payees registered at the end of the year was 66,044. Altogether, the total USVA payments through the Manila Regional Office since its establishment in 1946 approaches ₱250,000,000.]

Feb. 16 — Secretary of Education Prudencio Langcauon reports to the President that his Department proposes the transfer of the support of intermediate grade schools to local governments and the levying of a specific school tax to meet the cost. It is also proposed to return to a seven-grade system, from the present six-grades, and to abolish the double single-session program.

S. N. Eisenberg, President of Eisenberg & Co., Inc. with head offices in Tokyo, calls on Vice-President Lopez in the latter's capacity as Chairman of the Government Enterprises Council, in connection with plans to set up a ramie industry here.

Feb. 17 — President Quirino issues Executive Order No. 303 "calling upon every inhabitant of the Philippines and mobilizing all government agencies and instrumentalities for the intensification of the national food production campaign".

Secretary Neri expresses Philippine satisfaction over the decision of the Australian Government permitting Sergeant Lorenzo Gamboa to enter Australia. Gamboa, married to an Australian woman, was last year refused permission to join his family there.

Feb. 18 — Vice-President Lopez, in a speech before a meeting of fishery technicians at the Manila Hotel, scores the rampant use of dynamite in fishing here, declaring that this "illicit practice is a wanton destruction and spoilation" of the country's fishery resources.

Feb. 19 — Secretary of Agriculture Mapa announces that emphasis will be laid on increased production of local coffee and fruit in the present food production campaign.

Feb. 20 — President Quirino signs the instruments of ratification of the International Wheat Agreement which will guarantee the Philippines a fixed quota of flour and entitling the country to the world price estimated to be $.50 less per 50-pound bag than the free market price.

Feb. 21 — The Cabinet approves a list of priorities in the allocation of dollar exchange prepared by a special committee composed of Secretary of Commerce and Industry Balmaceda, Secretary of Agriculture and Natural Resources Mapa, Secretary of Public Works and Communications Sanidad, Under-Secretary of Finance Llamado, Budget Commissioner Joven, and Central Bank Governor Cuaderno. It also approves the recommendation of this committee to limit the disbursement of dollars this year to the actual receipt of dollars from exports, from United States payments and expenditures here and from other inward remittances. The list includes items for food, shelter, clothing, medicines and medical supplies, education, for increasing exports, transportation, and for other industries, including industrial chemicals and machinery and materials for paper manufacture, the canning industry, household articles, soft drinks, etc.

President Quirino assures a group of rice producers that the purchase price of *palay* paid by the National Rice and Corn Corporation will remain at ₱11 a cavan. The NARIC desired to suspend further purchases unless the price was lowered to ₱9.

The Cabinet directs the Department of Public Works to notify all architects designing government buildings to make use of locally-made items whenever possible.

Feb. 22 — Secretary of Commerce and Industry Balmaceda states that a press interpretation that the issuance of the exchange priorities schedule is an "effort to salvage the rapidly deteriorating Philippine economy" is not justified.

"Since the imposition of controls last December, the rapid drain on the country's dollar resources has been checked, and Central Bank officials say that the immediate danger of further drain on these reserves is now comparatively remote as a result of the existing controls . . . Central Bank economists estimated that during 1950 the expected total receipt of foreign exchange is about $585,000,000. As of December 31, 1949, Central Bank dollar reserves amounted to $230,000,000. Not desiring to reduce this level of reserves, the Central Bank felt that in the preparation of the foreign exchange budget, total disbursements should be limited to the estimated receipts of $585,000,000. This amount is by no means negligible. It represents more than three times the value of our prewar yearly disbursements of foreign exchange. It gives adequate allowance for the financing of government development projects, raw materials imports for existing factories, necessary remittances for invisibles, as well as merchandise import of controlled and uncontrolled articles. . ."

The Department of Public Works announces that the construction of a permanent grandstand on the New Luneta will begin soon. As the whole structure, seating 10,000 people, would cost ₱800,000, only the central portion, costing ₱250,000, will be built at this time.

Feb. 23 — Announced that the Department of National Defense is considering the feasibility of establishing a small-arms and a small-arms ammunition plant.

Feb. 24 — Secretary of Agriculture Mapa informs the Cabinet that tests made in the manufacture of bags from *saluyot* have been very successful, and that such bags as a substitute for jute bags from India could save the country ₱15,000,000 annually.

The Cabinet directs the Department of Foreign Affairs to lodge strong representations with the International Refugee Organization for the removal of the remaining refugees from Guiuan, Samar,—2,348 people of some 6000, most of them White Russians, sent there from China for temporary refuge. The departments of the Interior and of National Defense are also instructed to exercise more vigilance against the illegal entry of aliens which has increased since the intensification of the civil war in China.

Feb. 25 — President Quirino reported to have issued a proclamation setting aside 549,120 square meters of land owned by the People's Homesite and Housing Corporation along Timog Avenue, Diliman, Quezon City, for the site of the veterans' hospital to be constructed from United States Government funds.

Feb. 28 — President Quirino officially welcomes the foreign Junior Chamber of Commerce delegations which have arrived here to attend the Fifth World Congress of the organization to be held in Manila and Baguio, March 1 to 8. The group is headed by Theo Staar, of Brussels, President of the J. C. International.

The President issues Administrative Order No. 109 creating a commission to assist the President in the reorganization of the different executive departments, bureaus, and other entities of the Government, including the corporations owned or controlled by it; the Commission is composed of Ramon Fernandez, Chairman, and Luis P. Torres, Pio Joven, Jose Paez, Teofilo Sison, H. B. Reyes, Pablo Lorenzo, Aurelio Montinola, and Jose Gil, members.

Vice-President Lopez asks approval of a ₱1,000,000 overdraft for the National Tobacco Corporation to be used for purchase of native leaf tobacco, agricultural and other machinery, and the construction of curing barns and warehouses.

Banking and Finance

By R. E. Russell

Sub-Manager, National City Bank of New York

COMPARATIVE Statements of Conditions of the Central Bank:

	As of Jan. 31,'49	*As of June 30*	*As of Dec. 1*	*As of Jan.31.'50*
ASSETS		*(In thousands of pesos)*		
International Reserve..........	₱714,969*	₱641,617*	₱460,689	₱442,432
Contribution to International Monetary Fund.	30,000	30,000	30,000	30,000
Account to Secure Coinage........	113,106	113,306	113,306	113,306
Loans and Advances.........	—	—	77,047	83,374
Domestic Securities..........	—	9,739	92,197	96,774
Due from Treasurer of Philippines..........	—	7,626	—	—
Other Assets.....	19,320	22,681	20,390	25,248
	₱877,395	₱824,969	₱793,629	₱791,136
LIABILITIES				
Currency: Notes..	₱621,521	₱534,425	₱555,576	₱540749
Coins..	73,035	74,283	74,384	74,723
Demand Deposits:				
Pesos.........	169,351	135,438	117,682	128,571
Dollars........	—	40,649*	—	—
Securities Stabilization Fund....	2,000	2,000	2,000	2,000
Due to International Monetary Fund..........	—	22,499	22,498	22,497
Due to International Bank for Reconstruction and Development..........	—	—	2,389	2,389
Other Liabilities..	1,488	2,128	2,636	2,942
Capital..........	10,000	10,000	10,000	10,000
Undivided Profits.	—	3,537	6,464	7,161
	₱877,395	₱824,969	₱793,629	₱791,136
CONTINGENT ACCOUNT				
Forward Exchange Sold....................			₱6,460	₱ 6,460

*NOTE: The Demand Deposit liabilities in U. S. Dollars are deposits of the Treasurer of the Philippines which temporarily are being kept in foreign currency. These amounts are included on the Asset side as part of the International Reserve.

A COMPARISON of the monthly statements of the Central Bank of the Philippines reveals a further drop in the International Reserve of over ₱18,000,000. It had been hoped that the implementation of the Exchange Control regulations would accomplish a reversal, not merely a slowing of the downward trend which was so abrupt during September, October, and November of 1949. The full impact of the more stringent import control regulations which came into force on December 1 was not reflected in January/February import figures. The back-log of orders in December was not cleared and paid for until January and February. We look for a lessened demand for dollars in March to pay for imports.

About the middle of February, the Rehabilitation Finance Corporation obtained an additional ₱5,000,000 loan from the Central Bank which brings its total borrowings from this source at present up to ₱25,000,000. These funds are in turn loaned by the R.F.C. for rehabilitation projects which it is hoped will increase the nation's productivity.

Circular No. 21 of the Central Bank of the Philippines offered some relief to the gold producers in that it requires them to sell only 25% of their production to the Central Bank at ₱70 an ounce, leaving them free to sell the remaining 75% in the local market, at prices currently quoted at ₱108-₱116 an ounce. At the end of January little or no gold had been acquired by the Central Bank under the provisions of this Circular, but the February statement should show some increase in the gold holdings.

There was a demand for silver coins during the last week of January and the first weeks of February reminiscent of 1945-46, during which period it seemed that the saturation point would never be reached. The Central Bank has advertised that the value of the silver content in these coins is far below their value as money. The Government is taking steps to prevent hoarding and smuggling with the result that the past two weeks have seen a return to more normal conditions.

Stock Market

By Roy Ewing

Swan, Culbertson & Fritz, Inc.

January 28 to February 28

FOR the past month prices on the Manila Stock Exchange have moved in a narrow range with volume of business done down substantially from the preceding months. The high as measured by the mining share average was on February 11 at 85.96 and the low on February 8 at 81.73. The biggest daily volume was also on the 11th, a favorable indication.

With the exception of Surigao Consolidated, the shares of gold mines declined moderately, ignoring the fact that on the free market here gold sold during the period from ₱110 to ₱116 per fine ounce. Surigao responded to favorable news from the property, as did Lepanto, a copper producer as well as gold. The chrome producers were stronger on news of improved demand and a better price for chrome in the United States.

In the commercial and industrial section the sugar shares remained in demand, reflecting both satisfactory world news on the commodity and the favorable position of "dollar earners" here.

In an attempt to clear up some of the confusion which exists in regard to the buying and selling of Philippine securities by non-residents, we list the following regulations contained in Notification to Security Dealer No. 1 which was issued by the Central Bank on January 18, 1950.

1. Authorized security dealers (all active members of the Manila Stock Exchange and all Manila Banks) may license the purchase of Philippine Securities by non-residents provided:
   a. immediate payment is received in U.S. dollars which must be sold to authorized agent of the Central Bank,
   b. payment in pesos is received from funds already in the non-resident's account with his bank or brokerage firm.
   The same license that is issued to cover the above may be used to mail the certificate to the non-resident if done within 30 days of date of purchase.
2. Authorized security dealers may license the sale of Philippine securities for a non-resident provided:
   a. the securities have been registered with the Exchange Control Office,
   b. the proceeds remain in the seller's account with the broker or are paid to his peso bank account in the Philippines.
   All deliveries or receipts of securities or funds other than the above require a special license from the Central Bank.

Credit

By W. J. Nichols

Treasurer, General Electric (P.I.) Inc.

AS restrictions on exchange transactions extend into the third month, more changes in the credit situation are developing. In addition to continued tightening of credit-granting in general, delays in the issuance of licenses to buy exchange are resulting in higher investments in accounts receivable.

This is particularly true in cases where indentors formerly selling for dollars have to wait until their customers obtain the necessary exchange. In many instances 30-day accounts are for this reason not being liquidated within the current period and become delinquent through no fault of the customer.

It is no longer a simple matter to determine the probable turnover of receivables, nor to analyze their status. In addition to the usual factors, credit managers must now also consider a customer's ability to obtain exchange within a reasonable length of time.

Sales on the installment basis continue to decline. In view of the probability that import and exchange controls will be widened in scope in the future, it is not likely that for some time to come there will be any substantial change in credit facilities.

Electric Power Production

(Manila Electric Company System)

J. F. Cotton

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	KILOWATT 1950	HOURS 1949
January	37,661,000*	33,745,000
February	33,810,000**	31,110,000
March		34,776,000
April		33,048,000
May		34,453,000
June		34,486,000
July		35,726,000
August		35,394,000
September		35,763,000
October		37,461,000
November		35,856,000
December		38,673,000
Total		420,411,000

* Revised
** Partially estimated

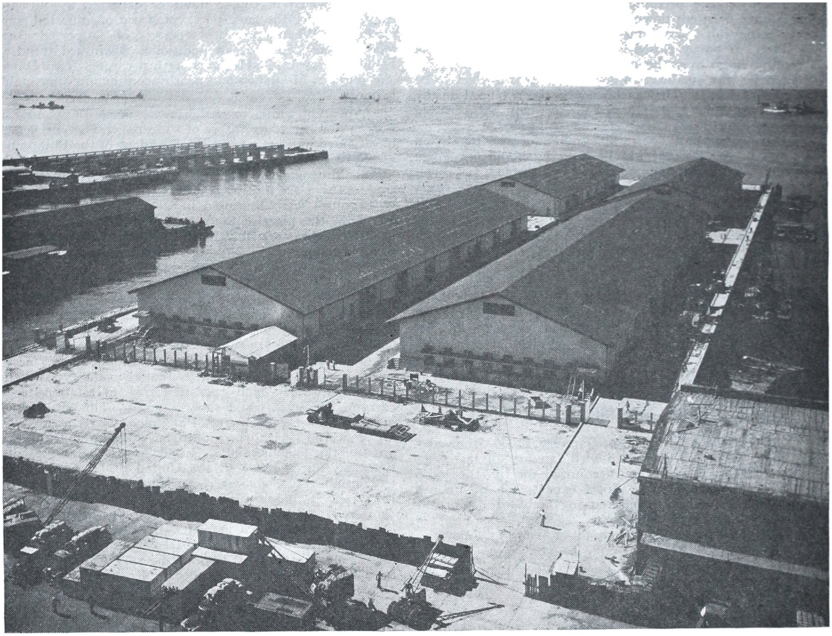
Output in February was 2,700,000 Kwh or 8.7% over the same month last year. The principal reason for decreased output in February was the shortness of the month, but there was also a slight decrease in the average daily output.

Real Estate

By C. M. Hoskins

(Of C. M. Hoskins & Co., Inc., Realtors)

REAL estate sales in Manila and suburbs continued at a high level during February, 1950, totalling ₱6,705,-415, as compared with ₱8,041,306 for January, and slightly above the past 6-month average. Sales in Manila for February amounted to ₱3,002,289, and for the suburbs, ₱3,703,126. The suburbs taken into account are Quezon City, Rizal City, and the municipalities of Caloocan, Malabon, Navotas, San Juan, Mandaluyong, Makati, and Parañaque. The monthly figures are as follows:



The new Pier No. 9, South Harbor, Manila, can berth four large ocean-going ships simultaneously: It cost over ₱10,000,000, provided by the United States Government under the Philippine port and harbor rehabilitation program. The Pier measures 331 by 987 feet; the deck is of beam and girder construction, supported on concrete pedestals built in open caissons. This pier should not be confused with the handsome and still larger, pre-war Pier No. 7, now called Pier 13. Severely damaged during the war, it is now undergoing reconstruction.

REAL ESTATE SALES, MANILA AND SUBURBS
Monthly Totals
September, 1949 — February, 1950

Months	*Manila*	*Suburbs*	*Combined*
1949			
September	₱ 3,668,662	₱ 3,786,671	₱ 7,455,333
October	3,032,543	2,872,327	5,904,870
November	1,861,723	1,883,727	3,745,450
December	6,037,740	2,047,602	8,085,342
1950			
January	4,486,846	3,554,460	8,041,306
February	3,002,289	3,703,126	6,705,415
Cumulative	₱22,089,803	₱17,847,913	₱39,937,716

Mortgages registered during the month for Manila and suburbs totalled ₱6,569,351, as compared with ₱5,891,606 for January and ₱7,358,814 for December. Private banks maintained their lead in mortgage volume, first noted last month.

No marked changes in price levels have been noted so far this year. Land values remain strong, and the tendency to higher building costs has lessened buyer bickering on the value of improved properties. Fear of rental vacancies caused by recent commodity and currency controls has prevented a runaway market in real estate, although the desire to hedge against inflation by real estate investments has kept the market tone exceptionally strong.

Port of Manila

By E. W. Schedler
Vice-President, Luzon Brokerage Company

PIER 9 was turned over to the Philippine Government on February 1, 1950. Contractors Syndicate No. 1, the builders of Pier 9, Manila Harbor, officially turned over the pier to the Philippine Government, and then in a few hours, the Philippine Ports Terminal was moving tractors and cargo equipment into place on the new pier, and the following day a ship berthed alongside the new pier and its usefulness to the people of the Philippines began.

As the picture shows, the pier has four warehouses for storing cargo out of the rain, each warehouse penetrated by amply large doors for working cargo direct from the ship and on to the loading dock for the trucks. In a few days after the inauguration, a normal routine developed and cargo was moving at a speed not seen since the war.

Pier 13 was then closed off completely to the public in order that the Atlantic, Gulf and Pacific Company can proceed with the rebuilding of that pier, unhampered by cargo or ships.

Likewise, the berthings at battered and antiquated Pier 5 have been cut down, as Pier 9 can handle four large ocean-going ships simultaneously.

Pier 7 is partly closed for temporary repairs but it is accepting cargo over the pier.

Cranes and overhead cargo working gear are yet to be installed at Pier 9. The machinery has been placed on the pier and by April 1, it is hoped the pier will be operating at full efficiency.

Pier 9 will provide suitable relief for the overtaxed facilities of the Port of Manila, and it should cut down considerably the handling cost of cargo through the Port. At present the rules of the Port provide that export cargo must be loaded directly from the truck to the ship. This is a laborious method of loading as it does not permit stockpiling of cargo prior to the actual on-ship loading. To facilitate the export trade, which is one of the objectives of many governmental moves, the next step will be to give the exporter from the Philippines a break by permitting him the privilege of placing his cargo on the dock, enabling the stevedores to then load expeditiously when the ship is ready for cargo.

Ocean Shipping and Exports

By F. M. Gispert

Secretary, Associated Steamship Lines

EXPORTS for the month of January, 1950, showed a slight falling off compared with January of last year, which can probably be accounted for by the drop in scrap-metal shipments. Total exports for the month were 160,578 tons, as compared to 182,654 tons for the corresponding month last year.

The comparison, by commodities, runs as follows:

	1950		1949	
Beer	61	tons	29	tons
Coconut, desiccated	6,687	"	6,120	"
Coconut, oil	2,766	"	1,633	"
Concentrates, copper	5,223	"	2,060	"
" gold	429	"	—	
Copra	38,010	"	23,466	"
Copra cake meal	4,198	"	3,770	"
Embroideries	135	"	110	"
Empty cylinders	580	"	480	"
Furniture rattan	513	"	776	"
Glycerine	110	"	353	"
Gum, copal	16	"	53	"
Hemp	58,416	bales	7,302	bales
Household goods	241	tons	214	tons
Junk, metal	1,111	"	16,229	"
Logs	11,788,661	bft.	2,185,910	bft.
Lumber	739,555	"	1,639,457	"
Molasses	4,774	tons	17,891	tons
Plywood	12	"	—	
Ores, chrome	9,437	"	31,178	"
" iron	24,077	"	20,212	"
" manganese	—		2,081	"
Pineapples, canned	4,126	"	2,620	"
Rattan, palasan	74	"	149	"
Rope	243	"	289	"
Rubber	80	"	78	"
Sugar	38,228	"	35,477	"
Tobacco	81	"	37	"
Transit cargo	431	"	191	"
General merchandise	7,453	"	4,100	"

Inter-Island Shipping

By D. M. Cameron

General Traffic Manager

Everett Steamship Corporation

THERE has been no important change in the pattern of inter-island shipping in the last few months. Since the advent of more stringent import controls, outward cargoes from Manila to the provinces have shown a decrease, which of course must be expected as outward cargoes are, for the most part, composed of imported commodities. When present stocks of imported commodities are depleted, an additional downward trend in volume is expected. However, return cargoes from Davao and ports in Mindanao and nearby continue in appreciable volume.

Apparently due to the decrease in south-bound cargoes, a number of operators of the smaller FS-type vessels have joined in a petition to the President of the Philippines asking the termination of the remaining charters of the U. S. Maritime Commission vessels in the inter-island trade. There are 6 of these vessels remaining from a total of 10 which were chartered in 1946, and this petition is based on the premise that these 6 vessels are no longer needed in the trade due to the alleged availability of an adequate number of privately-owned vessels.

The position taken by these operators is not supported by facts, as the movement of bulk commodities from the further ports to Manila by the smaller vessels, in the volume required to maintain even present production, is impossible. The present freight rates under which lumber, hemp, corn, and rice are carried, would not permit compensatory operation of the small vessels, and it would be immediately necessary to raise these rates in order that the small vessel, with its comparatively high operating cost in relation to its carrying capacity, could show a profit. This situation is apparent to those in the Philippine Government who are concerned with the industrial and agricultural progress of the Islands, and it is understood that representations have been made to the United States Government to continue these charters after June 30, 1950, when the Philippine Rehabilitation Law (under which they are chartered) terminates. Some of the operators of these chartered vessels have indicated their desire to purchase if the American law is adjusted to permit this; the U. S. Ships Sales Act proviso terminating sales to foreign countries was enacted without due consideration to the Philippine Rehabilitation Program.

In addition to the carriage of cargo, the transportation of passengers and the volume in which they move dictates the use of larger vessels than the FS-type which are more suitable for the shorter voyages to the less distant ports. It is understood that shippers of lumber, hemp, and the like have expressed themselves to the President as requiring the larger vessels for the continuation of their businesses.

Lumber

By Luis J. Reyes

Philippine Representative, Penrod, Jurden & Clark Company

EXPORTS for the month of January totalled 5,192,302 board feet, comprising 2,537,723 board feet of sawn lumber and 2,654,579 board feet in round logs. This is slightly less than the export for the month of December. Japan led the United States in the quantity of imports, with 2,453,634 board feet, as compared with 2,286,004 feet to the United States, although the money-value of shipments to the latter is greater. Before the war, Japan led all others in log imports, which were used almost exclusively for plywood.

In the Manila market, the demand for lumber has somewhat slowed down because of the uncertainties of the Import Control. As a result, prices have gone down ₱5 to ₱10 per thousand. A similar drop in prices occurred last year, starting about the middle of February, although before the war, prices weakened only when the rainy period begins, about the middle of June.

The members of the Philippine Lumber Producers' Association have petitioned the Associated Steamship Lines to defray a part of the cost of inter-island freight for trans-shipment through Manila. This was discussed in a meeting between the members of the two associations. Many lumber companies are not able to ship direct from their mills for the reason that the regulations of the Associated Steamship Lines require a minimum of 200,000 board feet if direct shipment is to be effected. Only few buyers abroad purchase 200,000 board feet or more at one time. The bulk of orders are for from 25,000 to 100,000 board feet, and these have either to be trans-shipped to Manila or else held until more orders are received to make up the minimum quantity required. The high cost of inter-island freight to Manila, however, discourages buyers, and for this reason the relief is being sought from ocean-carriers of their defraying a part of the expense. The Associated Steamship Lines promised to study the matter and to inform the lumbermen of its decision. Another petition was sent to the Associated Steamship Lines for a reduction of freight rates to Hongkong, Shanghai, and Japan, which are potential markets for Philippine woods. The matter could not be acted upon as no reply has as yet been received by Mr. Gispert, Secretary of the Associated Steamship Lines, from the owners of ocean-carriers.

Congressman Macapagal has introduced a bill which would require the registration of sawmills and woodworking plants with the Bureau of Forestry before operations can be started. The purpose of the bill is to prevent unlawful operators from engaging in the trade without the necessary permit which often enables them to evade the payment of forest-charges and other taxes due the Government. Provided this measure will not entail additional expense to lumbermen, the enactment of such a bill is welcome.

According to the records of the Bureau of Forestry, there are now in operation some 454 sawmills, many of them army surplus, which have fallen into the hands of inexperienced persons. There is no doubt, however, that many of these mills have rendered material help in reconstruction throughout the Philippines. During 1946 and 1947, when lumber was selling at ₱250 to ₱350 per thousand board feet, these mills made money, but when prices tapered down to present levels, they could not possibly compete with the more experienced and better managed mills. As a result, many have closed down or are operated intermittently when lumber prices are up.

Mines

By Chas. A. Mitke
Consulting Mining Engineer

PRODUCTION: January, 1950.

	Short Tons	Value in Pesos
Benguet Consolidated	55,046	₱ 814,067
Atok Big Wedge	13,711	341,520
Lepanto Consolidated	16,913	535,880
Mindanao Mother Lode	9,500	355,793
Surigao Consolidated	9,055	230,168
Taysan Gold Corporation	1,362	27,878
Tambis	23,064 cu. yds.	14,809

THE present limited number of producing gold mines in the Philippines are looking forward to a prosperous 1950. Certain improvements are in prospect at each of the mines which will tend to increase production and lower costs. This will naturally be reflected later in the year in profits and dividends.

At the present time, Lepanto Consolidated is rushing completion of a second mill-unit, and expects to have it in operation by the middle of July, when the tonnage will be increased from 500 to 1000 tons a day. Preparatory work underground is also being prosecuted and enough stopes opened up to have sufficient ore broken, ready for drawing, as soon as the larger mill is in operation. Extra power-units and compressors have already been installed with facilities provided for the moving of the increased tonnage without delay.

The Benguet Consolidated is also planning an increase in tonnage of from 2,000 to 2,400 tons per day by August or September.

Marsman & Company has announced the rehabilitation of four mines—Itogon, United Paracale, San Mauricio, and Coco Grove.

Preliminary estimates of the necessary funds for resuming mining activities show that the Itogon Mining Company will need ₱749,650; United Paracale Mining Company, ₱379,450; San Mauricio Mining Company, ₱322,000; a total of ₱1,451,100.

Coco Grove, Inc. has already received from the War Damage Commission the sum of ₱505,120.48 out of ₱1,081,401.60, which was approved out of its claim of ₱2,001,855.39. Salvage work will begin immediately. For the present, only one dredge will be put in operation, the other being too badly damaged.

Payment in the amount of ₱690,233.82 has been received from the War Damage Commission by the United Paracale Mining Company, out of an approved sum of ₱2,298,446.06. The surface improvements of this company did not sustain much damage. General rehabilitation of the mine-workings has been started, as well as repairs to surface buildings.

A considerable loss in plant, equipment, and inventories was sustained by the San Mauricio Mining Company. A check for ₱719,329.20 has been paid the company by the War Damage Commission. As most of the shaft and mine workings are in hard rock, it is anticipated that the money and time involved in putting the underground workings in operable condition will not be too long. It is anticipated that the mill will be remodelled and a cyanidation plant added. The smelter, where lead and zinc concentrates were treated before the war, was so badly damaged that it will not be rebuilt at this time.

The first of the Marsman mines to start rehabilitation work is the Itogon, and it is anticipated that, according to the progress being made at present, it may be brought into production by the middle of this year. Cost of reopening is estimated at ₱749,650. In regard to treating the ore, the company has two alternatives; either to make some arrangement with the Benguet Consolidated, or to rebuild the former mill.

These four former producers will swell the list of present operating mines once they get into production.

Glancing at future prospects, there is Panaminas, Inc., which has opened up an interesting complex ore-body in the south-eastern part of Mindanao. The mine was reported on favorably by a prominent American geologist last December. This is a milling ore, and expectations were that the plant would be financed immediately by American capital. However, the import and exchange controls have temporarily put a damper on all foreign investments in the Philippines. While the Central Bank has announced (and in the case of Atok-Big Wedge permitted) that dividends from dollars investments in the Islands may be paid in dollars, it has not as yet extended this privilege to American capital created in the Islands. Naturally, prospective investors weigh this fact in considering possible future investments.

Dividends are now being paid by Lepanto Consolidated, Atok-Big Wedge, Mindanao Mother Lode, Surigao Consolidated, and even the Consolidated Mines, which is presently operating on a greatly reduced scale.

Copra and Coconut Oil

By Manuel Igual
Executive Vice-President, El Dorado Oil Works
and
Kenneth B. Day
President, Philippine Refining Co., Inc.

January 16 to February 16

THIS was a period of comparative inaction in the copra market. Sellers, sensing a temporary shortage of supplies, were holding what copra they could command for higher prices. Buyers, with almost complete lack of consumer-interest for oil, could only see lower copra prices. Hence a comparative stalemate until near mid-February, when the situation began to ease. The record shows a tight market through most of the month with buyers interested at $185 c.i.f. to $190 c.i.f. depending on position, and sellers asking $2.50 to $5 more. Occasionally trades went through at compromise prices, but there was no great volume; clearly there was no real money in the business for buyers, nor was there much copra for sale because arrivals were light and bade fair to continue so for some months, and sellers did not wish to go short under these circumstances. Toward the end of the period, however, buyers began to lose interest and reduced their ideas to $175 to $180 c.i.f. Sellers, sensing the possibility of heavier production next month, in turn revised their ideas downward to $182.50, possible $185 for spot, and some trading was done at the lower levels.

Meanwhile, some little interest developed in Europe and business was done, thanks to reduced freight rates, at as high as $190 f.o.b., perhaps a shade more, Philippine copra at this stage being the world's cheapest copra. But as the period wore on, European dollar demands were filled and at the close buyers were indicating $180, with sellers some $2.50 higher. Japanese and Central American interest faded out of the picture temporarily.

All of this took place in the face of gradually increasing prices of competing fats and oils, notably cottonseed oil and tallow, but the spread was still so great that normal users of coconut oil turned more and more to substitutes, and coconut oil usage was at an all-time minimum. It is very interesting to note that coconut oil usage in soap declined 33% during 1949, partly due to the upward surge of detergents, but more to the unreasonably high comparative price of coconut oil. But Philippine sellers cannot be blamed for this, for their entire copra crop was marketed without difficulty at top prices.

THE oil market was far from satisfactory. With demand at a minimum, sellers could trade only on a hand-to-mouth basis and for immediate or near positions. Large soapers were generally uninterested, and what demand there was came from small buyers for edible usages who bought what they had to when they had to. Coast prices ranged from 14-1/4 cents f.o.b.P.C. down to 13-1/2-13-3/4 cents at the end, with trading light and confined to small lots. While a few immediate bulk parcels were sold at 15 - 15-1/4 cents c.i.f. New York, large buyers were generally uninterested over 14 cents or a shade more. On any such basis, current copra prices were unjustified, and as the period closed Coast mills and some Philippine mills were generally inactive and thinking of shutting down. East Coast buyers were particularly reluctant to buy because of the opening of a new crushing mill near New York, which they thought might mean lower prices for oil. This may or may not prove true.

Philippine mills, as usual, were handicapped by indiscriminate outport loadings, a state of affairs which bids fair eventually to result in a showdown as to whether the Philippine Government values industrial enterprise sufficiently to make it possible for it to operate on competitive terms — a hard decision for the Government to take at this time, but one it must face sooner or later.

UNDER these conditions, Manila base prices for copra held steady at ₱36 to ₱38 and higher for resecada, all for domestic usage, with Cebu consistently ₱1 - ₱2 lower. These high prices resulted from the shortage of copra, and seemed likely to be chronic for the first half year.

Copra shipments for January, always a light month, totalled only 36,708 tons, as against 43,160 tons for December, but comparing favorably with 23,778 tons for January, 1949. These shipments were distributed as follows:

United States	
Pacific Coast Ports	20,439
Atlantic Coast "	2,339
Gulf Ports	7,000
Europe	3,000
Canada	500
Central America	3,450
TOTAL	36,728

Oil exports also dropped to 2766 tons, as against 6279 tons in December, but were still above the 1633 tons shipped in January, 1949. These shipments were distributed as follows:

Atlantic Coast	2,528
Central America	238
TOTAL	2,766

Meal markets on the Pacific Coast were good during the month, working up above $55 c.i.f. per short ton, equivalent to better than $47 f.o.b. At the close, the market showed some signs of softening, which it generally does as the spring advances. European buyers were still dollarless.

In general there was a feeling of uncertainty as the period ended. Everyone knew that copra and coconut oil were too high, although supplies of copra were small and buyers still had minimum demands to meet. But the premium over other oils was ruinously large, and gradually Philippine copra was pricing itself out of the market. This kind of thing cannot go on forever, and the true impetus to Philippine trade will come only when, comparatively, coconut oil can be sold on a near equivalent to competing oils and fats — which may come either from an increase in the prices of competing oils and fats or a decrease in copra prices, and probably will finally work out as a compromise between the two. But how soon this will happen, is a question.

FROM the Philippine viewpoint we would like once more to point out the increasing incidence of *kadang-kadang* infestation in Southern Luzon. Unless prompt and effective remedial action is taken, a few more years of this will mean a tremendous loss to the national wealth by ruining the copra groves of this area, as well as increasing the sphere of its malignant influence. Already, in some districts production is reported down up to 75%. This is something the Government should think about if it wishes to maintain and increase its copra exports. It is a serious matter.

As we swing into mid-February, copra and oil markets look softer, and buyers of oil and copra are holding back. Lower prices may easily come, but if they do it will be in spite of light production, for there should be no great copra surplus for some months to come, and it is not generally felt that dealers are holding back substantial stocks at this time. And so, as usual, one man's guess as to what may happen this next month is about as good as another's, although certainly the general tendency is against higher prices.

AMERICAN CHAMBER OF COMMERCE
OF THE PHILIPPINES

ESTABLISHED 1920

PURPOSES. The promotion and development of American trade, commerce, and industry in the Philippines and the Far East;

The provision of means for the convenient exchange of ideas in this promotion and development;

The cultivation of friendly relations between Americans and Filipinos and other peoples of the Far East;

The enrolment of all American citizens residing in the Philippines with a view to bringing about closer association in the achievement of the purposes set forth.

MEMBERSHIP. *Active membership* is limited to (1) commercial, industrial, and other organizations, partnerships, and corporations organized under the laws of the Philippines or of the United States of America which are controlled by American citizens, the responsibilities and privileges of this class of membership being exercised by individual representatives of the member-entities who must rank among their senior members but need not be American citizens; (2) individual Americans residing in the Philippines, other parts of the Far East, or the United States. *Associate membership* is limited to individual American citizens who may be either Residents (residing within 100 kilometers of Manila), or Non-residents (residing in the Philippines outside this radius or elsewhere in the Far East or in the United States).

OFFICERS AND DIRECTORS, 1950

Paul H. Wood, President
R. J. Newton, Vice-President
C. R. Leaber, Treasurer
Marie Willimont, Executive Vice-President
I. T. Salmo, Secretary

J. H. Carpenter, Member
C. H. Hirst, Member
Paul T. Millikin, Member
J. A. Parrish, Member
E. A. Perkins, Member

American business houses and individual Americans, not already members, are cordially invited to join the Chamber and to assist in the promotion of its purposes.

PAST PRESIDENTS
*H. L. Heath
*C. M. Cotterman
E. E. Elser
*R. E. Murphy
G. H. Fairchild
P. A. Meyer
*H. M. Cavender
*S. F. Gaches
W. H. Rennolds
F. H. Stevens
*Deceased

Desiccated Coconut

By Howard R. Hick
President and General Manager
Peter Paul Philippine Corporation

THIS report covers the period from January 15 to February 15, 1950. During this period the copra market remained steady with local prices in excess of the foreign equivalents; particularly was this true in the provinces, where dealers preferred to hold copra to cash because of monetary difficulties which are presently in force.

The local and provincial market showed weakening tendencies toward the end of the period, mainly through buyer-resistance in the United States, and coconut prices closed weak in reacting to the copra news. Also at the close of this period the Philippine Constabulary "zoned" certain areas throughout the coconut regions as being possible locations for Huk and dissident troubles. There has been considerable military activity in these areas and this will tend to reduce the available supply of coconuts. It is not possible as yet to say how greatly this will interfere with normal coconut harvests and prices.

The labor front has been quite active with a three-week strike at the Peter Paul Philippine Corporation factory at Candelaria, Quezon. The Union had presented many unreasonable demands which were rejected by the Company and within several hours the Union decided to strike. This was another example of labor pressing demands and not wishing to follow the legal and proper pattern,—that when management and labor meet an impasse, they should resort to the Court of Industrial Relations.

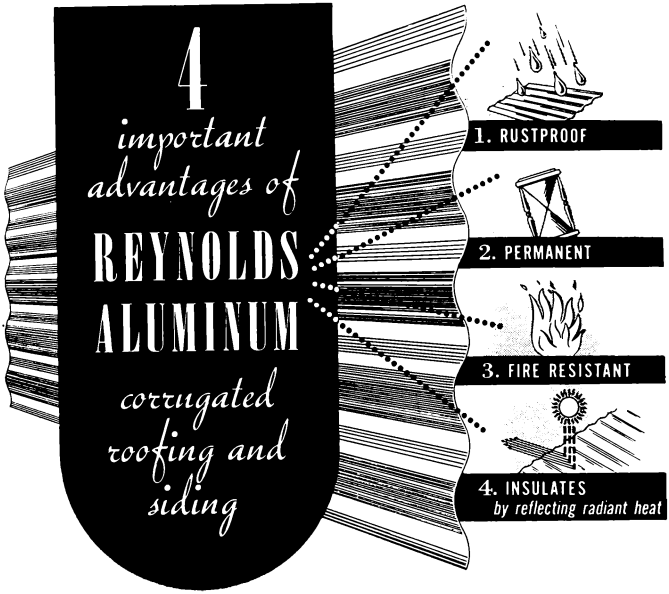
A highlight in this labor issue was the securing of a court order permitting the Company to dispose of its perishable raw material (coconuts) so as to minimize losses. The Union forcibly restrained the management from carrying out this order, but was finally served a court summons to return to work or be dismissed. The Union members chose to return to work while their demands were aired in court. The demands and management-labor problems are presently under discussion.

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

Shippers	*Pounds*
Franklin Baker Company	3,003,000
Blue Bar Coconut Company	728,000*
Peter Paul Philippine Corp.	973,000**
Red V Coconut Products, Inc.	1,314,500
Sun-Ripe Coconut Products, Inc.	0
Standard Coconut Products, Inc.	16,830
Cooperative Coconut Products, Inc.	66,700
Tabacalera	0
Coconut Products Philippines, Inc.	14,670
Luzon Desiccated Coconut Corp.	286,805
Total	6,403,505

Note:

*Zamboenga Factory Production	129,500 lbs.	
Lusacan "	598,500 "	
Total Blue Bar Shipment	728,000 "	
**Peter Paul Production		632,000 lbs.
Standard Coconut Production		341,000 "
Total Peter Paul Shipment		973,000 "



Reynolds *Lifetime* Aluminum Corrugated Roofing and Siding does a better job . . . for more years . . . at lower costs. Here are the reasons:

Lifetime Aluminum is an investment in long range economy. It cannot rust or decay, never needs protective painting. Properly applied, it will last a lifetime with little maintenance.

Lifetime Aluminum insulates by reflecting radiant heat. This means interiors up to 15° cooler in summer, warmer in winter.

Light and strong, this modern roofing and siding material is easy to handle, easy to apply, easy to cut and form.

We suggest you tell us your problems. Our technicians will work with you closely and give you full details on the most advantageous way to use these sheets.

NAILS . . . Aluminum nails are strongly recommended wherever Reynolds Aluminum Corrugated Sheets are used.

REYNOLDS METALS COMPANY

EXPORT DIVISION • 19 EAST 47TH STREET, NEW YORK 17, N. Y., U. S. A. • CABLE: FOILWAX NEW YORK

SORIANO TRADING COMPANY

M. R. S. Building Manila Tel. 2-89-36

Sugar

By G. G. Gordon
Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from January 31 to February 28.

New York Market: At the end of January, the market was easier and although the majority of sellers continued to hold for 5.80¢, there was an offer of 30,000 bags Puerto Ricos for shipment about February 24 at 5.78¢. However, buyers continued to be indifferent and gave no indication that they would be interested at 5.75¢. On January 31, 103 Cuban mills were reported as grinding, as compared with 113 grinding on November 30, 1949.

February opened with a sale of 50,000 bags Puerto Ricos, February shipment, at 5.78¢. However, on the same day there were further offerings of Puerto Ricos, Philippines, and Hawaiians at 5.75¢ without finding any buyer. All of this sugar, offered at 5.75¢, was due about the middle of March, except the Philippine parcel which was offered for February shipment.

On February 2 there were transactions at 5.70¢ for Cubas, February loading, and Puerto Ricos early March; 3500 tons Hawaiians due in February were also sold at the same price. The market was described as unsettled with a somewhat easy tone. Distribution of refined sugar continued to be below the level of 1949.

On February 3 the market was hesitant and some refiners indicated that their ideas were not above 5.65¢. There were some reductions in refined prices announced by both beet and cane refiners, and the other refiners were expected to follow suit within a few days.

On February 6 the Supreme Court upheld the constitutionality of congressional limitation on imports of refined sugar from Puerto Rico, Hawaii, and the Virgin Islands. It was announced that this decision wipes out any uneasiness regarding the legality of the 1948 Sugar Act. By February 6, 140 centrals were reported in operation in Cuba, which is exactly the same number grinding on the corresponding date in 1949. The Eastern refiners generally reduced their prices by 10¢ per cwt.

On February 7 it was announced that the Philippine Conference rate on raw sugar had been reduced from $12 to $11.50 per ton, effective February 3. The market continued to drag with sales reported around the 5.70¢ basis.

On February 8 the raw market developed a distinctly easier trend with the news that a large Cuban producer had sold 45 50,000 tons of Cubas, believed to be for March shipment, on the basis of 5.65¢. There were further sugars available at this price, but refiners indicated no better than 5.60¢. The market continued on the 5.60¢ level to February 10.

On February 15 there was a further decline and after a few lots had been sold at 5.60¢, indicated no better than 5.55¢. On this date 151 Cuban mills were reported grinding, compared with 156 on the same date in 1949.

On February 16 the market weakened to the 5.50¢ level and there were also considerable sales at declining prices on the exchange. On February 17, the market steadied after the decline, offerings were at 5.55¢ but buyers were not disposed to pay more than 5.50¢. To the close of the month, the market remained about this level. On February 28, sales were reported of Puerto Ricos, Cubas, and Philippines for March arrival at 5.50¢.

As of February 23, 157 Cuban mills were reported to be grinding, the same number as last year.

We give below the quotations on the New York Sugar Exchange as of February 23 for Contracts Nos. 4, 5, and 6:

	Contract No. 4	Contract No. 5	Contract No. 6
March	4.36	5.05	—
May	4.36	5.12	5.06
July	4.36	5.17	5.10
September	4.36	.18	5.13
November	—	—	5.14
January	4.29	—	—
March	4.09	—	—

Local Market: (a) Domestic Sugar. — During the month there was little change, quotations for centrifugal sugar, 97° polarization, being reported as ₱15 to ₱15.50. For washed sugar polarizing 99° quotations ranged from ₱18 to ₱18.50, same as in January.

(b) Export Sugar. — In accordance with the tendency in New York, the local export market declined during the month, quotations dropping from ₱13.85 on February 1 to ₱13.25 at the close of the month.

A considerable reduction has been made in the estimate of the current crop which is now placed at 736,808 short tons. This shows very little difference from the production of the previous year.

Manila Hemp

By Fred Guettinger

Vice-President and General Manager
Macleod and Company of Philippines

OUR review covers the period January 16 to February 15, 1950. During this period there was a steady decline in prices in all consuming markets. The United States market opened on a weak tone, and remained pretty dull throughout the month. Little business was done. The United States Government is reported to have purchased small quantities for stockpiling. The market closed dull, with no demand and with declines ranging to 1¢ lower than at the opening.

New York quotations:

	Per lb. c.i.f. Jan. 15, 1950	Feb. 15, 1950	New York Change	Year Ago
Davao I	27-5/8¢	26-5/8¢	Down 1¢	30¢
Davao J1	27-1/4	26-3/8	Down 7/8	29-5/8
Davao G	25-1/4	25	Down 1/4	26-7/8
Non-Davao J1	25-1/2	24-1/2	Down 1	27-1/2
Non-Davao G	20-1/2	19-1/2	Down 1	22-5/8
Non-Davao K	16-1/4	15-3/4	Down 1/2	15-3/8

Demand from Europe was scattered and in total not large due to lack of dollars. Germany is reported to have received a dollar allocation for approximately 1,000 tons, mostly Non-Davao grades, but at the end of the period under review only a small portion of its requirements had been bought.

SCAP continued to buy quite heavily and sales from the latter part of December—when buying was resumed—to mid-February are probably close to 40,000 bales.

Prices in the Philippine provincial markets remained fairly steady until about the middle of the period, when they began to gradually decline without keeping pace with the decline in consuming markets.

Philippine provincial quotations:

	Jan. 15, 1950	Feb. 15, 1950	Per Picul—Basis Loose Change		Year Ago
Davao I	₱62	₱60.50	Down	₱1.50	₱69
Davao J1	61	59.50	Down	1.50	67.50
Davao G	54	53.50	Down	.50	60
Non-Davao J1	54.50	52.50	Down	2	60.50
Non-Davao G	41	39.50	Down	1.50	47.50
Non-Davao K	29	27.50	Down	1.50	29

Pressings during January were 54,116 bales—the highest since May, 1948. The increase over December, 1949, is 3610 bales; and over the corresponding month last year, 7319 bales. The increase in Davao pressings amounted to 3544 bales; in Camarines, Albay, and Sorsogon, 5242 bales; while production in all other Non-Davao grades registered a decline of 1467 bales. Davao pressings in January were 22,822 bales; Camarines, Albay and Sorsogon, 14,966 bales; and all other Non-Davao, 16,328 bales.

The month of February promises to show up with a production at least equal to January production—if not surpassing it by a few thousand bales. If the output of these two months means anything, production for 1950 may equal 1948 production, or even go beyond it. The increase in the Davao districts undoubtedly may be attributed to new plantings coming into production; while for the increase in the Bicol provinces no explanation can be offered other than that the fields have at long last recovered from the effects of the December, 1947, typhoon. It is a regrettable fact that new areas planted to abaca in the Bicol region during the post-war period are almost nil. Unfortunately, no figures are available that would give an idea of the newly-planted areas in the Davao districts. Any attempt to name a figure would be pure guesswork, but it seems fairly safe to assume that the year 1950 will bring out considerably more Davao hemp than last year.

Enlarging upon the brief remarks made in last month's report regarding 1949 production, we give below some tables showing comparative figures of production and exports in the post-war years:

Production:	1949	1948 In Bales	1947	1946
Davao	224,737	206,768	352,822	256,962
Bicol (Camarines, N. and S., Albay and Sorsogon)	111,234	156,815	234,718	80,741
Leyte and Samar	104,198	105,383	104,185	44,476
All other Non-Davao	73,551	108,498	95,040	9,075
Abaca decorticated (Davao)	10,866	9,144	9,429	—
Total Abaca	524,586	586,608	796,194	391,254
Maguey	12,847	27,301	60,254	942
Ramie	162	424	644	729
Grand Total	537,595	614,333	857,092	392,925

Yearly average production, 1916 to 1940, in round figures	1,200,000	bales
Year of highest production, 1929	1,590,343	bales

Abaca Exports — By Destinations	1949	1948 In Bales	1947
United States and Canada	201,139	267,227	531,119
Continental Europe	94,910	104,059	113,129
Japan	90,230	133,403	9,244
United Kingdom	41,650	60,395	66,730
China	15,536	12,857	7,221
South Africa	4,127	3,757	8,480
India	3,325	2,531	7,635
Australia and New Zealand	1,914	42	5,236
South America	—	3,353	2,060
	452,831	587,624	750,854

Tobacco

By Luis A. Pujalte
Secretary-Treasurer, Manila Tobacco Association

ALTHOUGH it is still too early to be sure, all the indications are that the 1950 tobacco crop will be the largest since the outbreak of the war. An increase in acreage is noted throughout the tobacco regions, mainly the Valley (Isabela and Cagayan), Pangasinan, La Union, and Ilocos and in the Visayan Islands. Weather conditions have been very favorable and if this continues, a 40% increase over last year's approximately 30,000,000 pound crop could easily be harvested.

With the import control, most of this tobacco will be consumed locally; that is, if the exchange control does not restrict the importation of cigarette paper. This has been very difficult under the exchange control order allowing only 6% monthly of the 1949 imports of uncontrolled items, and now, with the newly announced list of priorities, it will be almost impossible to bring in cigarette paper for the ever-increasing demand for local cigarettes. The black market is not only flourishing on imported, but also on locally manufactured cigarettes. A 4000-meter bobbin of cigarette paper costs between $2.75 and $3. In the hands of bonafide manufacturers, this bobbin yields 48,000 to 50,000 cigarettes, which pay a minimum tax of ₱96. The Government cannot afford to lose ₱100 in taxes due to a "loss" of say $3 in foreign exchange. With the exchange control, it would be very easy to completely eradicate clandestine manufacture following the suggestion of the Board of Directors of the Manila Tobacco Association contained in a memorandum to the Tax Committee, Department of Finance, attention of Mr. Alfredo Jacinto, Chairman, which reads as follows:

"(1) *To have only duly licensed tobacco manufacturers as sole importers of cigarette paper, whether in rolls or in sheets.* If the importation of cigarette paper be placed exclusively in the hands of authorized tobacco manufacturers, the rampant smuggling of this commodity and illegal disposal thereof will be minimized if not altogether stopped. It will also avoid the channeling of this commodity into the hands of unscrupulous importers who are not engaged in the manufacture and sale of tobacco products. It cannot be doubted that the authorized manufacturers are in a better position to dispose of this commodity and will have more caution against eventual transfer to the hands of illicit manufacturers."

If this were done it would be very easy for the Bureau of Internal Revenue to keep a close supervision and watch over the output of each factory and thus be assured that all due taxes are collected.

Imports

By Louis S. Kraemer
Vice-President, Mercantile, Inc.

FEBRUARY 18 marked the day when the Import Control Office finally started to issue import allocations covering the first quarter of 1950. Until this date, it was impossible for importers to place their orders for any items subject to import control. Even to the date of this writing, the wheels of the Import Control Office are turning very slowly and the import business is still virtually paralyzed on all controlled items.

According to an authoritative source, the Import Control Office will, within a few days, begin to keep its records on modern accounting machines and it is hoped that the present delays will then be greatly minimized.

Many business men are saying that the obstacles to trade created through the import control regulations are far less disturbing than the uncertainties created through the often ambiguous "memoranda" of the Exchange Control Board with regard to priorities on foreign exchange for commodities not subject to import control.

One exhausted trader pointed out that at least he and his customers knew where they stood on controlled items because either they had their allocation or they didn't, whereas under the exchange control, they could not plan from one day to the next as the rulings are constantly subject to modification and amendment.

While the necessity for dollar conservation is practically universally accepted, it is thought that the present system has certain flaws which are costing the nation more dollars than necessary. Due to the restrictions placed on monthly allocations of exchange (6% of the importers' 1949 expenditures) the importer is unable to take advantage of seasonal or economic declines in the world markets on various commodities, and furthermore is unable to place orders sufficiently large to obtain the carload-prices which, oftentimes, are far lower than the less-than-carload prices, both from the viewpoint of the producers' established price lists and the inland freight rates.

Traders and importers are not the only ones directly affected by the controls. Many firms planning on entering into local manufacturing have ordered and received machinery for their operations, and now find extreme difficulty in obtaining foreign exchange for the raw materials needed, even though these imported raw materials constitute only a minor portion of their requirements.

The opinion has been expressed that the Philippine Government waited too long before beginning the control on dollars and that today the only remedy can come from the United States granting a sufficient loan to maintain the reserve necessary to carrying the country through this period of conversion to home production for domestic and export purposes, which some believe may require two or three years even under the most capable administration.

Commodities	*January 1950*	*January 1949*
Automotive (Total)	1,367,319	2,186,856
Automobiles	492,490	379,324
Auto Accessories	18,102	25,261
" Parts	198,330	638,045
Bicycles	57,533	25,994
Trucks	25,843	63,147
Truck Chassis	183,927	554,494
Building Materials (Total)	5,506,300	21,490,781
Board, Fibre	169,524	922,447
Cement	458,868	15,635,899
Fixtures, Bathroom and Kitchen	443,682	286,750
Glass, Misc.	1,416,671	134,157
Plumbing, Misc.	629,026	741,150
Chemicals (Total)	13,536,941	13,401,301
Caustic Soda	2,606,879	605,757
Explosives (Total)	32,987	231,525
Firearms, NOS (Total)	12,706	22,318
Ammunition	15,175	37,513
Hardware (Total)	7,074,415	7,580,529
Household (Total)	1,655,063	2,595,186
Machinery (Total)	2,463,463	2,648,545
Metals (Total)	12,311,159	8,765,064
Petroleum Products (Total)	47,766,404	50,395,713
Radios (Total)	92,214	66,355
Rubber Goods (Total)	856,013	956,313

Beverages, Misc. Alcoholic	40,829	54,387
Foodstuffs (Total kilos)	22,491,674	49,555,739
Foodstuffs, NOS (Total)	9,503	18,249
Foodstuffs, Fresh (Total)	104,243	295,383
Apples	32,572	56,006
Oranges	5,723	10,328
Onions	18,978	85,030
Potatoes	7,983	37,522
Foodstuffs, Dry Packaged (Total)	36,601	112,500
Foodstuffs, Canned (Total)	335,076	720,284
Sardines	42,592	148,700
Milk, Evaporated	156,651	152,704
Milk, Condensed	27,349	25,800
Foodstuffs, Bulk (Total)	422,265	848,138
Rice	—	—
Wheat Flour	358,343	752,403
Foodstuffs, Preserved (Total)	296	6,829
Bottling, Misc. (Total)	1,865,224	4,658,266
Unit — 404,508 (1949)		
Unit — 166,589 (1950)		
Cleansing and Laundry (Total)	620,074	476,788
Entertainment Equipment (Total)	12,755	9,181
Livestock — Bulbs — Seeds (Total)	744	103,558
Medical (Total)	842,247	649,907
Musical (Total)	116,867	154,254
Office Equipment (Total)	209,974	230,570
Office Supplies (Total)	46,160	109,949
Paper (Total)	6,657,171	5,854,433
Photographic (Total)	36,746	25,740
Sporting Goods (Total)	143,763	74,348
Stationery (Total)	407,280	475,332
Tobacco (Total)	1,072,271	1,701,412
Chucheria (Total)	176,090	202,715
Clothing Apparel (Total) (Including men's, women's and children's)	417,712	882,403
Cosmetics (Total)	207,704	460,765
Fabrics (Total)	1,048,897	987,291
Jewelry (Total)	37	33
Leather (Total)	224,099	230,384
Textiles (Total)	3,754,019	6,560,053
Twine (Total)	94,240	88,397
Toys (Total)	122,381	117,526
General Merchandise (Total)	713,057	523,054
Non-Commercial Shipments (Total)	45,469	60,133
Advertising Materials, Etc. (Total)	804,873	25,795

—*Robot Statistics*

Automobiles and Trucks

By Karl E. Gay

Sales Representative, Ford Motor Company

BECAUSE of conflicting interpretations of the regulations concerning the presentation of applications for import quotas on passenger automobiles and of additional information required by the Control Office subsequent to presentation, no import quotas for passenger cars have yet been issued, and, because of the latest action on the part of the Cabinet directing the budgeting of dollar expenditures for exports, it is extremely doubtful when or even if such quotas will be forthcoming.

As can be seen from the attached charts showing the accumulated sales for the year 1949, more trucks were sold than passenger cars, although the passenger-car percentage was very high in view of the import restrictions, but this is explained by a large inventory carryover from 1948.

Sales possibilities for the future are uncertain, at least until the present situation clarifies itself and production schedules can be scaled down to the level of the new regulations. As unit-volume drops, however, all dealers will be forced to turn to the service-side of their business in order to stay in business.

As unit-sales volume decreases, collections on outstanding notes receivable will increase without the corresponding re-utilization of funds thus obtained, and thus a trend will be seen toward a large cash position.

Philippine Islands, Grand Total Accumulated Sales, 1949

MAKE	CARS		TRUCKS		TOTAL	
	Number	*%*	*Number*	*%*	*Number*	*%*
Ford	774	17.54	2,058	36.47	2,832	28.16
Mercury	315	7.14			315	3.13
Lincoln	79	1.79			79	.78
Prefect	2	.04	4	.07	6	.06
Chevrolet	1,275	28.89	1,823	32.30	3,098	30.81
Buick	174	3.94			174	1.73
Cadillac	26	.59			26	.26
Pontiac	261	5.91			261	2.59
Oldsmobile	253	5.73			253	2.51
G.M.C.			77	1.36	77	.76
Chrysler	32	.72			32	.32
DeSoto	189	4.28	63	1.11	252	2.51
Plymouth	142	3.22			142	1.41
Dodge	253	5.73	121	2.14	374	3.72
Fargo			94	1.66	94	.94
I.H.C.			1,231	21.81	1,231	12.24
Packard	80	1.81			80	.79
Reo			41	.72	41	.40
Nash	111	2.51			111	1.10
Austin	22	.50			22	.22
Willys	275	6.23	68	1.20	343	3.41
Hudson	46	1.04			46	.46
Studebaker	93	2.11	33	.58	126	1.25
Vauxhall	7	.16			7	.07
Fiat			9	.16	9	.09
White			6	.10	6	.06
Crosley	3	.07			3	.03
Bedford			5	.09	5	.05
Diamond T			7	.12	7	.07
Federal			2	.03	2	.02
Renault	1	.02			1	.01
Grand Total	4,413		5,642		10,055	

Philippine Islands, Provincial Sales, 1949

MAKE	CARS		TRUCKS		TOTAL	
	Number	*%*	*Number*	*%*	*Number*	*%*
Ford	286	29.12	959	37.00	1,245	34.83
Mercury	93	9.57			93	2.60
Lincoln	12	1.22			12	.33
Chevrolet	354	36.05	985	38.00	1,339	37.46
Buick	57	5.80			57	1.59
Cadillac	7	.71			7	.19
Pontiac	60	6.11			60	1.68
Oldsmobile	6	.61			6	.17
G.M.C.			24	93	24	.66
Chrysler	4	.41			4	.11
DeSoto	6	.61	4	.15	10	.28
Plymouth	8	.81			8	.22
Dodge	17	1.73	25	.96	42	1.17
Fargo			21	.81	21	.58
International			556	21.45	556	15.56
Packard	3	.30			3	.08
Reo			—		—	
Nash	7	.71			7	.19
Willys	54	5.50	8	.31	62	1.73
Hudson	2	.20			2	.05
Studebaker	6	.61	7	.27	13	.36
Bedford			3	.11	3	.08
Grand Total	982		2,592		3,574	

Total Sales 1949, Manila, Metropolitan Area

MAKE	CARS		TRUCKS		TOTAL	
	Number	*%*	*Number*	*%*	*Number*	*%*
Ford	488	14.23	1,099	36.05	1,587	24.49
Mercury	222	6.47			222	3.43
Lincoln	67	1.95			67	1.03
Prefect	2	.06	4	.13	6	.09
Chevrolet	921	26.84	838	27.48	1,759	27.15
Buick	117	3.42			117	1.80
Cadillac	19	.55			19	.29
Pontiac	201	5.86			201	3.10
Oldsmobile	247	7.20			247	3.82
G.M.C.			53	1.74	53	.82
Chrysler	28	.81			28	.43
DeSoto	183	5.33	59	1.93	242	3.74
Plymouth	134	3.91			134	2.07
Dodge	236	6.88	96	3.15	332	5.12
Fargo			73	2.39	73	1.12
International			675	22.15	675	10.42
Packard	77	2.24			77	1.19
Reo			41	1.34	41	.63
Nash	104	3.03			104	1.61
Austin	22	.64			22	.34
Willys	221	6.44	60	1.97	281	4.33

Hudson........	44	1.28			44	.68
Studebaker.....	87	2.53	26	.85	113	1.74
Vauxhall.......	7	.21			7	.11
Fiat...........			9	.29	9	.14
White..........			6	.19	6	.09
Crosley........	3	.09			3	.04
Bedford........			2	.06	2	.03
Diamont T.....			7	.22	7	.11
Federal........			2	.06	2	.03
Renault........	1	.03			1	.01
Total........	3,431		3,050		6,481	

Food Products

By C. G. Herdman
Director, Trading Division, Marsman & Co., Inc.

THE major item of interest concerning food products during February was the ratification of the International Wheat Agreement by the Senate of the Philippines, the signing of that agreement by the President, and the advices received from the United States that the agreement had been made effective in Washington as of February 27. Up to the present time, the necessary executive order has not been issued to implement the I.W.A. and to assign the control of the flour imports which will be necessary under the agreement. No definite information is available as to how or to whom flour import quotas will be allotted. The most equitable form would seem to be to have the flour imports handled in a manner similar to that of items included under the Import Control; it is strongly recommended that quotas be allotted to importers of historical record during the calendar year 1949, in direct ratio to the quantities imported during that year by each individual indentor, reserving say 20% of the total quantity for assignment to new dealers or importers, as is done under the general Import Control.

It is to be noted that the quantity of imports under the I.W.A. during any one crop-year, August 1 up to the following July 31, is limited to 196,000 metric tons of wheat, which is equivalent to an average monthly importation of approximately 518,000 bags of wheat flour of 50 pounds each. It is evident that this quantity is far from sufficient to satisfy the present requirements of the Philippines. Importations during the year 1949 averaged over 700,000 bags monthly, all of which may be said to have entered into consumption as there was no material surplus in local stocks during the first two months of this year. In fact, flour stocks during February have been on the short side, and it is probable that a definite shortage will soon be felt unless arrangements are immediately made to permit prompt imports under I.W.A. The consumption requirements of the country during the present year should actually be greater than last year for the reason that imports of all bakery products, including soda crackers, biscuits, cookies, cakes, etc., have been restricted by 80% under the Import Control, and to fill the demand for these products, particularly soda crackers, very considerable quantities of flour will be used in local factories for their manufacture. It is evident that the minimum consumption of flour will be well over 600,000 bags monthly, although the average import permits under I.W.A. will be only about 518,000 bags. Fortunately this limit under I.W.A. will not apply during the present crop-year. Under the terms of the agreement, the Philippines is at liberty to import between now and the end of July, 1950, the full amount of flour corresponding to the annual quota of 196,000 metric tons of wheat, which is well over 6,000,000 bags, 50 pounds each. As there are only five months remaining in the crop-year, this means that the Philippines will be permitted to import monthly between now and July any quantity up to about 1,200,000 bags monthly, should such imports be desired. The country is under no compulsion to take the full amount of the wheat or wheat flour provided for under

I.W.A., as the basic price of wheat on which present quotations of flour under I.W.A. are made, is the ceiling-price; namely, *$1.80* per bushel of wheat. Under the agreement, importing countries are not required to take the full amount of flour specified unless the exporting countries are delivering wheat or flour on the basis of the floor-price on the agreement which at present is *$1.50* per bushel. There seems to be no immediate prospect of flour being offered at anywhere near the floor-price.

I.W.A. further provides that importing countries desiring to change their annual quota may make application to the Council prior to the end of the crop-year, July 31, each year under the agreement. Thus, the Philippines is at liberty, if it is ascertained that the quantity presently indicated will be insufficient to cover consumption-needs, to apply to the Council before July 31 this year for an increased allotment for the coming crop-year. Such application would be referred by the Council to the wheat-exporting countries whose approval would be necessary before such increase could be made effective. World conditions existing at present with regard to wheat, indicate that there should be no difficulty in securing such approval if an increase is requested.

It is the opinion in some quarters that increased production of rice in the Philippines will be sufficient to supplant flour-consumption to a considerable degree in the near future. A study of the facts in this case, however, indicates that rice production for the coming year may show a slight increase over previous production, and subsequent years may show still further increases, but there is absolutely no indication that during the life of I.W.A., which has three years to run after July, 1950, there will be anywhere near sufficient rice to cover the present demand in the Philippines and that very considerable quantities will have to be imported annually even though rice consumption is supplemented as it has in the past year by over 700,000 bags monthly of wheat flour. Wheat flour is at present being sold, delivered in the Philippines, at a price approximately 50% only of the same weight of rice. There can be no doubt that pound for pound flour represents greater food value than does rice, and in the effort to conserve dollar exchange, which is at present necessary, it would certainly seem desirable for the welfare of the country that if any curtailment is to be made in imports of these badly needed basic foods, that the restriction in imports should be applied against rice rather than against flour.

Ratification of the International Wheat Agreement by the Philippines represents a very material saving in dollars to this country. Quotations of wheat flour under I.W.A. show present saving in cost on imports from the United States will be approximately ₱1.20 per 50-pound bag and the reduction on imports from Canada and Australia apparently will be in the neighborhood of ₱.50 per bag. This saving in price, of course, represents a subsidy which is directly or indirectly paid by the government of the exporting country to the millers exporting the flour to the Philippines.

Effects of the import controls are now being felt in the local market. A serious shortage has developed in many items of canned fruits, canned vegetables, canned meats, etc., which is reflected in higher prices to consumers. Canned fish stocks as yet are ample, but it is believed a serious shortage will develop in the Philippines during the coming months. The fishing season on the Pacific Coast is over. Fishing will not be resumed until the second half of July or later. Stocks there available for purchase and import are very small.

Extreme delay on the part of the Import Control Board in granting import quotas is accentuating the shortage of supplies locally on controlled commodities. The present Import Control went into effect as of December 1 last. Up to the end of February, only a score or so of importing entities have been able to secure import-quota allotments for the current year. Several hundred other importers have had their applications for quota allotments filed for a considerable period of time, but have been unable to secure action on the applications.

There is a marked shortage in local stocks of imported fresh fruits. Apples and oranges, even though controlled, are supposed to be permitted to enter in quantities up to those imported during 1948. Delay in granting import-quota allotments has practically stopped the importation of fresh fruits, and retail prices in the local market have more than doubled.

Evaporated milk, an uncontrolled item, is still plentiful in this market, although prices have advanced somewhat apparently in sympathy with the general advance in prices of other foodstuffs. Difficulty in securing exchange permits to cover further importations, indicates a possible shortage in this essential commodity within a few weeks' time.

Particularly noticeable are the extremely small stocks to be found in Manila of frozen goods such as fresh meats, etc.

Judging from reports appearing in Manila newspapers, it seems probable that restrictions on imports of foodstuffs may be relaxed in the near future, and such action would be highly desirable as otherwise there is going to be a tremendous shortage of essential foodstuffs, and living costs will be still further increased. The advance in prices of locally produced foodstuffs during recent weeks has been particularly noticeable.

Textiles

By L. W. Wirth

General Manager, Neuss, Hesslein Co., Inc.

IN the February issue of the *Journal* we pointed out that the Philippines is not over-supplied with cotton and rayon textile fabrics, as post-war imports only averaged about 134,000,000 square yards yearly, as against pre-war imports of 160,000,000 square yards.

Based on the percentage cuts in Executive Order No. 295, importations during 1950 of cotton and rayon fabrics will be reduced to approximately 36,000,000 square yards, or roughly 22% of the yearly pre-war average.

In Circular No. 19 of December 10, the Import Control Board announced that for articles previously uncontrolled, quotas would be issued for the period from December 1, 1949, to December 31, 1950. Many importers had substantial quantities (of previously uncontrolled fabrics) on order prior to December 1 and were hopeful of obtaining their quotas in December on the basis of Circular No. 19 to enable shipments to come forward. However, there has been much delay in the issuance of these quotas; only late in February the Import Control Office started to give out new quotas for the January/April portion of importers' quotas, and up to March 3 very few licenses have been granted.

This means that for the period of January to April approximately 12,000,000 yards will be licensed, or less than one yard per person and that means that before very long our population of 19,000,000 will be short of textile fabrics. This will result in a growing inflation at the expense of the laboring classes particularly, and for that reason alone it is essential to bring in this type of consumer goods in more substantial quantities in keeping with the needs of the people.

Due to the delay in issuing the licenses for 1950, arrivals during February were much less than normal replacement requirements, and it is expected there will be fewer goods arriving during March and April with the result that prices will further advance. As a matter of fact, local selling prices as of November 30 (when new import controls were put into effect) have since advanced an average of approximately 25%.

Reports from the Textile Industry of New York indicate that more than 90% of the mills' production of the most important staple items for the second quarter, i.e. April, May, and June, have been contracted for and that there has been a hardening price-tendency for July to December delivery, particularly in certain fabrics used for making low-priced shirts and dresses.

This hardening of prices in the United States due to the mills' production being sold up so far in advance, further emphasizes the desirability of re-studying and re-appraising the percentage-cuts imposed on textiles in Executive Order No. 295, and further emphasizes the need to release quotas as quickly as possible while importers still have the opportunity to purchase available supplies of textiles in the United States before further advances in prices are effected.

Legislation, Executive Orders, and Court Decisions

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

ON January 31, 1950, in Case No. L-2216, the Supreme Court affirmed a decision of the Court of Industrial Relations requiring that "a majority of the laborers to be employed should be native."

The Supreme Court said:

"We are of the opinion that the order under consideration meets the test of reasonableness and public interest. The passage of Commonwealth Act No. 103 was 'in conformity with the constitutional objective and * * * the historical fact that industrial and agricultural disputes have given rise to disquietude, bloodshed and revolution in our country.' (Antamok Goldfields Mining Co. *vs.* Court, 40 O. G., 8th Supp., 173.) 'Commonwealth Act No. 103 has precisely vested the Court of Industrial Relations with authority to intervene in all disputes between employers and employees or strikes arising from differences as regards wages, compensation, and other labor condition which it may take cognizance of.' (Central Azucarera de Tarlac *vs.* Court, 40 O. G., 3rd Supp., 319, 324.) Thus it ha s jurisdiction to determine the number of men to be laid off during off-season. By the same token, the court may specify that a certain proportion of the additional laborers to be employed should be Filipinos, if such condition, in the court's opinion, 'is necessary or expedient for the purpose of settling disputes, preventing further disputes or doing justice to the parties.'

* * *

"We can not agree with the petitioner that the order constitutes an unlawful intrusion into the sphere of legislation, by attempting to lay down a public policy of the state or to settle a political question. In the first place, we believe, as we have already explained, that the court's action falls within the legitimate scope of its jurisdiction. In the second place, the order does not formulate a policy and is not political in character. It is not a permanent, all-embracing regulation. It is a compromise and emergency measure applicable only in this case and calculated to bridge a temporary gap and to adjust conflicting interests in an existing and menacing controversy. The hiring of Chinese laborers by the petitioner was rightly considered by the court likely to lead the parties away from the reconciliation which it was the function of the court to effectuate.

"As far as the petitioner is concerned, the requirement that majority of the laborers to be employed should be Filipinos is certainly not arbitrary, unreasonable or unjust. The petitioner's right to employ labor or to make contract with respect thereto is not unreasonably curtailed and its interest is not jeopardized."

In another case decided on the same date, the Supreme Court affirmed a decision of the Court of Appeals holding that an insured was entitled to recover from the insurance company for a loss occasioned during the Japanese occupation despite a clause in the policy absolving the insurer in event the loss was occasioned by war, etc., or if the loss occurred during the existence of "abnormal" conditions arising out of war, etc. The insurer also set up as a defense that the policy provided that if the circumstances affecting the building were changed without the consent of the insurer so as to increase the risk of fire, the insurance ceased. It also urged another violation of the policy because the insured had failed to disclose a previous fire. The Supreme Court, in passing upon the argument that occupation of the city and sealing of the building by the Japanese, increased the risk, that the fire occurred during "abnormal conditions", and that the claim was false and fraudulent because of denial of previous fire, said:

"The findings of the Court of Appeals (1) that the sealing of, and the placing of posters on, the building by the Japanese Forces did not increase the hazard or risk to which the building was exposed and, therefore, the insurance did not cease to attach under Article 8 of the policies; and (2) that the fire which destroyed the building 'was purely an ordinary and accidental one, unrelated to war, invasion, civil commotion, or to the abnormal conditions arising therefrom,' are binding and conclusive upon this Court. It has not been shown that the findings of fact made by the Court of Appeals are arbitrary, whimsical, manifestly mistaken, illogical, or absurd, so as to warrant this Court to step in in the exercise of its supervisory power. And as to the defense based on article 13, the same is not set up in the special defenses, unlike the one under article 8 which is set up in the 4th and 5th special defenses and the other under article 6 set up in the 2d special defense. This Court cannot determine whether the defense under article 13 is included in that of article 11 pleaded in the 6th special defense because the policies are not before it."

Consequently, the decision of the Court of Appeals on the point of false declaration of no previous fire, was not passed on by the Supreme Court. However, it would be well for all insurance companies to note what the Court said about raising defenses and possible waiver of such by not pointing them out in any denial of liability, and also the advisability of making specific all defenses upon which it proposes to rely.

The Court of Appeals said:

"As to the third assignment of error, the record discloses that the plaintiff-appellee had a previous building on the land on which the insured building was built, which had also been destroyed by fire from neighboring buildings. On the basis of this fact, it is claimed on defendant-appellant's behalf that the plaintiff-appellee should be considered as having forfeited all benefits under the policies, in accordance with Article 13 thereof. Three objections are raised against this claim, namely, that it had not been raised in defendant-appellant's answer; that it has been waived and appellant is estopped from asserting it now, especially for the first time on this appeal; and that the misstatement is immaterial and not fraudulent.

"The first objection is procedural, but it is a valid one because plaintiff-appellee was not aware of this defense and had no opportunity to introduce evidence to counteract it. The second objection is also well founded, as the defendant-appellant by its letter rejecting the claim disclaimed liability only under Article 6, thus making plaintiff-appellee believe that the defense was on Article 6 alone (32 C. J. p. 1354). We also sustain the third objection, as the previous fire that appellee failed to mention in answering the questions appearing in the claims application is certainly immaterial and irrelevant, in so far as the fire in question is concerned (32 C. J. p. 1271)."

Philippine Safety Council

By Frank S. Tenny

Executive Director

INDICATING the trend of local industrial and insurance companies to affiliate with the national safety movement, five new members have enrolled in the Philippine Safety Council during the past few days. They are:

1) Standard Vacuum Oil Company, represented by Mr. J. A. Parrish.
2) International Harvester Company of Philippines, represented by L. Davis.
3) Manila Fire Insurance Association, L. P. Ralph, President.
4) Filipinas Compañia de Seguros, represented by Miguel Ortigas.
5) Tyres Punctureprufe Service Company, represented by Mr. Matthew S. Tee.

These five new members bring the 1950 enrollment in the Safety Council to 25 company members and 23 individual members.

During the month of February, safety programs are being conducted in the following listed firms under Safety Council supervision: San Miguel Brewery, Manila Electric Company, Ayala y Compañia, Pepsi-Cola Bottling Company, PRATRA, Pangasinan Transportation Company, Atlantic, Gulf and Pacific Company, Santa Clara Lumber Company, and Manila Trading and Supply Company. A safety survey is also being conducted this month on the premises of the International Harvester Company.

———

FIRES, AND FIRE LOSSES, MANILA, 1949

The figures have been obtained through the cooperation and courtesy of Cipriano Cruz, Chief, Fire Department, City of Manila, and his assistants

Number of fire Alarms:
1946—759 1947—739 1948—647 1949—820

Number of Fire Cause Cases:
1946—694 1947—684 1948—607 1949—795

Specific Causes:

CAUSE	1946	1947	1948	1949	TOTAL
Cigarette butts	200	126	162	202	690
Bonfires	18	16	23	173	230
Electricity	190	274	175	148	787
Spontaneous combustion	4	35	50	87	176
Gasoline	129	67	39	23	258
Lighted candle	10	10	7	22	49
Suspected arson	—	—	9	18	27
Match	4	4	12	12	32
Unknown	38	21	17	12	88
Live ember	3	11	12	11	37
Flying sparks	—	—	—	11	11
Rekindling	16	—	—	8	24
Kerosene	6	—	—	7	13
Oil lamp	7	15	5	6	33
Native stove	3	—	—	5	8
Kerosene lamp	—	—	10	4	14
Kerosene stove	—	—	—	4	4
Sparks	—	3	6	4	13
Friction	6	8	5	4	23
Electric stove	—	—	12	4	16
Acetylene	—	4	—	3	7
Overheating	6	3	4	—	13
Chimney	6	9	11	—	26
Asphalt	4	—	3	—	7
Alcohol	4	—	2	—	6
Firecrackers	—	4	3	—	7
Calcium carbide	—	4	—	—	4
Floor wax	—	—	3	—	3
Rubbish	—	36	—	—	36
Welding torch	—	4	—	—	4
Film	—	3	—	—	3
Lamps	12	—	—	—	12
Miscellaneous	28	19	37	27	111
Stove	—	8	—	—	8
					2,780

The above figures are no doubt slightly inconsistent due to change of fire-cause classifications from year to year. On the whole, they are highly informative. Fire losses increased from ₱4,000,000 in 1946 to ₱7,000,000 in 1949. The total of 53 lives were lost in these fires, and 402 persons injured. Ironically, the month of March (fire-prevention month) has seen the worst losses.

Other Chambers of Commerce

Philippine Chinese General Chamber of Commerce

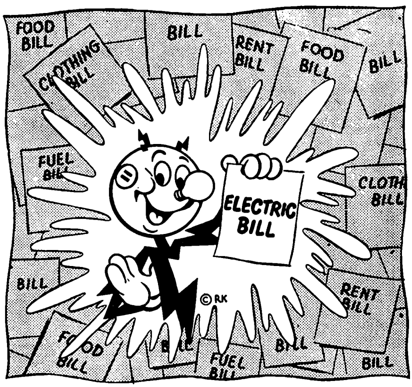
Statement of Mr. Alfonso Z. Sycip

AFTER having served the Philippine Chinese General Chamber of Commerce for more than forty years in various capacities, I have decided this year to decline my re-election to the directorship and the Presidency of the Chamber. I should like to go into a brief explanation of my association with the Philippine Chinese General Chamber of Commerce, and of my decision to retire from active association with this body.

I have come to this decision because I believe it is time for us to give way to capable leaders of a younger generation so they may prepare themselves and the Chinese Chamber may always remain a well-organized and well-led organization. I also believe that, after having devoted more than half of my lifetime to the furtherance of the purposes of the Philippine Chinese General Chamber of Commerce, I should now be allowed a rest and be excused from taking an active part in the management of its affairs.

I have always taken and followed the view that the immediate objectives of the Chinese Chamber in promoting the well-being of Chinese businessmen, must and should be subordinated to the overall importance of making the Chamber a vigorous institution for the promotion and implementation of constructive cooperation between local Chinese businessmen and the Philippine authorities as well as with other elements of our business and civic community. It is chiefly for this reason that I consented to be closely associated with the Chamber's activities for so many years. I think that my many friends in the Philippine community can attest to the fact that I have achieved moderate success in my endeavors to properly integrate the Chinese business community into the framework of Philippine economic life with benefits to the public interest.

As a result of the election this year, my successor as President is Mr. Sy En, a person of unquestioned integrity, of outstanding ability, and with an intimate appreciation of the primary objectives of the Philippine Chinese General Chamber of Commerce. With the support of the directors and other officers of the Chamber, I am confident that Mr. Sy En will be able to continue and further enlarge the primary objectives of the Chamber with due regard to the legitimate interests of the Chinese business community and with full recognition that such interests cannot be protected and furthered outside of the basic framework of Philippine-Chinese cooperation.



Although I am now retiring to my private business, I wish to say that, with the welfare of the Philippines at heart, I will always stand ready to render any service or possible help which the Chamber may be in need of in furthering its purposes.

Officers of the Philippine Chinese General Chamber of Commerce

Advisory Council:
Messrs: Yu Khe Thai
Albino Z. Sycip
W. J. Wen
K. Huang
Tan Samto
Eduardo Co Seteng

Honorary President: Mr. Alfonso Z. Sycip

Board of Directors:

Executive Board:

Five members of the Standing Committee:
Messrs: Sy En — *President*
George Dee Se Kiat — *Vice-President*
Go Kim Pah — *Vice-President*
Yu Eng Poh — *Treasurer*
Dy Huanchay — *Member*

Other Members of the Executive Board:
Messrs: Go Puan Seng
Ang Tuan Kai
Uy Pit Lok
Peter Lim
Chua Lian Huat
Chua Limco

Members of the Control Board:
Messrs: Chua Cho Ching
Yu Tiao Kun
Chiong Phai Hun
Cham Say
Yao Shiong Shio

Secretary........... Mr. Ty Kong Tin
Executive Secretary. Mr. Yang Sepeng

Executive Order No. 302

AMENDING EXECUTIVE ORDER NO. 297, DATED DECEMBER 24, 1949

BY virtue of the powers vested in me by Republic Act No. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL AND PENALIZING VIOLATIONS OF THIS ACT," I, ELPIDIO QUIRINO, President of the Philippines, do hereby order:

SECTION 1. Section 2 of Executive Order No. 297 is hereby amended to read as follows;

"Articles or materials included in Appendix 'A' which are necessary for the operation of locally established industries and THOSE NEEDED IN CONSTRUCTION PROJECTS COVERED BY REHABILITATION CONTRACTS, FINANCED PARTLY OR WHOLLY BY WAR DAMAGE FUNDS, as determined IN EACH CASE by the Import Control Board, shall not be subject to the percentage reduction fixed in Appendix 'B', but the manufacturer OR CONTRACTOR shall apply for import permit therefor."

SEC. 2. This Order shall take effect upon its promulgation.

Done in the City of Manila, this 14th day of February, in the year of Our Lord, nineteen hundred and fifty, and of the independence of the Philippines, the fourth.

(SGD.) ELPIDIO QUIRINO
President of the Philippines

By the President:

(SGD.) MARCIANO ROQUE
Acting Executive Secretary

COST OF LIVING INDEX OF WAGE EARNER'S FAMILY[1] IN MANILA BY MONTH, 1946 TO 1949

(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (59.15)	House Rent (8.43)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)	Purchasing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	.1657
February	547.2	656.3	236.4	940.3	369.5	460.5	.1827
March	525.9	631.0	236.4	940.1	340.4	445.2	.1902
April	556.2	684.1	236.4	910.3	345.5	435.9	.1798
May	545.1	675.6	236.4	762.5	342.3	409.6	.1835
June	538.7	666.4	236.4	737.9	343.3	404.2	.1856
July	552.7	704.3	236.4	598.9	341.3	364.6	.1809
August	477.9	590.0	236.4	384.7	320.9	346.3	.2092
September	477.9	591.3	236.4	378.7	314.5	347.2	.2092
October	487.4	587.2	236.4	382.7	405.8	342.7	.2052
November	484.8	607.8	236.4	406.4	346.5	305.2	.2063
December	461.9	570.8	236.4	371.9	344.7	302.1	.2165
1947[2]	(100.00)	(63.43)	(11.96)	(2.04)	(7.73)	(14.48)	
January	426.2	368.2	453.9	381.9	326.2	282.5	.2346
February	418.5	454.9	453.9	356.2	344.8	281.4	.2389
March	406.8	440.1	453.9	295.2	334.7	279.4	.2458
April	387.7	413.3	543.9	269.2	328.9	271.6	.2579
May	381.0	404.4	453.9	250.9	325.4	269.4	.2625
June	386.3	414.4	453.9	236.8	316.6	268.6	.2589
July	393.4	426.8	453.9	217.7	309.3	269.9	.2542
August	387.4	419.8	453.9	210.2	292.0	269.1	.2581
September	368.9	392.1	453.9	216.4	283.3	266.8	.2711
October	358.7	376.3	453.9	212.7	280.5	267.7	.2788
November	358.4	376.3	453.9	215.1	280.5	265.3	.2790
December	371.9	395.8	453.9	219.1	298.2	262.9	.2689
1948							
January	391.2	428.3	453.9	224.5	304.6	249.9	.2556
February	368.5	392.0	453.9	223.8	301.1	254.4	.2714
March	349.4	361.0	453.9	214.6	308.1	255.9	.2862
April	356.1	374.1	453.9	209.4	289.7	254.8	.2808
May	349.8	360.2	453.9	214.2	289.7	271.6	.2859
June	354.3	370.4	453.9	205.2	283.2	262.9	.2823
July	356.4	374.2	453.9	201.3	281.6	262.4	.2806
August	363.6	385.7	453.9	199.8	281.6	261.7	.2751
September	370.6	397.2	453.9	199.2	279.6	260.6	.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							
January	363.8	386.8	453.9	202.0	279.0	258.9	.2750
February	343.8	355.5	453.9	203.0	277.5	258.9	.2909
March	346.3	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	.2867
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	243.1	.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	202.9	259 5	256.2	.3035
1950							
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

[1] Average number of persons in a family = 4.9 members.
[2] Revised in accordance with the new survey on the "Levels of Living, in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

The "LET YOUR HAIR DOWN" Column

IN asking for some missing issues of the *Journal*, so that he could complete the volumes for 1947, 1948, and 1949 for binding, the Rev. James J. McGinley, S.J., Director of the Ateneo de Manila, wrote us (in part):

"Through your courtesy we are now regularly receiving the American Chamber of Commerce *Journal* and find it very valuable for our students and teachers in this department. It is being mailed to the Director, Department of Social Sciences, Ateneo de Manila.

"We have combined issues formerly sent to the general library here and are now trying to complete our set. Kindly advise us what it is possible for us to do in order to accomplish this. We are willing to purchase, even though currently receiving the *Journal* on a complimentary basis. . ."

WE received the following letter from Mr. Charles A. Bauer (235 W. 71st Street, New York 23, N.Y.), an old-timer who was formerly connected with the old Executive Bureau and who left the Philippines some years before the war. At the time he resigned he was Chief Clerk in the Manila City Engineer's Office. His letters deals chiefly with his pre-war deposits in a Manila bank, and runs as follows:

"I wish to acknowledge receipt of six or seven copies of the American Chamber of Commerce *Journal* and to thank you for them. I was on the point of writing ere this, but between 'one thing and another' have had to postpone writing.

"I wish to congratulate you also on the first-class appearance and get-up of the *Journal*, and to compliment you on the valuable series of articles that appear in the *Journal*.

"Of course, I was especially interested in the two articles in the October issue about the Manila bankers and the seizure of American deposits, etc.

"It may interest you to know that after practically a lifetime of government service in the Philippines (mostly with the Manila City Government), I had [my savings] in a currency account at the Philippine Trust Company, on which I was getting no interest. I had a fairly good amount of Benguet and Balatok stock, and these shares were on safety deposit at the Philippine Trust Company.

"In December, 1941, I tried to have most of my cash transferred by telegraph to this country, but found that regulations prohibited the transfer of more than ₱1,000 in any one month,—in spite of the bombing by the Japanese, which had already started. But ₱1,000 was sent here, leaving the balance to the tender mercies of the Japanese.

"When General MacArthur came out early in 1942, I read in the New York papers that he had brought out all the gold from the banks, and also the securities. Quite a while later, I learned from Mr. Ely, in Washington, that my mining shares were among the securities brought out. About three years ago, these were turned over to me. I also read that all the silver from the banks had been buried in the Bay, and that the paper currency had been destroyed after the serial numbers has been recorded. This was some comfort to me during the war, as all income from the mines stopped from 1941 on, and I thought the cash would later on help me to live until dividends started again.

"The footnote to your article, 'Story of the Manila Bankers', on page 430 of the October number of the *Journal*, confirms this information about the gold, silver, currency, etc.

"Presumably all the gold, silver, paper currency, etc. was returned to the various banks after the war, just as my stock certificates were returned to me. Therefore, it seems to me, that the banks have no more claim on these deposits than they had before the Japanese ordered the banks to transfer their 'enemy' assets to the Bank of Taiwan, and it does look as if that 'transfer' was only a paper transaction.

"It seems to me that the Manila depositors ought to demand their deposits, and fight the matter out along this line, if necessary. I would have been in Manila long ago, but have been tied down for lack of funds.

"I do not like to bore you further with this 'tale of woe', and so will sign off, with my best wishes for your health and success and the success of the *Journal*."

"Dear Mr. Editor,

"Do you ever accept suggestions for editorials? I have one in connection with that proposed bill to require 'good conduct affidavits' from aliens, at a price of ₱25 each, and 'aimed at providing a check-up on alien inhabitants and additional revenue for the Government'; this on top of all the other registration papers aliens are already required to obtain at exorbitant fees. I read about this in this morning's *Manila Daily Bulletin* (February 28). The expression 'good conduct' set me to thinking and with that in mind I looked through that whole issue of the *Bulletin* and noted the following headlines:

"'Senate votes to probe Buenavista, Tambobong deals' (a big government land transaction).

"'Admit anomalies in U.S. aid to P.I.'

"'San Ildefonso Mayor arrested for illegal firearms possession.'

"'Threaten to raze illegal buildings'.

"'President to right wrong committed on Congress aspirant' (man allegedly cheated out of winning an election through setting fire to the ballot boxes and burning down the provincial capital building).

"'Relief asked for Batangas victims' (many killed and wounded and ₱5,000,000 destruction done because of improper storage of 500-pound bombs close to public and private buildings).

"'Health inspector slain at Palomar' (man shot down in cold blood while playing a game of checkers).

"'Body of guerrilla mayor reported missing found in Quezon City' (another murder).

"'Senate-House rift widening' (at a time like this).

"'Jeepney accident' (girl killed, driver arrested).

"'6 die, 8 hurt in Batangas ambush' (more killings of innocent people on public highway by 'dissidents').

"'Indictees flee, trial postponed' (two murder suspects escape).

"Editorial on unspeakable conditions in National Psychopathic Hospital.

"A column editor comments on audience misbehavior at a concert.

"All that in one day's issue of a Manila paper, and it was by no means an out-of-the-ordinary day as things go in the country these times. Certainly, the general behavior is none too good. As for the aliens in the country, under existing law they are already 'on their good behavior', for they can always be deported for cause..."

"No editorial comment needed," said the editor.

Mr. Stevens' "I was mistaken!" advertisement in the February *Journal*, offering an office air-conditioning unit for sale because he found out, after buying it, that he did not need it, brought results, according to Mr. Stevens, somewhat to the chagrin, oddly enough, of the editor who had not entirely approved of the copy for the ad, the work of Mr. Stevens, himself. The editor thought that it was a little too personal and might give the reader the idea that Mr. Stevens was hard up! Now Mr. Stevens is crowing because he sold not only the air conditioner he advertised, but still another one he also happened to have, all on the strength of that one masterfully written advertisement. So it was the editor who was mistaken that time, and we said so. Then the editor said that there was such a thing as an ad being too successful. "Now that Mr. Stevens has sold both his cooling apparatuses, we lose the ad, don't we? Now Mr. Stevens is so much the richer, but we are the ones who are the harder up. However, if Mr. Stevens fancies himself so as an ad-writer, perhaps he will try his hand at it again."

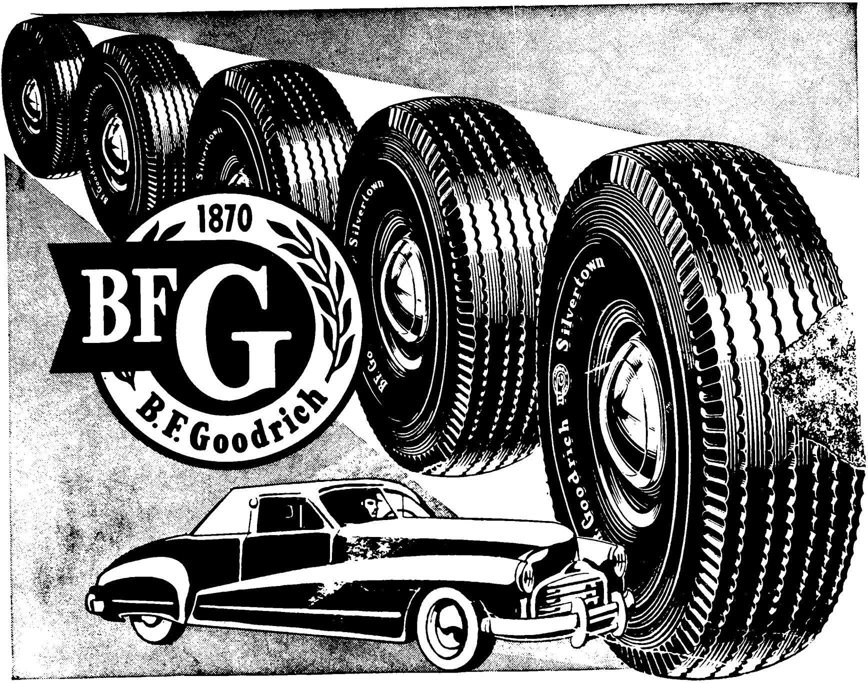
THE editor was regretting the fact that he was unable to attend the double affair of the Neuss, Hesslein Co., Inc., — its 50th anniversary in the Philippines and the inauguration of its new offices at 209 Rosario Street, on the 6th of this month. Mr. L. W. Wirth, the General Manager, who has recently been doing such a good job in handling the *Journal's* Textile column, had personally invited him, and, said the editor, I was sure he would have some of my favorite bourbon whisky for me. The editor called the next day to present his apologies and learned that there has been around 150 guests and that there had been a lot to eat and drink, including, he added, his favorite Scotch.

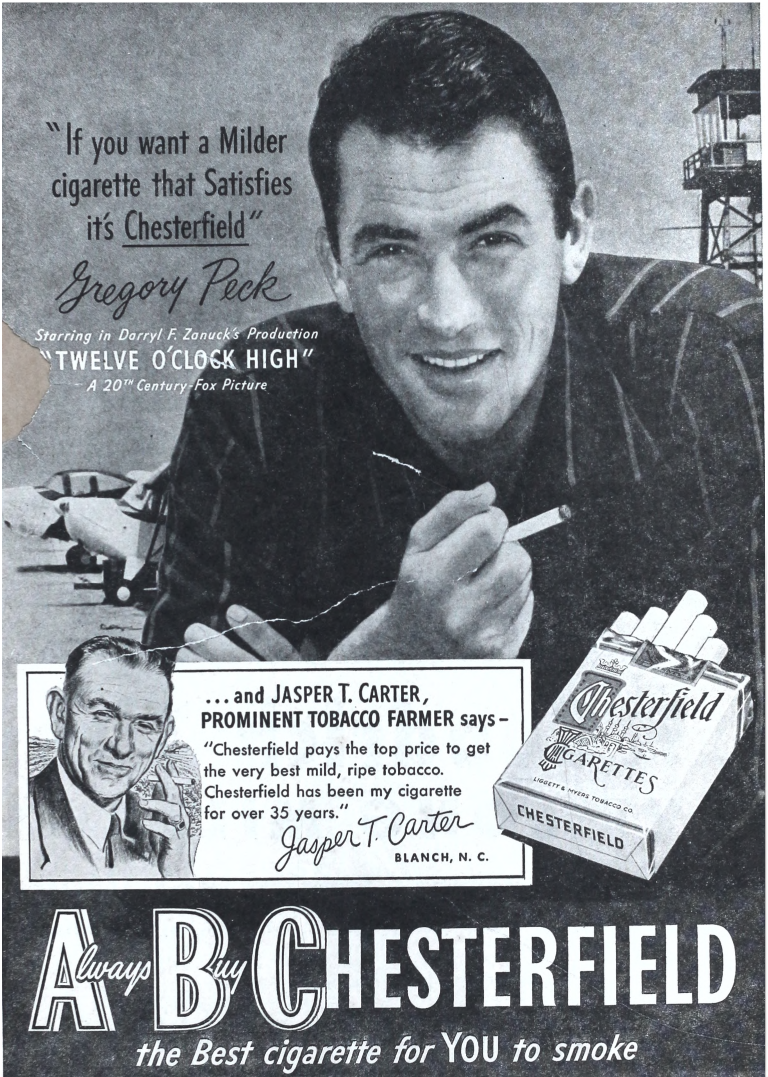
"Didn't you say just a moment ago that your favorite whisky is bourbon?" we asked.

"Sure!" he said. "Can't a man have two favorite whiskies? Another favorite of mine is a blended whisky. Whiskies are all made from various grains, all good. The ancient Scots and Irish knew what they were about when they first started making it and when they named it *usquebaugh*,—'water of life'. The only thing I object to in whisky is its present local price. It's really a shameful reflection on civilization and on the way we manage things that such a liquor, certainly not made of any rare or costly ingredients, should cost so much. It's just because it gives delight and people want it, that wicked governments tax it so exorbitantly. It's the same with tobacco, which is just a weed. Why should a good cigar cost 30 cents? And cigarettes even more in proportion to the amount of tobacco they contain? Because the people stand for this kind of taxing, even though it takes a lot of the joy out of their lives."

"But liquor and tobacco are luxuries, old man," said we.

"They are luxuries, because they give delight, but they could be abundant and cheap," maintained the editor. "In the good old days, when men were men and governments were kept in their place, people got their cigars by the thousand, and their whisky by the barrel or at least the gallon-jug. I firmly believe in human progress, but, dog-gone it, that's not progress. We're letting our governments get away with too much of the good things in our lives. What people ate and drank in the old days as a matter of course, and thought nothing of, are now all but unattainable 'luxuries'. We had better begin to do a little protesting."


1870
BFG
B.F.Goodrich
Silvertown



Listen to the Bing Crosby CHESTERFIELD Show on Thursday and to the Arthur Godfrey CHESTERFIELD Program Saturday through Wednesday, both from 8:30 to 9:00 P. M. over Station DZPI.