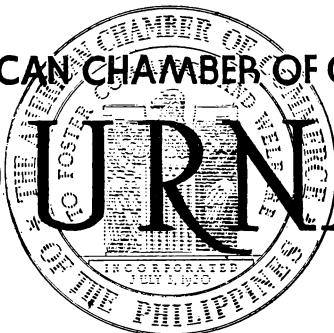


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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Editor and Manager

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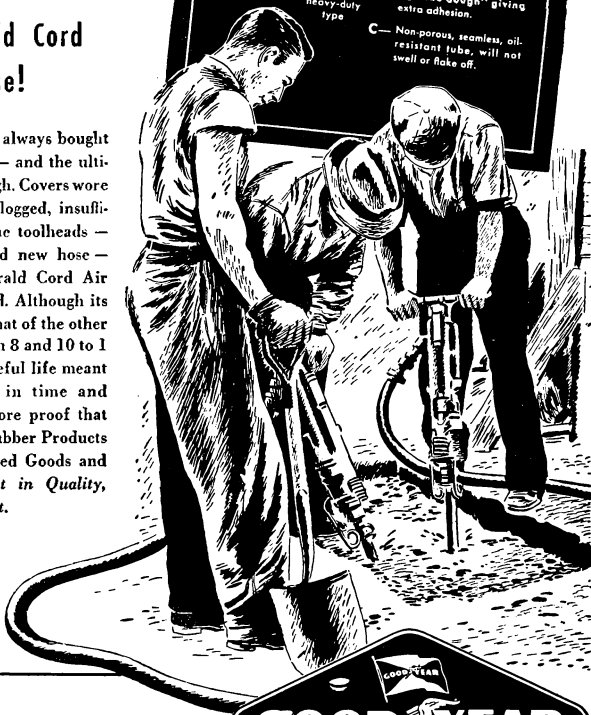


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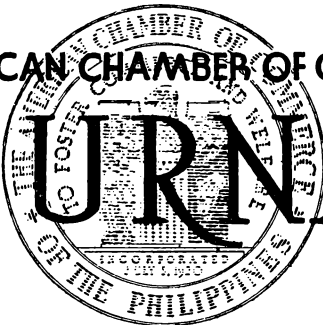
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JOURNAL



Editorials

With the return, this month, of the calendar day of the liberation of Santo Tomas, many Americans here will have recalled that tremendous experience **February 3** and will have felt again the thrill of that first great up-surge of joy at the appearance among them of those men of the Army of Freedom who seemed to them no less than archangels.

As General MacArthur so nobly said in Tokyo:

"The record is one of freemen held captive within and freemen determined to enter without, which no physical barrier could longer part, — a record to inspire freemen of all time, however desperate the adversity, steadfastly to keep the faith."

But the liberation of Santo Tomas was, in small, what the liberation of the Philippines, and of many other countries in the world, was in large. And everywhere men kept the faith and did not wholly despair. Love of liberty is a trait of all humanity though men are not everywhere equally free and many still live in slavery. Shelley apostrophized liberty as the "Eternal Spirit of the chainless Mind, brightest in dungeons". There, in the mind, in the very nature of thought, lies its origin and thence comes its strength. In the end it will triumph everywhere and for all time. That is the faith.

The President's "State of the Nation" address, delivered at the opening session of the Congress of the Philippines on January 26, was an able and comprehensive summing up of the undeniable progress made during the past year. It rang with a note of hopefulness as to the future which is now unhappily rare in the world.

Certain of his statements on such subjects as peace and order, food supply, housing, inflation, prices, education, health, foreign relations, etc., impressed many as overly sanguine, but not so much so as to suggest a blindness to conditions which in many respects are still far from satisfactory.

Space and time limitations prevent a full summary and discussion of the address, and we will here call attention only to a number of the President's recommendations which we believe should be carefully studied and perhaps considerably modified before they are adopted.

These are:

(1) An act "establishing the Central Bank, defining its powers in the administration of the monetary system, amending the corresponding provisions of the Administrative Code, and for other purposes".

(2) An act which would "give the President authority to control imports and to increase or decrease from time to time the sales tax on luxuries, semi luxuries, and non-essential commodities up to 100% of the present rates, but in no case to be less than the rates now imposed".

(3) An act "requiring insurance companies to invest at least 50% of their reserves in loans the proceeds of which will be used in the Philippines".

(4) An act "amending the Administrative Code to grant more autonomy and to enlarge the power of taxation of provinces and municipalities".

(5) An act "authorizing the President under certain conditions to guarantee loans granted by certain international or foreign credit institutions to government or private banks, companies, or private individuals".

(6) An act "establishing a social security system for the benefit of wage-earners and low-salaried employees."

It may be observed briefly that an act establishing a Central Bank must provide for the proper safeguards to insure a faithful fulfilling, on the part of the institution, of the public trust involved in its management of the currency system. The institution should be free of a dominant influence from any of the elements of society, — political and commercial.

The dangers of arbitrary import control and of an indiscriminate raising of the rates on taxation on so-called luxuries which are in fact necessities, was discussed in an editorial in the January issue of this *Journal*.

Demands on the insurance companies to invest too large a proportion of their reserves locally could easily result in a lack of security to the policy-holders, with many other untoward effects.

A grant of enlarged powers of taxation to provinces and municipalities is fraught with the danger of an inept and overlapping levying which would play havoc.

The proposal that the Government be permitted to guarantee loans to private banks, companies, and individuals is a violation of the generally accepted tenet which has been phrased as follows:

"The credit of the state or any civil division thereof shall not in any manner be given or loaned to or in aid of any individual, association, or corporation."

It is true that such guarantees are sometimes requested by the Export-Import Bank (Washington), but the general practice could lead to grave abuse.

The proposal to establish a social security system is laudable from a social point of view, but a law embodying it might easily impose a presently unbearable burden on economic enterprise.

The possible violation of basic economic and governmental principles is an obvious danger in all the proposals listed. The risks involved to the country's development and prosperity are very great. It is to be hoped that the executive and legislative branches of the Government are aware of this.

The proclamation of President Roxas (January 28) granting amnesty to persons charged with alleged treasonable collaboration with the enemy during the three-year Japanese occupation of the country, appears to be generally welcomed and approved, despite the debate it occasioned in Congress.

While some Americans in the country viewed this collaboration here as self-seekingly opportunistic, or unprincipled, or cowardly, and certainly treasonable, many others never believed that it was sincere and that it was either forced or engaged in with a view to averting greater evil. Americans in the enemy prisons and internment camps received continuous evidence of the true loyalty of the people and most of their leaders. They understood that a general open defiance of the enemy after the defeat of the armed forces, was a practical impossibility and that a government by Filipino officials, even if they were only puppets, was to be preferred to an all-Japanese rule.

Whatever their secret motives, however, collaborators did, voluntarily or involuntarily, place themselves, — and to some extent the whole people, in a false position, on the leaders' part criminal and treasonable on the face of it, and they can hardly have expected that this would be or could be overlooked when rightful government was re-established.

Some of the leaders were sent to military prisons, without privilege of bail, several thousands were criminally charged. Trials have been held for more than two years, though, in the case of the political and economic collaborators, very few if any final judgments convicting any of the accused have been rendered.

As the President declared in his proclamation, "It appears that the overwhelming sentiment of the people of this Republic is now in favor of resolving this question as speedily as possible by the grant of amnesty. . . ." Wisely, however, he refrained from exercising only his own authority in the matter and has called for the concurrence of Congress. In the words of the proclamation: "This proclamation shall take effect upon the concurrence therewith by the Congress".

The President was also careful to state that neither the public sentiment to which he alluded, nor the amnesty extends to—

"persons who voluntarily took up arms against the allied nations or the members of the resistance forces, or acted as spies or informers of the enemy, or committed murder, arson, coercion, robbery, physical injuries, or any other crime defined and punished in our penal laws, for the purpose of aiding and abetting the enemy in the war against the allied nations, or in the suppression of the resistance movement in the Philippines."

Anatole France, in his political satire, "Penguin Island", tells the story of a flock of penguins long ago which, being mistaken for men by an old, half-blind holy man, were baptized by him and thus turned into human beings, who, thereafter, followed a social development very similar to our own and in the end made themselves equally miserable, so, at least, the French writer made it appear.

Taxes, and the Rich and Poor

Penguins had their controversies on taxation, too, and one day, Morio, one of the richest of them, addressed the Elders as follows:

"All the elders of the people are ready, like me, to sacrifice their goods, and no one can doubt their absolute devotion to their country and their creed. We have, then, only to consider the public interest and to do what it requires. Now, what it requires, what it demands, is not to ask too much from those who possess much, for then the rich would be less rich and the poor still poorer. The poor live on the wealth of the rich and that is the reason why that wealth is sacred. Do not touch it, to do so would be an uncalled for evil. You will get no great profit by taking from the rich, for they are very few in number; on the contrary you will strip yourself of all your resources and plunge the country into misery. Whereas if you ask a little from each inhabitant without regard to his wealth, you will collect enough for the public necessities and you will have no need to inquire into each citizen's resources, a thing that would be regarded by all as a most vexatious measure. By taxing all equally and easily you will spare the poor, for you will leave them the wealth of the rich. And how could you possibly proportion taxes to wealth? Yesterday I had two hundred oxen, today I have six; tomorrow I shall have a hundred. Clinch has three cows, but they are thin; Niclu has only two, but they are fat. Which is the richer, Clinch or Niclu? The signs of opulence are deceitful. What is certain is that everyone eats and drinks. Tax people according to what they consume. That would be wisdom and it would be justice."

"This spoke Morio amid the applause of the Elders."

This is most effective satire, though somewhat confusing and misleading, as this style of presentation often is. In modern systems of taxation, for instance, it has been recognized that taxes should be based on ability to pay. Poll taxes are not generally favored. And ways have been found to proportion taxes to wealth, as in taxes on real property, income, and inheritance.

The quotation from "Penguin Island", however, makes a good text as a point of departure for what we wish to say with respect to certain newspaper headlines which made it appear, with reference to the editorial in last month's *Journal* on "luxury taxes" and import control, that this Chamber had taken a stand against the taxation of luxuries.

That is inaccurate. We did not protest against the taxation of luxuries as such, but against increasing the present taxes on luxuries as a means of import control. The *Journal* did point out the difficulty of distinguishing between consumers' goods and capital goods, and, often, between necessities and luxuries. Objection was raised to the classification of certain goods as luxuries, and also to the heavy increases in rates which have been proposed.

There are certain types of goods which very clearly are luxuries and no sound objection can be made to taxing them fairly heavily. But it should be understood that excise taxes and all internal indirect taxes on consumers' goods generally bear most heavily on those least able to pay.

The burden of the heavy taxes now being proposed on so-called luxuries which are practical necessities, would fall on a much larger class of people than only the rich.

We'd be paying more and more
Though consuming less and less
Till in sore distress
We could pay no more;
Not to digress —
The Government could assess
Less than ever it did before.

The Chamber sent out to members in its regular daily bulletin a special Associated Press dispatch which is of such general interest that we take the liberty to quote it here.

Shortage of Investment Capital in America

It is with reference to private American investments abroad and should be read especially by government officials and the people's representatives here who take part in the determination and execution of the economic policies of the Republic.

WASHINGTON, Jan. 29.—The Havana Trade Conference discussions have shown a widespread misconception of the amount of United States private capital available for investment abroad, the State Department says. Some countries appear to believe the United States

Annual Report of the Board

American Chamber of Commerce of the Philippines

January 30, 1948

TO THE MEMBERS

AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES

SIRS:

YOUR Board of Directors submits an account of its stewardship for the Year 1947.

During the year, the Board held twelve regular monthly meetings and three special meetings.

There were distributed during the period 383 bulletins of world trade news containing data of importance to members, and keeping them informed of conditions at the bases of production and supply. The bulletins also contained daily reports of the New York Stock Market, the Chicago Grain Market, and of the various commodity exchanges. Trade inquiries from all parts of the world were passed on to the members through bulletins or direct.

The Chamber acted as a clearing-house for domestic and foreign sources, including Consulates, in matters relating to trade opportunities, trade statistics, and customer credit, and furnished lists of dealers in every line of trade and industry, and information as to living conditions, travel facilities, etc. Many of such inquiries were received from foreign chambers of commerce, trade associations, and travel bureaus.

Committees were appointed to deal with various problems affecting commerce and with matters of importance to the American community.

During the year the Chamber has been in close cooperation with the Philippine-American Chamber of Commerce, New York, in matters relating to United States laws, and shipping and export regulations; particularly in respect to United States income-tax laws, that Chamber and the National Foreign Trade Council have rendered immeasurable service. Their activity in this connection is responsible for the introduction of House Bill 4208 by Congressman W. Sterling Cole for an amendment to the United States Tax Code which would place Americans in the Philippines in the same position for tax-exemption as they were previous to July 4, 1946. Both organizations have expressed the intention to follow up this bill for favorable consideration by the Ways and Means Committee.

The Chamber, through the Embassy, is endeavoring to secure release of Pier 5, now used solely by the United States Army, to reduce congestion on the piers and in the harbor while Pier 9 is being rebuilt.

President Roxas has stated that he will submit to Congress for early and appropriate action a recommendation embodying the joint petition of this Chamber and the Philippine Chamber of Commerce for lifting the Moratorium.

A synopsis of other of the Chamber's activities during the year was sent to the members in the latter part of December and is attached to this report.

The Chamber held a reception on September 24, 1947, for the new American Ambassador Emmet O'Neal and his family. Six hundred Americans were present.

During the year, six Active Members resigned on account of having discontinued business or permanently left the Philippines.

Twelve Associate Members have resigned, died, or were dropped from the rolls.

Twelve new Associate Members were taken in during the year as follows:

Frank J. Courtney	Albert M. Davoust
A. V. H. Hartendorp	A. T. Hill
Louis S. Kraemer	Frank S. O'Brien
Lyle K. Little	Wm. S. McDonald
Henry V. McLennan	Gerry Shingledecker
Michael H. Rapport	Richard C. Thrasher

The seven underlisted firms were elected to Active Membership during the year:

Bank of America, National Trust & Savings Association
Louis Dreyfus & Co. (Overseas) Ltd.
Levy Hermanos, Inc. (La Estrella del Norte)
Mackay Radio Telegraph Co., Inc.
Muller & Phipps (Manila) Ltd.
Myers Building Company
Piscpa Corporation

The Chamber now has 96 active and 76 associate members.

TRADE CONDITIONS

In the year 1947 the Philippines has had the largest volume of foreign trade in its history. The final figures are not yet available but indications are that it will reach one and one-half billion pesos which would be double the volume of any previous year. But exports will account for only about one-third of this amount, making for a large adverse balance, which, when added to that of P450,000,000 in 1946, would result in a very deplorable condition were it not for the hundreds of millions of dollars sent here by the United States Government for Army and Navy construction, war-damage payments, soldiers' pay, veterans' pensions, etc., thus building up dollar-exchange.

The year closed with the market well-stocked with foods, textiles, and wearing apparel.

Copra and hemp were the two outstanding exports of the year. The prices of both commodities reached an all-time high.

Copra

Exports of copra for eleven months are estimated at 782,077 long tons, valued at P273,937,935, while in 1941, the exportation of 265,148 long tons brought P22,305,231.

Desiccated Coconut

Exports of desiccated coconut ran to about 32,000 metric tons, as compared with 41,777 metric tons in 1940, the last full pre-war year for which records are available. It is estimated that the 1948 production will equal the pre-war volume.

Hemp

Hemp exports for eleven months, estimated at 547,084 bales, had a value of P51,833,226, — while in 1941, the export of 1,282,794 bales brought P35,001,210.

Maguey

Maguey also reached an all-time high in price. Exports were 60,254 bales of what is known as Cebu maguey, distinguishing it from "Manila" maguey, a product of the Ilocano provinces, of which very little was produced in 1947.

Sugar

Sugar led in export values before the war with an export tonnage in excess of 1,000,000. Exports from the 1947-1948 crop will total about 250,000 tons. It is not anticipated that sugar will reach normal pre-war production for several years.

Building Materials (metals)

Steel products are still on the list of critical items, and applications for permits for export from the United States are very minutely screened.

In consequence of our inability to secure steel for building construction purposes, we are forced to continue the erection of frame-buildings for commercial use. This has resulted in many costly fires, and we may look for still greater conflagrations during the coming dry season.

Manufactured Tobacco

Manufactured tobacco exports were only about 5% of the pre-war normal.

Embroideries

The embroidery industry is being gradually rehabilitated; the export for the past year was about 20% of the pre-war value.

Mining

Three gold mines and one chromite property are again in operation. It is expected that several other mining properties will get into production during 1948.

Labor Situation

During the early part of the year strikes were quite prevalent, and while many were of only short duration, several were quite lengthy and caused extensive losses in wages and in business. The Department of Labor has on its agenda "A Labor-Management Conference" for an interchange of views, in the hope that it may be possible to arrive at a basic understanding which will avert costly and irksome strikes.

Central Bank

It is expected that the necessary legislation will be enacted during this session of Congress for the setting up of a Central Bank, in line with the recommendations in the report of the Joint Philippine-American Finance Commission.

Beyster Report

The Proposed Program for Industrial Rehabilitation and Development, generally referred to as the Beyster Plan, a voluminous work weighing almost three pounds, was published during the year. Ten thousand copies were printed for distribution. It covers a wide field of industrial possibilities.

Remarks by President Stevens

I DESIRE to incorporate in this report the memorandum already sent you, dated December 29, to which was attached a list of the Chamber's activities during the past year.

The *Journal*—I wish also to say a few words about our monthly *Journal*, now strictly a business publication, and strictly an organ of this Chamber, which has, under the present editorship and editorial set-up, become an important part and a strong arm of our organization. It is giving the Chamber a representation and a voice such as it did not have before. The new *Journal* has been welcomed everywhere, and we have received praise from everywhere, for the sound influence it wields and for its general usefulness. Government officials, here and abroad, consular officers, and even the men of the various press-services, as well as many individual business men have told us how informative and helpful they find the *Journal*, not only for private reading but in the preparation of their dispatches and reports. The *Journal* is now read by most of the executives and department heads—here and in America, of the largest firms doing business in the Philippines. The *Journal's* articles, too, as you must have noticed, are widely reproduced in the public press for the general reader. This is a notable achievement to have gained in the short space of six months during which the present editor and his associates, most of them fellow-members of this Chamber, have assumed the editorial work.

The Board is proud of the American Chamber of Commerce *Journal*. Great credit must be given our editor and manager, Mr. A. V. H. Hartendorp. He took over the publication at a low ebb, and has built it up to a readable, instructive, and most worthwhile monthly, — of a character that reflects what the American Chamber of Commerce stands for in furthering American industry and commerce in these Islands. Credit should also go to the twenty or thirty men, members and non-members of the Chamber, who contribute each month the valuable columns published under "The Business View" heading. I am sure that the whole Chamber appreciates their work.

In the opinion of the Board, it is most desirable and necessary for the Chamber to carry on the publication along the present lines. But to do so, it must be adequately maintained. Members must either give it better advertising support or we must resort to a direct Chamber subsidy. The latter the editor is reluctant to agree to, and we therefore earnestly recommend and urge our members to have their firms set aside a definite advertising appropriation for the *Journal* and to see to it that the *Journal* gets the advertising every month. No hand-out is asked for. Nothing could be clearer than that advertisers in the *Journal*, either directly or indirectly get their money's worth.

Membership — As the outgoing President I desire to make certain recommendations as to our membership. I believe that the incoming Board of Directors should make a thorough study as to the membership, both active and associate. I do not believe that our large initiation fee for active members is necessary or advisable. I believe that active membership should be confined to Americans, but also strongly recommend that we enlarge the scope of the associate membership.

Chamber of Commerce of the Philippines — I take considerable pleasure in making a matter of record the close cooperation between the Chamber of Commerce of the Philippines and the American Chamber of Commerce. Mr. Gil Puyat, President of the Chamber of Commerce of the Philippines, has cooperated with us in many ways.

Cooperation — In closing, I wish to express our thanks to Mr. Leon Rosenthal, the Executive Vice President, and his staff for their splendid cooperation with the President and the Board during the past year.

The Business View

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

Office of the President

From an Official Source

JANUARY 5—The President sends a message to President Sao Shwe Thaik, of the Union of Burma, congratulating him and his people on the establishment of that new Republic.

In swearing in the members of the National Commission on Educational, Scientific, and Cultural Matters, the President asks that they make only specific recommendations and that, if these involve expenditures, they make an estimate of them "so that we can readily see whether such recommendations can be carried out". He also states that there is a general belief that the educational policy of the Government needs revision and that the main task of the Commission is to study this question; he declares he wishes to place the educational system of the country on a high level.

President Manuel Roxas, at a luncheon in honor of the members of the Cabinet, referring to newspaper charges of dishonesty in the Government, states that such charges are affecting the confidence of the people and damaging Philippine interests abroad. He states nothing can be so damaging as such ugly rumors and asks that if real cases of corruption are known that specific charges be brought, appealing to members of the Cabinet to cooperate with him in following them up.

Commissioner of the Budget, Pio Pedrosa, states at the convention of insurance underwriters held by the Insular Life Assurance Company that insurance should be "a means of siphoning money to productive uses that otherwise would be dissipated in consumption". He states there are 100 insurance companies in the Philippines, 25 of which are domestic and 75 foreign, representing together an annual net premium collection of ₱12,000,000. He declares that insurance rates here are much higher than in the United States and Canada, and that because of these high rates insurance coverage is not as extensive as it should be. He states the companies should have "more faith in the permanence and stability and productiveness of Philippine institutions" and invest a larger percentage of their reserves in the country as "every centavo of insurance money collected from Filipinos and invested abroad" retards reconstruction. In touching on the need of husbanding foreign exchange for productive purposes he states that of the 1946 landed cost of imports, a total of ₱680,000,000, "only ₱60,000,000 was the value of reconstruction goods and the rest was in consumable commodities; ₱6,000,000 of that was in lipstick and rouge."

According to a Malacañan press-release, the New York office of the United States Life Insurance Company has bought ₱250,000 worth of Philippine Reconstruction Finance Corporation bonds, — "a healthy indication of the faith of United States capital in the RFC and the Republic of the Philippines." The bonds are tax-free and have redemption values of ₱100 and ₱1000 each, respectively, payable on April 1, 1957, to the bearer or registered holder. The maturity and cumulative redemption values are calculated on the basis of progressive interest rates from 1% the first year, 2% the second, and 3% beginning with the third year. Of the ₱5,000,000 of these bonds recently offered, ₱415,000 of the ₱1000 denomination and ₱26,100 of the ₱100 have already been sold.

Jan. 6 — The President informs the Cabinet that in view of the great destruction caused by the typhoon, "Jean", he will issue an executive order appropriating ₱2,000,000 as aid for the provinces and government agencies for reconstruction and repairs.

The Cabinet approves the recommendations of the Reparations Advisory Committee that certain priorities be observed in the disposal of the machine-tools received from Japan; this equipment will be sold at 50% of its book value plus 5% for overhead, payable in instalments within 4 years, — 20% off for cash.

Placido Mapa takes his oath of office as Secretary of Commerce and Industry. He states he hopes to be able to "mobilize idle capital to make money reach the largest number of people and to have it put to greatest use", and to "harness our natural resources toward the eventual achievement of economic independence". He states he has in mind the rebuilding of Philippine economy upon the "same industries on which the country depended before the war". "I believe it is always safe and sound to rehabilitate 'old reliables' at the same time we create new ones". He will aim at an export trade of a billion pesos a year, with sugar, copra, lumber, abaca, tobacco, and mineral products to be given the priority.

Jan. 7 — Representatives of the Philippines and Great Britain sign the Air Agreement between the two countries — the second one signed, the first being with the United States, signed nearly a year ago. A "Gentlemen's Understanding" has governed up to the present with respect to the air-service between Manila and Hongkong.

Jan. 9 — Members of the Institute of Nutrition, headed by Dr. A. G. Sison, take their oaths of office and in a joint meeting with the members of the Institute of Science, headed by Dr. B. M. Gonzalez, are told by the President that the latter will be the "central agency for research" while he asked the former to "formulate a well-balanced diet for the Filipino people within the reach of the masses". The President said that he wished the Institute of Science to give aid to Philippine industry. Members may perform research work for private industries at the expense of the private firms asking for aid. "In case a discovery has been made for a particular firm, the patent for such discovery should be given to the firm, but if the discovery has been made for the Institute, then it will be patented by the Institute".

Jan. 10 — Announced that the Government of the Republic of China has found acceptable the appointment of Senator Proceso Sebastian as Envoy Extraordinary and Minister Plenipotentiary.

Jan. 12 — The President in Baguio issues an ad interim appointment to Col. Eduardo Quintos as Chief of Police of Manila. Colonel Quintos has served the Government for 25 years and rose from the ranks, beginning as a detective.

Secretary of Justice R. Ozaeta has asked the Executive Judge of the Court of First Instance of Manila to call a meeting of his colleagues, which the Secretary will attend together with the Presidents of the Bar Associations for the purpose of discussing ways and means to expedite the trial and disposition of cases pending in the Court, which number 5,726. The number of cases pending in courts of first instance throughout the Philippines is 30,889, criminal and civil cases.

Jan. 16 — Correcting certain newspaper statements, Secretary Ozeta states that the situation as to cases pending before the Court of Appeals is satisfactory. The total number of cases disposed of last year was 851, and the total number of cases on the January, 1948, calendar, ready for hearing and decision is 304, which the Court has until June 30 to dispose of.

Jan. 19 — Announced that the Spanish Cortes has unanimously ratified the Treaty of Amity concluded between the Philippines and Spain last September. Former Senator Ramon Fernandez takes his oath of office as Minister to Great Britain, former Senator Proceso Sebastian as Minister to China, Col. Manuel Nieto as Charge d'affaires ad interim and Consul General at Madrid, and Manuel Alzate as Consul General for Australia.

Banking and Finance

By C. R. LEABER

Manager, National City Bank of New York

JANUARY has been a comparatively quiet month. Demand for money held interest rates on an even keel. Exchange rates also remained constant, although there was a somewhat increased demand for Dollars from trade sources.

The Philippines will have a Central Banking system in the not too distant future, and considerable interest is being taken by the business community in this development. A Central Bank Bill is being drafted for presentation to the Legislature at its next session. We cannot comment on what the precise form, functions, and powers of the Central Bank will be until the provisions of the Bill are made public. It might be of interest, however, to review very briefly the present monetary system of the Philippines as a background for a better understanding of the role the Central Bank may play in the country's economic development.

The monetary system of the Philippines may be described as a Dollar-exchange standard. The par value of the Peso is fixed by law at two Pesos to one U.S. Dollar. Under the terms of an executive agreement entered into between the United States and the Philippines, the Philippine Government has agreed that—

"the value of Philippine currency in relation to the U.S. Dollar shall not be changed, the convertibility of Pesos into Dollars shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States except by agreement with the President of the United States".

The report and recommendations of the Joint Philippine-American Finance Commission rendered in June of last year, recommends that the Philippine Government adopt a managed monetary system in which monetary authority and responsibility would rest in a Central Bank. Such a system would entail the abandonment of the automatic 100% reserve system. The introduction of a Central Bank represents a fundamental change in the monetary system; it means a shift from an almost completely automatic gold-exchange standard system, one of the most conservative monetary systems in the world, to a modern managed-currency system. For example, the money supply might be expanded to meet a purely internal growth of business and trade which did not in itself produce or require additional dollar exchange. By creating the Central Bank, the Philippine Government will create an institution with power to influence profoundly the course of the country's economic development. It should be emphasized, however, that the recommendations in the report of the Joint Philippine-American Finance Commission contemplate no change in the present par value of the Peso.

The comparative figures given below, taken from the reports of the Bureau of Banking, are incomplete for the month of December, 1947. The latest report issued

by the Bureau of Banking covers the week ending December 13. We will endeavor to correct the December averages in our next issue.

Loans, Discounts, and Advances (monthly averages) (000 omitted)		
December, 1947 P346,374	November, 1947 P351,425	December, 1946 P189,400
Total Bank Resources (monthly averages) (000 omitted)		
December, 1947 P833,405	November, 1947 P826,868	December, 1946 P842,484
Bank Deposits (monthly averages) (000 omitted)		
December, 1947 P405,864	November, 1947 P402,780	December, 1946 P361,051
Debits to Individual Accounts (monthly averages) (000 omitted)		
December, 1947 P120,805	November, 1947 P112,198	December, 1946 P 94,114
Circulation (000 omitted)		
December 31, 1947 P769,915	November 30, 1947 P755,005	December 31, 1946 P685,001

Stock Market

December 13, 1947 to January 15, 1948

By A. C. HALL

A. C. Hall & Company

THE market has been in a sideways movement throughout the period.

The break in Far East Oil stock on December 17 was reflected elsewhere in the list, and caused some nervous selling. However, offerings were easily absorbed, and, on the 19th, the Manila Stock Exchange Average pushed forward to register a new high at 121.19. Thereafter, until the year-end, prices eased off on very light activity. Immediately following the New Year, prices rallied sharply into new high ground. This advance, which stemmed from modest bidding-in on a market temporarily short of offerings, lacked vigor, and, subsequently, prices have slipped off from their best levels.

The near-term trend is somewhat obscure at the moment. At its high point of January 3, when the M.S.E. Average reached 122.48, the market appears to have reached a temporary ceiling, and a pause for the consolidation of recent gains looks likely.

As regards individual issues, the principal feature of the market has been the sustained firmness of Atok-Big Wedge, aided by the recent 4 centavos cash-dividend declaration.

In the unlisted mining group, Balatoc improved 10 centavos to P4.10, with about 4,500 shares traded. Itogons were done between 7-3/4 and 8-1/2 centavos, with 75,000 shares changing hands, while United Paracale were easier at 8-1/2 and 8 centavos, with transactions totaling 110,000 shares.

Over the counter, Benguet Consolidated fluctuated between P4.25 and P4.45, closing at P4.30 for a gain of 5 centavos with some 20,000 shares traded. Antipolo changed hands between 30 and 35 centavos, closing at 31 centavos for a gain of 3 centavos over the period, on a turnover of some 270,000 shares.

A feature of the commercial and industrial sections was the strength of Philippine Racing Club which advanced 14 points to P1.38. Bank of the Philippine Islands was also firmer. San Miguel Brewery declined under small liquidation reflecting disappointment in the year-end dividend. Sugar shares declined in sympathy with the present drab outlook for the industry. Far East Oil Development

placed on the announcement that a production-test had failed to discover oil in commercial quantity in the company's first well.

In unlisted commercials, Jai Alai continued to advance and about 2,500 shares were traded between P21 and P22 for a gain of P6. Small lots of Motor Service were reported at P100, Philippine Air Lines at P7, and Philippine American Drug Company at P145.

MANILA STOCK EXCHANGE
December 13, 1947 to January 15, 1948

LISTED MINING SHARES

M. S. E. AVERAGE	HIGH LOW CLOSE CHANGE				TOTAL SALES
	122.48	116.63	118.52	Off 1.01	
Acoje Mining Company	P. 365	P. 31	P. 33	Off .03	597,000
Atamok Goldfields	.029	.022	.024	Off .006	265,000
Atok Gold Mining Company	1.42	1.32	1.36	Up .04	139,500
Baguio Gold Mining	.0675	.06	.065	Off .0025	158,500
Batong-Buhay Gold Mines	.0068	.0058	.006	Off .001	2,900,000
Big Wedge Mining Company	1.42	1.30	1.36	Up .04	108,500
Coco Grove, Inc., Consolidated Mines	.027	.023	.027	Up .004	20,000
I.X.L. Mining Company	.0155	.0145	.0145	Off .001	10,200,000
Lepanto Consolidated	.0575	.0525	.055	Unchanged	55,000
Masbate Consolidated	.86	.70	.80	Unchanged	877,000
Mindanao Mother Lode	.036	.03	.03	Off .005	189,000
Paracale Gumaus Cons.	1.08	.99	1.06	Off .02	492,300
San Mauricio Mining	.125	.11	.12	Up .015	123,000
Sungao Consolidated	.195	.17	.17	Off .025	71,000
	.43	.35	.38	Off .03	354,000

COMMERCIAL AND INDUSTRIAL

Bank of Philippine Islands	P70.00	P66.00	P70.00	Up P4.00	540
Pampanga Bus Co.	1.40	1.40	1.40	Unchanged	2,800
Philippine Racing Club	1.42	1.26	1.38	Up .14	75,500
San Miguel Brewery	90.00	80.00	80.00	Off 8.00	1,153
Central Azucarera de Bais	595.00	550.00	EX 550.00	EX Off 50.00	19
Central Azucarera La Carlota	105.00	95.00	98.00	Off 7.00	475
Marsman and Co., Common	.40	.40	.40	—	4,000
Marsman and Co., Preferred	.40	.40	.40	—	4,000
Manila Wine Merchants	4.25	4.25	4.25	—	875
Victorias Milling	125.00	120.00	120.00	Unchanged	85
Far East Oil Development Co.	.475	.155	.185	Off	285 2,418,750

Credit

By DUNCAN BURN
Association of Credit Men, Inc. (P.I.)

IN this column last month it was indicated that collections were becoming more difficult and that it would be interesting to watch collections during the early part of 1948. It is definitely true that collections grew increasingly difficult and increasingly slow during the last four months of 1947. The first part of December, 1947, was probably the slowest period since the War. During the latter part of December various firms made a serious effort to effect as many collections as possible. Because of this concerted effort considerable collections did result, and in general December collections exceeded collections made during the few months previous. It is too soon to obtain close and specific figures of January results, but there are indications of some improvement. Many firms report January experience thus far about equal to December ex-

perience. Some few have reported a general improvement, and there has been no report of more difficulty in January than in December.

Credit executives are devoting more and more time to the important problem of collections, and this implies a more careful handling of credit extensions. Many of them now keep accurate, detailed, and valuable records and statistics on their own company accounts outstanding. A survey of figures between September 30, and December 31, 1947, reveals a general increase in collection difficulties and increasing slowness of collection. It is interesting to note that the accounts of a representative group of wholesalers, as of December 31, 1947, showed that of the total accounts receivable (in pesos) 64.3% were considered current. Due to differences in method of keeping statistics, exact percentage figures for past-due accounts cannot be broken down for the same group. Figures for past-due accounts, based on the accounts of a smaller but comparable group of importers, show 21.4% of the total accounts as outstanding from 30 to 60 days; 4.7% from 60 to 90 days, and 10.6% over 90 days. In general it appears that most firms have the largest percentage of outstanding accounts, exclusive of current, in the 30 to 60 days group while the 60 to 90-day group is generally kept at a fairly low point. In the over-90-days group the percentage markedly increases; included, in some instances, are accounts outstanding for a year or more.

Some firms are keeping records of the actual numbers of accounts overdue, and the amounts of each transaction. Figures as to the numbers of account are not considered of great importance, but an average taken from several wholesale firms indicates that 1 out of every 5.8 accounts was 30 days past-due as of December 31.

Credit executives indicate they feel it imperative to exert more care in the extensions of credit, and plans are under way to give more time and effort to the problem of collection. Credit policies and collection policies seem to be tightening. Most credit executives feel that there is no immediate cause for great concern, but they are nevertheless making preparations to deal with the increasing slowness of collections.

Insurance

By ARTHUR H. HENDERSON
President, American International Underwriters
for the Philippines, Inc.

IN view of the many proposed bills to be presented before this session of the Philippine Congress which foreign insurance companies operating in the Philippines consider inimical to their interests and the best interests of the economic stability of the Republic of the Philippines, a committee representing foreign insurance companies operating in the Philippines in the fields of life, accident, marine, fire, and casualty coverages, called upon His Excellency President Roxas on December 24, 1947, to present their views.

The reception afforded to the committee by the President was most cordial and the President listened to the arguments presented by the committee against the proposed legislation.

At the conference the committee presented to the President a memorandum which it considered to be the views of the head offices of their respective companies and of their governments.

The memorandum presented to the President is quoted below in its entirety:

THIS memorandum is respectfully submitted to the President by the undersigned American, British, and Swiss companies doing insurance business in the Philippines. It represents the considered views of the Head Offices of these companies, and of their Governments.

Life, Marine, Fire and other companies have different methods of handling their funds. In every case, however, it is realized that they are not the owners of these funds, but trustees for their policyholders. It follows, therefore, that their primary duty is to see to the safekeeping of these funds, and to their safe and profitable investment. This duty is recognized by the governments of all countries in which the insurance business has consistently and increasingly flourished. Legislation in England and America is specifically framed to this end. Neither of these governments attempts (*) to restrict the free movement of funds within a world-wide group of investments which measure up to an international standard of safety.

Insurance companies' funds must be invested in the most advantageous manner consistent with well established and conservative principles. It is imperative from a sound financial point to maintain a nice balance between yield, liquidity, and mobility. In this connection may we quote from a speech by Sir Stafford Cripps, President of the British Board of Trade, in the House of Commons on 12 November, 1945:

"Insurance business being world-wide in nature, the strength of any concern depends on its overall resources. We, in this country, have never favoured the earmarking of assets in a particular country for meeting the obligations arising in that country; a method which is followed, we believe erroneously, in the case of many countries overseas. If the total resources are pooled, they are available to meet an emergency in whatever part of the world it may arise.

"Definite acceptance of this principle by Parliament will, I hope, set an example and do much, not only to emphasize the strength of British insurance to our foreign clients, but also to give a truer understanding of the fundamental principles of insurance business."

If the funds are immobilized in one country by legislation, it follows that the converse will hold good, and that, in the case of a national catastrophe, funds from other countries will not be available to meet the claims. The policyholders of the restricting country will stand or fall by the economic condition of that country at the time of the disaster. One or two illustrations of what has actually happened in the past will be of interest.

The great San Francisco earthquake and fire of 1906 is too well known to need much comment. It forms a classic example of how insurance companies' funds were drawn from all over the world to meet the claims arising from the catastrophe.

A more recent example of this is to be found in the Texas City Disaster of this year. The total extent of the loss is not yet known, but it may possibly exceed that of the Lake Denmark Arsenal Explosion in 1926, which amounted to the staggering total of \$75,000,000. This loss will be met by insurance companies utilizing funds which are at present located in many parts of the globe, and it is very obvious that the local community which suffered the loss could not possibly supply funds to meet it.

The influenza epidemic of 1918 cost life assurance companies more than the 1914-18 World War. Some countries were worse hit by the scourge than others, but diversification of risk and of investments enabled all sound companies to meet their obligations. Had investments been compartmented, the results would have been disastrous.

Even a cursory review of the losses incurred on Manila piers in the last two years, the total extent of which has not yet been determined, should quickly bring a realization that insurance companies will have to be free to import funds from abroad to meet them.

Foreign Life companies have brought in to the Philippines very large sums since liberation, to meet claims which occurred during the Japanese occupation. One company alone has settled claims to the extent of P6,763,216. Had these companies been compelled to depend on Philippine investments alone, or in part, the insuring public would have suffered a terrible loss. The Government, very wisely, came to the assistance of the local companies, but the burden of assisting all companies would have been impossible. As it was, it was unnecessary, and funds were freely brought in from abroad. This was also very evident in the settlement of Marine insurance companies' claims.

Forced local investment would inevitably result in more and more business being placed outside the Philippines, especially insurance on cargoes, but also in other branches including Life. A country in which a strong and respected insurance business flourishes, profits by a large invisible export. It collects taxes and profitable employment is given to many people through it.

To cite an example of how business can be lost in the Philippines with resultant loss in premium tax, stamp taxes, and other taxation, a large account was recently placed in New York after all negotiations were concluded to write it in Manila, because the president of the concern in New York could not be convinced that no obstacles existed as regards financing a heavy loss in Manila, or from Manila, if the loss settlement had to be made in the United States.

Many of the opinions expressed in the local press clearly show that the amount of money available for investment is the subject of gross exaggeration. A study of foreign companies' many nationalities will reveal that the underwriting (premium) surplus averages a small percentage. It is not infrequent that a section of business results in an underwriting loss. How then, out of a small percentage of underwriting surplus, or conversely a loss, could a company invest a compulsory proportion of premiums? It must be remembered that a substantial

* By insurance legislation

proportion of local income never leaves the country, being expended locally in salaries, rent, taxes, commissions, and other general expenses of operation, as well as in payment of claims.

Owing to the tragic consequences of the recent World War, there is, in the Philippines at the moment, a scarcity of investments which would measure up to the rigid standards required by the government departments under which the home offices of companies operating throughout the world have to work. If foreign companies are compelled by law to compete for possession of these few investments, the price would be raised and the interest yield consequently reduced. This is the logical consequence of economic law.

Let us suppose that all companies operating here are holding exclusively Philippine securities against their liabilities, and a catastrophic fire takes place in Manila. It would be impossible to bring in funds from other countries to meet the claims, and the resultant selling of local securities would have a disastrous effect on their value. In the case of life insurance, the catastrophe need not take place in this country. It need not, in fact, take place at all. The very threat of war or economic slump always results in policyholders rushing to take out loans on their life policies. By the terms of the contracts, these loans cannot be refused because, as was stated earlier in this memorandum, the funds belong to the policyholders and not to the companies.

The undersigned Companies accordingly wish to take this opportunity of expressing their belief that the wisdom of His Excellency, the President, will avert the grave dangers to which any hasty legislation on this important subject would give birth. The foregoing information is therefore respectfully submitted in the hope that, embodying as it does the experience of successful insurance legislation for several hundred years past in many countries, it may be of service to this Administration amid the many problems which, it is sympathetically realized, confront it.

[Signed by the representatives of 50 insurance companies]

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941—Average 15,316,000 KWH

	1948	1947	
January	27,340,000**	17,543,000	K
February		17,503,000	I
March		20,140,000	L
April		19,601,000	O
May		19,241,000	W
June		17,898,000	A
July		22,593,000	T
August		23,358,000	T
September		23,122,000	
October		24,755,000	H
November		24,502,000	O
December		25,725,000*	R
TOTAL		255,981,000*	S

* Revised

** Partially estimated

January output again established a record. Production was 9,797,000 KWH or 55.8% over January, 1947, and 1,615,000 KWH or 6.3% over December, 1947.

All indications are that output will continue to increase steadily during 1948.

Real Estate

By C. M. Hoskins

C. M. Hoskins & Co., Inc., Realtors

THE December and January real-estate market has shown a slowing-up both in total volume and in size of transactions, compared with 1946 and the first ten months of 1947. In December there were only six sales of over P100,000, the largest being for P350,000. January showed only two sales of over P100,000 up to January 23. Preliminary report of January sales to January 23 shows a total value of only P1,900,000.

The effects of the Supreme Court decision prohibiting aliens other than Americans from acquiring real estate are now showing up statistically. Chinese citizens were the

Prepared by the Bureau of the Census and Statistics

Note: A large percentage of 1945 sales and a diminishing percentage of 1946 sales, represent Japanese Occupation transactions not recorded until after liberation.

	1940	1941	1945	1946	1947
January.....	₱ 6,004,145	₱ 962,970	₱ 7,943,605	₱ 4,385,011	₱ 6,030,012
February.....	918,873	779,783	1,337,830	2,267,151	7,217,317
March.....	1,415,246	1,532,104	(?)	2,622,190	7,166,866
April.....	883,207	988,380	213,262	1,916,293	8,611,076
May.....	403,866	1,129,736	962,008	3,684,937	4,618,181
June.....	542,187	598,431	1,212,700	3,637,956	3,988,560
July.....	1,324,861	559,742	1,123,565	4,974,862	4,097,183
August.....	1,905,828	1,239,414	699,740	4,438,510	5,627,572
September.....	1,141,114	815,112	1,870,570	4,698,896	7,437,213
October.....	993,103	1,182,678	2,096,893	5,545,800	6,083,486
November.....	938,416	858,235	2,555,472	3,340,382	4,177,054
December.....	1,504,004	(?)	2,874,408	4,025,296	3,205,584
TOTAL.....	₱17,974,844	₱10,647,285	₱22,890,133	₱45,537,914	₱68,260,104

Port of Manila

By H. W. Tirus

Luzon Stevedoring Company, Inc.

ALL that is needed to raise the blood-pressure of any importer, customs broker, insurance man, stevedore, or terminal operator, is to mention the words "broken packages", "damaged goods" or "bad order". The subject is one that is much discussed but about which little concrete has been accomplished. In the November, 1947, issue of this *Journal* we had something to say on the subject of packing of cargo which comes into the Port from over-seas. It was pointed out that this improper packing, such as in plywood cases, fibre cartons, and other inadequate materials, which includes the packing of some 75% of all general cargo, is responsible in large measure for the great percentage of cargo which is received from the ships in a state of "bad order". All port and transportation enterprise must expect some breakage of cases or loosening of packing in the normal exigencies of cargo handling. This is especially true in the case of shipment by sea, where packages are often stowed under great weight in the hull of the ship, subject to the motion of the ship and the ever present possibility of sea-water damage. The problem of the handling of bad-order cargo has constituted one of the principal head-aches to importers, insurance people, steamship operators, and port personnel, especially in Manila, where, since liberation, proper facilities for handling any kind of cargo have been woefully lacking.

One step forward has been made by the Manila Terminal with which all persons interested in the Port should be familiar. Effective the 1st of February, 1948, there has been set up by the Manila Terminal a number of screened and locked trailers, of which as many as are required can be spotted on the pier at the ship-side. In accordance with an agreement between the Associated Steamship Lines, the Manila Terminal, and the Customs authorities, the keys to these trailers are turned over to the vessel head-checker or other person designated by the agent of the vessel. The intention is that all cargo "BO" which is so marked by the vessel or terminal-checker when discharged from the ship, will be deposited in the trailer without delay. The trailer when full is taken to one of three Butler-type buildings, designated to receive bad-order cargo, and unloaded in a section special to the vessel from which the cargo came. The bad-order package is surveyed, contents re-accepted for by the Terminal, and the container is recovered. Any further survey required by other parties, or the delivery of the package in question, is made only over a counter at the end of the section, thus limiting access to the bad-order corral.

The procedure outlined above represents a great step forward from the old practice of allowing bad-order cargo to remain on the apron of the pier, to be taken by open trailers or wheel-barrows to a general corral on the pier and there dumped with similar cargo from any ship at the pier. It is true that immediately after Liberation there were almost no covered, enclosed facilities adjacent to the piers in the Port Area for such protection for bad-order cargo, though attempts were made to guard the enclosures on the piers devoted to this purpose, but necessarily all persons wishing to examine broken cargo were taken to the entire enclosure. Any laborers bringing package to the corral or employed there sorting cargo, were exposed to the temptation presented by articles left completely in the open. Pilferage was therefore only natural. It is to be hoped, that with the new procedure, which, while not perfect is a great advance, loss of bad-order cargo through pilferage will be prevented and one more step taken toward developing an economical and efficient port which is the end for which all must look.

Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

EXPORTS for December showed a general decline from the previous month of November, marked chiefly by reduced shipments of copra, hemp, and lumber. This decline was offset somewhat by increased exports of ores and by the first movements of sugar since the war.

The overall total of exports for December was 150,846 tons, as against 163,331 tons for November. This figure, although showing a decline, was still decidedly better than the 106,500 tons exported during December of 1946.

Figures for the whole year of 1947 are not available yet, but will be published in the next issue of this *Journal*.

A comparison of shipments of the main export commodities for December, as compared with November, follows:

	November	December
Cigars.....	8 tons	11 tons
Desiccated Coconut.....	9,185 "	8,425 "
Coconut Oil.....	3,632 "	5,204 "
Copra.....	90,219 "	55,549 "
Copra Cake.....	6,467 "	2,240 "
Hemp.....	66,665 bales	45,232 bales
Logs and Lumber.....	1,324,575 bft.	595,878 bft.
Ores.....	14,483 tons	24,674 tons
Rope.....	204 "	233 "
Tobacco.....	21 "	156 "
Sugar.....	— "	17,500 "

Inter-Island Shipping

By D. M. CAMERON
Everett Steamship Corporation

INTER-ISLAND shipping during the month of December suffered a number of delays due to the typhoon which prevailed just after Christmas. A number of "FS" type vessels suffered accidents, and the S.S. *William Nott* of the Philippine Steam Navigation Company was beached when she broke away from her moorings at Legaspi. Three vessels of the larger type were out of service during the current month,—the S.S. *Maetan*, S.S. *William Nott*, and the S.S. *Charles MacDonnell* being in Hongkong for repairs.

The cost of fuel oil has steadily increased to the point where it is presently 30% higher in cost than it was five months ago. In addition to the high cost, fuel stocks are very low, and operators are concerned as to whether they will be able to obtain sufficient fuel for operation during the next few months. While there is a movement in some quarters to obtain reductions in freight, indication is to the contrary as the declining cargoes offering are resulting in extremely narrow margins between revenues and operating costs and voyages are frequently resulting in losses.

Operators are making renewed requests to the Department of Public Works and Communications to arrange for the dredging of the slips at the piers in North Harbor and the entrance through the breakwater, as fully laden ships of over 16 feet draft cannot come in until high tide. Such delay results in additional expense and disrupted schedules, with the final result of loss of revenue. Increased activity will be experienced in North Harbor when the construction of bridges across the Pasig River begins, which will require all inter-island vessels to use North Harbor piers. It is therefore important that the paving of the roads to and from the North Harbor be given serious consideration. The increased traffic during the rainy season will prove a serious obstacle to the rapid movement of cargo, the roads presently being in very bad repair.

Land Transportation (Bus Lines)

By L. G. JAMES

Vice-President and Manager, A. L. Ammen Transportation Co., Inc.

THE year 1947 was reasonably satisfactory from the view point of operating profits in the cases of several of the larger pre-war transportation companies. In other cases the result were discouraging. Many companies were handicapped by labor difficulties and typhoon damage. All of the operators holding pre-war rights continue to be seriously affected by unrestricted competition.

The majority of new operators, holding the rights and privileges granted under their Temporary Certificates of Public Convenience, conduct their business with one to ten bus units. The Government does not have the facilities for supervision of their operations, nor for collecting the various taxes to which such operators are subject. The majority of temporary operators pay no attention to authorized schedules or to authorized lines. They operate whenever and wherever they can do so at a profit, and abandon at will their authorized lines and schedules that are not profitable.

On the contrary, the regularly established operator, whose business is on a permanent basis, is obliged to adhere to lines and schedules authorized under its Certificate, regardless of profit. His records are kept in a proper manner and his books are subjected to frequent inspection by government authority to assure that all fees and taxes are paid.

The detailed December 31, 1947, balance sheet of one of the larger pre-war operators shows figures on various taxes and fees paid to the Government during the year's period. They are of interest as an indication of the extent to which the Government participates in the revenues of a transportation company which conscientiously meets its obligations.

5% tax on new truck units	P 10,000
5% tax on supplies, tools, machinery	9,500
Common-carrier tax — 2% on gross	50,000
Income tax	54,000
Real property tax	1,000
Registration fees (vehicles)	54,000
Public Service Commission supervision fees	4,000
Bridge tolls	120,000
Gasoline tax	152,000
Lubricating oil tax	1,000
Total	P455,500

This total represents approximately 20% of the gross revenue of the company for 1947. It represents P44- on each share of the capital stock of the corporation.

This same operator has 1000 competing units in daily operation on its various lines. Part of them are authorized for temporary operation and the rest are "colorums" with no operating rights. Of the owners of the former, only a few, and of the latter none keep any record of their operations. The majority pay no common-carrier tax and no income tax. It is a matter of common knowledge that connivance with bridge-toll collectors saves many of these operators all but a fraction of the amount that would ordinarily be paid for tolls, thus defrauding the Government of substantial revenues.

The "colorum" operator pays only one-half of the "TPU" registration fees by registering his vehicles under "T" classification. He pays no fees to the Public Service Commission.

Until such time as the Government, through the Public Service Commission, the Bureau of Internal Revenue, and proper law enforcement agencies, takes steps to rectify the present chaotic condition existing throughout the country in public land transportation, the outlook for the legitimate operator is insecure and obscure. In spite of being taxed perhaps more heavily than any other form of business, the regularly established transportation company gets little or no government assistance and protection of its rights.

Gold

By CHAS. A. MITKE

Consulting Mining Engineer

THE mining industry, which received such a severe blow during the Japanese occupation, showed definite signs of revival during the latter part of 1947.

Big Wedge, now merged with Atok, the former management company, produced a total of P3,364,719.78 worth of gold from 91,599 tons of ore milled. This resulted from the first ten months of operation since liberation, and represented an average recovery of P36.73 per ton. The company also paid several dividends. While most encouraging, this, however, represents only one-third of the Company's pre-war production.

Lepanto Copper, while busy constructing its new mill, shipped a fairly large tonnage of concentrates, thoughtfully (?) mined and left behind by the Japanese.

Benguet Consolidated is working strenuously in order to get the first 1200-ton unit of its combined Benguet-Balatoc mill into operation. It is also driving a new haulage tunnel, to serve the mill, and in the work of excavation, is said to have cut a new vein, reported to run \$9 a ton. Reconstruction work, so far, is reported to have cost around P3,000,000. The ultimate objective is a 4000-ton mill.

Mindanao Mother Lode operated for five months during 1947, and produced P448,466 from 11,400 tons of ore. This is about one-fourth of its pre-war production capacity. Recovery-value during December was said to be P60 a ton. Pre-war production ran about P1,000,000 monthly.

Surigao Consolidated, Tambis Gold Dredging, and the Harrison-Lang placer, are also active.

In 1947, a new producer entered the field, the Taysan Mining Company, the former Antipolo Mine, which is reported to have high-grade gold ore in the lower levels.

In the base-metal classification, Consolidated Mines easily topped the list, with reported sales of 189,499 tons of refractory chrome, valued at P3,319,488.60. This is a considerable advance over the 1946 production, which only ran around 58,000 tons. A certain small amount of metallurgical chrome, and high grade manganese, were also shipped from other properties during the year.

The Acoje Mining Company, which is reported to have secured a loan from the Philippine Reconstruction Finance Corporation, is preparing for production, and hopes to resume shipments some time during 1948. Another, smaller chrome property in Mindanao is also undergoing development, and a high grade manganese property in Leyte is about ready to begin shipping.

The greatest need of the mining industry at the present time is foreign capital. Considerable interest has been evinced lately in Philippine mining ventures by outside capital. Representatives of large American mining corporations have visited the Islands at various times during 1947 and the early weeks of 1948, and two new corporations, financed from abroad, have set up offices here. These various visitors are looking for mining investments, and are willing to take the gamble of investing capital to develop raw, but meritorious, prospects into producing mines, provided they can get proper cooperation. Among the things they particularly do not care for are certain sections of the corporation law, and the restrictions contained in the mining law.

The present mining law limits a locator or leasor to three claims on the one lode. A claim, is a square, 300 meters by 300 meters, presumed to be placed in such a manner that the lode runs down the center. This permits the claim to extend 150 meters on either side of the lode. In the case of flat-dipping lodes, the investor would soon find his ore dipping out of the side-lines of his claims at a very shallow depth, and might hesitate about developing a property in which the deeper ore, which is frequently higher in grade, might extend beyond his side lines, and ultimately belong to someone else. In other words, he would be taking the risk of proving up the deeper ore for someone else, who has only to sit back and wait until the element of gambling has been removed and the deposit proved to be a commercial matter.

Large investments require large ore reserves to pay back the investments, and large ore reserves are not usually found within the confines of three mining claims. Mills and treatment plants are expensive installations and are only justified when a substantial tonnage of ore is in sight within the confines of the property in question. Moreover, the increase in production-costs has placed a number of small deposits outside the marginal limits, and made others less attractive than they formerly were during pre-war days.

An authority on mining law, a recent visitor to the Philippines, claims that the law limiting locators and leasors to three claims on a lode is an obsolete law, copied from an old statute in the United States at the time of the first American occupation (1898). It has long since been deleted from American statutes but still remains in force in the Philippines, where it operates to the hardship of claims owners, without any benefit.

Gold-producers are still harassed by the gold situation. All during 1947 there were rumors of a raise in the price of gold, or a devaluation of the dollar. One Canadian company refused to sell its production, and even turned much of its reserve-capital into gold, holding it for a higher price.

In South Africa there was talk of a bounty to gold miners. After much discussion with U. S. Treasury officials in Washington, Canada offered an increase of \$5 an ounce for all output over normal figures, in order to stimulate production of gold. The *New York Journal of Commerce* recently urged that a bonus be granted gold-producers in the United States, to enable them to meet higher mining costs.

There was talk of a free market for gold in France, but the International Monetary Fund denied on January 21 that any discussions tending towards such a step had been held. France, however, devalued the franc, setting the rate at 250 to the dollar.

Gold is being produced at the rate of about \$700,000,000 a year, and the total supply of gold in the world is up to \$37,000,000,000.

Lumber

By E. C. VON KAUFFMANN

President, Philippine Lumber Producers' Association

SEVERAL articles have appeared in local newspapers after President Roxas lifted the ban on the export of sawn lumber, claiming that the present rise in local prices was the result of such exports causing a shortage locally. The facts are that since the ban was lifted in early December, very little sawn lumber has been exported, and that present local prices have remained under the ceilings established by the Government. Even in pre-war days, lumber prices improved during the months from November to May or June, and dropped during the rainy season, when construction slackened. This is happening now.

The proposed increase in forestry taxes has caused quite a stir among lumbermen. A few months ago, mention was made of the lumber industry being the heaviest taxed of all, and if lumber must remain at prices within ceilings to favor rapid reconstruction, forestry taxes should be reduced rather than increased. Every 50 centavos per cubic meter paid as forestry tax, represents not less than P3 per thousand board feet of sawn lumber added to the cost. Actual forestry taxes on Lauans are P2 per cubic meter for Red, Tanguile, and Apitong and P1.25 for White Lauans. Added to this is a reforestation tax of P.50 per cubic meter for Red and P.40 for White. The Government gets from the producer approximately P15 for Red and P9.90 for White Lauan per thousand board feet cut in the mills, in the form of forestry-tax and reforestation-tax charges. Added to this is the 5% sales tax which figures at about P8 to P10 per thousand board feet. On a total post-war capital investment in the lumber industry of P26,000,000, the Government will get this year, in the taxes mentioned, at the present rate of production, at least P6,000,000, equivalent to 23% of the lumbermen's capital investment. The Government also gets an additional P2,000,000 a year on purchases made by the mills for their operation, — supplies for laborers, fuel-oil, gasoline, machinery and replacement equipment.

The lumber industry has been and is operating under severe handicaps which have hindered its development and make it impossible for this branch of commerce to carry a heavier share than it already carries of the cost of running the Government. With the recent lifting of the export ban, lumbermen felt a certain relief with hopes of being able to increase their production to compensate

for the lumber exported; but if increased taxes are going to be loaded on the industry, these hopes will be shattered. What profits lumbermen can make now, cannot be exorbitant, and, considering that lumber concessions are not permanent but of short life, they must always bear in mind the possibility or the probability that at the expiration of their leases, their whole capital investment in machinery, roads, bridges, etc., will be practically valueless. Consequently, the lumberman has to exert every effort to recover at least the value of his investment within the period of his concession-lease.

Copra and Coconut Oil

December 16, 1947, to January 15, 1948

By MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company

COPRA and coconut oil found new worlds to conquer during the period under review. Our last report left copra on December 15 reasonably steady, with sellers to the Coast at around \$255 c.i.f. and European buyers interested at between \$255 and \$260 f.o.b.

The American market was lifeless and inactive up to Christmas, and it was supposed that there would not be much activity until after the New Year, when it was thought likely that demand, and consequently prices, might improve. On December 25 and 26, however, a very severe off-season typhoon roared through Luzon and over adjacent islands, and the damage to trees, crops, houses, roads, bridges, and *tapahans** was tremendous. It was the most

* Native copra driers

severe storm of its kind in twenty years, and although preliminary reports of typhoon-damage are almost always exaggerated, in this case subsequent surveys confirmed that first guesses were not far out of line. It is expected that the effects of this storm in the districts concerned will be very evident for the next six months and tangible for close to two years.

On this basis, copra, which had been hanging around \$250 c.i.f., with little doing, took a spurt immediately after the holidays, advancing sharply to \$285 by January 5, to \$300 by the 8th, and to a high of \$330 by the 13th, with one small sale reported at \$335. Offerings were extremely light and few sellers made much money out of this advance, for most of them were either oversold or fully covered when it began. At \$325 c.i.f., buyers began to resist the advance, which put copra out of line with other fats, and at the close of the period they were bidding \$310 with sellers' ideas still \$325 c.i.f.

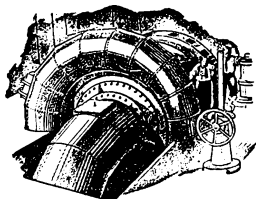
Meanwhile, European buyers were almost completely out of the picture. Two good-sized lots totalling less than 10,000 tons, were sold the week before Christmas at \$265 f.o.b., but most European buyers were short of dollars, and after January 1 prices were too high for them, although France was indicating up to \$350 f.o.b. at the close. SCAP's purchases of some 19,000 tons for Japan, completed the middle of December, proved to have been sound transactions.

Local copra prices followed, and in some cases anticipated, overseas quotations. Starting at around P45 per 100 kilos, the Manila price sagged to P43.50, and then began to climb until it tapered off at the unheard-of price of P65 on January 14. While December arrivals were fair, there was practically nothing available in January, nor were the immediate prospects good.



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Coconut oil was weakening on December 15. Tallow was down to 21 cents and coconut oil followed it from 21 cents to 18-1/2 f.o.b. tank cars Pacific Coast. After the storm, however, and particularly because of the more bullish attitude regarding the whole fat situation, prices began to advance both for coconut oil and tallow, and oil sales were made up to 26 cents for nearby oil, with some buyers willing to cover up to June at 24 cents. Meanwhile, tallow had jumped to 27 cents, and was only slowed up by the large seasonal stocks of lard which began to come on the market. By January 15 indications were that the current peak had been passed. But for the local scarcity of copra, a fairly rapid decline might have been anticipated.

Local oil, meanwhile, had declined from 95 centavos a kilo to 88, but immediately stiffened after the storm and reached a high point of P1.15 shortly before the 15th, with comparatively little trading throughout the period.

Copra expeller-cake was quietly unchanged from mid December to mid January. European interest was recorded at \$110 c.i.f., which worked out around \$77 f.o.b., at which price some few fair-sized lots were sold. Buyers were generally short of dollars, and there was no spirited bidding for cake.

Preliminary figures for 1947 showed copra exports at an all-time high of 925,614 long tons, of which 61% was shipped to the United States and the rest, 39%, to Europe and other destinations. Oil exports were calculated at 23,250 tons and exports of desiccated coconut at 58,357 tons of 40 cubic feet. It was anticipated that the production of desiccated coconut will increase tremendously during 1948 and that coconut-oil exports will also increase, although not so spectacularly. The consensus is that Philippine copra production and copra exports will decrease in

1948, due not only to the typhoons, but also to the abnormal conditions pertaining to 1946. The major part of the loss will come from the northern half of the archipelago. Estimates of this overall decrease in copra shipments vary all the way from 15 to over 30%. Only time will tell which is correct, but it is believed that buyers abroad generally have not properly appraised the situation and are likely to be disappointed.

The copra export picture for 1947 was not without its darker side in spite of the record prices. Buyers experienced tremendous losses, both through failures to ship and to the short-weights received. Numerous scandals developed, and buyers, particularly in Europe, who bought f.o.b. and not c.i.f. were highly dissatisfied. Attempts have been made to correct this situation, first by a closer check on weights and qualities shipped, and second by buyers gradually eliminating the less responsible sellers. But a condition such as this comes easily in the kind of world we are living in and the kind of markets we have experienced, and it will take time to correct a situation so easily abused.

Looking at the picture on January 15, we realize that in 1948, as in 1947, the world fat-supply is bound to be inadequate. But prices have risen to such levels that consumer-resistance is to be expected, and it is logical to suppose that the high early January prices cannot be maintained. And so we shall probably again face a year of sharp fluctuations, ready-made for the gambler, but satisfactory to nobody else. With prices so high, few operators can afford to gamble, — which makes for spot-markets as dictated by kaleidoscopic world conditions. In 1948 these conditions, and the efforts of the United States and other governments to control and improve them, will write the story for copra and coconut oil.



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Desiccated Coconut

By HOWARD R. HICK

President and General Manager

Peter Paul Philippine Corporation

THE following report covers the month ending December 31 and a summary of the desiccated coconut exports for the year 1947.

December saw a steady increase in the cost of raw material, which went well beyond the copra equivalent of raw nuts. Sellers generally preferred to hold, waiting for better prices, which resulted in several shutdowns due to lack of raw material. The month ended with a slight easing off of prices and slightly better raw-material supply, — which was partly due to year-end shutdowns of several factories for the holidays and, in some cases, for general annual overhaul.

The December milling capacity is about 135% of average pre-war capacity, and the 1947 total production was approximately 32,400 metric tons, as compared with 41,777 metric tons for the year 1940, the last full pre-war year for which records are available. The year 1940 is generally considered a normal year; the 1941 output was larger but it was not complete and most companies were building inventories, anticipating lack of shipping space and possible war.

The interesting fact today is that the volume of desiccated coconut business is actually on the increase, despite the fact that the present capacity is 35% greater than pre-war. A rough survey of the expansion plans of presently operating companies and those soon to get into operation indicates a 54% increase in capacity by midyear, 1948.

Following are the shipping statistics for December, 1947, and for the year 1947:

	December, 1947	Year 1947
Blue Bar Coconut Products Co.	1,856,500	16,067,040
Canlubang Sugar Estate	Shipped by Franklin Baker Co.	
Cooperative Coconut Products	237,640	857,640
Franklin Baker Company	4,964,850	19,051,660
Marman and Company, Inc.	nil	1,684,700
Peter Paul Philippine Corp	1,932,200	18,123,300
Philippine Desiccated Co.	Shipped by Blue Bar Co.	
Red V Coconut Products	696,000	4,169,200
Sun-Ripe Coconut Products	901,000	9,536,100
United Coconut Products, Inc.	385,500	1,814,300
*Isabelo Hilario	188,800	188,800

* NOTE: Marman and Company sold out their plant to Isabelo S. Hilario.

Sugar

By G. G. GORDON

Secretary-Treasurer, Philippine Sugar Association

IN view of the uncertainty of the availability of sugar-containers for the 1948-49 crop, at a recent meeting of the Philippine Sugar Association it was decided to send a representative to India to make representations to the Indian Government for the allocation of an adequate quota of jute bags to the Philippines for the 1948-49 sugar crop. As a consequence of this visit, an extra quota of 3,500 tons of jute cloth is expected to be allocated to the Philippines for shipment during 1948.

It was learned from reliable sources that the Philippine Government may not import fertilizer for application to the 1949-50 crop, but may issue import licenses to private importers who may wish to import it. Sugar producers

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consider that the Philippine quota of fertilizer for 1948 should be increased to 60,000 tons, in view of the increased sugar production that is anticipated for the 1949-50 crop.

Although exact statistics are not available, it is estimated that up to December 31, 1947, about 90,000 short tons of sugar have been manufactured, and of this 20,000 to 30,000 short tons have been already exported and about 15,000 tons utilized for local consumption. The allocation for local consumption, which was originally 90,000 short tons, was increased by presidential decree to 150,000 short tons during December, and since then it has been reduced to 120,000 short tons. These changes have caused considerable fluctuations in the market for local sugar, which fell from over P30 a picul to P14 but has since reacted to from P18 to P19. Current value for export ranges from P12.50 to P13 a picul.

Quotations on the New York Sugar Exchange for the period December 10, 1947, to January 9, 1948, ranged as follows:

	High	Low	Close	Sales
May, 1948	5 25	5 05	5 15	66,850
July, 1948	5 26	5 05	5 15	27,700
September, 1948	5 24	5 06	5 15	12,050
December, 1948	5 17	4 99	5 06	1,300
March, 1949	4 98	4 74	4 82	4,400
May, 1949	4 88	4 84	4 81	300
Total sales				112,600

The negotiations for sale of Philippine export sugar to the U. S. Army were dropped when the Army withdrew its offer. It was stated that negotiations might be reopened, but so far nothing has resulted.

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Tobacco

By the CONDE DE CHURRUCÁ
Compañía General de Tabacos de Filipinas

THE year 1947 ended with the typhoon "Jean" which completed the damage done to the planting of tobacco by its predecessors.

The accompanying flood was the biggest since 1939, and although it damaged the actual crop, the land was in many regions benefited considerably, to the advantage of future crops.

The principal damage comes from the scarcity of seedlings, for time after time the farmers have been obliged to replace them, and many of them have no more; the latter are now planting corn as the only alternative.

Where they can, good farmers are buying tobacco seedlings at P3.00 a thousand, but in spite of such efforts, there are not enough to go around. As a result, the crop will be reduced by about 30% in the most favorable cases, and in all, we cannot expect a yield of more than 80,000 quintals (about 4,000,000 kilos) for the whole Cagayan Valley.

If leaf-tobacco exports are renewed this year, as hoped, this would mean a shortage of tobacco and a better price for actual stocks, especially when the 1947 crop is in condition to be used by local manufacturers.

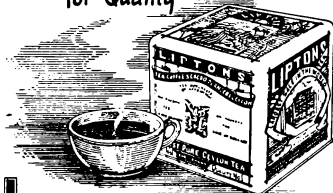
Manila Hemp

By MURRAY COOK

International Harvester Company of the Philippines

DURING the month of December, the value of Davao-type fiber remained steady at around P58, basis loose "J1". Throughout the period, a very steady market was experienced in Davao. A fair volume of business was recorded during the first half of the month—

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possibly due to pre-Christmas selling. During the second half of the month, the selling of loose dried up, and the market closed on a firmer note, with buyers but no sellers at basis P58 for "J1".

In New York, prices advanced from Davao "F" — 26-7/8 ¢, Davao "I" — 26-1/2 ¢, Davao "J1" — 25-1/2 ¢ to Davao "F" — 28¢, Davao "I" — 27-1/2 ¢, Davao "J1" — 26-5/8 ¢, which brought prices there more nearly in line with current selling prices in the Islands. The New York market closed the month very firm, with sellers raising their ideas due to the difficulty in obtaining loose hemp.

Prices of the better grades of non-Davao fiber firmed up during the period, although the lower grades remained about unchanged. In New York, corresponding advances were recorded with "J1" advancing from 20-7/8 to 21-3/4 ¢.

Production for the entire Philippines showed some improvement, being 55,246 bales as compared with 52,741 bales for November. Reversing the recent trend, Davao balings were up 845 bales, being 22,841 bales. There are no grounds for expecting this trend to continue in Davao.

The 1947 balings for the Philippines amounted to 786,747 bales.

The very severe Christmas typhoon did extensive damage in the non-Davao districts. The effect may result in increased production in the immediate future, but once the fallen stalk has been stripped, production will be adversely affected. As Davao is out of the typhoon belt, no damage occurred there, but production from this area is likely to fall off further.

Machinery

L. M. HAUSMAN

L. M. Hausman Company

FOR a limited number of machinery manufacturers, especially those whose production is high, and for a very few models, production has finally caught up with backlog and demand. These plants have been able to reorganize their sources of raw materials, as well as their manufacturing facilities, and temporarily at least, are going strong.

But, there are still bottlenecks and breaks in the chain of production. From time to time, delivery of specialized materials fails. Unit man-hours for a machine completed are still erratic.

All of these plants have gone back to their former method of quoting,—that is "bidding to be at prices in effect at time of shipment" and no accepting of orders for future delivery at firm prices.

Despite the improvement in deliveries, there is a new source of hazard to importers in that too many inexperienced merchants have ordered far too much equipment, and most of it, unknown, untried, and in poor quality. While manufacturers whose name and reputation were widely and favorably known, refused to substitute inferior quality of materials and ineffective workmanship during the past two years of scarcity, other factories, reconverted from work of the war years, and having no standard to maintain, did produce a large quantity of machinery, using whatever material and labor they could readily obtain. This sort of equipment, failing to find a steady market in the United States, has found a great many unwise buyers in the Philippines.

Automobiles and Trucks

By J. L. MANNING

Manila Trading and Supply Company

RECENT statistics from the Bureau of Public Works, Motor Vehicles Division, indicate a continued rise in the number of net registrations and, of course, a corresponding rise in collections.

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Registration up to November 30, 1947, totalled 73,562 vehicles, as compared to 60,210 on June 30, 1947.

Year	Motor Vehicles	Collections
1947 (up to Nov. 30)	Manila 33,647	
	Provinces 39,915	
	Total 73,562	P11,402,686.14

Recent governmental talk relative to the proposed increase in the automotive sales-tax has definitely caused the local industry to re-analyze its capital position, its employment program, and its long-term plans.

Passage of the tax-bill as proposed will certainly result in a reduction of the number of automobiles imported by a large percentage. Naturally, reduction in assembly, service, and merchandising payrolls will follow.

More important are the plans for reduction of long-term capital investment in this and allied industries, due to the expected reduction in the volume of business as a result of prohibitive taxes.

Textiles

By JAMES TRAYNOR

THE arrivals during the month of December about equalled the November arrivals which were comparatively large.

Local prices, which softened somewhat during November, improved during the month of December due to seasonally large sales. New orders placed during the month were in reduced volume.

The New York market continued to be firm with price increases on most lines. American mills continued to be well backlogged with orders and can only accept business for four to six months delivery.

Legislation, Executive Orders, and Court Decisions

By ROBERT JANDA

Ross, Selph, Carrascoso & Janda

THE Philippine Congress opened its session on Monday, January 26, at which time the President, in his message on the state of the nation, outlined the Administration's legislative program to the session. Of particular interest to the business community were the following proposals:

(1) To create a central bank. Presumably, this will have the effect of greatly increasing the Government's borrowing power from local sources, as it is presumed it will authorize this bank to discount government securities as is done in the United States and foreign countries.

(2) To grant the President authority to control imports and to increase or decrease sales-taxes on luxuries, semi-luxuries, and non-essential commodities up to a 100% of present rates, but in no case to reduce the tax below its present level. It is proposed to increase present tax rates on alcoholic beverages, beer, soft drinks, cigarettes, and other tobacco products.

(3) To redeem certain Philippine National Bank notes, emergency notes, and authorized guerrilla currency.

(4) To authorize the President of the Philippines to obtain from the Central Bank funds for certain purposes specifically authorized by law when, in the opinion of the Bank, the existing exchange-reserves are in excess of foreseeable demands to cover the balance-of-payments of the nation.

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(5) To enact a law requiring insurance companies to invest at least 50% of their reserves in loans the proceeds of which will be used in the Philippines. The purpose of this proposal is undoubtedly to make funds available for local industrial development and government issues. The danger is the possibility of preventing the full and proper use of reinsurance facilities, thereby lessening the ability of local insurance companies to pay losses in the event of major catastrophes.

(6) To amend the Administrative Code to grant more autonomy and to enlarge the power of taxation of provinces and municipalities. It is hoped that care will be taken in drafting this legislation, to prevent overlapping of the insular and local tax-powers. It is important that the field of taxation for each branch of the Government should be clearly defined and that local and insular entities should not encroach on the fields set aside for each other's activities.

(7) To provide for the collection of the sales tax in advance at the time goods are withdrawn from the customs house or factory, the amount collected to be credited against the sales-tax liability as later determined. This is an attempt to eliminate reported evasions of the present law.

(8) To lift the moratorium subject to certain, though unspecified, conditions. This measure is long overdue and it is hoped that the conditions will not nullify the benefits of the proposed action.

There were no important court decisions during the past month.

Executive Order No. 114 requires government companies to make contracts for repair and construction work on public bidding. The order does not apply to corporations where the charter expressly authorizes the awarding of contracts without public bidding or where the amount involved is less than ₱3,000 and the by-laws of the corporation expressly authorize this.

Philippine Government Corporations

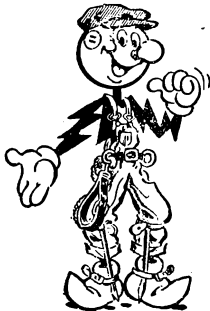
From an Official Source

JAN. 1 — Budget Commissioner Pio Pedrosa, President of the Board of the Manila Railroad Company, announces that former Under-Secretary of Public Works and Communications Sergio Bayan was elected permanent General Manager of the Company. Former General Manager F. E. V. Sison, who resigned last November while in the United States undergoing medical treatment, was elected to fill a vacancy on the Board, as Solicitor General Manuel Lim.

Jan. 2 — President Manuel Roxas meets with the newly organized Government Enterprises Council, which has taken the place of the abolished National Enterprises Control Board. The Council is headed by the President himself with the Secretary of Commerce and Industry as the Vice-Chairman, and is composed of the Chairmen and Managers of the 23 government corporations. Under the Executive Order which created it (No. 93), the Council will have a Control Committee composed of the Secretary of Commerce and Industry, Commissioner Pedrosa, and Gregorio Licaros, as Secretary, ex-officio.

Judge Servillano de la Cruz, Chairman and General Manager of the National Rice and Corn Corporation, present at the meeting, informs the President that there is sufficient rice in the country to feed the people for the first 8 months of 1948 and that the rice which has been sold to other countries is rice that could not have been sold here;

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he states that by June, when allocations have been made, the Philippines will be able to purchase rice from Siam and the United States to carry on for the rest of the year.

The President states he wants the National Coconut Corporation to buy up as much copra as possible to serve local manufacturers of oil and other coconut products. He asks the Homesite and Housing Corporation to rush the construction of houses for low-salaried employees and states that this project must be made self-supporting so that money may be borrowed for the purpose in addition to the P2,000,000 already provided. He is told by Dr. B. M. Gonzalez, Chairman, and Vicente Fragante, Manager, of the National Housing Commission, that the houses erected from the P2,000,000 appropriation will be finished next month and will be allotted through a lottery.

The President asks Dr. L. R. Salvosa, General Manager of the Government Insurance System, to study a plan under which low-salaried government and other employees could buy P1000 insurance on payment of P1 a month, the employer to be asked to pay another peso.

Jan. 6 — Surplus Property Commissioner Arsenio Luz takes his oath of office as Chairman of the Commission.

Jan. 8 — Delfin Buencamino takes his oath of office as Permanent Chairman of the Rehabilitation Finance Corporation.

Jan. 10 — The Control Committee of the Government Enterprises Council listens to an extensive report made by M. M. Kalaw, General Manager of the National Coconut Corporation. He emphasized the function of the Corporation of "making available to copra producers the benefit of improved export prices being obtained, which heretofore have accrued only to middlemen". Discussion "revealed that the NACOCO has never had sufficient working capital for copra trading, as a large proportion of its capitalization of P3,500,000 was allotted to promotional service, experimental projects, and fixed capital expenditures". It nevertheless engages in this trading "especially in centers of copra production in order to have an instrumentality to stabilize prices for local copra producers". "NACOCO copra contracts were examined and discussed, and proposal for financing further copra operations were considered".

Jan. 15 — A. V. Tanco, Manager of the National Rice and Corn Corporation, states that in spite of reduced rice-production in the Philippines, rice consumption has so greatly lessened that the existence of a "reasonable carry-over for 1948 partly justified the exportation of spoiling rice-stocks to the East Indies, Malaya, and SCAP for Korea and Okinawa. The reduction in local consumption is attributed to the fact that people are eating more rice-substitutes such as corn and bread. The major part of the rice exported, had been imported and in storage for from 6 months to 2 years."

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Jan. 16 — The Philippine Relief and Trade Rehabilitation Administration (PRATRA) announces that it has been allotted 1,700 short tons of tin-plate for the second quarter of 1948 after representations made through the Department of Foreign Affairs to the effect that there is a shortage of this material here. Tin plate is used in the manufacture of containers for lard, oils, and other liquid foods.

Philippine Safety Council

FRANK S. TENNY

Director, Philippine Safety Council

ARTICLES of Incorporation of the Philippine Safety Council as a non-stock, public service organization were signed and submitted last month. The purpose of the organization was briefly summarized: "A public service organization devoted to the reduction of accidents and the preservation of life and property in the Philippines". The following officers and members of the Board of Directors are announced:

President..... Mr. Benito F. Legarda
Vice President and Treasurer..... Mr. Louis P. Croft
Executive Director and Secretary..... Mr. Frank S. Tenny
Members of the Board of Directors—

Hon. Manuel Lim
Hon. Sergio Bayan
Chief Primo Villar
(Motor Vehicles Division)
Mr. V. A. Brussole

The first five listed are the incorporating directors. The board has voted the following honorary titles, to be sole and permanent, in recognition of past services during the organizational period of the Safety Council:

"Founder and Original Director"..... Mr. Frank S. Tenny
"Original Associate Director"..... Maj. Frank C. Young
Chief Primo Villar

The technical safety services of the Council will be planned and supervised by the Executive Director. A staff of technical assistants is contemplated, one expert for each type of safety activity. The tentative list is as follows:

For safety administration..... Chief Primo Villar
For traffic safety..... Maj. Frank C. Young
For industrial safety..... Mr. Primo G. Maluanag
For mine safety..... Mr. V. A. Brussole
For fire safety..... Chief Cipriano Cruz
(Fire Department)
For military safety..... Maj. Robert C. Lowe

The activities of the Philippine Safety Council are expected to extend beyond the vicinity of Manila soon.

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A branch will be established in Dagupan this month; and one in Zamboanga next month. Further plans are underway now.

The board has directed that 1948 memberships in the Council will be divided into individual and company sections, with two sizes of company memberships. Detailed information is now being prepared on this matter. All members will have active privileges and obligations.

The company safety programs now underway in the Manila Electric Company, the San Miguel Brewery, Elizalde and Company, and Ang Tibay enterprises will continue under the supervision of the Executive Director in his capacity as Safety Consultant to these firms. A modified program is also underway in the Pangasinan Transportation Company.

COST OF LIVING INDEX OF A WAGE EARNER'S FAMILY IN MANILA BY MONTH, 1945 TO MAY, 1947

Prepared by the Bureau of the Census and Statistics
1941-100

	All Items	Food (59.15)	House Rent (8.43)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscel- laneous (17.86)
March.....1945	559.8	635.5	236.4	1695.2	237.1	674.4
April.....	598.8	702.1	236.4	1611.9	254.3	661.4
May.....	689.7	799.4	236.4	2041.5	380.7	734.8
June.....	745.8	872.7	236.4	1860.8	410.8	788.7
July.....	751.5	886.9	236.4	1664.2	393.4	794.1
August.....	724.7	848.5	236.4	1484.5	367.6	774.3
September.....	708.4	852.4	236.4	1034.0	367.7	709.1
October.....	735.3	937.8	236.4	1045.1	466.1	499.5
November.....	747.8	955.8	236.4	1017.0	480.2	499.9
December.....	669.4	852.7	236.4	1030.3	401.9	463.0
January.....1946	603.4	759.2	236.4	984.0	363.8	434.8
February.....	547.2	656.3	236.4	940.3	369.5	460.7
March.....	525.9	631.0	236.4	940.1	340.4	445.2
April.....	556.2	684.1	236.4	910.3	345.5	435.9
May.....	545.1	675.6	236.4	762.5	342.3	409.6
June.....	538.7	666.4	236.4	737.9	343.3	404.2
July.....	532.7	704.3	236.4	598.9	341.3	364.6
August.....	477.9	590.0	236.4	384.7	370.9	346.3
September.....	477.9	591.3	236.4	378.7	314.5	347.2
October.....	487.4	587.2	236.4	382.7	405.8	342.7
November.....	484.8	607.8	236.4	406.4	346.5	305.2
December.....	461.9	570.8	236.4	371.9	344.7	302.1
January.....1947	394.1	468.2	236.4	381.9	326.2	282.5
February.....	389.5	454.9	236.4	356.3	344.8	281.4
March.....	378.6	440.1	236.4	295.2	334.7	279.4
April.....	360.3	413.3	236.4	269.2	328.3	271.6
May.....	354.2	404.4	236.4	250.9	325.4	269.4
June.....	358.6	414.4	236.4	236.8	316.6	268.6
July.....	364.1	426.8	236.4	217.7	309.3	269.9
August.....	358.0	419.8	236.4	210.2	292.0	269.1
September.....	340.4	392.1	236.4	216.4	283.3	266.8
October.....	331.1	376.9	236.4	212.7	280.5	267.7
November.....	329.9	376.3	236.4	215.1	280.5	265.3
December.....	343.9	395.8	236.4	219.1	298.2	262.9

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The

"LET YOUR HAIR DOWN"

Column

THURSDAY and Friday, January 15 and 16, in the offices of the American Chamber of Commerce, reminded one of that good old American institution, the annual "home-coming week". More than three hundred American men and women, members and non-members of the Chamber, took advantage during those two days of the kind consideration of the heads of the Bureau of Immigration and the City Treasurer's Office in sending representatives to the Chamber to issue residence certificates for 1948 and to take care of the "annual report in person" required of all aliens in the Philippines—fees 50 centavos and P5.00 respectively. The arrangements made proved most convenient, for which all who came were grateful, and also afforded opportunity for a meeting of many old friends.

The *Journal* during those two days came in for many an encomium, modestly deprecated, of course, by the editor. Readers will have to take our word for this. However, we received the following from Mr. C. M. Hoskins in writing, and could produce it if necessary:

"Congratulations on your luxury-tax editorial. It is well thought out and expressed and is the best piece of writing on economics I have seen since the war. I hope every member of the Philippine Congress gets a copy of it."

We had already sent copies of the January issue containing the editorial to all the members of the Senate and the House. We had also taken the liberty to send a copy to President Roxas in Baguio, by air-mail, immediately after the issue came off the press. We trust that this will not be taken as unduly presumptuous. The fact is that we feel sincerely that much of what is published in the *Journal* is important to the economy of the country and should be read by those who direct its economic policies. We are not carrying on a sly propaganda addressed to the people over the heads of their leaders. What we feel we should say, we say frankly and openly and for the leaders of the country rather than the general public for which a publication like the *Journal* can not have any great appeal. On the other hand, we welcome general readers, too, especially those interested in economic and business matters. One does not have to be a member of the

American Chamber of Commerce to subscribe to the *Journal*, as some people mistakenly think.

Mr. Jos. S. Johnston, of Jos. S. Johnston & Sons, Inc., Zamboanga (stevedores, brokers, general merchants, and contractors), sent us our first three-year subscription (1948, 1949, 1950). There's a man who has faith in the future!

Judge John W. Haussermann, in a recent letter to Mr. Frederic H. Stevens, President of the Chamber, stated that he plans to sail for Manila on the S.S. *President Cleveland*, scheduled to leave San Francisco the 20th of February. He wrote in part:

"I certainly am proud of my staff in the Islands. They have done wonderful work in rehabilitation. It is most gratifying to me to know that their work is not only appreciated by me and those in the Philippines who know of it, but that strangers, including competent mining engineers who have visited the property, have returned to the United States and been very extravagant in their praise of the members of our staff and their achievements which, they said, are really miracles. I am glad to know that old Benguet is on its way toward its former smooth and profitable operation..."

We received a rather long letter from Mr. E. E. S. Kephart, United States Steel Export Company, by air-mail from New York, which we reproduce in full because of its interest: (It was addressed jointly to Mr. Stevens and the editor).

"It is a real pleasure to compliment both of you gentlemen on the excellent work being done by the Chamber and the fine publication edited by Mr. Hartendorp. The complimentary copies of the *Journal* have been very well received by our executives and a subscription is now in the mail. There is no doubt that it will be absolutely essential for the Chamber to take a prominent part in the business and other activities of the Philippines if legitimate interests are to be properly protected. With such outstanding and enterprising leadership as you have shown, American business will be very capably represented.

"We have been following with much interest Mr. Stevens' communication to the Philippine-American Chamber of Commerce in New York and were particularly gratified by his excellent letter of October 8, 1947. It certainly appears that the extension of the pre-war taxation arrangement is very essential for the continued prosperity of American business in the Philippines.

"Probably you are aware of the difficulties in obtaining steel and we take pleasure in enclosing a publicity release outlining some

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of the details of the \$500,000,000 expansion program which the U.S. Steel Corporation is undertaking to meet the demand. Even in this age of 'billions', the sum represents a tremendous confidence in our future by the management. We had been obtaining increasing allocations of construction materials such as galvanized sheets and nails for the Philippines, but we are unable to determine as yet what effect the new licensing regulations and the impact of the Marshall Plan will have on future steel exports. With a world-wide shortage of steel, the new licensing procedure was started in the last quarter of 1947 and there will probably be a further tightening as the European Recovery Plan (Marshall Plan) gets under way. However, we are hopeful that the authorities will recognize the special position of the Philippines and be liberal for such steel tonnage as can be made available for this area.

"Reverting to our days of mutual misery [in Santo Tomas], I am pleased to inform you of the organization and incorporation of the American Internees Association which has as its sole purpose the furthering of legislation in the interest of Americans who were interned in the Philippines or otherwise were deprived of their liberty, including those who fed to the hills. We are very hopeful of having Congress enact assisting legislation during this session as members of Congress are practically unanimously agreed that some compensation is due. If you would wish to be constantly informed of our progress, please advise the undersigned.

"With warmest personal regards..."

An official of one of the most important chambers of commerce of the United States recently wrote Mr. Rosenthal, our Executive Vice-President, as follows:

"First of all I would like very much to congratulate your organization on the recent changes in the set-up of your *Journal*. I have taken the liberty, on several occasions, to quote from your periodical and have at all times given credit to the source.

"May I invite your attention to the January, 1948, issue of 'BATAAN', published by Mr. Diosdado M. Yap, 1009 National Press Building, Washington 4, D.C., which appears to contain a great deal of information very similar in content and format to that published in your September, 1947, number, under the heading, 'The Business View -- A monthly review of facts, trends forecasts by Manila businessmen?' If the information came from your publication, you do not appear to have been given credit."

We thank the writer for this letter. We have not yet seen the January issue of *Bataan*, but if the editor has erred in this matter, this will show that people notice such things.

We regret that in the notes to the article in the January *Journal* on the American School by Mr. J. A. Thomas, President of the Board of Trustees of the School, the six Swiss children in the school were omitted from the list of nationalities. In regard to this, Mr. C. Graemiger, of Menzi & Co., Inc., wrote the Principal of the School, Mrs. Lois F. Croft, the following letter:

"Dear Mrs. Croft, — I just read the very interesting article, 'The American School, Inc.' written by Mr. J. A. Thomas in the January issue of the American Chamber of

Commerce Journal. On going through the enrolment by nationalities, I do not find any Swiss children mentioned. Inasmuch as Mr. Thomas' statement gives the different nationalities by numbers, I would like to know under what nationality Mr. Thomas or your School has registered our children. I am quite sure that when we registered our children the nationality was given, and the omission in the above-mentioned statement is quite embarrassing to Swiss parents. May I ask you to honor me with an answer regarding this matter and to have the statement corrected? My friend, Mr. H. Ottiger, is joining me in my request."

Mrs. Croft replied:

"There is no need to tell you that I sincerely regret that the enrolment of Swiss students at the American School was omitted from the article by Mr. J. A. Thomas. . . I have checked the data I sent to Mr. Thomas and Mr. Hartendorp and find that the Swiss children were listed under "Enrolment by Nationalities" as being six in number. The mistake was undoubtedly made at the printing plant as that portion of the article was taken directly from my notes. You may be sure that the omission was not an oversight by the School, Mr. Thomas, or Mr. Hartendorp, nor was it the result of improper registration. I will send copies of your letter to Mr. Thomas and Mr. Hartendorp and request that a corrected statement be made in the next issue of the *Journal*."

Mrs. Croft wrote the editor as follows:

"Enclosed are copies of a letter I received from Mr. Graemiger, a Swiss citizen, and my reply to him. If my request that a small note of correction be put in the next issue of the *Journal* does not meet with your policies, feel free to handle this in your own way. The articles on the School were very well presented and pleased practically everyone who saw them. The American School Faculty and Students were especially delighted and join me in thanking you for giving the School a much needed public pat on the back."

What seems to have happened was that the Swiss line in the list dropped out by some inadvertence and that this was not noticed by either the proofreader or the editor. As for making corrections of any errors which may creep into the *Journal*, we are not only willing but anxious to make them.

As *Journal* policy has been developing during recent months, some interesting discussions have been held as to the *Journal's* proper functions.

As the name plainly indicates, it is the organ of the Chamber, through which the Chamber makes public its stand on various matters affecting American business interests. As initially agreed upon at the suggestion of the editor himself, the general policy of the *Journal* and its monthly contents are determined and approved by the Chamber. From this there has been and will be no departure. Everything that goes into the *Journal* has the signed approval of one or more members of the Board, and, frequently, of other members of the Chamber who are consulted.



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As the organ of the Chamber, an organization of American firms and businessmen, the *Journal* to a degree represents general business interests in so far as these are general. For instance, the *Journal*, and the Chamber itself, frequently find it possible and advantageous to work together with other chambers of commerce and their publications to the mutual interests. This has been especially true with respect to the Philippine Chamber of Commerce, the leading Filipino business organization.

As a monthly, printed publication, accorded second-class mail and other press privileges, and open to public subscription, the *Journal* is also one of the hundred or so publications which together make up the public periodical press of the country. It therefore performs addresses itself to the public, or a section of it; in the *Journal's* case, more especially the business and governmental sections.

As a unit of the public press of the country, the *Journal* enjoys certain prerogatives, both traditional and Constitutional, which are not generally accorded to an ordinary corporation or its management, but this status also carries with it certain obligations. As an organ of the press, the *Journal* not only may, but is duty-bound to speak out much more freely and frankly than could the individual members of the Chamber or even the Chamber directorate. This is an advantage to the Chamber which is perfectly legitimate and proper, and the point is that members of the Chamber need not feel that the *Journal* must never say anything which they individually or corporately might hesitate to say.

The editor of the *Journal* is not an officer of the Chamber, though his services have been engaged by the Chamber. His position is not similar to that of, for instance, the Executive Vice-President or the Secretary of the Chamber. He need not and should not write in the *Journal* as the Executive Officer of the Chamber would write a letter addressed to the President of the Philippines or some Secretary of a Department or a bureau head. Neither is the editor bound by the cautions which are necessarily laid on the representative of any particular business enterprise. Much less is the editor in the position of a diplomatic agent, subject to the strict formalities of his status and the personal representations traditionally expected of him.

The *Journal*, besides being an organ of the Chamber, an organ of business in a more general sense, and an organ of the press, is moreover an American publication. Very naturally it represents and is expected to

represent the American viewpoint, especially on economic and related matters. This also involves privileges and responsibilities, among them the expression of the American view as honestly as it can be determined and as frankly as possible when occasion seems to call for this.

The three- or four-fold character of the *Journal* should be clearly recognized if it is to become as vital and as useful a publication as it has the opportunity to be.

Business Book Review

THE FIVE GREAT RULES OF SELLING

— Percy H. Whiting, Managing Director, Dale Carnegie Institute. Published by McGraw-Hill Company, 1947. Distributed by Philippine Education Company. P8.80.

Do you enjoy a talk with a man of wide experience, — somebody who knows what he is talking about and knows how to say it in the best way? Mr. Whiting is such a man. He says in his foreword: "... Dale Carnegie decided to offer a course in selling to supplement his course in effective speaking. He turned the job over to me" After Mr. Whiting had failed to find a good how-to-sell-it book for the course, he wrote one himself. This is it.

Mr. Whiting's style is leisurely, and without effort he exudes pearls of wisdom that most of us carry around on the tips of our tongues but cannot express in quite the right way. He has organized and systematized a lot of material that we try to remember in the form of epigrams and axioms. He has condensed volumes of highbrow business psychology into a brief straight-to-the-point talk.

A few sample chapter heading are: The Five steps of the Selling Process, How to Arouse a Prospect's Interest, How to Build a Sales Talk, The Five Vital Rules for Convincing, How to Arouse Desire, How to Get in When It's Difficult, and The Five Ways to Answer Objections.

You will be interested in this book if you are trying to sell anything, — stocks, real estate, machinery, good will, pencils, — anything in business, or love or war.

OTHER BOOKS ON THE SUBJECT

SALES AND ADVERTISING. by Gause, Wightman, and Bates: published by American Technical Society, 1935. P8.80. Standard, conservative approach.

METHODS OF SALES PROMOTION, by Howard: published by McGraw-Hill Book Company, Inc. P6.00. A bird's-eye view for executives.

HOW, by Elmer Rice: published by Howard Street House, 1947. P6.90. An extrovert gives his views on selling, — with the accent on selling himself.

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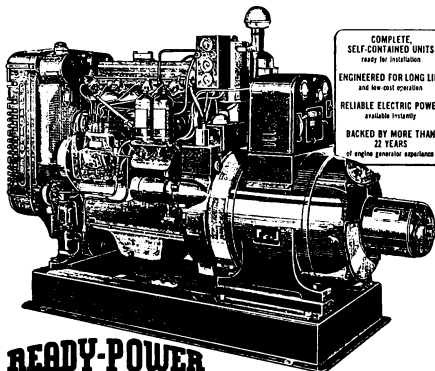
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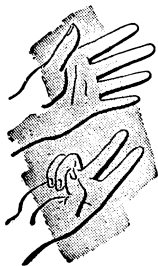
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