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# THE AMERICAN CHAMBER OF COMMERCE MANILA, P. I. JOURNAL

Vol. XVIII  
No. 11

November  
1938

## *Holiday Number*

Just Little Things

The National Designs for Living

Saint Francis Sleeps at Goa

America's Prospective Prosperity

About Some Dogs

Richard T. Ely: AMERICA'S FUTURE

Editorial: 1938 AD INFINITUM

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The Balatoc Case

Mining in the Philippines

by James C. McHale

The Stock Market

New York Stock Market

What the Diggers are Doing

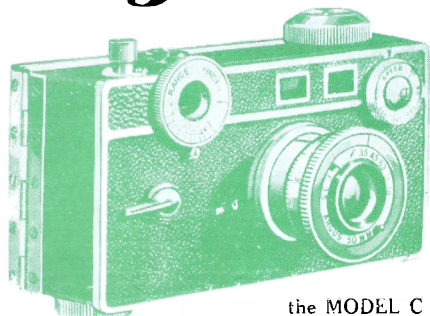
Mining at a Glance

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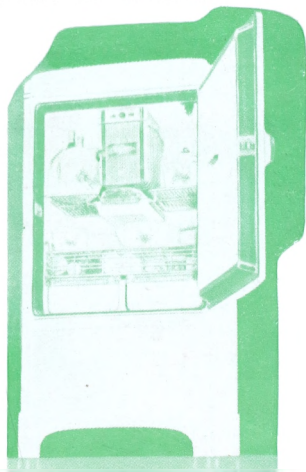


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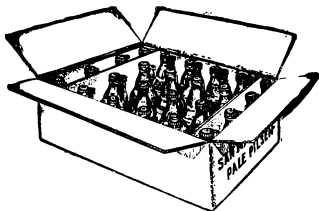
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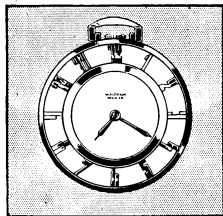
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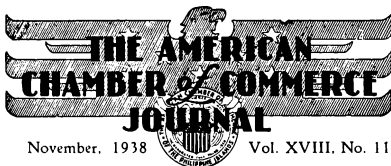
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Iloilo



Local and United States: P4.00 per year  
Foreign Subscription: \$3.00 U. S. Currency, per Subscription



November, 1938

Vol. XVIII, No. 11

Single Copies: 35 centavos

WALTER ROBB  
Editor and Manager



Entered as Second Class Matter May 25, 1921, at the Post Office at Manila, P. I.

## Just Little Things

• The foreign cemetery in Iloilo is right downtown. A shaft built to the memory of Nicholas Loney is its central feature. Loney sleeps here, and to the memorial, both the foreign and the Filipino communities contributed. He had gone to Iloilo in 1856, when he was 28 years old, when the town had 6,000 inhabitants and neighboring Jaro more healthfully situated had 30,000. Until he got the port filled and improved, he lived in Jaro. In 1869, in scaling Mt. Kanlaon in Negros in a study of the geology of the region, he was fatally attacked by malaria. Iloilo had been made an ocean port in 1860, and for ten years Loney had been British vice consul at the place besides the outstanding leader in commerce, finance, and industry. The mall along the river, where he effected the first improvements, is named for him, Muelle de Loney, and the town has built a monument to him in its central park. This is because he founded the modern sugar industry that made Iloilo prosperous and a Visayan metropolis. He formed the Loney & Kerr company, who imported textiles, acted as ships agents, etc., and sold planters British sugar machinery that they paid for out of the additional recovery of sugar from their cane that the machinery perfectly insured. The principle was repeated 20 years ago, with American machinery the chief beneficiary, when centrals in their turn superceded Loney's open-kettle mills of the 60's and 70's. Plantations were mainly on Negros, and the sugar was brought to ships at Iloilo by schooners Loney & Kerr built at Buenavista, Guimaras, the isle in the strait between Negros and Iloilo. Brixham trawlers were the models for the original schooners, called *lorchas* in our islands. The Brixham trawler is a story fishing smack familiar on England's west coast. The Suez canal in the offing, Loney was going on and on in Philippine sugar when malaria overtook him. His offices were down toward Jaro from Iloilo, just past the Forbes bridge.

In Loney's time, a year's exports of sugar from Iloilo of 98,912 piculs, just over 6,000 metric tons, the record of 1862 which was the second year of the American civil war, was tops. The quota let duty free into the United States is now 159 times that. Loney laid the foundations and Iloilo refuses to forget.

• Now begins that season in the Philippines that lasts up into February and is dry, sunny, and like Indian summer in America. It tempted us a few days ago to walk downtown from Commissioner McNutt's office where on Fridays he sees reporters, usually with care to say nothing for publication but sometimes with a bit of perspective that is off the record. Such a walk takes you through the Gardens, where you turn in at the old printing bureau. Another city with such a central park would be proud of it and do things with it, but Manila won't be budged in such matters. Goyo was there in his iron stall, like a victim of infinite paralysis in an iron lung. Goyo is the elephant in the Gardens, where there might be a herd; Rafael Rocas gave him to the city 11 years ago, and now he is much larger and his back comes within 4 or 5 inches of the iron roofing of his stall that at times must be frightfully hot. Nothing at the Gardens, for the birds and animals, is as it should be. There are no cairns for the bears, just cages floored with concrete, and no ledges and caves for the big cats—perhaps no big cats even, by this time. You wait a day when Manila really provides a zoo, and provides for it. It is obviously a branch of popular education.

Farther along where the monkeys are, one petulant lady was anticipating the stork; though here too there are cages only, they are larger in proportion to the bulk of their inmates and some of the monkeys manage mating in captivity. There was a young man at the cages who seemed to be a student of simian mentality. He

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was using bits of coconut stuck to a stick. Meshes on the lady's cage were so small that when she thrust out her hand and got her fist around a morsel of coconut she couldn't get her hand back in the cage without letting the coconut fall. But she didn't let it fall, she got her mouth close up and nibbled it through another mesh; and she did this quickly, as if she had thought about it and learned the answer.

Meshes on a big bozo's cage next Magdalena's were larger, large enough to accommodate his fist, so the student's methods here were changed. He held Bozo's coconut so low that Bozo knocked it off the stick in reaching for it, and it fell 7 or 8 inches outside the cage. This had apparently happened before, because Bozo had spread the lower meshes of the cage against just such emergencies. He now got down to where the coconut had dropped on some green hay, gathered up several straws of the hay for a tool, and raked in the coconut with as much alacrity as a croupier at Monte Carlo rakes in the take from the wheel—and with the same superb grace. If a croupier thinks, so does Bozo: bear in mind how he had thought to spread those lower meshes, to make his task easier; nor did he grab just any of the hay, he grabbed instead the very straws that would be strong enough for the job, and he made the fulcrum short enough for the straws not to bend and let the coconut get way—doing so by stretching his arm far out and opposing the straws to the coconut at a right angle, thereby not only pulling it surely toward him, but straightly, in one operation. (There is a yarn about monkeys at Yale in the current *Magazine Digest*, tests whether they will work for money; they will, for food, but not for fortune).

● We dropped in at Bayside Tutorial School a few mornings ago because we like Morton and Mrs. Netzorg who worked out the school and conduct it at their Pasy home overlooking a small playing field by the bay. The number is 21 Antipolo, as the street has been renumbered. Some of the merits of the school are that students go as fast as they please, lay on hard in subjects that suit them best, and enjoy individual attention quite as if they were living-in at some competent academy. Some students are more regularly enrolled in the American School or a public school, say the Central School, and go here to bone up on their weaker subjects or to get abreast of a class that started ahead of them. Some are taking their course at this school. There is little atmosphere of school, as such, about the place. The boys and girls are assembled round study tables in rooms and on the porches and digging away at the work without undue awareness that it really is work. As the trick is turned here, perhaps in truth it is not work. The school is a boon, you would say, for families arriving in Manila late for the opening of school in June, and for students irregular in their class standing, and par-

ticularly for students with definite goals in mind who are anxious to be on their way without such red lights as fixed terms, keeping along with the class, and terminal stops for examinations in one forbidding heap.

Graduates and students otherwise prepared are able to take the College Entrance Examinations given in Manila under the supervision of Glenn Miller, principal at the American School. Courtney Whitney, Jr. thus qualified for Exeter after a year in Bayside Tutorial. Frances Kelton, a daughter of Colonel and Mrs. E. C. Kelton, qualified for Mills, and her sister Florence was offered a scholarship at Byrn Mawr. Clinton Braine got a presidential appointment to Annapolis. He is a son of Commander and Mrs. C. E. Braine, Commander Braine being on the U. S. S. *Augusta*, flagship of the Asiatic fleet. Good luck, Bayside Tutorial. Good luck from good work done. John Cumming, son of C. W. Cumming of Liebman & Co. (leathers) hurdled fourth-year high at Bayside Tutorial in five months and entered Sta. Clara College without a hitch: John is one of the fellows who has a goal in mind.

● Left over from an earlier number given in part to Bisayan news are some notes about an old friend, *Hoskyn's* of Iloilo. Walter Saul seems to be the moving spirit of Hoskyn's now (with G. M. Loring and Fred A. Loring), but in our day in Negros it was Saul's father. Hoskyn's is Iloilo's great department store, and has been since Frank Hoskyn of Devonshire founded it in 1855 as a chandler's shop and then expanded it as rapid demand for its services grew. Herbert Hoskyn of Philippine Engineering is descended from the founder, and used to be with the store and still has stock in it. It has long been a commercial landmark in the Bisayas, people call on it for everything and always get what they want. When we lived in Bacolod the other half of the family had to have fresh fruits, other than bananas, and Negros, raising sugar, didn't bother to grow fruits. When it became a case of life or death, we appealed to Hoskyn's who thereafter sent a batch of fresh apples, oranges, and any seasonal extras that were to be had, from Manila every week. In every other way, too, Hoskyn's was thoroughly accommodating: it was like being back at Dover, with access to a good general store on terms of personal friendship with the owner. George M. Saul, Irish, was the first partner of the name in the firm, joining it the first year. Since then there has always been a Saul, and until recently, a Hoskyn. Three generations of keeping store is a long run. Incorporation was only effected in 1925. Naturally, in the heart of business Iloilo, Hoskyn's business block has taken on great value aside from its value as the location for a store. Greetings of the season to an old friend.

## TIDE WATER ASSOCIATED OIL COMPANY



# New National Designs for Living

A further survey of the technicians group working under Dr. Manuel L. Roxas, and of their government-financed industrial projects.

We find we have not reported adequately to our readers on new activities of the National Development Corporation, a nontaxed public corporation, through various taxable subsidiaries. The subject deserves broader treatment than we have yet given it, and the men in it deserve some attention. Cursory preparations of earlier years are now heading up, and rapidly. Development's offices, under Manager Gregorio Anonas, have been moved to the new industrial site overlooking the river of calle Pureza, and there holds forth an informal technical board under Dr. Manuel L. Roxas. The property is that of the old Philippine Vegetable Oil, and has been acquired on Dr. Roxas's advice from the Philippine National Bank. It comprises 100 acres.

Here the old buildings, all of suitable materials, have been rebuilt and redesigned for new industries. A spinning plant with nearly 11,000 spindles is going in and will be in full operation by the first of the year, as things look now. Next to it is a weaving plant fitted with 104 looms of the very best type, Draper looms from the company of that name at Hopedale, Massachusetts. Four of the looms have the Jacquard improvement for finer fabrics. American experts setting up all this machinery find apt assistants among young Filipino mechanics recruited for employment under their supervision.

We had a little talk with Draper's man, from South Carolina, No. 2 cotton mill state of the United States. We had Dr. Roxas's consent to quizz him. When we asked him what South Carolina was going to do about selling her surplus cotton after he got a few mills like



Dr. Manuel L. Roxas

this set up in foreign piece-goods markets, he said Carolina would go in for finer cottons and rayons—even cotton stalks make rayon stock. According to him, that's the tendency in America.

This man, Mr. Brock, is interesting. His father was an overseer in a Carolina mill, and he took a

two-year course to qualify for handling the machinery. Then he went into a mill, where because he made good he was recommended for the job he has now. Married, he wants to bring his wife to Manila. For eight years he has done nothing else but set up Draper looms in foreign countries: all over South America, Canada, Italy,



Hon. Gregorio Anonas

Syria, some other European countries perhaps, Mexico, and now here. In set up looms in Beyreuth, where cotton goods manufacturing is growing, the boys there first put in a spinning plant to furnish thread to knitters, but the looms and weaving soon followed. You would think these boys would be Syrians, but no, they are Mexicans—the Otero Brothers.

In Bolivia you would look for Bolivians in the business, and you would find Syrians instead—Said & Yarur. W. R. Grace & Co., those wise American merchants who do so much in South America, have large weaving interests there, as in Peru and Chile. In Santiago de Chile, Yarur also has recently set up a big plant. Chileans have a natural bent for weaving and mastery of machinery. So this industry that rises on the Pasig is not unique, as the world now moves. The spindles are as standard as the looms, and able to spin threads as fine as the 120 count. (The old mill on calle Dagupan, a Madrigal property, makes a 24-count thread and goes in for coarse fabrics such as denims.)

Everything should be whirring busily at the new plants by New Year, or shortly thereafter. At least everything is going into place without a hitch. Beyond the looms are other large buildings for the dyeing and printing plants, and dies for prints are on their way from America, together with the 900-bale shipment of cotton we have earlier reported. As many as 700 bales of local cotton are offered, but the start-off will be made with U. S. cotton only, and it is never expected that more than half the lint will come from the Islands themselves, always to be mixed with longer staple from America. However, field experimentation may change this decision, by developing a satisfactory cotton right here in some of the provinces: Batangas, Cavite, Bulakan.

You haven't got round the whole layout yet, because there is to be a rayon plant. One of our covers this month shows rayon fiber from abaca, *musiles textiles*. Here is some of the research by Roxas's group, assisted by Dr. Carlos Locsin at the Victorias Milling Company,



Dr. Vicente Aldaba

Occidental Negroes, where some P150,000 has been spent by Victorias Milling in experimentation, partly in hope of utilizing bagasse. Instead of bagasse, the Roxas group used hemp tow, the tangle and waste from the sorting and baling of Manila hemp. As this is rejected material in the fiber trade, the price is not related closely to ruling prices for marketable fiber. Not long ago a scientific publication opined that alpha cellulose for rayon could not be obtained from Manila hemp, but the experiments came through just the same. Bagasse yields only 10% of its gross weight in pulp from which alpha cellulose for rayon is extracted, but Manila hemp yields 40%, and 92% of this, or better, is alpha cellulose.

That is the laboratory record, on which a commercial plant will be tried. A cost of some P600,000 is involved, but the Roxas group is very confident of results.

Besides the mills, offices, little pilot plants for this and that, and laboratories for running experiments with minimum delays, already there is a recreation hall at National Development's new industrial center, and tennis courts. A cooperative is running with Miss Presentacion Atienza in charge, and a bulletin board advertises a lunch for 15 centavos, soup 5 centavos extra, and a meat course 15 centavos more. Minimum wages are paid and will be paid in all categories, with accident and unemployment insurance arranged for. Dr. Roxas argues that since this mill is to be a model in name, it ought to be one in fact.

Huddles of good storage tanks from the establishment (for expressing coconut oil) will be handy for a distilled water supply for dyeing plant. It is expected

that more goods will be dyed and printed than will be turned out at the mill, and that therefore greys will be imported from the United States. The fact that merchants like to stock a few prints that their competitors don't have does not faze Dr. Roxas, he says these can be provided in the fullness of time — if the mill works out as economically successful.

Any number of girls used to home weaving are procurable in such provinces as La Union, Ilokos Sur, and Iloilo. It is planned to bring them in when they are 18 years old, let them go when they are 22; they should marry, and probably will, and they should continue their weaving either as a village-mill or home occupation. At the Manila mill they are to live in dormitories under matrons; they are to have lessons in books, if they need them, and a stout standard

diet provided out of a common fund.

The looms more than stand comparison with the Toyo loom of Japan side by side under practical factory competition in South America the American loom that the National Development has bought, has won the day: superior performance and *durability*, we are assured.

The spindles are set up in 20 frames each of 400 spindles, and 7 frames each of 312 spindles, a total of 10,184 spindles each of which during 24 hours (it is planned to run night and day in shifts of 8 hours each) will turn out a lb. of yarn, making a total day's output of some 10,000 lbs. of yarn, a year's output of 3 million lbs. or more, or roughly 1,364,000 kilos. This approaches a year's importations of cotton yarns: in 1937, kilograms 138,381 of mercerized yarns worth P178,636 and kilograms 1,562,531 of ordinary cotton yarns worth P1,232,041, in each case no duty added to the invoices. (The duty on the mercerized yarns was P67,645, on the ordinary yarns, P283,223; in the one case 37.8%, in the other 22.9%). In 1937, only 365 kilos of cotton yarns worth P676 came into the country from the United States. Nearly all came from Japan, and the yarns coming from China are described by Dr. Roxas as inferior.



Miss Presentacion Atienza

But demand for yarns will increase at once, in fact a larger demand already exists in a new Japanese textile factory in Sta. Ana that boasts not 100 looms but 600. It is a Kinkwa Meriyasu property and includes the knitted underwear factory moved away from calle Pureza when National Development took over the buildings there. If National Development can sell yarns cheap enough, Kinkwa Meriyasu proposes to buy them.

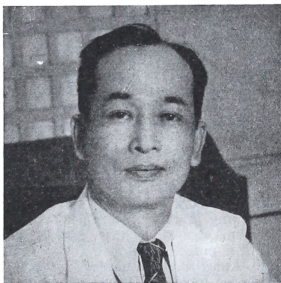
With its 600 looms, Manila already has a textile industry and that no small one. Its property is carefully isolated from the public representatives, and citizens who have credentials from the main office downtown may see it.

Each of National Development's looms will weave 60 yards of cloth a

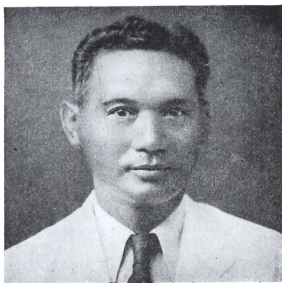
day, more or less, a total output of 6,000 yards a day or around 2,000,000 yards a year. Imports are about 150 million square yards a year (120,000,000 square meters in 1937), and evidently both the Japanese and the government mills will not between them supply 15% of the market. Report is that the Japanese mill imitates the output of Philippine hand looms.

Dr. Roxas says this imitation of Philippine hand weaving also occurs in Japan. It affects Iloilo weavers,

(Please turn to page 14)



Santiago Y. Rotea



Hilario Hernares

# Richard T. Ely: America's Future

"The simple old fashioned guidance of human nature must now be replaced by the guidance of trained intelligence—to drift is to drift downward."

NOTE.—Following is the conclusion by Dr. Richard T. Ely, dean of American economists, and a younger collaborator, Dr. Frank Bohn, of their book of 1935, *The Great Change*, in which chapters are: Our Changing Work, Ideas, Old and New, Land and People, People and Machinery, Political Liberty and Economic Security, Business Organization, Prosperity and Depression: 1915-1933, The Guiding Principle of Recovery, The Land and the Farmer, Industrial Reorganization, Labor and Labor Unions, Work for All, Money and Banking, Debts and Taxes, Nationalism and Internationalism, Darkness and Dawn—whence the used portion of the book comes. Justification for giving some space to Dr. Ely's mature reflections lies not merely in his eminent qualifications to speak, but in the application of much of what he says both to the United States and this country, and in part in the season of the year, a time when we should all be casting up accounts in anticipation of what lies ahead.—Ep.

Our future does not depend upon external nature. It depends upon our human resources of character and of intellectual capacity. This fact is clearly demonstrated by all history. Suppose on the one hand all Americans had the characteristics of the Scotch! Suppose on the other hand our nation consisted almost wholly of primitive bushmen! In the one case our future would be bright, and in the other case it would be hopeless.

What, in the last analysis, is the object of all our striving?

It is the preservation of the strong man and the strong woman, and their increase in relative numbers among our people. This "rugged individual" is the goal of all our reforms and of all our reconstruction programs. We Americans do not wish to live as a hive of bees. In the happy phrase of Robert Burns, each of us craves to be a "man of independent mind." A reconstructed economic system must furnish abundant opportunity for the individual's personality and usefulness, and give him, generally, broader and higher opportunities for self-expression. In the New Age the strong man who serves society will grow stronger, wiser and more powerful than if he serves himself alone.

During the past fifty years a dozen distinguished American names represent, in the public mind, the control of "rugged individualism" over vast private fortunes. How much greater would be the place of those men in history, if they had served the whole nation as soldiers on the field of battle serve the whole nation? Washington lest nothing as a "rugged individualist" because he refused to take pay, in money, for his eight years' command of the army. Thomas Jefferson in his old age well-nigh suffered bankruptcy, being saved by the gifts of his friends. Abraham Lincoln during his whole life never once owned ten thousand dollars' worth of property. Robert E. Lee, left penni-

less by the Civil War, served gloriously as a college president on a small salary of one thousand dollars, of which a part was always given to others. In the lives of none of these great, so alike and yet so different, was the possession of property the measure either of private character or of public worth. Each of these men, because of personality and character, could keep both private property and public honors where they properly belong—that is, beneath the feet.

We ask that this country, in head and members, be populated in the future by Americans who preserve our old strength and if possible increase that strength under all the changeful conditions of the machine age. We demand that the national resources and machinery of production be fully and planfully utilized to that end.

No lesser interests of any sort may now stand in the way of our national reorganization and regeneration.

If this people is to regenerate itself, in body and soul, then economic reorganization must increasingly take the form of some great general system of national cooperation—"All for each and each for all."

Our ultimate survival in the machine age demands this spirit and method. An individualist culture is the end we seek, but economic cooperation is an essential means to that end.

We have emphasized the matter of the time element. True progress is slow. Each generation must hand down its accretion of gains to those who follow. In the field of forestry we are making plans, in some cases, for a hundred and fifty years to come. If we can undertake such long time planning for the growth of trees, why should we not do the same, as to general principles, for the growth of our people!

The conflict deepens. We see the forces of destruction in full flux all about us, and we see the drift towards chaos in almost every sphere of human relations. The machines "are in the saddle and rule mankind."

We see our old economic system, by which our fathers had their living and bred their children, fall into decay, and its decline pulls down the institutions of culture. The life of the family is disrupted and the relations of the sexes are corrupted. Our social disease finally takes this form—that our superior groups remain wilfully sterile, while our inferior groups give us, thoughtlessly, our increase of population. And it is these submerged masses who, in the end, have too often played the dominating role in history. Already about one-third of our population are as a burden

(Please turn to page 12)





Vol. XVIII.  
No. 11

November,  
1938

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## 1938, AD INFINITUM

As we write this, the third anniversary of the founding of the Commonwealth has just been celebrated. This leads us into some very pleasant thoughts as to what we have to be thankful for in this country as the end of the year 1938 rolls around, and Christmas comes rushing upon us with, it seems to us, even more than its usual haste.

As business men, we are thankful for good business. The volume of imports from the United States is higher this year, in many lines, than ever before in the history of Philippine-American trade relationships. Some commodities are being imported now in good volume which have not found a market in the Philippines for many years past: such, for example, as cement. In other lines, notably textiles, U. S. trade has more than doubled. Similarly in machinery, and a host of other American products, have found an increasingly tempting market in the Commonwealth.

We find even more cause to be thankful for this state of affairs since it is evident from the figures that the U. S. gain is not, except to a surprisingly small extent, accounted for by Japanese losses, which in the main have been negligible so far. For instance, where the U. S. textile exports to the Philippines have more than doubled in value for the first 9 months of this year as compared with the same period of 1937, the Japanese in the same period have lost only some P750,000 worth of business. The figures are actually as follows, as given

by the Bureau of Customs: (all figures are for the first 9 months of each year)—

	1937	1938
U. S. Textile exports to Philippines . . . . .	P7,389,191	P16,292,918
Japanese Textile exports to Philippines.	5,455,495	4,781,667

In other words, the U. S. gained nearly P9,000,000 in this line alone, where the Japanese lost only P750,000 or so. One explanation is that war has jumped Japanese textile prices to a point where they are very nearly equal to those of the U. S., under which circumstances conditions operate in favor of purchases from the U. S. rather than from Japan. Nevertheless, the situation is one which gives us cause for thanks.

Machinery imports from the U. S. have increased in the same period from P6,000,000 in 1937 to P12,000,000 in 1938, while Japanese machinery imports also increased in very nearly the same ratio, although of course Japanese machinery figures have never at any time approached American: are, in fact, only about 4% of the American volume.

In iron and steel products, the U. S. gained some P10,000,000 in the first 9 months of this year over last, from P16,000,000 to P26,000,000—but the Japanese in this category lost less than a quarter of a million pesos in the same period.

The list could be extended to great lengths. To us the figures proved just one point: that is, that the tremendous trade increases favorable to the U. S. this year are accounted for primarily by the growth of purchasing power of the Commonwealth, rather than by the fact that Japan is handicapped in trade expansion by war conditions existing in that country.

And that is cause for thanks.

In still another way, it is cause for particular thanksgiving on the part of the American community in this country. These large increases in exports to the Philippines of American goods should eventually mean an awakening of interest on the part of American producers in the possibilities of the Philippine market. This stimulation of interest on the part of U. S. manufacturers may serve to counteract the effects of the sugar-beet—dairy—Cuba bloc, and may thus lead to the establishment of a fair and equitable trade pact to insure the continuation of good business for both countries.

As residents of the Philippines, we have cause to be thankful for good government, for peace and prosperity.

A government which, as manifested in the last elections, commands the support of an overwhelming majority of the people, and is thus implemented for the accomplishment of the good intentions with which a fair observer must credit it.

For peace which, even when it appeared so short a time ago that Europe was in for another great war, left this country unaffected, so remote is the possibility of actual entanglement in such a sanguinary conflict. Stock market prices momentarily had the jitters, as is inevitable; but no gas masks were distributed, no parks

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# America's Prospective Prosperity

Seemingly bound to ebb and flow during decades to come, America's business volume is currently rising and may up Philippine commerce.

In our November (Holiday) number it is fitting to review current homeland conditions. Yuletide reflections turn inevitably in that direction, while nothing else is so vital to Philippine trade. Last year at this time Depression II was approaching, now it seems to be receding. Our direct references will not be later than

(Continued from page 10)

dug up to make bomb-proof shelters for the population, no mobilization took place. We were not sure what might happen in the rest of the world, but at least here we were sure of peace.

For prosperity—and a prosperity which, because it does not owe itself to any boom, is all the more to be appreciated.

For a comprehensive program of public works, now being systematically carried out—roads, public buildings of all kinds, transportation facilities, and so on.

For a treasury amply supplied with cash to back up its good intentions.

For these, and a multitude of other, smaller and more vital reasons, we find it possible this year to contemplate the Christmas season with genuine thanksgiving. The more so since, as we see it, the same is going to hold true for many, many Christmas seasons yet to come.

The *Journal* wishes you a Merry Christmas.

*Time* of September 12, but we feel confident that later ones will be mere corroborations. Recovery is plainly afoot even though no one quite tells why nor foretells its probable duration. Defense is in it, particularly as to steel, and make-work projects and vast relief outlays of all sorts go on and on. But public credit is still unimpaired. An intense congressional campaign took the heart of the summer, and it is rather a phenomenon that business improves at such a period—the usual tendency runs the other way.

In August, commercial loans in New York and throughout the country had been rising week by week for three weeks. Basic yardstick, if not for carrying stalled inventories over, it seemed as though this would keep up. *Time* jibed the Federal Reserve for ceasing to break down the loans by types of collateral behind them, but the comeback was that there was nothing sinister in the decision to abandon old classifications—the feeling behind the decision had been that such tabulations had proved an unsatisfactory way of showing the purpose of loans. (Chain and department store figures would give insight into inventory conditions as to consumer goods, and sales were good).

House rents rose during 1937 out of proportion to living costs, building costs declined, and the administration liberalized its lending policy. Home building that had been lagging far behind has gone booming until

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from April to June it reached within 9% of 1937. In the same period industrial production was lower than at any similar period since 1933. August building contracts rose 17% above those of August 1937. Such building affects many industries favorably, and of course many types of employment. Carloadings at the close of August were a high for 1938 and going up, but roads as usual struggled with their mortgages, and their unions refused to get together with them at Chicago on wage cuts, a deadlock that can be carried over to the first of next year, when a showdown will be inevitable unless conciliatory counsel prevails. (When this had to be written, October 15, Swan, Culbertson & Fritz had carloadings of 703,000 for the week ending October 7, compared with 698,000 the week previous and 812,000 a year previous. Their forecast was that October's loadings would top any month since November 1937).

It is bad for business as it is for individuals to have to pay the whole of a considerable obligation at one time: in the case of a business such as a railroad or major industrial corporation, an issue of bonds. Breaking ground in New York on lines long commonplace in London, Sunray Oil floated \$4,000,000 worth of \$25-unit debentures without maturity date, the debentures convertible into stock at fixed intervals. Sunray sets aside 10% of its gross to take up lots of the debentures monthly in the open market at \$26.25; if it can't get them, it may call them by lot. While business is good, retirement of debt proceeds by routine, and during slumps no heavy maturities complicate the problem of sheer existence without benefit of 77-B.

With Virginia in, all states have provided joint age relief with the Federal government. Aged indigents affected sum 1,735,000 when Virginia's new 14,000 are counted. Old stuff in Europe, this sort of thing comes to America after no little haggling—mainly because frilled and fancied *Townsend* and *Downey* sophistries carry it to wild extremes and scare taxpayers out of their wits. Scarcely had the Townsend plan died of inanition, though even in September Maine Republicans (!) used its ghost to whisk them back into congress, than up comes Dr. Townsend's lieutenant, Sheridan Downey, to win the California senatorship from Senator Wm. G. McAdoo with a *ham & eggs* slogan of \$30 every Thursday for every idle retired Californian 50 or more years old. The ray of sunlight is that when Downey had beaten McAdoo by 100,000 votes in the primaries, he welched on his scheme and did not write it into his election platform. But California is likely to have him for next senator, while Manila will gain from having McAdoo as head of the new board of the reorganized Dollar line restoring American ships to the Pacific in cooperation with the Maritime Commission.

Just as a footnote, the Downey plan would cost all working Californians \$625 a year each. *Life begins at fifty!* shouted Downey to the destitute, plumping for a scrip scheme to make his pensions self-liquidating. Gaffers in California were to eat their cake, but somehow their employed juniors were still to have it—in a state where we happen to know 1000 qualified applicants recently clamored for 6 available jobs. It must be the climate, which not only sets you up but seems at times to set whole cities goofy.

The National Resources Committee made up of cabinet members, New Deal economists and business men of liberal views has just reported definitively on *Consumer Incomes in the United States*. In this report, data gathered scientifically by WPA through the bureaus of Home Economics and Labor Statistics, *Time* September 12, first column, page 59, have been correlated by Dr. Hildegard Kneeland. There are 41 million family units and individuals in the United States, where annual national income is 60 billion dollars. There are 29,400,300 families spending nearly 48 billion dollars a year. Among these families, 14% have incomes below \$500 a year, 42% have incomes below \$1,000 a year, 65% have incomes below \$1,500 a year, 87% have incomes below \$2,500 a year. Ten per cent have incomes above \$2,500 a year, only 1% have incomes above \$10,000 a year. Thirteen million families and individuals who have incomes below \$780 a year are "not a distinct or unusual social group but include all types of consumers in all sorts of communities."

Fully 70% of these families get no form of relief; God bless them, for it does not escape us that here is sturdiness of American character still unimpaired by the slings and arrows of times peculiarly, and seeming-

(Please turn to page 54)

### Richard T. Ely:—America's . . .

(Continued from page 9)

for which the remaining two-thirds must accept responsibility in government and economic organization. The two-thirds, compared with the other peoples of the white race, have a high average of intelligence and character.

The first reason why the struggle for our survival as a great people and a sound nation has been so desperate and so doubtful is this—our more intelligent majority has been as an army fighting in the darkness and the storm. The simple old-fashioned guidance of human nature must now be replaced by the guidance of trained intelligence. To drift is to drift downward. There must be no returning to the jazz age. If we continued to drift and leave this issue to our children, they may, on their part, fight ever so desperately to regain the ground we have lost—but after another generation their case would be far worse than ours.

We must find new ways. We must write new laws. We must accept new disciplines. The conditions of our struggle demand the greatest restraint of self-command ever attempted by a democracy. The soul of our people must be aroused, and all our spiritual energies brought to support the conflict at every point of advance. "Man does not live by bread alone."

There is no valid cause for pessimism because we have a good fighting chance for victory. To those that wage the battle our effort is the most thrilling adventure of our national history. Our strength is the greater and our courage the stronger because the issue is so doubtful.

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## St. Francis Sleeps at Goa

Goa, old Goa and new Goa, the remnant of Portuguese domain on the western coast of India, whose archiepiscopal authority once extended from Mazambique and all western Africa to Japan, still boasts the precious beauty of the Bom Jesus church with the shrine and tomb of St. Francis Xavier, "the apostle to the East." This church is of course a Jesuit church. Xavier was a Basque, like Loyola himself, and was Loyola's first disciple, one of seven, including Loyola, who signed the original agreement founding the Society of Jesus soon regularized by Paul III's approval, at the Vatican. Though Xavier never visited the Philippines, yet Jesuits came here in 1581 and Goa then enjoying her golden age was their spiritual inspiration.

Goa's mark is strong in the older architecture of the Islands, an everyday example being the shell window, shells, capiz, in lieu of glass. This is still the Islands' preferred window, glass in windows being little used; and the example came from Goa.

In 1542, as Papal Nuncio to the Far East, Xavier reached Goa, the Jesuits having been founded in 1534. He went to Goa at Loyola's request also John III's of Portugal, who on knowing him grew so fond of him that he obtained for him four papal favors, highest of which was the office of nuncio. Xavier responded in kind, and during the remainder of his life was John's ecclesiastical counselor, sending back his epistles to Lisbon by every possible ship.

Xavier's missions were carried on at Goa, at Timor, in the Celebes, at Amboyna, at Malacca and Ceylon, and Singapore, and more prominently in Japan where he was accompanied from Malacca by the Japanese exile and convert, Yajiro. The Japanese mission flourished until Nagasaki became wholly Christian, tradition says, but profane history tells us that intercession in politics led the Shogunate, once it was firmly established, to suppress the new sect and close Japan to contact with the western world save through the agency of two Dutch factories. However, by that time, the Jesuits had been followed into Japan by missionaries of other orders, and doctrinal quarrels had alarmed the Japanese authorities.

In all, Xavier's missionary life in the Far East lasted eleven years, and it was when trying to enter the Empire of China in the cloak of a member of a diplomatic mission that he sickened and died near Macao, on the island of Sansian (Changchuen-shan), or St. John, a spot where folk of Macao nowadays often go on picnics or for religious reflections. Xavier's body was first buried outside the little hut where he had died, of a fever, no doubt malaria. Then ensued the miraculous, for the body is said to have been buried in lime, yet years later, when disinterred to be taken to Malacca, it had not decomposed, and it bled as from fresh wounds when an arm was removed to be taken to Rome as a holy relic. It is the dismembered body, otherwise as whole as it was on the day Xavier's spirit abandoned it for the saint's celestial rewards, that sleeps in auras of eternal peace in the handsome tomb of the Chapel of Bom Jesus at Goa, for though buried for some time at Malacca, it suffered no disintegration.

Xavier is designated the greatest apostle of modern times. Jesuits credit him with 700,000 conversions during his ministry in the East, and while the Britannica refrains from accepting so much, it readily concedes him the palm. But looking into Xavier's own letters, the Britannica denies him the gift of tongues; he records that he always worked through interpreters, and if they were absent his recourse was to signs.

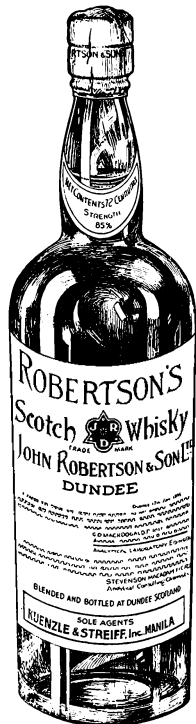
Albuquerque, discovering and conquering for Portugal, captured Goa in 1510, and the Cathedral there, to the memory of this victory, dates from 1511 (whereas Legaspi and Urdaneta came to the Philippines only in 1565, and Legaspi founded Manila only in 1571). By the close of the 16th century, Goa was the metropolis of Christianity in the East, and when Manila was rising slowly in the 18th century, Goa's star was setting. But think of it! at one time in the 18th century no fewer than 30,000 ecclesiastics lived at Goa. There are such holy servants there still, and in turn their servants, and... hardly anyone else. In her heyday, Goa was a rich entreport for India, second only to Calcutta. Her chief import was fine Arabian horses from Hormuz (where

Xavier had the Nestorian schism rooted out of the Church). Goa now exports coconuts and betel, some iron, and much manganese.

The Britannica draws a lively picture of Goa as it flourished in Xavier's day:

"Goa Dourada or Golden Goa was then (Xavier's time and up to 1625) the wonder of all travelers, and there was a Portuguese proverb, 'He who has seen Goa need not see Lisbon.' Merchandise from all parts of the East was displayed in its bazaar, and separate streets were set aside for the sale of different classes of goods — Bayrean pearls and coral, Chinese

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"In the main street, slaves were sold by auction. The houses of the rich were surrounded by gardens and palm groves; they were built of stone and painted red or white. Instead of glass, their balconied windows had thin polished oyster shells set in lattice work (the typical Manila window today, borrowed from Goa) . . . The appearance of the Dutch in Indian waters was followed by the gradual ruin of Goa . . . Its trade was gradually monopolized by the Jesuits." A rapid fall of population is recorded between 1695 and 1775, until in 1835 it had been reduced to a few priests, monks, and nuns, and of course, their native dependents. Macao and Manila, though by no means first among the cities of the Far East, are first among the Christian cities here, far and away ahead of Goa, the prototype. But Goa has St. Francis, and St. John is such a holy isle because he died there that pilgrims coming to Manila for the Eucharistic Congress two years ago tried to make a pilgrims' landing there, only the Canadian Pacific liner that carried them found the waters too shallow, the errand vain.

### New National Designs . . .

(Continued from page 8)

whose specialty is the *patadiong* or *sarong*, the wrap-around that no peasant woman will be without. *Patadions* imported from Japan sell 50% cheaper than Iloilo *patadions*, Dr. Roxas says, but the Iloilo weavers have given themselves some protection from this invasion by adding some decoration in rayon that factories have not yet found ways of imitating. So the weavers still sell *patadions* at higher prices than imported ones, but have of course lost a portion of the market. Manchester herself was the first invader of

this Iloilo industry, 80 years ago, through the agency of Loney & Kerr; the first British merchants established there after Iloilo was made an ocean port in 1859. The people were not then importing piecegoods, but wove all they required out of fiber they themselves prepared from hemp, pineapple, manuey and other plants, sometimes adding some silk from China.

Nicholas Loney, influential in the importation of improved sugar machinery, found it feasible to introduce Manchester goods and undersell the handloom fabrics because machinery always outstrips hand tools. Yet for dressing up, *piñas* and *jusis* (pronounced *hoosies*) continued in moder-



Juan T. Villanueva

ate vogue and weavers passed on their art to their daughters, now battling the Japanese with the power of the shuttle for supremacy in the *patadiong* trade. Perhaps all these weavers have a bit of land, mitigating the asperities of their discomfiture in their avocation. The Roxas group feels that it can now help them, with yarns, and to cotton yarns it will try to add rayons.

The group counts 56,000 handlooms in Ilokos, Bohol, Rizal, Iloilo, Mountain Province, Bulakan and other provinces have 13,000. A total of 70,000 handlooms

is estimated, that during 150 days in a year might weave 30,000 square meters of cloth, a fourth of the 1937 imports including piecegoods. But the looms don't do so much. They engage part of the time of 100,000 weavers, but all their work in a year will not be a fourth of the working days. The peasant women who weave also share the men's work in the fields, weaving is done at odd times when nothing better turns up to do. The Roxas group estimates that Ilokos looms turn out only 3,218,000 square meters of cloth a year, worth P1,897,960, and says the weavers fight a losing contest with cheap textiles from Japan. The group says that its new spinning plant will make yarns best suited to the weavers' requirements, and slash these yarns on beams ready to be placed on the looms at a saving of 32% of the labor of home weaving. The group also believes it can improve the loom, effect some practical mechanization, and in time establish in farm communities, as in Japan, small weaving factories utilizing 5 to 10 looms each, with others of 300 to 500 looms each in larger centers.

The group describes this as the European and the Japanese systems, with weaving always distinct from spinning, and remarks that even today at least 40% of Japan's weaving is done in small factories dotting the farm communities. Larger factories doing weaving and spinning concentrate effort on products for export. The group contends that it has a fair chance to get weaving well re-founded here without aid of more than existing tariff duties, *ad valorem* of about 25%.

Since raw material is 70% of the cost of finished goods, and Japan imports this material, the Roxas group feels the Philippines has an initial advantage in being able to grow cotton. Plant breeding enters here, but Dr. Roxas says: "We can improve yield and quality (of Philippine cotton) and establish a wider marginal advantage in that direction. Already we have new varieties doubling the yield, raising the ginning percentage and improving the grade of the fiber."

Labor in Japan making a kilo of yarn

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costs 4.8 centavos, 6-1/2% of the landed cost in the Philippines. The same labor here will cost 9.7 centavos, 13-1/2% of the estimated cost of yarn manufacture. Dr. Roxas says small Japanese factories get power for 1-1/2 centavos per kilowatt hour. Small industries here pay 10 centavos, special contracts run as low as 3 centavos, but Dr. Roxas finds the average rate about 6 to 7 centavos. But the plant on the Pasig will have high-pressure boilers and oil-burning turbines making its own power and utilizing exhaust steam for processing, and so producing power at the estimated cost of 1.8 centavos per kilowatt hour. Dr. Roxas says power for the spinning plant can be produced in this way at about twice the cost of like power in Japan, but National Development is looking up hydroelectric projects whose development should lower this cost at factories made accessible to them. Power is but 1% of yarn-production cost in Japan, and will be not less than 1.7% of that cost here, Dr. Roxas thinks, or about double Japan's cost.

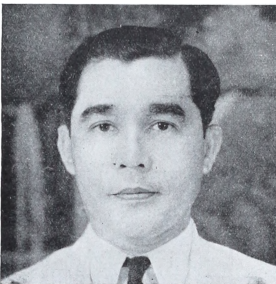
Overhead and fixed charges on yarns, Japan and Manila, are compared as 2.7 centavos per kilo to 10.8 centavos, or 3-1/2% of landed cost to 15% of total cost. Selling costs are rated about equal, the Roxas group feels it can sell as cheaply as do the Japanese houses here.

Summing up item for item and adding duty to imported Japanese yarns of the quality the Pasig plant will make, Dr. Roxas gives Japanese yarn a landed cost of 74.74 centavos a kilo, and his factory cost at 71.81 centavos, a differential in favor of the new plant of 2.93 centavos a kilo. He says this is confirmed by the average landed cost of imported ordinary cotton yarns during 1937. This seems to have been 78.85 centavos a kilo without the duty, and 97 centavos a kilo duty included. Yarns are to be the primary manufacture, in view of these figures, at least at the outset. It seems too that the installment of spindles, just over 10,000, is the minimum unit for economical operation. It is similar with the looms, only 104, each of which will do a stint of 45 yards in a day of 8 hours. The Roxas group estimates 60 yards a day to the loom, of staple goods rather than very fine ones, a bagatelle in the total market.

Now it is time to size up this Roxas group, apparently to be so powerful in shaping Commonwealth policy; not brain-trusters in administrative offices, but in these factories and in the laboratories provided there to run such tests as are practical. The work branches in all sorts of ways. Thus an abaca *central* is going up, in the vicinity of Guinobatan, Albay, where decorticating machines will strip the hemp crop. There is a company for this, National Hemp Corporation. Decorticating machines work on Davao hemp, to see whether they would handle the somewhat different fiber of Albay, a provisional machine was bought and tried out in

the field. Corona machines such as International Harvester has at Madaum, Davao will come later—because 20 tons of stalks of Guinobatan hemp have been sent to Madaum and put through a Corona there. And Guinobatan is chosen as the site of such a decorticating *central* because farmers there are said to have fiber enough among all their nearby holdings to supply such a machine.

The problem is not parallel to that at Madaum, but is described as similar. Dr. Roxas and his group now contend that decorticated Guinobatan hemp will be marketable, and a step in cooperative marketing will therefore be attained in founding



Florentino Talavera

such a convenience. It seems that such conclusions are reached around discussion tables; these young men ready to take a new world on their shoulders sit there, taking up one proposal after another, rejecting this, accepting that, and, after ex-

perimentation, sometimes limited to the laboratory, sometimes more extended, as in the instance of fiber, a plan of action is resolved upon and carried through. (Of course, above all the group, above Dr. Roxas himself, sits Gregorio Anonas for National Development, and even over him, the National Economic Council and its new dynamic chairman, ex-Assemblyman Manuel Roxas, no near kin to Dr. Roxas and a man from the ranks of law-making and administration rather than from the purities of science and research).

This brings us perhaps to the new canning plant at Guagua, Pampanga, on Manila bay. But before leaving the Pasig, take a look at the can factory going into one of the rebuilt buildings, with the latest and best machinery procurable from the United States including equipment for lining the cans against acids. The Roxas group says this is the minimum economical unit for commercial operation, yet it will turn out 72 million cans a year if need be. The process is automatic. The output will first be used at Guagua, for fish and fruits as well as vegetables. These are enterprises of National Foods Company, another subsidiary of National Development. About January, the plant at Guagua will be running. But there is some considerable laboratory output at the Pasig plant.

You now have a ringside seat at a grand little inside fight, gurami imported from Java vs. bangos commonly stocked in the bayside ponds or fish farms up and down the coast. The fry of the one fish prey on the fry of the other, and the Roxas group favors bangos to win because, the group contends, the gurami is not as toothsome as the bangos is. They give you canned bangos from their laboratory runs, and it

(Please turn to page 20)

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## About Some Dogs



Bunk

We have decided to write about dogs for this Holiday Number, and will commence with Nig since Nig was our boyhood dog that companioned our move by covered wagon from western Kansas to Kingfisher, Oklahoma—rather, to the Cheyenne and Arapaho country near Kingfisher where Jim, our eldest brother, and Charlie, just turned his majority, had taken up adjoining homesteads. Cornering with the section in which Jim's homestead lay was a school quarter occupied by Mother Dalton; a creek with considerable forest along its banks meandered through this farm, excellent cover for the notorious Dalton Boys on occasion. Jim was a deputy United States marshal under Bill Grimes, and haunted that creek many a night to bag a Dalton or two, never with any luck. But when five of the gang came together late one afternoon, to return these neighborly visits, Nig was on the lookout and barked the alarm. He kept it up, louder as the men rode closer round the house, and disconcerted them so much that they readily believed Jim's wife when she told Jim was not yet home.

This was the truth.

Not one of the desperadoes made the least move to silence Nig, who imagined he was chasing them away when they turned back toward the rendezvous on the creek.

Nig went back to Kansas with us later that spring, we had a fiver for the two of us, by train, and it lasted nicely. It was 1892, if you don't remember.

Charlie had been in charge of our wagon, coupled long under a flat hayrack with a double wagonbox atop it, the rack accommodating a load of plows and other useful farm tools and box loaded with grain. Four of our best Kansas mares were the motive power, and if it had not been that they had a good deal of Hambletonian in them

they would have died of the abuse the road laid on them. This is specially true of the leaders, Nell and Maud, because the wheel team, much heavier, was black Norman. We had a small herd of other horses along, loose: including yearlings and two-year-olds, and it was my job, on Zebe, an Indian pony, Nig helping me, to road herd this loose stock. The worst ordeal was making Medicine Lodge, because after leaving sandhill country where the load was dead weight in the flowing sand, there was high ridge country to pass before the rode shelved off

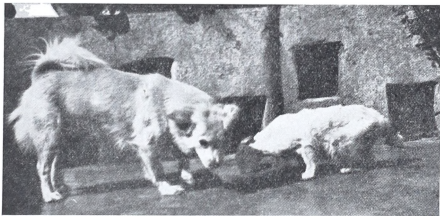
to the flats where Jerry Simpson's and Carry Nation's celebrated town stood.

We might say we were twelve years old at that time, not much help to down-lipped Charlie; for instance, when he found his brakes wouldn't hold on the sharp grades after we had laboriously climbed its summit, when he had to take to chaining the back wheels. Such going lasted until about midnight, on a very dark night which threatened rain. Nig got no attention, but we vaguely knew he was on the alert at Zebe's heels; he didn't need to herd because the stock, sensing the weird danger as well as we did ourselves, huddled one another as if close-tied. We passed no houses, saw no sign of ranch or farm, and at last a sleety rain added to our discomfort. It was still more dangerous on the grades now, even with the chains.

Charlie and we called through the dark to each other, he from his springseat high on the wagon, we from our very wet saddle on a very bedraggled Zebe, just to make sure momentarily that each was safe. And we both longed for a light, toward which, from any direction whence it might appear, we determined to make our way even if it meant leaving the wagon midroad. If you've ever done roughing of this sort, you remember its sounds: the harness sounds, when sudden dead pulls had to be made, and the more staccato ones as the load eased along better; the clop-clop of hoofs, some bare, some shod; the grinding of a tire on the shoulder of a stubborn rock rising out of the clay road, and the screech of the locked wheels as we managed past one grade after another—and sometimes a singletree scraping against a front wheel, as a tired mare momentarily missed her cue as the load swerved up out of a wallow or eased free at a level where Charlie loosened the chains; and even these chains, along the levels, dangling and clanking from the axle.



Each with a dog



Ming Toy with an unwelcome guest.

The longing we had for a settler's light is in us yet, and presently Nig ran ahead and barked. He had not seen a light, the first in the farthest-out shanty of Medicine Lodge, because dogs see very little—can indeed see clearly the distance but a few feet—but he had smelled man, which was just as good, and when we looked, there at last was a light, ever so dim yet ever so constant. We riveted our eyes to it, gloated over it, and soon rumbled up to the main corner on Main Street of Medicine Lodge, a lively stable, where Charlie gave his faithful team the best that was to be had.

Nig shared our midnight supper, warmed at the monkey stove in the stable office, and got many a pat on his curly back. Then he went, as usual, to keep vigil among the horses. Next morning Charlie paid \$5 for the strongest breeding he could buy, hip breaching, for his wheelers, but the fine colts Nellie and Maud would have brought us that spring were sacrifices to the night of horrors—yet that very afternoon, Nellie and Maud, for the Hambletonian that was in them, could take their places as leaders just the same. There was no help for it, we had to put them in and they were too well bred to let us down.

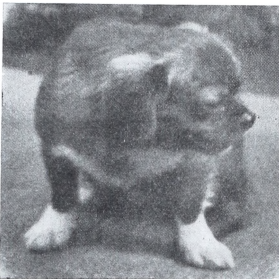
Pulling out of Kiowa into the Cherokee Strip, with the trip across fifty miles, Charlie thought best to fall in with another outfit loaded much as ours was, and with a good many horses, all inferior to ours. This scared him, once we really got to Strip, by which time he believed we were traveling with horse thieves, which was probably the case. From that hour on, Charlie only got such sleep as he could snatch on the wagonset during daylight, because at night he night-herded our horses, with his muzzle-loading 12-gauge shotgun slung over the saddle: he told the strangers he thought it best to look out for horse thieves, and they believed his remark innocent. We ditched them at Twin Springs, where cowboys encamped there, driving the last Longhorns from the Strip, shooed them on ahead by some subterfuge or other: if they were thieves, they were dumb ones.

Nig and we thus saw the last Texas longhorns driven off the Cherokee Strip. Nig badgered some of the stragglers, making them take their way with the herd. It was symbolic, after a fashion, as looked back upon now... the settler's son and his dog, and the herd giving up their ancient plains. One of these very cowboys, no longer dashing and gay in his saddle, as the *Cowboys Lament* describes the build, dug the well on Jim's homestead. He still remembered helping us out of the creek north of Twin Springs, where our outfit had stuck in the quick sand; he had got a hitch on the load, with a hitch at the other end of the rope round his saddle horn, and one or two his fellows had done the same, and what their ponies together could pull was enough to help us out of the creek and clear of the bank.

Nig helped Charlie night-herd, of course—it was right up his alley. Later, at Kingfisher, this helping with the horses was his wind-up. This time he had moved from Kansas in a freight car bringing all the family and all its belongings, to live on a rented farm for a season while awaiting the opening of the Strip. Among the belongings was a black stag the meanest animal that ever wore horseflesh. A negro liveryman had had him in Kansas, and

when we had taken him in foreclosure of a mortgage, we had of course put it beyond him to adorn the equine world with any more of his ilk. We had stagged him.

It fell to us at Kingfisher to work this monster who had turned killer, and he it was who killed Nig. Before breakfast, we had gone to the pasture with Nig to round up the work stock, and when this creature would not come along, Nig dogged him, running at his nose (as Nig always



Boots

would, habit from which we could never break him). The lunge of a mad fore-foot caught Nig in the middle of the back, and while we only heard him whine a little and thought nothing of it, after breakfast when we went searching for him we found him dead, his back broken, his head between his paws in the manner in which he always liked to nap. Nig was a great dog for a Kansas boy with lots of chores among the stock. He had no tricks, but he did like to play, and what he en-

joyed most was being put into a sack head-first and scrimmaging around to get out of it—which he had learned to do in trick time—and then having an even-steven race to some goal, such as the barn or the milkshed.

It seems very little for a boy and a dog to get fun out of, but they did. Perhaps anything was fun then that wasn't downright work. Nig in his black coat was buried at the willow roots on Uncle John's Creek. It was one thing to carry him there, and another to walk away and leave him: you understand these things when you have a dog.

Dogs don't live very long, save sometimes in the movies—boys and men outlive generations of them. So other dogs came along after Nig, but no other black dog turned up until he appeared in the guise of Shep. We were married by that time, and again living in Kingfisher county, but far east of the town of Kingfisher, and north a little bit, on our homestead north of the Cimmaron. We were to learn from Shep that the person in the family that dogs really worship is *her*. For *she* stole Shep in almost no time, and rare is the man from whom *she* could not, even yet, sequester his dog; not of course surreptitiously, quite openly, because the dog would leave the man and go to her.

Shep was in his prime, a good big shepherd, when he began coming to our house on the Cimmaron with his master, a bachelor by divorce. He had homesteaded east of us, in 1889, on good land, where he had made the best home in the township and prettied it up with all sorts of things. In fact, he had made himself a slave, for a woman unable to appreciate his humil-

(Please turn to page 19)

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## About Some . . .

(Continued from page 17)

ty, and after a few years she had walked out of the pretty cottage under the apple trees and had never gone back to it. So when we came along, he was no longer a good farmer but a broken-hearted neglectful one who liked best to be a little tight all the time, and he got to coming to our house for Christmas dinner, Thanksgiving and such seasonal occasions because we both invited him and made him and Shep welcome. But it was no time until he would start away home again, then have to turn back for Shep, who had not followed him as he should.

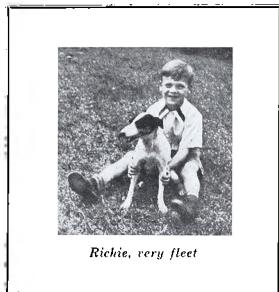
Then Shep got to coming over the sandhills on his own, which would bring his master for him in a day or two and at last he gave up and for an extra piece of orange pie, gave her Shep in fee simple.

Years passed, and when we were getting off from Kingfisher for Manila Shep was our last problem. Pet and the buggy had gone to an old lady whom we knew would be to Pet kindness itself. Shep we had found a like home for. But Shep a dog, had other ideas—nothing short of coming with us to the Islands. We had delivered him rightly enough, to the friends who wanted him, and they had locked him in or tied him up or something: it makes no difference, when we were on the train and it was moving, who should be coming down the aisle but Shep, nuzzling at every seat to find us. The emergency was up to us alone, we had to gather Shep up quickly and toss him off the train and we did it in a way to make him roll, so he wouldn't be hurt. When we looked back he was already up on his feet, and looking, and we are sure, not at all understanding. But he did go back to his new home, letters told about that.

You may be sure that dogs, whose love of the men and families that keep them is literally boundless, experience many anxious moments that pass with us without a thought. We are so convinced of this that we think that whenever possible, at least one member of the family that keeps a dog should stay at home when all the others go out, just to make the dog's misgivings less poignant. For dogs can never tell, on these occasions of desertion of the home, whether any who leave are ever coming back; and if any do return, or even all, dogs never know whether it is to be in an hour or two, or after weeks, or months, or years. Ming Toy, our current dog, who smiles (we meant it! she does smile, and it isn't a snarl!) at every homecoming, has made us reflect on this keenly. A son goes away, as if just downtown again, and doesn't come back for years, and this is a son whose bruises Ming Toy has licked well countless times

a soul beloved of the dog, for whose footsteps she yearns unceasingly, and so will until she dies. Or a daughter goes away, as if downtown, and never comes back at all; and Ming Toy mourns, and will mourn all her days, for the daughter was kind and thoughtful to Ming Toy, who loves her deeply. Since our dogs do have these experiences, from which they recover with the greatest ecstasy when a family turns up home again soon, none missing, at least none more missing, we know they have good memories and it is a reasonable conclusion that on every occasion when they are left alone at home they undergo the keenest distress: they do not know whether man has made these ties lightly, and will lightly sever them. Haven't you thought of it? Dogs are the truest torch-singers in life. Their gratitude and absolute fidelity, often in return for very shabby treatment and appreciation, never flag.

Bunk was given us a pup, a playmate for a daughter with whom he grew up—a



*Richie, very fleet*

playmate ever at her heels, who stopped the play if it got rough, with peremptory intervention in behalf of his charge. Sometimes this was annoying, more often it was common sense. Bunk was indifferent as to how it was taken, his charge simply could not be pushed around. He was a fox terrier, shorthaired. This good breed of dogs for a tropical climate is not invariably good mannered, but Bunk's manners were unexceptionable. As day-and-night watchman he had no superior. When he was quite young, he tackled a man with a cane who was coming up the walk to the house—a stranger of course—and the man struck him with the cane, breaking his right foreleg. Put in splints, the leg soon mended, and after that, all men with cudgels were on Bunk's index; lunge or strike as they might, none could ever reach him, and on the contrary, he would heel them every time, asking no quarter and giving none.

Dogs, terriers at least, can harbor a grudge—Bunk proved that to us. Ordinarily he was very obedient, but not in these crises. He made it awkward for the man who brings the paper, whose habit was to

roll the paper in order to throw it farther up on the porch. But when the paper was rolled it looked to Bunk's myopic eyes like a stick of some sort, and so he would lie in wait, prepared to tackle: the man had to learn to leave the paper folded, and then there was no further trouble, Bunk knew he had some legitimate errand to effect. It can not be repeated too often that a dog's vision is very defective. Never depend on their seeing anything clearly, because they can't. It is their hearing that is sharp and their sense of smell. They scent you, or hear you — they never really see you and will hardly be interested in their own image when held before a mirror. When you know this, you don't blame them for faults they can't avoid.

Bunk lived about twelve years, and died of rheumatism. On the afternoon he died she was serving some friends tea on the porch, and Bunk lay under her chair—a customary place for him. Feeling a paroxysm perhaps, and never wishing to cause anyone the least concern on his account—and never having done so voluntarily in his life — Bunk got up slowly, brushed against her legs gently, and made his way to the street, where he lay down at the curb. When the women who had come to tea were leaving presently and going out to their cars, there was Bunk, dead — a badly rheumatic heart had got him. Thus a fond companion gives up the ghost, keeping the best of manner to the last. If Bunk had been up to it, he would have gone back in the garden and nuzzled out a place in the ground in which to lie. Sick dogs go to Earth for their cure, and often she accommodates them, helping them, with her cool bosom, ride out a fever.

Bunk had got his rheumatism at the Pound whose wagon-men hang their nets on poles, for which reason Bunk would assault them and become an easy catch. So Bunk, all his life, was often at the Pound—never once having deserved to be there. This experience led us to conclude that instead of dogs going to the Pound, caught up indiscriminately in the dog wagon, the Pound should go to the dogs' masters. The Pound should come round periodically with their tetanus injections, administer them, return in a day or two to see how things were going, collect their charge, also the yearly license fee, and be off with a thank-you. This would work for all homed dogs, and greatly reduce the incidence of infection among the city's dog population, besides adding no little to the Pound's revenue. The wagon could still handle homeless dogs, and the mercies of the Pound for these most pitiful of creatures are a blessing. But in finding out what dogs had homes, by visiting neighborhoods systematically, the Pound would also discover the homeless dogs it should take off the streets.

In recent years the Pound under Dr.

Villar is much improved over what it once was, when Bunk was first incarcerated there, but it still needs more useful and practical contact with dogs and their owners.

Most of our dogs have been mutts. Ming Toy is, her father was Chow and her mother Pekinese, believe it or not. She is a perfect member of the family, almost able to participate in the conversation; she is so quiet and unobtrusive that for years we supposed she had lost the skill of barking; more recently she will bark, though never loud, if anyone steps into the yard at night, or pauses long in front of the house, though we have no delusion that she would bite, since she willingly laps milk with the cat and shows a proper contempt for such unstable creatures only by wofling more than her share. Nevertheless, if she admonishes, Ming Toy will abandon the dish and let the cat have all. But her look, when this happens, speaks fully of how silly she thinks it is.

Cats, bah! That's what Ming Toy thinks. We are convinced that she condemns their infidelity: cats are loyal to places, not to persons, and dogs reverse the rule. Of other dogs, Ming Toy is so painfully jealous that we can have none about: if we were to bring home another dog, Ming Toy would die, of a broken heart, her implicit faith in man shattered. This speaks in her whole demeanor, and so we never dream of it. Bunk was not quite so much that way, and in time would make friends of new dogs.

Before we got Ming Toy we had Boots for a while, a real Pekinese, called Boots because he had white ones. He was, of course, her dog. It makes no difference who may claim ownership of a dog in our household, and it never has; the dogs themselves bestow that favor, and always on her. For her and his amusement only, Boots devised the pillow game. It followed his bath, which she always gave him. Short-legged, Boots could still leap prodigiously. The pillow game began with his leaping on the bed, seizing a pillow and worrying it. Her part was to get the pillow from him, toss it to neutral ground on the floor, then run for it and toss it back on the bed, if she could, before Boots leaped from the bed and got it first. It was a genuine game, and a most fair one; it worked its participants up the highest pitch of excitement and hilarity every day, honors more or less even, and ended in momentary exhaustion for both, Boots, with triumphant eyes, lying across the pillow and puffing like a bellows, and she collapsing on the bed in gales of healthful laughter. Believe us, there was no sham in the game—Boots had invented a real one with ample hazards for each side.

Boots was another of the dogs we have had along the way who never needed a course in manners. But we didn't have

him many years. There was at that time a pest in the neighborhood who habitually drove a station wagon past the house at racing speed. Boot's rendezvous of mornings was a vacant lot across the street, and in time, of course, as if it had always aimed at doing so, this station wagon ran him down, agile and alert as he was. It was painful to let her know, and we couldn't bring ourselves to do it until the next day; we had even to go to a dinner that night, out at the neighbors, with the burden on our soul. When Sunday came, in a day or two, we buried Boots, with honors, under a hibiscus out by the playhouse where he had often been a solemn and appreciative guest; and over the little box in which he lay, we read Senator Vest's classic tribute to the dog, Vest's unstudied utterly spontaneous address to a jury in behalf of a poor man unable to fee him a dollar, at a time when his retainers from more fortunate clients were princes' ransoms, an address not merely immortal, but one that won from the jury a costly penance from the man who had wantonly killed Vest's client's dog—the one friend the poor man had in all the world.

Mourners, said Vest, the last rites silent, leave the grave of the most beloved. But a dog lingers there alone, unable to accept the separation... unable and unwilling to understand. And it is true.

### New National Designs . . .

(Continued from page 15)

does taste much like canned tuna. Maybe a compromise will finally be struck, with both fish grown for canning purposes—



Jose C. Espinosa

of course in separate ponds or in separate districts. The effort is aimed at reducing imports of canned fish and canned vegetables, and the Guagua plant is expected to be followed by others, at Iloilo, at Cagayan de Misamis, and at Samar or Leyte.

Guagua's will be the proving plant. The Roxas group thinks it will stimulate production not of fish alone, but of vegetables and fruits.

The niceties of canning Philippine mangoes are giving the group difficulty, to preserve the flavor; fresh mangoes are mangoes sure enough, but canned mangoes, up to date, are more like peaches. Fish at Guagua will no doubt be the main reliance for years to come. A model of the plant stands in the laboratories at the Pasig plant. In these very laboratories you are surprised to see girls sorting navy beans, and still more surprised to learn that these beans grew in Mindanao, where a large supply is obtainable. They are being canned, as pork & beans, not as Americans prefer this dish, but seasoned, partly with garlic, as the Filipino taste runs; and it may not be gaisnaded that the garlic, if your gastric equipment tolerates it, is dietetically desirable. If everything clicks, Mindanao will have a market for its beans and farmers in the Luzon valley a wider market for their hogs—quantities of canned pork & beans will be made and sold.

"I have a little shadow that goes in and out with me," sings Stevenson to the world's children. The Roxas group has such a shadow, and is aware of it—the shadow of Japanese readiness to take a hand in Philippine manufacturing, as already evidenced in textiles. In the end, things may not be so national as they are named here at the very beginning, but a shrug of the shoulders suggest that with worst come to worst, at least a foreign factory will hire Philippine labor. Guagua may be an incentive to Japanese, leaders in ocean fishing here, to can fish themselves. If so, they may buy cans; and in any case, the Roxas group's attitude is forge ahead and try for a half loaf if you can't get a whole one. They sit pretty soft, some will say — the government risking all the money and they having quite a free hand. This is true, but not a very broad view; if they fail, the loss of face will never be lived down. We have looked them over a number of times, and have known a number of them a long time, and we rate them responsible rather than irresponsible. They are handling 4 million pesos, but it is certainly no intention of theirs to fritter any of it away.

As the Journal said some time ago, they can be given a few honest errors. It is past the stage of debate now, that the country ought to manufacture for its domestic market if this market is large enough to absorb the products manufactured. It is not past debating that the government should do the manufacturing, but as we get it, the Roxas group stands ready to step aside for private capital whenever such capital is prepared to accept the challenge of the governing circumstances. (Experiments in plastics have been run at the Pasig plant. A local

(Please turn to page 54)

# MINING REVIEW



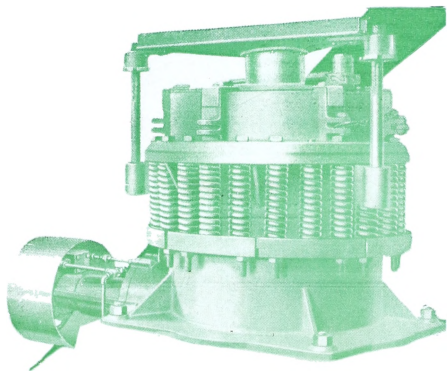
AMERICAN CHAMBER

OF COMMERCE JOURNAL



Graphic Panorama of former Consolidated, at Antamok Creek, Baguio, one of the world's very best gold mines.

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## SYMONS CONE CRUSHERS

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# The Balatoc Case

By James M. Robb

The following items, taken from the "Manila Elks Bulletin" of November 1, 1913, purport to appear as reprints in the latest issue:

"Have you seen the new Ford introduced to Manila last week by Bro. Julius Reese? It is called the Model T, has a four cylinder motor and a very snappy appearance. Bro. Chapman has purchased one of the sedans from Bro. Reese.

"Bro. E. B. Ford has one of the new Lincoln pennies just introduced in the United States and has been showing it around lately. Have you seen it? Now that they have taken the Indian off the pennies, next thing you know they will be disappearing from the cigar stores.

"Bro. 'Doc' Harris has gone to San Francisco to make some moving pictures. 'Doc' predicts that some day he will be making movies that talk. Even if such a thing were possible, how could you tell which person was talking when the sound comes out of the screen, say we.

"Bro. Paul Gulick still thinks there will be a mine at Balatoc some day. Unfortunately, there is no gold in the Baguio district, as the only place it is found in the Philippines is in Paracale, where worked-out Spanish mines have been observed".

We do not believe the popular canard that the Ford car which Bro. Chapman drives today is the identical Model T he bought 25 years ago. That car you see him driving around town can't be more than 15 years old. The Model T is an honorable memory, and they have taken Lincoln off of the pennies now. The movies do indeed speak for themselves, and we like it. We even enjoyed a picture we attended some years ago, in a Hollywood Super-Colossal Picture Palace, where the odor of incense was wafted gently about the place to give that touch of realism to the plot which was laid, we recall, in a Chinese garden. We like to see, hear, and even smell the movies, but when they start *feeling*, we will stay at home and listen to the radio.

And there is a mine at Balatoc. A pretty good one, too, as mines go. It made a net profit last year after all charges (including depreciation) of P1.09 per share, from an average monthly production of 37,000 tons of an average value of P29.26. That is almost P13,000,000 worth of gold in one year. They can mill 1,325 tons of rock in a day, and they are going to step that up to 2,000 tons which will enable them to mill comparatively marginal ground at a profit, and extend the life of this mint indefinitely.

It was not always thus. The Balatoc property, which has made so many fortunes, at one time did not support a five-stamp mill. A mere P53,000 in promissory notes against the Acupan Mining and Milling Company—which preceded the Balatoc company—brought 316,440 shares of stock of the Balatoc Mining Company. Stock dividends have made this 1,898,640 shares, for which you could get at least P19,000,000 on the market today. The story of the Balatoc mine is incredible; fascinating. The tale is unfolding in the murky atmosphere of a Manila courtroom, as one incident in the struggle at Balatoc is resurrected and brought up for judicial inspection.

It is a big case, involving millions of pesos, but as the picture is gradually pieced together from old records

introduced as exhibits, and from the testimony of people who took part in the heartbreaking effort, one forgets the money involved in the litigation, or even the issues of the case itself and remembers only such things as hope, and faith, and honor and trust among men.

There were prospectors sniffing around Baguio as long ago as 1901. Remember, there were no roads then, and for long afterwards it was a ten-day hike up the hills to the Baguio pines. If you wanted to haul machinery you packed it on horseback, and you lowered it down mountain sides with ropes. Anyone who has read Victor Heiser's graphic description of the building of the Benguet Trail has some idea of what this vacation spot was B. R.—before roads—and why it was that, although the Igorotes wore gold ornaments and everybody knew them that hills held yellow stuff, little was done about it.

The claims which now form the Balatoc property had been scratched and poked over from time to time with just enough results to encourage the formation, in 1915, of the Acupan Mining Company, Inc. John W. Ferrier (who will tell you without stuttering that he is from Potawattomie County, Iowa) was practicing law here with Judge Williams, and Albino Sy Sip, and this firm took care of the legal details attendant to the incorporation. The company had pretty rough going; there was a vein all right which assayed pretty well, but it was not of the stuff of which mines are made. A five-stamp mill which Mr. Ferrier says someone in a moment of "intellectual aberration" had ordered, didn't seem to help matters very much, and finally things got to where they had difficulty in finding money enough even to keep up assessment work on the company's claims. So, presently, the Acupan Mining and Milling Company was organized, which took over the claims from the Acupan Mining Company.

The new company had just about as rough going as its predecessor. Things would have been easier if that one vein—now known as the Balatoc 99 vein—had not been there, because then everybody would have felt justified in dropping the project. But, there it was. Paul Gulick was sure they had a rich mine; Judge Ferrier thought they had a prospective mine, and almost everybody else thought the property was a wash-out.

Mining engineer after mining engineer came, saw, and turned down the claims. Still a few loyal stockholders continued to pony up small sums from time to time in order to keep things going.

That went on until about 1919, when an Englishman named Wheeler came down from Shanghai, liked what he saw, and asked and obtained an option in the name of an English syndicate. Wheeler was to put forth every effort to develop the property, and was to pay all expenses, including assessment work. He went at the job with zest, spending in all *circa* P200,000 over a period of about two years. Then came the world-wide depression of '20-'23, and an Order in Council, which was to the effect that England expected every man to do his duty by spending his money within the Empire. Wheeler had to drop his option.

Well, then things went back into the same dreary pattern: that pesky vein looked too good to abandon, and yet the mining engineers insisted that no part of the property would ever make a mine. Some thirty or more stockholders continued to dig down into their pockets, until finally the Acupan Mining and Milling Company owed them about P53,000.

Judge Haussermann and Walter Beam, meanwhile, were just beginning to make a success of Benguet Consolidated. They had each taken a flyer in the Acupan project, and had strung along with the loyal group in advancing money to the Acupan Mining Company, and the Acupan Mining and Milling Company.

Beam made one condition: eleven of the claims must be dropped; they would never justify assessment expenses. The company complied. These eleven claims were later picked up by a Swede named Petersen, who left them at his death to his widow. Mrs. Petersen married Jan Hendrick Marsman and some of those same claims now form an important part of the property of the Itogon Mining Company. Heigh, ho.

The Balatoc Mining Company was then formed—the third company organized to take a whack at the claims. Somehow or other, the original 31 claims had by now dwindled to 5. We have noted 11 which were abandoned at Mr. Beam's request, and 15 others apparently got into the names of some private individuals under some sort of an agreement the exact terms of which at this date appear uncertain.

The note-holders of the Acupan company had to be taken care of, and this was accomplished through a trust arrangement, under which Paul Gulick was placed in control of 499,995 shares of Balatoc stock as trustee for the benefit of the old Acu-

pan creditors. Only 316,440 of these shares were eventually distributed to these note-holders, and it is for their pro-rata share of the difference—183,555 shares—and accrued dividends for which some of these creditors are now suing. In some instances where the original creditors have died, the suit is being carried on in the names of their heirs. The allegation is that no one authorized the trustee to dispose of these shares outside.

As a matter of fact, the 183,555 shares were to be sold by Mr. Gulick to the extent necessary to finance development to a point which would justify the installation of a mill. The defense is that all concerned were fully aware of this, and agreed to it at the time. Certainly Mr. Gulick made no secret of what he was doing; he made frequent trips to the city, button-holing his friends, and making a nuisance of himself, trying to sell the shares. Many a man who turned him down then wishes now that he had not. Those shares have since become 1,101,330 shares, worth better than P10 each at the present market.

Allied with this main action is another one brought by the Northcott heirs to annul sales of promissory notes made by the Acupan Mining and Milling Company to John Northcott and sold by E. C. Mills as the administrator of his estate, under court authority in the course of winding up the affairs of the estate. Dr. Vincent,

(now retired) bought some of the notes, and Fred Harden bought others. These two gentlemen got Balatoc stock for the notes, and Northcott heirs are trying to annul the sale, so that they may join in the main action.

(At this point, we wish to make it clear that we express no opinion whatever as to the merits of either side in either of these two cases. We are concerned here only with informing our readers as to what this litigation is about, since it has aroused a good deal of public interest. Should any reader gain the impression from this article that we lean toward one or the other side, that impression is gratuitous.)

The rest of the story of the Balatoc mine is, in the main, a story of Judge Haussermann's determination, and of the business acumen and stick-to-it-iveness displayed by the Balatoc people.

Along about 1926, it was generally assumed that Benguet was a worked-out mine. Judge Haussermann told us one evening that he returned here from the States in that year, to perform the melancholy task of shutting it down, and winding up its affairs. Walter Beam was too sick to do the job, and there was nobody else available. Haussermann went to Baguio and looked over the Benguet claims and mill, to take stock of the situation. What he saw convinced him that Benguet was not worked out, and he determined to go

(Please turn to page 26)

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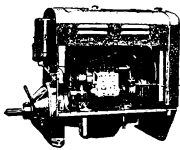
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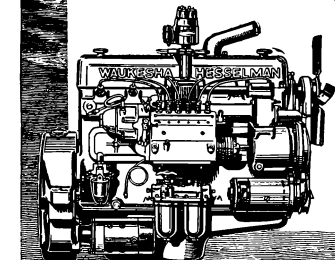
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# Mining in the Philippines

(Speech delivered to the American Mining Congress in Los Angeles on October 25th. Reprinted from the Manila Daily Bulletin.)

By John W. Haussermann

It is a pleasure for me to appear before this body of outstanding mining executives whose operations, generally speaking, are so much larger than our more limited mining operations in the Philippines, and I welcome the opportunity to tell you something of our mining industry and the problems connected with it. I want you to understand from the start that I speak only from my experience as a mining executive. I am not a mining engineer, nor am I familiar with the ordinary operating problems that beset all mines such as, difficult ground, heavy water flows, geological problems and so forth. I am assuming that you are interested more in the Philippine mining industry insofar as it differs from your own.

One of the great differences, I should say, is that the mining industry of the Philippines was started by men who were not miners. The first prospecting was done by venturesome soldiers who, during their service in the Philippines at the time of the Spanish-American War, heard tales of gold mines back in the hills and decided to take their discharge from the army in the Philippines in order that they might be free to go back into those hills in an attempt to make a fortune for themselves.

## Darned clever, these Igorotes

Their prospecting was done, not as it has been done here in the United States by actually searching for outcrops of gold-bearing veins, but by living with the natives and gaining their confidence to the point where these natives were willing to show the prospector their mines, both active and abandoned. This was entirely in accordance with the philosophy of the hill people whom we know as Igorotes. They believe that a mineral deposit is a sort of a community proposition, as far as the individual tribe is concerned, and that anyone may work it who will, provided he belongs to the community. They tolerate no intruders from other tribes. The accepted formula for prospecting, therefore, was to first find a grubstaker and then take up residence in an Igorot community, preferably one where the natives were wearing gold ornaments, find out the location of the native mine workings and then cover the same by a location under the newly established mining law. It is a fact that with only one or two exceptions, all of the gold deposits now known in the Philippine Islands were already known at the time of the American occu-

pation and, in the country where the Spanish had control, were already covered by Spanish "denunciations". One of these districts was that is now known as the Baguio district. At that time it was called Antamok, the district in which our mines happen to be located and with which I am consequently most familiar. There, the early American prospectors found the Igorotes actively engaged in shallow mining operations. They had attained a degree of expertness in their mining which was remarkable and had a nose for gold which resulted in their discovery of practically everything of any value. In our subsequent mining operations we have connected with some of their old stopes and have found modified square sets there probably several generations old which would do credit to any of our American miners. The only difference between these square sets and the usual square set timbering is that they were much lighter and used the mortise and tenon principle. They conducted their mining according to weird beliefs. One of these was that all of the gold should never be removed from the earth as this would incur the displeasure of the good spirits who would then refuse to place more gold there. Another was that women should never be allowed to enter the mine, although they could be utilized in the heavy work of grinding and

panning the ore on the outside. Another was that mines were revealed by the spirits. In one case, a golden deer was followed which disappeared into the hillsides. At the point of his disappearance, a big mine was found.

## Darned clever, these Prospectors

Strangely enough, the Igorotes seem to have accepted this virtual usurpation of their mines by American prospectors, although they did not understand how such mines could be taken away from them by any law and the mere act of placing posts in the ground. The explanation probably is that the mines, having been worked for generations, were already practically exhausted. Furthermore, the Igorotes, being enemies of the low land Filipinos, regarded the Americans who were fighting the Filipinos, as their friends. This attitude exists even today. They take the position that they have never fought with the Americans and have never been conquered by them as were the Filipinos, but that they have always been friendly with the Americans and have allowed them to come into their country and stay there because of friendship.

The first claims in the Baguio district were staked in 1901 under a temporary

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mining law which permitted the staking of claims 1000 feet square. It is interesting to note that there was a denial of extralateral rights in the Philippines from the start, probably because no such rights had ever existed under the Spanish rule. Later, when the civil government took over from the military government, the standard size mining claim was changed to 300 meters square. In other respects the mining law adopted by the Americans for the Philippines has been very similar to the Federal mining law, with the notable exception that an individual was not allowed to hold more than one claim on the same vein. The impracticability of the last named provision



was discovered almost immediately and it has never been enforced. For instance, at the time of location, no one can say whether discoveries which may be much as 600 meters apart, are on the same vein or not and if it be assumed that they are not on the same vein so that both claims can be legally located, proof that they are actually on the same vein may not come about until underground development actually follows the vein from one claim into the other, by which time a great part of the ore in both claims may have been extracted and the profits derived therefrom irrevocably distributed as dividends. Rather than discourage all prospecting by a strict enforcement of this provision, which could only have been done by prohibiting the location of adjoining claims, prospectors were allowed to locate such adjoining claims in the names of others under a power of attorney and then the registered owner of the second claim was allowed to lease his claim to the prospector or his successor in interest. Such documents were filed with the mining recorder in the knowledge that if the issue were ever raised, the government itself was the only one who could raise it.

Going back to the history of the Baguio district which I started to relate to you, the claims located by the early prospectors during the period immediately following the Spanish-American War did not prosper a great deal. At that time, it was a week's journey from Manila to Baguio; there were no roads over which to transport machinery and there was very little

capital available locally. The only serious effort made was that of the Benguet Consolidated Mining Company, organized in 1903. It so happened that at that time I was a practicing attorney in the City of Manila and Mr. M. A. Clark, the organizer of the Benguet Consolidated Mining Company, was one of my clients. It fell to my lot to draw up incorporation papers and I might also add that I had to accept as a fee for that services, shares in the company being organized. A 60-ton mill was erected in 1906. Transportation facilities were sadly lacking; this mill had to be lowered down the hillside into the bottom of the canyon by ropes. There were no roads to the mine in those days. In 1910 this mill was partly carried away by record typhoons. The typhoons of 1911 finished the job and carried away not only the mill but the mill site. To give you an idea of the intensity of these typhoons, I might mention that during the typhoon of 1911, an all-time world record for rainfall was, I believe, established in Baguio. We had 88 inches of rain in four days, 47 inches of which fell in 24 hours. Imagine a country of very rugged topography with steep gradient canyons 1000 feet deep and then imagine that volume of water falling on such a country with an almost immediate run-off. During a typhoon of this intensity in such steep country, one literally has the feeling that the entire surface is so thoroughly saturated that it might start to flow at any time. This is one of the problems of mining in the Philippines with which you are not confronted in this country.

At the same time, unfortunately, Mr. Clark's other business did not prosper, with the net result that these shares were hypothecated and eventually taken over by the bank. After a dormant period during which the mine was idle, the bank holding the shares, knowing that I had been familiar with the organization of the company, came to me and asked me whether I could not effect some sort of a reorganization or do something which would revive interest in the mine and consequently give the shares held by them a real value.

### Tribute to C. M. Eye

After this disaster, it was more difficult than ever to obtain money to continue the operations. However, fortunately for us, the mill had operated long enough to prove to the general public that there was gold to be obtained in the Benguet mine, which to them was still an isolated spot up in the Igorot country that might as well have been in Timbuctoo.

Mr. C. M. Eye, whom many of you know, pointed this out to us and proved to us that the venture could be made a success. I must admit that Mr. Eye's faith and confidence in the property at this time, together with his ability, displayed in open-

ing further ore bodies and later designing and building a ten-stamp mill, was to a large degree responsible for carrying us through these early struggles.

### Rough going at Balatoc

The mill built by Mr. Eye proved to be a turning point in the career of Benguet. By 1916 we were on our feet and paid our first dividend. Since then, Benguet dividend record has been unbroken. Up to and including the dividend paid in the middle of the year, a total of P47,150,000.00 has been paid in dividend against an original capitalization of P1,000,000.00, which has since been raised to P6,000,000.00 by means of stock dividends. You can easily calculate what P1.00 invested in Benguet at the time of its organization or even as late as 1915 would be worth today.

I should point out, however, that during recent years, since 1929, a part of these dividends has come from profits derived from Benguet's participation in the Balatoc Mining Company. My story would not be complete without a brief recital of the history of Balatoc. These claims were also located in the years immediately following the American occupation by oldtime prospectors, which claims covered known Igorot workings. The work was very desultory, however, and the mine had many setbacks in its early days. There was reorganization after reorganization as stockholders became disgusted and refused to put up any more money. I should mention here that under the Philippine law assessments may not be levied against capital stock. Consequently when the entire authorized capital stock of a company has been



sold and the proceeds of such sales have been spent, the company which has not been successful by that time must borrow money to continue or alternatively abandon active work if no funds can be obtained in this way. The property was, during various stages of its development, submitted to groups of local capitalists and even to some of your very prominent mining companies in this country. One of the latter went so far as to make examination of the property but turned it down. I must admit that I was one of those who at one time held an

(Please turn to page 35)

# The Stock Market

(October 14th to November 10th)

Hugh Robertson  
Ovejero & Hall



*14th October to 20th October, inclusive:* In a week of quiet trading the market continued to display a strong undertone and, although periods of profit-taking were at times noticeable, they failed to attract a following. The net gain for the week was just under one point, the averages closing at 88.31, slightly under the best level for the period, but remained within easy striking range of the so-called "90" resistance level.

The period was not featured with any special news and individual issues fluctuated quietly with the market. The notable exception was San Mauricio which assumed the leadership from Masbate and closed a week of steady appreciation at 84¢ (up 6).

*21st October to 27th October, inclusive:* The week opened auspiciously by piercing the last intermediate high of 89.62 on Friday on moderate volume. Following that, the daily volume increased considerably, averaging more than twice that of the days immediately preceding, while values appreciated steadily. During the period under review, the averages advanced to 96.79—a gain of 8.48 points—on a volume of almost P5,000,000.

Although the gain made by the averages was considerable, it was principally accounted for by broad advances in Antamok, San Mauricio

and United Paracale. On encouraging development news, Antamok advanced 9¢ to 45½ while San Mauricio gained 16¢ to close at P1.00 on strong buying from apparently informed sources. United Paracale gained 9¢ to 45¢ also on good buying. Among the non-producers, Batong Buhay stood out with a gain of .005 to .019¢ on the announcement that the Soriano interests had definitely decided to take over the management of the company.

*28th October to 4th November, inclusive:* In a week of active trading the averages for the second successive week closed in new high ground for the present movement. Friday, Saturday and the morning session on Monday saw steadily rising prices, but on Monday afternoon profit-taking pared earlier gains. On Tuesday and Wednesday, further profit-taking brought the average back under the "100" level, however, after a quiet opening on Thursday good buying was in evidence and the week ended with the averages at a new high, 104.20, after a gain of 5.37 points for the period.

Once again, Antamok and San Mauricio proved to be the leaders, the former closing at 53¢ up 8¢ and the latter at P1.18 up 18¢. It was interesting to note the increasing public interest in two producers in

the Surigao area; Mindanao Mother Lode which advanced 1¼ points to 11¢ due to reports that the company had made a net operating profit of P126,537 in the July/September quarter; and Surigao Consolidated which advanced 4½¢ to 31¢ on good development reports.

*4th November to 10th November, inclusive:* Once again, the averages closed in new high ground, having advanced during the period 6.71 points to close at 110.91 on a volume fractionally greater than that of the previous week despite the fact that Tuesday was a holiday. On no one day was the rise particularly great and it may be possible that certain issues have been quietly consolidating themselves as others have been advancing.

San Mauricio was once again the leader, having gained 52¢ to close at P1.70. Undoubtedly, the announcement of the October production of approximately P440,000 which it has been estimated should show a profit of 2½¢ per share for the month, and the expectation that the November figure will be even higher, was principally responsible for this spectacular rise. In view of Marsman & Company's considerable holding in producing mines, San Mauricio in particular, this equity advanced P13 to close at P58. Other market leaders

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were Benguet Consolidated, Demonstration and Surigao Consolidated.

It may be interesting at this time to look into dividend possibilities for the last quarter of 1939 and accordingly appended below are what appears to be conservative estimates. It must be understood that while these have been compiled with some care, they merely express a private

opinion regarding dividend payments. Quite apart, however, from the accuracy of the following, it cannot be considered other than a meritorious achievement on the part of the management of the various companies that an estimate approximating such a substantial figure can be made for a single quarter of so young an industry.

* ACOJE .....	1c
ANTAMOK .....	1c
ATOK GOLD .....	1c
* BAGUIO GOLD .....	1½c
BALATOC .....	30c
BENGUET CONSOLIDATED .....	50c
BIG WEDGE .....	2c
** COCO GROVE .....	2c
DEMONSTRATION .....	1c
* IPO GOLD .....	1c
I. X. L. .....	3c
** MARSMAN & COMPANY .....	P5. 00
** MASBATE CONSOLIDATED .....	1c
PHILIPPINE IRON MINES .....	P2. 50
+ SAN MAURICIO .....	3c
* SUYOC CONSOLIDATED .....	1c
UNITED PARACALE .....	2c

P	90,000
	275,000
	100,000
	195,000
	1,800,000
	3,000,000
	155,000
	300,000
	100,000
	80,000
	450,000
	940,000
	500,000
	100,000
	255,000
	125,000
	260,000
<hr/>	
P8,725,000	

The present outlook generally is for ultimately higher prices as it appears that the market is in the earlier stages of a bull movement. However, it would be well to bear in mind that some degree of technical correction may be expected, especially as the market index has moved upwards, almost without interruption, since the current movement got underway following the so-called war scare.

**The Balatoc . . .**

*(Continued from page 22)*

ahead, spend big money for equipment and engineers—in other words, to shoot the works. "And we will shoot the works on Balatoc too!" he said.

The Gods smiled. Benguet opened up richer ground than it had ever had. And they went 500 yards up Gold Creek from the outcrop of the first Balatoc vein, and found a wide, rich vein of gold that made Balatoc a mine among mines. Benguet Consolidated now owns 2/3 of the present capitalization of the Balatoc Mining Company, and is, therefore, probably a better investment than the latter, but those quarterly dividends from both companies are declared as regularly as the sun rises.

*(Please turn to page 35)*

\* Corresponds to 1938 half-year dividends.  
\*\* Corresponds to 1938 total dividends.  
+ Basis 8½ million shares.

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# New York Stock Market (November 10th)

By Glendon B. Loveles  
Ovejero & Hall

Numerous conflicting developments during the past month found reflection in considerable irregularity in financial markets.

The release of numerous third quarter earnings statements showing rather sizeable losses in many instances, uncertainty over the results of the railroad fact finding committee, as well as the 1938 fall elections, served to dampen somewhat the bullish sentiment that would normally have resulted from the announcement of a large contemplated utility plant expansion program.

Despite moderate setbacks in some industries, the momentum of the recovery movement has been well sustained and further expansion over the coming months appears reasonably assured. Pace of the recovery thus far has been one of the most rapid on record and common sense clearly indicates that the recent rate of advance cannot be maintained indefinitely. Some slowing down of the recovery movement, however, should be considered as a favorable rather than unfavorable development, in view of the fact that it may be due to the very conditions that may ultimately bring a more sustained and less irregular recovery that might ordinarily be anticipated.

Normally, five months of rising industrial activity cannot be considered as something that would imperil the recovery movement. Continuation of the rise, however, at its recent rate would mean that the 1937 business peak (which took five years to reach) would be attained within 5 or 6 months—all of which would be quite illogical, to say the least.

In short, about the only valid reason for seriously modifying a constructive investment and speculative attitude would appear to be a further over-rapid development of the recovery movement with its consequent dislocation and disarrangement of the economic structure.

Most significant of recent developments, insofar as the business recovery picture is concerned, is the National Defense Program.

Chief elements on the program, aside from obvious ones of Army, Navy and merchant marine expansion, appear to be as follows:—

(1) a public utility expansion program involving the expenditure of some \$3 billions as a first step in strengthening the arms industry areas;

(2) a railroad rehabilitation pro-

gram, in which the sum of \$1 billion has been mentioned;

(3) industrial plant rehabilitation, particularly aircraft, automobile, chemical and heavy industry machine producing plants, with expenditures tentatively estimated at over \$1 billion.

The foregoing appears to be the primary purpose of the program.

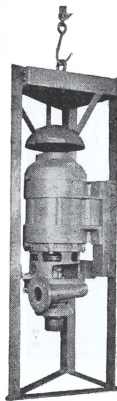
The secondary effects are almost incalculable and may become the dominating market factor, at least over the next year or two.

In such an event, the type of recovery from here on, with emphasis mainly on stimulation of the capital goods industries would be vastly different from the last recovery period when emphasis centered principally in consumers goods industries.

The present favorable outlook for business is further enhanced by recent political trends in which it appears that the American people have taken the first step leading to eventual repudiation of the New Deal and its spokesman.



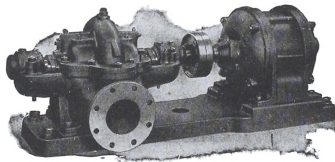
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4 x 3	SK	1750	700	150	400	175
4 x 2 1/2	SKII	3500	600	275	250	425
3 x 2 1/2	SK	1750	325	130	150	145
2 x 2	GS	1750	160	108	100	120
1 1/2 x 1 1/4	SSUIII	3500	120	40	50	110
1 1/2 x 1 1/2	SSUL	1750	120	35	65	60
2 1/2 x 2	SSL	1750	200	90	100	110
4 x 3	SSN	1750	450	90	150	110
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## Culled from the News

**CHROMITE:** Luzon Consolidated Mines and Company, Inc., announced last month that it had 1,800 tons of chromite ore in its stock pile at the company's Lucupan pier, and about 7,000 tons ready for blocking and shipment, all valued at approximately P176,000. Positive ore on the company's property has been estimated at from 100,000 to 125,000 tons,

with an equal amount in probable ore. These deposits are said to have been found within a limited area of about 50 hectares on the company's claims, where several deposits have been discovered, but have not been developed.

Luzon Consolidated made shipments of chromite ore to Japan and Europe from February, 1937, through June of this year. The company has resumed active operations on its property, and last month prepared a sample shipment of 3,000 tons, 1,000 tons of which has been shipped.

**AMALGAMATED MINERALS, Inc.** announced last month that it had started loading manganese ore from one of its properties for shipment abroad. The company did not make any shipments during September, due to inclement weather, it was said.

**BATONG BUHAY:** Engineers of the Bureau of Mines having placed a minimum valuation on the property of P498,488, the Securities and Exchange Commission released P500,000 worth of escrow stock of the Batong Buhay Mining Company.

Ore reserves of the company as of September of this year, amounted to 113,490 tons of ore and 54,914.34 ounces of gold with a value of P3,844,004.80, according to a statement made by *Thos. I. Weeks*, president of the company. The estimate of the ore reserves does not include the silver estimate of about one ounce per ton, valued at about P120,000, and about 43,125 tons of possible ore, estimated to be worth P1,500,000.

**IPO:** Development work at *Ipo Gold Mines* is being pushed as rapidly as possible by *Benquet Consolidated*, operators, with a view to increasing the plant's capacity, should results justify it. The main shaft is down deep—to 1,100 feet—and a crosscut is now being driven to cut the vein. Added ore reserves, if any, cannot be estimated until this crosscut reaches its objective.

**IRON:** *Gold Star Mining Company* shipped 5,500 tons of iron ore to Japan on the *S. S. Binaa* last month,

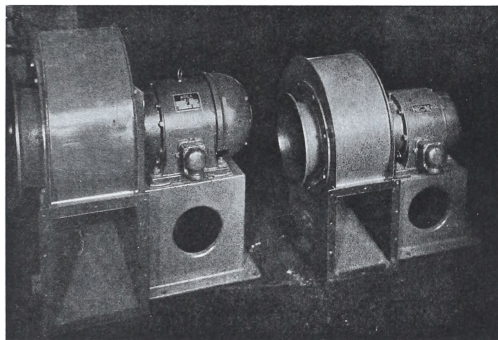


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**RALSTON:** A. W. Ralston, long-time president of the Manila Machinery and Supply Company, and active head of Demonstration Gold Mines, and of Benguet Exploration, returned early this month from the United States. Mr. Ralston was gone for five and 1/2 months, during which time he travelled over the northern United States and southern Canada. He made a visit to his home town, Omaha, his first in 30 years.

**BENGUET EXPLORATION:** turned in a slight lower production figure last month than for September—P21,441.96 against P22,323.80. Demonstration's P144,365.72 was slightly higher, although tonnage milled was appreciably lower than for September, indicating higher

## What the Diggers Are Doing

mill-heads than Demonstration has enjoyed of recent months.

Demonstration has undertaken an extensive development\* program this year with two objectives on its own property, it is extending its known vein systems below the 600 level, and it is understood that recent development on the 700 level has indicated the existence of some higher grade oxide ores. The company is also developing the Benguet Exploration claims which are now producing in a small way, and which are said to show great potentialities.

**SORIANO:** Three gold producers of the Soriano interests earned a total of P1,400,000 during the three months ending September 30th. The figures are exclusive of depreciation

and ore depletion.

Antamok earned P519,927.16, or P0.0189 per share. Masbate Consolidated turned in P447,022.44, or P0.00894 per share, while I. X. L. earned P428,133.35 during the period, or P0.0285 per share.

During the first nine months of this year, I. X. L. has made a total "cash" profit per share of 8.45 centavos. \*Assuming that the profit for the fourth quarter will be as large as that for the third—and there is reason to believe that it will be larger—the "cash" profit for 1938 should be 11.30 per share—comparing with 7.55 centavos in 1937.

Masbate's nine-month profit amounts to 1.894 centavos per share, which compares with the full-year 1937 profit of 1.67 centavos. Masba-

\*Hess & Zeitlin



### REDUCING THE RISK

The word corporate *security* is a misnomer. It should be corporate *risk*.

Every investment is a risk which is constantly exposed not only to the effects of social, economic and monetary changes, few of which can be foreseen, but also to inter-company operations and activities. No investor can ever protect himself against all risks inherent to the ownership of securities.

But it is possible, even in these uncertain times, to minimize the risk by following a flexible investment plan adopted to your individual objectives.

Reducing the risks can be accomplished by basing each original investment decision on complete, accurate and up to the minute information.

This principle must not be confined only to original purchases but should be used periodically in making "realistic reappraisals" of your portfolio.

Merely to keep abreast of events and individual company operations, to separate rumors from facts and to arrive at intrinsic values in the present markets is more than a full-time job. To separate those securities which have discounted future possibilities from those which have the greatest opportunity for sound appreciation is beyond the capacity of the individual investor.

To minimize successfully one's investment risks means monthly, daily and even hourly *reappraisal* of investment values. This is a job that Hess & Zeitlin, Inc. is equipped for and that it is now doing for many individual and corporate investors.

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# THE MINING INDUSTRY AT A GLANCE

Started Milling	MINE	Authorized Capital in 1000 pes.	Par Value	Capital Paid to Date	Daily Capacity	Tons Milled Oct. 1938	Oct. 1938 Gold Production	Average value per ton	1938 Production to date	Surplus or Reserve	Last Dividend	Total 1938 Dividend to date	Total 1937 Dividend	
1932	Antamok	3,000	0.10	2,750,000	750	23,093	P 365,533.36	14.74	P 3,857,192	P1,320,550	July '38 P0.02	P0.04	Cash P0.10 Stock 100%	
1930	Banguio Gold	2,000	0.10	1,300,000	250	9,732	155,923.56	15.99	1,405,118	117,222	June '38 0.01	0.01	0.015	
1927	Bulacog	6,000	1.00	6,000,000	1,200	37,553	1,682,506.56	38.29	16,692,747	2,192,410	June '38 0.30	0.90	Cash 1.35 Stock 50%	
1913	Benguet Cons.	6,000	1.00	6,000,000	1,000	33,608	959,067.44	29.06	9,817,341	4,963,954	June '38 0.30	0.90	1.00	
1931	Benguet Expl.	1,500	0.10	500,000	100	3,054.9	21,441.96	6.59	215,571	7,963	Dec. '36 0.01	---	---	
1938	Big Wedge	2,000	0.10	777,401	150	6,465	140,696.51	21.97	1,594,932	247,133	June '38 0.01	0.03	---	
1935	Cal Hor	2,000	0.10	777,401	200	6,466	14,957.54	17.17	992,490	---	---	---	---	
1936	Coco Grove	1,500	0.10	1,500,000	13,000	345,710 yds.	95,102.50	0.28	1,963,212	---	---	---	---	
1934	Demonstration	1,000	0.10	1,000,000	500	9,062	141,365.52	16.01	1,497,975	249,358	June '38 0.01	0.02	0.04	
1936	East Mindanao	1,000	0.10	1,000,000	100	3,236	38,309.36	14.93	395,754	6,672	---	---	---	
1934	Mindanao Mining	1,000	0.10	700,000	100	48,821	18,674.00	0.59	80,969	---	Jan. '36 0.0075	---	---	
1934	Ipo Gold	1,000	0.10	799,794	200	6,304	103,519.98	16.42	775,637	28,256	Mar. '38 0.006	6.011	Cash 0.615 Stock 9%	
1925	Ilozon	2,000	0.10	2,000,000	1,000	32,480	371,043.56	11.42	3,485,415	929,438	July '37 0.0075	---	---	
1931	IXL Mining	1,500	0.10	1,500,000	250	12,237	268,005.26	21.63	2,586,855	443,560	July '38 0.04	0.07	Cash 0.6125 Stock 68%	
1937	Mindanao M. Lode	2,000	0.10	2,000,000	200	1,309	165,622.94	38.52	1,655,485	---	---	---	---	
1935	Masbate Cons.	5,000	0.10	5,000,000	2,000	76,665	424,435.00	5.54	3,459,590	810,330	---	---	---	
1937	North Mindanao	800	0.10	355,220	2,000	---	---	---	145,157	---	---	---	---	
1938	Paracale Gamaus	600	0.10	496,000	cu. yds.	3,253	57,335.74	17.63	3,092,414	---	---	---	---	
1936	Royal Paracale	2,000	0.10	643,800	100	2,706	25,247.64	0.33	197,638	---	---	---	---	
1936	San Mauricio	800	0.10	800,000	300	9,332	410,168.51	47.17	3,042,458	740,231	Dec. '36 0.04	---	---	
1938	Santa Rosa	1,500	0.10	1,000,000	---	6,000	89,952.82	14.92	699,875	---	---	---	---	
1938	Surgico Cons.	1,200	0.10	984,334	---	---	---	---	349,491	---	---	---	---	
1934	Suyoc Cons.	1,250	0.10	1,250,000	350	6,627	150,254.39	21.16	1,387,947	364,751	July '38 0.01	0.01	0.01	
1939	Tambis Gold	4,000	0.10	390,850	1,200	43,126	13,700	0.82	136,762	390,560	Jan. '38 0.0175	0.0175	---	
1938	Twin Rivers	1,000	0.10	683,550	---	21,197	35,453.41	1.47	361,990	---	---	---	---	
1938	Masbate Gold	1,500	0.10	1,350,000	275	---	2,275.44	6.07	63,407	---	---	---	---	
1937	Tingao Cons.	1,000	0.10	500,000	1,256	---	---	---	237,232	---	Dec. '36 0.03	---	---	
1935	United Paracale	1,300	0.10	1,100,000	350	9,701	227,362.79	23.18	2,184,636	388,807	Sept. '38 0.02	0.03	---	
1938	Mapaso Goldfields	1,500	0.10	1,100,000	---	258.46	4,776.80	---	31,392	---	---	---	---	
1938	Nabugo Gold & Sil.	600	0.10	300,000	---	278.21	3,063.91	---	19,687	---	---	---	---	
Total							P5,505,847.17		P28,404,150					
Gold Production for September 1938							P5,447,796.36		Gold Production For Sept. 1937					P4,535,318.86

te has made substantial improvement in earning power this year, the profit for the last three months exceeding that for the first six months. Masbate's production last month was some P20,000 under that of the spectacular September figure, but still was substantially higher than Masbate has been used to,

and it is reasonable to expect that the fourth quarter cash profit will exceed that for the third quarter.

Antamok, on the other hand, will probably not equal in 1938 its per-share profit for 1937 of 10.94 centavos. However, Antamok has been a great favorite on the stock exchange in recent weeks, on reports that efforts to locate higher-grade ore at lower levels have been successful. Antamok's "cash" profit for the first nine months of the year amounts to 6.19 centavos per share.

**MARSMAN:** San Mauricio, which has boomed spectacularly on the stock exchange recently, established another new high in gold production in October, for the second consecutive month. The mine turned out P440,168.51 from 9,332 tons of ore treated—beating September by more than P60,000.

United Paracale's P227,362 was about P2,000 better than its previous record. Total output of the four lode and one placer operation of the Marsman interests was P1,302,605.75.

Coco grove again approached P100,000, as the two dredges approached high-value ground.

**HAUSSERMANN:** Benguet Consolidated and its three allied gold producers again increased production last month. Total tonnage treated was 83,531, worth P2,239,551.52—about P100,000 more than for the month of September.

It was announced that both the Benguet and Balatoc plants are now well on their contemplated program of expansion to a 2000-ton daily capacity. Balatoc, in fact, is now treating 1,325 tons of rock a day. While the increased production will probably not materially increase the earning power of either company, it will enable them to mill lower grade ore at a profit, and thus greatly prolong the life of both mines.

Judge Haussermann stated in a speech before the Mining Congress in Los Angeles on October 25th, that he entertains high hopes that the Masinloc chromite deposits of Consolidated Mines, which Benguet is operating on contract, will eventually prove to be commercially useful. He stated that recently a method has been devised for utilizing the ore in the manufacture of metallurgical products, hence, "we look forward to an expansion of our business into other fields of chromite consumption at an early date".

The Masinloc deposit is the largest-known deposit of chromite ore. Through diamond drilling and underground workings, 9,000,000 tons of ore has been shown, in a single body. In addition to this huge deposit, there is at least 1,000,000 tons of talus and float ore around the base of the hill referred to. Shipments of the ore were suspended last year, due to its low-grade characteristic, which restricted its use to

(Please turn to page 32)

## OVEJERO & HALL

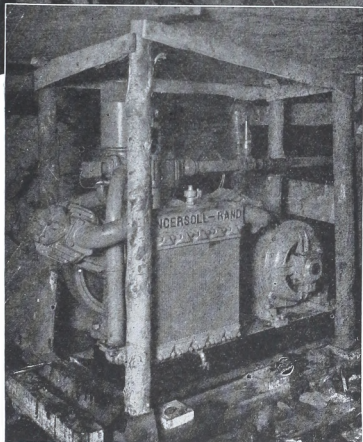
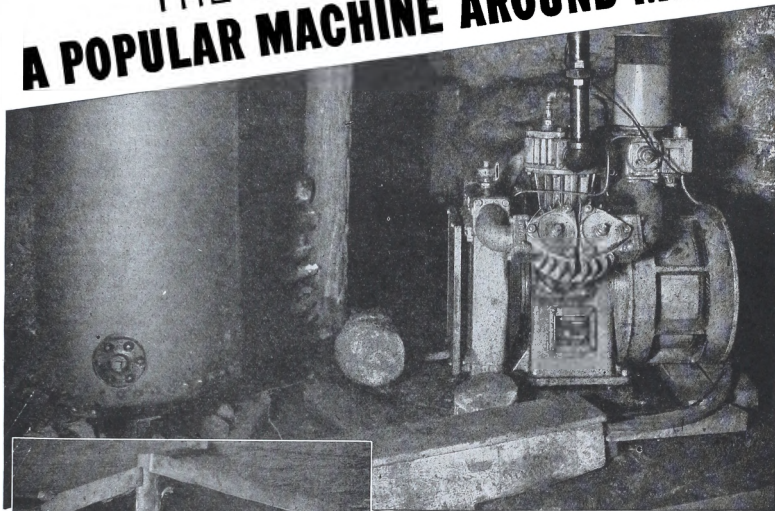
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## What the Diggers . . .

(Continued from page 30)

the manufacture of refractories. If Masinloc chromite can enter the metallurgical field, profits to both Benguet and Consolidated Mines will be enormous.

**NIELSON:** Three properties operated by Nielson and Company, Inc., had a gross operating revenue of P221,020.28 last month. This production is approximately P16,000 greater than that of the previous month.

Paracale-Gumaus established a new all-time high monthly record, with P57,335.74 worth of gold bullion and concentrate from 3,253 tons of ore treated. The record was P9,000 over that of September.

Lepanto's P105,164 worth of copper concentrates was also some P9,000 over that of September. Lepanto has some good long-term contracts for the disposal of its output, and these contracts assure the company of a good profit on its copper. Clyde A. DeWitt is active in the management of Lepanto's affairs.

**ATOK-BIG WEDGE:** According to Hess & Zeitlin's market letter of October 29th, sometime last month the net profit of the Big Wedge-Atok contract began to be divided 50-50. This means that, some time during October, Atok's investment in the Big Wedge project was fully repaid out of 60% of the profits of the mine, and Atok's interest in the profits was decreased

by 10% and Big Wedge's interest increased by a corresponding amount.

This same source states that, for some time now, Big Wedge has held on hand P132,195, representing an amount now in litigation over the purchase price of certain claims. H & Z state that it is understood that negotiations are now under way looking toward an out of court settlement, and that if the settlement is concluded, Big Wedge will be able to transfer a substantial amount to cash, and may be able to double its December dividend to 2 centavos. However, it is pointed out that any speculation on this matter must bear in mind "the impending 'escrow' stock settlement".

**PAN-PHILIPPINES; TREASURE ISLAND:** The new mill completed on the property of the Treasure Island Mining Company by Pan-Philippines Corporation operators, commenced turning over on October 8th. The mill is of interest to millmen and metallurgists, since it uses what is known as the "Vandercook process" of extraction. C. A. Vandercook was himself on hand at the inauguration of operations, having arrived via Clipper from the States a few days before.

The mill is said to be one of the finest of its kind, precision-built in an effort to anticipate every difficulty and future need. Every piece of machinery is new and of the most modern design. The electrical equipment, most of which was ordered from Western Equipment and Supply Company, is all of the very latest and most expensive type. Among other features is incorporated a system of electrical control whereby motor circuits are not only brought to a central switchboard, but are controlled at each piece of equipment. Construction work was supervised by Gary Wells, expert millwright brought over from the States. E. Friedman, who has had several years' experience with the Vandercook process, is in charge of the mill as foreman.

It was thought that extra money spent on the plant at this time would pay dividends in lower-than-average payrolls. The mill is operated by relatively few men, it was stated.

Regarding production, the mine operators announced that the mill exceeded its rated capacity during the first month of operation, and treated 120 tons of ore a day. Exact production figures for this first month were not available as we went to press. Positive and probable ore at the 250-level on what is known as the A-vein approach P4,000,000, of high-grade ore and it is stated that this estimate does not take into account known ore bodies in other sections of the property, on which little development work has been attempted.

Mr. Orlando McCraney, chief engineer in charge of all Pan-Philippines operations, is in complete charge of the work at Treasure Island. The claims are located on the island of Lahuy, off the coast of Camarines Sur.

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### Culled from . . .

(Continued from page 28)

from the port of Balabacan. The company now ships ore twice a month.

**SURIGAO CONSOLIDATED:** Apropos of recent advance of this stock to 22-1/2, *Hess and Zeitlin* comments: "(the advance) is believed to be attributed to the fact that underground development work is opening up so favorably that ore reserves by the end of the year should be greatly increased. The company's main shaft is now below the 200 level, and at the 200 level all necessary equipment has been in place for some time. After crosscutting a short distance, the company started drifting on its main systems, and over a length of approximately 100 feet, it has found two separate mineralized zones. Drifting has been done on both zones, and values have generally exceeded the average on the 100 level.

"According to a recent report, it is expected that a larger tonnage of ore with a higher average value will be developed on the 200 than was opened up on the 100. The equipment for the addition to the mill is being received, and the foundation and buildings have been completed. A larger tonnage and a better rate of extraction should start within a few months."

**CONSOLIDATED MINES:** Produced metals valued at P128,270 from 5,788 tons during the third quarter of 1938. This means an average recovery of P22.23 per ton. Total production for the first nine months of 1938 is P354,373 from 13,354 tons, or an average recovery of P26.53 per ton. Operating costs totaled P230,028 during the period, leaving an operating profit for the nine months of P124,345. During this same period, the company has spent P108,159 on capitalized mine development. Mill recovery has averaged 87.04%.

**SOUTHWESTERN ENGINEERING** Company of the P. I., Inc., announced last month that *Fremont F. Clarke*, who has been assistant general manager of *Developments, Inc.*, and of *Mine Operations, Inc.*

for some time, has been promoted to the position of active vice president of Southwestern. Mr. Clarke will supervise the purchasing department, and assist in the sales and engineering end of the company's activities.

Southwestern, which is affiliated with *Developments, Inc.*, *Mine Operations, Inc.* and *Syndicate Investments, Inc.*, is now constructing milling plants for the *North Camarines Gold Mining Company* in Paracale, and the *Capsay Mining Company* in Masbate, and is preparing plans for several other mills in the Philippines. *Mr. S. E. Stein* is the manager of the company in the Philippines.

**NALESBITAN MINING COMPANY, INC.** is another company which has awarded Southwestern a contract for the erection of a mill. The Nalesbitan mill will be of 200 tons daily capacity, and is being erected on a basis of cost plus 10%.

Nalesbitan has offered P474,000 worth of stock for sale to the public, and has obtained a permit from the SEC for the issuance of all of its authorized capital of 1,000,000. The remainder, or P526,000, will be issued to the participants of an association called the Nalesbitan Venture, in full settlement and purchase of all of their mining properties together with all improvements and equipment thereon. The SEC has approved an arrangement whereby the original participants will be paid in shares at par value to the amount of P400,000 in active shares, and P126,000 in "escrow" shares.

The most conservative engineering report, that of the engineer for Nalesbitan Venture, indicates developed ore to the amount of 200,821 tons, which is a sufficient reserve to operate the mill for 3 years. It is estimated that the ore thus developed runs P13.77 per ton. No possible ore is included in the estimates.

*M. E. Hubbard, P. F. Boswell* and *W. W. Lowry*, engineers connected with *Developments, Inc.*, have each submitted enthusiastic reports with regard to the property.

*Mr. C. F. McCormick*, formerly a member of the brokerage partnership of *Mackay and McCormick*, is handling the sale of the stock issue, for a commission of 7-1/2%. Directors of the Nalesbitan Mining Company are: *Francoise Ortigas, Jr.*, President, *H. J. Belden*, vice president, *A. L. Thompson*, *A. M. Amend* and *P. A. Gulick*. *Mr. C. L. Spencer* is the general manager.

**LIGUAN COAL MINES**, said to be the only organization producing coal in the Philippines, has announced that its average monthly production for the first nine months of 1938 is 3,278 tons—an increase of about 1,000 tons over last year's average. Total production for the same period is 29,503 tons.

*Mr. F. M. Saleeby*, manager of the Liguian company, stated that two-thirds of the coal output is bought by the Manila Electric Company, while the rest is taken by boats which dock at Liguian for refueling. The property of the company is located at *Batan Islands, Liguian, Albay*.

**PHILIPPINE-NIPPON MINING COMPANY** shipped 900 tons of manganese ore late last month, to Japan, the company announces. Announcement was also made of a big order for 9,000 tons of manganese to be delivered next year to Japanese buyers. The order will be filled in monthly shipments of 800 tons.

**MINE FACTORS, INC.** reports a production of 4,800 tons of manganese ore last month. This figure is slightly less than that for the preceding month. Value of the October production is P86,000.

**PHILIPPINE IRON MINES:** Turned out a thumping 66,180 tons of iron ore during October, valued at P297,810. This production is P7,245 greater than that for September.

Meanwhile, **SAMAR MINING** Company produced P65,000 worth of iron from 14,500 tons of ore during October. This company is a relatively new iron producer.

**MINE OPERATIONS—CAPSAY:** An announcement from officials of Mine Operations, which is developing the Capsay mine under contract, was to the effect that mill construction and shaft sinking at the mine is proceeding to completion at a rapid rate. The 600-horsepower plant installation is now being broken in, and as soon as sufficient running hours have been accumulated, the plant will be put into actual operating use. All heavy mill equipment recently shipped from Manila has arrived at the property, and mill foundations are being laid. The main shaft, which will be used to mine the high-grade ore in the Nabob Vein system, has reached its objective—the 240 level. An additional fifteen feet will be sunk for a sump, and a station cut, preparatory to cross-cutting the Nabob vein at much deeper levels.

**SANTA ROSA** Mining Company, Inc., made the following announcement on October 26th:

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"In June of this year the Santa Rosa Mining Company petitioned the Securities and Exchange Commissioner to authorize the release of its shares held in "escrow", after our mining engineers have submitted a report to the effect that we had reserves worth P4,800,000. Acting upon this petition, two engineers of the Bureau of Mines were sent to our mines, to make the necessary examination of the property; they inspected all the tunnels for about fifteen days, and have taken samples personally of our ore in accordance with the regulations of said Bureau, which samples were assayed afterwards in the Government Laboratory giving an average value of P32.80 per ton, after which the engineers of the Bureau of Mines, in their report submitted to the Securities and Exchange Commissioner regarding this particular, confirmed that on June 30, 1938 we had ore reserves worth P3,631,208. In view of this, the Securities and Exchange Commissioner authorized us last Saturday to release the shares of this Company held in "escrow". On the 29th of this month, the books of the corporation will be closed for transfer on the so-called "Old Santa Rosa Stock". It is requested, therefore, that all holders of the same present to the Secretary of our corporation their corresponding certificates of stock which have not yet been transferred properly in their names in the books of the corporation, so that we may execute the necessary transfer not later than October 29, 1938, and before the "escrow" shares are delivered to their owners." (50,000,000 shares)

### The Balatoc . . .

(Continued from page 24)

The arrangement with Benguet was made in 1927—just a year after Hausserman had arrived to close Benguet down. Benguet Consolidated agreed to spend P600,000 in putting a 10-ton mill on the Balatoc property, and got 600,000 shares of Balatoc in return—all of the shares which were still available. By 1929, the P600,000 had been repaid, and enough more so that a small dividend was distributed.

Benguet Consolidated, the courts have decided, is not a corporation, but a *sociedad anonima*, which existed under the old Spanish Code of Commerce, and is not bound by the provision of the law preventing a mining company from owning stock in another mining company.

Paul Gulick, who participated in the long struggle with the Balatoc property from start to finish, and who more than any other one man is responsible for its success, says that his experience has convinced him that mining is not a matter of luck. "It's the same as any other business", he says, "you've got to use good horse sense in mining the same as you do in merchandising, shipping, lumbering, or anything else. Luck? Sure there's luck, but there's luck in any other game".

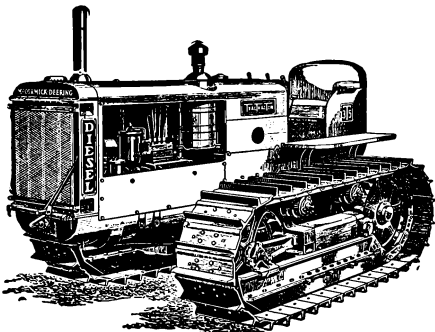
He's probably right. Certainly Benguet and Balatoc are managed today in the very best conservative business tradition. But we are curious about one thing: suppose they hadn't gone 500 yards farther up that creek?

### Mining in the . . .

(Continued from page 24)

option on the property and relinquished that option due to the adverse result of development. To make a long story short, in 1927 the Balatoc Mining Company, who at that time was in possession of this area of mining claims, again found itself financial-

ly unable to carry through the development of the mine. They appealed to the Benguet Company and an arrangement was finally made under which Benguet would build a 100-ton mill and carry on development of the mine at an estimated expenditure of P600,000.00. In return for the P600,000.00 spent, Benguet was to receive 600,000 shares of Balatoc stock, the full amount of stock still available and for any expenditures beyond P600,000.00 Benguet was to be returned such amounts with 6% out of the first profits. We went at this job very energetically and by the end of the following year had completed construc-



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tion of the mill. The mill started operation in January, 1929, and by the end of 1929, Benguet had been repaid its expenditures over P600,000.00, amounting to about P900,000.00 together with interest and a small dividend was distributed.

### Chromite with gold profits.

Since that time, Balatoc has never looked back. It has distributed, up to and including the June, 1938 dividend, a total of P32,100,000.00, and, at the same time, its original capitalization of P1,000,000.00 has been increased to P6,000,000.00 by means of stock dividends. At the present time it maintains a regular production of one million pesos (\$500,000.00) a month and its mill capacity of 1,200 tons per day is being further increased to 2,000 tons per day. While I may be prejudiced of course, I believe that we have at Balatoc, an operation which will compare favorably with any in this country or in the world, for that matter, from the standpoint of efficiency and the percentage of the gross production which is eventually paid to the stockholders as dividends. This figure averages about 55% which, I am told, is an exceptionally good performance for a mine handling medium grade ore, that is, ore running \$7.00 to \$8.00 at the old value.

A few years ago, partly because I felt that Benguet, having been successful and

occupying first position among the mining companies in the Philippines, should take the lead in building up the mining industry of the Philippines, and partly due to a desire to diversify its interests in interests in order to provide additional protection for its stockholders, a decision was made to extend the scope of Benguet's operations into other fields. Due to the limitations imposed by the corporation law of the Islands which provides that a company or an individual owner holding more than 15% of the capital stock of one mining company may not own stock in any other mining company, the development of other properties was undertaken under a so-called operating contract. The basis of this contract was that Benguet assumed the position of an independent contractor and engaged to complete development, erect a mill and do whatever other work was necessary to bring the mine into production. The compensation for this was a stipulated share of the net profits after Benguet's investment had been repaid. Under such contracts, several other properties are now being handled.

Among these are two chromite properties which I believe will interest you. One of these, known as the Florannie Mine, was the first chromite deposit found in the Philippines. Some 70,000 tons of ore which will average better than 50% chromic oxide, has been shipped from this property so far. The other is known as Masinloc and is, I am told, the largest deposit of chromite in the world. This deposit forms the top of a small hill and has a roughly circular outcrop about 1,000 feet in diameter. The deposit has been thoroughly developed by diamond drilling and underground workings. The exposures thus obtained, together with those of the surface, show a chromite lens of at least 9,000,000 tons in a single body. In addition to this, there is easily another 1,000,000 tons of talus and float ore around the base of the hill referred to. Unfortunately, this ore is not of the same high grade as the Florannie ore; its average chromic oxide content is about 33%. So far its principal use has been for the manufacture of refractories for which the combination of 33% chromic oxide and 30% aluminum oxide which it carries, make it particularly desirable. Lately, however, a method has been devised for utilizing this ore in the manufacture of metallurgical products. Hence, we look forward to an expansion of our business into other fields of chromite consumption at an early date.

### Educating Miners

There is an interesting story in connection with the discovery of the Florannie deposit. A mining engineer happened one day to notice a native using a black whetstone for sharpening his bolo. He also noticed that the mud resulting from the sharpening operation was a chocolate brown color.

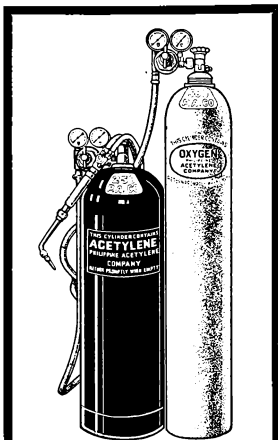
From this he surmised that the whetstone might be a piece of chromite and had the whetstone tested. It proved to be high grade chromite ore. His next problem was to learn the source of this ore. He went back and spread the word around that he was looking for "taisan," which in that particular locality is the native word for a sharpening stone. All kinds of sharpening stones were brought to him, black, white and green. Among them there was some chromite. He then asked the man who submitted these particular pieces of chromite whetstone to show him where he obtained the same and was taken back some 15 kilometers into the hills and shown considerable quantities of chromite float. The area was staked as chromite claims and eventually the principal lens, known as Landoc, was found. Since that time, the natives themselves have learned to identify chromite as such and native prospectors now search for it as they do for gold ore.

This story is an excellent illustration of one of our chief problems, that of education of native personnel in mining. Aside from a handful of Igorots in the hill provinces, the Filipinos knew nothing of mining. We had no skilled mining labor such as you have in this country and in Mexico. It has, therefore, been necessary for us, each time that a new mine is started, to take raw laborers who have never done anything but fish and grow rice and train them into miners, mill men, electricians, mechanics and all of the many other occupations that are necessary in a mining operation.

### Boom Raids

Generally speaking, this education is an expensive process. It takes at least a year or two before a man is reasonably familiar with underground work and much longer than that to develop skilled mechanics. Eventually, however, we get some very good men. It is a great source of pleasure to me to walk through our extensive machine shops and see Filipinos turning out work on lathes, gear-cutting machines, electric welding and so forth, that is just as good as anything we receive from the factory.

This situation, I might say, introduced another problem into our operations, possibly the most serious one we have had to face. Three years ago there was a mining boom in the Philippines. New companies were coming out daily and each of these new companies had to have immediately a superintendent to sign development reports and a Filipino foreman in the field. Our companies, having developed the expert personnel that I have just described through years of operation, was continuously raided for expert personnel both among the American operating staff and among skilled Filipino personnel such as mine foremen, mechanics, electricians and so



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forth. In each case there was only a man or two concerned, hence almost any wages could be paid. The public was paying the bill anyway. These raids were so extensive that in a short time we found that a sufficient number of our key men had left to seriously affect our operations. Operating costs and accident rates started to go up. Since that time, many of these men have returned and others have been educated so that we are now back on a normal operating basis.

### Cheap labor comes high.

Along with the deficiencies of training found in the ordinary Filipino laborer, there are other deficiencies which are in themselves serious problems. For instance, the average Filipino weighs probably not more than 125 pounds so that no matter how willing he may be, in many cases he is simply not physically able to do heavy underground work. Moreover, he has behind him generations of malnutrition due to a limited rice and fish diet, so that he has little stamina. We have met this problem first by issuing a daily rice ration to each of our employes, thus assuring him and his family of food, and secondly, by establishing very complete commissary stores in which our employes are given credit privileges and where they can buy, not only native foods, but all of our standard American foods. We have gradually developed in them a liking for the more strengthening foods such as we are accustomed to and a desire for a more varied and balanced diet. Accurate records of physical examinations made by our medical department show that there is a marked improvement in the general average of our laborers both in physical measurements and in resistance to disease. They will, of course, never be the equal of the American miner physically and it will always take a great many more of them to do a specified piece of work than it would here in the States, which nullifies the effect of lower wages. In spite of the much lower wages—we pay an average of about \$.95 a day—our labor costs per ton of ore are just as high as they are there.

Another problem arising out of the native worker is the psychological one. Not only his mental processes, but his whole outlook on life is entirely different from ours. He has the fatalism of the Orient which makes him mentally lazy and unmindful of danger. This same fatalism makes him an individualist in his work. He will not give a helping hand to a fellow workman in trouble nor does he expect to receive one. A man gets his car off the track for instance. Dozens of other men will walk past him without saying a word nor will he ask any of them to help him. He sees another man in a dangerous situation, under some bad ground, for instance. He will not warn him

of the danger and he will not expect to be warned under similar circumstances. There is no natural cooperation whatever. This attitude led to a great many unnecessary injuries to our workmen. Gradually, however, we have developed in them an idea of team-work and cooperation and an intense interest in safety first movement. They like first aid drills and mine rescue drills, and the rivalry between teams and between different levels in the matter of safety records has become so effective that I am glad to say that our mines now show a better record than any underground mine in the United States, according to the records of the National Safety Council. Balatoc has twice passed the 500,000 man hours mark without a single lost time accident while Benguet has one such record to its credit. These records are really remarkable when you remember the difference in the mentality of the average Filipino workman as compared with the average American workman.

Another problem which can be traced to the psychology of the oriental is his utter disregard for the future. Usually, he will not save any part of his wages. If, for instance, a man is paid \$1.00 a day and it is necessary for him to work six days a week in order to support his family on that wage, a wage increase to \$2.00 would usually result not in an increased income to him but he would simply work three days instead of six days. Thus, we have the rather anomalous condition that an increase in wages results not in more contented personnel but in a large labor turnover. If left to his own devices, the average workman, rather than have

any responsibility whatever as to the future, would rather work for a very low cash wage with the employer responsible for the clothing and sustenance of his family. This, no doubt, is an outgrowth of the old patron system followed during the Spanish regime.

### The "clippers" are a godsend

Aside from our native labor problems which, as you can see, contrary to the general belief, tend to increase labor costs rather than decrease them, we, of course, also have to contend with higher cost of materials due to the long ocean freight involved. Such increase in the cost of supplies, I should say, amounts of 10% of the first cost. This is not all, however. Particularly in these later years when there has been almost a continual threat of shipping strikes here on the West coast, we have been forced to carry at least a year's supplies on hand. Furthermore, due to the time element involved in obtaining spare parts, we are forced to carry spares of large items, such as Diesel engine crankshafts, for instance, a burden which in this country would ordinarily fall on the manufacturer. Thus, we have a great deal of money, tied up in inventories. Again because of our isolated position, we cannot obtain the manufacturer's service that is made available to mine operators here. We have to look out for ourselves and be prepared to make almost anything.

In this connection, I should like to pay a word of tribute to Pan-American. Their Clipper service has been a godsend to the mining industry in the Philippines. Hereto-

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fore, any drawings showing specifications so detailed that they could not be cabled, took a month to reach here. Allowing a week for reply and another month for the reply to reach the Philippines, over two months was necessary for each exchange of correspondence. Now, in addition to ordinary business correspondence, all such matters can be sent by Clipper. For instance, we place an order for a certain piece of machinery. The foundation plans come forward on the next Clipper and within a week after placing the order, we can start work on foundations. Furthermore we can avail ourselves of the Clipper express service and bring out small repair parts, thus in many cases, saving a month's delay. Considering the problems that Pan-American has had to face in establishing this service, I think the results accomplished have been wonderful.

### **A word of warning**

Speaking of mining supplies, we have another element which you do not have here, namely, competition from European manufacturers. Here, tariffs are so high that generally speaking mining machinery and supplies of European origin are not used. The Philippines, however, has its own tariff laws. American products are admitted duty free. There is rather heavy duty on European products but in spite of this, production costs are evidently so low and the desire for cash so great, that European manufacturers often underbid American manufacturers by a substantial amount. They have their agencies and service facilities established there and get considerable business. Moreover, there is severe Japanese competition. Before this trouble started, they submitted prices on standard mining supplies such as dynamite, cyanide and carbide which are only about half of the American prices on these articles. We, ourselves, have never patronized Japan and have only patronized European manufacturers in rare instances. However, I would issue a word of warning to American manufacturers that they should not overlook these competitive elements which exist in the Philippines if they want the Philippine business.

Another problem we have to face, which grows out of this same question of increased cost of mining supplies, is the abnormally high cost of power. A great deal is said about hydro-electric power possibilities but I can tell you that on the Island of Luzon, at least, these do not exist. It is true that there is a much heavier rainfall than here but this rainfall is so seasonal and so destructive, that it cannot be taken advantage of in the development of hydro-electric power. The trouble is that the topography offer no storage areas. The dams built in connection with hydro-electric projects now operating, are not storage dams but merely diversion dams which give an increased head. During the dry season, the flow dwindles down to a mere trickle

so that auxiliary power plants must of necessity be installed, while in the wet season there is so much erosion due to the heavy rainfall that any dam which could be built would be filled with debris in a single season. Hence, there is no cheap electric power available. As to steam plants, there are no adequate coal resources in the Philippines. The coal now being used is imported mostly from Japan.

### **"Immediate absolute and Unqualified Independence"**

The only solution to our power problems, therefore, lay in Diesel engines. We installed our first Diesel engines as a dry-season standby for our Agno hydro-electric plant of 1,500 kilowatt capacity. Now we have altogether over 10,000 installed horse power in Diesel engines and are at the present time installing an additional 2,500

always been clamoring for independence and President McKinley stated at the outset that such independence would be given them when they were ready for it. As the administration gradually passed from the hands of the Americans into the hands of the Filipinos, this uncertainty as to the future became more marked and a more immediate uncertainty arose due to the question of mine taxation. I have already told you of the uncertainty which still exists regarding the status of mining claims located before the inauguration of the Commonwealth Government, many of which contain proven ore bodies and some of which have mills built on them representing very large investments.

### **The Philippine Mining Industry is a chip off the old block.**

Once this last uncertainty of the property rights of Americans both during the remainder of the transition period and after independence is removed, we will have left only the uncertainty as to mine taxation which, of course, is present in every country. At the present time mines are taxed on gross output on a sliding scale, in the case of gold mines, ranging from 1½ per cent to 5½ per cent. In addition to this, we pay a corporate income tax of 6 per cent on the net profits.

So much for our problems. I have tried to include only those points which are peculiar to our operations in the Philippines. To offset these, we have, of course, many advantages which are peculiar to the Philippines, such as the absence of cold weather; freedom from wars and insurrections and comparative freedom from social unrest and from the regimentation which are now so seriously affecting industrial operation in this country. I must say that the Philippine Government, although still the youngest government in the world, has adopted a tolerant and fair-minded attitude towards industrial enterprises which might be emulated to advantage in many other countries. In the mining industry, this is possibly due to the respect for the oldtime Americans connected with the mining industry, which has grown out of long association. Both the Filipino people and administrative officials recognize and appreciate the material benefits growing out of the establishment of this industry. The Americans who have been there since the early days and have watched the present administrative officials grow up from boyhood, have always been fair and aboveboard with them and have tried to advise them in their growing responsibilities. I, for my part, am very proud of the part which I have played in this development and am most happy to have lived long enough to have seen the establishment of such a stable industry. The Philippines produced in 1937 more gold than any state in the union including Alas-

(Continued on page 42)



horse power. All of the fuel oil used must be transferred from Manila in tankers about 200 miles and then hauled by tank truck another 40 miles to the mines. Power costs are, therefore, materially higher in the Philippines than they are here.

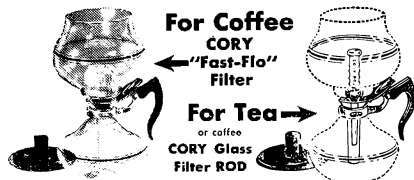
Probably the greatest obstacle that we have had to face has been political uncertainty. During all of the 40 years that I have been in the Philippines, there has always been in the back of the minds of Americans in business there, the idea that every item of capital invested should be predicated on a quick return because there was great possibility of limited life. This constant feeling of uncertainty as to what the future held for us, caused us to lead a hand to mouth existence so far as capital investment was concerned. You can readily see the unsettling effect which this would have on a mining venture. An allowance of say two years for the development of the mine and another year for erection of the mill, with possibly the first two or three years of production for return of capital, always carried us so far into the future that there were grave doubts as to whether we would run the mine long enough to get any profit and even as to whether we would be able to get our capital back. As it has turned out, those doubts were not well-founded but you must remember that the Filipinos themselves have

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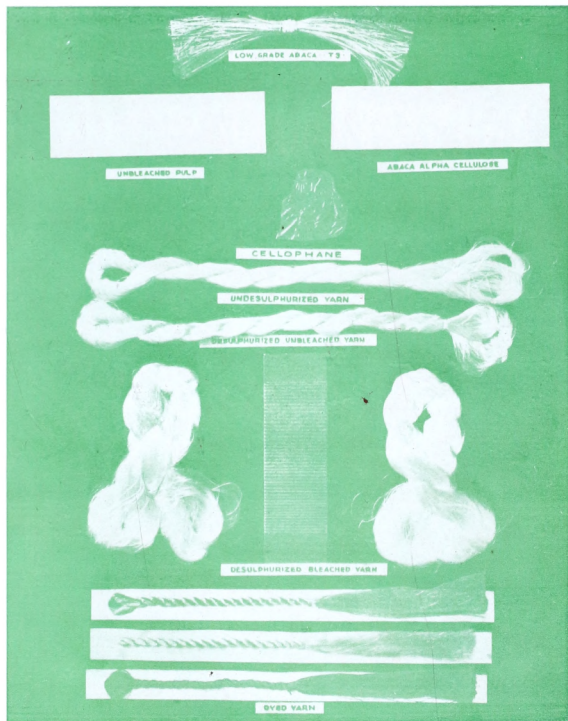
**Manila Daily Bulletin**

# REAL ESTATE, BUILDING AND COMMERCIAL REVIEWS



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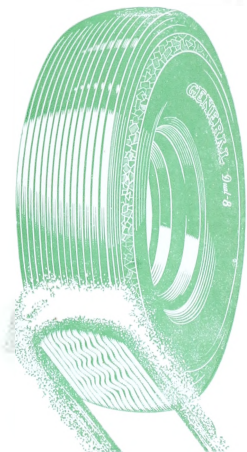
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# How is War Affecting Japanese Exports to the Philippines?

Contrary to popular opinion on the subject, Japanese exports to the Philippines not only have not fallen off materially as compared with the year 1937, but in fact show a marked increase in many lines.

These increases, however, are largely from the middle of this year through the end of August, the latest complete figures at hand; but this two-month period shows a vigorous spurt in Japanese exports to the Philippines.

Decreases, where they have occurred, have been in much smaller percentages than is popularly supposed.

For example, the total imports of Japanese goods into the Philippines during the first 8 months of 1937, were P20,799,915; and during the corresponding period of 1938, they were P19,756,231—a difference of only P1,045,684. (Imports from the U. S. for the first 8 months of 1937 were P80,913,197, but for 1938 were P129,093,584 for the same period of 8 months—or a gain for the U. S. of P38,180,387. That is a very substantial gain for the U. S., but it was not made at the expense of Japan, according to Bureau of Customs figures.)

If Japanese imports into the Philippines continue to pour in at the rate maintained for the last two of those 8 months, Japanese figures for the year 1938 may show a substantial gain over those for 1937. This in spite of war, of boycotts, and aught else.

Take textiles. For the first nine months of 1937, imports of textiles from the U. S. amounted to P7,389,191; while for the same period of this year, they amount to P16,292,918, or more than double the 1937 figure. That is an amazing increase, and one would naturally jump to the conclusion that Japanese importations must have been cut proportionately during this year. But that is not true.

Japanese importations for the first nine months of 1937 amounted to P5,455,495, while for the corresponding period of 1938, they were P4,781,667—or a loss of only P673,828 as compared with a U. S. gain for the same period of P8,903,727. In other words, less than one-tenth part of U. S. textile gains have been

at the expense of Japan, as shown by import figures. The table below, taken from Bureau of Customs reports, shows the story in more detail:

## JAPANESE SHIPPING

Do you imagine that Japanese shipping in Philippine waters has fallen off since the Sino-Japanese war started? Wrong. Actual figures are as follows:

Incoming Japanese Shipping		
Year	Vessels	Tonnage
1936	202	718,830
1937	211	679,424
1938	262	924,434

All figures are from Bureau of Customs records, and are for the first 8 months of each year, for purposes of comparison, since only the first 8 months of 1938 are available at this writing.

In other fields, the U. S. has gained in very appreciable quantities over 1937 figures — but again, not at the expense of Japan.

Is Japanese-Philippine Trade Falling Off? Are Japanese Goods Coming into the Philippines in Lesser Amounts Since the Sino-Japanese Conflict Began? Or the Reverse?

In glass and glassware, U. S. figures were P4,666,527 in 1938 as compared with P3,975,021 in 1937; whereas Japanese figures were practically identical for the two periods — P624,626 in 1937, and P626,906 in 1938.

In knitted goods, the U. S. gained slightly, P371,930 in 1938 as compared with P356,644 in 1937; while Japan lost, P1,718,730 worth of knitted goods business in 1938, against P2,220,588 worth in 1937. But the U. S. did not pick up that loss of Japan's, for the U. S. gain was only about P15,000, whereas the Japanese loss in that line was more than half-a-million pesos.

Another significant figure is in machinery of all types, from a one-lung pump motor to a 500 h.p. diesel engine. U. S. figures nearly doubled in 1938 as against 1937 — P12,437,446 in the first 8 months of 1938, against P6,980,629 for the corresponding period of 1937. But the Japanese, while they have never had

## TEXTILE IMPORTS INTO THE PHILIPPINES

	from United States		from Japan	
	1937	1938 (first 9 months)	1937	1938 (first 9 months)
Unbleached cotton cloth	P 420,891	1,447,290	P 383,780	169,660
Bleached cotton cloth . .	2,267,764	4,282,625	1,084,170	914,344
Dyed or woven with dyed yarns . . . . .	4,191,070	7,468,619	2,705,828	2,050,863
Printed cloth . . . . .	509,466	3,094,384	1,281,717	1,646,800
	P7,389,191	16,292,918	P5,455,495	4,781,667

Iron and steel products are an example. U. S. exports of these products to the P. I. in the first 8 months of 1937 were P16,673,499, while in the first 8 months of 1938, they were P26,497,693—a gain of nearly P10,000,000 in 8 months. But that gain must be accounted for by other factors, because Japanese figures are: 1937, P1,808,302; 1938, P1,571,285 — a loss by Japan of only a quarter-of-a-million pesos, against a U. S. gain of P10,000,000.

Porcelain and dishes are another interesting item. In this field, both U. S. and Japan figures increased in 1938 as compared with 1937; the U. S., from P10,515 in 1937 to P21,133 in 1938; while the Japanese figures gained from P268,330 in 1937, to P319,660 in 1938.

anything like U. S. figures in this category, nearly doubled their record, too, P456,315 for the 1938 period, compared with P240,850 for the 1937 period.

From these statistics, the conclusion must be drawn that the Japanese have not yet been seriously damaged in their export business to the P. I., by admittedly adverse conditions created by their war with China. This is not to say that they may not be damaged in future, as their own production of exportable goods becomes more curtailed in favor of war materials, and as the Chinese boycott may become tighter and more effective here. There is evidence to this effect; but one of the reasons why Japanese trade to the P. I. has not suffered more than

it has to date, is the looseness of the so-called boycott. It is still possible to buy plenty of Japanese-made goods in local Chinese stores. As time goes on, and stocks dwindle, this situation may change. But the establishment of more and more Japanese shops, and Indian shops, and Filipino stores, all of them stocking Japanese merchandise, may at the same time tend to take up the slack created by a stringent Chinese boycott, assuming that a really effective boycott on the part of the business-minded Chinese is a possibility.

What, then, accounts for the very considerable increase in U. S. export business to the Philippines, which the figures show is *not* business taken away from the Japanese?

We must look to various contributing factors for the answer.

One of these is the upset situation in Europe, with principal nations there vying with each other for armaments supremacy, and consequently sacrificing their export trade to do it. This is largely true of Germany, Italy, England, France, and more lately of the smaller countries, such as Czechoslovakia. The Japanese situation contributes, but only slightly.

Another factor is undoubtedly an increase in the Philippine trend to-

ward industrialization, led by various projects of the National Development Company. Examples of this are textile factories, canning factories, expansion of the cement industry, sugar refining, and so on; with still more development along these lines as a definite governmental program for the immediate future. This program leads to increase in the present demand for machinery, for example; although some observers hold the view that in the long run it must lead to serious curtailment of American exports to the Philippines once the industrialization program has been substantially realized.

In other words, a sale of textile weaving machines now may mean fewer sales of U. S.-made textiles or machines in the future, when specified textiles in sufficient quantities shall be woven here.

The United States is now in a position to take advantage, so far as her exports to the Philippines are concerned, of conditions in Europe and Asia, and of increased local consumption along certain lines, notably machinery. Japan is not in a position to take advantage of these conditions, but she is holding her own in exports to the Philippines, which in itself is remarkable. Such gains as the United States has made this

year, and they are considerable in total, have not, therefore, been made to the cost of Japan. The United States gained a total of P38,180,387 in the first 8 months of 1938, but in that time Japan lost only P1,045,684 of her 1937 business, and she bids fair to make up this loss by the end of the year.

### Mining in the . . .

(Continued from page 38)

ka, with the sole exception of California. It entered the world chrome markets and established itself favorably in spite of the high cost of delivery of chrome ore in this country. It is estimated that during the current year, the Philippines will produce P60,000,000 worth of gold and I believe this record will be easily attained. The American mining industry may therefore be proud of its child and certainly, it is a child of the American industry in every sense of the word. The industry was started by American capital and American initiative. Up to four years ago, there was still practically no Philippine capital invested in mining. The industry has been developed entirely by American engineers and geologists and the products of the industry have been sold almost entirely in this country. Let me tell you that you have in the Philippines a very healthy offspring that is a real credit to you.

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# Free Trade Zones at U. S. Ports

A year ago President Quezon named a temporary committee to study and report on the subject of a free zone at Manila for ocean-borne goods, and got from the committee counsel to the effect that Manila's current port facilities suffice for the time being, while a free trade zone might become advisable after the Islands are separated from the United States. American goods now come into the Islands free of duty, of course, and in general, conditioned for use. Foreign goods enjoy bonded warehouse facilities and also come in completely conditioned for use, as a general rule. The extent to which Manila may be put to use as a transit point for warehousing goods ultimately intended in part for importation into the Islands and in part for other markets nearby is problematical.

There seemed to be some indication that if a free trade zone were created, some manufacture from raw products of the Commonwealth might be undertaken at it, and in some cases these products would be utilized together with imported products, and the manufactures thus turned out would pay the Philippine duties on their foreign-materials content if imported into the Philippine market. The committee, with Ramon J. Fernandez its chairman, advised that an ample site for a future possible free trade zone be reclaimed by the Commonwealth in the course of its reclamation work on the bay shore north of the Pasig river. Naturally, the committee was very conservative, and from the first meeting it was clear that maintenance of the most favorable trade relations with the United States was paramount in members' views to any other desideratum.

At that time, a year ago, the zone at New York was very new and Mobile's in Alabama had not been opened. Data available to the committee were largely provided by one member, J. Bartlett Richards, the American trade commissioner; all very helpful, at the same time Commissioner Richards was most conservative as to any possible good such a zone might do Manila for the Islands. His views have not changed since, but further information on other zones is now accessible and seems worthy to be laid before our readers. It derives from statements made recently to a meeting at San Francisco of the Pacific Coast Association of Port Authorities, by Thomas E. Lyons, executive secretary of the Foreign-Trade Zones Board. Only data from American ports will be used.

*New York.*—The first American zone was established in this city, and began functioning, it is believed, late last year, the authorizing act of congress dating in 1935. In April this year goods at the New York zone inventoried \$764,781, and additional goods weighing 512 tons and worth \$258,716 were handled during the month, the customs collections on goods imported through the zone being \$12,000 for the month. By June 30 the inventory was \$1,800,000 and goods received and delivered by the zone during the month inventoried \$694,744. Tonnage had gone up from 512 in April to 4,461 in June, when the customs revenue collect at the zone was \$19,000. Secretary Lyons says that if this keeps up the New York zone's facilities must soon be greatly enlarged. On a typical day, 214 workers were employed. During the month, 62 lighters and 8 ships called at the zone.

Canned Argentine beef received at the zone in heavy wood cases were unpacked, relabeled as buyers wanted

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them to be for the trade, and packed in cartons. Duty being paid, this beef, sold at the zone and through its facilities, was imported into the United States. Bales of cotton and jute rugs also found the zone a haven of convenience, and one rug importer moved his main office to the zone and kept only a small sales office in the city. Rugs are examined by buyers at the zone, duty paid only on such lots as are sold. Another importer was saved from being whipsawed, by use of the zone. He had cod liver oil, supposedly, which goes into the United States free of duty, but the agriculture department makes careful inspections and slaps on heavy penalties if the oil is not up to U. S. specifications.

This saved the would-be importer excessive fines, and gave him evidence on which to recover from sellers who had misnamed the oil.

It is interesting to the Philippines to learn that Brazil nuts are discharged and ripened at the zone, losing moisture in the process and saving importers about \$3.65 a ton in duty on that account. An American importer and an American bottler employing American labor exclusively are handling South African brandy at the zone, the bottler having opened a works there. The brandy arrives 114 proof, is processed down to 86 proof and duty paid on the lower figure (duty being on a minimum of 100 proof). Secretary Lyons foresees vast expansion of this sort of trade, with wholesale supplies of liquors of all sorts in casks warehoused at the zone. Sumatran leaf tobacco is handled similarly, storage conditions being ideal and duty falling only as importations are effected, a duty of \$1.50 a lb., and a material item per bale.

*Mobile.*—Secretary Lyons does not take into account all circumstances leading to revival of waterborne commerce at Mobile, one factor being the Wages & Hours bill, another a reshuffling in the steel industry that favors revival of Alabama's iron-and-steel industrial facilities. Mobile's zone was opened July 21, preceded by a stimulus to her port business because of the facts brought out in the required preliminary study and report requisite for approval of a zone project. Waterborne tonnage at Mobile upped 35% in 1937 over 1936, its value 60%. Industries have been attracted to Mobile, Secretary Lyons says, because of the zone. It is too early of course for proofs that the Mobile zone will actually be successful and contributory to the port's prosperity. About this time next year we will try to get the latest information on these zones from New York, Mobile, and also San Francisco should the zone there then be open, in order to keep our readers abreast of the movement at American ports. Data from the European ports would be superfluous, zones and free cities being an old story there.

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# Commissioner McNutt's Case for Philippines

I am happy to send a brief message to the National Foreign Trade Conference. That this message shall have to do with the Philippine Islands goes without saying. First, it is my work; second, it isn't a trite subject—Americans know too little about these Islands; and, in the third place, I wish to qualify some misconceptions concerning American-Philippine trade—misconceptions which have been widely accepted in spite of their inaccuracies.

Men have looked at the gross statistics of American-Philippine trade, for example for the year 1937, and have said, "\$126,057,000 worth of goods imported from the Philippines (exclusive of gold); sales to the Philippines of \$85,028,000—ergo \$41,029,000 lost."

I have had many, even trade experts, tell me that this situation is a calamity. That the United States would gain if it ceased trading with the Philippines altogether. It seems to me that such persons mistake arithmetic for economics. While the United States has long been able to report a favorable balance in her overseas trade with all nations, there never has been a year when the trade with certain countries did not result in a negative balance. United States trade figures for 1937 show: Balance with Brazil, negative in amount of \$52,000,000 or 28 per cent of total trade—reason, coffee; Balance with Chile, negative \$22,000,000 or 31 per cent of total trade—reason, nitrates; Balance with Cuba, negative \$56,000,000 or 23 per cent of total trade—reason, sugar. Coming to this part of the world: Balance with British India, negative \$60,000,000 or 40 per cent of total trade; Balance with the British East Indies (Malaya) negative 226,000,000 or 92 per cent of total trade—reason, rubber and tin; Balance with the Dutch East Indies, negative \$90,000,000 or 64 per cent of total trade—reason, vegetable oil and rubber; Balance with our own East Indies, the Philippines, negative \$41,000,000, or 19 per cent of total trade—reason, vegetable oils and sugar. Thus it seems that the critics of negative balances might find a dozen examples more "horrible" than the Philippines. Follow the theory of these critics, stop trading wherever we have repeated negative balances and what will have been accomplished? This much we do know would happen: not a few American factories would shut down for want of raw materials; not a few workmen would join the relief rolls for want of employment; we would do without tea, or coffee; we would use iron tires on our automobiles; we would cut down on the use of soap and sugar.

In a country whose trade is so great and so dispersed as that of the United States, negative balances with some countries are as normal as favorable balances with other countries.

Then there is another school of theorists that looks at free trade between the United States and the Philippines from the viewpoint of the amounts of tariffs not collected on each side. They point out that if Philippine goods paid full tariffs in the United States the sum would be very much greater than if United States goods paid full tariffs in the Philippines. They seldom mention that their calculations of the amount not paid by Philippine goods is based on the super-rates of the Hawley-Smoot Tariff of 1930 and that the amount not paid by United States goods is based on the moderate rates of the Philippine Tariff enacted for the Philippines by Congress in 1909 and not generally revised since that time. Now, it is apparent that a mere legislative enactment revising the Philippine tariff far enough upward could, without changing trade trends and values, result in the Philippines foregoing more revenue on United States goods than the United States on Philippine goods. I certainly would not attempt to defend the Hawley-Smoot Tariff—its rates were far too high for the good of American trade. Nor have I any attachment to the Philippine

High Commissioner Paul V. McNutt's message to the National Foreign Trade Council (printed below, in full) has been excellently received here and is likely to be widely distributed in America.

Tariff—its rates are too low to afford United States goods due protection in this market and it can be changed by action of Congress when and if Congress so desires. I merely wish to show the fallacy in the arguments of some of our trade theorists.

But let us return to United States-Philippine trade in 1937, and, using the figures of the United States department of commerce subject it to a more discriminating study.

First from the \$126,057,000 of purchases there should be subtracted \$7,620,000, the value of Manila hemp imported from the Philippines. This is on the United States free list and has never received any preference or protection in the United States market. It is needed by American producers of rope. There are other minor free-list items which for the present may be disregarded. Eliminating Manila hemp, the United States purchases are reduced to \$118,437,000 and the sales remaining at their same figure, the balance favorable to the Philippines is reduced to \$33,409,000.

Now let us consider the exchange of certain specific commodities under the existing free-trade provisions between the United States and the Philippines as these are shown in the statistics for 1937:

Of tobacco products the United States purchased \$3,418,000 worth from the Philip-

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pines, mostly cigars, but sold to the Philippines \$5,615,000 of tobacco, mostly cigarettes.

The United States purchased \$679,900 worth of hemp yarn, twine and cordage from the Philippines, but sold to the Philippines \$792,000 worth of cotton thread, twine and cordage.

The United States purchased from the Philippines \$1,669,000 worth of wood products, but on the other hand sold to the Philippines \$3,101,000 worth of wood and paper products.

The United States purchased from the Philippines \$35,438,000 worth of coconut oil and copra of which approximately a third, or \$11,813,000 worth, went into the manufacture of margarine and other edible products said to be in competition with the American farmers' animal fats and cottonseed oil. Against this may be set sales to the Philippines of American farm products to the amount of \$11,942,000 worth of animal and vegetable products other than tobacco and rubber goods—principally meat, milk, wheat flour, fresh and preserved vegetables, fruits and nuts, and leather goods. In this connection it should be noted that in 1937 the United States imported from countries other than the Philippines \$30,000,000 worth of edible oils including nearly \$12,000,000 worth of cottonseed oil.

Two thirds of the coconut oil and copra which the United States purchased from the Philippines, or \$23,625,000 worth, went into the manufacture of non-edible industrial products, principally soap. Against this amount may be placed \$25,976,000 representing the value of United States sales to the Philippines of mineral oils, chemical products and textile products, principally cotton goods. Concerning this exchange, it is interesting that in 1937 the United States imported from countries other than

the Philippines over \$61,000,000 worth of industrial vegetable oils not including essential oils.

The United States purchased from the Philippines \$18,035,000 worth of all other commodities except sugar, against which may be balanced sales to the Philippines of \$19,095,000 worth of machinery and vehicles including automobiles, typewriters, sewing machines, radios, etc.

There is left of United States purchases the \$59,198,000 worth of sugar. This may be partly offset by charging against it the gains in trade in the foregoing commodity exchanges amounting to \$6,382,000 plus sales of iron and steel goods, hardware and rubber goods totalling \$19,407,000.

Thus it may be reasonably said that United States-Philippine trade in 1937 was offsetting or reciprocal, except for \$31,409,000 worth of sugar.

Is this sugar in competition with United States cane and beet sugar? The annual sugar consumption in the United States is about 7,000,000 short tons. About 4,000,000 short tons are produced on the mainland, in Hawaii, Puerto Rico, and the Virgin Islands combined. The deficit of 3,000,000 short tons is made up by importing slightly over 2,000,000 tons from Cuba, about 970,000 tons from the Philippines, and the balance from foreign countries other than Cuba. One is forced to conclude that up to the present time Philippine sugar has not replaced mainland sugar. I feel certain that if, in the future, Philippine sugar should come into direct competition with mainland sugar, the Philippines would be willing to share with Cuba and foreign countries appropriate reductions in their quota.

I am not arguing for letting down the bars. I realize that Philippine sugar, coconut oil and cordage, under the careless statesmanship of the Twenties increased

with such alarming rapidity that they threatened to come into unsupportable competition with homeside productions. But since 1931 the situation has been rationalized both by duty-free limits and fixed quotas. With the experience of the past, good statesmanship on both sides will prevent the recurrence of the threat of harmful competition.

There are characteristics of trading in the Philippines which in these times should interest every farmer and manufacturer of the United States. The Philippines is a peaceful place, with a currency backed one hundred per cent by dollar reserves. There are no blocked pesos, there are no restrictions on the purchase and sale of exchange, there are no quotas against incoming goods.

In conclusion, if we accept the only common sense interpretation of trade between two countries, "purchasing what you need but have not, and selling what you have but do not need," the trade between the United States and the Philippines as it has developed under the free-trade provisions can be shown to be wholly normal and mutually advantageous. In this day, when the United States seeks a market for surplus goods, this trade should be maintained. It can be maintained through appropriate legislative action.

With best wishes for a most successful meeting, I am

Cordially yours,  
Paul V. McNutt.

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1934	.....	P11,225,746
1935	.....	13,593,685
1936	.....	15,449,039
1937	.....	20,510,579
1938	.....	17,008,758

Sales City of Manila  
1938

September October

Sta. Cruz	.....	P 217,921	P 385,178
Sampaloc	.....	139,453	183,392
Tondo	.....	175,146	295,504

(Please turn to page 48)

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(Continued from page 46)

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San Nicolas .....	53,304	273,723
Ermita .....	127,229	79,486
Malate .....	191,281	157,295
Paco .....	111,825	21,459
Sta. Ana .....	55,181	90,972
Quiapo .....	43,500	24,174
San Miguel .....	91,356	3,984
Intramuros .....	10,000	3,412
Sta. Mesa .....	3,800	1,570,893
Pandacan .....	1,554	61,906

P1,224,550 P3,890,646

**SUGAR MARKET REPORT  
FOR OCTOBER***By Warner, Barnes & Co., Ltd.*

With refiners holding off, the New York market continued to decline during the early days of the month under review and the low point was reached with a sale of Philippine sugar afloat at 2.95c. Rumours, however, became current that A.A.A. officials had commented unfavourably on this price and these reports had a stimulating effect on the market. At the same time, Louisiana sugar interests, who were beginning to dispose of their new

crop on an average price basis, expressed dissatisfaction at the market level and announced their intention of sending a Congressional delegation to discuss allotments with A.A.A. officials. A sharp rally resulted and, at the end of the first week in October, prompt sugar changed hands at 3.10c.

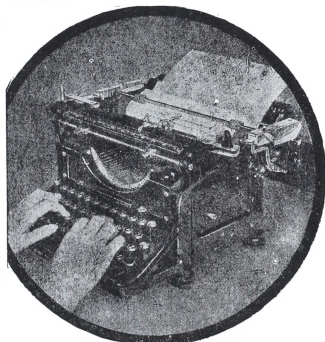
It was then reported that refiners had made application to the Administration for permission to melt over-quota sugars during December. In the earlier part of the year, cane refiners had made considerable inroads into beet sugar territories and they now began to fear that remaining raw cane supplies would not be adequate to cover their requirements for areas normally drawing on cane refined sugar. Competition therefore developed among the East Coast refiners and sugar in store was sold at 3.15c.

On October 18th, the refiners' application to melt 1939 quota sugar during December was approved by the Administration and the resulting decline was aggravated by increased offerings from Louisiana producers, who were evidently anxious to make sure of a market for their sugar regardless of price. Although offshore sales were effected at 3.08c, business in Louisianas was done as low as 2.92c on October 20th and it was evident that the restoration of previous levels would be dependent on the adoption of a more orderly marketing policy by mainland cane refiners. Simultaneously, refiners announced a general reduction in the refined price from 4.75c to 4.55c, probably as an attempt to start their purchases of new-crop sugar at lower prices.

The last week of the month was one of mixed tendencies. It was reported that satisfactory arrangements had been made for the disposal of Louisiana sugar and pressure from that quarter decreased. On the other hand, there were rumours that the Hawaiian deficit, believed to be about 50,000 tons, would be re-allocated, while a leading firm of statisticians issued a forecast of 6,825,000 tons for the 1939 quota. All these factors resulted in a period of dullness in the market for actuals, with buyers showing no interest, though quotations on the Exchange registered an advance during the week.

The first sale of new-crop Philippines was made on October 13th at 3.92c but business has not been on a large scale as refiners have not yet come into the market to any extent and operators have been practically the only buyers. Sales were made later at 3c but, at the close of the month, holders were again asking 3.92c, though unsuccessfully.

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Quotations on the Exchange have fluctuated as follows during the month—

	High	Low	Latest
January . . . . .	2.08c	1.95c	2.06c
March . . . . .	2.08c	1.98c	2.06c
May . . . . .	2.11c	2.00c	2.09c
July . . . . .	2.13c	2.04c	2.12c
September . . . . .	2.16c	2.08c	2.15c

Stocks in the U.K., U.S., Cuba, Java and European statistical countries were reported on October 26th as 3,785,000 tons, compared with 2,916,000 tons last year and 3,271,000 tons in 1936.

Sales of Philippine sugar during the month amounted to 34,300 long tons at prices ranging from 2.95c to 3.15c, and resale to 4,000 tons at prices ranging from 2.99c to 3.08c.

On October 14th, exporting houses entered the market for new-crop sugar at P7.00 per picul and fair quantities changed hands during the next few days. The decline in New York, however, compelled buyers to reduce their quotation to P6.80 per picul until the last few days of the month, when the price rose again to P7.00. This time, however, business was on only a limited scale and the majority of holders are content to wait in hopes of a further advance.

The month opened with a firm and advancing tone in the domestic market and a limited amount of business was done at P5.00 per picul. This remained the nominal quotation until the last week, when the start of the 1938/39 milling season and an increase in arrivals from the South resulted in a decline. Buyers' quotations were reduced to P4.70 per picul and even at this level they could not be interested in any but small quantities.

For a short time in the middle of the month, the market for reserve sugar showed considerable activity. The Sugar Administration published an official estimate that the 1938/39 crop would probably fall short of requirements by about 25,000 short tons and holders, apparently overlooking the fact that there would be about 125,000 tons of reserve sugar available, raised their asking price to P3.00 per picul. Some business was done at this and even higher levels, largely by speculators, but buying interest has again subsided and the market has turned quiet.

Exports to the United States during the month amounted to 15,361 tons centrifugals and 2,086 tons refined. Total shipments from November 1st, 1937 to October 31st, 1938 were as follows:—

Centrifugals . . . . . 807,128 tons

Refined . . . . .	47,528 "
Total . . . . .	854,050 tons

### FOREIGN EXCHANGE

BY LEON ANCIETA  
Manager, Foreign Dept., P.N.B.



dollars in the local exchange market continued strong. This is evident from foreign trade returns which show exports in the amount of P184,000,000 as against imports of P213,000,000 up to Sept. 30, 1938.

The rates, however, remained the same as in the previous month, viz. 5/8% for T. T. and D. D. New York, and 1/2% for interbank T. T. sales.

Buying rates continued at 1/4 % pr. and par for sight and 60-day bills, respectively, as in the previous month.

In the foreign exchange market, extreme nervousness over the European situation has not disappeared with the conclusion of the Munich conference which dissipated the danger of an immediate war. The pound sterling characterized by general weakness, opened in New York at 481-3/4 compared with closing rate of 483-3/8 dur-

ing the previous month. Continued buying of dollars brought the rate to a low of 473-1/8, after which the sterling improved with the support of the British Equalization Fund, reaching 478 at the middle of the last week but closing at 475-5/8.

It is claimed that the persistent weakness of the sterling is not due to any question regarding the adequacy of the British gold reserves of which the Equalization Fund has available up to the latter part of the month £250,000,000 exclusive of the Bank of England's reserves. On the other hand, extreme concern is felt in Washington over the trade advantage which England and other countries pegged to the pound sterling had gained on account of the present exchange level.

The French Franc was again subjected to severe attack, falling slightly below the pegged price of 179 to the pound sterling during the first week. Thereafter, heavy intervention of the French and British authorities kept the rate between 178.93 and a high of 178.62. In the New York market, it reached a low of 264-7/8 compared with an opening of 269-1/4 and closing at 266-1/8.

Concurrently with the sterling, the yen dropped from an opening of 28-3/16 to a low of 27-9/16 and closing at 27-3/4.

Accented by the invasion of South China by Japan, Hongkong dropped sharply from an opening of 30-3/8 to a low of 29-5/16 and closing at 29-3/4. Also Shanghai dollars moved sharply downward. Opening at 17-1/8, it slumped heavily toward the end of the second fortnight to 15-3/4 and closing at 16.

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### THE NATIONAL CITY BANK OF NEW YORK

#### FOREIGN EXCHANGE REVIEW COUNTER RATES

	U.S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
October 1937 . . . . .	201.50	201.50	2/0-3/8	—2/0-15/16	5.55—5.45	58.30—56.00	35.45—32.65	61.65—59.70				
October 1938 . . . . .	200.25	199.75	2/0-1/16	—2/0-1/8	7.00—6.70	58.30—58.10	60.10—59.60	62.65—62.45				

## COPRA AND ITS PRODUCTS

by  
KENNETH B. DAY AND LEO SCHNURMACHER



KENNETH B. DAY

After the hectic month of September, October was a very quiet period indeed. Copra prices declined gently from the beginning of the month to the end, with oil prices also weakening slightly, and the demand for copra cake and meal virtually disappearing as the month ended.

**COPRA**—Copra arrivals in Manila were extremely heavy, being up practically 17% as contrasted with September, and 20% as contrasted with October, 1937.

A large share of this increase was due to the liquidation of speculative stocks accumulated in the provinces in September.

In Cebu, arrivals were down approximately 9% as contrasted with September, and 20% as contrasted with October, 1937. Cebu arrivals are expected to continue slack until the middle of November, after which it is thought copra will be plentiful until the end of the year.

The month opened with buyers in Manila offering P6 for reseca, delivered. The market gradually began to ease off, however, and as a result a considerable amount of business was done during the first half of the month both for spot and contract at prices ranging from P6.00 to P5.75. As the month wore on, prices continued to drop, with the result that at the end of the month buyers were not offering over P5.40 delivered. At this price dealers were reluctant to sell because provincial prices were in excess of Manila equivalents, thus creating a substantial risk, which dealers felt they could not afford to take in view of the extremely low prices offered. Most of the business done in October was for prompt delivery and the contracted position as of November 1st was not heavy.

In Cebu prices reacted in a similar manner as Manila, but Cebu's prices on the whole were a shade steadier because of export demand and because of the smaller available supply. Very few Cebu dealers wished to sell short in October.

The European market was very inactive, declining from a high of £9/10/0 for sundried to a low of £8/18/6 for F.M. Shipments to Europe were heavy, mostly by charters at cut rates. In view of present conditions, however, it is not thought much copra will move by charters in November. Even so, shipments of copra to Europe in 1938 are already more than five times as heavy as in 1937.

On the Pacific Coast copra declined from 1.85¢ at the beginning of the month to 1.65¢ at the close of the month. On the way down a fair amount of business was done with the exact price determined by whether the buyer or sellers furnished the space, there being about five points between the two.



LEO SCHNURMACHER

Shipments for the month totalled nearly 46,000 tons, of which over 17,000 went to Europe.

Statistics for the month follow:

Arrivals—	Sacks
Manila .....	620,786
Cebu .....	384,480
Shipments—	Metric Tons
Pacific Coast .....	22,189
Atlantic Coast .....	1,626
Gulf Ports .....	3,912
Europe .....	17,442
China and Japan .....	445
Other Countries .....	104
	45,718

Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila .....	47,734	51,050
Cebu .....	46,023	41,158

**COCONUT OIL**—The month opened with coconut oil quoted at 2-3/4 cents f.o.b. Pacific Coast and 3 cents c.i.f. New York with business possible for futures at these prices and interest in spot oil lacking. The market remained in the doldrums throughout the month, tapering off in the last by 1/8 cent on each Coast, to 2-5/8 cents f.o.b. Pacific and 2-7/8 cents c.i.f. New York. A fair amount of business was done on the way down with some transactions up to the middle of next year and with very little spot oil sold. It was rumored that oil stocks on the Pacific Coast were fairly heavy at the end of October.

Statistics for the month follow:

Shipments—	Metric Tons	
Pacific Coast .....	1,017	
Atlantic Coast .....	9,379	
Gulf Ports .....	6,160	
China and Japan .....	4	
Other Countries .....	16	
	16,576	
Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila and Cebu .....	21,085	20,689

**COPRA CAKE AND MEAL**—The copra cake and meal markets were very stagnant during October. At the beginning of the month European cake buyers were interested in this year's shipment at prices up to P34.50 f.o.b., or, say, \$28.25 c.i.f. Copenhagen. As the month wore on, in view of tremendous offerings of competing feedstuffs, buyers lost interest and by the close of the month were practically out of the market. Most local mills were well covered for fourth quarter shipments and were only willing to sell 1939 business, in which buyers were showing little or no interest. At the close of the month it was doubtful if cake could be sold at better than P31 f.o.b., with demand light.

The story of copra meal is the same. Only scattered business was possible with prices ranging from a high of \$25 ex-dock to a low of \$23 ex-dock. Prospects for additional meal business during the balance of the year were not very encouraging.

Statistics for the month follow:

Shipments—	Metric Tons
Pacific Coast .....	4,576
Europe .....	8,946
	13,522

Stocks on hand—	Beginning of Month	End of Month
	Tons	Tons
Manila and Cebu .....	10,895	8,216

**DESICCATED COCONUT**—The month was marked by a general seasonal improvement in business. Sales in the New York market picked up a little, and prices averaged out somewhat better than in September. Most local mills were operating at reasonably full capacity and trade was, in all respects, normal for this time of year. Shipments for the month totalled 3,791 gross tons.

**GENERAL**—At the end of October copra prospects for the balance of the year were not very reassuring. Although a seasonal decline in production is expected, this has been a good copra year and is expected to continue to be one. Offerings of fats all over the world are tremendous and inventories have been climbing. Under these conditions, copra and coconut oil are in a poor competitive position and no marked improvement can be expected, although it is anticipated that prices must react to a certain extent from present low levels.

Freight conditions, particularly for copra between the Philippines and Pacific Coast, remain very unsatisfactory, but some action is expected in November aimed to correct the present situation.

As so often occurs at this time of year, buying interest for coconut oil is far forward position, and the major part of the business for the balance of the year will doubtless be for shipment well into 1939.



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## RICE REVIEW OCTOBER, 1938

By  
DR. V. BUENCAMINO  
Manager, National Rice & Corn  
Corporation

### RICE



The downward trend of the market reported last month continued during the period under review as a result of the NARIC announcement of September 30th that it will reduce its price from ₱6.65 to

₱6.50 per cavan of 57 kilos, net, effective October 8th. The announcement is as follows:

"In view of the fact that the harvest is well under way in the southern provinces and new palay is already being sold in the market, and considering that practically all the stock of palay which is still in the hands of middlemen and dealers is no longer of the producers, and that, according to latest information there is no longer very much stock remaining of native rice of the old crop, the NARIC has decided to reduce its selling price to ₱6.50, or ₱0.15 lower, per cavan of 57 kilos, net, beginning October 8, 1938.

It is intended to lower the price further the latter part of October when the early crop of rice in Luzon will be harvested.

This notice is given ahead of time from the effectivity of the new price so as to allow dealers who have purchased stock at present prices a reasonable time within which to protect their interests."

Trading in the exchange became dull and purchases from the beginning of the month until the 8th, narrowed down to immediate consumption requirements. The sale of NARIC rice registered a sudden fall; then a sharp increase developed from the 8th when 13,511 sack were sold. NARIC sales averaged 9,097 sacks daily until the end of the month. In some instances, the NARIC had to limit the sales to its dealers because the mill output could not keep up with the demand of the public. The NARIC officials felt that since a shortage was inevitable, it was, therefore, imperative to send a representative to Saigon to canvass the market and to purchase a sufficient supply to meet the requirements necessary to stabilize prices. As a result, Saigon imported rice was sold to the public on October 13 at ₱6.50 per sack of 57 kilos, net. NARIC agencies in Aibay, Camarines Sur, Leyte, Samar, Cebu and Central Luzon provinces reported brisk sales. Whenever no NARIC agency exists, prices soared to

unreasonable levels. The NARIC, therefore, sought the cooperation of municipal and provincial officials to requisition rice thru their municipal treasurers to lower prices within the reach of the masses.

NARIC sales in Manila during the month amounted to 181,933 sacks with a money value of ₱1,202,198.11. Total arrivals during the month amounted to 155,370 sacks or a decrease of 81,757 sacks from the previous month. Comparative statistics may be gleaned from the following figures:

Months	1937 Monthly Total	1938 Monthly Total
January	184,758	194,586
February	171,115	191,100
March	186,530	166,453
April	176,831	107,882
May	150,383	123,954
June	158,499	125,092
July	203,269	176,599
August	143,276	169,677
September	132,115	237,127
October	122,348	155,370
TOTAL	1,629,124	1,647,840

Arrivals from the Cagayan Valley declined considerably from 31,186 sacks in August, 11,941 sacks in September to 6,992 sacks in October. This is a definite sign that supply in Cagayan and Isabela has greatly thinned. NARIC prices after October 8, were as follows:

	ex-bodega	f.o.b. Steamer or Railroad Car
	(Per sack of 57 kls., net)	
Macan No. 2	₱6.50	₱6.53
Saigon	₱6.50	₱6.53
Ramay No. 2	₱6.45	₱6.48

### PALAY

There has been a very limited trading in palay during the month under review. Most mills in Central Luzon except where milling of NARIC palay was done have been practically at a standstill. Since the prices of rice were lowered to ₱6.45 and ₱6.50 for Ramay and Macan or Saigon, respectively, palay quotations dropped from 20¢ to 30¢ for all varieties.

#### Current quotations:

Macan No. 2 ... ₱3.00 to ₱3.15 per sack of 44 kilos.

### BY-PRODUCTS

Prices of binlid, tiki-tiki and mata-mata have advanced considerably as private millers suspended their milling operations due to lack of palay. Since the NARIC has almost a monopoly of these by-products, it has fixed the prices as follows:

Binlid No. 1—	₱3.55 per sack of 50 kls., net.
Binlid No. 2—	3.15 " " " " " "
Tiki-tiki 1—	2.25 " " " " " "
Tiki-tiki 3—	1.25 " " " " " "
Mata-mata 1—	1.65 " " " " " "
Mata-mata 2—	1.30 " " " " " "

### FOREIGN MARKETS

Latest reports from Saigon revealed a weaker undertone as prices ranged from piastres 7.13 to 7.17, or equivalent to ₱4.02-₱4.04 per sack of 57 kilos, net, f.o.b., Saigon. This will be about ₱7.26 per sack of 57 kilos, when we add ₱2.85 for customs duties, 28¢ for freight and insurance and 10¢ for handling and transportation expenses. Siam indicated a similar downward tendency. Comparative prices of Saigon rice for the last three months:

August—	₱4.21 per sack of 57 kilos, net, f.o.b., Saigon.
September—	₱4.26 per sack of 57 kilos, net, f.o.b., Saigon.
October—	₱4.03 per sack of 57 kilos, net, f.o.b., Saigon.

## TOBACCO REVIEW OCTOBER, 1938

By P. A. MEYER



RAWLEAF: Purchase of the 1938 crop in Cagayan and Isabela has practically terminated. Comparative figures for shipments abroad are as follows:

### Rawleaf, Stripped

	Tobacco and Se- Kilos
Belgium	22,984
China	23,030
Guam	2,584
Holland	928
North Africa	112,760
Straits Settlements	1,490
United States	221,580
October, 1938	385,356
September, 1938	221,263
October, 1937	645,491
January-October, 1938	5,953,640
January-October, 1937	11,968,519

CIGARS: Shipments to the United States compared as follows:

	Cigars
October, 1938	16,640,055
September, 1938	18,810,242
October, 1937	20,428,920
January-October, 1938	157,484,122
January-October, 1937	151,116,093

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*Chief Clerk*

943 Azcarraga, Manila  
LEON M. LAZAGA  
*Traffic Manager*

CANDIDO SORIANO  
*City Agent*

## New National Designs . . .

(Continued from page 20)

corporation has hinted that it would like to take up this activity, and has been assured a clear field if it will).

But all said and done, the Roxas group is on the spot. This paper is designed to put it there, and so designed with the group's own consent. Which of course implies that whatever faults the group may have, want of confidence is not one of them.

Let's call the roll of the group:

Dr. Manuel L. Roxas is a graduate of the College of Agriculture, U. P., who, with an M. A. degree, went on to Massachusetts Tech. and then returned to his alma mater to run some experiments in cane culture and sugar milling—among other things. He is sometimes dubbed visionary, and may be partly culpable on occasion. But he has been a successful cane breeder, and this means much to the country. At Del Carmen years ago, he crossed CAC 87 with Badilla in a field of 85,000 plants and evolved PSA 14. (CAC 87 was a cross between *talakh* and M 1900, an Australian cane). These experiments gave a variety hardy of growth and notorious for stooling qualities. At Calamba in 1916, it yielded 92 piculs of sugar to the hectare; the average for all varieties was 61 piculs, and of the Javan cane POS 2878, 54 piculs. Dr. Roxas got his chemistry at Massachusetts Tech., his agriculture at the University of Wisconsin.

Dr. Vicente C. Aldaba is the group's industrial technologist. He is now touring the world's textile centers and giving rayons particular attention. He too is an Aggy from Los Baños, with his doctorate from Sheffield Institute, Harvard, for work in botany and textiles. Juan T. Villanueva is the textile engineer. He studied at Massachusetts Tech., around 1924. Hilario Henares graduated in mechanical engineering at the U. P., and took graduate work at the University of Illinois. He was associated with Dr. Roxas in sugar experiments at the College of Agriculture and was later at Isabela Central, Negros, establishing some manufactures there. At Isabela he designed a bag machine, utilizing jute. (To date, Manila hemp as a substitute for jute has proved too harsh).

Dr. Santiago Rotea is a veterinarian formerly employed in the Bureau of Animal Husbandry. He has studied meat preservation in the United States. At the Pasig plant he is in charge of the laboratories. Miss Presentacion Atienza was graduated at the University of the Philippines in pharmacy and has done some work at the Bureau of Science in the department of foods. She too has studied food preservation in the United States and is interested in canning fruits and vegetables here. Miss Atienza is the presiding genius at the canteen and recreation hall at the Pasig plant,

the center of a cooperative among the employees. Jose C. Espinosa is the group's rayon expert. He had a course at Massachusetts Tech. It was he and Carlos Locsin who dug alpha cellulose out of abacá tow to the tune of 40 lbs. to 100 lbs. of gross fiber. Florencio Talavera is the group's fish canning expert. He has worked at the Bureau of Science, but his actual factory experience was gained at Monterey, California.

—W. R.

## America's Prospective . . .

(Continued from page 12)

ly beyond anyone's helping it, outrageous. These 70% having no relief have incomes averaging \$471 a year. The middle third of the total of 13 million families averages family incomes of \$1,076 a year. When the reader recalls surveys of social America dating before the turn of the century, and studies of Middletown (Muncie, Indiana) made in the past decade, with any other similar matter that may have come to his shelves, he can not think of this survey as disclosing conditions at all novel in the national life. The situation has been blowing up a long time. Its mitigation, if practical means are found, would induce a long curve of fine business. The family that gets only \$471 a year and has no relief, wants more and is willing to work for more. Extremes of proffered solutions to this problem must meet on middle ground before, more work permanently turns up.

Meanwhile, population begins tapering off. School enrollment in the United States this September is 100,000 below the enrollment for September last year. From this point on, expanding population will not be basic in expanding markets. The alternative is necessarily an upping of per capita income: more per capita prosperity among fewer people and smaller families. This could result from lower unit prices for wealth produced, if farmers find the way to greater profits from cheaper bushels of grain and cheaper bales of cotton. Higher wages couldn't bring it about, unless accompanied by even higher production per man, since the wealth entailed must derive from the soil. America's situation remains therefore a knotty problem in all circumstances; no large portion of the people will sit down to content itself with poverty, and the neap must follow the full tide evoked by artifice (government spending, new-gadged automobiles, new dinkuses on radios, spread of installment credit) until the system of economy is basically reformed and everyone lives more tolerably from the products of the soil.

Just now it would seem that one of the fuller tides is setting in. Just the same, the maximum of \$5,000 fixed in the bank-deposits insurance act covers 95% of all such accounts. Too many Americans live too close to the line, yet smash would go

their great domestic market if they took a more prudent stand toward life, and they couldn't pick much up in exports. It's a riddle in any man's language.

—W. R.

## U. S. MONTHLY ECONOMIC CABLE

Washington, D. C., October 27, 1938.

### GENERAL

Domestic business conditions improved during September, continuing the progress made since June. Industrial activity increased at about usual seasonal rate, in response to rising volume of orders from distribution groups. Freight car-loadings also expanded beyond the normal seasonal rise, while improvement in building industries has strongly influenced the general trend. Industrial production has recovered to about the level reached last November, with increases apparent in both durable and non-durable goods. The general trend is indicated by the change in steel output, from a low this year of below 25 percent of ingot capacity to nearly 50 per cent at the end of September. The automobile industry has not been a major factor in the rise of steel production to date, but October is expected to bring a sharp advance in automobile production. Activity in consumer goods industries has been well above the mid-summer rate, with production of textiles, leather manufactures and tobacco manufactures showing considerable advances. Demands for industrial fuels such as coal and electric power have expanded, as well as demand for industrial materials for manufacture. Retail trade has improved with the advent of the fall season but the charges in distribution to consumers have not been so pronounced as those concerned with industrial activity.

### EMPLOYMENT

Employment conditions have improved materially since mid-summer and aggregate income payments have moved definitely upward, mainly through rise in payments for labor services. While unemployment increased materially during the latter part of last year and the first half of this year, the number has been recently reduced, but estimates of the volume of unemployment vary because of the difficulties of definition and measurement.

### COMMODITY PRICES

Commodity prices generally moved within a limited range during September with European developments affecting price movements in some sensitive commodities, but Moody's index of 15 important commodities has fluctuated narrowly. Grain quotations reacted to war threats but showed little net improvement from the August lows. Non-ferrous metal quotations were advanced by small amounts and purchases increased. The downward movement of prices for farm

(Please turn to page 56)

## SHIPPING REVIEW

By CHARLES KIRKWOOD  
Secretary, Associated Steamship Lines

For September 1938 we figured the export movement at 244,768 revenue tons. This is about 9,000 tons less than for August. Compared with September 1937, 188,197 tons the showing is satisfactorily from every standpoint. Sugar shipments were 29,211 tons, raw-cent. 27,162 and refined 2,049 tons. After a careful check with the Sugar Administration the total shipments November 1st, 1937 to September 30th, 1938 figures 841,844 tons and leaves very little for October. The Associated Steamship Lines engaged Mr. J. R. Shaw to negotiate rates on sugar and terms for the season 1938-1939. Mr. Shaw on October 26th announced that the rate on raw-cent. sugar to the Atlantic had been agreed upon as \$7 per long ton, this rate to be effective from November 1st, 1938 to March 31st, 1939. New crop sugar will begin moving in November.

In addition to the rate above on sugar, the Association on October 18th announced reductions on hemp, and on ores-base metals group to U. S. ports and on October 28th, on cutch to Atlantic ports. These reductions were in line with general traffic conditions and were well received by the shippers.

Shipments of coconut products were spotted. The desiccated coconut trade forwarded 5,148 tons, a decrease of 900 tons as compared with August. We hear that the price in the States has been cut to meet serious competition. The shipments of vegetable lard and margarine were also less as well as copra cake-meal. The U. S. took 17,607 tons of coconut oil and China 112 tons, making a total of 17,719 tons, this is the heaviest monthly movement during the current year. The copra movement shows decided improvement. The U. S. took 19,000 tons, Europe 14,450 tons, Japan 399 tons and Mexico 1,055 tons, a total of 34,904 tons. The movement of cake-meal amounted to 7,618 tons, to U. S. 1,218 tons, to Europe 6,400 tons.

The hemp movement was far from satisfactory and falls 17,069 bales below August shipments. The three good customers held off their buyings. The U. S. took 17,883 bales, Japan 31,641 bales and Europe 34,262 bales. The smaller trades brought the total to 92,439 bales. We hope that the adjustment in rates will increase the U. S. trade which shippers claim has been curtailed because of old rates. We are not optimistic enough to hope to see the Japan trade reach its former volume of 50,000 bales, at least not soon.

The lumber and log trade, except for Japan held its own in good shape. The movement was 4,897,682 board feet. The U. S. took practically 2 million feet, Japan 1 million feet (logs), Europe 1 million feet, Australia 300,000 feet and so Africa 485,835 feet.

A shipment of 3,500 tons of chromite went forward to the U. S. Atlantic Coast. To the Tacoma smelter the gold mines shipped 714 tons of gold-silver concentrates. To Japan went forward 85,628 tons of iron ore, 1,300

tons of manganese and 1,305 tons of copper concentrates, a total of 88,233 tons to Japan. A total to all destinations of 92,447 tons.

The cigar shipments were 304 tons, a figure well above the average. The leaf tobacco business was very small, only 395 tons. Small lots of molasses amounting to 1,230 tons to Oriental ports covers that commodity. Furniture, gums, wines and liquors shipments show improvement but embroideries, junk metals, kapok, rubber, hides and nuts shipments are quite small. The cutch factory forwarded only 330 tons. Bugo cannery sent out 1,753 tons of canned pineapples. The transit cargo movement was 440 tons. The movement of rope was 471 tons.

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G. L. TOWNSEND, General Passenger Agent, Smith Tower, Seattle, Washington

From our statistics during the month of September the export movement is as follows:

to—	Tons	with Misc. sailings	of which Tons	were carried in American bottoms with sailings.
China & Japan .....	97,911	46	478	4
Pac. Coast-Local .....	25,897	13	3,490	2
Pac. Coast-Overland .....	978	6	147	1
Pac. Coast-Intercoastal .....	2,593	4	1,333	1
Atlantic & Gulf .....	85,887	23	15,068	—
European Ports .....	27,428	15	—	4
All Other Ports .....	4,076	21	38	1
<b>TOTAL</b> .....	<b>244,768</b>	<b>80</b>	<b>20,554</b>	<b>6</b>

A Grand total of 244,768 tons with a total of 80 sailings (Average 3,059 tons per vessel) of which 20,554 tons were carried in

American bottoms with 6 sailings (Average 3,425 tons per vessel).

## 223 Dasmariñas

Line	VESSEL	Leave Manila	Hongkong	Leave Batavia	Haiphong
LT	CONTE VERDE	Dec. 5	Nov. 20	—	—
SEA	TAMARA	—	—	—	—
NLRDM	JOHAN DE WIT	Dec. 7	—	—	—
MM	ARAMIS	—	Dec. 8	—	—
P & O	CANTON	—	Dec. 10	—	—
BF	HECTOR	—	Dec. 14	—	—
HEAL	MERKERR	—	Dec. 14	—	—
NDL	SCHARNHORST	Dec. 17	—	—	—
NYK	SUWA MARU	—	Dec. 17	—	—
MM	MARECHAL JOFFRE	—	Dec. 22	—	—
P & O	CORFU	—	Dec. 24	—	—
LT	C. BIANCAMANO	Dec. 27	—	—	—
NYK	TEBUKUNI MARU	—	Dec. 30	—	—
RI	INDRAPERA	—	—	—	Dec. 14

## Legend—

P&O	—Peninsular & Oriental
BF	—Blue Funnel Line
NYK	—Nippon Yusen Kaisha
MM	—Messageries Maritimes
LT	—Lloyd Triestino
HEAL	—Holland East Asia Line
NDL	—Nederlandsche Lijn Royal Dutch Mail
RI	—Rotterdam Lloyd
SEA	—Swedish East Asiatic Line

in value through August, although by less than the usual seasonal amount. The increase was due chiefly to the volume of exports of agricultural products, which have been running relatively high since last fall. Exports of semi-manufactured and manufactured goods, which had ranged in value from \$172,000,000 to \$188,000,000 monthly during the first four months of the year, dropped off to \$150,000,000 in August, and the total quantity of merchandise exported in that month was about 6 percent below the same period last year. However, demand from foreign countries for certain of our raw materials and finished manufactures were sustained in large value during the major part of the present year. Shipment of corn to foreign countries in the first six months were heavier than in any corresponding period since the early years of the previous decade, and exports of wheat were the largest since 1927. Exports of a number of manufactured articles, particularly aircraft, metal working machinery, gasoline and agricultural implements were much larger than a year ago; exports of cotton manufactures increased slightly, while exports of electric apparatus, iron and steel manufactures, paper, and rubber decreased only moderately. In some industries, advances have been made this year in the relative importance of export trade. So far this year, 50 percent of the orders for machine tools have been from foreign sources as compared with about 25 percent of a much larger total volume last year. Nine percent of the total output of steel products was exported or double the percentage of a year ago. Europe was our leading foreign market for all classes of exports over the first eight months period, taking nearly two-thirds of our exports of foodstuffs, over 50 percent of crude materials, 45 percent of semi-manufactures, and 30 percent of finished manufactures.

## U. S. Monthly . . .

(Continued from page 54)

products was checked and during the past months, the general average of wholesale prices largely reflected higher prices for farm products and goods. Compared with the same period last year, the index of 813 wholesale price series is off about 10 percent.

Wholesale prices in leading foreign countries generally moved lower during the first eight months of 1938, in extension of the downward trends during the latter part of last year. There were, however, several exceptions resulting from economic controls.

business or financial unsettlement and other factors. Only fractional changes have occurred in the German index, with prices of certain foodstuffs and raw materials of relative scarcity, tending to rise, while prices of finished products have weakened somewhat. While successive periods of currency depreciation have raised French prices and the trend of Japanese prices is still upward despite occasional temporary declines. In Italy, wholesale prices rose through January last and have since been relatively stable.

In domestic trade, retail buying has shown only moderate variations over the last several months after allowance is made for the usual seasonal changes.

## AUTOMOBILE INDUSTRY

Automobile sales in September were at a seasonal low with dealers clearing stocks before the presentation of the new models. Stocks of this year's models are generally believed to have been worked off and a test of the new car market awaits volume deliveries of the 1939 models.

## RETAIL TRADE

Improvement in general business conditions since early summer has been more clearly reflected in the data for primary distribution than in retail trade figures. Thus sales of 2,400 wholesalers reporting to the Bureau were 13 percent larger in August than in July while nearly 1,300 manufacturers reported an increase of eight percent in daily average sales for August over the previous month. However, for both months, manufacturers' daily average sales were about 21 percent below the same period last year.

## FOREIGN TRADE

Foreign trade was influenced by the improvement in domestic business activity, which led to an increase of 17 percent in the value of imports in August, compared with previous months. This was the first major advance in over a year and most of the gain represented a volume increase rather than a reflection of rising prices in some leading commodities. The export trade rose slightly

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CPR	EMP. CANADA	Dec. 5	Dec. 9	Dec. 11	—	Dec. 14	Dec. 15	Dec. 23	Dec. 28	Dec. 28	—	—	—	—
DSSL	PRES. COOLIDGE	Dec. 11	Dec. 15	—	—	Dec. 19	Dec. 20	Dec. 28	—	—	—	Jan. 2	Jan. 6	—
SL	H. SILVERSTAR	Dec. 13	—	—	—	—	—	—	Jan. 16*	—	—	—	—	—
NYK	ASAMA MARU	—	—	—	—	Dec. 17	Dec. 19	Dec. 27*	—	—	—	Jan. 2	Jan. 4	—
NYK	HIKAWA MARU	—	—	—	—	Dec. 16	Dec. 19	—	—	—	Dec. 31	—	—	—
BL	TAI PING	Dec. 15	Dec. 18	Dec. 23	—	Dec. 27	Dec. 29	—	—	—	—	—	Jan. 10	Jan. 28
CPR	EMP. RUSSIA	Dec. 19	Dec. 23	Dec. 25	Dec. 27*	Dec. 29	Dec. 31	—	Jan. 9	Jan. 9	—	—	—	—
SL	SAPAROEIA	Dec. 23	—	—	—	—	—	—	Jan. 12*	—	—	Jan. 17	Jan. 22	—
ML	NIEL MAERSK	Dec. 24	Dec. 27	Jan. 1	—	Jan. 5	Jan. 9	—	—	—	—	—	Jan. 21	Feb. 11
NYK	HIYE MARU	—	—	—	—	Dec. 27	Dec. 30	—	—	—	Jan. 10	Jan. 11	—	—
SL	SILVERBELLE	Dec. 26	—	—	—	—	—	—	—	—	—	—	Jan. 23	Jan. 17
NYK	CHICHIBU MARU	—	—	—	—	Dec. 6	Dec. 8	Dec. 16	—	—	—	—	Dec. 22	Dec. 21

CPR—Canadian Pacific Railway  
DSSL—Dollar LineSL—Silver Line  
NYK—Nippon Yusen KaishaBL—Barber Line  
ML—Maersk Line

KKK—Kokosai Line

## MANILA HEMP

By H. P. STRICKLER  
Manila Cordage Company

The month of October proved to be a continuation of the dullness experienced during the previous period. While the European political situation cleared up somewhat, conditions are still far from normal. The New York market evidenced a little more interest than that of London, but it is reported that manufacturers are

reluctant to place orders for stock, and that the purchases being made are to cover absolute requirements only.

Japan again imported close to her normal requirements which has held our local markets firm, especially on the lower grades. Due to absence of demand for the higher grades, prices declined further during the month.

Nominal Prices of Loose Fiber in Manila  
Per Picul

October 1st      October 31st  
F      \$11.75      F      \$11.00

I      8.00      I      8.00  
J1      6.50      J1      6.75  
G      6.25      G      6.50  
H      6.00      H      6.25  
K      6.00      K      6.00

Nominal Prices of Loose Fiber in Davao  
Per Picul

October 1st      October 31st  
F      \$9.50      F      \$8.50  
I      7.50      I      7.25  
J1      6.50      J1      6.50  
G      6.25      G      6.25

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PRINCIPAL EXPORTS

Commodities	September 1938			September 1937			Monthly average for 12 months previous to September 1938		
	Quantity	Value	%	Quantity	Value	%	Quantity	Value	%
	Value	Value	Value	Value	Value	Value	Value	Value	Value
Canton (Low grade cordage fibre)	123,464	P 9,976	—	277,921	P 33,423	0.3	133,574	P 12,263	—
Cigars (Number)	19,124,815	6,064,427	3.6	22,029,367	689,214	2.9	17,559,438	523,537	2.4
Cocoa Beans	18,937,540	2,379,632	14.2	16,779,228	3,692,811	15.8	12,277,331	2,931,942	13.0
Copra	46,522,030	3,295,333	19.7	24,616,634	2,840,715	12.1	26,299,412	2,277,447	10.4
Copra Meal	8,300,606	328,247	1.9	9,580,891	455,931	1.9	10,722,175	494,164	2.3
Cordage	168,309	1,677,377	—	168,309	1,677,377	—	168,309	1,677,377	—
Cream of Tartar	3,556,012	70,905	0.4	8,277,328	129,025	0.5	8,169,439	126,113	0.7
Densicated & Shredded Coconut	2,662,544	550,803	3.3	3,037,612	899,239	3.8	1,933,253	664,165	3.0
Embroideries	—	991,853	5.6	—	178,251	3.1	—	764,645	3.5
Hats (Number)	23,840	28,441	0.2	93,510	163,489	0.7	44,549	65,326	0.3
Leaf Tobacco	13,215,724	1,632,224	9.7	13,048,308	3,413,687	14.6	11,026,941	2,820,753	12.9
Leaf Tobacco (Cu. M.)	70,617	23,382	0.1	1,950,826	375,651	1.6	121,223	189,707	0.9
Magnum	11,190	328,382	1.9	1,705	245,511	1.0	11,118	260,065	1.2
Pumkin (Cu. M.)	530,542	39,260	0.2	1,021,363	133,962	0.6	671,289	79,294	0.4
Buttons (Grs.)	35,753	26,938	0.1	83,468	61,109	0.3	48,864	36,283	0.2
Sugar	37,472,208	4,229,992	25.4	66,529,401	7,755,764	33.1	74,298,774	8,930,892	40.4
Other Products	—	16,408	0.2	—	—	—	—	1,939,993	9.1
Total Domestic Products	—	—	—	P16,747,692	99.3	—	P23,430,377	99.2	—
United States Products	—	—	—	105,037	0.6	—	161,589	0.7	—
Foreign Countries Products	—	—	—	16,797.01	0.1	—	29,367.01	0.1	—
GRAND TOTAL	—	—	—	P16,859,700	—	—	P23,621,333	—	—

NOTE: All quantities are in kilos except where otherwise indicated.

PRINCIPAL IMPORTS

Articles	September 1938			September 1937			Monthly average for 12 months previous to September 1938		
	Value	%	Value	%	Value	%	Value	%	
	Value	Value	Value	Value	Value	Value	Value	Value	
Automobile	57,338	2.5	748,431	3.8	62,543	3.9	—	—	
Automobile Accessories	55,384	1.1	168,304	1.0	37,611	2.2	—	—	
Automobile Tires	238,504	1.2	105,006	0.6	288,965	2.3	—	—	
Books and Other Printed Matter	96,896	0.5	66,819	0.4	235,447	1.1	—	—	
Breadstuf Except Wheat Flour	141,881	0.6	129,507	0.8	854,784	3.8	—	—	
Cars & Carriages	130,980	0.6	170,514	1.0	246,141	1.1	—	—	
Chemicals, Dyes, Drugs, Etc.	775,337	3.5	377,467	2.3	796,564	3.6	—	—	
Cocoa Beans	83,949	0.4	71,216	0.4	142,491	0.6	—	—	
Coffee	56,085	0.3	114,151	0.7	119,549	0.5	—	—	
Coffee Raw & Prepared	76,429	0.3	139,151	0.8	139,247	0.6	—	—	
Cocoa & Cocoa Products	3,308,590	14.9	2,076,127	12.7	2,210,106	10.6	—	—	
Cotton, All Other	1,414,477	6.4	1,127,374	6.9	1,231,602	5.5	—	—	
Dairy Products	518,256	2.3	661,913	4.0	774,197	3.5	—	—	
Diamond & Other Precious Stones, Unset	82,457	0.4	74,872	0.4	78,089	0.4	—	—	
Eastern Stone & China-ware	170,906	0.8	89,938	0.5	141,717	0.6	—	—	
Eggs	25,180	0.1	25,862	0.1	28,662	0.1	—	—	
Electrical Machinery	171,159	3.2	506,151	3.1	635,574	2.9	—	—	
Explosives	209,175	0.9	23,222	0.1	197,999	0.9	—	—	
Fertilizers	121,762	0.5	60,150	0.4	92,879	1.5	—	—	
Fibers, Vegetables and Manufactures of	208,590	0.9	103,837	0.6	348,017	1.6	—	—	
Fish & Fish Products	319,314	1.4	221,769	1.3	329,765	1.4	—	—	
Fruits and Nuts	209,250	0.9	225,470	1.4	369,897	1.7	—	—	
Gambrine	547,285	2.5	3,120	—	507,450	2.3	—	—	
Glass & Glassware	171,451	0.8	158,232	0.9	179,647	0.8	—	—	
India Rubber	188,594	0.9	159,793	0.9	164,971	0.7	—	—	
Iron, Steel & Apparatus	125,977	0.6	76,007	0.5	107,436	0.5	—	—	
Iron & Steel Except Machinery	2,539,033	11.4	2,250,900	13.8	2,274,743	10.2	—	—	
Leather Goods	157,475	0.7	293,202	1.4	255,438	1.1	—	—	
Machinery & Parts of	1,369,920	6.1	1,379,710	6.4	1,746,950	7.8	—	—	
Meat Products	328,455	1.5	145,740	0.9	269,897	1.2	—	—	
Meat	329,511	1.5	283,339	1.6	429,617	1.9	—	—	
Oil, Illuminating	65,305	0.3	21,000	0.1	195,360	0.9	—	—	
Oil, Lubricating	132,215	0.6	104,884	0.6	157,984	0.7	—	—	
Other Oils, Animals, Minerals & Vegetables	139,626	0.6	88,400	0.5	121,768	0.5	—	—	
Paints, Pigments, Varnish	175,132	0.7	154,871	0.9	156,995	0.7	—	—	
Perfumes	469,892	2.1	380,139	2.4	624,315	2.8	—	—	
Perfumery and Other Toilet Goods	179,695	0.8	82,198	0.5	166,557	0.7	—	—	
Rice	89,504	0.4	59,550	0.3	76,729	0.3	—	—	
Shoes	67,371	0.3	75,549	0.4	61,525	0.3	—	—	
Silk, Artificial	261,987	1.2	305,851	1.9	439,905	1.9	—	—	
Silk, Natural	116,798	0.5	138,995	0.8	151,197	0.7	—	—	
Soybean Products	35,156	0.2	6,845	0.04	19,918	0.09	—	—	
Sugar & Molasses	34,186	0.2	43,531	0.3	32,952	0.1	—	—	
Tobacco and Manufactures	1,968,817	8.8	489,590	2.9	1,158,707	5.2	—	—	
Vegetables	319,415	1.4	326,659	1.9	358,876	1.6	—	—	
Wax	140,661	0.6	45,490	0.3	93,899	0.4	—	—	
Wool & Flour	964,802	4.5	745,749	4.5	164,317	0.7	—	—	
Wood, Reed, Bamboo and Rattan	46,832	0.2	93,711	0.6	148,084	0.7	—	—	
Woolen Goods	16,654	0.4	63,757	0.4	93,834	0.4	—	—	
Other Imports	1,435,384	6.5	1,189,238	7.2	1,870,801	7.1	—	—	
GRAND TOTAL	P22,320,921	—	P16,354,896	—	P22,275,785	—	—	—	

Nationality of Vessels	September 1938			September 1937			Monthly average for 12 months previous to September 1938		
	Value	%	Value	%	Value	%	Value	%	
	Value	Value	Value	Value	Value	Value	Value	Value	
American	P 3,018,102	13.9	P 3,848,147	24.8	P 4,566,287	20.9	—	—	
British	11,836,365	52.9	6,194,523	38.2	8,743,843	39.1	—	—	
Chinese	39,615	0.1	39,615	0.1	41,710	0.3	—	—	
Danish	1,213,005	5.6	758,184	4.8	1,046,495	4.8	—	—	
Dutch	1,394,361	6.4	842,596	5.3	1,446,607	6.6	—	—	
German	1,269,891	5.8	1,092,971	6.8	1,283,654	5.9	—	—	
Greek	—	—	1,265	0.1	—	—	—	—	
Honduran	—	—	—	—	1,482	—	—	—	
Japanese	25,550	0.1	12,966	—	35,420	0.2	—	—	
Norwegian	1,959,023	9.0	1,153,281	7.2	2,366,758	10.9	—	—	
Portuguese	67,185	0.3	67,185	0.4	295,237	1.3	—	—	
Philippines	47,445	0.2	6,665	—	31,331	0.1	—	—	
Swedish	133,719	0.6	60,732	0.4	142,245	0.7	—	—	
By Freight	P21,725,645	99.8	P15,948,938	97.5	P21,819,811	98.0	—	—	
American Aeroplane	3,636	—	2,169	—	5,433	—	—	—	
Miscellaneous	101,820	0.2	404,329	2.5	464,314	2.0	—	—	
TOTAL	P22,230,921	—	P16,354,896	—	P22,278,785	—	—	—	

EXPORTS

Nationality of Vessels	September 1938			September 1937			Monthly average for 12 months previous to September 1938		
	Value	%	Value	%	Value	%	Value	%	
	Value	Value	Value	Value	Value	Value	Value	Value	
American	P 2,443,861	14.6	P 5,607,277	23.1	P 3,807,131	18.3	—	—	
British	5,668,993	33.8	6,373,198	26.6	5,083,622	24.4	—	—	
Chinese	36,675	0.2	316,711	1.3	86,894	0.4	—	—	
Danish	1,097,647	7.8	898,393	3.6	1,137,062	5.5	—	—	
Dutch	1,181,399	7.1	720,791	3.0	1,063,835	5.1	—	—	
German	1,320,787	7.9	370,357	1.6	726,031	3.4	—	—	
Greek	38,236	0.2	—	—	151,363	0.7	—	—	
Italian	34,629	0.2	57,307	0.3	351,356	1.7	—	—	
Japanese	2,384,361	15.1	3,655,981	15.3	4,905,286	23.7	—	—	
Norwegian	1,763,588	10.5	493,216	2.0	3,063,146	14.6	—	—	
Portuguese	67,185	0.4	67,185	0.3	295,237	1.4	—	—	
Philippines	186,004	1.1	—	—	144,328	0.7	—	—	
Swedish	248,347	2.5	251,013	1.1	516,429	2.5	—	—	
By Freight	P16,764,614	99.4	P23,852,583	91.2	P20,860,388	95.0	—	—	
Aircraft	101,652	0.6	2,291,065	8.8	1,095,997	5.0	—	—	
TOTAL	P16,868,700	—	P26,144,772	—	P21,910,125	—	—	—	

TRADE WITH THE UNITED STATES AND FOREIGN COUNTRIES

Ports	September 1938			September 1937			Monthly average for 12 months previous to September 1938		
	Value	%	Value	%	Value	%	Value	%	
	Value	Value	Value	Value	Value	Value	Value	Value	
Mainland	P25,750,729	65.8	P24,730,265	58.3	P29,925,675	67.7	—	—	
Hawaii	3,860,893	9.9	7,5						

## RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA

Traffic Manager, Manila Railroad Company



The volume of commodities received in Manila during the month of October 1938, via the Manila Railroad Company are as follows:

Rice, cavanes	160,600
Sugar, piculs	60,704
Copra, piculs	197,696
Desiccated Coconuts, cases	39,552
Tobacco, bales	552
Lumber, board feet	998,287
Timber, kilos	1,600,000

The freight revenue car loading statistics for four weeks ending October 22, 1938, as compared with the same period of 1937 are given (right):

## FREIGHT REVENUE CAR LOADING

COMMODITIES	NUMBER OF FREIGHT CARS		FREIGHT TONNAGE		Increase or Decrease	
	1938	1937	1938	1937	Cars	Tonnage
Rice	680	559	11,521	6,637	121	4,884
Palay	40	129	498	1,252	( 82)	( 734)
Sugar	113	151	3,919	4,531	( 38)	( 1,532)
Sugar, Cane	—	—	—	—	—	—
Copra	893	729	7,985	5,157	161	2,828
Coconuts	136	60	1,828	619	76	1,209
Mulberry	—	7	—	23	( 7)	( 21)
Hemp	—	—	—	—	—	—
Tobacco	12	21	76	222	( 12)	( 146)
Livestock	36	12	272	50	24	222
Mineral Products	385	393	3,433	3,562	82	( 129)
Lumber and Timber	197	129	4,529	2,938	68	1,591
Other Forest Products	—	—	—	—	—	—
Manufactures	285	223	3,984	2,998	61	1,076
All Others including L.C.L.	2,663	2,708	19,626	17,668	( 45)	1,958
<b>TOTAL</b>	<b>5,440</b>	<b>5,008</b>	<b>56,771</b>	<b>45,779</b>	<b>432</b>	<b>16,992</b>

## SUMMARY

Week ending Oct. 1,	1,336	1,263	13,560	11,656	73	1,904
" " " 8,	1,324	1,297	13,061	10,653	117	2,408
" " " 15,	1,397	1,181	15,627	10,487	216	5,140
" " " 22,	1,383	1,357	14,523	12,983	26	1,540
<b>TOTAL</b>	<b>5,440</b>	<b>5,008</b>	<b>56,771</b>	<b>45,779</b>	<b>432</b>	<b>16,992</b>

NOTE—Figures in parenthesis indicate decrease.

## COLCHICINE

You can tinker with the chromosomes of a turnip and make it grow into a giant turnip, whose seeds in turn will grow into other giant turnips by perfectly natural division of their chromosomes. This is stated as fact by Dr. Louis Berman in *New Creations in Human Beings*, a Doubleday Doran book quoted in the October *Magazine Digest*. Now if it is a fact, to the farmer it is the greatest fact ever discovered. We therefore quote in full:

"The action of colchicine, a substance isolated from the bulbs of the autumn crocus, is most interesting. If a solution of it is injected into a plant, or simply sprayed on it with an atomizer, the leaves and flowers thus drugged grow peculiarly, folding and wrinkling because they grow faster than their adjoining parts. The seeds of these plants tend to generate giant specimens which are much bigger than their ancestral parents and *breed true to their giantism* (italics ours). When the colchicine is next applied to these giant specimens, an additional acceleration of growth is obtained, producing another and larger variety of increase in size, doubling and redoubling.



"Such plants as alfalfa, clover, onions, radishes, tobacco, nasturtium and foxglove have been so treated and changed. This strange effect of colchicine is due to the doubling of the number of chromosomes in the reproductive cells. It has long been known that when the number of chromosomes in these cells doubles, as happens in their spontaneous division before maturation, they may occasionally stay doubled, instead of losing one half their number by extrusion. The resulting specimens were usually found to be giants. Colchicine makes it possible to produce these freaks regularly. Moreover, they reproduce themselves regularly, so that *they are no longer oddities*, but provide a new way of manufacturing breeds of vegetables and flowers, perhaps grains and trees, *like nothing man has ever seen*. This method is not at present applicable to the human species, and no one would dare apply it, because he would not know what might be produced in the way of monstrosity or anomaly in consequence." (Dr. Berman's last sentence in this paragraph has no connection with his subject here, plants, and connects only with the title to his book. Our readers should omit it).

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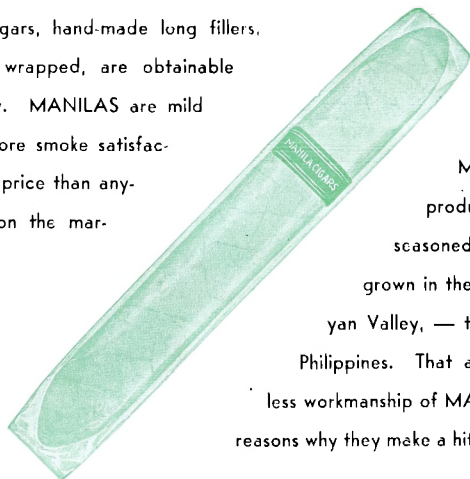
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