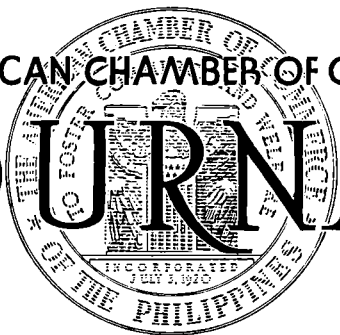


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Published monthly by the American Chamber of Commerce of the Philippines
Elks Club Building, Manila, Philippines — Telephone No. 3-23-24

A. V. H. Hartendorp
Editor and Manager

Entered as second class matter at the Manila Post Office on May 25, 1921, and on December 10, 1945
Subscription rate: ₱3.00 the year; \$5.00 in the United States and foreign countries

Officers and Members of the Board of Directors of the American Chamber of Commerce of the Philippines

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Vol. XXXI

February, 1955

No. 2

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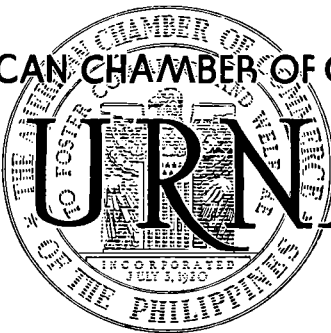
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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

Despite the fact that President Magsaysay's Address on the State of the Nation, delivered on the opening day of the Second Session of the Third Congress of the Republic of the Philippines, January 24, is rather long, it is printed in full in this issue of the *Journal* because of its value not only as an authoritative official statement on present conditions, but also a comprehensive progress report for the year 1954, the first year of the Magsaysay Administration, and a valuable forecast of what may be expected during 1955.

It is to be regretted that some of the statistics given concerning the national finances are still not the annual figures but cover varying periods, some ending as of September 30, others as of October 31, and, concerning government finances, as of November 30. The annual presidential addresses on the state of the nation could be even more valuable sources of references than they are if complete annual figures could be included each year.

The President spoke with an appealing modesty on the accomplishments of the year and credited them chiefly to the people themselves "who wanted them and worked to bring them about". The chief accomplishment was a moral one. He said that when his Administration took over, "there were bitter dissension and defeatism...our people had lost [we would have said, "had all but lost"] faith in their institutions and themselves." With truth he said, "Today, there is a new spirit of confidence in our land."

Since the address is printed in full in this issue of the *Journal*, it is not necessary to attempt to summarize it here. Let it suffice to point out that the entire address was excellently organized. The President, after his introductory remarks, spoke first of the national security and the relationship of this security with the Philippine-American Mutual Defense Treaty and the Southeast Asia Collective Defense Treaty, and then he spoke of the country's internal security, more particularly with respect to Communist subversion, and in this connection he mentioned the surrender of Luis Taruc and the death of Mariano Balgos, two of the top communists of the country. Externally and internally, the national security has greatly improved.

Next he spoke of what has from the first loomed as a matter of very great importance in his mind,—rural reconstruction. To this topic he devoted more than a third of his address. The subject of labor came next and then that of industrial development. The next section dealt with national and government finances, and this was followed by a short section on economic planning. Under the heading, "Foreign Affairs", he spoke first of the negotiations for the revision of the Trade Agreement with the United States and then of the Philippine-American collaboration through the PHILCUSA-FOA program. The last part of the address was devoted more particularly to the relations established between the Government and the people and to morality in the conduct of government business; he made especial mention of the Presidential Complaints and Action Committee (PCAC) which represents a characteristic Magsaysay innovation in government action, and which, he stated, "has done a good job." In his concluding remarks he spoke of the year ahead and of the need of a "united leadership worthy of the confidence and support of all our people".

It was a high-spirited and tonic address, such as should come from the head of a nation.

A FEW points brought out by the President in his address gives rise to some uneasiness. He stated that while the ordinary operational expenses of the Government were reduced to some extent and "deficit spending for ordinary expenses has become a thing of the past", the public debt has increased by ₱65,400,000 to ₱1,168,000,000, and that past deficits amounting to ₱275,260,000 "must still be settled" and outstanding budgetary loans amounting to ₱160,000,000, plus ₱550,000,000 in backlog obligations also "must be paid". Consequently, he said, "we must be prepared to increase existing tax rates, levy new taxes, or resort to public borrowing for the purpose of accelerating our economic development". The "or" in this statement is somewhat equivocal. Public borrowing has already been resorted to, and taxes already being numerous and existing rates being already high, the President seems to have implied that public borrowing, that is, deficit financing, must be continued,—on the grounds, as he said, that "the financing of capital investments and permanent public improvements for economic development is another matter",—he meant, from the deficit financing of operating expenses.

This is, of course, another matter, but deficit financing for any purpose piles debt upon debt and these debts must be serviced,—that is, interest payment and amortization has to be provided for, so that deficit financing offers no real solution unless it results in the establishment of public works and enterprises from which an almost immediate return can be had.

The only true solution to the country's financial problems is not to enlarge them and thereby make them more difficult of solution, but to exercise the greatest caution in assuming further obligations and to turn, instead, to more determined efforts to obtain the assistance of private capital.

In his advocacy of industrial development, the President indeed declared that he could not over-emphasize the need for measures to encourage and facilitate the entry of foreign capital, but his rather light-hearted statements later on in his address with respect to continued government borrowing even if it would be for economic development, weakens this point.

It would seem that if the Philippine Government is to act wisely, there is really no alternative between public financing on any great scale of further economic development, and the private financing of such development. The only wise course is to rely chiefly, if not entirely, on private financing and to make the decision to that effect absolutely clear, further taking measures to make this financing economically possible by definitely providing the necessary inducements and protection.

On the one side there is the prospect of a piling of debt on debt by an already debt-ridden government, and, on the other, the prospect of more directly and more rapidly achieving the desired result,—economic development, at no cost to the government and, indeed, to its great and immediate profit.

It is strange that there should ever be the slightest hesitation in determining upon such a course of action, but "socialistic" and "planned economy" notions still continue to pervert much of our economic thinking. Let us have our national economic councils and planning boards, but let them plan principally on getting government back to governing and turning business over to business.

The fact, given in another editorial in this issue of the *Journal*, that the United States, Western Europe, and Canada, comprising the most highly industrialized countries in the world, are dependent on outside areas for no less than 50% of their combined imports of industrial raw materials (exclusive of raw foodstuffs), and that the demand for these foreign raw materials is rapidly increasing, gives emphasis to the principle that industrialization anywhere is largely based on the importation of raw materials.

The Importation of Raw Materials in Industry

If the Philippines is further to industrialize the economy, no restrictions whatever should be placed on the importation of the necessary raw materials.

That this principle is not so well understood as it should be, is indicated by a recent move in Congress to deny foreign investors the right to establish any industrial or manufacturing activity which would require raw materials more than 30% of which would have to be imported.

Such a provision, incidentally, conflicts with the provision in the New Industries Tax-Exemption Law (Republic Act No. 35 as amended by Republic Act No. 901), which specifies that no industry is eligible for tax exemption in which the required imported raw materials represent a value of more than 60% of the manufacturing

cost plus reasonable selling and manufacturing expense. And this Law covers only the eligibility for tax exemption; it does not actually forbid, as a Bill recently introduced would, the establishment of a new industry by foreign investors which would require a proportionately greater foreign importation of raw materials than the 30% specified.

It is true that there has been a certain disappointment in the Philippines over the fact that some of the so-called new industries started here in recent years are little more than packaging plants whose establishment was more or less forced by the import and exchange controls. As this *Journal* has pointed out, such forced "industrialization" has little to commend it, as, often, the ventures may be basically uneconomic.

But limiting the proportionate amount of foreign raw materials required, is certainly no way to encourage a more genuine industrialization.

Whether all or a large part of an industry's raw materials would have to be imported, is not the principal criterion by which the possibilities and value of an industry is to be tested or measured.

From the point of view, both of the interests of the country and the interests of the investors, there are other important factors. From the point of view of the country, any new industrial investment, if successful, means enlarged trade, increased production, more employment, larger tax revenues, a greater economic dynamism.

From the point of view of the investor, granted that the local availability of all or part of the raw materials required is a factor, there are other important factors which may offset the importation handicap: the industrial facilities present (labor, transportation, power), and, especially, the present and future market possibilities, as well as such factors as property security, freedom of management, level of taxation, transferability of funds, etc.

A very important consideration in connection with the Philippines as an industrial investment area, is the country's geographic situation with respect not only to the mainland of Asia, but its distance from other industrial centers. The Philippines' relative security, its relatively high cultural advancement, its form of government, and its international political associations, are still other.

The exact percentage of the imported raw materials required by a projected industry, may, in many cases, be a relatively minor consideration which should be left to the business judgment of the investors and entrepreneurs whom the Philippines wishes to attract.

Let us be careful in the framing of any legislation covering foreign investment that it will actually be a law to promote it and not to restrain it.

It is worthy of note that President Eisenhower used the words "foreign economic program" rather than "foreign aid program", both in the title and in the body of his message to Congress on this subject, delivered last month, and that he again pointed out that American self-interest is concerned.

The Economics of Foreign Aid

In outlining the need for a continuation of a foreign economic program which "will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets", he declared that our self-interest requires such a program because (1) the economic strength of our allies is essential to our security, (2) economic growth of the underdeveloped countries is necessary as a bulwark against Communism, and (3) greater trade will help our growth and rising standards of living.

UNITED States post-war aid to the rest of the free world during the period from July 1, 1945, to the end of

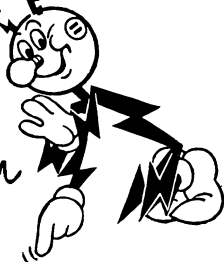
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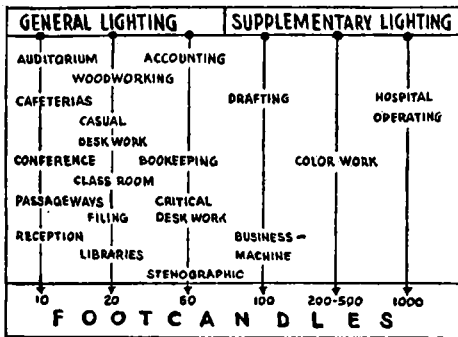
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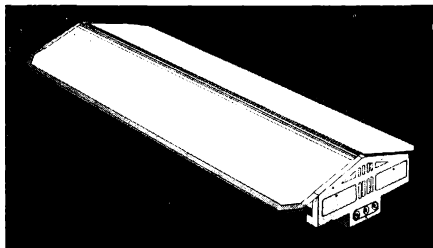
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1953, amounted to over \$44,000,000,000, of which \$33,000,000,000 was in grants and \$11,000,000,000 in credits. During the fiscal year ending June 30 last, total foreign expenditures were still above \$5,000,000,000.

This burden was willingly assumed and continues willingly to be borne by the majority of the American people, but there have not been lacking critics who have condemned this "give-away" program as economically unsound.

The question no doubt has arisen in many minds, How can any national economy bear such a burden? And even if it is able to, why should it?

Unprecedented as the program of American aid to the other countries of the free world has been and remains, there is no great mystery as to what made it physically possible. Of course, no \$50,000,000,000 in gold has gone out of the country. The total largely represents grants and credits to the various countries against which they obtained the products of American industry for which the American Government paid the producers out of revenues raised by taxation and from the proceeds of government bond issues.

What made and makes this possible is the titanic production system of the country built up under its free enterprise economy. Though there were serious shortages for some years after the close of the war, and the foreign aid program was therefore all the more a national exercise in self-denial, the products of American industry sent abroad were actually and necessarily surplus over what was consumed at home. And even so, the standard of living of the American people remained the highest in the world.

It can be said that, comparatively speaking, America has for itself solved the problem of production. It has virtually escaped from the age-old economy of scarcity that still enmeshes most of the rest of the world and has entered upon an economy of abundance which has hitherto been envisaged only in a utopia.

Can American aid to other countries be considered as "uneconomic"? The old economists recognized in the purely economic no other motive than that of interest, eliminating from economics everything that was not concerned with the desire for gain. But these old conceptions have had to be broadened, if not abandoned. There never was such a being as the theoretically projected "economic man" for no man is governed solely by his most selfish interests but also by his feelings and convictions. He supports, besides himself, his children and the aged, he supports schools and hospitals and charitable institutions, he makes gifts and donations. As one economist has said, altruism as well as egoism has to be taken into consideration in economic questions, and—

"personal interest expands progressively, and becomes family interest, corporate interest, class interest, national interest, and even reaching its last limit, the interest of humanity."

THE American foreign aid program was first adopted mainly to assist European recovery and to strengthen our allies against the growing threat of Russian communist domination which was being facilitated by the state of disorganization which existed. Later, the foreign aid program was gradually extended to the less developed countries outside Europe, especially as the communist threat spread to those regions.

But the communist threat, actually, served only as a spur toward the shaping of a policy which would have been adopted sooner or later anyway for more fundamental and strictly economic reasons.

As Eugene Staley says in his notable book, "The Future of Underdeveloped Countries" (Council of Foreign Relations, Harper & Brothers, 1954):

"The type of program symbolized by Point Four is by all odds the most affirmative concept that has been introduced into American foreign policy in this generation. If it is adequately supported—by public funds, by the growth of private investment and trade, and by

the related actions that demonstrate America's sincere interest in the progress of all peoples toward self-government and toward cooperation based on mutual respect—then it will also prove the most effective defense against the Communist threat."

It will be noted that Staley refers to the Communist threat only as an "also". He stresses the progress of all peoples toward self-government and toward cooperation based on mutual respect. Elsewhere in his book, he says: "...extreme contrasts between the modernized West and the rest of the world in food, clothing, housing, health, education, personal freedom, and political participation can not continue indefinitely. Under the world conditions of today, either the human benefits that we like to think of as characteristic of Western civilization will also become available to the rest of the world, or they will be lost also even to the West."

Economically as well as politically and strategically, we are today being forced to consider the one-world concept, one-world organization, the equalization of economic capacity everywhere. This is in accordance with the economic "Theory of Growth" to which President Eisenhower referred in his message. He spoke of economic growth in the underdeveloped countries as being necessary not only to themselves, but necessary for the continued growth of the American economy, for even a highly advanced economy must continue to grow if it is to maintain its dynamism. And fundamental is the fact that an expanding economy requires an expanding foreign trade, which, in turn, can be based only on an expanding production abroad as well as at home. In this matter, the Communist threat, in so far as it is economic, can play only an incidental or secondary part, for no slave economy can ever match a free enterprise economy in productivity.

THE importance to Western economy of the underdeveloped countries is even today much greater than many people realize. As Stacy May points out in a recent article in *Foreign Affairs* (January, 1955):

"Quite apart from such imperatives of Western defensive strategy [as dictated by Soviet strategy], there has arisen in addition an increasing awareness that the economic dynamism of the highly industrialized nations of the free world is genuinely dependent upon the achievement of a comparable dynamism in the underdeveloped economies. In 1952, one-third of the combined exports of the United States, Western Europe, and Canada found outlets in the markets of the underdeveloped countries. Something like 40% of their total exports of manufactured goods were also marketed in these areas. No business interest can afford to be complacent about future prospects in such an important segment of its markets.

"The degree of interdependence is shown even more conclusively by the amount of supplies the industrialized nations draw from these regions. The records show (also as of 1952) that the United States, Western Europe, and Canada are dependent upon the underdeveloped areas for 50% of their combined imports of industrial raw materials and 48% of crude foodstuffs. Since these import needs of the industrialized nations have been steadily expanding, and promise to increase at an accelerated pace, growth in the underdeveloped economies is obviously to the interest of the West.

"These three imperatives—the strategic considerations, the quest for access to expanding export markets, and the need to assure an increasing source of primary products, impel the industrialized West to forward the development in the backward sectors of the world.

"Clearly, there are non-material motivations as well,—humanitarian and moral, which have an important weight in the traditional attitude toward other people..."

But strictly in economic terms, any American aid used to promote the economic development of other countries can be considered as a wise and indeed a necessary investment in national and world economic growth; the two are not to be separated.

At the thirty-first* annual meeting of the American Chamber of Commerce of the Philippines, Inc., held, by Elks Club courtesy, in the Club's The New Chamber Assembly Hall, on January 28, Officers and Board Members re-elected resulted in the re-election of all seven of the members of the 1953 Board who had been nominated for re-election,

and the election of two new members, Mr. C. A. Larsen, General Manager, Standard-Vacuum Oil Company, Philippines, and Mr. W. C. Palmer, III, President and General Manager, Getz Brothers & Co., Inc. Mr. Palmer was Vice-President of the Chamber in 1953 and Acting President during the last few months of that year.

At the organization meeting of the Board, held on January 31, Mr. Paul R. Parrette was re-elected President, Mr. W. C. Palmer, III elected Vice-President, and Mr. A. H. Henderson was re-elected Treasurer, Mr. I. T. Salmo being re-elected Secretary. Mr. Stanley N. Fisher remains Executive Vice-President.

The following are the business connections of the officers of the Chamber and the other members of the Board, in alphabetical order:

Mr. Frank C. Bennett, Vice-President, Atlantic, Gulf & Pacific Company of Manila.

Mr. A. H. Henderson, President and Treasurer, American International Underwriters for the Philippines, Inc.

Mr. C. A. Larsen, General Manager, Standard-Vacuum Oil Company, Philippines.

Mr. W. C. Palmer, III, General Manager, Philippines, Getz Brothers & Co., Inc.

Mr. Paul R. Parrette, President and General Manager, Philippine Manufacturing Company.

Mr. Merle S. Robie, General Manager, Columbian Rope Company of Philippines, Inc.

Mr. Ewald E. Selph, Member of the firm, Ross, Selph, Carrascoso & Janda.

Mr. F. H. Spengler, Managing Director, Philippines, American President Lines, Ltd.

Mr. Paul H. Wood, President and General Manager, International Harvester Company of Philippines.

*The Chamber was incorporated July 3, 1920, but was inactive during the years of the Japanese Occupation, —1942, 1943, 1944, and until February, 1945. The Chamber will observe the 35th anniversary of its founding during the present year.

The American Chamber of Commerce of the Philippines, through this *Journal*, extends its congratulations to the member-firm, Koppel (Philippines) Inc. on the occasion of the fiftieth anniversary of its founding and the inauguration of its new headquarters on Taft Avenue.

The history of the Company began in 1904 with that of its predecessor firm, the one-man machinery business of Henry A. Cooper, who had come to the Philippines with the United States Army in 1899. The firm dealt in light machinery and industrial railway equipment. In 1910, A. H. Bishop joined the firm then known as H. R. Cooper & Company. The first branch was opened in Iloilo in 1913, under the name "The Cooper Company". In 1917, Mr. Cooper sold his interest in the firm and became general representative of the Pressed Steel Car Co., Inc. for the Far East, with headquarters in Shanghai, while Mr. Bishop became General Manager of the

(Continued on page 82)

Annual Report of the President

American Chamber of Commerce of the Philippines, Inc.

It is a pleasure to welcome you to this thirty-first annual meeting of the American Chamber of Commerce.

We wish particularly to welcome the many new members who have joined the Chamber this past year and are attending an annual meeting for the first time.

The Board wishes to thank all the Chairmen and members of the standing committees who have given so freely of their time during the year. It is the effort of these groups which, in the final analysis, makes the American Chamber an effective organization.

In the opinion of the Board, 1954 was a successful year for the Chamber. A number of changes were made which we believe had the effect of strengthening and improving Chamber operations.

(1) In an attempt to do something about the occasional complaint that the entire membership has not been well-enough represented in Chamber activities, we took steps to place the chairmanships of all the major standing committees in the hands of men not members of the Board, but liaison was maintained between the Board and the various committees by different members of the Board acting as counselors, each to one committee.

(2) We also took steps to enlarge and broaden the membership of the various committees and efforts were made to assure participation in the work of the committees by representatives of all types of business. A total of 51 persons served on the various committees during the year, and almost half of these were men other than the accredited representatives of the active member firms.

It is our intention to give to the new Board that participation in committee work be encouraged by enlarging the committees and perhaps by creating additional committees.

(3) It is generally felt that our move to the new quarters here in the Elks Club Building was a good one. We have more space, in more pleasant surroundings, at a rental no larger than we paid for the former quarters on San Luis Street. The Board wishes to express its appreciation to the management for its fine cooperation in working with us on the problems involved in the move. As part of our arrangement, the Elks made this Assembly Hall available to us for our meetings at no cost. We expect the present arrangements to work out to mutual satisfaction for a good many years to come.

(4) The Board secured the services, six months ago, of Mr. Stanley N. Fisher as Executive Vice-President. This was in line with the express desire of this and former Boards to place the active management of Chamber affairs again in the hands of a man rather than a woman so as to make a broadening of Chamber activities possible. The Board feels that this was a constructive move and that the choice

of Mr. Fisher was a fortunate one. As he becomes more familiar with his job and with conditions here, he will become increasingly more valuable to our organization. I may say that, from my standpoint, Mr. Fisher's coming into the job has meant a considerable lightening of the burden on me.

(5) Before getting to the business of the meeting today, I should like to mention one other point which I believe is frequently overlooked by the membership as whole. There are many things that are done by the Board of Directors during the year to protect American business interests in the Philippines which we have no right to publicize. The very nature of some of our contacts with the American Embassy and various Philippine Government agencies is such that the matter of information-release must be left to them. But the point I wish to make is that every member of the Chamber is a beneficiary of many real and unrecroded actions that are frequently taken in the interest of improving the "climate" for American business in the Philippines.

I have here the minutes of last Year's annual meeting, and if someone will make a motion that we dispense with the reading, I shall proceed to the second part of my report,—short digests of the reports of the various standing committees and those of the Editor of the *Journal* and of the Executive Vice-President.

Finance and House Committee, A. H. Henderson, Chairman. The Annual Financial Report for the calendar year ending December 31, 1954, prepared and certified to by our auditors, Syng, Gorres & Velayo, has been completed and will shortly be distributed to all members. The highlights are the following:

	Chamber	Journal	Summary
Income.....	P63,221.35	P49,994.84	P113,216.19
Expenses.....	69,785.16	51,281.95	121,067.12
Net Operating Surplus (Loss).....	(P6,564.81)	(P1,287.12)	(P7,850.93)

The net operating loss in more than accounted for by:

1. Journal deficit.....	P1,287.12
2. Salary increases.....	5,000.00
3. Terminal and vacation pay of former Executive Vice-President.....	1,500.00
4. Office moving expense.....	1,975.75
	P9,768.87

The last two items, totaling P4,475.75, are non-recurring expenses and should be eliminated from any anticipated operating expenses for the year 1955.

The past year's membership drive netted the Chamber 44 new active members and 2 new associate members. Entrance fees for these new members, which would have totaled P11,000, were waived by

special action of the Board. Additional income in dues from the new members, however, is estimated to be around \$16,000 for 1955, and other things equal, it may be forecast that operations for 1955 should break even; relatively small increases in membership dues and in *Journal* advertising income for 1955 may result in a surplus.

Of special interest—and carried fully reflected on the Chamber's books, is a pre-war bank balance amounting to \$36,353.97, representing Chamber funds sequestered by the Japanese military authorities and transferred to the Bank of Taiwan. Through the passage of U. S. Public Law No. 744 last year, the collection of a substantial part of this sum seems probably within the near future as steps have already been taken to submit the Chamber's claim.

Membership Committee. Lawrence E. Snell, Acting Chairman; John Oppenheimer, Counsellor. Early in the year, this committee, composed originally of only three members, decided to undertake an aggressive drive for new members. During the five months from August through December, their efforts were responsible for an increase in Chamber membership amounting to 25%. In 1951, the membership stood at 148 active members, 2 non-resident members, and 2 non-resident members—a total of 183; on December 31, at 191 active members and 35 associate members, with no change in the non-resident membership—a total of 228, or an increase of 45. This compares very favorably with an increase of only 6% in the membership during the preceding six-and-a-half years. The thorough coverage of the whole field of existing prospective members has now brought the Chamber to a point at which it seems probable that any further increase must chiefly be drawn from new American firms which may open business here in the future.

The following factors are held largely responsible for the success of the year's membership drive: (1) The committee increased its own membership from 3 to 11 men, all of whom made repeated personal contacts with prospective members; (2) The action of the Board in waiving entrance fees during the course of the drive; (3) Preparation by the committee, and design and production by Philippine Advertising Associates, of a printed brochure describing the services of the Chamber which was sent out to all prospective members.

Civic Affairs Committee. R. M. Bownass, Chairman; F. H. Spengler, Counsellor. Although the American Chamber of Commerce of the Philippines is primarily a trade organization, it also has certain social responsibilities. During the year 1954 the committee's major activities have been concerned with:

(1) Community Chest Drive: As in 1953, during which the American Community received the Community Chest Honor Award for having over-subscribed its quota, the drive in 1954 was again over-subscribed by some thousands of pesos.

(2) George W. Hubbell Monument: This monument, erected to the first American Consul to the Philippines during Spanish times, was transferred from Plaza Cervantes to the grounds of the American Embassy on Dewey Boulevard as a project of the committee.

(3) Philippine-American Day, August 13: With the Chamber of Commerce of the Philippines and the American Chamber as joint sponsors and their respective Presidents acting as Co-Chairmen by appointment by President Macapagal, arrangements were made and very successfully carried out for the first celebration of Philippine-American Day, August 13, a day which formerly has been observed as American Day commemorating the opening of the city of Manila by the American forces in 1898.

The Civic Affairs Committee has throughout the year extended its advice and cooperation to many other civic organizations and undertakings, both Filipino and American, including the Social Welfare Administration, the Boy Scouts of the Philippines, the Memorial Day celebration, etc.

Foreign and Domestic Trade Controls Committee. Wendland Batwin, Chairman; Paul H. Wood, Counsellor. During the early part of the year 1954, this committee attended numerous hearings held by the Congress of the Republic of the Philippines on the many trade control bills which were introduced, of which by far the most important was the Retail Trade Nationalization Bill. The committee was most active with regard to this Bill, enactment of which, it was felt, would disrupt the economy of the country, cause wide-spread unemployment, and result in discouragement of investment capital and perhaps even withdrawal of investment capital. The committee was active behind the Bill, both by the committee as such and in collaboration with other trade bodies, but, as is known, the Bill became law as Republic Act No. 1180. It is to be noted, however, that the opposition to the Bill did result in some modification of the provisions as originally proposed. It is to be noted also that Secretary of Justice Pedro Tuason, in Opinion 189, Series 1954, ruled in effect that Americans and American entities are exempted from the provisions of the Act, recent indications are that the Act may be amended during the present session of Congress.

While it is the understanding of the committee that the rights of American citizens and business entities are to be protected under the proposed revision of the Trade Agreement of 1946, it is of the opinion that the Chamber will have to remain watchful.

A Bill which was not passed, was S. B. No. 167 which provided for an "incentive plan for exporters" through the issuance of negotiable import-certificates to export-producers. Because of the controversial nature of the Bill, the committee undertook only to provide facts and figures and to point out both the detriments as well as the possible benefits of the scheme.

Some six months ago, the Department of Commerce and Industry issued a list of import items it was proposed to ban. The committee

obtained the opinions of a large and representative group of Chamber members with respect to this and sent the tabulated results to the Board which presented them, with a covering letter dated October 4, to Secretary of Commerce and Industry Oscar Ledesma. An editorial based on the committee's memorandum was published in the October issue of the Chamber's *Journal*.

In closing the committee wishes to call attention to the fact that in the public hearings held during the year, Chamber representatives were under a directive stipulating that they were to act only as observers and make sure that their comments were not taken as officially committing the Chamber. It is felt that such instructions operate to the detriment of the interests of the Chamber, particularly as it has been noted that in these hearings the comments of Americans were listened to with considerable respect and interest; this was particularly true in the case of the congressional hearings, at which, without doubt, honest effort is made to obtain sound advice.

It is recommended, therefore, that every legislative measure of importance to the Chamber be studied by the Board and by the Chamber committees and that a definite position be taken with respect to them in line with which Chamber representatives at public hearings would be permitted to speak for the Chamber.

[The President of the Chamber, Mr. Parrette, on reading the foregoing at the Annual Meeting, made the following comment:

"This suggestion has merit and the outgoing Board will recommend to the incoming Board that whenever possible, Chamber representatives at such public hearings be authorized to speak for the membership as a whole".

Industrial Relations Committee. E. C. Hostmann, Chairman (January to June), Neill S. Fox (July to December); F. C. Bennett, Counsellor. During the first session of the Third Congress of the Republic of the Philippines, some 40 bills were introduced, some believed to be beneficial, others detrimental to Labor-Management relations. At the public hearings on these bills the Chamber was represented in a Labor-Counsel group, a joint body composed of representatives of all the various Chambers. Hearings attended included those on the following bills:

(1) Nationalization of Labor Bill. This Bill was most strongly opposed by the American and Chinese Chambers, and although it did not pass, there is evidence of strong support for it in both Houses.

(2) Profit-Sharing Bill. This Bill, for obvious reasons, gained little support in either House.

(3) Veterans' Employment in All Industries Bill. This Bill, which would require that 25% of the employment in defense arms be veterans, or widows, or dependents of veterans of World War II, was strongly opposed by all Chambers, including the Chamber of Commerce of the Philippines and the Philippine Chamber of Industries and Manufacturers.

(4) Forty-Hour Work-Week Bill. The Joint Labor Committee presented a report on this Bill to the Senate and House labor committees, showing the detrimental effects it would have on the Philippine industry under present conditions; despite the fact that organized labor was fully behind the Bill, it failed of passage.

(5) Abolish the Court of Industrial Relations. The committee opposed this Bill as it proposed a similar Bill in 1953; in so far as we know, it was not reported out by the labor committee of either House.

(6) Atty. General's Request. Although strongly opposed by all Chambers, whose requests that public hearings be held were not granted, this Bill was passed by Congress. After passage, a request that public hearings be held of the Philippines was signed. As enacted, the Act, however, only establishes a Commission to study the matter of establishing a social security system, and it is possible that after such a study, it may be decided to postpone establishment. The committee does not think that the Act will generally affect Philippine industry at this time.

During the last half of the year 1954 the committee has been active in presenting the views of the Chamber at various hearings held by the Senate Labor Committee and the Department of Labor.

The Senate Committee on Labor, headed by Senator Justiniano Montano, held hearings on the matter of unemployment. The Chamber committee expressed the view at these hearings that greater industrialization would be a principal means of providing more employment and that industrialization would be best brought about by a legislative program which would not frighten foreign capital away. It was pointed out, in particular, that such laws as the Retail Nationalization Act, the premature Social Security Act, and such proposed legislation as the "Industrial Partnership and Forty-Hour Week" Bill, adversely affected the flow of investment capital.

Members of the committee attended a number of long and stormy hearings held by the Department of Labor on the rules and regulations to be adopted for implementing Republic Act No. 1052, the Emergency Medical and Dental Care Act. The committee expressed the opinion that the law was poorly phrased and that it should not be carried out too literally, but in spite of these representations and the criticisms of other Chambers and medical groups, the rules and regulations adopted, which became effective on January 1, 1955, interpret the Act far too rigorously. The committee recommends that amendment of the Act be pushed.

The committee worked with the National Employment Service of the Department of Labor in simplifying the forms originally sent out to a number of large firms which called for very detailed information as to each man and woman employed. Agreement was reached with the Commissioner of the Service on a greatly abbreviated form, similar to that which is regularly submitted to the Central Bank; this will give the National Employment Service information without requiring so much unnecessary clerical work from employers.

Toward the end of the year the committee prepared an article covering proposed and desirable changes in various existing labor laws,

which was published in the Chamber's *Journal* for January, 1955, in time to coincide with the opening of the second session of the present Congress. This article outlines the Chamber approach to legislative measures, certain of the provisions of which militate against the desired further industrialization of the Philippines.

Legislative, Taxes, and Legal Affairs Committee. V. H. Bello, Chairman; E. E. Seiph, Counselor. The activities of the committee during 1954 consisted largely in reviewing approximately 200 pieces of legislation as introduced into the Congress of the Republic of the Philippines and, where necessary, developing interpretations and recommendations for the use of the Chamber Board, other standing committees, and the Chamber membership in general.

Among the bills made law during the year, the Retail Trade Nationalization Bill, which became Republic Act No. 1180, undoubtedly created the greatest amount of discussion. The committee's recommendation that this Bill be passed was fully supported by the Board, which, besides making recommendations against its passage before the House committee on commerce and industry, lodged a strong protest with President Magsaysay in collaboration with the Chinese, French, Indian, Spanish, and Manila chambers of commerce. Despite these efforts, the Bill was passed and was signed by the President.

Of the bills introduced, but not passed, the following are worthy of note:

H. B. No. 17. To establish a free trade zone in the Port of Manila. The committee on this bill recommended that the Board should advise the Government an affidavit of good conduct (and to pay a filing fee of \$50 for each affidavit). To require all alien temporary residents to execute and file with the Government an affidavit of good conduct (and to pay a filing fee of \$50 for each affidavit). To require all alien temporary residents to execute and file with the Government an affidavit of good conduct (and to pay a filing fee of \$50 for each affidavit).

S. B. No. 42. To provide that the term of existence of a corporation should be extended for one year to enable it to file this Bill as both proper and timely. The committee that the Chamber should support this Bill as both proper and timely.

H. B. No. 2363. To nationalize the banking system of the Philippines. The committee made no recommendations to the Board on this Bill. The foreign banks involved were in a position more properly to oppose it and were successful in doing so.

Trade Agreement Revision Committee. Victor N. Smith, Chairman; Merle S. Robie, Counselor. The first meeting of the committee was held in March for organization purposes and thereafter weekly meetings were held with regularity. Two members of the American Embassy staff attended an early meeting of the committee, by invitation, and were asked what it was thought the Chamber could do or recommend with respect to the proposed revision of the Trade Agreement. It was decided and recommended to the Board that the Chamber should circularize the membership asking each member firm to write to its suppliers in the United States to suggest that they urge their respective senators and representatives in the United States Congress to extend the period of free trade so as to give more time for the discussion and negotiation of desirable amendments. Early in April such a letter was sent to each member of the Chamber.

Later in April, Mr. S. W. G. Lehman, then the Counselor of the committee, attended a committee meeting and discussed with the members a meeting which members of the Board of Directors had had with President Magsaysay, and the committee was asked to prepare a brief statement in answer to the objections which had been raised in local circles against the provisions of the existing Agreement. In July the committee submitted a final draft of a statement entitled "Analysis of the Arguments against the Trade Agreement." This was presented to President Magsaysay in memorandum form and was later published in the September issue of the Chamber *Journal*.

At another meeting, it was suggested that it would be an excellent thing to have some competent person, thoroughly familiar with the problems of American business in the Philippines, as a member of the panel, to be appointed by President Eisenhower, which was to negotiate on the terms of the proposed revision with a similar Philippine group. The names of three men, then in the United States, were suggested by the committee, and the matter was followed up by the President of the Chamber. However, nothing came of this as the United States panel was soon thereafter appointed.

In August, the committee sent the Board of Directors its final report relative to the revision of the Agreement which was quite favorable as the committee felt that not much more could be done until more information was available as to the revisions which the Philippine Mission would ask for.

At the last meeting of the committee, held in September, it was decided to submit no further recommendations to the Board inasmuch as the proposals of the Philippine Mission were advanced largely on a political rather than an economic basis.

Subsequent developments have indicated that the decision of the committee and of the Chamber Board to limit the Chamber's statements was a wise one as the proposed agreement recently signed in Washington appears to have been worked out on a basis to which the Chamber can subscribe.

American Chamber of Commerce Journal. A. V. H. Hartendorp, editor and manager. During 1954, with only a slight increase in expenses, the total income, chiefly from advertising, fell from previous levels to a point where, in order to keep the editor's earnings at the 1952 level in accordance with the Board's express desire, the Board not only authorized the transfer of the full net operating surplus to his account, but supplemented this amount by just under \$1,300 for the year. This amount, therefore, represents the net operating loss for

1954. While this loss is admittedly small, it should not be allowed to continue, and, as indicated, the remedy is to be found in increasing the advertising support. An increase of only around \$750 a month in advertising carried would give the *Journal* the best financial year it has ever had.

From all other viewpoints besides the financial, the *Journal* has experienced an entirely satisfactory year, as the editor's report, shortly to be distributed to the membership, will show.

Attention may be made here, however, of the readership survey conducted by the Board of Directors under the guidance of a special committee composed of Messrs. Harry Lee, John Lasley, and Richard Bowness, which gave unmistakable evidence that the *Journal* is a publication of influence and held in wide respect in all sections of the business community. All of its various regular features received favorable comment and there was not one serious criticism. The result of the survey was such as to confirm the Chamber's satisfaction with its official magazine and to indicate that it was worth while to devote special effort toward increasing the advertising placed in the *Journal*.

Report of the Executive Vice President. Stanley N. Fisher. The activities of the Executive Vice-President cover in some degree virtually every phase of the Chamber's operations, but there are certain phases which are his particular responsibility to which this report is confined.

(1) Administration and supervision of the Chamber Headquarters and office staff. We have been located since August in our new quarters in the Elks Club Building; the facilities and surrounding are ideal and should prove adequate for the Chamber's needs for years to come. The office staff of 11 has remained almost unchanged during the year and has been found both efficient and faithful. Personnel relations could be better and Chamber members may be assured of efficient, willing, and courteous service from all.

(2) Editing of the Bulletins. The weekly bulletins have for some years constituted one of the most useful and appreciated of all Chamber services. Further improvement has been sought and since September the bulletins have been issued with a Table of Contents which facilitates reference and upon which many members have commented favorably.

(3) Attendance at, and keeping of the Minutes of, all meetings of the Board of Directors.

(4) Representation of the Chamber both in person and by conduct of its correspondence.

(5) Carrying out special projects and developing new projects. Among some of the special projects are (a) Surveys conducted among both member and non-member firms to keep our files of business information complete and up-to-date. (b) Securing "Blue-Sunday" Law permits for many of our members. (c) Arranging for "alien registration" at the Chamber offices not only for members of the Chambers but others belonging to the American community; last month, over a thousand persons were registered at the Chamber during a period of three days. (d) More than 100 new pre-1950 members were added, since last October, a new department in the Chamber's *Journal* entitled "Chamber Business" for the purpose of keeping members regularly informed of the Chamber's various activities. In mentioning the *Journal*, the Executive Vice-President would like to make special reference to the most friendly spirit of cooperation and collaboration that exists between him and the *Journal* editor.

As for the development of new projects, a few may be mentioned: (a) Preparation during 1955, to celebrate the Chamber's 35th anniversary, of a complete Chamber Directory which will include, among other things, a full list of all the American manufacturers represented by American firms in the Philippines. (b) Holding a 35th Anniversary banquet sometime in July, 1955. An annual banquet during this month every year might provide a welcome counter-balance to the "strictly-business" nature of the annual meetings which are now held in October. (c) Increasing advertising around \$750 a month would give businessmen will be more systematically and more fully informed of the existence of, and the services offered by, the Chamber. This could be done through such agencies as the Chamber of Commerce of the United States, Washington, D. C., the Philippine American Chamber of Commerce, New York, various air lines and travel agencies, and the like. (d) It has been noted elsewhere in the President's report that an increase in advertising around \$750 a month would give the Chamber the best financial year it has ever had; it is believed that a committee might well be formed with this as a specific goal.

In closing, the Executive Vice-President would like to express his sincere thanks to the many persons and groups who, during his six months with the Chamber, have done so much to direct and help him in the discharge of his duties,—the officers and members of the Board of Directors of the Chamber, the Chairmen and members of the various standing committees, the editor of the *Journal*, the Chamber's general office staff, and, to those, should be added the many other members of the Chamber who have on so many occasions given him the benefit of their experience and advice.

Concluding Remarks of the President

In conclusion, I should like to take this opportunity to thank the Directors and the members of the Chamber, and also the Chamber staff, for the splendid cooperation that has been extended to me, and which, I feel, was responsible for a good year's operation.

Address on "The State of the Nation"

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF CONGRESS:

SINCE my first report to you a year ago, significant changes have occurred in our country and in the world.

Here at home, the most encouraging change is not measurable in statistics.

When we took over the reins of government, the nation was demoralized. There was bitter division and defeatism. Our people had lost faith in their institutions and in themselves.

Today, there is a new spirit of confidence in our land.

If this Administration can claim any outstanding achievement during the past year, it is the restoration of national self-respect and the revival of the people's faith in the democratic way of life. Our people and their Government are now as one, jointly engaged in the grand enterprise of securing for this country the fullness of freedom and prosperity.

In this vital transformation, the role of this Administration has been a modest one. We have done no more than to activate the resurgence of national self-confidence and to establish the essential conditions for its constructive expression. If achievements there have been, they have been possible because our people wanted them and worked to bring them about.

In the world at large, the collective strength of the free nations increased sufficiently to deter overt acts of aggression. Thanks to the free world's readiness to defend the peace, the danger of an atomic war is now less imminent.

But grave dangers still remain. Communist imperialism has not renounced its objective of world domination. It is still actively promoting subversion within the free nations.

Even as we meet here, the Tachen islands, only a few hundred miles to the north of us, are aflame under new Communist attacks. We must remain on guard.

It is against this background that I should like to consider with you today the state of the nation.

National Security

We have made positive progress in the strengthening of the national security.

In the discharge of this basic responsibility, we have sought, first of all, the effective implementation by the United States of her commitments under the Philippine-American Mutual Defense Treaty, upon which we must rely principally for our external defense. America's respect for its commitments of immediate assistance to our country in case of attack; and a permanent Philippine-American Council has been created for the effective implementation of the Treaty.

Actually, the United States military bases we now have here are America's earnest to us of automatic retaliation to aggression.

Our participation in the Southeast Asia Collective Defense Treaty, now known as the Manila Pact, further enhanced our nation's security. As the first regional collective defense agreement in our part of the world, this Pact extends the collective security system envisaged by the United Nations Charter.

Thus, by every possible defense arrangement—bilateral, regional, and international—we have strengthened our external defense.

Our internal security has improved. The alertness of the Armed Forces brought about the surrender of Luis Taruc and the death of Mariano Balgos, two of the top Communists in the Philippines. Still other Huk leaders and followers have surrendered or have been either killed or captured. Many Huk-infested areas have been cleared and put back to productive use.

I must say here that these successes in the restoration of public order would not have been possible without the loyal support and cooperation of the civilian population.

At this notwithstanding, I must repeat my warning against complacency. We must continue to be alert to the dangers of Communist aggression and subversion. Our gains in the restoration of peace in our countryside must be consolidated. Our armed forces must continue to protect our farmers and their homes. We cannot as yet afford to lessen either our vigilance or our armed strength.

Rural Reconstruction

But there is more to national security than simply maintaining territorial integrity and public order. To be really secure, a country must assure for its citizens the social and economic conditions that would enable them to live in decency, free from ignorance, disease, and want.

Today, a concerted effort is being exerted to bring about these conditions in our rural areas. Varied elements of our society—the Government, the youth, civic-spirited individuals and organizations, the rural people themselves—all are engaged in the great undertaking of bringing freedom and progress to our barrios.

We are approaching the problem along three main lines:

Delivered by President Ramon Magsaysay before a joint session of the Senate and House of Representatives on the opening day of the Second Session of the Third Congress of the Republic of the Philippines, January 24, 1955.

First, improvement of our land tenure system, supplemented by land resettlement;

Second, more effective aid to tenants and small farmers in the form of (a) credit on easy terms; (b) essential facilities, such as water and roads; and (c) technical advice on how to improve farm operations; and

Third, more intensive community development with emphasis on self-help.

The first approach, land reform, gained headway with the approval of the Agricultural Tenancy Act last year. This law extends greater protection to tenants. More important still, it grants them the option to choose the system of tenancy under which they would prefer to work. By choosing the leasehold system, a tenant, of his own free will, takes an important step towards economic independence.

To implement the Act, we have established the Agricultural Tenancy Commission. In the short time that it has functioned, this Commission has already proved effective in assisting tenants in the exercise of their rights. I would recommend, therefore, that Congress provide it with needed funds.

However, it is not enough to provide tenants with this type of assistance. It is equally necessary that tenancy disputes be settled with dispatch. Hence, I would reiterate my recommendation for the creation of a Court of Agrarian Relations.

Another essential measure in land reform is the purchase or expropriation of large estates and their distribution to their occupants and to landless workers. Mainly owing to lack of funds, we have been unable to implement this measure to any large extent. I would urge Congress to consider anew ways and means to carry out the redistribution of large estates.

We have, however, distributed public lands to landless workers at a fast rate. Last year, the Bureau of Lands issued to qualified settlers 28,000 land patents, covering 241,000 hectares. Compared to the 10,000 land patents issued in 1953 and the 9,000 issued in 1952, last year's total constitutes a record.

Nevertheless, we must accelerate our pace. Our people, on their own initiative, are moving to public lands opened and subdivided for settlement. This is indicated by the fact that during the last year 33,000 applications for agricultural lands were filed by independent settlers.

For others who, due to poverty, are unable to proceed to settlement areas by themselves, the National Resettlement and Rehabilitation Administration has opened several settlement projects. NARRA assists families to move from congested rural areas to these projects, providing them with farm implements, transportation, subsistence up to the first crop, and other forms of aid.

Under this Administration, NARRA moved 2,882 settler families from crowded rural areas to about 27,000 hectares of public land. In addition, it allocated 10,000 hectares of public land to 1,718 landless families who pioneered in the settlement areas, and helped them in the survey of their clearings and in the acquisition of land titles. NARRA spent during the year under review P1,300,000, of which 77% went as direct aid to the settlers. I would recommend that Congress appropriate the funds already authorized by it for NARRA.

Our second approach consists in assisting the poor farmer get on his feet.

In most cases, the vicious circle of inadequate production and insufficient credit has kept him in dire poverty. The Agricultural Credit and Cooperative Financing Administration has begun to break that circle by making available to small farmers credit on easy terms.

At the same time, ACCFA helps them in setting up marketing and warehousing facilities, through their own cooperatives.

During the last year, ACCFA greatly intensified its aid to farmers. As of December 31, 1954, it had released a total of P18,900,000 in loans of various types to farmers. It had organized 232 Farmers Cooperative Marketing Associations (FACOMAS) in Central and Northern Luzon and Cotabato, with a total membership of 105,943 farmers.

ACCFA's operations are still in their initial phase. They have covered only 2,375 of our 18,000 barrios. Yet, they already count with the enthusiastic support of our people.

One very encouraging aspect of ACCFA's operations is that the small farmers pay their crop loans on time. In the past, crop loans were seldom, if ever, paid. Under this Administration, there has been an important change of attitude on the part of our farmers. This healthy trend proves once more that it is sound business to invest in the people's welfare.

Clearly, ACCFA should expand its operations. I would recommend that Congress increase its capital.

The farmer's pressing need for irrigation is gradually being met with our irrigation construction program, which we started to carry out vigorously during the past year.

Four irrigation projects financed by public works funds, covering a total area of 9,000 hectares, have been completed or are nearing completion. PHILCUSA-FOA funds have financed one completed project in Nueva Ecija; another in Iloilo now nearing completion; and

still another in Isabela to be completed before the end of this year—covering a total area of 42,100 hectares.

In addition, we have started work on 7 irrigation projects—the Agno River project in Pangasinan; the Sta. Cruz and Mabacan River projects in Laguna; the Daet River project in Camarines Norte; the Agno River project in Quezon Province; the Pangasinan River project in Negros Occidental; and the Saguao River project in Iloilo. These projects, covering about 40,000 hectares and estimated to cost P22,000,000, are being financed from bond issues.

Another essential feature of this program is the development of communal irrigation systems. An expenditure of P957,254.40 was incurred for the construction of 90 communal irrigation systems in 27 provinces.

We have also earmarked P1,000,000 from the Contingent Fund for the purchase of cement which the Government will contribute for the construction of permanent communal irrigation systems to be built primarily by the barrio people themselves, who, for their part, will contribute labor, and sand and gravel. Farmers from Nueva Vizcaya and La Union were the first to avail themselves of this joint venture between the people and their Government.

Whenever feasible, the gravity irrigation systems are now being supplemented by pump irrigation facilities.

To speed up the implementation of our irrigation construction program, existing administrative and financing policies on water utilization and water rights should be re-examined.

To provide potable water, more than 1,300 artesian wells have been completed to date in the barrios at a cost of P3,500,000. This means that we have installed an average of 4 artesian wells each working day. Compared with the total of 153 artesian wells installed in 1952 and 256 in 1953, this constitutes a great improvement. This year, as we get additional drilling equipment, we expect to better this record.

While on this subject, I would like to commend the splendid cooperation of organizations and individuals, led by the Liberty Wells Association, in the Government's artesian wells programs.

Fifteen waterworks projects costing P2,500,000 have been completed. Forty more, with an estimated total cost of P25,500,000, will be constructed within the year. Work is now going on in over 80 spring development projects which will benefit about 90,000 people.

Next to water, road facilities are essential in improving the farmer's lot. This brings us to the Administration's highway and feeder road program.

During the past year, we have constructed about 430 kilometers of feeder roads serving about 80 communities and opening new areas. In Mindanao, we have started the construction of 235 kilometers of roads which, when completed, will open large areas of agricultural, forest, and mineral lands, and connect the coastal with the inland towns.

About 479 kilometers of roads were also improved in various parts of the country, of which 82 kilometers of asphalt and concrete pavement were completed. The improvement of the interprovincial network was started on 90 projects covering a total of 385 kilometers of concrete paving and 182 kilometers of asphalt and 29 permanent bridges.

Apart from the foregoing, which were financed or are being financed from the Highway Fund, we have also started construction on 19 road projects and 8 bridge projects, with an estimated cost of P20,000,000, to be financed by funds from bond issues.

During the first year of the program, much of the work consisted in developing practical and efficient operating methods, better planning and allocation of funds, and the organization of equipment details and maintenance crews. This year we expect the program to gain momentum.

We propose to concentrate our work primarily on feeder roads to reach our long-isolated barrios. Considering our lack of funds and the enthusiasm of our rural people, I would suggest that Congress approve the necessary legislation authorizing the construction of feeder roads on a self-help basis. The Government would provide the funds, know-how, and equipment; and the people, their labor and locally available materials.

The yield of our farms is not enough to support our small farmers. They are eager to produce more but they know only antiquated farming methods. To help them, the Government is providing throughout the country technical advice on improved farming methods, through the Agricultural Extension Service and other agencies. Better breeds of animals and high-yielding varieties of rice have been introduced. Soil classification and analysis have been extended to many areas, largely through the untiring efforts of the field men. Special mention should be made of the Margate system of rice culture as a direct means for improving the rice yield. It is now being introduced all over the country.

As we help our people become better farmers, we also encourage them to make their barrios better places to live in. We tell them that the Government cannot do everything for them, that they must also help themselves.

Their response has been most heartening. The spirit of self-help is sweeping our rural communities. Here again, the role of the Government is simply to tap the creative energies of our people and to provide the means by which their desire for improvement can be translated into permanent benefits.

It is for this purpose that our health, education, and social welfare programs are being re-oriented with emphasis on self-help.

In the campaign to control and eventually eliminate mass diseases, the active cooperation of our people is being enlisted. Our aim is to increase the effectiveness of the campaign and to make its effects more lasting. This approach has been especially useful in the successful BCG vaccination and malaria control campaigns. More than 1,000 rural health units have been established as a joint venture of the national and local governments, with FOA assistance.

The pre-fabricated schoolhouses now being mass produced will be set up in the barrios, also on a self-help basis, with the people providing the labor. We expect the steady flow of these schoolhouses to our barrios to start by next month. Meanwhile, the emphasis on vocational education is being increased, and the community school movement, using the method of grass-roots democracy, is being extended throughout the country.

The Social Welfare Administration has expanded its services to the rural areas and is taking an active part in community self-help projects. This is being done in accordance with a planned shift from relief to self-help activities. At the same time, it has carried on more effective disaster relief operations and maintained essential welfare and rehabilitation services.

These varied social measures—for better health, wider opportunities for education, and more gainful employment—are now being carried out, with the use of more efficient techniques of community development. Coordination and integration on a national scale will be effected through the newly-created National Community Development Planning Council.

As a result of our combined efforts in agricultural extension work and community development through self-help, total production in agriculture increased appreciably last year. National production of the principal food items reached 7,200,000 metric tons, showing a self-sufficiency ratio of 114.6%. But this achievement is still short of consumption requirements in such critical items as meat and poultry, milk and dairy products, cacao and coffee.

Despite vigorous measures, we have not as yet solved the stubborn rice problem. Paddy production was enough for our people's needs. But deficiencies in marketing, warehousing, and financing prevented the rice from reaching the consumer at fair prices.

The NARIC should, therefore, be provided with enough funds for stabilization operations. The coordination of the activities of the NARIC and the FACOMAS must be improved.

As a further measure to increase rice production, the carabao, indispensable to most of our farmers, must continue to be protected from slaughter. To improve our nutrition, other livestock must be increased in number. We note that during the past year, the number of our carabaos rose to 2,700,000, showing an increase of about 9%. Because of this increase and the ban on their slaughter, the price of carabaos has gone down considerably, making it easier for the poor farmers to acquire them.

As we shift from deficiency to surplus production in the next two or three years, we must meet the problems of marketing and processing. Together with the farmer's cooperatives, private trade organizations will have to assume the brunt of responsibility for the efficient handling of our principal products. We should, therefore, encourage more of our people to go into these activities.

At the same time, the Government should continue its policy of maintaining the floor price for rice and other principal products as an incentive to real, substantial gains in production.

Labor

When this Administration assumed office, we promised to encourage free unionism under responsible leadership. We have kept our pledge.

The number of workers organized into labor unions nearly doubled during the past year. This means that labor has improved its collective bargaining position for better wages and working conditions.

The Government's role in this growing movement has been, not to dominate as in the past, but to provide the necessary guidance so that labor will be free, democratic, and responsible. Among other activities to achieve this end, short-term regional schools on responsible labor leadership have been conducted in different regions of the Philippines. This program, together with a similar training program for employer and management groups, will be expanded until we shall have brought about better understanding of labor and its problems.

By and large, labor-management relations improved. More collective bargaining agreements were signed. With further encouragement, many more will be signed this year.

The enforcement of laws and measures for the protection of workers was intensified. The Workmen's Compensation Commission finished twice as many cases as it did in 1953. The Wage Administration Service secured for worker claimants a total of P1,500,000 in wage restitutions.

On the subject of wages, I would like to reiterate my conviction that only the most compelling reasons—namely related to the national interest—warrant changes in the Minimum Wage Law. This Administration will not lightly regard any action that may adversely affect the workman's continuing struggle for a decent life.

Industrial Development

In the field of industrial development, some progress has been achieved by private enterprise with government stimulus and encouragement. Induced by tax exemptions, 72 new industrial plants were established during the year. More processing industries are utilizing local raw materials.

Encouraging results in manufacturing and processing are evident from the increase of 28.2% in the output of reporting manufacturing establishments which amounted to ₱752,000,000 in 1954, compared to ₱586,500,000 in 1953. Another index of the improving industrial situation is the increase by 24.5% in capital-goods imports, amounting to ₱125,200,000, for the first 8 months of 1954, compared to the same period in 1953.

To supplement private enterprise, the Government has taken direct measures to promote certain industries. During the year under review the cement plant at Manotan, La Union, was completed and the Insular Sugar Refining Company reopened. The Government has organized the machinery to handle the promotion and development of the coconut and tobacco industries.

On the other hand, the Government has leased the Manila Hotel to private enterprise, has announced the sale to private operators of 3 ocean-going vessels owned by the National Development Company, and has withdrawn funds from the Philippine National Bank, also considering other measures in this direction, in accordance with its policy of confining its investment activities to those phases of development essential to the public welfare.

Likewise in line with the policy just stated, the Government has advanced the power development program, an essential pre-requisite to industrial growth. During the year, the Talomo No. 2-B hydro-electric plant in Davao was completed. Work continued according to schedule on the projects Ambulike and Maria Cristina, with a combined capacity of 100,000 KW—as well as on 4 smaller hydro-electric projects at Digos and Talomo, Davao; Balombong, Catanduanes; and Amburayan, La Union. Work has been started on 4 more small hydro-electric projects, with a total capacity of 4,500 KW located at Peñaranda, Nueva Ecija; Loboc, Bohol; Barit, Camarines Sur; and Agusan River, Bukidnon.

Viewed against the immensity of our needs, these developments are meager, indeed. They do not measure up to our hopes of a greatly accelerated industrial pace that would provide work and abundance for our people.

But they do indicate the significant fact that we are steadily forging ahead. What is more, an atmosphere of optimism and enterprise has been gradually developing and is becoming manifest in the form of actual projects and those in prospect this year. This has been accompanied by a growing realization of the necessity of providing incentives for and promoting industrial growth.

Last year, I recommended in my state-of-the-nation message that we support our own economic pioneers and set up a stable basis under which foreign investors can put their capital to work in this country.

Congressional policy on these matters is as necessary as executive action. I, therefore, reiterate my previous recommendations. To particularize, I would urge the adoption of legislation embodying the following policies:

Our Government should give full encouragement to the establishment by private enterprise of new industries which will advance our economy.

Our development program must be based, and should rely mainly, on internal financing. We must promote the widest and most effective utilization of our resources.

We will welcome foreign capital. To encourage and facilitate its entry, we should specify the conditions governing the repatriation of capital, the remittance of profits and earnings, the protection of foreign investments, and the like.

I cannot over-emphasize the urgent need for these measures. We are facing a tremendous unemployment problem. The direct, practical way of meeting it is to create jobs through the establishment of new industries.

National Finances

The country's financial position is stronger today than it was a year ago.

The banking system is more sound. According to Central Bank data, as of October 31, 1954, total bank resources amounted to ₱1,335,000,000, showing an increase of ₱64,600,000 compared to those of the same period in 1953. Total deposits amounted to ₱964,300,000, increasing by about 9%. Saving and time deposits in all banks amounted to ₱414,800,000, showing an increase of ₱61,500,000.

While the financial status of the banking system is sound, their lending operations need improvement.

As of September 30, 1954, the total loans granted by all banks amounted to ₱337,800,000, which sum is greater by ₱28,400,000 than that of the previous year. Of these total loans granted, those for commercial and real estate purposes increased considerably, while those for industry and agriculture decreased. This decline indicates that we have not as yet changed the customary pattern of bank lending in this country.

I realize that complex forces make it difficult to bring about the desired shift which will give due emphasis to industrial and develop-

ment loan financing. But this re-orientation in objectives is imperative.

A re-examination should be made of our lending policies with a view to expanding development loans. I would urge Congress to examine the various proposals on this matter and enact implementing legislation either to extend the operations of our existing credit institutions or to establish new financing machinery for industrial and agricultural development.

We should also consider the extension of more substantial credit assistance to small enterprisers and producers. The recent credit assistance given by the Philippine National Bank and the Rehabilitation Finance Corporation to small producers of rice, cassava, citrus, rami, coffee, and livestock, is in the right direction.

We have maintained our internal reserves at a satisfactory level through the exchange control measures of the Central Bank. There have been, however, an unfavorable balance of trade amounting to ₱93,700,000, and an adverse balance of international payments, amounting to ₱13,600,000 as of November 30, 1954. These are symptoms of fundamental defects in our economy. They must be remedied to attain internal stability.

One remedial measure is the conservation of our dollar reserves through the proper allocation of dollars among top-priority imports, giving special emphasis to capital-building items, raw materials, and basic necessities.

A more permanent approach to this problem would be the adoption of a program to promote foreign trade and to increase our exports.

I would, therefore, ask Congress to consider the advisability of creating a Foreign Trade Commission to plan a foreign trade program and pursue its implementation; the establishment of a Bureau of Standards in the Department of Commerce and Industry, to help standardize Philippine products, especially those for export; and the creation of a Maritime Commission that will undertake the promotion and development of adequate water transportation. Proper incentives for the increase of our exports should be seriously considered.

In connection with the foreign trade program, I wish to emphasize that the proposed revision of our Trade Agreement with the United States will require vital readjustments in our economy. We should anticipate and be prepared to meet the impact of the new situation.

Government Finances

In the first year of this Administration, Government finances improved.

In my state-of-the-nation message last year, I stated that the ordinary operational expenses should never exceed the total revenues in any fiscal year. This we have complied with.

For the first 11 months of last year, the General Fund income totalled ₱545,949,737.13, against total expenditures of ₱535,197,009.81, thus showing a surplus of ₱10,752,727.32. In the same period of the preceding calendar year, the deficit amounted to ₱48,739,577.25.

Thus, the practice of deficit spending for ordinary operating expenses has become a thing of the past.

Revenue collections increased by ₱43,789,669.84. This is the result of greater effort in tax collection, as well as a manifestation of the new confidence in the Government.

We have succeeded in reducing the operating expenses of the Government by ₱37,967,112.26. Since December 31, 1953, we have succeeded in restoring to the various special funds a total of ₱9,000,000, out of ₱17,000,000 owed by the General Fund under the past Administration.

On the other hand, we have increased capital expenditures for economic development by ₱22,300,000 during the past year. This is an investment in the economic stability and security of this country.

On the other hand, the total public debt as of December 31, 1954, was ₱1,168,000,000 of which ₱848,000,000 was incurred by the National Government, ₱253,000,000 by government corporations; and ₱67,000,000 by provincial, city, and municipal governments. The increase of ₱65,400,000 in the public debt outstanding by the end of 1954 was largely due to the Administration's policy of accelerating economic development. This is evidenced by additional issues of Rehabilitation Finance Corporation bonds aggregating ₱59,000,000, increased flotation of National Power Corporation bonds amounting to ₱6,400,000, ACCFA obligations of ₱7,000,000, and the sale of new public works and economic development bonds totalling ₱11,900,000. However, budgetary debts contracted by previous administrations have been reduced by ₱18,900,000.

The improvement in government finances during the first year of this Administration does not mean, however, that we are anywhere near solution of the Government's financial problem. The General Fund and the unrecorded obligations of the Government, amounting to ₱275,260,000 as of December 31, 1953, must still be settled. Outstanding budgetary loans amounting to ₱160,000,000, plus ₱550,000,000 in backpay obligations, must be paid.

It must be clear by now that even with the increase in revenue by ₱43,700,000, the ordinary income of the Government is not enough to provide for all essential services. Among these are the training of reserves for the citizens' army, the restoration of the 7th grade in the elementary schools, and the salary adjustment of teachers and other government employees, which have been deferred. Some important projects had to be curtailed. We are studying these problems very

seriously, especially the salary adjustment of teachers. I will send you a special message on these matters in due time.

Owing mainly to fund limitation, our program of capital expenditures for top-priority public development projects and public works has not been fully implemented.

Thus, our principal difficulty today, as at the beginning of our Administration, is still lack of funds. I would urge Congress, therefore, to give first priority to the need for additional appropriations to expand and improve the tax collecting agencies, particularly the Internal Revenue and the Customs bureaus.

I must reiterate my previous recommendation for legislation imposing heavier penalties for tax evasion.

Realizing that our current tax collections are not sufficient to provide for all essential public services, we must redouble our efforts to improve the tax collection machinery so that all the essential operating expenses of the public service can be met.

The financing of capital investments and permanent public improvements for economic development is another matter. We must be prepared to increase existing tax rates, levy new taxes, or resort to public borrowing for the purpose of accelerating our economic development. However, we must not countenance the use of this last-mentioned method of financing for operating expenses, except in very extreme cases involving national calamities.

Economic Planning and Implementation

In my state-of-the-nation message to Congress last year, I emphasized the need for a coordinated program of economic development.

At my behest, the staff of the National Economic Council drafted a 5-year program, the general outlines of which I presented to the nation in an address at the Far Eastern University on March 20, 1954. The modest record which I have just reviewed, follows the general pattern and objectives of that program.

Our 5-year plan has never been intended to be the last word in economic planning. It is a continuing one. It is to be revised and updated each year, on the basis of performance, changing conditions, and the prospects of further advance.

In this constant work of revision, constructive criticism is always welcome. I am happy to note the mounting interest in the first revision of the program now underway, which indicates popular support of this Administration's objective of coordinated and integrated economic development.

I must reiterate, however, the recommendation made in my state-of-the-nation message last year for the revitalization of the National Economic Council as a more effective agency to plan and put into effect the economic development program. I would also recommend other essential administrative and organizational reforms to fully implement the program, such as the establishment of a development financing agency to arrange for the financing requirements of the program.

We have found that fundamental weaknesses in the existing administrative machinery cannot be corrected by administrative action. These will continue to hamper our efforts, as they have in the past, unless corrected by legislation.

Foreign Affairs

While we have devoted much of our energies to the problems at home, our international relations have not been neglected. Our foreign policy has served as an effective instrument in the promotion of the national interest.

As I have noted, we have strengthened our national security through various defense arrangements.

Similarly, we have made progress towards economic stability. The most important step in this direction was the conclusion of the negotiations for the revision of our trade relations with the United States. The Philippine Economic Mission headed by Senator Jose P. Laurel deserves the gratitude of our people.

The spirit of mutual respect and understanding in which the negotiations were conducted reflects credit equally on the Philippines and the United States. It is yet another manifestation of the desire of both countries to maintain their close and mutually beneficial relations.

Here at home, Philippine-American collaboration was closest in the joint undertaking to assist our country's economic development, through the PHILCUSA-FOA program. With the wholehearted cooperation of the FOA Mission staff, we have succeeded in speeding up the various projects, many of which are now being transferred as regular operating units of the different agencies of our Government. I trust that the Mission will continue to provide the necessary counterpart funds as well as the supplementary appropriations needed to operate the essential projects in this effective joint aid program.

We have also strengthened our ties with several Asian countries. Diplomatic relations with the Republic of Korea have been established. We have extended official recognition to the new sovereign states of Laos and Cambodia. We have reached agreement with the Republic of Indonesia on the problem of immigration.

At the Manila Conference last September, we helped advance the cause of freedom and self-determination in Asia by our sponsorship of the Pacific Charter and its unanimous approval.

In the interest of peace and economic progress in this region, we joined the Colombo Plan as a full-fledged member. We have continued to cooperate with the Arab-Asian members of the United Nations in matters of common concern.

In the United Nations, we have actively cooperated with like-minded states in strengthening the fabric of international peace and security. We shall continue to uphold the United Nations Charter.

The balance sheet of our international relations shows encouraging gains. But we still have before us a catalogue of unfinished business.

The reparations question remains to be settled. There is urgent need for the full implementation of the United States military assistance program. The system of joint military defense and economic collaboration envisaged in the Southeast Asia Collective Defense Treaty is yet to be worked out. The signatories to this Treaty are due to meet soon in Bangkok. We hope that the Treaty may be ratified by the Senate before that meeting.

The proposed revision of our Trade Agreement with the United States will require action on your part. I shall address a special message to you on this matter at the appropriate time.

Government of the People

This Administration has made every effort to secure for our people the material benefits of democracy. It has worked equally hard to build up the spiritual strength of the nation.

To this end, we have insisted upon the strict observance of morality in the conduct of government business. We have moved swiftly and sternly against proved acts of abuse, injustice, and corruption. On the other hand, we have gone out of our way to commend worthy and civic-spirited acts.

The Government has looked promptly into reported irregularities. The Presidential Complaints and Action Committee has rendered valuable assistance in this regard. It has helped to make the Government truly a government of the people.

In the past, many of our people who had legitimate complaints did not air their grievances because of distrust or fear. Others thought it useless to go to a government deaf to their pleas. Under this Administration, the people in their simple faith have not hesitated to come forward for redress.

Out of 59,144 complaints received by the PCAC up to the end of last year, 31,876 cases were closed and 26,780 were being followed up in the different government offices. In the PCAC itself only 497 cases were still pending. What cannot be expressed by these or other statistics is the service this agency has performed in demonstrating to our people that this is a Government truly responsive to their will and that the PCAC has done a good job and should be given every facility to carry on its important task.

I am aware of our people's desire to see quick results in punishing the guilty and ridding the Government of those who would pull it down by their greed and dishonesty. We are pledged to satisfy that desire by every legitimate means.

However, we cannot, we must not ignore the democratic processes which it is our duty to uphold. I must state once more that under this Government, no one is our friend or foe, citizen or alien—no one will be denied due process and the equal protection of the law. But, consistent with these principles consecrated by our free way of life, we will continue to wage uncompromising war on corruption and abuse.

Respect for basic human rights must continue to be one of our prime concerns. We must live up to our pledge to act as guardians of the dignity and worth of the individual.

The Year Ahead

These are the things that have been done and the things that still must be done. The past year has been, above all, a record of the achievements of the people themselves. It has also been witness to our honest endeavors in the task of enriching our people's lives.

To be sure, the high hopes of our people have not all been fulfilled. There are still many things that have not been done—no one done well enough—perhaps because they simply could not be done; perhaps because we have not had time enough to do them; perhaps because we have been momentarily distracted from our task.

Let us admit: among some of our people, there is impatience—the impatience or great expectations, born of the boundless faith reposed upon us by our people.

Far from discouraging us, this should give us fresh inspiration to outdo ourselves, to live up to our people's faith, to spend ourselves to the limit to promote their happiness.

Far from dividing us, it should bring us closer together. Our people have closed ranks; we can do no less. Nothing useful, nothing permanent, can be built on a foundation of disunity. More than ever before—in all matters involving the common welfare—we must provide a united leadership worthy of the confidence and support of all our people.

It is with this firm resolve that we should—together—look forward to the year before us.

The goal set is high. The accumulation of past and present problems, heavy. But you and I face them squarely—not alone, but with our great people at our side, equally determined to achieve the impossible, equally eager to give their all, that our nation may live in dignity and peace.

May God look upon us today and give us the strength and wisdom to serve our people devotedly and well.

The Business View

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

The Government

From Official Sources

JANUARY 1—President and Mrs. Ramon Magsaysay invite some 10,000 people of all strata of society at the Malacañang New Year reception.

Jan. 2—Announced that at President Magsaysay's invitation, Filomeno C. Rodriguez, recently resigned Chairman of the National Economic Council and general manager of the National Power Corporation, has agreed to serve as adviser to the President on economic and power development on a *Ti-a-year* basis.

Jan. 3—President Magsaysay instructs the Philippine delegation to the ECAFE conference in Hongkong, January 6 to 12, to do what they can to promote a more rapid development of trade relations with neighboring countries; the delegation is headed by Under-Secretary of Commerce Perfecto E. Laguito and also includes representatives of the Philippine chambers of commerce, industry, and agriculture who will attend at their own expense.

President Magsaysay in a directive addressed to the President and Board of Regents of the University of the Philippines urges the establishment, by not later than the 1955-56 academic year, an Institute of Asian Studies and an "Asian House" in the University, as recommended by the Asian Good Neighbor Relations Committee; Asian House would comprise an Asian library, conference and lecture rooms, and a dormitory for students from abroad here on scholarships; provision for the immediate construction of a building are being made.

Jan. 4—The President confers with Budget Commissioner Dominador Aytona for the purpose of cutting down budgeting estimates submitted by the different executive departments totaling around **₱800,000,000**.

Secretary of Public Works Vicente Orozco reports to the President that the construction of 4 bridges (Agusan bridge, 860 meters, Santa Clara Construction Company, **₱900,450**; Del Pan bridge, Manila, 201 meters, Bernardo Sebastian, **₱1,264,570**; Mandalagan bridge, Bacolod, 66 meters, Bartolome Pusan, **₱77,730**; and Maucol bridge, Zamboanga, R. P. Pangilinan, **₱777,950**) are scheduled for completion this year, also 10 stretches of concrete road in a number of provinces. Secretary Orozco requests the release of the **₱2,450,000** appropriated for the maintenance and expansion of the Government's telephone system, **₱500,000** being needed to start the installation of automatic telephones.

The President receives Economic Administrator Alfredo Montelibano who recommends the sale to the public of part of the stock held by the Government in the Philippine Air Lines; the Government holds 54% and Montelibano would reduce this to 34%.

The President also receives Manager Manuel Mañosa of the Metropolitan Water District who reports that the installation of the 48-inch water-main, 6 kilometers along España Extension, has been completed after 2 years time and an expenditure of **₱3,400,000**; the line will improve the water-pressure in the Tondo, Calocan, Malabon and Grace Park areas.

Jan. 5—The President signs Proclamation No. 104 designating February 14 to March 31 as the period for the 8th annual fund campaign of the Philippine National Red Cross.

At a meeting of the Cabinet, the President authorizes Economic Coordinator Montelibano and the Manila Railroad Company to enter into negotiations with the General Electric (P.-I.) Inc. and the General Motors Overseas Operations for the purchase of 40 diesel electric locomotives, costing approximately **₱5,000,000** to be paid in installments over a period of 10 years; savings in fuel, repair services, track-maintenance, elimination of watering stations, faster train schedules, etc., are estimated at **₱1,600,000** a year.

With the concurrence of the Cabinet, the President extends the ban on the slaughtering of carabaos, expiring on January 31, for another year.

The Cabinet allocates a lot behind the Central Bank Building to the Immigration Commission as a site for a building. The Cabinet authorizes the implementation of the **₱2,500,000** program for the improvement of the Government's telecommunications system. The Cabinet also approves a proposal of the Ledesma Shipping Lines to operate a ferry service between Manila and Cavite City and also a service to Corregidor and Bataan.

The President receives members of the special mission which he created by administrative order last July to study possibilities of foreign capital investment; the mission, composed mostly of local businessmen who paid their own way, including J. W. Haussermann, Ramon V. del Rosario, Marvin Gray, Manuel Gonzalez, Leonides Virata, Central Bank Governor Miguel Cuaderno, left Manila for the United States last September and returned recently; they report there is a general recognition that the Philippines because of its strategic

location and potential resources could become the trade center of the Far East but that there is apprehension over the restrictions on remittances abroad of profits and over nationalistic legislation; Governor Cuaderno states that he was able to arrange for a **₱75,000,000** loan from American banks to finance a number of projects here and that some 15 large firms have indicated their intention to put up factories involving a total investment of around **₱100,000,000**.

The special presidential committee, headed by Secretary of Agriculture Salvador Araneta, appointed to formulate a new government policy on the acquisition of public lands by government officials and employees, reports to the President that alleged cases of "land-grabbing" in Mindanao were transactions made in good faith, in no case exceeded 100 hectares, and were the result of an "erroneous" interpretation of a 1938 administrative order of President Quezon which was rather vague in some of its provisions, it being accepted that permission of a superior prevailed over the prohibition against acquiring a piece of land within an official's own jurisdiction, whether by himself or a close relative. The report is a preliminary one and the committee will make its recommendations later.

Jan. 6—President Magsaysay receives Richard W. Pockmire, Philippine manager of the Goodyear Tire and Rubber Company, who informs him of the Company's desire to put up a tire factory here; last month representatives of the Firestone and Goodrich companies called separately on the President and informed him of similar plans of their respective firms.

The President receives a report from the special presidential committee on the civil service, headed by Budget Commissioner Aytona, which proposes plans for better preparation and administration of examinations, faster approval of appointments, and more systematic keeping of records; the committee recommends replacing the essay type of examination by objective examinations, with results to be announced within 30 days, instead of after several months as at present in the case of many examinations.

The President signs Executive Order No. 87 creating a commission for the development and maintenance of Corregidor and Bataan as national shrines; the Commission will be headed by the Secretary of National Defense.

Jan. 7—The President holds a breakfast conference with congressional leaders at which Senator Gil J. Puyat, chairman of the technical committee of the Laurel Mission reports on the Washington negotiations and Lt. Gen. Jesus B. Vargas, Armed Forces Chief of Staff, on the progress of the work of the Presidential Action Committee (PACSA). Senator Puyat states that "old friends of the Philippines" extended their utmost cooperation and assistance, including former Ambassadors Paul V. McNutt and Myron Cowen and Gen. Leland S. Hobbs, former JUSMAG chief. It is agreed to create a joint executive-congressional committee to study the effects of the Retail Trade Nationalization Law.

The President, in a conversation with General Manager Juan O. Chico, of the National Rice and Corn Corporation, indicates his plans to appoint Eugenio Margate, rice planter of Dipolog, Zamboanga, as a technical assistant in the Department of Agriculture with the duty of teaching his method of raising rice which is achieving extraordinary results.

Jan. 10—President Magsaysay receives R. V. Farrell, Vice-President of the Union Carbide (International Division) Co. of New York, who informs him that his company is ready to start construction of a **₱5,000,000** "Eveready" battery plant in Quezon City. He also receives Robert Bendheim, Vice-President of M. Loewenstein & Sons, Inc., New York, who also signifies the desire of his Company to erect a textile mill here with an initial capitalization of **₱3,000,000**. Later the President receives former Associate Justice of the Supreme Court George A. Malcolm, here on a visit.

The President receives a report from Secretary of Agriculture Araneta evaluating the country's natural resources as follows:

	Actual Value	Potential Value
Animal resources	₱ 861,108,000	₱ 2,320,651,000
Fishery resources	298,092,000	798,451,000
Forest resources	26,721,772,000	49,496,171,000
Land resources	1,387,772,000	13,285,103,000
Mineral resources	1,409,990,000	13,785,500,000*
	₱35,678,735,000	₱79,783,876,000

*Estimated potential mineral reserves on areas already surveyed (about 2-900,000 hectares.)

The President instructs Secretary of Finance Jaime Hernandez and Budget Commissioner Aytona to study ways and means of including in the Budget to be submitted to Congress the amount needed to pay, in full or in part, the salaries and allowances of school teachers pursuant to the provisions of Republic Act No. 482; it is estimated the amount will reach some **₱17,000,000**.

The President, upon receiving a complaint from the Filipino Flour Importers Association, inquires from Central Bank Governor Cuaderno why the Monetary Board has ordered the "de-control" of the importation of wheat flour.

Jan. 11—The President instructs General Vargas to take a census of Moro "kumpits", some of these vessels, equipped with 60 h.p. outboard motors being used for raiding attacks and able to outrun naval patrol boats, with a view to the possibility of government prohibition of such equipment; recent piratical raids have been reported on Basilan City, Dumalob, Bukidnon, and Kabasalan, Zamboanga del Norte.

Jan. 12—President Magsaysay having left Malacañang to work on his state-of-the-nation address, Vice-President Carlos P. Garcia presides over a meeting of the Cabinet at which Secretary of Finance Hernandez explains that the Monetary Board decided on the "de-control" of flour of extraction in the Philippines now reached a stable level and that the action does not mean an unlimited allocation of dollars for the importation of flour as the total can not be more than the value of 7,500,000 bags which is the Philippine quota under the International Wheat Agreement.

Jan. 13—President Magsaysay certifies to the Court of Industrial Relations the labor dispute between the Philippine Marine Officers Guild on the one hand and the Compañía Marítima, Madrigal Shipping Company, and Philippine Steam Navigation Company on the other, pursuant to Section 10 of Republic Act No. 875, known as the "Magna Carta of Labor"; a strike was declared last July and is still unsettled; the action was taken with the concurrence of the Cabinet, but Secretary of Labor Eleuterio Adevoso opposed it because, as he stated, it is necessary to encourage collective bargaining as distinguished from compulsory arbitration as practiced in the past; other department heads favored certification as the strike had "already broken into violence."

The President endorses to Secretary of Justice Tuason for study and review the report of the special presidential committee headed by Dr. Gaudencio M. de Jesus, Jr., and assisted by Solicitor-General Ramon Avancena, members) which recommended the "separation from office" of three members of the Manila Municipal Council.—Board President Francis Yusoco and Councillors Justo Ibay and Ruperto Cristobal, accused of having accepted a total of ₱5,000 from the Lirio Terminal Market Association; the committee also recommended consideration of the possible prosecution of the officials of the Association for corruption of public officials.

Jan. 19—The President receives Paul R. Parrette, head of the Philippine Manufacturing Company, who calls to discuss plans of his Company for putting up a palm-oil mill at the site of the projected National Resettlement and Rehabilitation Administration settlement near the Davao Penal Colony; the mill will produce hydrogenated oil, now being imported from abroad, used in the manufacture of soap and lard. Economic Administrator Montelibano, who accompanied Mr. Parrette, informs the President that the NARRA plans to open a palm plantation in the area in connection with the mill and to give released prisoners from the Penal Colony preference as settlers and workers on the plantation.

Jan. 20—President Magsaysay organizes an Economic Planning Board to advise him on governmental economic and financial policies composed of eight men with Central Bank Governor Cuaderno as Chairman and Secretary of Finance Hernandez, Malacañang Adviser Filomeno C. Rodriguez, Dean Hermenegildo B. Reyes, Hans Menzi, and Teodoro F. Valencia as members; two others, a senator and a representative, will be appointed after consultation with the Council of Leaders. Terms of reference set for the Board include consideration of the impact on the economy of the contemplated revised United States-Philippine Agricultural Trade Agreement; recommendations with respect to the activities of various government agencies and development-project priorities; recommendations with respect to revision of the tariff structure; submission of drafts of legislation necessary to implement the contemplated new trade relations with the United States; and recommendations with respect to measures necessary to encourage domestic and foreign private capital investment.

Jan. 22—Senator Jose P. Laurel returns from the United States and is conducted by the reception committee headed by Vice-President Garcia to the Luneta grounds where he asks the people to wait as he wishes to go to Malacañang to invite President Magsaysay to present; the President cordially receives him and accompanies the Senator back to the Luneta, where he pays him and the other members of the non-partisan Philippine Mission high tribute and congratulates them on their work; the Senator himself addresses the crowd both in English and Tagalog in explaining the achievements of his mission; at the close, the President conducts Senator Laurel to his home on Paterfancia Street and then returns to Malacañang.

Senator Laurel releases the following press statement:

"I am happy to return to the native land after a relatively brief sojourn in the United States. The Philippine Economic Mission, through my chairmanship afforded me an opportunity once again to serve our people. . . . The new agreement is the result of arduous labors of the Filipino and American people during 3 months of continuous negotiations. By this new Agreement secured appreciable advantages in the political and economic fields, besides in-

(Continued on page 82)

Banking and Finance

By M. D. ARNOLD

Sub-Manager

The National City Bank of New York

COMPARATIVE statement of condition of the Central Bank:

	As of Dec. 31, 1949	As of Oct. 29, 1954	As of Nov. 29, 1954	As of Dec. 29, 1954
(In thousands of pesos)				
ASSETS				
International Reserve	₱460,689	₱428,816	₱406,474	₱375,259
Contribution to the International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage	113,306	106,940	106,940	106,940
Loans and Advances	77,047	37,388	49,708	62,547
Trust Account—Securities Stabilization Fund	—	—	—	—
Domestic Securities	92,197	225,572	226,095	261,102
Other Assets	20,390	61,068	59,703	63,858
	₱793,629	₱889,784	₱878,920	₱895,706
LIABILITIES				
Currency-Notes	₱555,576	₱644,784	₱608,150	₱629,219
Coins	74,384	85,110	85,297	85,176
Demand Deposits—Pesos. Securities Stabilization Fund	117,682	138,702	121,272	135,903
Due to International Monetary Fund	2,000	14,860	14,902	4,985
Due to International Bank for Reconstruction & Development	22,498	496	496	496
Other Liabilities	2,389	2,377	2,376	2,376
Deferred Credits	2,636	12,265	14,745	9,210
Capital	—	2,138	2,486	402
Capital	10,000	10,000	10,000	10,000
Undivided Profits	6,464	5,784	5,928	8,671
Surplus	—	13,268	13,268	13,268
	₱793,629	₱885,784	₱878,920	₱899,706

Contingent Account
Forward Exchange Sale. ₱ 6,460

The International Reserves as of December 31, 1954, were as follows:

Central Bank International Reserves	\$187,629,247.73
Japan Open Account (due from)	19,697,727.63
Net FX Holdings other Banks	65,203,616.08
	\$272,530,691.44

This is a decrease of approximately \$10,500,000 as compared to November 30, 1954. It is pertinent to note that the amount due from Japan under the Philippine-Japanese Trade Agreement is now up to almost \$20,000,000, whereas the trade agreement terms stipulate a swing balance of \$2,500,000.

Currency and coins issued totalled ₱714,395,456.32.

Money remains fairly tight in the banks and in the market. Strenuous efforts have to be made to keep receivables somewhere near current.

Unemployment is of increasing concern.

All commercial banks operating in the Philippines

Consolidated Balance Sheet

(As of December 31, 1954)

(In millions of pesos)

Resources	
Loans and discounts	₱ 409.08
Overdrafts	253.23
Stocks, bonds, and other securities	116.10
Due from Banks, H.O. branches, and agencies	108.48
Due from Central Bank of the Philippines	118.64
Customers' liabilities, acceptances L.C.	147.34
Other resources	123.74
Total resources	₱ 1,276.61

Liabilities	
Deposits subject to checks	254.72
Savings and time deposits	405.21
Deposits of public funds	246.37
Capital, reserves, surplus and undivided profits	121.70
Other liabilities	208.61
Total liabilities	P 1,276.61
Contingent Liabilities	
Unused commercial L/C	P 239.74
Bills received for collection	19.16
Bills sent for collection	4.14
Securities held for safekeeping	26.98
Trust department accounts	98.49
Other contingent accounts	27.04
Total contingent liabilities	P 415.55
Data taken from published figures	
Not included: Monte de Piedad & Savings Bank	
Republic Savings Bank	

These figures include the assets and liabilities of the Philippine operations of foreign banks maintaining branches in the Philippines, but they do not take into account the vast resources of their head offices.

Editor's Note: The interested reader may wish to analyze the figures given above in order to compute the amount available in the Philippine banking system to finance the country's industrialization program. To accomplish such an analysis, the following factors must be given due weight:

1. Banks are required to maintain at all times a reserve of 18% against demand deposits and 5% against fixed and savings deposits.
2. Present regulations stipulate that the banks must also maintain a reserve of 50% against all letters of credit outstanding. This reserve figure, for purposes of analysis, is complicated by allowing banks to net the amount of export overdrafts outstanding against letters of credit outstanding with the reserve computed on the balance remaining. This imponderable may be resolved to a degree by using an arbitrary reserve figure of 25% which, we are frank to admit, is a guess.
3. With certain well defined exceptions, no bank in the Philippines may lend to any one borrower an amount exceeding 15% of its "unimpaired capital and surplus".

Manila Stock Market

By J. J. ORTIGAS
Picornell, Ortigas & Co.

December 27, 1954, to January 21, 1955

THE stock market, after the year-end rally, eased off on profit-taking, closing at 129.38, off 4.39 points. However, selling was not forceful and during the last few days has almost dried up.

Among the individual issues, Acoje and Philippine Iron Mines ruled easier, in particular the latter following the announcement of new stock issues, amounting to 600,000 shares, offered to stockholders at the rate of 1 share for every 10 shares held at the price of P3 per share. Surigao and Benguet went against the trend of the market, closing firmer.

The price of gold in the free market has ruled steady, closing at P109.70 per fine ounce nominal.

In the commercial and industrial section of the market, San Miguel Brewery common was off P.50. In the sugar group, Carolots were in better demand, while Victorias, which is traded over the counter, advanced to close at par 100, up P5. Philippine Long Distance Telephone Company common was easier in very restricted trading, as were fixed-interest securities which closed lower.

MINING SHARES

1954-55 Range	High	Low	Close	Change	Total Sales
136.50 84.42	M. S. E. Mining Share	136.60	129.38	129.38	Off 4.39 21,288,994
0.245 0.11	Acoje Mining Co.	.145	.12	.12	Off .04 381,000
0.0975 0.0575	Atlas Cons. Mining & Dev. Corp.	.095	.09	.095	— 2,817,893

1.20 0.85	Atok Big Wedge	1.00	1.00	1.00	Up .13	1,200
0.0975 0.06	Bague Gold Mining Co.	.075	.06	.065b	Off .05	125,000
0.90 0.60	Balator Mining Co.	.85	.85	.85	Off .05	6,500
0.0074 0.0011	Batang Buhay Gold	—	—	0.013b	—	—
3.75 2.60	Bombay Consolidated	3.75	3.70	3.40	Up .05	17,000
0.034 0.0195	Consolidated Mines	.034	.029	.031	Off .001	9,463,000
0.15 0.04	General Base Metals	.038	.038	.038	Off .002	15,000
0.15 0.09	Hibara Gold Mining Co.	.15	.12	.12	Off .03	40,000
0.055 0.075	Hogon Mining Co.	.033	.023	.033	U .003	70,000
0.70 0.355	Lepanto Cons.	.88	.66	.66	Off .02	388,000
0.21 0.125	Mairindque Iron Mines	.21	.20	.20	—	187,000
0.16 0.055	Mirandano Mother Lode	.16	.155	.15a	Off .005	27,000
0.23 0.085	Paracal Samas Cons.	—	—	.30a	—	—
4.05 1.40	Philippine Iron Mines	3.75	3.35	3.35	Off .10	198,405
0.16 0.13	San Mauricio Mining Co.	.14	.14	.14	—	41,000
0.265 0.175	Surigao Cons.	.265	.24	.26a	Up .02	975,000
0.015 0.008	Suyoc Cons.	.015	.013	.015	Up .005	300,000
—	United Paracal Mining	—	—	.02b	—	—
—	x—Ex-Dividend	—	—	—	—	—
—	xx—Ex-Stock Dividend	—	—	—	—	—

COMMERCIAL SHARES

210.00 173.00	Bank of the Philippine Islands	210.00	210.00	210.00	Up 10.00	58
15.00 14.00	Bogo-Medellin Mill	—	—	—	—	—
70.00 58.00	Cent. Azu. de Bais	70.00	68.00	70.00	—	208
15.00 11.00	Cent. Azu. de la Carlotas	15.00	13.00	15.00	Up 3.00	5,380
10.50 9.00	Cent. Azu. de Pilar	9.50	9.50	9.50	—	2,640
45.00 32.00	Cent. Azu. de Tarrag.	—	—	36.00b	—	—
370.00 360.00	Chone Banking Co.	—	—	370.00b	—	—
12.75 10.50	Cia. de Celulosas de Filipinas	12.75	12.25	12.75	Off .50	2,435
—	guro y Y.	—	—	22.00b	—	—
7.50 7.50	Insular Life Ass. Co.	—	—	9.00b	—	—
0.44 0.40	Manila Broadcasting Co.	.44	.39	.44	Up .04	43,425
0.06 0.06	Marman & Co., pref.	—	—	.30a	—	—
104.00 101.00	Mayon Metal. class "B"	—	—	.06a	—	—
153.00 153.00	Meralco 6 1/2%	—	—	102.00b	—	—
10.00 5.00	Metropolitan Inc. Co.	—	—	150.00b	—	—
—	Inc.	—	—	9.50a	—	—
—	Philippine Guaranty	—	—	22.50b	—	—
17.25 11.50	Philippine Long Dist. Tel. Co. comm.	16.00	16.00	16.00	Off .50	1,450
0.647 0.017	Philippine Dev. Co. Inc.	.643	.038	.04	Off .003	6,252,500
1.00 0.86	Philippine Racing Club, Inc.	—	—	1.04a	—	—
100.00 99.50	R & D 4% Bonds, 1959	100.00	100.00	100.00	—	T 30
35.50 31.50	San Miguel Brewery, com.	32.00	31.50	32.00	Off .50	16,883
103.00 93.00	San Miguel Brewery, 5% pref.	98.00	96.00	97.00	Off 1.50	910
107.00 102.00	San Miguel Brewery, 8% pref.	102.00	102.00	103.00b	Off 1.50	80
14.00 13.00	Univ. Ins. Indemnity	—	—	13.00b	—	—
—	Williams Equipment, com.	—	—	10.00b	—	—
—	x—Ex-Dividend	—	—	—	—	—
—	T—Bond sales reported in units of P100.	—	—	—	—	—

OVER-THE-COUNTER

Company	High	Low	Close	Total Sales
Manila Jockey Club	P 1.80	P 1.80	P 1.80	800
Philippine Long Dist. Tel Co. bonds (1965)	100.00	100.00	100.00	P10,000
Victorias Milling Co., Inc.	P100.00	P 95.00	P100.00	5,231

Credit

By DUNCAN BURN

Manager, Eastern Inspection Bureau and
Manager, Association of Credit Men, Inc. (P.I.)

THE figures given last month from a preliminary survey on credits and collections proved to be fair indications of the final survey results. On January 13, 1955, results of a consolidation of information submitted by 33 members of the Association of Credit Men, Inc. (P.I.) were passed on to members. Twenty-one members reported no change in the credit and collection situation at year-end 1954 as compared with September, 1954. Seven members reported the collection situation tighter, while five members reported a somewhat easier situation. Most of those reporting changes suggested that they were very slight. The general opinion of credit executives was that the situation would have been worse at year-end had not more diligent and thoughtful and severe steps been taken to effect collections. Some set collection

letters earlier, sent more and more frequent follow-ups, and used more personnel in collection efforts. Only one member reported the collection situation easier through no effort of his own. Those reporting collections tighter considered the general scarcity of money as the primary reason. Fewer customers liquidated accounts at year-end 1954 than in any previous year. Immediately after the New Year, requests for credit in larger amounts and on longer terms were much in evidence.

In a survey completed January 27, 1955, a majority of reporting members of the Association reported 30-day terms were considered standard, with some including slight variations of standard 30-day terms. Figures reported showed no improvements in balances in trade accounts-receivable at year-end.

Late in January, 1955, a survey was made regarding firm policies on cash discounts and effectivity of interest charges on past-due accounts and on paying habits of customers. Information consolidated showed that 25 firms used no cash discount to encourage prompt payments, and of four members granting such cash discounts two used them only sparingly. While a majority reported an indication of interest charges on commercial invoices, a large number do not indicate any interest charge. Only a small number of those indicating an interest charge have made any effort to enforce the interest stipulation. This is a subject which has recently been discussed rather seriously in some circles.

Most credit executives report no improvement in collections and agree that money is still tight and most see no signs indicating any immediate prospect for improvement. Some who were hopeful of improvement in the New Year have found no improvement yet.

Electric Power Production

(Manila Electric Company System)

By J. F. CORTON

Vice-President, Manila Electric Company

1941 Average—16,316,000 KWH

	Kilowatt Hours	
	1955	1954
January.....	61,315,000	57,301,000
February.....		52,447,000
March.....		57,779,000
April.....		54,408,000
May.....		57,773,000
June.....		58,525,000
July.....		60,206,000
August.....		60,385,000
September.....		59,680,000
October.....		62,184,000
November.....		58,739,000
December.....		62,328,000
Total.....		701,755,000

OUTPUT in January was 4,014,000 kwh or 7% over January, 1954. The rate of increase is slightly lower than in previous months.

Real Estate

By ANTONIO VARIAS

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

REAL ESTATE sales registered in the Greater Manila area during the month of January, 1955, numbered 552, with a total value of P6,658,847, as compared with 468, with a total value of P5,162,737, registered during the preceding month of December, 1954.

Of the January sales, 142, with a total value of P2,248,421, represented deals within Manila proper, while 410, with a total of P4,410,426, were transactions registered in Quezon City, Pasay City, and in the suburban

towns of Caloocan, Makati, Malabon-Navotas, Manda-luyong, Parañaque, and San Juan.

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

CITY OF MANILA
Ermita
 Taft Ave., between California and Oregon Sts. A parcel of 709.4 sq.m. sold by Conchita Juachen to Carmen B. de Cruz for P70,000.
Intramuros
 Gral. Luna cor. Muralista St. A parcel of 2,434 sq.m. sold by Shurdut Investments Corp. to the Philippine American Life Insurance Co. for P96,075.
Paco
 Isaac Peral cor. San Marcelino Sts. A tract of 4,137 sq.m. sold by Maria de la Concepcion Rosales to the U. S. Automotive Co. for P275,000.
San Miguel
 A tract of 3,291 sq.m. sold by Soñe Zarsadiaz to Edward T. C. Tan for P25,000.
 A property with a lot of 1,469 sq.m. sold by National Printing Co., Inc. to Eugenio C. Lopez for P123,000.

PASAY CITY
 Park Ave. A property with a lot of 2,182 sq.m. sold by Pablo Cuneta to Santiago Abraham for P135,000.

QUEZON CITY
Cubao
 Several parcels comprising 50 lots sold by Ramona G. Vda. de Favis to Xavierville Estate, Inc. for P450,000.
New Manila
 11th St. A parcel of 2,996 sq.m. sold by Magdalena Estate, Inc. to Felipe Yarnel for P118,898.
Piedad Estate
 A tract of 23,846 sq.m. sold by Dorotea de la Cruz to Alejandro de Jesus for P73,922.
San Francisco Del Monte
 A tract of 3,291 sq.m. sold by Soñe Zarsadiaz to Edward T. C. Tan for P25,000.
Sta. Mesa Heights
 Baco St. A property with a lot of 240 sq. m. sold by Dioscoro San Juan to Cecilio Ocampo for P26,000.

SUBURBAN TOWNS
Caloocan
 A Mabini St. A property with a lot of 20,179 sq.m. sold by La Insular Fabrica de Tabacos to Zerimar Investments for P250,000.
Malabon
 Taguotog. A tract of 134 parcels, having a total area of 234,140 sq.m. together with all the improvements thereon, sold by Ceramics Industries of the Philippines to the Land and Industrial Development Co., Inc. for P575,000.
Makati
 Forbes Park. A tract of 4,527 sq.m. sold by San Lorenzo Co., Inc. to J. Antonio Araneta for P67,005.

REAL ESTATE mortgages registered in the Greater Manila area during the month numbered 404, with a total value of P7,506,603, as compared with 470, with a total value of P7,214,884, registered during the preceding month of December.

Of the January mortgages, 134, with a total value of P2,639,978, represented deals within Manila proper, while 270, with a total value of P4,866,625, represented deals in the cities of Quezon and Pasay, and in the suburban towns first above mentioned.

	REAL ESTATE SALES, 1955			
	Manila	Quezon City	Pasay	Suburban Towns
January.....	P 2,248,421	P2,152,738	P175,472	P2,082,216
				P6,658,847

	REAL ESTATE MORTGAGES, 1955			
	Manila	Quezon City	Pasay	Suburban Towns
January.....	P 2,639,978	P1,626,001	P358,600	P2,882,024
				P7,506,603

Building Construction

By JUAN J. CARLOS

President, United Construction Co., Inc.

DURING the month of December, the Office of the City Engineer approved building permits for construction work amounting to P1,823,750. For the same period in 1953, the volume of work authorized amounted to P2,369,675, in comparison with P2,509,385 in 1952 and P2,876,860 in 1951.

Some of the big projects that were started during the month under review were:

A 3-story commercial building owned by Li Siong at 1024 Lavezares Street, costing P90,000;

On Paz street, corner Sagat, Paco a 3-story club house for the Paco Chinese Chamber of Commerce, estimated at P55,000;

A garage for Philippine American Export Corp. at 190 V. Mapa, costing P25,000.

A tabulation of the monthly volume of authorized construction during the past two years, as compiled by the City Engineer's Office, Manila, is as follows:

	1953		1954	
	No.	Value	No.	Value
January	475	P3,742,310	408	P3,825,955
February	528	4,299,776	536	5,324,500
March	555	5,172,855	411	3,869,670
April	416	4,123,120	447	2,628,820
May	554	7,204,600	413	2,543,360
June	456	5,578,290	411	5,763,650
July	402	7,091,415	349	2,314,355
August	314	2,980,460	326	2,138,790
September	432	5,394,820	349	2,314,335
October	464	3,659,340	341	3,142,440
November	365	3,703,580	305	3,013,465
December	347	2,369,675	281	1,823,750
Total		P55,321,241		P38,703,090

The decline in construction-volume can be attributed to the fact that most of the new industrial plants being established are situated outside the city where land values are cheaper, transportation accessibility is easier, and taxes are lower.

Besides the projects authorized by the City during the month of December, there are several big construction works for the Government and for semi-government entities in progress during the period under review for which no building permits are necessary. The Boy Scout Headquarters, costing P500,000, is being erected at the former site of the U. S. 31st infantry Headquarters. Across the street from the City Hall is the Government Service Insurance System Building, which, according to estimates, will cost P4,000,000.

Prices of essential building items remained firm during the period under review, but with a tendency to go up if the threat of war in Asia continues.

Some traders feel that the Government should stockpile materials which cannot be manufactured locally, like plumbing fixtures and steel products.

Arrastre Service, Manila

(Port Terminal Service)

By FRANCISCO DELCADO

General Manager, Delgado Brothers, Inc.

TONNAGE handled over the piers in the Port of Manila for the month of January, 1955, 115,469.23 tons, was slightly lower than that for the month of December, 1954. It would have been higher if the port authorities had not followed a more liberal policy in approving shipside-delivery of cargoes not included in the list of items normally discharged at shipside. This was resorted to prevent possible congestion on the piers.

During the first few weeks under review, the frequency of arrival of heavily-laden vessels was noticeable, and receiving and delivery operations were quite active. There was, however, a marked slump in operations during the last week of the month. A total of 124 vessels called at the Port of Manila in January, 1955, compared to 118 vessels that dropped anchor in December, 1954.

Port authorities have coordinated their activities in more vigorous efforts to rid the waterfront of undesirable elements. Rigid screening has been planned, and proper credentials will have to be presented by waterfront workers and others before they will be allowed to enter the Customs or piers zones. Recent reports in the local newspapers concerning arrests of pilferers, pickpockets, and smugglers along the Manila waterfront, prove the effectivity of the campaign.

Additional terminal handling equipment arrived recently for Delgado Brothers, Inc. for use in the Port of Manila. More is expected to arrive during the next few weeks. Orders have also been placed for aluminum baggage-handling equipment, of the latest type available in the United States, to help make the Manila passenger terminal service comparable to the better passenger terminals abroad.

January, 1955	Docksides		Shipside and Bulk	
	No.	Value	No.	Value
	115,469.230		32,651.714	

Note: Figures for bulk cargo do not include, in succeeding reports, will not include gasoline and/or oil brought in by tankers which heretofore averaged 50,000 to 60,000 tons a month.

Ocean Shipping and Exports

By E. H. BOSCH
Secretary-Manager
Associated Steamship Lines

TOTAL exports during the year 1954 showed an increase of 137,439 tons over exports during the year 1953; 1,692 vessels lifted 5,090,954 tons of exports during 1954, as compared to 4,953,515 tons lifted by 1,634 vessels in 1953.

Commodities which registered sharp increases over the year 1953 figures were: hemp rugs, from 613 to 1,758 tons; junk metal, from 2,441 to 7,326 tons; plywood, from 78 to 1,298 tons; sugar, refined, from 1,364 to 6,030 tons; sugar, muscovado, from 981 to 3,099 tons; and transit cargo, from 1,226 to 3,921 tons.

Exports during the year 1954 as compared with exports during the year 1953 were as follows:

Commodity	1954	1953
Alcohol	81 tons	146 tons
Beer	5,635 "	6,516 "
Charcoal	36 "	22 "
Fiber, buntal	146 "	22 "
Cigars and cigarettes	249 "	22 "
Coconut, desiccated	50,876 "	52,272 "
Coconut oil	65,732 "	58,589 "
Concentrates containing copper, gold, silver, lead, and zinc	5,684 "	4,128 "
Concentrates, copper	77,415 "	43,018 "
Concentrates, gold	— "	1,066 "
Concentrates, lead	— "	2,819 "
Concentrates, zinc	— "	954 "
Copra	758,002 "	592,267 "
Copra cake, meal	73,004 "	64,589 "
Embroideries	3,967 "	3,515 "
Empty cylinders	2,047 "	3,393 "
Fish, salted	124 "	205 "
Foodstuffs, canned	11 "	39 "
Fruits, fresh	1,320 "	1,313 "
Furniture, rattan	7,391 "	8,897 "
Glycerine	3,425 "	2,231 "
Gums, copal	1,502 "	921 "
Gums, elemi	77 "	61 "
Hemp	764,442 bales	847,649 bales
Hemp rugs	1,758 tons	613 tons
Household goods and personal effects	5,079 "	3,880 "
Junk metal	7,326 "	2,441 "
Kapok	132 "	73 "
Kapok seeds	— "	104 "
Logs	517,666,523 bd.ft.	491,563,059 bd.ft.
Lumber	62,066,277 "	56,761,681 "
Molasses	205,385 tons	173,261 tons
Nuts, peanuts	445 "	— "
Ores, copper	1,229 "	— "
Ores, chrome	427,059 "	555,068 tons
Ores, iron	1,053,336 "	1,182,777 "
Ores, manganese	8,001 "	23,282 "
Pineapples, canned	34,278 "	80,915 "
Plywood and plywood products	1,298 "	78 "
Rattan, round (palasan)	2,837 "	2,688 "
Rice	6,636 "	2,334 "
Rope	4,174 "	4,239 "
Rubber	281 "	262 "
Shells, shell waste	951 "	613 "
Shell buttons	117 "	98 "
Skins, hides	481 "	1,183 "
Sugar, cent. raw	931,215 "	795,940 "
Sugar, refined	6,030 "	1,364 "
Sugar, muscovado	3,099 "	981 "
Tobacco	11,583 "	14,859 "
Vegetable oil	736 "	398 "
Veneer	364 "	376 "
Wine and liquors	6 "	4 "
Transit cargo	3,921 "	1,226 "
Merchandise, general	12,933 "	8,872 "

Freight Car Loadings

By JOSE B. LIBUNAO

Traffic Manager, Manila Railroad Company

LOADINGS of revenue freight during the month of December, 1954, totalled 5,880 cars. This was a decrease of 146 cars, or 2.42% less than the loadings during December, 1953, of 6,026 cars. The decreased carloadings were registered in the 2nd district by 1,085 cars, 4th district by 51 cars, 5th district by 33 cars, and North Harbor by 20 cars. Offsetting these decreases were the improved carloadings in the 1st district by 716 cars, 3rd district by 267 cars, and Manila proper by 63 cars, resulting in a net decrease in carloadings of 143 cars.

Revenue freight carloadings by group commodities for the month of December were as follows:

Group Commodities	December-Tonnage	
	1954	1953
Products of agriculture.....	61,739	53,415
Animal products.....	376	631
Products of mines.....	708	1,311
Products of forests.....	7,981	10,158
Products of manufactures.....	35,220	19,389
Merchandise less than by carload.....	4,001	7,466
Total.....	110,025	92,390

There are 37 items considered in this review, with 21 items registering an aggregate increase of 30,636 tons, and 26 items an aggregate decrease of 17,635 tons. Of the items registering increases, the more important were: centrifugal sugar, 13,655 tons; sugar cane, 7,947 tons; cement, 3,130 tons; rice, 1,663 tons; miscellaneous manufactures, 1,066 tons; logs, 763 tons; and soft drinks, 619 tons, or an aggregate total of 48,870 tons. On the other hand, among the items registering decreases were: merchandise less than by carload, 3,485 tons; lumber, 2,520 tons; refined sugar, 2,302 tons; copra, 744 tons; fuel oil, 743 tons; stone, sand, and gravel, 696 tons; and palay, 498 tons, or an aggregate total of 10,988 tons.

The resumption of the operation of the Insular Sugar Refinery was in part responsible for the increased carloadings in centrifugal sugar; in part also the greater rail movement of sugar cane made possible by the further rehabilitation of plantation tracks in the cane areas. There has been a continuous shipment of cement since the operation of the Bacnotan Cement Plant began. The importation of rice by the NARIC accounted for increased carloadings in rice, specially the big shipments of this commodity to the Bicol region. December was also a rice-harvest month. The opening of new industries accounted for the increase in the haul of miscellaneous manufactures. The growing habit for taking this refreshment has increased the shipments of soft drinks. The extension of lines of communication and the replacement of weak posts has improved the carloadings of logs, not to mention the continued export of this item to Japan.

The decrease in carloadings of merchandise shipped in less than carload lots, was due to the decrease in imports through the Port of Manila, with only 198,307 tons in December, 1954, as compared with 249,847 tons in 1953. There was less movement of lumber because of relatively weak prices locally and lesser construction. Sand, gravel, and stone shipments have also decreased in consonance with construction activities. Movement of refined sugar from the Visayas to Legaspi has slackened the movement of this commodity from centrals in Luzon. There has been less export of copra from Luzon through Manila.

The following month is expected to improve because of the approaching peak in sugar milling. It is also expected that the proposed revision of the United States-Philippine Trade Agreement will at least ease the doubt

and hesitation which has affected many business ventures and will lead to greater effort to enlarge business activities.

Mining

By HENRY A. BRIMO

President

Philippine Gold Producers Association, Inc.

IN the absence of any startling developments or news concerning the operations of Philippine gold producers, attention last month was concentrated on the local gold market and the Gold Subsidy. As the month began, local prices again exhibited weakening tendencies, this reemphasizing the necessity of getting the subsidy under way as quickly as possible. As the month progressed and buyers became so scarce as to create a virtual emergency, the Gold Subsidy Board acted swiftly and effectively, finally making possible the beginning of actual sales to the Central Bank under the terms of the Subsidy Law. The initial sales were made by the San Mauricio Mining Company and the Surigao Consolidated Mining Company in the amounts of 4,501.836 ounces and 2,340.432 ounces refined gold, respectively. The first payments were made on January 21, 1955.

The local market improved following news of the sales to the Central Bank and was thereafter able to maintain itself at approximately the same over-all average as the previous month. High sales for the month were made at ₱109.65 per ounce bullion, while low sales were made at ₱108.60.

According to initial reports, all the member-mines of the Philippine Gold Producers Association have qualified as marginal producers and are, therefore, at least temporarily entitled to the top subsidy price of ₱111.72 per ounce refined. However, it should be borne in mind that the subsidy cannot absorb all the local gold produced, and, hence, local producers are still dependent on the local market for approximately 50% of their sales. This is because of a provision in the Law which limits the fund from which the premium is paid exclusively to the amount of taxes, both direct and indirect, which gold producers generate.

It may be mentioned, in passing, that the present condition of the local gold market is one that has not been experienced since its inception in early post-war days. For the first time, local buyers appeared unable to absorb all local gold production, at least at current levels. Were it not, therefore, for the timely subsidy, it is likely that prices would have declined by several pesos, or more, per ounce. Even with the subsidy under way, it is significant that local gold prices remained approximately ₱2 lower than the subsidy level. As the month ended, both buyers and producers viewed the price situation with some nervousness, notwithstanding the stabilizing influence of the subsidy. No crisis is expected but the present condition of the local market bears watching.

Lumber

By PACIFICO DE OCAMPO

Secretary-Treasurer

Philippine Lumber Producers' Association, Inc.

DURING the month under review, December, 1954, the Philippines exported 55,531,915 bd. ft. of logs and lumber, 10,635,598 bd. ft. more than the preceding month. The increase was mainly due to the rise

in the shipments of logs to Japan, from 33,053,160 bd. ft. in November to 43,356,462 in December, or an increase of 10,303,302 bd. ft. The exports to the United States and Canada decreased by 1,590,989 bd. ft., from 5,741,717 bd. ft. in November to 4,150,728 bd. ft. in December. Exports to all other countries increased by 1,923,285 bd. ft., from 6,101,440 bd. ft. in November to 8,024,725 bd. ft. in December.

The following are the figures for the logs and lumber in bd. ft. inspected for export during December, 1954, as released by the Bureau of Forestry:

Shipper	Destination	Volume in Board Feet	
		Lumber	Logs
Aguineldo Development Co.	Japan	848,954	484,954
Agusan Import & Export Co., Inc.	U. S. A.	12,866	474,195
American Timber Export Corp.	Japan	1,712,289	4,310,200
American Rubber Co.	U. S. A.	561,264	246,267
Anakrah Lumber Co.	Hongkong	202,356	—
Basilan Lumber Company	Japan	—	551,970
Brigido R. Valencia	Japan	—	2,606,617
Bigish Bay Lumber Co., Inc.	Japan	—	3,800,000
Cagayan Redwood	U. S. A.	—	77,948
Calapan Lumber Co.	U. S. A.	102,587	—
Chitao Co., Ltd.	Korea	—	1,639,936
Crispiano Luna Lumber Enterprises	Japan	—	905,884
Constantino Villanueva	Hongkong	5,000	700,441
Cuison Lumber Co., Inc.	Japan	—	860,000
Dee Cho Lumber Co., Inc.	U. S. A.	12,000	—
Dy Bun Chin	Japan	—	475,040
Ey Pae & Co., Inc.	Japan	—	559,000
Extensive Enterprise Corp.	Japan	—	1,072,916
F. E. Zuellig, Inc.	U. S. A.	25,697	—
Findlay Millar Timber Co.	Okinawa	465,136	—
General Lumber Co., Inc.	Japan	—	3,428,220
General Enterprise Inc.	Formosa	—	1,344,198
G. S. Manilac	Japan	—	20,452
Gonzalo Puyat & Sons, Inc.	Japan	—	1,184,283
Hercules Lumber Co., Inc.	Japan	—	81,337
Insular Lumber Company	U. S. A.	1,120,084	1,149,999
Japan & Co., Ltd.	Africa	583,597	—
Johnston Lumber Co., Inc.	Canada	53,174	39,689
Jose J. Tirador	Hawaii	—	1,100,000
La Villa de Manila	Japan	—	1,751,269
L. A. Johnson	Formosa	—	371,096
Lee Chao	Korea	84,057	599,957
Lee Bros. & Co., Inc.	U. S. A.	84,057	—
Luzon Manufacturing Ent., Inc.	Hawaii	44,511	—
Martha Enterprises, Inc.	Formosa	—	772,552
Nasipit Lumber Co., Inc.	Japan	—	200,099
North Camarines Lumber Co.	Japan	—	900,000
Ralph W. Dempsey	U. S. A.	150,000	1,489,000
Redwood Co.	U. S. A.	205,831	—
Sanchez Logging Ent.	U. S. A.	1,715,413	—
Sta. Clara Lumber Co., Inc.	Japan	—	1,686,533
Sta. Ines Logging Enterprises	U. S. A.	301,413	—
Standard Sawmill	Japan	—	646,612
T. H. Valderrama	Japan	—	102,191
Tirador Lumber	Japan	—	1,000,000
Valeriana Lumber Co., Inc.	Japan	—	679,532
Valeriano Bueno	Japan	—	400,000
Visayan Sawmill	U. S. A.	124,140	—
West Basilan Timber, Inc.	Japan	—	430,867
	Japan	—	500,452
	Japan	—	433,000

Western Mindanao Lumber Co., Inc.	Japan	2,388,228
West Visayan Timber Co.	Japan	200,000
Woodworks, Incorporated	U. S. A.	92,411
	Africa	40,872
	Korea	1,200,000
Total		4,571,643 50,960,272

SUMMARY OF EXPORTS DURING DECEMBER, 1954, ARRANGED BY COUNTRIES OF DESTINATION IN THE ORDER OF VOLUME OF SHIPMENT TO EACH COUNTRY

Countries of Destination	Lumber (Bd. Ft.)	Logs (Bd. Ft.)	Total (Bd. Ft.)
Japan	—	43,356,462	43,356,462
United States	3,121,924	975,630	4,097,554
Korea	—	3,439,893	3,439,893
Formosa	—	2,487,846	2,487,846
Africa	624,469	—	624,469
Okinawa	465,136	—	465,136
Hongkong	207,356	700,441	907,797
Hawaii	84,200	—	84,200
Canada	53,174	—	53,174
Guam	15,384	—	15,384
Total	4,571,643	50,960,272	55,531,915

RESUME OF Exports to:	Lumber (Bd. Ft.)	Logs (Bd. Ft.)	Total (Bd. Ft.)
Japan	—	43,356,462	43,356,462
United States and Canada	3,175,098	3,439,893	6,614,991
Other countries	1,396,545	6,628,150	8,024,725
Totals	4,571,643	50,960,272	55,531,915

Trend of Exports to:	This Month (Bd. Ft.)	Logs (Bd. Ft.)	Month Ago (Bd. Ft.)	Year Ago (Bd. Ft.)	Year Ago (Bd. Ft.)
Japan	—	43,356,462	—	33,953,160	845 41,634,287
United States and Canada	3,175,098	3,439,893	3,687,752	2,053,965	3,485,696
Other countries	1,396,545	6,628,180	1,404,816	4,696,614	997,301
Total	4,571,643	50,960,272	5,092,578	39,803,739	4,483,842 45,492,735

Arrivals of logs and lumber in Manila during the month under review, December, 1954, aggregating 6,798,891 bd. ft., a decrease of 1,022,382 bd. ft., as compared to arrivals during the previous month of 7,821,273 bd. ft.

During the month under review, December, 1954, prices in the local wholesale market slightly increased, compared with those of the previous month—P125-130 to P130-P140 for white lauan and from P150-P165 to P160-P175 for red lauan. Apitong remained unchanged at P130-P140 per 1000 bd. ft.

The Philippine Lumber Producers' Association, Inc. jointly with other associations of shippers in the Philippines, vigorously presented their opposition to the increase in freight rates adopted by the Associated Steamship Lines on shipments from the Philippines to the United States, at a conference of export producers and the Associated Steamship Lines called by Secretary of Commerce and Industry Oscar Ledesma. The Lumber Association, through its President, Mr. A. de las Alas, described the precarious situation of the industry and the imminent possibility of loosing the American market notwithstanding the great demand for Philippine mahogany there. He pointed out that after spending considerable amounts of money to recapture the American market after the war, and after having succeeded in securing the acceptance of Philippine mahogany by American consumers at no little

COMPARATIVE STATEMENT OF EXPORTS MADE TO DIFFERENT REGIONS OF THE UNITED STATES DURING THE MONTHS OF NOVEMBER AND DECEMBER, 1954.

Period	Lumber in Board Feet					Logs in Board Feet					Grand Total
	Western States	Eastern States	Gulf States	Others	Total	Western States	Eastern States	Gulf States	Others	Total	
November, 1954	2,546,089	500,000	100,000	500,000	3,646,089	1,073,186	371,822	458,968	199,989	2,053,965	5,700,054
December, 1954	1,865,195	492,271	443,350	321,108	3,121,924	773,468	—	202,162	—	975,630	4,097,554
Difference (Increase +, Decrease -)	680,894—	7,729—	343,350+	178,892—	524,165—	299,718—	371,822—	256,806—	199,989—	1,078,335—	1,602,500—

effort, it would seem that, due to prohibitive freight rates, the American market will be lost if the Government does not take action to maintain the exportation of lumber to the United States. The potential of the lumber industry is so enormous that if properly developed, it would unquestionably play a large part in the stabilization of the nation's economy, he said. He was particularly critical of the present move of the shipping combine to increase the emergency rates by \$3.

Manila Hemp

By FRANK P. HILL

Vice-President and General Manager
Macleod and Company of Philippines

IN last month's report it was stated that the total balings in the Philippines for 1954 were 774,982. Actually that figure does not include decorticated abaca, known in the trade as "deco". In 1954, 17,294 bales of decorticated abaca were produced, making a total of 792,276 bales for the year, as compared with 866,671 bales in 1953 (including "deco"). In the past "deco" balings and exports were not included in the statistics at the end of these articles. Production of "deco" fiber is increasing, and from now on we will give those figures each month. There are two new decortivating plants in the Davao area, making a total of three.

Prices for all grades of Davao and non-Davao fiber improved during the month in all consuming markets, but there was little demand in the United States. Rope-makers there covered their requirements with Central American abaca while Davao producers and merchants were keeping supplies off the market, which they did for several weeks prior to January 13. Whether or not the upward trend in prices will be sustained, depends chiefly upon demand in the United States.

Prices for British East African sisal increased about £6 per ton in the London market.

The Philippines-Japan trade agreement was again extended.

The usual statistics are given hereunder:

	Balings—January, December Inclusive				
	1954	1953	1952	1951	1950
Davao	453,396	500,279	507,469	502,412	389,151
Davao (Deco)	17,294	10,516	17,085	18,827	12,321
Albay/Camarines/ Sorsogon	120,782	157,886	178,192	229,795	167,560
Leyte/Samar	120,413	107,171	105,805	154,163	120,683
All others	80,391	90,819	78,768	92,396	75,539
Total	792,276	866,671	887,319	997,593	765,254

	Exports—January, December Inclusive				
	1954	1953	1952	1951	1950
United States and Canada	191,817	292,382	360,073	554,726	403,513
—do— (Deco)	6,665	9,392	18,729	17,709	6,000
Continent of Europe	176,472	179,612	157,736	163,373	121,894
—do— (Deco)	1,516	78	—	—	650
United Kingdom	106,077	107,249	96,562	170,028	84,662
—do— (Deco)	2,665	262	592	212	328
Japan	218,464	235,056	203,707	130,127	103,890
—do— (Deco)	2,474	978	1,204	1,992	8,090
South Africa	11,650	9,850	9,000	15,777	7,200
China	3,472	1,595	5,435	7,529	13,587
India	8,084	9,550	6,190	5,656	8,130
—do— (Deco)	50	—	—	—	—
Korea	17,842	1,580	600	—	3,100
Australia and New Zealand	6,264	3,500	2,215	4,450	1,826
Others	8,367	1,745	70	—	947
—do— (Deco)	25	—	—	—	—
Total	761,899	852,829	862,053	1,071,579	763,817

Copra and Coconut Oil

By WILLIAM S. RICE, JR.

Copra Buyer, Philippine Manufacturing Company

THE market maintained a steady to firm tone in January, and the general price level continued a slow upward trend.

Prices failed to advance in accord with many predictions for a substantial rise in January. European speculators were generally credited with preventing this by depressing the market through considerable active selling which kept our export markets in a confused state. Many Philippine exporters and local dealers were anticipating a seasonal rise because of very low production the first half of the month, and they resisted selling at market prices until the last half of the month. The European sales continued however; and first-hand sellers were unable to hold off longer as production improved. On January 21, prices reached the low point of the month as a wave of first-hand selling hit the market. European consumer interest then appeared, causing sellers to react sharply, but buyers resisted the sellers' quickly inflated ideas, and new speculative sales caused the market to close cautiously easy at month-end.

Indonesian copra appeared as a factor several times, but it has become increasingly difficult to know what Indonesia is doing since it commenced trading with Communist China. Evidently, recent negotiations have been in progress with both Europe and Communist China, and at month-end a sale for February shipment to China was rumored closed. Therefore, Indonesia appears to have been removed as a potentially bearish factor in the free world's markets for the near future.

Copra and Coconut Oil Prices

Copra:	High	Low	Close
West Coast, c.i.f. per short ton nearby and afloat	\$182.50	\$170.00	\$180.00
Europe, c.i.f. per long ton, 45-60 days	\$212.00	\$195.00	\$202.50
Manila, fresh, rescada basis, per 100 kilos at bodegas 30 days	₱33.00	₱31.00	₱32.50

Coconut Oil:

West Coast, c.i.f. per pound, bulk 45-60 days	13-1 8¢	12¢	12-3 4¢
East Coast, c.i.f. per pound, bulk nearby and afloat	14¢	13¢	13-1 2¢

Copra Cake and Meal Prices. The Pacific Coast market continued tight with a further price advance up to \$76.00 c & f Los Angeles. This continued firmness seems to have been largely due to the fact that Pacific Coast buyers had earlier allowed Europe to buy good quantities of Philippine production, and by January the lack of arrivals from the Philippines was being felt most acutely.

European buying-interest continued active and competitive to mid-January, but then fell dormant, and there have since been few indications of possible additional interest. It is difficult to say whether this lack of interest will continue.

Copra Statistics

Philippine Copra and Coconut Oil Exports (In long tons)

	Monthly Average	
	1953	1954
Copra Exports	25,957	24,376
United States	17,526	30,828
Europe	5,872	7,903
Other countries	—	—
Total	49,355	63,107

Coconut Oil Exports		
United States	4,728	5,292
Other countries	155	120
Total	4,883	5,412

Manila and Cebu Copra Arrivals
(In metric tons)

	Manila	Cebu	Total
Average—1954	8,741	11,537	20,278
November, 1954	16,199	18,502	34,701
December, 1954	13,529	18,443	31,982
January, 1953	8,448	12,662	21,130
January, 1954	13,038	15,490	28,528
January, 1955	9,856	15,458	25,314

Philippine and Indonesian Copra Exports
(In metric tons)

	Philippine Copra Exports			Indonesian Copra Exports		
	1954	1953	1954/53	1954	1953	1954/53
January	53,992	41,025	131.6%	20,653	14,230	145.1%
February	58,879	38,672	152.3%	25,368	18,884	134.3%
March	60,919	50,168	121.4%	23,209	19,559	118.7%
April	55,951	48,745	114.8%	20,546	17,258	119.1%
May	65,249	36,536	178.6%	36,146	5,854	617.5%
June	75,978	48,144	157.8%	21,465	17,266	124.3%
July	62,513	64,359	128.2%	22,244	29,586	75.2%
August	93,093	71,010	131.1%	34,209	26,140	130.9%
September	86,717	75,804	114.4%	24,085	21,445	112.3%
October	93,920	83,610	112.3%	21,552	29,409	73.3%
November	77,212	73,510	105.0%			
December	68,417	62,629	109.2%			
Total	872,840	694,212	125.7%	249,477	199,631	125.0%

*Includes coconut oil exports converted to copra.

Production and Future Prospects. Production continued low during the first half of January, largely due to heavy rains. Arrivals at Manila were extremely poor, and Cebu arrivals continued the pace set in December. This situation improved considerably during the last half of the month as arrivals rose generally to fairly good levels.

Various bullish factors coincide to indicate that prices should advance more definitely in February: (1) Philippine export commitments for February are estimated at 70,000 to 80,000 long tons of copra, which is unusually high for this short month of seasonally low production; (2) all shipments of crude coconut oil for February arrival on the Atlantic Coast are reported sold; (3) reported sales of Indonesian copra for February shipment to China remove Indonesia as a potential source of supply for February; (4) experienced observers of the European market feel that there are some consumer requirements yet to be covered in Europe; (5) the international situation surrounding Formosa tends to be a bullish psychological factor.

A possible moderating factor is current doubt regarding the position of speculators. If the heavy February commitments to Europe are still largely held by speculators as opposed to consumers, there is the possibility that continued speculator sales could prevent substantial price advances. Also, copra production in February this year will likely be larger than in previous years.

Desiccated Coconut

By HOWARD R. HICK
Peter Paul Philippine Corporation

THIS report covers the period from December 15, 1954, to January 15, 1955, during which time copra prices and raw nut prices were at a standstill, continuing the record-low price plateau of the post-war period.

Desiccated coconut factories followed the general pattern of no production during the Christmas holidays

and the usual shutdown through early January. Therefore, December was a low-production month, as January, 1955, will also be.

In fact, the calendar year 1954 was about 18% down from the regular Philippine production standard, due mostly to lower United States demand, in turn caused by consumers keeping coconut inventories at a low because prices were constant with no signs of increasing prices sufficient to cause such spurt-buying as usually follows rising and falling markets.

It is estimated that the consumer inventory is at its lowest since 1947, so that increased copra or nut prices would cause speculation and increased buying. However, indications still point to a steady market for another 30 days, continuing the long record-level.

The shipping statistics for December, 1954, are as follows:

Shippers	Pounds
Franklin Baker Company	2,342,900
Blue Bar Coconut Company	1,078,040
Peter Paul Philippine Corp.	1,117,300
Red V Coconut Products, Ltd.	2,499,300
Sun Rippe Coconut Products, Inc.	508,500
Cooperative Coconut Products, Inc.	67,000
Total	7,613,040

Sugar

By J. H. D'AUTHREAU
Philippine Sugar Association

THIS report covers the period from January 1 to January 31, 1955.

New York Market. It has been a dull and disappointing month as regards sales. The quota combined with approaching Cuban production have produced serious semi-stagnation. Business opened and remained steady throughout at 5.90/95¢ except for a brief fling on January 24 and 25 when moderate sales were made to refiners, including Philipines, at 5.97¢ and 6.00¢ for February and March arrivals. The market reverted almost immediately, however, to the former position of buyers 5.90¢, sellers 5.95/6.00¢, and little doing. Refined prices remained unchanged throughout the period. The Porto Rican stevedores' strike is still unsettled and expected sales-pressure from this source, as soon as settlement is reached, is undoubtedly a bear-factor in the market. On January 5 the New York Longshoremen's Association ratified the 2-year agreement with the New York Shipping Association containing "no-strike" and "no lock-out" clauses. President Eisenhower is reported to be agreeable to prompt revision of the U. S. Sugar Act by Congress. Both United States beet and cane interests are seeking increased quotas.

Reported sales of actuals totalled approximately 192,160 long tons, of which 78,000 tons were Philipines. Exchange operations for the period approximated 148,750 short tons. Deliveries of refined for the period December 26 to January 22 were 545,477 short tons as compared with 656,471 for December, 1953, and with 483,270 for January, 1954. Total deliveries for the year to January 29 were 524,000 short tons as compared with 404,000 short tons on the same date in 1954. On January 29 refiners stocks were 153,907 long tons as against 113,658 on the same date last year.

Opening and closing quotations on the No. 6 Contract were as follows:

	March	May	July	Sept.	Nov.
January 3	5.42¢	5.49¢	5.58¢	5.63¢	5.61¢
January 31	5.47¢	5.53	5.63	5.68	5.67

Average spot price for January was 5.460476¢.

Local Market. (a) Domestic Sugar. Old crop sugar still hangs over the market. It is hoped, however, that February will see its disposal. New crop sugar is

not being pressed onto the market largely as a result of the combined efforts of producers, and remedial action may yet be seen in the form of quota segregation, if not of outright quota reduction. Prices continue as before and supplies are plentiful.

(b) Export Sugar. Due to the dull and inactive New York market and to constantly rising freights, prices have declined and very little business is reported, and due to a scarcity of March space most exporters are withdrawn from the market at the month's end. Prices rule at \$13.80 ex Hawaiian-Philippine Co. warehouse (nominal). Space has been reported closed in isolated cases at \$16.00 for early March and little space offering. The problem is at present under discussion between shippers and the Associated Steamship Lines with a view to obtaining assurances from the latter that sufficient tonnage will be made available to lift the crop and bring it to the United States before December 31, 1955. Shippers are resisting the \$16.00 rate, but it would seem that no charter tonnage is immediately available as a relief.

Total export shipments of 1954-55 crop sugar for the month were 79,813 long tons, making a total of 194,020 against the 1954-55 crop as compared with 184,783 up to the same date in 1954. Total Philippine arrivals in New York for the period January 1 to January 29, 1955, are recorded at 45,639 long tons as against 24,544 long tons for the same period in 1954.

World Market. The Cuban 1955 crop has been set at 4,400,000 Spanish long tons, segregated as follows:

United States Free	1,585,975
United States Retained	498,490
World Free	200,000
World Retained (available)	347,414
World Retained (subject to release by Stabilization Institute)	658,596
Obligatory World Reserve	218,362

Voluntary Reserve	341,163
Special Stabilization Reserve	350,000
Local Consumption	200,000

This is a somewhat larger crop than expected, and, despite the new categories of "Reserves", was at first regarded bearishly by both the No. 4 and No. 6 Contracts. Spot declined at first to 3.15¢ but has since recovered, and World quotations are steady to firm, assisted perhaps to some degree by the Formosan situation.

Opening and closing quotations were as follows:

	Spot	March	May	July	Sept.
January 3	3.17¢	3.17¢	3.17¢	3.20¢	3.20¢
January 31	3.17	3.19	3.18	3.18	3.17

At the end of January, some 35 Cuban mills were reported in operation.

Molasses. The main local exporter has now fixed the price for the 1954-55 production at \$11.25 per long ton, f.o.b. lighter at Central wharf. The World market continues weak.

1954-55 Milling. Twenty-two Centrals are now milling for the 1954-55 crop. Latest reports from these Centrals indicate that their total production up to January 30 is 608,014 short tons and the average of juice purities to date is 84.11.

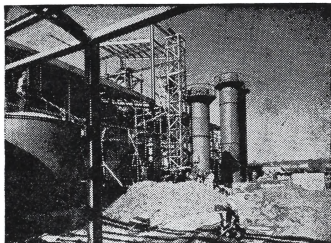
A new crop estimate is in course of preparation. Cane sugar ratios and tonnages continue good.

Tobacco

By RICARDO PADILLA SATRUSTEGUI
Cia. Tabacalera

NATIVE Tobacco. On January 9 heavy rains flooded the fertile tobacco plantations of the Cagayan Valley in Northern Luzon, damaging extensive areas of young plants recently transplanted from seed-plots. However,

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the abundance of seedlings and the energetic work of tobacco growers, soon again covered the damaged areas.

The writer recently made an extensive inspection trip throughout the Cagayan Valley, and he believes that it may safely be said that if the weather continues to be favorable, the present crop will be one of the largest in recent years. A crop of 330,000 quintals (46 kilos to a quintal) is a safe estimate. Good prices paid for the last three crops, both in the local and foreign markets, have encouraged planters to extend their tobacco areas to a maximum. Due to last year's sad experience of late typhoons, which destroyed many seedlings, this year, as a precautionary measure, there was a noticeable increase in seed-plots everywhere. This measure has contributed largely to the success in covering an extensive tobacco area.

Planters hope for plenty of sunshine for about a month, as the present humidity, due to the heavy rains, develops worm-pests and does not favor the growth of the fine Isabela leaves. Haciendas "San Antonio", "San Luis" and "Santa Isabel", of the Tabacalera, are experimenting for the second year with fertilizer. Last year's results, in spite of the poor crop, were encouraging, but this year the yield of a fertilized area may mean an increase of over 60%. Many farmers are enthusiastic about tobacco fertilizer and believe it might offer a solution for the future. Foreign importers demand continuously more Philippine tobaccos but find the prices too high. It is the matter of high price only that hampers the export trade. More yield per acre is therefore a possible answer to this problem.

Recent rumors circulated about experimental planting of Virginia tobacco in the Cagayan Valley are a source of worry to the traditional planters and dealers in Isabela fine tobaccos. It is worth remembering that Isabela to-

bacco is, in its class, the best in the world. No other tobacco, including Cuban and Sumatra, has such good combustibility or mildness. The possibility that cross-pollination with Virginia plants might change the color and quality of the native tobacco would be indeed a calamity if it eventuated.

In Western Luzon, provinces of La Union, Ilocos, and Pangasinan, the lack of rainfall has hampered the development of native tobacco. This year's native tobacco crop is expected to yield about 4,000,000 kilos.

The crop of native tobacco in the Visayas and in Mindanao has suffered a setback due to heavy rains, especially on the island of Cebu where about 40% of the crop was lost due to floods. It is still too early to make an estimate, but Mindanao appears to have a greater area planted to tobacco than in other years.

Virginia Tobacco. Lack of rainfall has also hampered the growth of Virginia. Nevertheless, an approximate crop of about 5,000,000 kilos is expected in Western Luzon. News that the ACCFA would soon be buying Philippine-grown Virginia tobacco at established government prices has boosted up the morale of the planters, especially after the ACCFA informed them that it would only buy from them and not through middlemen.

Virginia has made high progress, considering that 5 years ago the production was only about 18,000 quintals for the entire Philippines. Farmers entertain great expectations in the income they hope to derive from the government prices established by act of Congress.

Cigar and Cigarette Factories. Factories engaged in the manufacture of native and Virginia-type cigarettes are looking forward to this year's crop to reduce their average prices, as last year's poor crop and difficulties in the importation of Virginia tobacco made their operations burdensome. High tobacco prices have encour-

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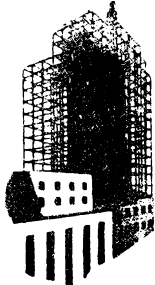
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aged unscrupulous manufacturers to sell "colorum" cigarettes rampantly at low prices. There is good news, however, concerning the interest of the Government in curbing "colorum" cigarettes, which not only cause the Government to lose about ₱30,000,000 annually, but also make it difficult for honest manufacturers to compete.

Secretary of Finance Jaime Hernandez, Collector of Internal Revenue Antonio Araneta, and National Economic Coordinator Alfredo Montelibano have all taken an interest in this matter, which they believe to be of national importance.

Rice

By CHARLES O. HOUSTON, JR.

Director, Graduate Studies, The University of Manila

THE worn-out cliché with regard to the repetitive nature of history seems once again renewed in studying the governmental reports reviewing 1954 and predicting the future for 1955. Following the custom of his predecessors since 1935, Secretary of Commerce and Industry Oscar Ledesma, in his review of the past year, stated:

"With an improvement in the supply of rice and as money in circulation remains steady at a level higher than in 1953, there is practically a certainty that the local retail business will continue fair for some time, barring unforeseen circumstances."

These "unforeseen circumstances" have plagued such predictions for the past twenty years, and this writer sees no reason why they should not, indeed, alter the rosy predictions for 1955 as they have so often for past years. Indeed, the Secretary hedges on his confidence by stating further:

"Drought has rendered the immediate outlook for our basic cereal food crop rather discouraging, and despite remedial measures in

the form of emergency importation [which seems to have become the normal operational program of the NARI] and added vigor in agricultural expansion, production for the crop year 1954-1955 is expected to fall short of the last two crop-year yields and go far below the consumption level."

Yet, optimism still rules: "However, if the present government program for increased rice production is pushed through, which is being done in earnest with the country-wide construction of irrigation wells going on, the country may find itself in the not distant future producing far beyond its needs in this cereal." I do not think it out of place to register strong skepticism with regard to such prophecy.

In interviews with retailers, this observer failed to meet a single person who believed that money in circulation was at a higher level than in the preceding year. Certainly the supply of rice has improved only to a slight degree and has affected the price patterns at consumption levels very little. How it is possible to schedule the cost of living index as below that of the preceding period, in the face of a continuing similar price pattern for such an important staple as rice, is a question that casts some doubt on the validity of governmental reports on this matter.

Agriculture Secretary Salvador Araneta stated, contrary to fact, that "the bad weather, floods, and drought had failed to slacken the pace of food production..." and that "rice led all other food crops in output with a production of more than 72,000,000 cavans..." What was not stated was that this was almost the identical production for the previous year. He stated further that no less than 8 new varieties of rice had been discovered which were expected "to produce as much as 80 cavans per hectare under normal conditions." Since normal conditions

¹Reported in *The Manila Daily Bulletin*, Vol. 161, No. 3 (Jan. 4, 1955), p. 7-P.

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are extremely hard to define in the Philippines, and since this claim has been repeatedly made during the past twenty years, an observer can only counsel caution and patience, awaiting proof. One factor that is constantly ignored in any analysis of the "rice problem" in the Philippines, is the fact that as organized and carried on at present, rice-producing methods will continue to find difficulty in meeting demand in view of the current practice of planting rice at any time of the year as long as water is available. It is extremely difficult to secure from *palagad* planting as high a level of production as from the first planting, and what has happened in many areas is that second planting has become a first planting practice. Farmers, if water is available, in the face of heavy demand and heavy pressure from the Government for more production, "force" their rice,—planting ahead of the normal time when rice is "accustomed" to go into the ground. I believe in the wisdom of the peasant farmer, and many have told the writer that rice cannot be expected to produce in normal areas anywhere near as heavily as scientists are able to secure in the laboratory and in experimental plots. I know of no study, at the moment, which has been carried on with regard to this matter, and it would be interesting if this could be subjected to definite measurement and analysis.

The NARIC and other interested bodies began a new program to "wrest control of the rice industry from the hands of aliens," by making plans to deputeize Filipino rice-mill operators and members of farm cooperative marketing associations as buyers of *palay* for the NARIC with an initial capital of ₱2000 for each operator. Secondly, they planned to create new financing procedures to enable small millers (inefficient or not) to secure new equipment and capital and gradually take over the "monopoly" of the aliens and form a new monopoly for a new class. Thirdly, the NARIC plans an extension of its services throughout the Islands (a step that was supposed to have been accomplished fifteen years ago) in order to assist in this program. The same false figures were presented with regard to this supposed "alien monopoly" as has been the custom for twenty years, despite quite clear figures to the contrary.

The Director of the NARIC stated, quite erroneously, that the buying program of the Corporation "has resulted in a cut of as much as ₱2 per cavan in the price of rice." (February 11.) As a matter of fact, during that very week, most varieties registered an increase of as much as 50¢ a sack. He stated: "Current prices for macan, second class, in Manila have dropped from ₱18 and ₱18.50 to about ₱16 and ₱16.50..." Actually, the price range was from ₱16.00-₱16.50 to ₱16.50-₱17.00, closing the week at the latter figure. The drop indicated was for the new crop, which always enters the market *below* the figure for the old crop.

THE so-called "Margate system" for planting rice attracted much attention during the month. It is actually a system that has been used in India and Japan for many years. Many planters were skeptical of its benefits (which, however, are quite real), and later in the month a similar system under the name "masagana" came into prominence as a means by which production could be enormously increased. A report stated that by the use of this system two farmers in Tarlac were able to secure some 132 cavans from one hectare, both being assisted by a field man from the Bureau of Agricultural Extension. Advertisements were placed in metropolitan newspapers encouraging farmers to adopt the "Margate" system and plans were being readied for a large public information program to achieve this end.

THE only other development of importance was the reaction to the required "Premix" or "rice-enrichment"

program which had been provided for in Republic Act No. 832 (August 14, 1952), the provisions of which were to become effective in Manila, Dagupan, Pasay City, Quezon City, and the Province of Rizal, the 1st of February. According to this law, which theoretically went into effect in Tarlac, Bataan, and Pangasinan in 1953, all millers in areas of the applicability of the law are required to install the necessary machinery which will mix with ordinary rice the "Premix Rice" on the basis of one part Premix for 200 parts polished rice. If this will result in an increase in price, many consumers said, they were heartily opposed to the plan; if the cost is to be borne by the Government (which should certainly be the case) they had few objections, many only saying that they objected to the taste. Whether this last objection is valid is another matter, but certainly the law is dictatorial in the extreme and places another burden upon those engaged in the rice trade.

JANUARY is generally a weak month in the rice market. The opening of the year saw a reduced volume of arrivals in the Manila market (because of bad weather), and most varieties suffered losses,—some as a result of this factor, and wagwag as the result of the publication of new ceiling prices. NARIC distribution remained heavy and since production centers held large stocks of the new harvest, there was little desire to move them. Old crop wagwag, apostol, and macan were absent from the market, and prices were unavailable as a result.

The second week of the month was marked again by reduced shipments to the Manila market since the expanded buying by the NARIC affected adversely palay purchases by millers (both Filipino and "alien"). Since only a small quantity of macan arrived, it registered an increase of as much as 50%, with other varieties standing generally steadily. Some evidence was on hand to indicate that private buyers were willing to buy higher than the NARIC (in order to retain their stability). If this becomes more than a minor trend, macan prices may be expected to rise during February. Because the ceiling prices for old crop wagwag were established below prevailing prices, this variety may be expected to disappear from the normal market to be sold on a "black" market, although available stocks were being sold at below or within the ceiling price. New crop wagwag appeared in wholesalers' hands at the end of the second week.

During the third week, prices remained steady, despite the large quantities in hands of dealers. Macan registered an increase in the Manila market, reflecting an increase in price for palay in production and distribution centers in Central Luzon which in turn had been brought about by heavy NARIC purchases and the extension of ACCFA loans to FACOMAS.

The fourth week saw the disappearance of many varieties and a lowering of prices in new arrivals. Demand was low in the face of a plentiful supply in producing centers near Manila, with many Manila residents driving to the country to make their own purchases in quantity. Laguna, particularly seemed to enjoy a good harvest, in areas in which FOA irrigation and fertilizer facilities are to be found and they may be easily found as large signs along the highway seem to outnumber threshing *patios*.

PRICES

	Jan. 3-8	Jan. 10-15	Jan. 17-22	Jan. 24-29
Wagwag: 1st class.	unq	unq	unq	New 23.00-22.50
2nd class.	\$27.00-27.50	unq	unq	New 22.50-21.50
Cota 1st class.	\$24.00	23.50-24.00	23.50-24.00	24.00-7
Cota 2nd class.	\$23.50	23.00-23.50	23.00-23.50	23.50-7
New.	unq	22.50-23.50	22.50-23.00	
Elemeon: 1st class.	unq	19.00-19.50	unq	New 19.50
2nd class.	unq	18.50-19.00	unq	New 18.50-19.00
Cota 1st class.	\$19.50	unq	19.00-19.50	19.50-7
Cota 2nd class.	\$19.00	unq	18.50-19.00	19.00-7
New.	unq	unq	19.00-19.50	
Macan: old 1st class.	unq	unq	unq	unq
Cotabato.	\$18.50-7	unq	unq	unq
New Crop: 1st.	\$17.00	16.50-17.50	17.30-17.80	17.50-18.00
2nd.		16.00-17.00	16.80-17.40	17.00-17.50

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Imports

By S. SCHMELKES

The Robot Statistics (Mercantile, Inc.)

FOLLOWING are the import figures, in the usual categories, for December, 1954, and December, 1953, and for the years 1953 and 1954. All the figures are in kilos, with the exception of those for foodstuffs which are given in package units.

Commodities	December		Year	
	1954	1953	1953	1954
Automotive (Total).....	3,015,680	1,784,041	21,473,451	27,477,034
Automobiles.....	160,617	145,102	2,589,722	2,948,177
Auto Parts.....	118,337	74,733	362,049	2,993,214
Bicycles.....	405	12,019	70,172	64,241
Trucks.....	12,617	79,979	2,172,307	1,665,507
Truck Chassis.....	732,696	247,733	6,790,265	6,797,998
Truck Parts.....	981,161	47,653	807,045	3,808,527
Building Materials (Total).....	15,669,064	4,702,093	76,285,012	116,946,892
Board Fibre.....	11,106,161	161,024	26,588,686	61,804,733
Cement.....	272,549	1,199,985	6,512,843	8,821,613
Gypsum.....	—	—	93,703	2,579,391
Chemicals (Total).....	9,702,102	12,332,138	118,424,976	85,894,679
Caustic Soda.....	355,583	813,115	6,503,818	7,196,498
Explosives (Total).....	—	113,276	395,642	1,396,445
Firearms (Total).....	5,050	8,750	98,221	118,367
Ammunition.....	83	7,072	8,506	70,948
Hardware (Total).....	6,705,164	4,023,692	49,448,127	69,959,484
Households (Total).....	888,487	1,454,815	16,009,596	11,388,574
Machinery (Total).....	1,955,665	1,444,815	26,523,325	30,619,486
Metals (Total).....	12,410,639	12,981,453	127,469,169	137,665,979
Petroleum Products (Total).....	45,726,894	68,540,256	940,223,330	907,762,551
Rubber (Total).....	3,756	3,292	4,776,084	5,888,184
Rubber Goods (Total).....	967,132	1,130,385	12,240,272	10,732,688
Beverages, Misc. Alcoholic (Total).....	5,506	4,613	55,000	73,293
Foodstuffs, Total Kilos.....	48,421,595	24,767,101	285,686,184	330,529,786
Foodstuffs, Fresh (Total).....	101,564	159,459	852,688	682,914
Apples.....	26,022	26,245	236,765	372,846
Oranges.....	20,259	11,986	167,830	128,076
Onions.....	5,500	55,970	213,916	108,726
Potatoes.....	—	34,217	87,877	9,606
Foodstuffs, Dry Packaged (Total).....	28,391	31,078	349,502	262,190
Foodstuffs, Canned (Total).....	403,607	279,374	3,981,796	4,806,096
Sardines.....	35,628	1,891	165,871	326,289
Milk Evaporated.....	179,391	133,127	1,698,275	1,960,955
Milk Condensed.....	26,473	45,812	313,034	395,099
Foodstuffs, Bulk (Total).....	795,367	463,262	5,625,411	6,570,566
Rice.....	264,746	—	1,101	319,736
Wheat Flour.....	477,552	388,077	4,983,301	5,666,484
Foodstuffs, Preserved (Total).....	1,939	914	23,692	9,124
Bottling, Misc. (Total).....	385,091	623,161	11,519,803	9,270,907
Cleaning & Laundry (Total).....	112,587	104,885	1,182,146	1,478,604
Entertainment Equipment (Total).....	901	268	96,639	54,577
Livestocks-bulls-seeds (Total).....	21,708	136,748	2,276,181	2,707,278
Medicines (Total).....	697,096	493,068	7,854,796	9,184,806
Musicals (Total).....	50,290	64,432	556,422	3,088,886
Office Equipment (Total).....	90,255	47,533	633,283	1,086,509
Office Supplies (Total).....	4,408	45,381	203,367	494,137
Paper (Total).....	7,447,095	5,708,910	73,216,763	65,202,659
Photographic Materials (Total).....	38,882	20,689	536,162	579,711
Raw Materials (Total).....	110,700	1,767,424	26,273,037	11,761,645
Sporting Goods (Total).....	25,214	14,118	195,610	295,013
Stationery (Total).....	1,408	22,445	221,245	2,936,485
Tobacco (Total).....	176,170	769,658	13,158,957	9,150,465
Chucheria (Total).....	136,217	143,225	14,554,699	1,175,460
Clothing Apparel (Total).....	467,063	704,404	6,896,950	4,159,764
Comests (Total).....	22,299	24,821	612,185	389,885
Fabrics (Total).....	1,530,112	635,031	10,308,601	7,414,914
Jewelry (Total).....	613	297	877	3,679
Leather (Total).....	297,585	326,461	2,330,899	2,564,705
Textiles (Total).....	5,211,156	3,500,524	41,391,270	44,866,307
Toys (Total).....	88,367	64,007	811,510	938,208
Tugs (Total).....	8,718	173,172	692,620	414,996
General Merchandise (Total).....	2,444,179	1,734,010	9,461,070	17,647,982
Non-Com. Shipments (Total).....	172,429	109,375	1,253,430	1,576,615
Advertising Materials, Etc. (Total).....	16,860	23,217	299,481	3,592,078

Food Products

By C. G. HERDMAN

Vice-President, Marsman & Company, Inc.

It was reported in this column last month that regulations had been issued so as to effect implementation of the "Cassava Law," which requires importers of wheat flour to secure certificates from PRISCO

as to their individual purchases of cassava flour before commercial banks may establish the corresponding letters of credit to permit the purchase and shipment of wheat flour. Up to the end of January and probably for a good part at least of the month of February, it has been difficult if not impossible for importers to secure the cassava flour as obligated. To permit the regular importations of wheat flour to continue and to avoid the shortage which might otherwise result, PRISCO has been accepting affidavits from flour importers to the effect that they will purchase and have available the necessary cassava flour upon arrival in the Philippines of their purchases of wheat flour. With this cooperation from PRISCO, it has been possible for importers to place their orders in the full quantity authorized for shipment during the first two periods of the present semester. Supplies of flour on hand in the Philippines are more than ample for immediate requirements, and business booked during December and January insures that ample stocks will be available throughout March at least.

It was reported in the newspapers, the middle of January, that a resolution decontrolling the importations of wheat flour had been passed by the Monetary Board of the Central Bank, but up to this date there has been no public announcement by the Central Bank on this subject, nor has the notice customary in such cases been furnished by the Central Bank to the commercial banks.

Decontrol of imports of wheat flour is greatly to be desired for the benefit of the consuming public in general. Restriction on imports has created at times an artificial shortage or semi-shortage, and has tended to keep flour prices to consumers materially higher than would be the case if flour were decontrolled. It is true that there have been some price reductions in flour in the local market during recent months, but these were due in a large degree to reductions in costs of the flour in the countries of origin. Decontrol of flour would inevitably result in lower prices to bakeries and consequently lower prices of bakery-products to consumers.

It was also reported that the Monetary Board has decontrolled the importations of evaporated and sweetened condensed milk, powdered whole milk, and powdered skimmed milk. It is to be hoped that the Monetary Board will also decontrol all essential imported food staples, such as canned fish, canned meats, fresh frozen beef and veal, rolled oats, etc. Experience has shown, in the case of canned milk when it was decontrolled some three years ago, that the dollar allocations provided to cover such imports were no greater than when the controls were exercised; however, prices to consumers were consistently maintained at much lower levels.

Stocks of canned fish throughout the Philippines seem to be sufficient for the present. No further quantities of sardines can be secured from California before August or September, and experience of the last few years would indicate that the probability of supplies in volume from California, even late in the year, is most unlikely. Importers will have to secure supplies from Japan or South Africa. It is not anticipated that there will be any shortage of supplies, as ample stocks would seem to be available from both the latter sources.

There are also ample stocks on hand at present of the various types of canned milk, canned meats, etc., and above average stocks of imported canned fruits and vegetables. Fresh fruits and vegetables are plentiful in the local market, with the exception of potatoes and onions which are only available in small quantities and at very high prices. Onions are presently selling for P2 a kilo. PRISCO has contracted for considerable quantities of onions from the United States which will be arriving early in February, when local prices will undoubtedly drop to less than half of today's quotation.

COLUMBIAN ROPE COMPANY OF PHILIPPINES, INC.

announce their appointment as

GENERAL AGENTS

of

FIREMAN'S FUND INSURANCE CO.

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to handle

FIRE, MARINE, CASUALTY
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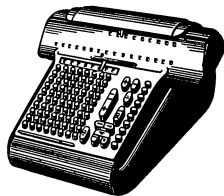
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Staunchly dependable, yellow-painted CATERPILLAR Machines do a full share . . . in agriculture, logging, mining, road-building! All over the Islands, CATERPILLAR Machines set standards of achievement . . . so as to hasten progress, make possible prosperity and give tangible substance to the inspiration of new leadership.



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The American Chamber of Commerce

JOURNAL

A highly functional publication,—
every part of which is specifically
designed to assist the businessman
and, more generally, to promote
the economic interests of
the Philippines

MONEY in circulation particularly in the provincial districts is apparently very short. Wholesalers are experiencing more and more difficulty each month in effecting collections from their provincial customers.

Textiles

By A. MARGOLLES
General Manager
Neuss, Hesselein Co., Inc.

JANUARY has witnessed a worsening of conditions in the [local] textile market, there being very little movement of goods and prices decreasing substantially.

One of the main reasons for the present situation is the large volume of credit outstandings still unfulfilled and the acute cash shortage. The speculation on war-moves in nearby areas, added to some reported failures, has brought about greater caution on the part of importers and wholesalers, and the whole market is in a state of semi-inactivity.

The nearby outlook for an improvement in the present dull conditions does not seem promising.

Contrary to the local situation, the New York market has remained strong and some small price-advances have taken place, particularly in knitting yarns.

The Far East Conference Shipping Lines have announced an increase of about 10% in ocean freight rates, operative from the 1st of May, 1955. This is viewed as a very unwelcome move throughout the trade.

Arrivals from the United States totaled 20,796 packages, of which 9,218 were cotton piece goods, 2,016 rayon piece goods, 3,118 cotton pound goods, 1,641 rayon pound goods, and 2,424 yarns.

From other sources there arrived a total of 6,044 packages, of which 4,457 came from Japan, 768 from Hongkong, and 819 from Europe.

Legislation, Executive Orders, and Court Decisions

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

AMONG the bills introduced in the present Congress but not yet acted upon are the following:

H. B. No. 2762 would add "cement factories" to section 189 of the National Internal Revenue Code which taxes rice mills, sugar centrals, rope mills, etc. (This seeks to reduce the tax on cement.)

H. B. No. 2756 would, it is hoped, contribute to government efforts to bring all privately owned land under the Torrens System, by providing for proper recording of transactions affecting unregistered lands.

H. B. No. 2602 is an act to facilitate entry of American traders, a counterpart to the United States law adopted last year for Philippine traders.

H. B. No. 2610 seeks to limit to 10 years, leases to aliens, of public or private agricultural lands.

H. B. No. 2611 would increase the penalty for death caused by violation of the Revised Motor Vehicle Act.

H. B. No. 2616 would provide for the installation of governors limiting the maximum speed of motor vehicles to 50 kilometers per hour.

H. B. No. 2679 would provide for a 5-day, 40-hour week for government offices.

H. B. No. 2696 would require every taxpayer to secure an annual tax clearance which must be presented when executing a document before a notary, or obtaining any license or permit, or money from any public fund.

H. B. No. 2736 would provide for regular wage payment to laborers for holidays not worked, and for holidays worked, double pay.

H. B. No. 2705 would extend the Price Control Act to June 30, 1956.

H. B. No. 2546 would ease the present restrictions on retail trade.

H. B. No. 2547 would authorize the President to increase or decrease customs duties within certain limits.

H. No. 2548 would amend the wharfage tax law by including in the list to be taxed the following articles which were previously excepted:

Coal, lumber, crosscut, and other pressure-treated materials, as well as other minor forest products, cement, guano, natural rock asphalt, and sugar molasses.

The articles proposed to be excepted are:

Mineral and ores of copper, lead, zinc, iron, and steel metals, and refractory gold ores.

The wording includes a change from duty to wharfage and covers both imports and exports. The rate is \$2.00 per gross ton of 1000 kilos except on untreated logs and bulky articles of light materials on which the rate is \$1.00 per cubic meter. The purpose of the proposed amendment is stated to be the necessity for more funds for port works and improvement of the harbor, including better transit sheds for protection of cargo against weather and pilferage.

H. B. No. 2782 would provide for a rather comprehensive plan for separation pay for an employee whose employment is not for a fixed period and who is discharged without just cause, of one month's pay for every year of service which shall not be more than twelve months' pay and not less than one month's pay, when employed in any commercial, industrial, or agricultural establishment or enterprise. For other enterprises which are not for the purpose of gain, the separation pay would be 50% of that payable by the commercial, industrial, and agricultural enterprises. The 50% compensation would apply to domestic help which is specified to include the family driver, watchman, yaya, gardener, and other house help.

Taxes

BY WASHINGTON SYCIP
Sycip, Gorres, Velayo & Company

SUMMARIZED below are some of the rulings issued by the Bureau of Internal Revenue in December, 1954:

1. Additional Residence Tax

"Proceeds from the sales of agricultural products, such as palay, sugar, corn, and fish from fishponds, received by landowners need not be returned for additional residence tax purposes where the assessed value of the property on which said products have been raised has been already declared for purposes of the residence tax. However, if the producer receiving such proceeds is not himself the owner of the land from which the agricultural products were derived, then the proceeds so received constitute taxable receipts returnable for additional residence tax purposes, irrespective of whether or not the owner of the land has previously declared the assessed value thereof for the purpose of the residence tax." (BIR Ruling December 27, 1954).

2. Amusement Tax

(a) "In line with the ruling of the Secretary of Finance subjecting to the amusement tax the athletic meets sponsored by the different regional athletic associations under the Bureau of Public Schools, the PAAF-sponsored games such as the MICA, NCAA, UAAP and others may also be subjected to the same tax." (BIR Ruling December 23, 1954)

(b) "The mere fact that an organization engages in laudable activities does not entitle it to the exemption from the 50% amusement tax prescribed in Section 261 of the Tax Code. This exemption is granted only to duly registered charitable associations."

3. Compensating Tax

"Materials imported by a contractor for use in the construction of public works projects being undertaken by him are subject to the compensating tax prescribed in Section 190 of the National Internal Revenue Code." (BIR Ruling December 22, 1954)

4. Privilege Tax Receipts

"Owners of rented property are not required to provide themselves with privilege tax receipts as real estate dealers for every place where they have properties rented or offered for rent. The case of owners of rented property is an exception to the requirement of Section 178 of the Tax Code that a privilege tax shall be secured for every separate or distinct establishment or place where business subject to tax is conducted. The criterion as to whether a property owner is a real estate dealer or not is the aggregate amount for which his properties are rented or offered for rent during a taxable year. It comprehends all his properties wherever located. He cannot be considered separately engaged in business in every place where he has properties for rent and required to secure separate privilege tax receipts for each place." (BIR Ruling December 21, 1954)

5. Firearms Licenses

"Possessors of firearms under temporary permits are not subject to the firearms license fees prescribed in Section 292 of the National Internal Revenue Code. Only possessors under regular licenses issued in accordance with Section 888 of the Administrative Code are liable for the payment of the fees.

The firearms license fees are imposed not on the firearms but on the privilege or right to possess the same, evidenced by the firearms license." (BIR Ruling December 9, 1954)

6. Farmers' Cooperative Associations

"Farmers' cooperative associations organized under Republic Act No. 821 creating the ACCFA are not exempt from the payment of inter-

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Ever!

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nal revenue taxes if they engage in any taxable business. Republic Act No. 821 was enacted by Congress for the sole purpose of assisting small farmers in securing liberal credit and to promote the effective groupings of farmers into cooperative associations to enable them to market effectively their agricultural commodities. Nowhere in the law is there any provision granting these organizations exemption from the payment of taxes if they engage in any taxable business."

7. Books of Accounts

"A taxpayer engaged in international operations, with its Philippine operations directed from a regional representative in Tokyo, keeps its main books of accounts in Tokyo. The books include the ledger, general journal, vouchers and other records of transactions coming from the United States affecting the Manila Office and passing through the Tokyo Office. Records of receivables and other records pertaining to transactions in Manila are kept in Manila and are reported periodically to Tokyo for incorporation in the main books kept there. At the end of the year after the books and records affecting the Manila transactions are audited by auditors in Tokyo, these books and records are sent to Manila to be kept as permanent files of Manila. The Bureau ruled that such an arrangement does not comply with the requirements of Revenue Regulations No. V-1 that books of accounts and other accounting records shall be kept all times at the place of business of the taxpayer subject to examination and inspection at any time by internal revenue officers." (BIR Ruling December 13, 1954)

TAX CALENDAR—MARCH, 1955

March 1, 1955

1. Last day for individuals, partnerships, corporations, donors, donees, and withholding agents of non-resident taxpayers to file their returns for the calendar year 1954 (Secs. 45-c, 46-b, 115-c, and 53-c National Internal Revenue Code).

2. Last day for aliens registered under the Alien Registration Act of 1950 to report and pay the necessary fee to the Bureau of Immigration if residing in Manila, or to the office of the respective city or municipal treasurer, if residing outside of Manila (Sec. 10, Republic Act No. 552).

March 2, 1955

1. Last day for taxpayers having fiscal years ending January 31, 1955, to submit their year-end inventories to the Bureau of Internal Revenue (Sec. 13 Revenue Regulations No. V-1).

March 10, 1955

1. Last day for payment of amusement taxes for February, 1955 (Sec. 260 National Internal Revenue Code.)

2. Last day for submission of monthly report by radio dealers (Sec. 19 Revenue Regulations No. 9).

3. Last day for employers who withheld taxes of P200 or more from salaries and wages of employees during the month of February to deposit such funds with the provincial, municipal, or city treasurer or Collector of Internal Revenue (Sec. 22, Revenue Regulations V-8A).

March 11, 1955

1. Last day for taxpayers on the calendar year exempt under Act 35 or 901 to submit the following to the Department of Finance:

- Balance Sheet, December 31, 1954
- Statement of income for the year ended December 31, 1954

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304 Nueva, Manila

Phone 3-99-71

Cable Address: "NEHESCO"

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Philippines for 54 Years**

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BROADCLOTHS

MILLONARIO

GABARDINE

AGUILA

DENIMS

CARABELA

CHAMBRAY

SEINE TWINE

& YARNS

**Suppliers of all Articles for Clothing, Shirt
and Umbrella Factories**

c. Manufacturing statements for the year ended December 31, 1954

d. Schedules showing values of all real and personal properties of the industrial plant or factory (Department Order No. 185, Revised)

March 15, 1955

1. Last day for corporations having fiscal years ending October 31, 1954, to pay first installment of income tax (50%) (Sec. 51-c National Internal Revenue Code.)

2. Last day for corporations having fiscal years ending July 31, 1954, to pay second installment of income tax (50%) (Sec. 51-c National Internal Revenue Code.)

March 30, 1955

Last day for taxpayers having fiscal years ending February 28, 1955, to submit their year-end inventories to the Bureau of Internal Revenue (Sec. 13 Revenue Regulations No. V-1).

Advertising

By GEORGE COHEN

General Manager, "The Robot Statistics"

Print Advertising

The 5 leading brands advertised in January, 1955, were:

1. MANILA RUM	₱27,645.52
2. PURICO	19,039.98
3. CHELSEA CIGARETTES	16,490.75
4. CORTAL	16,229.65
5. PEPSI COLA	14,282.74

For December, 1954:

1. MANILA RUM	₱47,509.90
2. PEPSI COLA	17,648.30
3. CHELSEA CIGARETTES	17,431.00
4. AGUINALDO (DEPT. STORES)	16,332.00
5. COCA COLA	14,595.75

Movies comprise the largest single classification of advertisement. A total of ₱109,475.05 was spent by all theaters during January. The sum represents 4,428 individual insertions, or a total of 28,852.75 column inches of advertising. These figures are based on the "Competitive Advertising Report" published monthly by The Robot Statistics. The report covers all print advertising appearing in 70 leading publications in the Philippines. During the month under study, the total volume of advertisement placements in these publications is estimated to be ₱1,198,581.94.

All figures appearing above are based on the rate-card of each publications and do not make any allowance for volume discounts.

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Pacific Far East Line, Inc.

THE ROUTE OF THE BEARS

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JAPAN HONGKONG

U S. WEST COAST PORTS

FAST - REGULAR - DEPENDABLE

UNITED STATES LINES, INC.

GENERAL AGENTS

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MANILA

PASIG RIVER BODEGAS

GENERAL BONDED WAREHOUSES

★

SOUTHWESTERN SUGAR & MOLASSES CO.

(FAR EAST), INC.

MOLASSES BUYER

145 Muelle de Binondo

Tel. 2-63-10

Chamber Business

By STANLEY N. FISHER
Executive Vice-President
American Chamber of Commerce of the Philippines

THE proper subject of this department for this month—the holding of the Annual Meeting last January 28, the Annual Report of the President (containing also the Annual Reports of the Committees, of the *Journal* Editor, and of the Executive Vice-President), the election of the 1955 Board of Directors and their own subsequent election of Officers—is dealt with elsewhere in this issue.

Suffice it to report here that the first order of Chamber business under the new Board of Directors is the reconstitution of our Standing Committees—Bell Trade Revision, Civic Affairs, Finance and House, Foreign and Domestic Trade Controls, Industrial Relations, Legislative, Taxes and Legal Affairs, and Membership, together with the formation of two new Committees—a *Journal* Advisory Committee and one on United States Investments in the Philippines.

A Special Bulletin was circulated on February 1 which contained a questionnaire for the use of members in indicating their first, second, and third choices for committee work; and, as we go to press, replies have been received from 26 individuals representing 20 firms. As it is the stated intention of the new Board of Directors to place even greater emphasis on committee work during 1955, and to ensure as complete a reflection as possible in each Committee of the various types of business enterprise represented by our whole membership, it is to be

hoped that many more members will volunteer their services within the near future.

Next month's *Chamber Business* will contain a report on the following: (1) appointment of Chairman, Counselor, and Members of each Committee; (2) a statement of each Committee's overall objectives for the year; and (3) each Committee's specific plans for the immediate future.

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are read by the leading
business executives
of the country*

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will bring our representative.

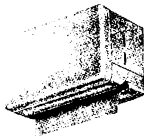
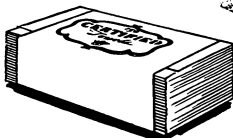


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One CABINET given
Free for every order of
10 cartons Certified
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150 Towels to package—25 Packages to carton

A creped natural sulphite towel, it combines high wet strength with absorbency. Fits Public Service Cabinet and all other standard singlefold towel dispensers. Unfailingly dispense one towel at a time.

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(Private exc. conn. all Depts.)

COST OF LIVING PRICE INDEX FOR WAGE EARNERS' FAMILIES IN MANILA, BY YEAR AND MONTH, 1935-1954
(1941 = 100)

Bureau of the Census and Statistics

Year and Month	All Items (100)	Food (63.43)	House Rent (11.96)	Clothing (2.04)	Fuel, Light and Water (7.73)	Miscellaneous (14.84)	Purchasing Power of a Peso
1935.....	89.7	89.7	96.4	89.7	85.1	90.2	1.1448
1936.....	87.4	88.3	96.6	88.4	77.5	87.7	1.1442
1937.....	88.8	88.3	96.4	88.2	85.2	89.5	1.1261
1938.....	92.1	92.1	96.8	92.2	88.8	92.5	1.0858
1939.....	93.2	94.8	97.7	94.8	84.3	92.9	1.0730
1940.....	97.3	98.9	98.9	99.0	89.9	96.7	1.0277
1941.....	100.0	100.0	100.0	100.0	100.0	100.0	1.0000
1945.....	691.5	834.3	236.4	1448.4	379.1	650.9	0.1446
1946.....	521.7	649.4	236.4	649.7	348.2	383.3	0.1917
1947.....	387.2	415.4	453.9	256.8	310.0	272.2	0.2583
1948.....	364.2	386.1	453.9	208.4	288.9	259.1	0.2746
1949.....	343.7	357.9	453.9	198.4	272.9	251.1	0.2910
1950.....	332.9	333.7	453.9	270.7	252.0	282.8	0.3004
1951.....	352.6	361.5	453.9	365.3	240.0	285.7	0.2836
1952.....	339.4	347.4	453.9	295.9	244.1	268.4	0.2946
January.....	342.8	350.9	453.9	330.8	247.5	269.7	0.2917
February.....	341.2	349.8	453.9	311.2	243.4	268.5	0.2931
March.....	337.9	345.1	453.9	301.1	243.4	268.1	0.2959
April.....	335.9	342.7	453.9	300.7	243.4	264.6	0.2977
May.....	335.1	341.8	453.9	293.2	243.4	264.4	0.2984
June.....	338.1	346.3	453.9	290.2	243.4	265.5	0.2952
July.....	340.4	349.5	453.9	286.6	243.4	268.1	0.2938
August.....	340.7	349.4	453.9	289.1	243.4	269.9	0.2938
September.....	341.1	350.0	453.9	287.7	243.4	270.7	0.2935
October.....	337.6	344.6	453.9	289.3	243.4	269.4	0.2932
November.....	340.5	349.3	453.9	286.2	243.4	269.8	0.2937
December.....	340.9	348.9	453.9	284.4	247.5	272.3	0.2933
1953.....	318.2	314.3	453.9	280.1	243.7	269.5	0.3143
January.....	337.3	343.2	453.9	283.7	247.4	272.4	0.2965
February.....	323.0	321.1	453.9	281.5	243.4	273.0	0.3096
March.....	318.6	314.3	453.9	281.5	243.4	272.4	0.3139
April.....	317.6	312.8	453.9	281.1	243.4	272.2	0.3149
May.....	314.3	307.8	453.9	280.9	243.4	271.1	0.3182
June.....	313.1	306.0	453.9	277.8	243.4	271.1	0.3194
July.....	316.0	311.0	453.9	277.8	243.4	269.5	0.3165
August.....	316.1	311.9	453.9	277.8	243.4	266.6	0.3164
September.....	315.8	311.6	453.9	277.8	243.4	265.6	0.3167
October.....	315.3	310.6	453.9	279.0	243.4	266.4	0.3172
November.....	315.2	310.1	453.9	280.9	243.4	267.0	0.3173
December.....	315.5	310.7	453.9	280.9	243.4	267.0	0.3170
1954.....	312.9	307.3	453.9	274.1	236.2	268.7	0.3196
January.....	311.7	304.7	453.9	279.3	243.4	267.0	0.3208
February.....	301.5	290.0	453.9	278.3	232.1	267.0	0.3317
March.....	301.1	289.5	453.9	274.9	232.1	267.0	0.3321
April.....	302.9	292.5	453.9	272.2	232.1	266.8	0.3301
May.....	309.7	302.8	453.9	272.2	235.7	266.5	0.3229
June.....	312.6	306.9	453.9	271.8	238.4	267.3	0.3199
July.....	318.6	316.2	453.9	278.5	236.7	267.9	0.3139
August.....	321.6	320.7	453.9	274.7	236.7	269.3	0.3109
September.....	321.3	320.0	453.9	271.7	236.7	271.0	0.3112
October.....	317.8	314.4	453.9	271.8	236.7	271.2	0.3147
November.....	318.2	314.9	453.9	271.8	236.7	271.5	0.3143
December.....	318.5	315.4	453.9	272.2	236.7	271.5	0.3140
1955.....							
January.....	311.4	304.2	453.9	272.0	236.7	271.5	0.3211

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Depend on New Flying "A" Gasoline for smoother power. High Octane and Ignition Control Compound are now blended to give you better performance. Available everywhere at no extra cost.

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VEEDOL
10-30
MOTOR OIL

Get Highest Octane performance with carbon-free Veedol 10-30 Motor Oil. Less engine drag—more power left at the wheels—extra detergency keeps your engine cleaner for longer life.

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Philippine Safety Council

By FRANK S. TENNY

Founder and Executive Director

IN connection with Civil Defense and Disaster Organization matters, the Council is pleased to report that it has been named as a member of the National Advisory Council on civil defense on the National Government level. On the City of Manila level, your writer has been appointed as Technical Advisor on Civil Defense Matters, with special attention to be devoted

to business firms, utilities, transportation groups, and security and traffic factors. This will of course provide an even closer liaison between the "Cee-Dee" movement and commercial and industrial companies.

In response to urging by the Council and others, the dormant National Traffic Commission has been reactivated, but under the same organizational plan as before. The group is still advisory in nature and is composed largely of representatives of non-technical groups. The Council Board is meeting frequently to formulate its program in connection with the Commission activities. The

Council President represents the body.

Safety inspections of 22 Manila movie houses, all members of the Manila Theater Association, have begun. Particular attention is paid to fire-protection factors, emergency evacuation, training of personnel in fire- and panic-control, and prevention of overcrowding. The public will note much on this program in the near future.

The first week of March is "Fire-Prevention Week". All Council and Chamber members are asked to observe suggested rules which will appear in the press and will be distributed to firms by mail. Our technical staff is available to conduct a "Fire-Protection Rally" for your employees on your premises without charge, upon request.

Members continue to express keen interest in security matters. As a result, many firms have greatly improved the efficiency and reliability of their guard forces. Special lectures are being conducted several times monthly on vital phases of security-guard duties. This phase of safety has shown definite promise wherever management has taken special interest.

Several firms have recently enrolled in the safety movement, including Manila Gas Corp., Tide Water Associated Oil Co., Selecta Restaurant, Shiro (Phil.) Inc., Bireley's California Orange, Ltd., Philippine Amusement Enterprises, Filipro (Nestle's Products) Inc., Pacific Engineering Corp., A. C. Esquerra & Co., and Mr. Ray Higgins.

The Council urges the support of the 1955 Fund Drive of the Philippine National Red Cross, a PSC honorary member, which has greatly assisted the "national safety movement." A vigorous Home-Safety Campaign will get underway next month in conjunction with the PNRS, PTA groups, women's clubs, and scout troops.

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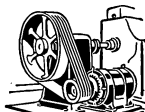
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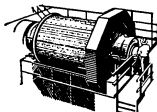
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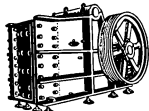
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CIVIL DEFENSE ANNOUNCEMENT

The Director of the Civil Defense and Disaster Organization for the City of Manila has appointed Mr. Frank S. Tenny as Technical Adviser and as Chairman of the *Commercial and Industrial Firms Protection Committee*. Detailed data on the work of this Committee, of importance to all Chamber members, will soon be distributed.

The "LET YOUR HAIR DOWN" Column

WE are very pleased to be able to introduce another new monthly column in "The Business View" Department of the *Journal*,—a column headed "Taxes", published together with a very useful "Tax Calendar". It is edited by Mr. Washington Scyp, a member of the American Chamber of Commerce, and a partner in the auditing firm, Scyp, Gorres, Velayo & Company. We are sure that *Journal* readers will welcome this new feature and make full use of it. Our thanks to Mr. Scyp, especially as he volunteered his services, in the desire, no doubt, to give what assistance and what timely reminders he can to our much-taxed businessmen. We doubt that the "Taxes" column will ever make very cheerful reading,—but that is as may be.

STILL another new column in "The Business View" Department is the column, headed "Advertising", edited by Mr. George Cohen, General Manager of "The Robot Statistics". It will summarize the amount of advertising carried monthly in the various Philippine

periodicals and will list the principal advertisers.

The editor takes it as a great compliment to the *Journal* that this column, too, was volunteered. He says he would have projected such a column long ago if he had known such information was obtainable, but, as a matter of fact, The Robot Statistics has itself just undertaken to compile this information, which, naturally, is given in greater detail to its clients than it can be given in the *Journal*.

That our various column editors continue to conduct their columns so faithfully and that new columns are introduced, in the case of some of them at least, upon the initiative of the contributors rather than the editor himself, is proof of the regard in which the *Journal* is held by businessmen as a source of authoritative business information systematically and cooperatively gathered and issued, and is proof of the interest taken in the publication by those whom we aim at interesting.

ADMIRAL Raymond A. Spruance, American Ambassador, recently appointed or reappointed the following persons to the American Historical Committee, half of the members of which are appointed by the Ambassador and the other half by the American Association of the Philippines:

Dr. H. Otley Beyer, Mr. John A. Nalley, Mr. Benjamin Bock vice Mr. Richard Ely, Dr. Gilbert Perez, Mr. James T. Pettus, Jr. vice Mr. H. P. L. Jollye, and Mr. Carl H. Boehringer vice Mr. Charles O. Parsons.

The American Association, on its part, appointed or reappointed the following:

Mr. J. A. Thomas, Mr. A. V. H. Hartendorp, Mr. Carson Taylor, Mr. Ford Wilkins, Mr. David T. Sternberg vice Dr. Paul R. Verzosa, and Mrs. Duocan Burn.

Mr. Thomas is Chairman of the Committee.

The plan to build up, and to house on the Embassy premises, a collection of books and records on the Philippines, with special emphasis on the American period in Philippine history, was first projected by Ambassador Myron H. Cowen toward the end of 1949. The American Chamber of Commerce took part in the formulation of the original plans and members of the Chamber assisted in the financing of the organization as well as members of the American Association.

A library was rapidly built up, mostly from donations, but also by purchase. Former Governor-General W. L. Cameron Forbes generously

made over a large part of his private library to the Committee.

The library was opened to the public in February, 1951, in the large room, just off the Ball Room, which served as the library of former U. S. High Commissioner Francis B. Sayre when the Embassy Building was first occupied.

Ambassador Cowen and those whose interest he enlisted were prompted in building up the present collection mainly by the almost total destruction of all libraries and book collections in Manila during the war. Today, what is called the American Historical Collection Library of the American Association of the Philippines, is a splendid research library, already being much used. It is not a circulating library and books may not be taken away. The Library is open from 9 to 12 in the morning and from 1 to 5 in the afternoon from Monday to Friday. Everyone is welcome.

Funds, by the way, are running low, and although plans for a fund-drive have not been completed, donations will be gladly received and will be well used in the further building up of the collection. Donations of books and other publications and records, rare photographs, etc. are also solicited.

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Koppel (Editorial) . . .

(Continued from page 51)

Cooper Company and so continued until the business was acquired by the Pressed Steel Car Company in 1923, at which time the name was changed to "Koppel Industrial Car & Equipment Company." In 1928 this company was incorporated under the name "Koppel (Philippines) Inc." Since that time, Mr. Bishop was Vice-President in charge until 1951, when he was elected President. The Company is today the Philippine subsidiary of U.S. Industries, Inc.

Besides industrial railway equipment, the firm now deals also in lines of power-generation and other electrical equipment, and, just before the outbreak of the war, took over the dealership of the Caterpillar Tractor Company and such allied firms as Deer & Company.

Since the end of the war the Company has expanded rapidly and now has branches and dealers throughout the country.

It is stated in a souvenir brochure that "Now, as always, Koppel (Philippines) Inc. is dedicated to serving the Philippines, not only with machinery, but with 'know-how', with financing, and with service." President Magaysay is quoted as saying of the Company, "It is a well-known fact that this firm has for more than four decades now been contributing to the industrial and agricultural economy of the nation."

The Government . . .

(Continued from page 59)

tangible benefits which are incapable of preliminary estimation. . . I say in all modesty that the Mission has been successful and that its success is due to the sympathetic attitude and sense of fairness of the American Government and people; the spirit of forbearance and breadth of perspective of the Filipino and American panels; the unity of the Filipino panel and their adherence to definite fundamental objectives; and the unstinted support of President Magaysay, other national leaders, and our people at large. The Mission likewise presented various financial claims against the United States which are now pending consideration and action by the Government of the United States. I hope that the Philippine Congress and the American Congress will approve the new Agreement. With the approval of the Agreement we shall have laid the foundations of our political and economic relationship with the United States on a firmer and more stable basis, and chartered likewise a norm of conduct worthy of a free people. With the acceptance of the Agreement and its implementation together with the solution of other vital problems now confronting us, we shall be able, I am sure, to march onward and forward, alongside other progressive nations of the world, toward peace, prosperity, and progress.

The President enlarges the membership of the newly organized Economic Planning Board by appointing Minister Cesar Lanza, one of the economic experts on the Laurel Mission, and Leonides Virata as additional members; it is explained that the Board is a temporary one but that legislation will be proposed to Congress establishing the body.

Jan. 24 — The Third Congress of the Republic of the Philippines opens its second regular 100-day session; President Magaysay delivers his message to the State of the Nation (printed elsewhere in this issue of the Journal).

Jan. 26 — President Magaysay has breakfast with Senator Laurel who reports to him on the work of the Philippine Mission for the revision of the Trade Agreement.

After the breakfast the President names Secretary of Commerce and Industry Oscar Ledesma, Secretary of Finance Hernandez, and Economic Coordinator Montelibano as the executive department representatives on a joint executive-congressional committee which will study the effects of the Retail Trade Nationalization Law "to guide future policy on nationalization"; the congressional members of the committee are Senators E. B. Cea, Gil J. Puyat, and Quintin Paredes and Representatives Daniel Romualdez, Arturo Tolentino, and Eugenio Perez.

The President confers with Central Bank Governor Cuaderno and Hans Menzi, members of the newly-created Economic Planning Board, and instructs Cuaderno, the Chairman, to convene the Board as soon as possible and to have it draft legislation to "revitalize" the National Economic Council; he states the Council has done highly creditable work but suffers from organizational defects, most of the members being Department Secretaries too burdened with the affairs of their departmental affairs to be able to give much time to the work of the Council.

The President approves a plan of ACCFA Administrator Mondoneho for the establishment of the Central Producers Exchange as authorized by the law which established ACCFA; the Exchange will handle the marketing of the surplus produce of the cooperatives (FA-COMAS) affiliated with the ACCFA and will also serve as a central buying agency for the cooperatives in the purchase of fertilizers, feeds, implements, containers, etc. ACCFA will organize a corporation to own and operate the Exchange but this corporation will be owned exclusively by ACCFA; the corporation will be started with an initial paid-up capital of P1,000,000, divided into shares of P100, and all FACOMAS will be asked to buy at least one share each.

During a meeting of the Cabinet, the President orders the payment of the salary differential to school superintendents and some other education officials involving an amount of P151,800, as authorized by Republic Act No. 842, the Public School Salary Act of 1953. Steps are also being taken for the further payment of school teacher salary adjustments which calls for some P17,000,000.

During the meeting, the General Manager of NASSCO is authorized to negotiate with any banking or lending institution a credit line not to exceed P1,000,000 for the operational expenses, with its reparations tools and equipment, valued at not less than P10,000,000, as security; Secretary Montelibano states the GSIS (Government Service Insurance System) is willing to buy P1,000,000 worth of bonds from the RFC which would in turn lend the proceeds to NASSCO. NASSCO is also authorized to divert a remaining balance of some P336,000 out of P600,000 intended for salvage operations, for the use of the Ilijan Steel Mill.

The Department of Public Works and Communications is authorized to buy 4,000 metric tons of emulsified asphalt through public bidding.

Jan. 28 — President Magaysay holds a breakfast conference with Coalition leaders at which it is decided to accept the invitation to participate in the Afro-Asian Conference at Bandung, Java, in April, to adopt an attitude of "watchful waiting" with respect to the Formosa area developments, and to defer the discussion of the Japanese reparations question until next week.

Jan. 29 — President Magaysay attends a formal dinner given in his honor at Sangley Point, Cavite, by Admiral and Mrs. Hugh Goodwin; he expresses his admiration for the Admiral and states, in part, "Since we depend so heavily on that power [which he represents] for our defense against outside attack, we are grateful for Admiral Goodwin's reassuring presence among us in a position of high responsibility, especially now in these days of tension and danger."

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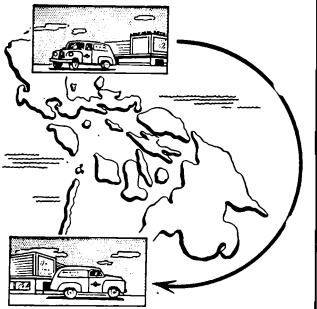
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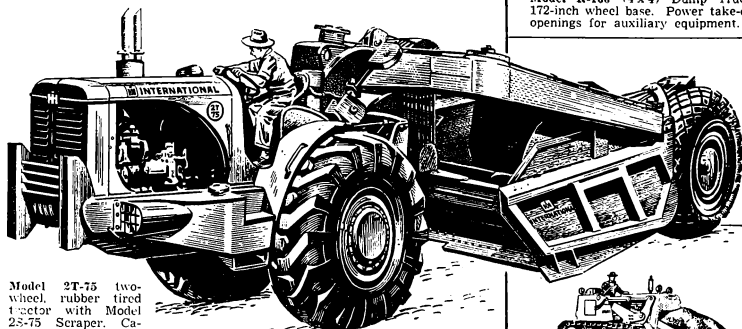
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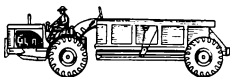
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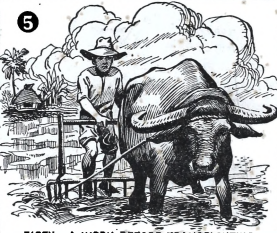
2 SECOND: PREPARE YOUR LAND CAREFULLY BEFORE PLANTING. PLOW IMMEDIATELY AFTER HARVEST.



3 THIRD: SELECT A FERTILE, SUNNY PLACE FOR SEEDBEDS. THEY SHOULD BE ABOUT 7-12 CENTIMETERS HIGHER THAN THE SURFACE OF THE FIELD, 1 METER WIDE AND 40 METERS LONG. YOU NEED AT LEAST 12 SEEDBEDS FOR EVERY HECTARE OF RICE. SEEDBEDS MUST BE WEEDED AND FERTILIZED, TOO!



4 FOURTH: SOW SEED EVENLY IN THE SEEDBEDS AFTER SOAKING 1 NIGHT IN CLEAN WATER. KEEP WATERED IF IT DOES NOT RAIN. DESTROY WEEDS AND MOTH EGGS AS SOON AS SEEDLINGS START TO GROW. DO THIS REGULARLY.



5 FIFTH: 1 WEEK BEFORE TRANSPLANTING, PLOW YOUR FIELD AGAIN AND HARROW IT. REMOVE WEEDS AND PUDDLE SOIL THOROUGHLY.



6 SIXTH: PLANT SEEDLINGS CAREFULLY. HAVE STAKES TO HOLD LONG STRING IN STRAIGHT LINE ACROSS PADDY. PLACE MARKERS AT LEAST 25 CENTIMETERS APART ON STRING. MARKERS WILL SHOW WHERE TO PUT SEEDLINGS. ROWS SHOULD BE AT LEAST 25 CENTIMETERS APART. PLANT 3 TO 4 SEEDLINGS TO EACH HILL—NEVER MORE THAN 4 TO A HILL.



7 SEVENTH: BE SURE PLANTS ARE STRAIGHT—NOT BENT OVER—AFTER PLANTING. WHILE CROP IS GROWING, PROTECT IT FROM WEEDS AND INSECT PESTS AND APPLY RECOMMENDED FERTILIZER.



8 EIGHTH: IF YOU FOLLOW ALL THESE STEPS YOU WILL INCREASE YOUR RICE YIELD. HARVEST IT WELL. FOR RICE LEFT IN THE FIELDS DOES NO ONE ANY GOOD. REMEMBER YOU MUST CHOOSE GOOD SEED, WEED CAREFULLY, DESTROY INSECT PESTS, AND FERTILIZE! THE BUREAU OF AGRICULTURAL EXTENSION WANTS TO HELP YOU! WRITE TO THEM TODAY FOR FULL, FREE INFORMATION ABOUT RICE PLANTING AND RICE CULTIVATION!



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This information on rice planting has been approved by Captains C. Pineda, Director of the Bureau of Agricultural Extension, and ordered by Secretary Salvador Aranao, Department of Agriculture and Natural Resources. Write to the Bureau of Agricultural Extension in Manila for further information.