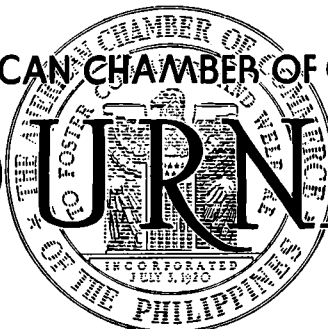


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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

A. V. H. Hartendorp
Editor and Manager

Entered as second class matter at the Manila Post Office on May 25, 1921, and on December 10, 1945
Subscription rate: P5.00 the year; \$5.00 in the United States and foreign countries

Officers and Members of the Board of Directors of the American Chamber of Commerce of the Philippines:
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Vol. XXV

July, 1949

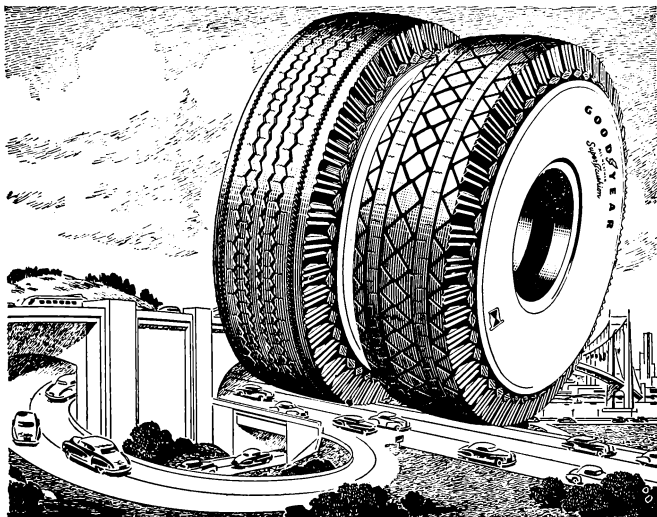
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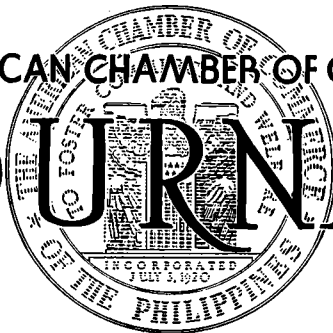
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Editorials

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HERE on this spot was born a nation that will be adept in all the humanities. Spreading in circles, as when

A pebble is thrown into a morning lake,
Its concepts will cover a continent with a vision of dignity

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A race of men to whom the entire world is a religion,
Whose vessels, laden with much more than cargoes.

Will pass through the seven oceans, bearing with them
The beliefs of all our countries, all our hearts.

From *The Poem on Bunker Hill*
by HARRY BROWN

The American Chamber of Commerce of the Philippines extends its felicitations to the people and Government of the Republic of the Philippines on the occasion of the third anniversary of the establishment of Philippine independence, — on which same day Americans in all parts of the world celebrate the 173rd anniversary of the independence of the Motherland, the United States of America.

The Fourth anniversary of the establishment of Philippine independence, — on which same day Americans in all parts of the world celebrate the 173rd anniversary of the independence of the Motherland, the United States of America.

When the February issue of *Fortune* came out with the article by Dr. Claude A. Buss entitled "Nationalization in the Philippines", in which he said that "some things are going on there that have U. S. businessmen worried", the American Chamber of Commerce Journal withheld comment.

The Fortune and Wall Street Journal Articles

Recently (June 17) an article appeared in the *Wall Street Journal* which was more or less the same in the upshot, but bit deeper and therefore created a greater furore.

We realize that readers both here and in the United States would be surprised and would possibly misinterpret the Journal again remaining silent.

In our opinion, both the *Fortune* and the *Wall Street Journal* articles should be considered by us in the Philippines not on the basis of whether the various statements made are the whole truth and nothing but the truth, but on the basis that they are made at all. We should recognize that these two articles embody definite American opinion on matters of transcendent importance to this country involving its entire future development and welfare.

If American officials, though unnamed, and American businessmen are authoritatively reported to be "worried", then we can not argue about that but must accept it as a fact. What we should do is to look about us to find out (if we do not know this well enough already) what they are worried about and do something about that. We can not remove the worry, the doubt, the mistrust except by going to the roots of these feelings and removing their cause.

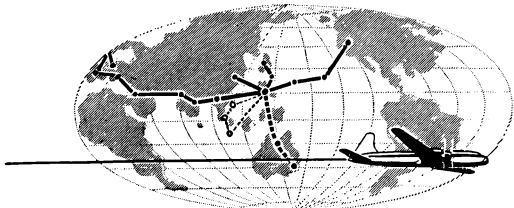
The *Wall Street Journal* article was published under the following headlines on the right-hand column of the first page, top of the column, being the leading article in the issue:

Baby Marshall Plan
ECA-Type Plan to Put
Philippine Islands on
Their Feet is Failing

**First of Big U.S. Foreign
Rehabilitation Programs is
Now Three Years Old**

Nearly \$1,500 Million Spent

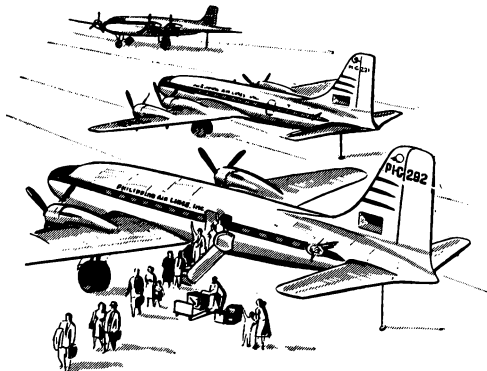
We can maintain that the rehabilitation plan is not failing, we can argue about the exact amount



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best, but even the best and the most hopeful friends of the country must accept the truth of the statement made in the text of the article that there is a "bog-down" in the Philippines.

While considerable progress has been achieved, it must be admitted that production and trade still run far below the pre-war norms and that the recovery is not as far advanced as it might and should have been because American capital, other than government funds, has not come into the country in the volume required and this is because. . . .

The Wall Street Journal sums up the causes under the following headings:

The natural "growing pains" or difficulties of a country trying to recover from a serious war and to adjust itself to the exercise of national sovereignty at the same time.

The belief of the Filipinos that if they get into "dollar difficulties", "Uncle Sam will bail them out".

Government "indecision" as to its economic policies and American fear of "nationalization" and a "big government hand in business."

"Over-ambitious" government plans.

We may argue about the relative importance of the causes listed and some may argue about their actual existence, but we can not argue away the American feeling about these aspects of the situation in the Philippines; that feeling exists. And certainly no one conversant with Philippine developments can say there is no warrant whatever for such a feeling.

This Journal has for several years been very frank in stating what we believe to be the American view of the economic policies being pursued and the various legislative measures adopted to implement them. These various policies and laws were and are not all wrong; some of them were and are wise. But there have been some aspects of policy and a number of legislative acts which have created the feeling in United States official and financial circles which both *Fortune* and the *Wall Street Journal*, two of the most authoritative business publications in the world, have now described in terms which can not be misunderstood. And their analyses are backed by the material fact that capital has not come to the Philippines in the volume hoped for and so desperately needed.

The National Foreign Trade Council of New York was recently quoted in the press as stating that the United States "must give 'much more' than its already substantial assistance to the Philippines" and that "the Governments and business committees in both countries can and must cooperate in 'developing a vigorous program for Philippine economic recovery and growth.'"

The Council went on to say:

"Over the years, American enterprises in the Islands have made noteworthy contributions to economic stability and progress there. Changed conditions now exist, but the continuance and expansion of American enterprise in the Philippines would contribute to economic stability and progress there. The efforts of Philippine enterprise would be enhanced. . . .

"The starting point for development of the Philippine-American program should be intensive consideration of reasons why American capital is not now going into the Philippines.

"Firm intention to take the steps thereafter required by the Philippine and United States Governments is essential to provide inducements for American private capital investment in the Philippines. . . .

"Prompt action by the Governments of the Philippines and the United States should remove obstacles to private investment and trade so that Philippine exports and increased

investment of domestic and foreign capital can cover Philippine requirements for imports and economic development."

There we have the answer: Expansion, not limitation, restriction, and discrimination.

Industrialization has become a word to conjure with. Too often we are tempted to think that the industrialization of the economy "Industrialization" will end poverty, solve all our economic and even many of our social problems, and make the country great and powerful.

Grandiose schemes are conceived, and if outside private capital can not be convinced of their soundness, why, then the Government itself will undertake the projects. There has already been an "ear-marking" of hundreds of millions of pesos of the people's money for the purpose, mostly from the currency reserve, and it is planned to borrow hundreds of millions more, — from abroad, if possible, or else from the people here. . . . But have we got it?

Let us remember that a government is actually only what might be called a committee of the people, and that the limits of what a people can do are the limits of what a government can do. If a people are poor, the government must needs be poor. Government borrowing from abroad is generally possible only under special circumstances and under guarantees that the loans will be productive and will ultimately be repaid.

Even when government bonds are successfully marketed, this is, of course, not the end of the matter; they must be serviced and eventually redeemed with money that comes from the people, the tax-payers.

Though government aid is often valuable in initiating new economic enterprise, — in a manner which is likened to "pump-priming" (one throws a little water into a pump to start the suction which will draw the water from the well, but there must be water in the well), the money which a government borrows and then loans or invests ultimately comes from the people. And to paraphrase a statement in the last annual report of the President of the International Bank of Reconstruction and Development. —

Sound investment over the long pull must be based on the willing assets of the saving public, rather than on the power of the tax collector.

The actual long-range effect of a government going into business is not to encourage private enterprise, — as is said to be the aim here, but to discourage it. And government-in-business brings in its train all the evils inherent in political control over what are essentially non-political activities, — the usual inefficiency and wastefulness of bureaucratic organization, and often also graft and corruption; most serious of all, if government-in-business becomes general, it leads swiftly to the destruction of democratic government and the establishment of totalitarianism.

The topic, however, is not government-in-business, but industrialization, whether by government or private enterprise.

As a matter of fact, the Philippines has been industrializing for many years and this movement has in the main been very sound. According to the census reports, there were only some 2000 manufacturing establishments in 1903, with a total investment of

around P36,000,000. In 1918 there were over 4000 of such establishments, with a total investment of P165,000,000. In 1938 there were nearly 140,000 manufacturing establishments (individual and corporate), with an investment of over P356,000,000. Not so much,—but a start.

Our lumber and sugar and oil mills, desiccated coconut factories, distilleries, cigar and cigarette factories, cement factories, gold and copper mines and mills, pearl-button factories,—all these are sound enterprises, established mainly by private capital which carefully felt its way and advanced only with due caution and generally operated economically and efficiently.

These enterprises are all in line with the country's natural products and raw-material resources; therefore they have been successful and are paying off. These industries are not pleading for any extensive government aid, money to be taken ultimately from the people. They are paying their own way. With the exception of the cement factories, they are producing largely for export and are not dependent on local tariffs and other forms of protection for their success. All they ask for is government understanding of their position and that they be not unnecessarily interfered with or taxed to death.

We should understand that the Philippines is primarily an agricultural and raw materials country and that this is our great good fortune. The country is inestimably rich in natural resources,—fertile farmlands, great forests, rich mineral areas. And the country is not over-populated. That means that we are not inescapably compelled to import vast quantities of food, in exchange for which we are driven to manufacture all sorts of factory goods.

If we can be said to be driven at all, we are driven to export, but only from our great abundance, and in exchange only for what in some respects may be looked upon as the superfluities of living. That we are not making the best of our resources,—getting as much out of them as we might for a good life, is another matter.

Our economic status is not a "colonial status" in the disparaging sense. The Philippines is inherently far more independent, economically,—or could be, than many industrialized countries which are small and over-populated and poor in natural resources.

Our position is that which was also, and in a way still is, the position of the United States of America, which remains a great agricultural country though it has also become the greatest industrial country of the world. And American industrialization is based on its agricultural and mineral and raw-material resources,—just as ours here must be if we hope for a sound industrialization.

* President Elpidio Quirino said recently:

"In fundamental terms, our Government, like all other governments in the post-war world, has for its main objective the attainment of self-sufficiency in foodstuffs and a balanced foreign trade wherein the value of imports is roughly covered at least by the value of exports. But, given the structure of our present economy, and the character of our international commitments, we can not and should not, for the time being, depart radically from our accustomed groove of production. It is the pre-war export industries,—sugar, copra, hemp, tobacco, lumber, gold, and base metals, pineapples, and ramie, that we have for the present to depend on. We have to continue rehabilitating these as rapidly and as intensively as our means will allow in order to get the wherewithal to diversify our agriculture, and to establish the light industries that will meet our needs in consumption goods. Under the tested principle of first things first, these export industries for which we have a ready market and existing equipment, or for which we can readily provide capital, labor, and know-how, should receive top priority in our rehabilitation because these industries are the ones capable of giving us immediate national income as well as opportunities for gainful work to our laboring class."

Industrialization should and will proceed here, but it should be allowed to follow the natural lines laid down by the country's own resources. Some of the government projects are sound enough,—especially the Luzon hydro-electric power and the fertilizer-plant projects.

For the present, however, the greater emphasis should be laid on increased production of our established world-staples, rather than on industrialization*.

The easiest, simplest, safest, most natural, and most economical way to prosperity is to increase our production of rice, sugar, copra, hemp, rope, lumber, coconut oil, etc.—not the production of products which can be cheaper and better manufactured elsewhere. The sale of such imported goods here is what enables foreign nations to buy our products. If they could not sell their manufactures here, they could not buy from us what we produce best.

The local market for locally manufactured goods would be small, and it will probably be many years, if ever, before we could compete successfully on an even basis with the United States, the European countries, Japan, China, and India in manufacturing enterprise which would call for large capital investment, highly developed technology, and an exceptionally frugal, industrious, and efficient laboring class.

Our greatest immediate opportunity lies simply in fully supplying the quotas granted us under the Bell Act. In 1948 we were able to fill only one-third of our pearl-button quota and even only one-third of our coconut-oil quota; less than one-third of our sugar quota; only one-fifth of our cordage quota; only one-thirtieth of our tobacco quota, and only one two-hundredth ($1/2$ of $1/4$) of our cigar quota!

Truly, there is no pressing need for a "liberalization" of the Bell Act quotas. What we need is more production under the granted quotas. Greater production will mean a greater volume of exports, which will mean more money coming in, which will mean a better living for all of us, and money left over which will naturally seek investment. Let us look after this type of production and worry about the local manufacture of knick-knacks later, some other time.

Let business attend to business, and let the Government go back to governing. Let our Government tend to what governments are organized to do,—maintain peace and order, administer justice to every man, and provide those few but basic public services which are important to all,—health and sanitation, education, ports and harbors and roads, an honest postal service. All that is enough for any government to be responsible for. Let it regulate, but not seek to direct and control business or go into business for itself, thus competing with and destroying the ultimate source of its revenues.

Let business itself use its brains and energy and capital in those fields in which these may, for the present, be best applied.

And let us give furlough to those few pseudo-businessmen among us who would use political influence and governmental power to establish themselves in protected positions to push uneconomic schemes that would do nothing but harm to the country.

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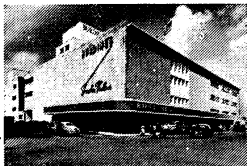
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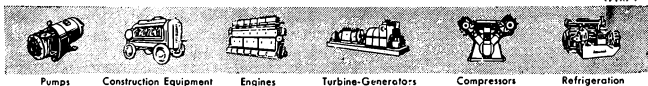
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What may prove to be one of the most constructive acts passed by the First Congress of the Philippines is House Bill No. 2804, now Republic Act No. 387, the short title of which is "The Petroleum Act of 1949." The full title is: "An Act to promote the exploration, development, exploitation, and utilization of the petroleum resources of the Philippines; to encourage the conservation of such petroleum resources; to authorize the Secretary of Agriculture and Natural Resources to create an administration unit and a technical board in the Bureau of Mines; to appropriate funds therefor; and for other purposes."

If it is to be determined whether petroleum deposits in commercial quantities exist in the Philippines, and, if so, this resource is to be developed, then the enactment of new legislation on the matter was absolutely necessary, for the old Petroleum Law (Act No. 2932) of 1920 was so obsolete that it was twice suspended, once in 1938, by an Act of the Philippine Legislature, for five years, and again for five years in 1944 by President Quezon. In 1938, President Quezon also obtained enactment of Commonwealth Act No. 351 which declared it to be the policy of the Government to undertake the search for and exploitation and development of the petroleum resources, in which undertaking the Government could engage the services of an independent contractor or contractors. Only one company submitted a bid to render such services, but this was rejected on constitutional grounds.

After the liberation, the National Development Company not having the means to continue the exploratory work it had begun prior to the war, President Roxas secured approval by Congress of a Joint Resolution (No. 5, 1947) under the provisions of which he created the Philippine Oil Commission to make a thorough study of the subject. This Commission was at work for nearly two years, called for suggestions and proposals from various oil companies, and also sent abroad Director Demetrio Andres, of the Bureau of Mines, and Mr. P. Bautista, chief attorney of the same Bureau, to make a study of present trends in petroleum legislation in different countries.

The present Law embodies the principles of the Venezuela laws on the subject and also the conservation measures now included in United States Federal and States laws.

Under the new Law the petroleum resources remain the property of the State, and, because of the importance of petroleum to the life and security of a nation, petroleum operations are declared to be a public utility. The Government itself may undertake exploration and development and exploitation work, or concessions may be awarded to private persons or entities.

According to Article 31,—

"...During the effectivity and subject to the provisions of the ordinance appended to the Constitution of the Philippines, citizens of the United States and all forms of business enterprises owned and controlled, directly or indirectly, by citizens of the United States shall enjoy the same rights and obligations under the provisions of this Act in the same manner as to, and under the same conditions imposed upon, citizens of the Philippines or corporations or associations owned or controlled by citizens of the Philippines..."

Five kinds of concessions are provided for: non-exclusive exploration permits, exploration concessions, refining concessions, and pipeline concessions. The first, or non-exclusive exploration permits will be

granted in order to give persons qualified to acquire exploration concessions opportunity to examine the ground before filing a formal application for an exclusive exploration concession.

The granting of initial concessions is discretionary with the Government, but the granting of concessions arising from the initial ones is obligatory upon the Government if a concessionaire fulfills his obligations.

An exploration concession may not cover more than 100,000 hectares nor less than 20,000 hectares in one block, and the total area a concessionaire may acquire for exploration purposes may not exceed 500,000 hectares in any one region nor 1,000,000 hectares in the whole Philippines. The concession runs for 4 years, renewable for 3 years and again for 3 years, but a concessionaire may renounce the whole or any part of his concession at any time, in the latter case, the area retained to be not less than 20,000 hectares.

In order to insure the exploration of such areas and to discourage mere speculation, the work obligations to be performed are specified in the Law, and, to compensate the Government for the administrative expense, an annual exploration tax on a gradually increasing scale is to be levied.

If oil is found, an exploitation concession will be granted under which the concessionaire is required to begin drilling within a year and must "diligently" continue his operations and develop and bring to production any discovery until at least the domestic petroleum requirements of the Philippines are met by the total net production from all local sources if the deposits discovered make such development possible in accordance with good petroleum practice.

The concessionaire will be obligated to pay an increasing annual exploitation tax for the areas covered and to deliver to the Government a royalty of not less than 12½% of the petroleum produced and saved which may be paid in petroleum or in cash at the option of the Government. Taxes and royalties are not to be changed during the life of a concession.

TO provide a technical analysis and criticism of the new Law is not the purpose of this editorial. We may say, however, that oil men in Manila speak well of it and commend the Oil Commission for an ably done piece of work. The measure was passed by the Congress practically as drafted by the Commission.

However, while the Law has been well received by local oil men, there is still a feature in the present situation which remains an obstacle to the development of the possible petroleum resources of the country by American enterprises, and that is the fact that the Constitution and other laws limit their right to do so to a period which will expire on July 3, 1974, — unless, indeed, the Executive Agreement entered into between the Governments of the United States and the Philippines under the Bell Act can be extended beyond that date or the American entities concerned can come under contract of service as independent contractors in case the Government should decide to undertake the operations under the provisions of Article 5 of the Act.

In the exploration for and the development of oil resources, particularly in a country where none have been proved to exist, 24 years is looked upon as too short a period to warrant the laying out of the huge amounts not only of risk-capital which may be required, but of the even greater amounts which would

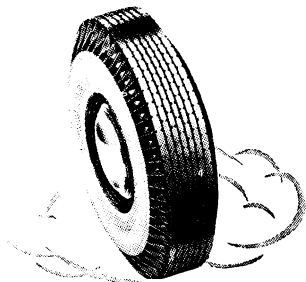
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be called for oil is found in paying quantities, for wells, pipelines, and refineries.

It is well to remember, in this connection, that the Mexican Government, which, under President Lazaro Cardenas, in 1938, expropriated all the holdings of foreign oil companies in that country, is now making strenuous efforts to re-attract foreign capital. At one time, Mexico ranked second to the United States in world oil production; today it ranks only sixth. In 1921 it produced 195,000,000 barrels of crude oil, but it produced only 58,000,000 barrels in 1948. It is true that the Mexican Government, at the time of the expropriation wanted to adjust the production to the national consumption. However, the Government now wishes to increase its oil exports to obtain much-needed dollars and bolster its currency, but is having a hard time achieving this.

Oil seeps have been known in various parts of the Philippines for many years. Early in the 1920's, the Richmond Petroleum Company, a subsidiary of the Standard Oil Company of California, drilled four wells in the Bondoc Peninsula area, and while oil indications were found, oil was not found in paying quantities, and the work was abandoned. The Far East Oil Development Company (a Soriano enterprise) began drilling a year or so before the war and resumed the work after the war in a number of localities, but no evaluation of the commercial possibilities has as yet been arrived at. Both the Richmond and the Soriano enterprises were undertaken under the provisions of the old Petroleum Law of 1920, and the interests of the latter are recognized under the new Law.

If the Philippines were found to be rich in oil, as is, for instance, near-by Borneo, then, as in the case of a number of other countries in the world, the royalties paid to the Government might well put an end to all its financial difficulties. The Philippine Government has shown itself exceedingly wise in enlarging the opportunities for private investment in this prospective industry.

"THE dangers of violence that threaten us come not from the heads of individuals but from social circumstances. Murder is an embolus. The disease lies elsewhere. It is not a matter of episodic violence, but of a continuous violation of the principle of the dignity and value of human life. Actually in our society respect for human life is only a professed theoretical ideal. We must vigorously remove the obstacles that prevent it from becoming a reality."—Frederic Wertham, in "The Show of Violence".

The Manila Lions Club sent a memorandum to President Quirino recently urging the strict enforcement of the law and the regulations covering the right to own and to carry

Murder, and Justice fire-arms and to sell and buy such deadly weapons. The memorandum was endorsed by a number of other civic organizations including the American Chamber of Commerce.

Not alone the unending newspaper reports of shootings and killings, but the fact that such crimes are frequently carried out in broad daylight in full public view, makes the need for the strictest possible enforcement of the fire-arm regulations obvious to all. But more radical measures should be taken, especially with respect to speeding the disposition of murder cases by the courts.

Murder, and indeed all major crime, was comparatively rare in the Philippines before the war. The Filipinos were a notably peaceable and law-abiding people.

Conditions during the enemy occupation combined

in every way to lower the sense of the dignity and value of human life. The Japanese, as a race, notoriously had no sense of this, and their continuous wholesale individual and mass executions and their frequent bloody punitive expeditions, the bitter guerrilla warfare against them, which often degenerated into fighting among the guerrillas themselves, and the general banditry which sprang up among the unhappy population when the enforcement of normal law and order became impossible,—all this plunged the Philippines into a welter of blood.

The summary killing of informers and traitors in those days came to be justified in the popular mind, and, in a sense, every man came to regard himself as accuser and judge and executioner, if need be, of his neighbor.

Death from exhaustion, illness, and starvation became so common as hardly to shock anyone anymore. People died in the streets and passers-by walked around the corpses. Infants and young children died by the thousands.

Then, with the liberation, came the massacres in which tens of thousands of helpless civilians were shot or bayoneted or burned alive by the ferocious enemy. This was followed by the extermination of several hundred thousand of Japanese by the American armed forces and the Filipino auxiliaries. The land was soaked in blood and everywhere was the stench of decaying flesh.

The war over, fire-arms of all kinds, without number, issued by the American army or captured from the enemy, were left in the hands of the people. Government efforts to collect them have been largely futile. The lawless elements refuse to surrender them; the more law-abiding feel they need them for self-protection.

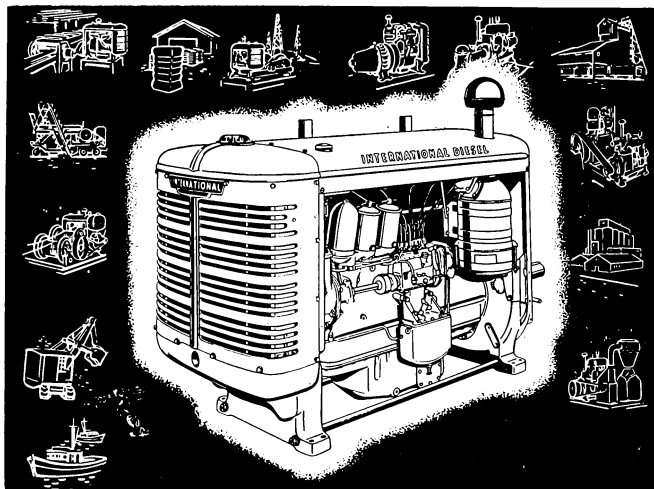
Not only did banditry continue to be widespread, but an insurrectory movement,—that of the Huk-balahap, developed into what amounted almost to civil war which has not even now been completely suppressed despite large-scale military engagements and much killing, including the killing of hundreds of non-combattants.

In one way or another, millions have died in the Philippines since the fateful year, 1941, and in the minds of many life has become cheap. Many of the men who killed others during the terrible years of the war, either legitimately or otherwise and with or without justification, now live among us, largely indistinguishable from each other or from the rest, and some of them keep on killing.

There are many possible motives for murder. It is preeminantly a passional crime and thus subject to mitigation in punishment. But murder nowadays in many cases is almost without motive or utterly wanton. The killer says: I wanted something he had, I killed him. He stood in my way, I killed him. He resisted me, I killed him. He was afraid of me, I killed him. He annoyed me, I killed him.

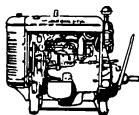
So does the most worthless wretch build up his ego and the weakling gain a sense of power and domination. I, the merciless and the invincible; I and my gun. Oppose me,—look at me sidelong, and die. In the end he kills indifferently, with only a faint bloodlust, and every man he meets becomes a potential victim.

Such criminals are like vicious beasts. Nothing can be done with them; they can only be exterminated. The war brought us great wreckage of material things. The human wreckage includes the impoverishment, the crippled, the ill, and also the morally wrecked

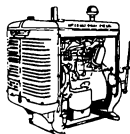


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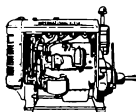
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men, — those who have lost all sense of rectitude and honor and have become hopelessly corrupt; thieves and robbers and bandits and kidnappers; and the almost passionless killers. There is no salvaging of the latter, especially. The police, the courts, the executioner can only deal summarily with them.

Instructions to that effect should go out from the Central Government. The traditional law's delays should not be permitted to obstruct swift justice, especially in those cases where killers are caught red-handed and there can be no doubt of their guilt. There should be no foolish sentimentality, no truckling to "influence," no leniency. Judicial mercy is misplaced in the case of those who themselves showed no mercy in the shooting down of their victims.

A lawyer told us that a man came into his office some time ago who had been sentenced to from three to seventeen years' imprisonment for murder. Now, after three years, he was out. And he was packing a .45! How was it that this man was given a license to carry a gun? Why was he loose at all? The newspapers recently reported after a shooting affray between two notorious Tondo gangsters, that both men were licensed to carry guns! Such a state of affairs amounts to official complicity in murder.

The country needs a clean-up not only of criminals but in the official agencies whose function it is to deal with criminals. And it should begin at the top and go down to the bottom of the whole hierarchy.

We, in the Philippines, who are vitally concerned in the improvement of the conditions under which the younger generation is being brought up throughout our rural areas, should take an interest in a remarkable youth organization in the United States which, since its inception in 1914, has helped to develop, physically, mentally, and morally, over 10,000,000 young citizens, and has also increased farm incomes, raised standards of living, and added greatly to the satisfactions of country life.

We refer to the 4-H Clubs, for rural boys and girls between the ages of 10 and 20. The insignia of the clubs is a four-leafed clover with an *H* in each leaf, standing for *head, heart, hands, and health*. The movement has spread not only throughout the United States but to Hawaii, Alaska, and Puerto Rico, and is also being developed in many foreign countries. It appears to be well suited to Philippine conditions and needs, too.

The 4-H Club work is a part of the national agricultural extension system organized by the U.S. Department of Agriculture in cooperation with State colleges of agriculture and the county extension organizations under the Smith-Lever Act of 1914 and other acts of Congress and of the State legislatures.

The Clubs are usually organized and conducted under the immediate supervision of county extension agents cooperatively employed by the Department, the colleges, and the county governments. Clergymen, teachers, and other professional men and women, together with outstanding farmers and homemakers play an important part as local leaders in the development of the work which now, in the United States alone, reaches some 2,000,000 rural young people each year.

A club member does a piece of work each year which demonstrates or teaches "the better way in homemaking or agriculture" in somewhat the same

manner as the school and home "projects" presently conducted in the Philippines by the public schools. The main difference appears to be that the American movement stresses the club idea as well as the individual effort. And each individual project is given more importance than it is here through the fact that each member keeps a record of costs, labor, and results; explains the work to others; takes part in an annual exhibit, and writes a final report which summarizes the years' work and often recounts the changed attitudes experienced through the activity undertaken.

According to a guidebook published for local leaders by the Department of Agriculture, the 4-H Club work provides opportunities for voluntary participation in programs, built on needs and interests, through which rural boys and girls are —

1. Developing talents for greater usefulness.
2. Joining with friends for work, fun, and fellowship.
3. Learning to live in a changing world.
4. Choosing a way to earn a living.
5. Producing food and other products for home and market.
6. Creating better homes for better living.
7. Conserving nature's resources for security and happiness.
8. Building health for a strong America.
9. Sharing responsibilities for community improvement.

The Smith-Lever Act declared the purpose underlying Federal aid to the Extension Service to be:

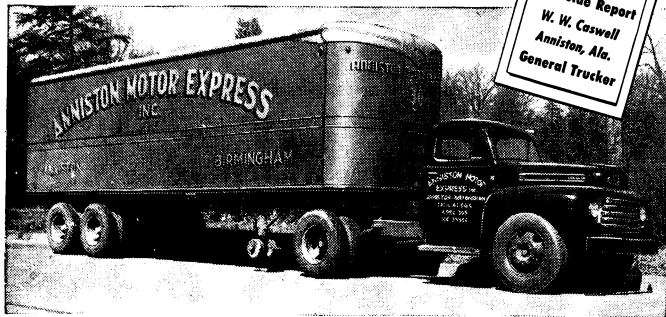
"...to aid in diffusing among the people of the United States useful and practical information on subjects relating to agriculture and home economics and to encourage the application of the same... That cooperative agricultural extension work shall consist of the giving of instruction and practical demonstrations in agriculture and home economics to persons not attending or resident in said colleges... and imparting to such persons information on said subjects through field demonstrations, publications, and otherwise."

The distinctive educational objectives of the 4-H Clubs are to help rural boys and girls develop desirable ideals and standards for farming, homemaking, community life, and citizenship; to afford them technical instruction; to give them an opportunity to learn by doing; to teach them the value of research and develop a scientific attitude toward their problems; to train them in cooperative action; to develop in them habits of healthful living; to provide them direction in the intelligent use of leisure; to arouse in them worthy ambitions and a desire to continue to learn; to teach them and to demonstrate methods designed to improve practices in agriculture and homemaking. The aim is to increase their sense of responsibility; to give them a view of agriculture as a basic industry and of homemaking as a worthy occupation; to increase their accomplishments and, through associated effort, better assist in the solving of rural problems; all so they may live fuller and richer and more useful lives.

Club activities include team demonstrations; work in judging; special club days; dramatics, pageants, and music; tours and nature hikes; camps; exhibits; club events at state agricultural colleges; special ceremonies, etc.

Some of the projects involve gardening and the raising of various crops, the feeding and handling of young farm animals, farm-machinery maintenance, home-ground development, home-improvement, home-sanitation, planting of flowers, shrubs, and trees, problems in soil-conservation, problems in forestry,

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problems in entomology, wildlife studies, sewing and dress-making, cooking and baking, carpentry, electrical work, etc.

A report on secondary school education in the Philippines was recently submitted to the Government by a committee of schoolmen headed by Dr. Pedro T. Orata, of the National Commission on Educational, Scientific, and Cultural Matters. This report recommended that the secondary school curriculum provide for just such practical activities as are comprised in the work of the 4-H Clubs. This would be a move in the right direction, but we believe that the

club-form of organization might well be adopted here for this could include young people both in and outside the high schools as well as grade-school pupils. And if the cooperation of our Department of Agricultural and Natural Resources could be obtained, and also that of the College of Agriculture, the College of Forestry, and the various regional agricultural and farm schools, and, in addition to that, of those numerous private persons who now serve as local leaders in the Boy Scout and the Girl Scout organizations, then something might soon be accomplished in the betterment of conditions in our rural communities.

Favorable Aspects of the Philippine Economy

PERHAPS a certain pessimism about the future prosperity of the Philippines may serve as a stimulus to better efforts, but to dwell on the unfavorable signs, without at the same time noting the favorable signs, tends to aggravate conditions by frightening people away from new ventures and from the expansion of existing enterprises.

There are abundant favorable signs and factors, both economic and social, which point to a steadily growing prosperity for as long a period in the future as may be prudently contemplated.

Rehabilitation. Let us start with this nation of close to 20,000,000 people. After passing through a period of enemy occupation, with unprecedented destruction of lives and property, and universal demoralization of economic, social, and spiritual patterns, the Philippines today is a pretty fine country compared with the rest of the world. Without waiting for government aid, private initiative on the part of all elements started rehabilitation immediately after liberation. Using such scrap materials as were available, homes and places of business sprang up. A shanty town, perhaps; but that was far better than a ghost town. Rehabilitation has continued as rapidly as supplies of goods became available, and nearly all of it through the private initiative of tens of thousands of little men who did not wait for the Government to help them, men who have re-established their lives on a livable basis through their own efforts.

A nation which can go through the ordeal which the Philippines passed through, and reach the degree of reconstruction to be seen today, shows survival qualities of the highest order. In this lies the greatest promise for continued and growing prosperity.

Peace and Order. Each year since 1945 has seen a steady improvement in the peace and order picture. When one looks back to 1900, and recalls that it took eight years for the "guerrillas-turned-bandit" to be brought under control and restored to peaceful pursuits, the present-day situation, involving ten times the number under arms, shows that amazing progress is being made.

The Philippine nation has shown a steady recovery from the emotional shock suffered by practically all the inhabitants, who either witnessed or heard at first hand of the horrible atrocities committed against their immediate families, relatives, and friends. A nation less imbued with the fatalistic

philosophy of life would have shown a far more serious dislocation of behavior patterns than we have witnessed here.

Filipino Participation in Trade. Consumer goods are now abundant. The shelves of the merchants are once more filled. The amateur merchants who lacked aptitude for mercantile pursuits are being eliminated in the present buyer's market, yet very many Filipinos for the first time entering the commercial field, have demonstrated their ability, and are still in business as permanent assets to the community. This broadening of the base of trade and distribution and the increase in the number of Filipinos participating in it, through free competition is indeed a wholesome sign. It gives us a more business-minded community, with greater power over the body politic.

Industrial Progress. New industries have multiplied rapidly, not big industries alone. Thousands of small new industrial establishments have been set up which in the aggregate have a marked effect on the national economy. The experience of the war years developed a large class of resourceful men and women who had to improvise to survive, and these are the pioneers who are now establishing small industries everywhere. Several large new industries have also strengthened the national economy: modern plywood plants, a steel-window factory, plastics factories, rubber-processing plants, a nail factory, a modern glass-bottle plant, and various other establishments in the heavy-industry field have created new jobs and increased national self-sufficiency. Despite the uncertain groping which is sure to characterize some of the new industrialization efforts, the people as a whole are now more industrially minded, and this augurs well for future progress and prosperity.

The sugar industry by next year is expected to be back to full capacity. This will go far toward compensating for reduced United States windfall payments.

Trade Balance. Imports continue far in excess of exports. Yet one-third of our imports continue to be imports needed to replace items destroyed by the war. Discounting this class of commodities, imports and exports approach a balance. Increased exports during the coming years, together with continuing United States disbursements in the Philippines, should give us a favorable balance of payments sufficient to com-

plete the replacement of war-destroyed items, even after war-damage payments cease.

Import control has been more of a costly nuisance than an impediment to the import trade, with the exception of a few items. Private enterprise had anticipated reduced consumer-demand long before import control took effect, and orders had been correspondingly reduced.

Labor. Labor demands have brought wage levels to an index figure of about four times pre-war. Wage levels seem now to be established at a base where they may continue, with little likelihood of general increase in the face of dropping living costs. Except for the lack of decent housing due to war damage, laborers are eating better, dressing better, and enjoying more luxuries than before the war. The gradually declining cost of living will be offset by the needs of growing families, so no general reduction in wages may be looked for. The present higher general wage level in relation to living costs should add more to the prosperity of the Philippines than any single post-war factor. Reduction in labor costs to meet competitive markets will come from greater labor output per man-

hour, rather than from wage reduction. The purchasing power of the people will therefore continue at high levels.

The Philippines with its immense undeveloped resources represents an expanding economy, and despite cyclical adjustments from time to time to bring the economy into balance, the continued progress and prosperity of the Philippines cannot be stopped. Anyone who sells the Philippines short fails to see the overwhelming long-range factors that give assurance of a continued rise in the prosperity level for all classes.

Let not the day-to-day annoyances, unjust demands, unfair decisions, and various vexations unduly influence our perspective. These troubles are not unique to the Philippines. The businessman in Washington, London, New York, and San Francisco has an equal share of gripes.

We complain and seek correction of grievances, and sometimes the situation improves. Viewing the overall picture, the percentages still favor us, or we would not be here.

The New Safety Bureau

BY FRANK S. TENNY

Executive Director, Philippine Safety Council

THE recently enacted Republic Act No. 367 (An Act creating the Bureau of Industrial Safety) has caused considerable comment in business circles and is deserving of explanation.

Probably the most important single observation to be made at this time is that the Act is definitely not intended to unduly harass the employer; considerable effort was expended by the authors to make it neither pro-, nor anti-labor. The Safety Act is intended to serve the best interest of the people as a whole. From the immediate practical view point, those firms which now afford reasonably safe working conditions have nothing to fear from the Act; other firms will certainly be given adequate time to improve safety conditions before being subjected to any form of discipline.

A good capsule description of the Act is that it is an important piece of social legislation, definitely a forward step in local progress and rehabilitation. No one can disagree with the statement that local safety-conditions badly need improvement. Some accidents rates here are from 3 to 11 times as high as those in other countries. To have a government agency of bureau rank devoted to safety, is probably the greatest advancement in public safety here since the war.

The Act provides, among other things, for the establishment of a safety research laboratory, where materials of all kinds may be properly tested for their safety-factor. This will assist in guaranteeing the safety of construction materials, for example, or of industrial chemicals, and should serve to drastically reduce the appalling number of explosions, collapses, and fires which are taking lives almost daily in the Philippines.

The activity of the new Bureau with which businessmen will most frequently come into contact is that of Industrial Safety Inspection. Trained safety engineers will from time to time inspect all industrial establishments. Recommendations will be made to the management as to safety-hazards noted and helpful suggestions will be made along these lines. Although such an inspection may appear to be for the benefit of employees alone, it is an established fact that the prevention of accidents results in great financial savings for management. The prevention of one fatal accident, for example, would save the loss of several thousand pesos represented by workmen's compensation, insurance, hospital and funeral expenses, loss of a trained employee, lost of interim production, unfavorable publicity, lowering of employee morale, etc. This is of course in addition to the human angle and the loss to the family.

Other requirements of the Act include the maintenance of adequate first-aid facilities and the creation of a company safety-committee, both of these factors of a scope appropriate to the firm concerned. Certain local firms which have already entered upon company safety-programs have found them to be of great benefit to operational efficiency. Some of these are San Miguel Brewery, Manila Electric Company, Pangasinan Transportation Company, Pepsi-Cola Bottling Company, Bachrach Motor Company, Manila Trading and Supply Company, and several others. Firms like these, of course, will have a "head start" in connection with ease in complying with the provisions of the Act.

Employers will note that they need not necessarily be held liable for accidents which happen to persons due to their own extreme negligence or violation of regulations. Once a firm has properly in-

stituted necessary safety-measures and once every reasonable effort has been made to protect both workers and the public, accident causes and responsibilities will be easily established. There is no intention to force an employer to stand any loss for which he is not responsible, or to hold him liable for an accident which he has previously exerted every reasonable effort to prevent. Under the Act, safety will be a joint responsibility of all.

The Act is the product of necessity, built upon the broken bodies of those persons who have suffered from preventable accidents of all kinds. For years there has existed in the Department of Labor a little-known but hard working section called the Safety Engineering Division. This group worked closely with the Advisory Safety Council to the Secretary of Labor. However, all too often, the voices of those safety pioneers were like the voice of those "crying in the wilderness." For a variety of reasons, their findings and recommendations were often rendered ineffective. Meantime the accidents went on at steadily increasing rates.

After much preparatory work, HR 1460, forerunner of the present Act, passed the lower House in

1948; it was passed by the Senate during the recent session, and was signed by the President on June 10. The approval was due in no small measure to the support of several civic, humanitarian, and rehabilitation groups here.

Mr. Primo G. Maluanag, long-time chief of the Safety Engineering Division and Chairman of the Advisory Safety Council, is the originator and foremost contributor to the Act. Other members of the Council are V. A. Brussole, Cesario A. Grau, Mariano Salazar, and the writer. It can be safely stated that this body will not countenance any abuse of the powers of the Act.

It will probably be some time before the new Bureau is completely staffed and in full operation. In the meantime, local industrial establishments may be surveying their own safety situation with a view toward passing any subsequent safety inspection with flying colors. The Philippine Safety Council will be available for assistance in this regard, if desired. In closing, I urge the general support of businessmen for this new Bureau, for it has been created with the highest of motives and will be administered wisely and fairly.

The U. S. Veterans Administration

BY WARREN F. BRUMFIELD

Chief Attorney, U. S. Veterans Administration, Manila

AMONG the various United States Government agencies which are operating in the Philippines, the Veterans Administration is the oldest. This agency, now headed by Brig. Gen. R. B. Lovett, has had an office in the Philippines for about a quarter of a century.

Before the second world war, the activities of the Veterans Administration were on a much smaller scale than now. Pensions and disability compensation then being administered embraced principally veterans of the Spanish-American War, the Philippine Insurrection, the Boxer Rebellion, and former Philippine Scouts and their dependents. The total "case load", — which is the term used in the Veterans Administration to designate the whole number receiving the benefits it dispenses, was approximately 7,500.

Of course, the various United States laws under which the Veterans Administration operated during that time were directly applicable to the Philippines, since the country was then under the American flag.

The end of the second world war compounded the problems of the Veterans Administration manifold, first, because of the considerable increase in the "case load" to be handled as the result of legislation extending various pension and other benefits to Filipino veterans of the second world war and their dependents, and later because Philippine Independence had the effect of wiping out the whole legal structure upon which the Veterans Administration was then operating.

Laws of the United States, which were then in effect in the Philippines, such as the statute exempting pensions and other benefits from taxation, and certain laws designed to protect the beneficiaries of Veterans Administration payments from scheming claim agents and attorneys, literally went out of the window with Independence.

The status of the U.S. Veterans Administration as an agency operating in the Philippines also changed. It became, in fact, the first and only regional office of the U.S. Veterans Administration operating on foreign soil and under foreign laws.

And yet, so thoroughly did the Government of the Philippines cooperate that the transition was accomplished with no trouble at all. Moving swiftly each time a need has been shown, a law has been passed by the Philippine Congress and approved by the President to take the place of some United States law which had been in effect and which Independence had obliterated.

It is not generally known that the Veterans Administration is required by law to guard with zealous care the money it pays out in pension or other benefits in behalf of persons who are of unsound mind, or who, for other reasons, are legally incompetent to handle their own affairs. Included, of course, in this latter class are minors, most of them orphaned by war.

In this respect, the Veterans Administration acts virtually as guardian *ad litem* in protecting the moneys paid out for the benefit of these individuals. Such protection can be extended only if there is legal

sanction for it. Complaints by the Veterans Administration to the courts of the mishandling of funds by guardians or *curadors* must be judicially sanctioned, the government attorneys making such complaints must have standing in the courts and must be heard. Otherwise, little would come of it.

ONE of the earliest acts passed by the Philippine Congress and approved by the President was Republic Act 146 which requires that notices of motions or petitions filed in any court of the Philippines relative to guardianship proceedings of any person or his estate, or both, when the whole or part of the estate under guardianship is derived from the U.S. Veterans Administration, shall be served to the office in Manila at least 20 days before the hearing to enable it to file its pleadings or to send its representatives at the hearing of such motions or petitions.

It will at once be seen that, in the absence of a statute of the kind quoted, the legal authorities of the Veterans Administration who are vested with responsibility for protecting estates of Veterans Administration beneficiaries from dissipation through unwise investments, extravagance, or even fraud, would be helpless.

Not the least of the concern of the Veterans Administration has been the well-known tendency of the shysters to exact fees from beneficiaries under the guise of helping them to secure their benefits from the Veterans Administration. A United States statute had been in effect for many years to curb this practice but, of course, with Philippine Independence it passed out of existence as far as the Philippines was concerned.

Again, the Philippine Government stepped into the breach by the enactment of Republic Act 145 which makes it a penal offense for any person who assists a claimant in the preparation, presentation, and prosecution of his claim for Veterans Administration benefits to contract for, charge, receive, or solicit a fee for such services exceeding P20 in any one claim.

Another Act of the Philippine Congress which greatly aids the program of administering pension and other benefits in the Philippines by the Veterans Administration, is Commonwealth Act 2567 which still remains in legal effect and provides a penalty for the filing of any false or fraudulent claims against any agency of the United States Government. The Act is wide in scope and drastic in penalty and has proved of considerable value not only to the Veterans Administration but to other American agencies as well.

THE session of the Philippine Congress which adjourned May 19, 1949, holds the record for beneficial legislation passed in aid of the Veterans Administration's program in the Philippines. The various bills of this nature which were passed by this Congress were promptly signed by President Quirino and have become law.

The lengthiest is Republic Act 390, known as the "Uniform Veterans Guardianship Act". This law is similar in scope and nature to one which has been passed by the legislatures of practically all of the States of the Union and in Puerto Rico as well. It implements, in a detailed and comprehensive way, the whole program for protecting the estates of incompetents and minors who receive funds from the Veterans Administration from dissipation. It is a lengthy Act and only a few of its most important provisions can be examined here.

It provides a limitation upon the number of wards for whom any single individual may act as guardian. It prescribes the methods by which guardians may be appointed for persons who are entitled to receive monetary benefits from the Veterans Administration. It prescribes the manner in which notices are to be given to the Veterans Administration, of all petitions affecting the ward or his estate in any manner, and allows the Veterans Administration, as a party at interest, to intervene wherever this appears necessary and to the best interest of the ward. It defines the responsibilities of guardians with respect to the accountings which must be filed annually both with the Court and the Veterans Administration and provides that failure to file such accounting, when due, shall be regarded, *prima facie*, as embezzlement. The compensation which guardians may exact for their services, the types of investments which they may make, and the circumstances under which they may purchase homes for their wards are, among other things, set forth in considerable detail in this law. The statute requires that copies of any public records required by the Veterans Administration in connection with claims must be furnished free of charge and that no legal or court fees shall be assessed in guardianship proceedings filed by, in behalf of, or at the instance of the Veterans Administration, or in any of the cases embraced by this Act.

One effect of the Uniform Veterans Guardianship Act in the Philippines will be to lay a legal foundation for the protection of the estates of incompetent and minor Veterans Administration beneficiaries similar to that which has long existed throughout the United States. Indeed, an attorney who has been in charge of such activity in any of the several jurisdictions where such a law is in existence, will, upon coming to the Philippines, find himself moving along thoroughly familiar paths. A considerable body of precedent law has already been built in the United States around the Uniform Veteran Guardianship Act. These precedents, which are based upon many years of experience covering a wide range of actual cases, will be invaluable to the courts of the Philippines in the settlement of guardianship problems.

To any American attorney assigned from the United States to this field, the transition from a domestic to a foreign assignment now poses no particular, professional problem. Strange, unfamiliar practices and procedures of a foreign jurisprudence do not arise to haunt him. He moves with precision and complete assurance under an all-inclusive Act embodying the same principles and procedures to which he was accustomed back home. At the same time, former servicemen with war-shattered minds, children who were orphaned by war, and others requiring that the protective arm of the law be placed around them to insure that the Veterans Administration benefits due them will be used exclusively for their welfare, will benefit immeasurably from this law. At this writing there are slightly more than 4,000 such cases on the Veterans Administration rolls in the Philippines and these are being added to at the rate of 100 a month. The statute is, literally, a bastion against greed and avarice!

Another Act of the recent Philippine Congress is Republic Act 360, which specifically exempts the benefits, which are payable by the Veterans Administration, from taxation. It also provides that these

(Continued on page 310)

The Business View

Office of the President of the Philippines

From an Official Source

JUNE 1—Announced that President Elpidio Quirino has persuaded Surplus Property Commissioners Jose Zulueta and Jose Romero to remain in their jobs until completion of the liquidation.

The President tells representatives of the Indian Overseas Bank, Ltd., that foreigners are welcome to invest in the Philippines provided they observe the laws of the country.

June 2—The Cabinet approves a recommendation of the National Economic Council that the export ban on lumber be lifted; the ban expires on the 6th.

The President instructs Secretary of Public Works and Communications R. Nepomuceno to rush work on all projects for which war-damage payments have been authorized in order to complete them before June 30, 1950, the deadline set by the War-Damage Commission under the present law. Thus far only some 50 projects have been completed.

June 3—The President's appointment of Filemon A. Cosio as Acting Under-Secretary of Commerce and Industry is announced; also that of Maj. Victor H. Dizon as deputy administrator of the Civil Aeronautics Administration.

Announced at Malacañan that on instructions of the President the Secretary of Agriculture and Natural Resources will shortly call a meeting of mining company representatives to find out what the Government could do to assist the rehabilitation of the mining industry. Mine production in 1948 amounted to only P44,000,000 as compared to more than P100,000,000 before the war.

June 4—The President, addressing a group of bank auditors and comptrollers who call on him at Malacañan, appeals to them to "cooperate decisively, aggressively, and quickly" in the economic mobilization program of the Government.

The President appoints a committee headed by Vicente Albada to make a study of problems in connection with the establishment of the ramie industry in Mindanao "which is being seriously considered by the Government".

June 5—The President signs House Bill No. 2833 authorizing him to negotiate loans from the International Bank for Reconstruction and Development on behalf of the National Power Corporation for a sum not to exceed P100,000,000. He also signs House Bill No. 2834 increasing the borrowing capacity of the NPC from P20,000,000 to P170,500,000; House Bill No. 2885 providing for uniform taxes and fees in connection with wireless reception and transmission of wordage and pictures; House Bill No. 2002 appropriating funds for the rehabilitation of domestic insurance companies; and Senate Bill No. 391 converting the School of Forestry of the University of the Philippines to the College of Forestry.

June 6—Malacañan announces that the International Emergency Food Council in Washington has removed fertilizer from the list of controlled commodities, effective June 30.

June 7—The President and American Ambassador M. M. Cowen sign a formal agreement giving effect to the Rogers Act which provides for the hospitalization of Filipino veterans.

The Foreign Office announces that additional reparations equipment from Japan will come to the Philippines in accordance with a SCAP decision "virtually exempting" all Japanese reparation assets already allocated under the interim plan, from the United States May 12 directive which halted further reparation withdrawals. It is estimated that the Philippines' additional share will approximate some 10 shiploads of assorted diesel generating sets, electrical equipment, and fuel pilot plants.

June 8—Inasmuch as Congress failed to act on the bill appropriating P5,000,000 for the November 8 general elections, the Cabinet, acting on the recommendation of Budget Commissioner Pio Joven, authorizes the Commission on Elections to incur all necessary expenses in connection therewith, these to be charged temporarily against present funds for supplies

and salaries of emergency employees, so that it will not be necessary for the President to exercise his emergency powers.

The President issues Executive Order No. 221 lifting the export ban on lumber on condition that—

"no lumber or timber shall be exported unless the same is graded and inspected by an authorized lumber inspector of the Bureau of Forestry and a certificate of inspection duly approved by the Director of Forestry is issued therefor prior to shipment."

Secretary of Labor P. Lovina, in his capacity as Chairman of the Board of the National Land Settlement Administration, announces that to revitalize the Koronadal Settlement projects, 20 tractors and some 200 carabaos (from French Indo-China) will be purchased, survey groups will be dispatched, and funds will be released for several irrigation works.

Malacañan directs the Armed Forces of the Philippine to issue new back-pay checks for some 260 veterans who have been defrauded by forgers to a total of over P409,000,— "without prejudice to the determination of the liability of either the Philippine National Bank or the Armed Forces of the Philippines with respect to each particular loss."

June 9—The President signs a number of bills, including Senate Bill No. 311 (Republic Act No. 360) exempting from taxation and attachment, levy, or seizure all the benefits accruing to any person under the laws of the United States administered by the U.S. Veterans Administration; House Bill No. 2249 (R.A. No. 361) amending Sec. 190 of the Internal Revenue Code so as to exempt from payment of the compensating tax vessels and their equipment purchased or received from outside the Philippines; H.B. No. 2611 (R.A. No. 362), appropriating P300,000 for the study, control, and eradication of *kadang-kadang* and other diseases and pests of coconut trees; H.B. No. 280 (R.A. No. 363) authorizing the Director of Public Schools to add a surcharge, not to exceed 15%, to the price of government-published anthologies used as textbooks to be paid to the copyright owners of the selections used; and H.B. No. 2811 (R.A. No. 364) authorizing vocational schools to collect tuition fees, receive contributions from private persons, and contract loans creating a special trust fund for each such school.

Announced that UNESCO has donated valuable scientific apparatus to the University of the Philippines, the National Research Council, the Institute of Science, the National Museum, and the Department of Education.

A two-man commission from Paraguay is now in the Philippines to select some 500 persons from among the stateless refugees temporarily domiciled at Guianan, Samar, for permanent settlement in Paraguay.

June 10—The President signs a number of bills, including House Bill No. 2560 (Republic Act No. 369) providing for the redemption of emergency and guerrilla currency notes registered and deposited under the provisions of Republic Act No. 22, and H.B. No. 1460 (R.A. No. 367) creating the Bureau of Industrial Safety under the Department of Labor. The first Act appropriates P50,000,000 from the fiduciary fund received by the Philippine Government from the Government of the United States for the purpose.

Acting General Manager Jose Agudo of the National Coconut Corporation dies of a heart attack, aged 59.

June 11—The Liberal Party unanimously nominates President Quirino as its standard-bearer in the coming national elections. Nomination for the vice-presidency is postponed.

Malacañan announces that of the 94 bills passed by both Houses of Congress, 83 have been transmitted to the President, 27 of which have already been signed by him. Of the 94 bills, 85 originated in the house and 9 in the Senate.

June 13—The President administers the oath of office to Pedro M. Gimenez as Deputy Auditor General, vice Pio Joven, now Budget Commissioner.

The National Economic Council approves the first phase, involving the clearing and planting of 2,500 hectare area, of a 3-year, 10,000-hectare abaca project of the National Abaca and Other Fibers Corporation which will require a total outlay of P2,500,000. The Council adopts a recommendation of Governor M. Cuaderno of the Central Bank to reject a proposal that the Government subsidize the gold mining industry.

The main features of the proposal which came from V. A. Brusillo, Vice-President of A. Soriano & Co., were that the Government have option to purchase and the producers of gold option to sell the metal "at a price calculated to induce operation of gold properties in general," that this price would be "appreciably better" than the statutory price (\$35 a troy ounce) and "also higher than the present free market price obtainable by the producers" (P90 to P96); all payment by producers to the Government to be made in bullion and all bullion purchased by the Government to be paid for in Philippine currency. Mr. Cuaderno stated that on the basis of the 1940 production, the Government, if it purchased the entire output at P100 an ounce, would require some P30,000,000 for the purpose, involving a considerable loss. "It would seem that as long as there is a free market for locally-mined gold in the Philippines, which is absorbing their output at a much higher price than the official rate, the gold mining companies have a good incentive not only to increase production but also to rehabilitate mines which were damaged during the war," Mr. Cuaderno said.

June 14—The President issues Executive Order No. 223 authorizing PACSA (the President's Action Committee on Social Amelioration), in consultation with the Director of Lands, to allot unoccupied agricultural land of the public domain to interested citizens in 10-hectare lots either under homestead or sales application, provided at least 1/5 of the area is placed under cultivation during the first year. In case of sale the grantee will be given 10 years to complete payment for the land.

The President assures a large delegation of recently disbanded Philippine Scouts (U.S. Army) that he will issue an order to the Department of Public Works to give them priority second only to veterans of the Armed Forces of the Philippines in the matter of public-works jobs.

June 15—The President issues Executive Order No. 225 appropriating funds for the operation of the Government during the period from July 1 to June 30, 1950, and another Order, No. 226, appropriating the sum of P6,000,000 to defray expenses in connection with the national elections next November, Congress having failed to enact a general appropriation act. Order No. 225 appropriates P232,300,297, the same amount provided for in the Appropriations Act for the 1948-49 fiscal year, and "for the same purposes, services, and activities for the fiscal year ending June 30, 1950, or until such time as the Congress may determine otherwise."

The President signs House Bill No. 1748 (Republic Act No. 372) appropriating P2,000,000 for the rehabilitation of government stock farms and breeding stations and the establishment and operation of additional such entities. He also signs a number of other bills including Senate Bill No. 425 (Republic Act No. 370) reclassifying Philippine trees for lumbering purposes.

The President authorizes the release of P100,000 for the distribution of rice seed to small farmers, repayable after harvest in cash or in kind, through the local supervisors of the Department of Agriculture or the Department direct.

June 16—The President formally receives the Argentine diplomat, E. A. Viera, as minister extraordinary and envoy plenipotentiary to the Philippines. Argentina is the first South American country to establish a legation here, though Ecuador, Nicaragua, and Venezuela maintain consulates.

A delegation of sugar planters calls on the President to ask him to recommend the retention of the pre-war Philippine sugar-quota of 850,000 long tons in the Havana sugar conference scheduled for next month. They also ask him to facilitate the presentation to Congress of a bill condoning interest on loans granted to sugar planters during the enemy occupation.

June 17—The President vetoes House Bill No. 1527 which would have established a Typhoon Commission and which called for a total appropriation of P1,000,000 to maintain the Commission and to enable it to "conduct researches and to find ways and means of preventing or destroying typhoons in the Philippines."

Officers of the Philippine Dental Association call on the President to urge him to approve House Bill No. 2783 which would regulate the practice of dentistry and extend the present 4-year course in dentistry to 6 years through a 2-year pre-dental course, and H.B. No. 2831 which would exempt imported dental gold from the 30% luxury tax imposed under the Import Control Law.

June 18—The President accepts the resignation of Manuel C. Briones as Associate Justice of the Supreme Court which was nominated for the Vice-Presidency by the Nacionalista Party.

The President administers oaths of office to Jose Nivela, Sr., as Officer-in-charge of the National Coconut Corporation and to Maj. Manuel Buenafe as Assistant Director of the Bureau of the Census and Statistics.

The President, among other bills, signs House Bill No. 2118 (Republic Act No. 386), the new Civil Code which "seeks to give a more liberal interpretation of existing civil rights and obligations as well as afford women greater breadth of freedom in the exercise of their rights particularly with regard to the disposition of paraphernal and conjugal property."

"The Code becomes effective 16 days after publication in the Official Gazette and takes effect for one year after such publication during which it will be on a sort of a 'trial run.' During this period the operation of the laws contained therein will be observed with a view to subsequently introducing proper amendments."

The President also signs H.B. 2804 (R.A. 387) to promote the exploration, development, exploitation, and utilization of Philippine petroleum resources; H.B. 2874 (R.A. 406) creating a Mines Special Fund in the Bureau of Mines to be used for the canvassing and evaluation of mineral deposits needed in the development of Philippine industries; H.B. 2756 (R.A. 412) providing for the establishment of a School of Fisheries at Tabaco, Albay; H.B. 2759 (R.A. 413) appropriating P100,000 for additional Bureau of Fisheries personnel in connection with the campaign against illegal fishing; H.B. 2831 (R.A. 396) withdrawing dental gold and gold alloys and other precious metals used in dental work from the classification as luxuries taxable 30% and placing them under ordinary articles taxable at 5%; withdrawing musical instruments from the semi-luxury classification taxable at 15% if not more than P150 in value; also placing fountain pens if not more than P15 in value at 5% and more than P15 at 15%; H.B. 2783 (R.A. 417) regulating the practice of dentistry; H.B. 2822 (R.A. 414) appropriating P150,000 for the promotion of home industries and the revival of the craftsman section of the vocational education division of the Bureau of Public Schools; H.B. 2699 (R.A. 401) condoning all unpaid interest accruing from January, 1942, to December 31, 1946, on all obligations outstanding on December 8, 1941, and to apply payments of interest paid after February 28, 1945, to the principal obligation if still outstanding, in certain cases; H.B. 2875 (R.A. 408) re unclaimed securities; H.B. 1910 (R.A. 397) granting the Boy Scouts of the Philippines 10,000 hectares of public agricultural land for the support of the organization's activities; and H.B. 1461 (R.A. 418) exempting the *Jai Alai* from the 20% tax on gross receipts. With respect to the latter Act, it is explained that the former taxation was discriminatory as it was in addition to the 3% on gross bets paid by other such recreational establishments and because the *Jai Alai*, alone among them, must surrender ownership of property worth P5,000,000 to the Government after 25 years.

The President, among a number of other bills, vetoes H.B. 1602 re a Civil Aeronautics Board etc., H.B. 2053 which sought to limit the benefits of the Flag Law to natural-born citizens of the Philippines; H.B. 2816 which would have appropriated P400,000 for the taking of an inventory of Philippine forest resources; and H.B. 2818 re the license to cut timber for mining purposes.

F. C. Rodriguez, National Power Corporation manager, states that construction on the Lumot river diversion project which will make available an estimated 50,000,000 KWH a year is going "full blast" and that the project is expected to be completed about the end of next year. The Ambuklao project on the Agno river "is scheduled to be in operation by the end of 1953 but at the present rate of progress this major source of power for Luzon may be in operation early in 1953." The present work is being financed from advances made by the Government from Central Bank funds.

farmers, repayable in kind or in cash after the next harvest.

June 20—The President signs the last of the bills signed by him within the constitutional time limit, —House Bill No. 2217 (Republic Act No. 419) increasing the minimum specific tax on cigarettes mechanically packed.

June 21—The President authorizes the release of P2,600,000 to the National Abaca and Other Fibers Corporation for the development of Davao abaca lands.

The Cabinet approves the request of the International Refugee Organization for a 4-month extension of the stay of the refugees from China at Guian, Samar; the period would have expired at the end of the month.

June 22—The Philippine Department of Foreign Affairs states that the Wall Street Journal article alleging that the "Little Marshall Plan" for the Philippines is failing, is

the "ultimate in misunderstanding of the contemporary situation in the Philippines." The Philippine Embassy in Washington has been instructed to refute the article.

The Australian Government has offered 4 fellowships and 1 scholarship to deserving Filipino students and technicians for study in Australia. Two Filipinos are now in Australia under fellowships granted last year, one studying animal husbandry and the other vegetable oils.

June 23—The Department of Foreign Affairs makes representations with the Chinese Legation for the return of 223 Chinese who were apprehended a few days ago in Quezon Province after their illegal landing.

June 24—The President appoints Anastacio de Castro as manager of the National Cooperatives and Small Business Corporation.

The President creates a committee headed by Ricardo Nepomuceno to plan a coordination of the functions of the Capital City Planning Commission, the National Urban Planning Commission, and the People's Homesite and Housing Corporation.

The Cabinet discusses the advisability of sending a diplomatic representative to the Vatican.

June 25—Announced that the Board of Textbooks, Dr. Gabriel R. Mañalac, Chairman, is prepared to consider the adoption of textbooks for Philippine public schools.

June 27—In ceremonies at Malacañan, 24 former alien properties of various categories, ranging from real and personal to stocks in former enemy corporations, to an aggregate value of ₱793,420.75, are turned over to the Philippine Government by the Philippine Alien Property Administration.

The National Economic Council approves a 5-year plan for the rehabilitation of the tobacco industry with the recommendation that the National Tobacco Corporation undertake it with starting funds of ₱3,000,000 obtained from the Rehabilitation Finance Corporation and the Philippine National Bank. The Council also decides to recommend the establishment of a national shipyard in the Mariveles-Sisiman area in Bataan, the project involving a total outlay of ₱16,000,000. The proposed shipyard would handle repairs, drydocking, and ship-construction, practically all the machinery needed being already available from repairation materials received from Japan.

June 28—The President issues Executive Order No. 231 amending the import control regulations "with a view to further conserving Philippine dollar reserves by an estimated ₱60,000,000 or more a year. (The order is reprinted elsewhere in this issue of the Journal.)

June 29—The President at the request of Secretary P. L. Mapa of Agriculture and Natural Resources releases another ₱100,000 for the purchase of seeds to be issued to small

June 29—The President reorganizes his Cabinet "to effect more efficiency and more speedy action," as follows: Sabino Padilla (Secretary of Justice) becomes Associate Justice on the Supreme Court; Ricardo Nepomuceno (Secretary of Public Works and Communications) becomes Secretary of Justice; Prospero Sanidad (Senator) becomes Secretary of Public Works and Communications; Marciano Roque (Under-Secretary of Interior) becomes Assistant Executive Secretary and Technical Assistant to the President; Nicanor A. Roxas becomes Under-Secretary of Interior.

Banking and Finance

BY C. V. GRANT

Sub-Manager, National City Bank of New York

THE first Regional Conference of the National Association of Bank Auditors and Comptrollers of the Philippines was held on June 3 and 4 in Manila. The Conference was attended by some 150 enthusiastic delegates from the banking communities throughout the country as well as by several bankers from abroad.

Among the bankers who addressed the Conference during the first day of the session were Secretary of Finance Pio Pedrosa, Governor Miguel Cuaderno of the Central Bank, Chairman Delfin Buencamino of the Rehabilitation Finance Corporation, and President Vicente Carmona of the Philippine National Bank.

During the session the following day the speakers included Mr. C. R. Leaber, Manager of the National City Bank of New York, and Mr. Albino SyCip, President and General Manager of the China Banking Corporation.

The speakers stressed the importance of the Central Bank in the future development of the nation as well as the need of utilizing the reserves of idle capital in the hands of the public in order to attain the Government's economic objectives.

The delegates elected the following officers for the next two-year term; Mr. L. L. Pan, Auditor of the China Banking Corporation, as President; Mr. Conrado Sevilla, Auditor of the Philippine National Bank, as Vice President; and Mr. J. V. Macuja, Assistant to the Chairman of the Rehabilitation Finance Corporation, as Secretary-Treasurer.

ON June 24 the Central Bank advised that until further notice it would sell dollars to the commercial banks at 200.81 for Telegraphic Transfer, and 200.76 Demand, against the previous rates of 201.00 and 200.95 respectively. No alteration was made in the rates at which the Central Bank will buy dollars from the commercial banks, i.e., 200.75 for Telegraphic Transfer, and 200.70 Demand.

The rates between which the banks are permitted to quote for dollar exchange remain as follows:

	Selling	Buying
U.S. Dollars, T. T. over \$500.00	₱201.50	₱200.50
U.S. Dollars, Demand over \$500.00	201.375	200.375
U.S. Dollars, T.T. and Demand under \$500.00	202.00	200.00

At this writing the banks generally are quoting for prime business Telegraphic Transfer 201.25 selling and 200.625 buying.

Editor's note:—No figures on total circulation, bank resources and liabilities, deposits, loans, etc., later than those published in the June issue of this Journal, have been released by the Central Bank.

Stock and Commodity Markets

BY A. C. HALL

A. C. Hall & Company

May 21 to June 21, 1949

NEW YORK STOCKS.—Automobile, Oil, and Steel shares weakened, causing softness in other sections of the general list. The market easily slid through the 171 area of the Dow Jones Industrial Averages, and proceeded to test the post-war major lows in the 160 area, established during October, 1946. However, no great selling-pressure developed at any time during the decline, and the market held fractionally above these important lows. Since then prices have recovered a portion of the lost ground quite readily, but the rally has failed to generate activity, thereby casting doubts as to the market's underlying strength. At the moment, the position would appear as follows: Any further advance on dwindling activity would very probably be followed by a renewed sell-off and test of the recent lows. If the latter holds again, a substantial recovery could follow this formation. However, penetration of the 160 area would probably result in important selling developing.

Market fluctuations during the period, as measured by the closing Dow Jones Averages, were as follows:

	May 20	High	Low	June 21
Industrials	173.49	173.49	161.60	165.71
Rails	46.96	47.10	41.03	43.27

There is evidence of a deepening of the recession, and general business policy at the moment seems to be to further reduce inventories in expectation of lower prices. The question uppermost in most businessmen's minds is how much worse does it have to get, before it gets better? This point is also troubling investors at the moment, so perhaps a brief examination of the general market background may be helpful.

In the past, bear-market declines in stock prices have shown considerable relation to the speculative excesses of the bull markets which have preceded them.

With this in mind, it is of interest to compare the effect of the great post-war period of industrial activity on security prices, as compared with the 1936-1937 boom.

In the following table, the shares of a number of outstanding companies, embracing most of the important industries, are used to illustrate the two periods. All prices are adjusted to the present capitalization of the companies involved. The first column shows the relationship of 1936-37 between peak earnings per share and highest share-prices on the basis of multiples of earnings per share which then prevailed. The next column shows the corresponding multiples of the post-war period. Subsequent columns contain: the hypothetical post-war highs if peak earnings had been capitalized on the basis of the 1936-1937 multiples, the actual post-war highs registered, and the June 21 closing levels.

Company	Earnings Multiples		Post-War Highs		June 21
	1936-1937	Post-War	Hypothetical	Actual	
Allied Chemical & Dye	23	15	\$330	\$212	\$166%
American Can Co.	24	14	194	112	89½%
American Tobacco Co.	20	13	152	100	67%
General Electric Co.	30	12	121	52	35%
General Foods	16	13	68	56	41%
General Motors	14	8	136	80	54%
International Harvester	20	9	78	34	23%
Kennecott Copper	15	7	130	60	43%
Sears Roebuck	18	8	104	40	36%
Standard Oil of New Jersey	13	7	158	90	63%
U. S. Steel Corporation	16	8	64	32	21%

It is clear from the table that, on the surface at least, speculation has been very much restrained during the period following the war, as compared with the last industrial boom period pre-war; also that stocks have declined substantially from post-war highs.

Of course, the foregoing comparison cannot be considered as all inclusive by any means. It can be contended that times have changed, consequently, for many reasons, the previous relationship prevailing between stock prices and earnings possibly does not apply nowadays. While admitting the logic of this contention, as a result of the vast changes in the national economy which have arisen out of the late war, it seems reasonable to infer, in accordance with fundamental economic law, that new factors which operate to limit upside extremes will also tend to moderate downside fluctuations.

Commodities.—The government policy of permitting wheat stored on the ground to participate in

the loan up to 75% of the full loan value has reversed the recent easier trend in prices; July Chicago wheat at \$2.00 compares with \$1.95¼ on May 20. The official crop report as of June 1 indicates a larger crop than 1948. Corn was steadier in sympathy with other grains, healthy demand, and slackening country offerings; July Chicago was quoted at \$1.32½ against \$1.31¼ on May 20. As regards Cotton, the *Journal of Commerce* estimates this year's crop at 15,000,000 bales. Good spot demand sustains nearby prices with July New York at 33.12 compared to 32.60 a month ago. Domestic Sugar futures were very steady with September No. 5 Contract advancing to 5.46 from 5.44 over the month. Refiners appear covered until early July. Seasonal increase in consumption is apparent, but is possibly running somewhat less than estimated.

Manila Market.—The downward trend in mining-share prices continued during the past month. The market action reflects the continuing slow-down in local business activity, which in turn is in line with world trends.

Arising out of the war, there are unbalanced price relationships in our economy, and these require adjustment. The signs are that the process will not be unduly delayed.

The Commercial and Industrial section was quiet and easier in sympathy with the general trend.

MINING SHARES

1948-49 Range		Company	High	Low	Close	Change	Total Sales
High	Low						
122.48	60.81	M. S. E. Mining Average	68.48	61.47	60.81	Off	7.10
P .375	P .15	Acocie Mining Company	P .18	P .13	P .16	Off	.04
.028	.01	Antamok Goldfields Mining	—	—	.012	—	—
.91	.41	Atok-Big Wedge Mining Co.	.56	.48	.064	Off	.08
.071	.01	Baguio Gold Mining Co.	—	—	.065	Off	.005
3.40	2.00	Balacot Mining Company	3.40	3.20	3.40	—	18,760
.0072	.0023	Batong Babay Gold Mines	.0004	.0032	.0032	Off	.0006
.011	.02	Cucco Grove, Inc.	—	—	.019b	—	1,170,000
.015	.01	Consolidated Mines, Inc.	.014	.013	.012a	Off	.01
.001	.038	Hogon Mining Company	.01	.01	.01	Off	.01
.0773	.021	K. X. L. Mining Company	.03	.021	.021	Off	.001
.84	.42	Lepanto Consolidated Mining	.48	.42	.42	Off	.045
1.26	.13	Mindanao Mother Lode Mines	.13	.43	.45	Off	.01
.273	.12	Misamis Chromite, Inc.	.123	.12	.12	Off	.02
.08	.06	Parcade Gumay Co.	—	—	.06b	—	—
.26	.105	San Mauricio Mining Co.	.115	.115	.112	Off	.015
.43	.21	Surigao Consolidated Mining	.215	.21	.21	Off	.005
.04	.018	Suyoc Consolidated Mining	—	—	.018a	—	—
.095	.04	United Paracal Mining Co.	.0173	.041	.051	Off	.005

COMMERCIAL SHARES

1948-49 Range		Company	High	Low	Close	Change	Total Sales
High	Low						
P70.00	P11.00	Bank of the Philippine Is.	P68.00	P67.00	P68.00	Off	P1.00
620.00	300.00	Central Azucarera de Bani	—	—	620.00a	—	—
115.00	81.00	Central Azucarera de la Carabota	115.00	141.00	145.00	Off	P10.00
107.00	70.00	Central Azucarera del Pilar	—	—	85.00b	—	—
60.00	40.00	Central Azucarera de Tarlac	—	—	60.00b	—	—
200.00	175.00	China Banking Corporation	—	—	185.00b	—	—
23.00	22.00	Filipinas Cia. de Seguros	23.00	23.00	23.00	Up	P 1.00
5.00	3.65	Manila Wine Merchants	3.70	3.65	3.65	Off	100
145.00	140.00	Metropolitan Insurance Co.	145.00	144.00	145.00	Off	P 1.00
1.36	.10	Pampanga Bus Company	.10	.10	.10	Off	.10
.101	.10	Philippine Oil Development Co.	.1421	.101	.101	Off	.021
1.42	1.14	Philippine Racino Club	—	—	1.00b	—	—
31.10	26.00	San Miguel Brewery, Inc.	30.00	26.00	27.00	Off	P 3.10
100.00	71.00	Williams Equipment Co. Pfd.	99.00	90.00	90.00	Up	P10.00
10.00	7.00	Williams Equipment Co. Com.	—	—	8.00b	—	72

Over-the-counter business during the period included 9,000 shares Benguet Consolidated, high 4.25, low 3.90, close 3.95; also 5,300 Philippine Iron Mines Common at P25; and 155,000 shares Taysan "A" from 10 to 13 centavos, closing at the latter price. Other business included 850 shares Jai Alai at P7; 3,900 shares Manila Jockey Club at P2 and P1.95; and 110 shares Victorias Milling Co. at P150 and P145.

GROSS SALES (TEN LEADING BUSINESS FIRMS) 1937-1949
Bureau of the Census and Statistics
 (1937 = 100)

	1937	1938	1939	1940	1941	1945	1946	1947	1948	1949
January	95.1	75.5	88.8	106.7	104.8	—	49.6	160.9	225.2	213.5*
February	102.5	71.6	80.3	99.8	95.9	—	34.6	228.9	228.3	241.3
March	105.9	85.2	87.1	104.3	107.2	—	61.1	218.8	257.5	289.6
April	107.5	81.4	79.8	100.3	105.6	—	75.1	155.3	254.0	231.2
May	100.4	76.9	80.1	97.5	113.0	1.6	117.5	216.0	273.8	261.3
June	100.3	76.6	107.7	103.5	117.0	5.4	86.3	249.4	308.7	—
July	105.7	72.0	90.8	98.8	110.0	8.4	89.7	240.4	313.2	—
August	97.4	76.2	80.8	98.3	109.8	10.4	118.9	202.8	272.2	—
September	83.4	76.8	103.3	93.1	114.0	110.7	116.4	219.2	261.1	—
October	97.0	80.1	103.4	85.8	100.1	10.8	147.0	222.9	252.5	—
November	100.4	104.2	110.1	105.6	97.7	21.4	165.1	278.7	215.8	—
December	104.3	88.6	119.4	119.1	64.8	27.9	184.4	291.8	253.4	—

* Revised figures for January, February, and March.

Credit

By W. J. NICHOLS
Treasurer, General Electric (P.I.) Inc.

THE May 7 and May 14 issues of the *Saturday Evening Post* carried an interesting article on Dun and Bradstreet, Inc., the world's oldest and largest credit agency. An indication of the scope and importance of credit information lies in the fact that the firm employs some 8000 people in the United States, has an income of about \$45,000,000 a year, and supplies reports to around 76,000 subscribers to its services. It was Arthur D. Whiteside, President of Dun and Bradstreet, who coined what has become the semi-official definition of credit,—“Man's Confidence in Man.”

The next general luncheon meeting of the local Association of Credit Men will be held on Tuesday, July 19. It is planned to have a guest speaker give a short talk on some topic of special interest to the members, followed by a general discussion of the subject. We are hoping that this will be only the first of a series of regular quarterly meetings during which problems affecting credit executives can be brought into open forum.

Since its incorporation in 1932, the Association has grown into an organization consisting of some 69 of the leading business institutions in the Philippines and has assets in excess of P23,000. Formed to establish closer credit co-operation among members and to obtain greater security and certainty in business customs, the Association is constantly seeking ways to improve its services.

Real Estate

By C. M. HOSKINS
C. M. Hoskins & Co., Inc.

THE real estate market in Manila was relatively quiet during June, with 259 sales registered having a total value of P2,793,217. Total number of sales continued high, and land values continued firm. The transactions analyzed showed a somewhat lower price for buildings, in line with declining building costs. This is reflected in comparative peso totals of preceding years.

Comparative figures for the first six-months periods of 1946 to 1949 are as follows:

January - June

1946	P18,513,538
1947	37,632,010
1948	27,938,224
1949	20,058,383

Mortgages registered in June were up to P7,558,958, as compared with P5,583,332 for May. Private mortgage funds are entering the local real estate market in growing volume.

THE new Revised Charter of Manila contains several new features of interest to real estate interests.

The Municipal Board is now authorized to require property owners to build sidewalks in front of their properties; if they fail to do so, the City may

REAL ESTATE SALES IN MANILA, 1940-1949

Prepared by the Bureau of the Census and Statistics

Note: A large percentage of 1945 sales and a diminishing percentage of 1496 sales, represent Japanese Occupation transactions not recorded until after liberation.

	1940	1941	1945	1946	1947	1948	1949
January	P 6,004,145	P 962,970	P 7,943,605	P 4,385,011	P 6,030,012	P 3,644,734	P 3,965,420
February	918,873	779,783	1,337,830	2,267,151	7,217,317	3,879,633	2,701,668
March	1,415,246	1,532,104	(?)	2,622,190	7,166,866	4,243,719	3,362,635
April	883,207	988,380	213,262	1,916,293	8,611,076	5,021,093	3,677,630
May	403,866	1,129,736	962,008	3,684,937	4,618,181	3,129,799	4,253,395
June	542,187	598,431	1,212,780	3,637,956	3,988,560	8,019,246	2,793,217
July	1,324,861	559,742	1,123,565	4,974,862	4,097,188	5,146,529	—
August	1,905,828	1,239,414	699,740	4,438,510	5,627,572	6,192,576	—
September	1,141,114	815,112	1,870,670	4,698,896	7,437,213	4,737,581	—
October	993,103	1,182,678	2,096,893	5,545,800	6,083,486	5,350,376	—
November	938,416	858,235	2,555,472	3,340,384	4,177,054	3,046,287	—
December	1,504,004	(?)	2,874,408	4,025,926	3,205,584	5,386,248	—
TOTAL	P17,974,844	P10,617,285	P22,890,133	P45,537,914	P68,260,104	P57,798,121	P20,753,965

Compiled by the Bureau of the Census and Statistics from data supplied by the City Engineer's Office.

MONTH	1936 (Value)	1937 (Value)	1938 (Value)	1939 (Value)	1940 (Value)	1941 (Value)	1945 (Value)	1946 (Value)	1947 (Value)	1948 (Value)	1949 (Value)
January	540,030	426,230	694,180	463,430	1,124,550	891,140	—	1,662,245	3,645,970	6,571,660	4,807,320
February	720,110	479,810	434,930	1,063,960	1,025,920	467,790	—	2,509,170	3,270,150	6,827,005	7,286,630
March	411,680	396,890	1,300,650	662,840	671,120	641,040	—	3,040,010	3,398,910	7,498,560	8,100,700
April	735,220	659,680	770,130	1,029,310	962,420	408,640	462,020	3,125,180	8,296,640	7,370,292	5,568,245
May	400,220	670,350	1,063,570	1,139,560	740,510	335,210	1,496,700	3,964,460	5,564,870	8,670,410	5,070,380
June	827,130	459,360	754,180	809,670	542,730	418,700	2,444,070	3,904,450	5,898,580	10,217,840	4,809,250
July	302,340	691,190	756,810	495,910	357,680	609,920	1,741,320	3,062,640	9,875,435	7,771,487	—
August	368,260	827,660	627,790	622,050	661,860	306,680	1,418,360	4,889,640	7,428,260	7,568,950	—
September	393,100	777,690	684,590	554,570	590,380	530,830	1,015,260	7,326,670	7,770,310	7,095,860	—
October	663,120	971,780	718,190	645,310	738,700	699,040	639,030	4,630,550	6,747,240	5,368,800	—
November	460,720	320,890	972,310	1,461,590	485,100	315,930	1,364,310	4,373,390	7,088,283	3,424,125	—
December	648,820	849,160	300,230	1,105,910	333,490	67,553	1,605,090	5,034,600	4,924,320	4,507,580	—
Annual											
TOTAL	P 6,170,750	P 7,530,690	P 9,280,560	P 9,053,250	P 8,234,460	P 5,692,273	P 12,186,150	P 47,526,905	P 73,907,248	P 82,792,569	P 35,632,525
Average	P 514,229	P 627,557	P 773,380	P 754,438	P 686,205	P 474,356	P 1,015,513	P 3,960,575	P 6,158,937	P 6,899,381	P 5,938,754

build them and charge the cost to the landowner in the form of a special assessment payable in ten yearly instalments without interest.

The old special assessment law, relating to municipal public improvements in general, has been extended to include national roads in the City of Manila, built by the central government.

The Municipal Board is now empowered to "tax and regulate" the business of letting and subletting lands and buildings.

The general taxing powers of the Municipal Board have been extended to include practically any business, trade, or occupation. As a result, new industries are tending to seek sites in the suburbs to avoid the risk of unanticipated local taxation.

Ocean Shipping

BY F. M. GISPERT

Secretary, Associated Steamship Lines

TOTAL exports for May, in the aggregate, showed an increase over the preceding month of April and a decided increase over May of last year.

109 ships lifted 248,593 tons of export cargo during May of this year, as against 93 ships and 159,065 tons for May last year.

Exports by commodities, during May, as compared with May last year, were as follows:

	1949	1948
Alcohol	71 tons	370 tons
Coconut, desiccated	9,544 "	7,849 "
Coconut oil	7,716 "	2,108 "
Concentrates, copper	2,322 "	—
Concentrates, lead	54 "	—
Copra	59,604 "	47,328 "
Copra cake, meal . .	6,204 "	4,309 "
Embroideries	119 "	119 "
Empty cylinders . .	470 "	247 "
Fruits, fresh	350 "	78 "
Furniture, rattan . .	497 "	807 "
Glycerine	301 "	112 "
Gums, copal	64 "	124 "
Hemp	46,309 bales	87,042 bales
Household goods . .	274 tons	134 tons
Junk, metal	9,198 "	12,663 "
Kapok	164 "	88 "
Logs	1,402,188 board feet	1,542,437 board feet
Lumber	1,895,942 "	237,418 "
Molasses	15,044 tons	—
Ores, chrome	32,580 "	18,500 tons
" iron	12,598 "	—
" manganese	1,998 "	1,900 "
Pineapples, canned .	1,633 "	3,090 "
Rattan	91 "	127 "
Rope	244 "	554 "
Rubber	144 "	167 "
Shells	51 "	—
Skins, hides	148 "	138 "
Sugar, raw	70,054 "	22,516 "
Tobacco	530 "	853 "
General cargo	3,803 "	19,911 "

Electric Power Production

Manila Electric Company System

BY R. J. BAKER
Manila Electric Company

1941 Average — 15 316 000 KWH

	Kilowatt Hours	
	1949	1948
January	33 745 000	27 301 000
February	31 110 000	26 021 000
March	34 776 000	26 951 000
April	33 048 000	26 871 000
May	34 463 000*	28 294 000
June	34 507 000**	29 216 000
July	—	31 143 000
August	—	31 993 000
September	—	32 012 000
October	—	33 943 000
November	—	32 661 000
December	—	35 104 000
TOTAL		361 510 000

* Revised
** Partially estimated

June output was the same as May, as May has an extra day. June output was slightly more on a day-to-day basis. The increase over June, 1948, of 5,291,000 Kwh, or 18%, is less than the increase in previous months.

Mining

BY CHAS. A. MITKE
Consulting Mining Engineer

May Production:

Acoje Mining Co. — 5,500 tons, worth	P153,000
Benguet-Balatoz	648,970
Mindanao Mother Lode	204,258
Lepanto Consolidated	501,000
Atok-Big Wedge Mining Co.	362,198
Consolidated Mines	515,600
Surigao Consolidated	227,016

Gold and silver production for the first four months of 1949, according to Bureau of Mines figures, amounted to P5,359,316, which is at the rate of approximately P16,000,000 annually, as compared to P76,838,987 in 1940.

Base-metal production for the first four months of 1949 was valued at P5,413,336, or approximately P16,240,000 annually.

This gives an estimated total production from all metals of around P32,000,000 for the year, or about one-third of the 1940 production, and considerably less than the estimates for 1941 and 1942.

The base-metal returns for 1949 were largely made up of shipments of Lepanto Consolidated copper concentrates and Acoje metallurgical, and Masinloc refractory, chrome production. Manganese shipments during the four-month period only amounted to 5,900 tons, which would approximate a total of 18,000 tons for the year, as against 52,166 tons in 1940 and much larger shipments in 1941.

Unfortunately for Philippine base metals, the chrome market in the United States at the present time has turned "soft", and buyers are not even interested in high-grade metallurgical chrome. Producers who happen to have contracts are still able to ship, but others cannot sell their product.

Manganese, if obtainable in quantity, could be sold, but there are no large deposits of commercial manganese in the Philippines.

There is very little high-grade metallurgical chrome in the Philippines. Furthermore, the producers of both chrome and manganese are faced with severe competition from countries such as Russia, Turkey, Africa, and Brazil, where there are

much lower labor costs, and freight rates to the United States are much less than from the Philippines.

Japan, before the war was the only market for low-grade chrome and manganese, and also for Philippine iron ores which cannot compete with the United States ores because of the long haul and high freight rates.

Since the war, however, SCAP has insisted on United States specifications for base metals sold to Japan, and as a consequence Philippine producers are having a hard time.

Philippine iron producers formerly sold large tonnages of raw ore to Japan, but now, where India and the United States receive individual contracts as large as 800,000 tons, Philippine producers can only get comparatively small orders. This, for various reasons,—high sulphur content; low iron (below 60%) content, and so on. Both Hainan Island and India produce a more desirable ore than the Philippines.

The impression prevails that "just as soon as War-Damage payments to the closed-down mines are completed, mining will return to its pre-war status as the second largest industry in the Islands". This is an erroneous idea. A number of the pre-war gold producers, waiting for War-Damage payments, are now, due to high production costs, in the sub-marginal class, and even if rehabilitated most of them will not be able to "make the grade".

WHAT THE ISLANDS NEED TO ENABLE THE MINERAL INDUSTRY TO EXPAND, IS NEW MINES TO TAKE THE PLACE OF THOSE THAT WILL NEVER OPERATE AGAIN.

From time to time promising prospects are uncovered, but without funds to prove them up in depth, they are returning to jungle. If we are to be successful in the rehabilitation of our mining industry, the rate of new discovery must be drastically increased.

From 1932 to 1936 the Philippines experienced an unprecedented mining boom. Oddly enough, this occurred at a time when the rest of the world was going through its greatest industrial panic. Many excellent gold-and base-metal prospects were uncovered which later became good producers and dividend payers.

METALS AND ORES OTHER THAN GOLD AND SILVER

Names	Ores	JANUARY		FEBRUARY		MARCH		APRIL		MAY	
		Quantity L. Tons	Value in Pesos	Quantity L. Tons	Value in Pesos	Quantity in L. Tons	Value in Pesos	Quantity in L. Tons	Value in Pesos	Quantity in L. Tons	Value in Pesos
Acoje Mining Co.	Metallurgical Chromite	5,022.00	P 140,616.00	8,373.00	P 234,444.00	7,784.00	P233,520.00	5,868	P176,040.00	5,500	P153,000.00
Luzon Stevedoring Co., Inc.	Manganese	1,800.00	50,400.00	None	None	1,523	45,690.00	None	None	1,500	72,000.00
Misamis Chromite Corp.	Metallurgical Chromite	1,100.00	57,200.00	None	None	None	None	None	None	None	None
Consolidated Mines, Inc.	Refractory Chromite	23,000.00	460,000.00	25,000.00	502,000.00	18,360	369,200.00	18,700	374,000.00	25,700	515,600.00
Lepanto Consolidated, Inc.	Copper	1,757.5	553,500.00	1,877.00	517,400.00	S. T. 1,960	542,100.00	S. T. 420.18	392,160.00	2,107	501,000.00
Cia. Minera de Filipinas	Manganese	172.0	6,860.00	123.0	4,920.00	91	3,640.00	None	None	None	None
Samar Mining Co.	Iron	None	None	None	None	M. T. 7,489	104,946.00	7,414	103,796.00	None	None
Palsawan Manganese Mines, Inc.	Manganese	640.0	22,400.00	640.0	22,400.00	518	18,130.00	None	None	None	None
British-American Engineering Corp.	Manganese	1,200.00	48,000.00	1,200.00	48,000.00	1,200	18,000.00	500	15,500.00	None	None
Philippine Iron	Iron	14,586.00	204,204.00	—	—	None	None	None	None	14,400	223,726.00
Luzon Stevedoring Co., Inc.	Metallurgical Chromite	None	None	1,130.00	14,250.00	2,500	100,000.00	None	None	None	None
Totals -			P1,543,200.00		P1,343,414.00		P1,426,226.00		P1,061,496.00		P1,465,326.00

THE following article, "Investment Opportunities in the Philippines", by Director of Commerce S. R. Mendiuneto, published in this special four-page section of the American Chamber of Commerce Journal, serves as an introduction to a series of articles which will aim at presenting a concise and authoritative survey of a number of investment fields in the Philippines which are believed to be especially promising.

Investment Opportunities in the Philippines

By S. R. Mendiuneto
Director of Commerce

THE Philippines today offers manifold and bright opportunities for new investment in diverse fields of activity. The havoc and destruction which the last Pacific war wrought to the national economy has increased tremendously these investment opportunities which have been awaiting enterprising capital. These opportunities embrace such basic industries as agriculture, fishing, lumbering, mining, and manufacturing. In addition, investments in transportation (especially water and aerial) and communications, building construction, trading, and other numerous services contributing to the rehabilitation of the country's economy promise to be no less profitable than in manufacturing and other basic industries.

So far as the natural resources and potentialities of the Philippines are concerned, it may be pointed out that this country has vast undeveloped areas with enough raw materials and manpower to become a great producing and manufacturing nation. The truth is that the Filipinos are just beginning to tap the country's economic wealth. To blaze the trail to economic progress and prosperity, the Philippine Government has blueprinted and is now sponsoring both short-range and long-range economic programs designed to bolster up production of agricultural and industrial products and to establish new and vital in-

dustries, the ultimate goal being not only to supply the maximum domestic needs but also to utilize the surplus products for export.

Time and again, the Philippine Government has frankly admitted the nation's need of foreign capital, especially American capital, and technical know-how. In this connection, it may be pointed out that the following conditions existing here besides the richness of the Islands' natural resources and abundant labor supply, are favorable to foreign investment: (1) the financial stability of the Philippine Government; (2) the sound currency secured by pegging the Philippine peso to the American dollar; (3) preferential trade relations with the United States for the next 25 years; (4) parity rights granted to American citizens, enabling them to enjoy the same privileges as the Filipinos in the development of the natural resources and the operation of public utilities; (5) four-year exemption from taxes allowed by Republic Act No. 35 to new and necessary industries; (6) the hundreds of millions of pesos still to come in during the next two years from the War Damage Commission and other United States agencies; and (7) the adherence of the Filipino people to the democratic way of life and their hospitable attitude toward foreign investors, especially American.

AS in any other country, there are certain restrictions in the Philippines on the freedom of foreign investment, which are in the nature of safeguards against any possible ruthless or excessive exploitation of the country's natural resources by anyone, whether Filipino or alien, and those which are adopted as measures to maintain mutually just relationship between the Philippines and other countries. The Philippine Constitution, for instance, provides that no individual can purchase more than 144 hectares of public land, that no corporation can buy more than 1,024 hectares of land, and that not more than 1,024 hectares of public land can be leased to an individual, corporation, or association, and, if for grazing purposes, not more than 2,000 hectares. Certain other safeguards affecting the mining, forestry, and other industries are more or less common to other countries.

AMONG the most promising fields of business activity in the Philippines are the following:

Cattle-raising — Philippine imports of meat products before the war averaged 4,500 tons annually, valued at P2,600,000. Local production of meat (largely swine and carabao) in 1937 was 75,000 metric tons. The livestock population suffered considerable damage during the war. Cattle were reduced from 1,300,000 head to about 800,000; carabao, from 2,900,000 to 2,000,000; and hogs, from 4,300,000 to 4,000,000. The Philippine Government has appropriated P2,500,000 to replace losses of cattle, carabao, horses, and swine.

The island of Mindanao offers favorable prospects for the development of the cattle industry because of its extensive virgin lands, where grasses and legumes suitable for cattle-feed grow in abundance. It is believed that the development of beef herds on this island would accelerate meat production to the extent of supplying domestic requirements and possibly leaving a surplus for exports.

Commercial fishing — Before the war the Philippines imported an average of 15,000 tons of fish products valued at P3,000,000, while the annual commercial in-shore catch amounted to about 21,000 tons, plus the additional 25,000 tons of bangus produced in salt-water fishponds. The total annual requirements of fish from all sources are estimated at 54,000 tons. Prior to the war about 50% of the fish caught and distributed in the local markets was controlled by the Japanese. Since liberation, considerable progress has been made in the rehabilitation of the fishing industry, which is now almost wholly in the hands of the Filipinos; however, the supply of fish food still falls short of the normal domestic requirements, as indicated by the high prices of fish in Manila, which are from 3.5 to 5 times pre-war. Further development and expansion of the fishing industry is being given particular attention by the Philippine Government through the recently created Bureau of Fisheries, formerly a small unit in the Department of Agriculture and Commerce. For the fiscal year ending June 30, 1948, the Bureau of Fisheries reported a total catch of 19,717,740 kilos of fish of different types by commercial fishing boats of three tons or over, as compared to 18,640,252 kilos for the preceding fiscal year.

The importance of the fishing industry in Philippine economy may be gauged by the fact that next

to rice, fish is the most important element in the Filipino diet. As the waters of the Philippines teem with the richest varieties of fish that can be found in any single fishing ground in the world of the same area, it goes without saying that commercial fishing offers one of the most profitable investments in this country.

Chemical production — The manufacture of industrial chemicals, such as sulphuric acid, caustic soda, soda ash, chlorine, nitric acid, hydrochloric acid, synthetic oil, and fertilizers offers further wide possibilities for investment. There is practically no chemical manufacturing industry in this country at present; all requirements for industrial chemicals are being supplied by imports, which ran to P20,000,000 annually before the war, and to P40,000,000 in 1946. It is altogether possible that these products may be profitably manufactured locally, as raw materials in the form of limestone, salt, fibers, starches, and potential sources of hydraulic power are available. The domestic production of chemicals will assume greater importance when the hydro-electric projects of the Philippine Government will have been set into operation. Under Republic Act No. 216, the proceeds of the proposed P176,000,000 loan being applied for from the World Export-Import Bank, have been earmarked for the following hydro-electric projects:

1. Construction of complete hydro-electric power plants at:	
(a) Ambuklao, Mountain Province . . .	P 48,000,000.00
(b) Itogon, Mountain Province	70,000,000.00
(c) Maria Cristina, Lanao	23,400,000.00
(d) Lumot River, Laguna	6,000,000.00
2. Erection and construction of a fertilizer plant	28,600,000.00
Total	P176,000,000.00

Of these projects the construction of the Lumot hydro-electric plant project has been started, and it was announced by the National Power Corporation that before the end of 1951 the plant will be in service and will bring into the Manila area its entire 50,000,000 KWH.

Manufacture of paints and varnishes — Paints, pigments, and varnishes were imported into the Philippines before the war at the rate of 5,000 tons yearly, valued at P1,800,000. In 1946, imports of these products reached a total of P3,800,000, as against P9,000,000 in 1948. Domestic production of paints before the war was negligible, being confined to 3 small plants producing 1,500 tons a year. The manufacture of paints and varnishes appears feasible in view of the availability of raw materials suitable for the purpose. Philippine forest abound in gums and resins, while turpentine could be gathered from the Benguet pines. Lumbang nuts produce an oil similar to tung oil. In 1938, production of lumbang oil amounted to P310,000 for 2,000 tons of nuts. With the building boom still going on, which promises to gather greater momentum as more materials become available and costs go down, an industry to produce paints for local use faces bright prospects.

Manufacture of paper products — The average yearly importation of paper in this country before the war was valued at P9,300,000. In 1946, paper imports reached a total of P23,000,000; P38,887,246 in 1947; and P44,714,054 in 1948, comprising newsprint, wrapping paper, book and printing paper, wall board, insulating paper, and kraft paper. There was one paper mill operated in connection with a sugar

central before the war, which produced 15 tons of cellulose and 10 tons of paper per day from bagasse. The possibilities for investment in the paper and related industries appear bright in view of the availability of raw materials in the form of abaca waste, cogon grass, bagasse, and wood pulp. Increased local demand for newsprint, book and printing paper, paper containers, etc., offers sufficient justification to the development of the paper industry in this country. At present, there is only one operating local paper mill, the one owned by the National Development Company, and it produces only wrapping paper. This began operating only shortly before the end of June, 1949.

Manufacture of miscellaneous products — Opportunities for sound investments are also present in the manufacture of soap and toilet preparations, shoes and leather, glass and glassware, ceramic and clay products, wooden and rattan furniture, and plastics. These products, except the last one, are being produced locally on a small scale. These industries are at best still in the handicraft stage, but with sufficient capital and technical skill they could be developed and expanded for supplying local demand and for purpose of export.

Local production of soap before the war was 20,000 tons a year, while the output for toilet preparations amounted to about ₱1,400,000. In 1946, soap and toilet preparations valued at ₱13,800,000 were imported, compared to ₱14,000,000 in 1943. With increasing demand for these products, opportunities for investment in this line of activity cannot be overlooked. Recently, a large American manufacturer of cosmetic and toilet preparations established a factory at Polo, Bulacan.

Shoe manufacturing is an old industry in the Philippines. There were 3 plants in Manila before the war producing a combined output of 3,000 pairs daily, in addition to about 2,000 small shoe-and-slipper making shops with an aggregate production of 5,000 pairs a day. Two of the big pre-war factories as well as a considerable number of small shops, were destroyed during the war. With an increased population, present requirements for shoes exceed those of pre-war days, thereby necessitating additional facilities to supply the demand. The establishment of a modern shoe factory with a productive capacity of 5,000 pairs a day, would seem to be a good opportunity for investment. Two pre-war shoe factories have already resumed operation.

The Philippine bottle-making industry was destroyed during the war. There were 16 glass factories operating in 1941, two of which were making bottles, and their combined output was value at ₱657,000 a year. Before the war, glassware imports exceeded ₱1,000,000. Because of the increased demand for toilet preparations and for tableware and glass containers, as well as the increased consumption of soft drinks and native wines, present requirements for bottles offer a bright prospect for investment in this industry. A bottling factory owned by Don Andres Soriano was established recently.

Ceramic and clay products, mostly fire-brick and kitchenware, were imported into this country in 1946 in the amount of ₱2,400,000. Before the war, bricks and tiles valued at ₱758,000 were produced locally. Deposits of clay and kaolin as well as chromite are

known to exist in this country, and with these raw materials the production of ceramic and clay products could be further developed to provide for construction requirements.

The manufacture of wooden and rattan furniture is an outstanding Philippine industry. The excellent quality and workmanship of Philippine-made furniture are well known. Production of wooden furniture in 1938 was valued at ₱4,400,000, while the output of rattan furniture before the war amounted in value to approximately ₱1,000,000. The Philippines produces exceptional kinds of hardwoods suitable for furniture-making. In 1941, rattan furniture was exported to the United States and other countries in the amount of ₱530,595. After the war, exports of rattan furniture amounted to ₱980,788 in 1946; ₱947,325 in 1947; and ₱1,311,722 in 1948. With the present demand for furniture to replace that destroyed or taken out of the country during the war, and the possibilities for export, there are ample opportunities for the expansion of this industry.

Lumbering — Lumber is an important item in the reconstruction projects for the restoration of numerous public, commercial, and residential buildings destroyed or damaged during the war. Present requirements in lumber for construction and reconstruction have been estimated at 4,500,000,000 board feet. Pre-war production of lumber and timber totaled 941,604,499 board feet, valued at ₱46,272,000, of which 754,000,000 board feet were used locally and the rest exported to foreign countries. It is believed that if more logging equipment could be installed and additional sawmills of higher capacity operated, the Philippine lumber industry could be brought up to an annual production of 2,000,000,000 board feet, an output which could cope with domestic reconstruction requirements.

With the lifting of the ban for lumber exports in late June, a very lucrative business in lumber and timber production awaits enterprising investors who could put up the necessary capital and provide the ingenuity in intensively developing this industry.

Mining — Extensive deposits of gold, silver, iron, copper, manganese, and chrome are found in the Philippines. In addition thereto, such non-metallic minerals as asbestos, gypsum, sulphur, limestone, clay, marble and building stones, coal, petroleum and asphalt, existing in greater or lesser quantities, comprise the mineral wealth of this country.

In 1940, the total gold production amounted to ₱76,563,888; chromite, ₱2,661,764; iron, ₱5,633,728; copper, ₱3,487,701; manganese, ₱1,287,011; silver, ₱1,874,701. The total invested capital in all mines in 1940 was ₱156,000,000. The mining industry, however, suffered considerable devastation during the war, the plants being demolished or carried away by the enemy.

Today, efforts are being made to rehabilitate the industry, but so far only a few of the pre-war companies have reported production. The Surigao Consolidated produced 19,148 tons of gold (mine ore) worth ₱279,253 in 1947, and 69,473 tons, valued at ₱1,386,002, in 1948. Benguet-Balatoc and Taysan reported no production in 1947, but in 1948 they produced 406,146 and 5,753 tons valued at ₱5,637,327 and ₱256,729, respectively. Atok Big Wedge also pro-

duced 91,599 tons worth P4,066,494 in 1947, and 157,146 tons, worth P4,618,016, in 1948. Mindanao Mother Lode likewise reported 11,400 tons valued at P444,246 in 1947, and 68,700 tons, worth P2,670,779, in 1948.

Of the base metals, Acoje registered 10,000 tons, worth P330,000, in 1948, but none in 1947. Consolidated Mining produced 189,499 tons, valued at P3,319,489, and 39,099 tons, worth P4,409,881, in 1947 and 1948, respectively. Lepanto also produced P2,033,600 worth of base metals in 1948 only.

The value of mineral production totaled P8,109,482 in 1947, and P21,342,324 in 1948.

The resumption of production of high-grade gold, silver, copper, asbestos, and lead, and the replacement of equipment, reconstruction of buildings and

mills, and the development of new mines are estimated conservatively to require an investment of about P40,000,000. The recovery of the mining industry, which is retarded by lack of machinery, equipment, and other essential supplies, offers an opportunity for sound investment.

THE foregoing lines of industrial activities have been presented, in a nutshell, as suggestive of the trends in post-war investment possibilities in the Philippines. It was intended merely to give a general view of the industrial resources and potentialities of this country, awaiting the capital, technical skill, and ingenuity of future investors. It would be well, however, for any prospective investor to make a further study of other branches of industry or business which may appeal to him, as possibly showing even better prospects for investment.

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American Chamber of Commerce Journal for July, 1949

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Lumber

BY LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

LAST month we reported the passage in Congress of H. B. No. 2816 and H. B. No. 2818, the former setting aside P400,000 for taking an inventory of our forest resources, the latter amending Section 1833 of the Revised Administrative Code concerning licenses for cutting timber for mining purposes. Both bills were vetoed by President Quirino. In the opinion of the writer, H. B. No. 2816 was a wise piece of legislation that would have enabled the Government to develop a more comprehensive system of timber administration with the aim of protecting future timber supply. H. B. No. 2818 was intended to clarify certain provisions of the Revised Administrative Code. As it is, mining companies are privileged to cut timber from public forests free of charge even after development work has ended and production started, a privilege not enjoyed by any other industry, not even by the lumber companies, which pay for all timber used in their operations from the time licenses are issued to them.

Exports for the month of May amounted to 3,114,857 bd. ft., as compared to 2,540,725 bd. ft. for the previous month. Most of these exports, as usual, consisted of Philippine mahogany (tanguile and red and white lauan) of which 59% was sawn lumber, the rest round veneer logs. The May exports included some 250,000 bd. ft. of dao. The United States took about 70% of our exports, the rest went to South Africa, Canada, Hongkong, China, Japan, Formosa, Netherlands East Indies, and Belgium.

Prices ranged from about \$100 to \$130 for the Common grades, f.o.b. Philippine ports, up to \$140 to \$170 for FAS and CLEARS. These prices are the lowest since liberation and seem to have reached a point when local producers will no longer consider it profitable to cut lumber for export. The quality of export stock is much higher than that sold in the local markets, and not only is export stock given an allowance of 1/8 of an inch for every inch of thickness, but it must also be 60 days dry before shipment is allowed. The records of mills cutting for export show that only from 25% to 35% of their production is of the grade suitable for export. In spite of the low prices, however, the demand in the United States continues sluggish. Importers continue to be cautious and, lately, reports have been received from the United States to the effect that a shipment of Philippine mahogany was sold at \$40 below the current market price, to the consternation of all Philippine exporters! However, most producers anticipate a bigger demand and believe that the present condition is the result of the general business recession.

Philippine producers realize the need of greater and more vigorous efforts to re-introduce woods in the United States market. Among the measures to

be taken is the placing of more advertising in lumber and trade journals. As a preliminary move, two of the older and larger associations have amalgamated and have adopted the name, Philippine Lumber Producers' Association, the members of which are responsible for about 85% of all lumber produced in the Philippines. The new Board of Directors of the Association are Antonio de las Alas, President; H. C. Pope, First Vice-President; Carlos Fernandez, Second Vice-President; A. W. Robertson and Tomas Morato, Directors, and Luis J. Reyes and Manuel Diaz, alternates.

IN the local market, wholesale prices were reported at P137 to P140 per M for white lauan and apitong, and P150 to P160 for tanguile and red lauans. At these prices, only those mills advantageously located and efficiently managed can hope to make a margin of profit. Some producers operating under less advantageous circumstances find it impossible to compete in Manila and other bigger markets and prefer to send their product to smaller centers of population.

Reports coming from Korea state that the price quoted by the winning bidder in a tender under SCAP for about 4,000 cubic meters of red and white lauans was \$71.00 c.i.f., Fusan, Korea. This is \$3.50 higher than the price of the logs sold to Japan earlier this year.

On June 9, 1949, President Quirino issued Executive Order No. 221, lifting the ban on exports. This means that anybody may now export timber anywhere, the only requirement being that the quality and grade must be certified by the Government through the Bureau of Forestry. In other words, all timber exported from the Philippines must be under a Certificate of Inspection of the Bureau of Forestry.

Copra and Coconut Oil

BY MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company, Inc.

May 16 to June 15, 1949

WE left the last period with buyers gradually backing away from copra at \$175 c.i.f.P.C. and \$170 f.o.b., all for nearby shipment. Sellers were offering sparingly at about \$5 higher, but were playing safe anticipating light supplies in June. The feeling among sellers was that until the heavier crops of July there might be a tight position for prompt deliveries, thus maintaining or improving prices.

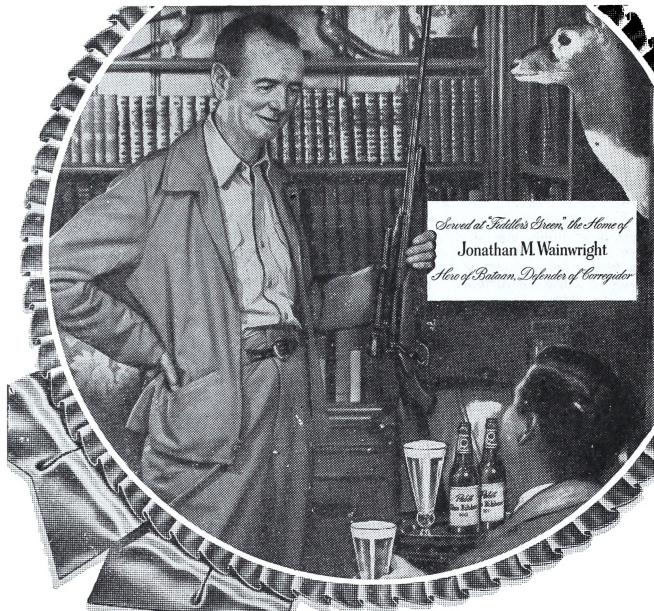
Unfortunately, however, demand for oil and consequently for copra slacked off alarmingly. While prices maintained fair levels until nearly the end of May, copra was unable to stand the pressure of increasing surpluses of domestic oils and fats in the United States plus prospects for bumper crops this year, and the record of the first half of June is one of steady decline to the point where by June 15 copra could not be sold for better than \$140 c.i.f.P.C. with sellers as usual asking \$5 more. In spite of the fact that supplies actually were light, there was nothing to hold the market up, for European buyers were not interested in Philippine copra, and European business was chiefly confined to speculators covering in earlier commitments.

Thus in one month we have a 20% drop in prices, a truly serious matter for the Philippine economy. Sellers for once were not generally caught long, and most of them sold sparingly on the decline and tried to keep in a slightly oversold position. For while hopes of reaction were real, sellers had lost much of their confidence.

Nearly all the trading, which was on the whole desultory, was for immediate or early shipment, and what few future sales there were did not reach beyond mid-July. It was generally felt that July for-

ward copra would sell on a further declining market. Producers tried to stall the tendency by holding off harvesting nuts and making copra, but it was recognized that this can be but a temporary expedient. All in all as the period ended, the outlook was extremely discouraging.

WHAT is the trouble with Philippine copra and oil? Immediately after the war, the world was starved for fats, and the Philippine copra crop, largely through the efforts of the Copra Export Manage-



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ment Corporation, was the first large fat supply to be rehabilitated. Thus our copra commanded unheard of prices, for everybody needed it. Times have changed, and more quickly than anticipated. Successive bumper crops in the United States, the rehabilitation of the Dutch East Indies, the French colonies, and British commonwealth nations, good whale catches, as well as other factors, have brought the world to a point where American supplies of oils and fats are actually greater than pre-war. Europe alone is still below 1941 levels. But Europe is short of dollars, and is depending more and more on supplies from within the sterling bloc. The Philippines can only sell in dollars, and its customers are therefore limited. Consequently, it must rely on the American market where coconut oil is still selling at 5 cents a pound, excise-tax paid, above cottonseed and soy oils and 10 cents a pound over tallow, which can largely substitute for coconut oil. Therefore, users of coconut oil are buying minimum quantities and awaiting the day when coconut oil prices are what they consider reasonable, and more in line with competing fats. When that time comes, demand for copra and coconut oil will increase sharply, but there is a considerable and rough road ahead before then. Meanwhile, the current price-recession in the United States is a contributing factor toward lower prices.

Under these conditions copra prices must depend on the oil market, and during our period oil declined, even for prompt delivery, from 14½ cents f.o.b.P.C. to 12-3/4 cents, with futures selling down to 10-1/2 cents and 11 cents for August delivery. But there is very little oil in the United States today, and consequently buyers, even on a hand-to-mouth basis, have

had to cover immediate requirements with tank-car purchases at premium prices, there being sometimes a spread of 4 cents between spot and future quotations. This is an abnormal state of affairs and results only from the scarcity of spot stocks. Philippine mills are generally unable to take advantage of spot sales, but must sell bulk tanks for future delivery. But Philippine mills did sell fair quantities of oil for July and early August arrivals at fair but not particularly profitable prices.

LOCAL markets held fairly firm for copra at about P32 until the end of May. In June, however, both Manila and Cebu prices gradually sank to about a P26 level by the 15th. There was rather more copra available than expected in the Manila area, due to less consumption by desiccators, but the Cebu district remained short, as predicted.

For the first time this year, exports of copra in May were greater than the corresponding 1948 month, to totaling 59,604 tons as contrasted with 42,836 in May, 1948, and distributed as follows:

United States	
Pacific Coast	27,813
Atlantic Coast	1,679
Gulf Coast	3,803
Total	33,295
Japan	500
Europe	20,850
Africa	4,504
Balboa	455
Grand total—	54,604 tons

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Exports of coconut oil totalled 7,716 tons as contrasted with 2,106 tons in May, 1948, the distribution being as follows:

United States	
Pacific Coast	297
Atlantic Coast	5,801
Europe	1,115
Africa	503
Total	7,716 tons

Copra cake and meal remained steady during the period at \$54-55 c.i.f.P.C. and \$36-37.50 f.o.b. for Europe. Some small buying interest for Denmark was in evidence as the period closed, particularly for July shipment, but indications from the United States pointed to, if anything, an easier market.

Although the immediate market is undeniably narrow, and subject to reaction on the slightest pressure, if there are any signs in evidence pointing to better prices for copra during the third quarter, they are well hid at present. As long as American buyers are in the driver's seat, and as long as coconut oil is out of step with tallow and other oils in American markets, it will be hard to move the Philippine crop without serious price concessions. Undeniably, cottonseed, soya, and tallow are very cheap. But the tallow production is nearly twice pre-war and these other oils are substantially above any previously known levels. Thus, while these oils and fats may advance, the chances for a decline in coconut oil are better. But, as we have seen so many times, markets these days are not governed by logic alone, and it is still highly possible that wholly unanticipated factors may come in, and completely upset the pre-

sent pessimistic outlook. For the good of Philippine economy, this is something to be hoped for.

ON June 13 the copra and coconut oil industries lost one of its most stalwart and experienced friends in the death of Earle A. Seidenspinner, formerly of the Visayan Refining Company, the Copra Milling Corporation, and the Philippine Refining Company of the Philippines, and in late years, President of El Dorado Oil Works of San Francisco. He will be missed by a great many of us out here, who have known him and dealt with him for over 30 years.

Desiccated Coconut

BY HOWARD R. HICK
President and General Manager
Peter Paul Philippine Corporation

THIS report covers the period from May 15 to June 15, during which time copra reached the lowest values since late 1946. This reflects a healthy market condition in that copra is now following fats and oils all over the world.

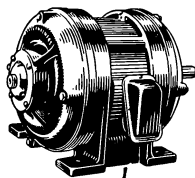
The raw-nut market followed copra steadily and supplies remained quite plentiful, which aided the market decline. Contractors and planters made efforts to resist the falling market, but they have had to be satisfied with present prices, which, while not lucrative, do provide fair profits and have taken them out of the profiteering class.

These new low prices in copra and raw-nuts will certainly affect the economy of the Philippines, and



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most experts expect to see commodity prices drop in line with the buying-power of copra. Already planters are reducing the ideas of remuneration for work on the plantations, and so far no labor difficulty has occurred.

The capacity of all manufacturers has continued at about 75% during the period because of high inventories in the United States and the possibility of lower prices have kept consumers from carrying large inventories.

Labor disturbances continue and the period covered one strike and several threatened sympathy strikes which failed to materialize but kept management jittery. The greatest threat to the industry seems to be labor difficulties, as pricing and costs have come in line with consumer-reach; as soon as inventories are adjusted business will be more secure.

The following statistics indicate the shipments for the months of May:

Shippers

Franklin Baker Co. of the Philippines	3,613,560 lbs.
Blue Bar Coconut Company	309,500 "
Peter Paul Philippine Corp.	3,311,600 "
Red V Coconut Products, Ltd.	1,861,300 "
Sun-Ripe Coconut Products, Inc.	991,500 "
Standard Coconut Products Corp.	140,000 "
Isabelo S. Hilario	0 "
Cooperative Coconut Products, Inc.	550,600 "
T a b a c a l e r a	272,080 "
Luzon Desiccated Coconut Corp.	348,900 "
Universal Trading	10,000 "
Coconut Products	92,500 "
	11,501,540 "

Sugar

By S. JAMIESON
Alternate Secretary-Treasurer,
Philippine Sugar Association

THIS review covers the period from May 31 to June 30, 1949.

New York Market. May closed with the market very quiet but the undertone was steady. All lots offered at 5.85¢ had been cleaned up and sellers were firm in their ideas of 5.90¢, at which price there were approximately 100,000 tons in sight for arrival from the end of June to the end of August. Refiners showed no interest above 5.85¢. By June 2, however, an easier tone developed and on June 3 sellers let go of about 25,000 tons for August arrival of Cubas, Puerto Ricos, and Philippines at 5.85¢. This brought out other offerings at the same price, which were untaken. The situation continued to be uncertain. Early in June the C & H Refinery at San Francisco endeavored to line up Philippine sugar for shipment or diversion to their refinery because of labor troubles in Hawaii having halted deliveries of raw sugar from there. On June 10 it was reported that the C & H Refinery had bought approximately 25,000 tons Philippines for diversion to San Francisco, and all offerings at 5.35¢ were withdrawn, sellers' idea again being 5.90¢. This situation continued up to the end of June. The refined position was not too clear and refiners hesitated to go up to 5.90¢ for raws, although the equivalent of 5.90¢ New York was paid by C & H for delivery at San Francisco.

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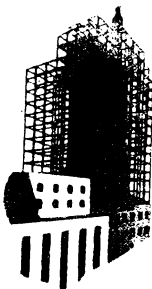
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Quotations on the New York sugar exchange for the period May 23 to June 23 under contracts Nos. 4 and 5 were as follows:

Contract No. 4 (World Market)

	High	Low	Close	Sales	
July	4.17	4.07	4.07	32,450	tons
September	4.10	4.06	4.04	13,200	"
March	3.86	3.67	3.65	9,850	"
May	3.70	3.70	3.64	50	"
July	3.67	3.60	3.60	100	"

55,650 tons

Contract No. 5

July	5.48	5.40	5.40	40,800	tons
September	5.49	5.42	5.42	50,700	"
November	5.48	5.44	5.44	150	"
December	5.42	5.36	5.34	350	"
March	5.18	5.10	5.09	10,500	"
May	5.15	5.10	5.09	5,350	"
July	5.16	5.10	5.09	8,100	"

115,950 tons

The New York sugar exchange will put a new contract-form into operation probably on July 10. This will be called Contract No. 6 and will call for delivery ex ship at a refinery or licensed warehouse pier of 50 tons of in-quota raw sugar, without duty.

Local Market. (a) Export Sugar. There was continued keen competition for the small balance of export sugar still available, and buyers are offering P13.65 ex mill warehouse.

(b) Domestic Sugar. The market held firm at P17.50 to P18 per picul for centrifugal and P20 for washed sugar.

General. The Associated Steamship Lines estab-

lished a temporary sugar freight rate to San Francisco of \$12 on raw sugar.

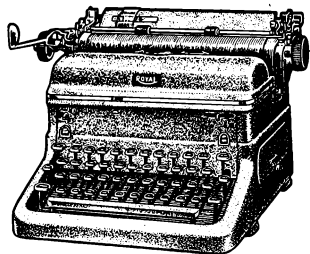
Further negotiations toward the enactment of a new international sugar agreement were held in Cuba during June, and a meeting of the International Sugar Council is scheduled to be held in London during September, when apparently an effort will be made to secure a new agreement which will allocate the sugar markets of the world among the sugar exporting countries. The Philippines, having a secured market under the Philippine-American Trade Act, has no vital interest in this matter as long as this country is not producing enough sugar to fill its United States quota allotment.

Manila Hemp

By H. ROBERTSON

*Vice President and Assistant General Manager,
MacLeod and Company of Philippines*

THIS review covers the period May 16 to June 15, 1949, during which a dull and sagging market was experienced. In New York, prices on the average closed 1/2¢ to 3/4¢ below those ruling on May 15. This tendency was principally caused by the apathetic attitude of consumers brought on by the extremely poor demand for finished products. Despite the rather limited buying of United States consumers during the past few months, stocks of both raw abaca and the finished article are high. The poor demand for rope coinciding as it does with a declining tendency in all commodities, makes manufacturers determined to buy only enough to cover their immediate requirements—which are very limited.



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The SCAP fiscal year ends June 30, and as the funds available for purchasing abaca have been fairly well depleted, it has bought rather less during the period than usual, despite the reduced prices asked by exporters. During the first half of the period there was some demand from Europe for June shipment to complete ECA allocations for the first half of the year. Once this demand was filled, European interest faded away, and at the time of writing, a weak and uninterested market rules in London.

In the Philippines, the market declined on the average about P2.50 a picul, in line with reduced prices in consuming markets. Provincial dealers, however, continue reluctant to accept lower prices, and talk up the angle of small production. What producers fail to take into account is the fact that abaca cannot escape the general deflation of all raw materials. At the close of the period, provincial markets became distinctly nervous and sellers began to lower their ideas.

The following figures give an indication of the price changes recorded during the month:

Philippine provincial quotations, June 15:

	Per Picul Basis Loose		
Davao I	P61.00—Down	P3.00	per picul from May 15.
Davao J1	P60.00—Down	P2.50	" " " "
Davao G	P53.00—Down	P2.50	" " " "
Non-Davao I	P62.50—Down	P3.00	" " " "
Non-Davao G	P45.00—Down	P3.00	" " " "
Non-Davao K	P27.50—Down	P1.50	" " " "

New York quotations, June 15:

Per lb.
c.i.f.
New York

Davao I	28½¢	Down ¾¢	per lb. from May 15.
Davao J1	27¾¢	Down ¾¢	" " " "
Davao G	25¢	Down ½¢	" " " "
Non-Davao I	28¾¢	Down ½¢	" " " "
Non-Davao G	21¢	Down ¾¢	" " " "
Non-Davao K	15¢	Down ¼¢	" " " "

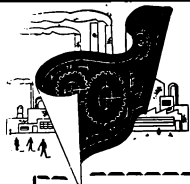
Production for May, 1949, was 41,174 bales—a decrease of 6,949 bales from April, 1949. Non-Davao balings totaled 22,907 bales—down 6,791 bales from April. Davao balings were 18,267 bales—down 158 bales from April. Exports for May amounted to 38,986 bales. Production for the first five months of the year amounted to 235,794 bales, against exports of 220,965 bales for the same period.

Tobacco

BY THE CONDE DE CHURRUA
President, Manila Tobacco Association

ON the 10th of this month (June), Secretary of Industry and Commerce Balmaceda and Sugar Quota Administrator Bunuan held a special meeting with businessmen to discuss the export situation and the possibility of filling the Philippine export quotas, some of which have hardly been used at all.

Two points were unanimously brought forward; the present high cost of production and the high shipping rates which combined make competition in



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Business Week	W	12.00	24.00	Food Industries	M	10.00	20.00
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foreign markets practically impossible for some producers.

In the case of a manufactured product like cigars, the high cost of labor is an especially important factor, the more so as the time is not judged ripe for the introduction of a greater mechanization. The situation will remain difficult at least until the price of rice has been sufficiently reduced. Rice plays a double role in the tobacco industry because the tobacco planter, when the price of rice is high, has either to sell his tobacco at a higher price to live or to devote a larger part of his land and time to raising rice himself. At that, he is in a much better position than the workers in the factories who have only their wages to depend on.

And if the price of native tobacco is high, the tobacco factories find it more difficult to compete not only with imported cigarettes but with imported leaf. There are so many workers involved that their fate must be taken into consideration if the price of native tobacco remains as high as it has during the past few years.

As to the quota situation, the factories now in operation have the capacity to fill their individual quotas, but there are a number of non-operating factories which together hold more than one-half of the total quota. The figures follow:

Cia. Gral. de Tabacos de Filipinas	Quota: 31,255,534 cigars
La Flor de la Isabela	58,227 "
La Colonial	804,535 "
La Alhambra	29,369,257 "

Total - Quota: 61,487,553 cigars

Those not in operation:

Helena Cigar Factory	Quota: 123,803,897 cigars
El Oriente	" 2,378,434 "
La Flor de Intal	" 760,917 "
La Yebana	" 804,535 "

Total - Quota: 127,747,883 cigars

It will be seen that the operating factories cover around 30% of the quota, (which amounts to about 200,000,000 cigars) so it is obvious that the quotas owned by factories that could not employ them *even if conditions were favorable*, represent 70% of the total.

Leaf and Stripped Tobacco

As per Order No. 27 of the Quota Administration, dated January 17, 1947, the yearly quota is distributed as follows:

Helena Cigar Factory	1,794,124
Alhambra Cigar and Cigarette Factory	1,376,909
Aguado Hermanos	53,667
Bunning & Co., Inc.	2,201,542
Go Fay & Co.	113,311
Manila Tobacco Trading	824,637
Minerva	20,653
By Mail	1
Government Disposition	115,156

6,500,000

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Against these quotas the following shipments were made:

	1947	1948	1949	Total
Helena Cigar Factory	336,495	28,128	22	364,645
Alhambra Cigar and Cigarette Factory	3	—	—	3
Aguado Hermanos	—	—	—	—
Bunning & Co., Inc.	817,907	186,096	330,605	1,334,608
Go Fay & Co.	—	—	—	—
Manila Tobacco Trading Minerva	13,500	—	—	13,500
By Mail	—	—	—	—
Government Disposition	53	9	1,000	1,062
TOTAL SHIPPED				1,713,818

From this it can be seen that in about 2½ years during which a total of 16,250,000 lbs. should have been shipped in order to fully cover the quota, only 1,713,818 lbs. were delivered, or 10.55% of the total.

The reasons for the inability of the quota holders to fill their quotas were:

1. United States buyers are almost exclusively interested in stripped tobacco from Cagayan and Isabela.

Weather conditions in these provinces during the past three years were so unfavorable for tobacco that only 1/3 to 1/2 of the normal crops were produced although farmers put out enough seedlings for harvesting crops of from 250,000 to 300,000 quintals.

These crop shortages together with the fast-diminishing stocks of previous crops caused prices to rise beyond those which American buyers were willing to pay. In other words, Philippine tobacco priced itself out of the American market.

2. Ocean freight charges were increased to such an extent that the charges to the U.S. East Coast are now 40% higher than those to European North Atlantic ports, which fact contributed to the high c.i.f. costs which Philippine producers had to ask for their stripped tobacco.

3. Stripped tobacco pays 3 different government fees:

- P0.50** per 100 kilos Internal Revenue Inspection fee before the tobacco is stripped.
- P1.00** per 100 kilos Internal Revenue Inspection fee when the stripped tobacco is exported.
- P0.55** per 100 kilos License fee to the Philippine Sugar Administration.

The outlook for covering the quota for 1949 is not encouraging.

Advance information received from United States buyers indicates a substantial reduction in prices which would force the Philippine producers of stripped tobacco to buy at considerably lower prices than last year. Whether this will be possible, is difficult to say at this moment.

As every quota holder, old or new, has to face the foregoing facts, we believe that the inability to cover the entire quota, or a large part of it, cannot be met simply by a redistribution of the quotas, but only by adjusting the price of leaf-tobacco to the realities of the world market.

Food Products

BY C. G. HERDMAN
Director, Trading Division
Marsman & Company, Inc.

THE principal item of interest in imported food-stuffs at present is the very heavy arrivals of wheat flour and canned milk in the Islands during the month of June. Visible flour stocks today are sufficient to cover consumers' requirements until the end of September at least. The market is very heavily overstocked. There has been very little ordering done by importers these several weeks and it is unlikely there will be any ordering in volume before late August. The very considerable disparity in price between Canadian and American flour is also to be noted. Canadian flours are being offered, after making allowance for Customs import duty, at prices from \$0.25 to \$0.50 per 100 pounds cheaper than equivalent American grades. The government loan value on wheat in the United States maintains an artificial price so much higher than in other wheat-producing countries that American export flours are being priced out of the market, and unless some method of subsidy or other protection for American flour exporters is arranged, it is apparent that a very large portion of the business they have previously enjoyed will pass to Canada.

As regards canned milk, the stock situation is very much the same as in flour. There have been

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very heavy arrivals during the last 60 days not only of the well established brands in the market but also miscellaneous brands from California which ordinarily enjoy only a very small sale here. This California milk for some little time now has been offered at prices from \$0.45 to \$0.75 per case, c.i.f. Manila, lower than for the established brands. Information is that California condensaries are carrying very excessive inventories of milk and are forced to unload regardless of loss. As in the case of flour, milk stocks actually in the Islands today are sufficient to fill consumers' requirements for at least 90 days.

Import controls for the second half of 1949 have been extended to include additional commodities beyond those previously listed and the quotas established for the first semester of the year in many cases have been reduced for the second semester. An item seriously affected in foodstuffs is vegetables. According to a circular just issued, all forms of vegetables are now placed on the restricted list and importation will only be permitted up to 60% of the quantities imported during the basic period. Incidentally, the basic period importation has been changed and is now fixed as the average annual importation of each importer during the three calendar years 1946, 1947, and 1948. According to the circular, vegetables in all forms will be placed under license and this includes such related items as canned vegetable soups, although pickles and condiments are specifically excluded. Potatoes are also excluded from the heading of vegetables and free import will be permitted. Onions which had been restricted for the period of May and June only, are now to be restricted until the end of 1949. *It is generally considered that the proposed restriction on imports of vegetables — both fresh and canned — will work a very serious hardship on the public in general as the local production of fresh vegetables is far from sufficient to fill the needs of the public. A decided shortage of vegetables and possible profiteering on the part of dealers is generally forecast.*

There is no change in the status of canned fruits except that the importation of canned pineapple has been restricted to 10% of importations during the basic period. This will not work any hardship at all on the public as the California Packing plant in Mindanao could easily furnish far greater quantities than the total consumption.

The canned and bottled beer quota previously fixed at 60% of importations during the basic period has now been reduced to 40% only.

Wholesalers continue to report sales as being very limited in quantity. Retailers, however, report a slight pick-up of sales during the last week and expect a material increase this month with the opening of the public schools.

Automobiles and Trucks

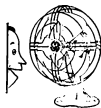
BY C. HAROLD HELLING
General Motors Corporation

UNITED STATES automobile and truck production reached 2,493,670 units during the first five months of 1949, a record mark, surpassing the 1948 mark for the same period by approximately 500,000 units.

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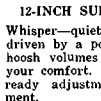


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With this record-breaking production, the huge back-log of orders which the various manufacturers have had is disappearing rapidly. From reports recently, some manufacturers are experiencing difficulty in moving all of their production, which would indicate that the United States is back to a buyer's market.

Here in the Philippines, as elsewhere throughout the world, some makes and models remain in short supply. However, with production continuing at its present pace, this situation should be relieved shortly.

According to a recent tabulation, more than 2,000,000 cars have been sold in the United States with automatic or semi-automatic transmission since these were introduced in 1948.

Textiles

BY JAMES TRAYNOR

THE slight improvement which was noted during May continued to accelerate during June. The position generally has been strengthened by comparatively small arrivals and increased local sales so that inventories have continued to drop. Local prices have increased somewhat on many grades, and this, together with lower prices in New York, brought local selling prices into line with replacement costs.

During June importers showed more interest in placing new contracts for July and August shipment. Caution still is being used and the competitive situation has become keener. This healthy attitude should have its good effects on future operations and will undoubtedly prevent a recurrence of the overstocked conditions which led to the extraordinary drop in prices which ruled during the months of February through April.

Legislation, Executive Orders, and Court Decisions

BY EWALD E. SELPH

Ross, Selph, Carrascosa & Janda

AMONG the bills passed by Congress and approved by the President are the following:

Senate Bills

311 — Exemption from taxation and claims of creditors, of benefits to persons residing in Philippines derived from the United States and administered by the United States Veterans Administration. (Now Republic Act No. 360).

371 — Extension to December 31, 1949, for reconstruction of corporation and partnership records. (Now Republic Act No. 350).

425 — Amending forestry law re grouping of trees so that the Directory of Forestry may make changes every three years instead of five years as now provided. (Now Republic Act No. 370).

House Bills

1209 — Amending the Internal Revenue Code, repealing tax on skimmed milk. (Now Republic Act No. 344).

1460 — Creating a Bureau of Industrial Safety, authorizing reasonable inspection fees to be fixed by Department of Labor; also giving Department power



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to order removal of hazardous buildings, tanks, appliances, etc. (Now Republic Act No. 367).

1461 — Amending Section 259, Internal Revenue Code, *re* franchise tax to cover franchises of individuals as well as corporations, and amending Section 260, Internal Revenue Code, eliminating "Jai-Alai" from amusement tax, and also providing that if amusement tax is not paid within 10 days after end of each month, the tax will be increased by 25%. (Now Republic Act No. 418).

2002 — Rehabilitation of domestic insurance companies. (Now Republic Act No. 353).

2118 — Revised Civil Code. Many new provisions affecting contracts, partnerships, sales, domestic relations, labor, carriers, preferences in insolvency, and authorizing the award of moral and punitive damages. (Now Republic Act No. 386 to become effective one year after publication in *Official Gazette*).

2217 — Revision of specific tax on cigars and cigarettes which have been mechanically packed so that minimum tax will be ₱6 per 1000. (Now Republic Act No. 419).

2249 — Exempting purchase of vessels from compensating tax. (Now Republic Act No. 361).

2383 — Provision *re* guardianship of incompetents and minors who are beneficiaries of moneys paid or payable by the United States through the Veterans Administration. (Now Republic Act No. 390).

2520 — Revision of the Charter of Manila. This is a general revision; some new business and occupation taxes are authorized. (Now Republic Act No. 409).

2560 — Redemption of certain emergency and guerrilla currency issues. (Now Republic Act No. 369).

2710 — Franchise to Clavecilla Radio System for broadcasting, telecommunication, and television. (Now Republic Act No. 402).

2783 — Regulating the practice of dentistry. (Now Republic Act No. 417).

2804 — Regulation of petroleum exploration and development. (Now Republic Act No. 387).

2831 — Amending Sections 184 and 185, Internal Revenue Code. Reducing tax on dental gold from 30% to 5%; reducing tax on medical and dental equipment from 15% to 5%; reducing tax on fountain pens. (Republic Act No. 396).

2874 — *Re* evaluation of mineral deposits and publication of mining statistics. (Now Republic Act No. 406).

2875 — Amending Act 62 *re* unclaimed securities so that securities to which title is not proved within the time prescribed are to be returned to issuer and become treasury stock. (Now Republic Act No. 408).

2885 — Uniform taxes for wireless reception and transmission of words, pictures, or other matter intended for publication. (Now Republic Act No. 359).

Joint Resolutions

31 — Requesting President and Congress of United States to authorize additional funds for war-damage losses.

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Philippine Safety Council

BY FRANK S. TENNY

Executive Director

SINCE the submission to President Elpidio Quirino of the Philippine Safety Council's resolution suggesting the creation of a National Conference on Fire Prevention, the following has taken place:

1. Written acknowledgement has been received from the Assistant Secretary at Malacañan and from the Secretary of the Interior.
2. Verbal acknowledgement and encouragement has been received from the Executive Secretary at Malacañan.
3. The President has been reported as being emphatically in favor of the idea.
4. The Secretary of the Interior has been contacted and has indicated his support and cooperation.
5. A conference has been held between the Under Secretary of the Interior and the Executive Director of the Philippine Safety Council regarding details of the proposed body and its duties. Subsequently, a detailed recommendatory plan was submitted to the Interior Department on June 28.

6. The Advisory Safety Council to the Secretary of Labor is also most interested in the plan and is now preparing its own Fire Prevention Code for Industrial Establishments for submission to the Conference, when formed.

According to the resolution the duties of the Conference would be "to formulate and implement plans for the prevention of fires in the Philippines." All subordinate ideas would stem from this main purpose.

As suggested by the Executive Director of the Safety Council in his recommendatory plan, the Conference would consist of five groups, each with its own sub-chairman, and each composed of four members. These twenty Conference members would be presided over by the Conference Chairman, the Secretary of the Interior.

The five groups are: (1) Government, (2) Professional, (3) Safety, (4) Civic, (5) Insurance. The government group includes representatives from the Department of the Interior, Department of Public Works and Communications, Department of Education, and Department of Commerce and Industry. The professional group includes selected fire chiefs and fire-fighting experts headed by the Chief of the Manila Fire Department. The safety group includes safety experts of the Safety Council, the Department of Labor, the Philippine National Red Cross, and fire-fighting equipment distributors. Group Four (Civic) includes the presidents of the various chambers of commerce and the National Federation of Women's Clubs. The final group is composed of both foreign and domestic casualty insurance experts.

It was finally recommended that the Conference be created by executive order of the President and called to meet at once. The several groups and members can then present their initial ideas and suggestions to the entire body for discussion.

United States Government Agencies in the Philippines

Ports and Harbors and Philippine Recovery

By J. GUALBERTO PLANAS

WHETHER the Philippines will be able to resume its pre-war stride in commerce in order to arrive at a speedier national economic recovery depends on the extent of rehabilitation work accomplished on the ports and harbors wrecked by war and damaged by lack of maintenance during the enemy occupation. Unrepaired and inadequately port and harbor facilities incapacitate the resumption of shipping and trade — than which condition, many Filipino statesmen and economists believe, no greater hindrance to Philippine progress exists.

To aid the young Republic in the task of rebuilding and improving port and harbor installations, the American Government, under the terms of the Philippine Rehabilitation Act of 1946, authorized the U. S. Army Corps of Engineers to undertake a program of rehabilitation on major Philippine ports. The Manila District Corps of Engineers (MANED) was placed in charge of the program.

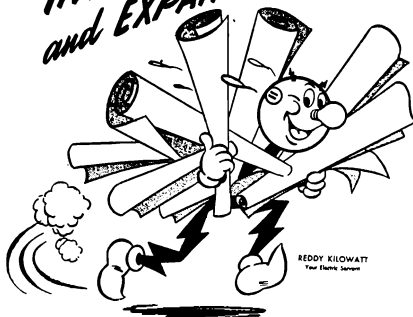
The rehabilitation program was evolved on the basis of a preliminary survey report prepared by Col. C. L. Hall, CE, dated August 20, 1945. Subsequently, MANED made more detailed studies of the ports included in the preliminary surveys and from these developed the Firm Works Program, designed to fit the aim outlined for MANED: that of accomplishing within the limits of the funds available, the rehabilitation of the Port of Manila and 14 other national ports selected by the Philippine Government and of restoring their facilities substantially as they existed before the war. Also included in the program is the acquisition of a dredging plant and other equipment needed for the maintenance of navigable channels and harbor areas.

In addition to the reconstruction work, a training program for 10 Philippine Army and Public Works engineers in the United States has been undertaken by MANED for the purpose of acquainting these technically trained men with the latest methods of locale selection, construction, maintenance, and operation of port and harbor facilities. These men are now in the United States and will return next June after completion of their training and studies.

Accomplishments of the program to date include paving of Manila North and South Harbor streets, an initial breakwater extension at North Harbor, Manila, construction of a gate house on Muelle de San Francisco in Manila, and rehabilitation of the pier at Pulpandan, Negros Occidental. Work on Pakiputan Wharf at Davao was completed on March 16. In addition, rehabilitation of the ports of Cebu, Iloilo, Tabaco, Cagayan, and Iligan are underway. Contracts have been let for work at Zamboanga and Jolo. Reconstruction of Pier 9 in Manila is about half completed, as are repairs to slips and piers and a second extension to the breakwater at North Harbor, Manila.

To equip the Philippine Port Works in the servicing of harbors and channels, the program turned over to the Philippine Government the 700-cubic

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Work on the Rockwell Station at Makati is progressing as rapidly as arrival of equipment allows. The completion of this new power station will make an additional 50,000 kilowatts available to supply the increased demand for electricity in Manila and its environs.

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One of the larger projects of the MANED program is the reconstruction of Pier 13. Formerly Pier 7 and a famous landmark, this pier was gutted and severely damaged by bombing. The deck of the pier will be rebuilt and in place of the once spectacularly long single cargo shed, four sheds will be constructed on the rebuilt deck.

Funds for the program come from the general appropriation of \$120,000,000 allocated from time to time by the American Congress in accordance with the terms set forth under Title III of the Philippine Rehabilitation Act. To date, P35,600,000 has been appropriated, of which the sum of P11,200,000 has already been expended in the prosecution of the program.

To supervise the rehabilitation projects all over the country, resident offices have been established by MANED at Manila's North and South Harbors, at Davao, Cebu, and Tabaco (Albay). The Visayan resident office at Cebu City has supervision over the projects at Cebu, Jolo, Zamboanga, Iligan, Cagayan, Iloilo, and Pulupandan. Other resident offices are located at Clark Field, Pampanga, and at Fort McKinley, Manila. The present location of the district office is at Fisher streets and Harrison Avenue, Rizal City. The present district engineer is Lt. Col. W. W. Ragland, CE, who is also the head of the rehabilitation program. He succeeded Col. Clarence Renshaw, former MANED chief, last August, 1948.

When completed in June, 1950, the MANED program is expected to have restored Philippine port and harbor facilities to a condition where service to trade and shipping can be normally maintained. Thereafter, the maintenance and the prosecution of the Philippine Government's pre-war plans on improvement and expansion of Philippine ports and harbors may be resumed to keep up with the expected increase in foreign and domestic trade.

At present, the unrepaired condition of Piers 13, 11, and 7 at Manila South Harbor complicates the problem of berthing cargo ships. Before the war there were 8 berths available for handling cargo; today, there are but 7, while monthly cargo tonnage has increased from 105,000 tons pre-war to as much as the present monthly 190,000 tons. The absence of cargo sheds makes handling this tonnage even more difficult.

Philippine and foreign businessmen are optimistic about the improvement of port and harbor facilities. Reports from firms working on the Manila waterfront show that there has been a marked decrease in pilferage and loss in 1948 over what was sustained the previous post-Liberation years. Officials and businessmen alike believe prospects for better port accommodations and cargo handling will be much brighter when the MANED port and harbor rehabilitation program is completed. With the consequent return of a once flourishing trade and commerce, Philippine economic recovery will have rounded a difficult corner.

United States Information Service, Manila



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Executive Order No. 231

BY THE PRESIDENT OF THE PHILIPPINES

AMENDING EXECUTIVE ORDER NO. 193, DATED DECEMBER 28, 1948, AND NO. 209, DATED MARCH 30, 1949.

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

SECTION 1. Effective August 1, 1949, Appendix "A" of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to include in the list of luxury and non-essential articles, the following: NAILS (Common wire and finishing, from size 1" to 5" inclusive); CEMENT (Portland); RUBBER (Raw, in the form of crepe sheet, smoked sheet and latex); VEGETABLES (in any form) except potatoes; and PINEAPPLES (canned).

SECTION 2. Effective August 1, 1949, Appendix "B" of Executive Order No. 193 and Section 2 of Executive Order No. 209, are hereby amended so as to include or substitute as the case may be, in the schedule of percentage reductions prescribed therein, the following: NAILS (Common wire and finishing; from size 1" to 5" inclusive), 80%; CEMENT (Portland), 90%; RUBBER (Raw, in the form of crepe sheet, smoked sheet and latex), 90%; VEGETABLES (in any form) except potatoes, 40%; PINEAPPLES (canned), 90%; ONIONS, eliminating the date limit and changing the percentage cut from 90% to 40%; AUTOMOBILES, eliminating the price limit; PERFUMES, changing the percentage cut from 50% to 80%; BEER, changing the percentage cut from 40% to 60%; deleting items 11.1 to 11.4 and 17.1 to 17.4 and changing 10.1—10.4 to TEXTILES and MANUFACTURES OF COTTON, RAMIE, FLAX, LINEN, WOOL, SILK, RAYON, NYLON AND OTHER SYNTHETIC MATERIALS, 10.1 Fabrics (woven, knitted or otherwise)—50% cut on those costing P1.20 or more per yard c.i.f. Philippines, irrespective of widths, 10.2 READY MADE WEARING APPAREL (outer or inner)—50% cut, 10.3 HOUSEHOLD ARTICLES—50% cut, 10.4 Grey cloth (unbleached sheetings and unbleached drills)—80% cut, 10.5 WEAVING YARNS—80% cut, 10.6 OTHER MANUFACTURES, except threads, yarns, twines, fishing nets and other articles for industrial purposes—50% cut; PIANOS, changing the price limit from P1,500 to P3,000 and increasing the percentage cut from 40% to 70%; RADIO PHONOGRAPH COMBINATIONS, reducing the price limit from P250.00 to P200.00; RADIOS, BATTERY SET, reducing the price limit from P200.00 to P150.00; RADIOS, ELECTRIC, reducing the price limit from P150.00 to P100.00; CIGARETTES, increasing the percentage cut from 30% to 50%; TOILET SOAP, changing the percentage cut from 50% to 80%; LEATHER, SKINS AND IMITATIONS (MANUFACTURES OF), increasing the cut from 25% to 40%; RUBBER SHOES, eliminating the price limit of P4.50.

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SECTION 3. Effective August 1, 1949, Appendix "B" of Executive Order No. 193 and Section 3 of Executive Order No. 209 are hereby amended so as to change the Base Period and use as basis of quota allocations the average yearly importation of an importer during the years 1946, 1947, and 1948.

SECTION 4. Effective with the allocation of the quotas for the second six-month period of 1949, Section 9 of Executive Order No. 193 is hereby amended so as to charge a license fee of P1.00 for every One Thousand Pesos c.i.f. value of the article covered by an import license issued by the Board, instead of One Thousand Five Hundred Pesos as heretofore.

Done in the City of Manila this 28th day of June, in the year of Our Lord, nineteen hundred and forty-nine, and of the Independence of the Philippines, the third.

(Sgd.) ELPIDIO QUIRINO
President of the Philippines

By the President:

TEODORO EVANGELISTA
Executive Secretary

THE U. S. VETERANS ADMINISTRATION (Continued from page 285)

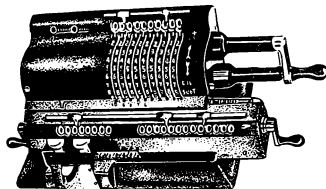
benefits shall not be liable to attachment, levy, or seizure by or under any legal or equitable processes whatsoever, either before or after receipt thereof by the beneficiary. The benefits which are being paid by the Veterans Administration in the Philippines are increasing in amounts from year to year. This year, these benefits will total approximately P100,000,000. One may judge from this, the tax-saving which has been made possible by this Act of the Philippine Congress.

Another Act passed by the recent Philippine Congress is Republic Act 379 which makes it a penal offense for any individual to pose as an agent or officer of an agency or department of a foreign government. This Act should have a salutary effect in cases, which are all too numerous, where persons claim to be representing a United States agency and extort money from potential beneficiaries under such a guise.

Finally, one of the Acts passed by the recent Philippine Congress, Republic Act 385, aids all of the United States agencies which are operating in the Philippines and which may require investigations to be made before claims of various kinds may be paid. This Act legalizes the administering of oaths by representatives of such agencies. Now, any person swearing falsely to a representative of a United States agency in a matter pertaining to a claim of any kind may be subject to prosecution for perjury.

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**COST OF LIVING INDEX OF WAGE EARNER'S
FAMILY¹ IN MANILA BY MONTH, 1946 TO 1949**
(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (69.16)	House Rent (8.43)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)	Purchasing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	.1657
February	547.2	656.3	236.4	940.3	369.5	460.5	.1827
March	525.9	631.0	236.4	940.1	340.4	445.2	.1902
April	556.2	684.1	236.4	910.3	345.5	435.9	.1798
May	545.1	675.6	236.4	762.5	342.3	409.6	.1835
June	538.7	666.4	236.4	737.9	343.3	404.2	.1866
July	552.7	704.3	236.4	598.9	341.3	364.6	.1809
August	477.9	590.0	236.4	384.7	320.9	346.3	.2092
September	477.9	591.3	236.4	378.7	314.5	347.2	.2092
October	487.4	587.2	236.4	382.7	405.8	342.7	.2052
November	484.8	607.8	236.4	406.4	346.5	305.2	.2063
December	461.9	570.8	236.4	371.9	344.7	302.1	.2165

1947² (100.00)(63.43) (11.96) (2.04) (7.73) (14.48)

January	426.2	368.2	453.9	381.9	326.2	282.5	.2346
February	418.5	454.9	453.9	356.2	344.8	281.4	.2389
March	406.8	440.1	453.9	295.2	334.7	279.4	.2458
April	387.7	413.3	543.9	269.2	328.9	271.6	.2679
May	381.0	404.4	453.9	250.9	325.4	269.4	.2625
June	386.3	414.4	453.9	236.8	316.6	268.3	.2589
July	393.4	426.8	453.9	217.7	309.3	269.9	.2542
August	387.4	419.8	453.9	210.2	292.0	269.1	.2581
September	368.9	392.1	453.9	216.4	283.3	266.8	.2711
October	358.7	376.3	453.9	212.7	280.5	267.7	.2788
November	358.4	376.3	453.9	215.1	280.5	265.3	.2790
December	371.9	395.8	453.9	219.1	298.2	262.9	.2699

1948

January	391.2	428.3	453.9	224.5	304.6	249.9	.2556
February	368.5	392.0	453.9	223.8	301.1	254.4	.2714
March	349.4	361.0	453.9	214.6	308.1	255.9	.2862
April	356.1	374.1	453.9	209.4	289.7	254.8	.2808
May	349.8	360.2	453.9	214.2	289.7	271.6	.2859
June	354.3	370.4	453.9	205.2	283.2	262.9	.2823
July	356.4	374.2	453.9	201.3	281.6	262.4	.2806
August	363.6	385.7	453.9	199.8	281.6	261.7	.2751
September	370.6	397.2	453.9	199.2	279.6	260.6	.2698
October	374.9	404.0	453.9	204.8	283.2	257.9	.2668
November	368.7	394.4	453.9	202.0	281.6	258.7	.2712
December	365.9	389.9	453.9	202.0	282.4	258.9	.2732

1949

January	363.8	386.8	453.9	202.0	279.0	258.9	.2750
February	343.8	355.5	453.9	203.0	277.5	258.9	.2909
March	346.3	358.2	453.9	202.0	276.3	258.5	.2896
April	348.7	362.6	453.9	197.6	287.5	257.1	.2868
May	348.8	362.8	453.9	197.2	287.5	257.1	.2867
June	349.0	362.9	453.9	203.9	287.5	257.2	.2865

¹ Average number of persons in a family = 4.9 members.

² Revised in accordance with the new survey on the "Levels of Living, in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

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The "LET YOUR HAIR DOWN"

Column

AN American prospector in one of the provinces wrote us the following during the month:

"Herewith my delayed remittance for the Journal. Thanks for your courtesy.

"Better give Mr. Mitke a nudge to carry on the fight. And how about a little consideration for the poor prospector simps who, like some I know, can't keep out of the jungle to learn a little about the great Creator's mysteries. Some placer mining, *a la* Alaska, might be carried out here if the mining regulations were simplified as in Canada.

"Here, after finding and locating according to law, you have to do the following to avoid prosecution on technicalities:

Arrange for a survey, with trimmings P1,000
Apply for a mining permit, with trimmings, such as Manila and provincial papers

Look after the local posting of notices

Be ready for Internal Revenue agents
"I think you would be likely to pull out a hank or two of hair if you had to go through all that red-tape..."

A letter from the Valderrama Lumber Manufacturers Co., Inc. of Bacolod, Negros Occidental, Philippine mahogany exporters, entering a subscription to the Journal, had a sentence in it which we appreciate: "...hoping that you will be able to forward to us the very interesting fact-giving Journal at an early date".

A letter from Mr. Chas. A. Mitke, addressed to Mr. Stevens, ran in part as follows:

"I want to congratulate you on the very fair and consistent stand the Jour-

nal has taken since its inception regarding Philippine-American relations, and particularly on the June issue which contained the editorial by Mr. Hartendorp on the Philippine Trade Act and Mr. Janda's article on the Civil Code... In the past there have been too many unsound and over-complimentary statements, — meaningless flattery which does nobody any good... We need more spokesmen like Ambassador Cowen, Frank Waring, A. V. H. Hartendorp, Vicente Villamin, and Bernardino Ronquillo, who are not afraid to tell the truth..."

"That's quite a company," said the editor. "Am I flattered!"

Another letter from Mrs. Gertrude Hornbostel came in the last mail and, to the editor's ear, must have rung both sweet and sour, — as you will see. It was a reply to a letter he had sent her and she said:

"What you said about my helping to keep you alive in Santo Tomas naturally made me feel good, although it was so darn little I could really do for so very few people. Don't let your 'sybaritism', as you call it, make you feel too badly. It was a perfectly natural act to want to die with 'your belly full'. The main thing is that you're very much alive and still kicking..."

The editor explains that he had told Mrs. Hornbostel that as one of the six hundred or so hostages of the Japanese in the Education Building, on the Saturday night when the rest of the Camp was liberated, he had lain flat on the floor with the others as the American tanks cannonaded the building, with the bullets and shells

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smashing clear through, contentedly munching and swallowing the last of a few spoonful of weavily skim-milk powder and flood-spoiled sugar, then precious food indeed which Mrs. Hornbostel had given him some days before from the remains of her own small stock.

"The April 'Let Your Hair Down' Column was [Mrs. Hornbostel went on], as usual fine and I enjoyed the editorials as I always do. I'll say with Mr. X, the 'prominent American lawyer', you're getting better and better, and I don't mean that you weren't already good before. But when I said, in my previous letter, that the Column is more YOU than the rest of the Journal, I mean that it is like the 'Four o'Clock teas' we used to have in the Philippine Magazine office and we all were sort of relaxed and at our ease, — just what the names of the old 'Four o'Clock' column and now the 'Hair-Down' column imply. We don't stand on ceremony...

"Since I am seriously reading proof on the *Star* now, everything I read, is always being tested in my mind for accuracy... In reading your 'The Reciprocal Immigration Bill and the White Australia Policy', editorial, I came across what I think is a grammatical error... such as occasionally occur in the best of journalistic families. I don't know whether you will agree with me. You wrote: 'Just as the members of a family have the right to determine whom their guests shall be or whom will be allowed to live in their home, so does a nation have that right...' I would say 'who' in both instances. Please let me know if I am right."

Making a face, the editor said that when he wrote that sentence he had given those *whoms* some quick thought, but not enough. "I took," he said, "both to be objects of the infinitive phrase, *to determine*, but analysis shows that the object of the phrase is composed of two clauses, the first of which should have been, in the order of subject, predicate, and subjective complement, *guests shall be who* (*who*, nominative because the pronoun refers to the subject *guests*), and the second of which should have been, in the order of subject and predicate, *who will be allowed* (*who*, nominative, because it is the subject of the clause). So Mrs. Hornbostel is right and I was wrong. What an admission for me to have to make! The rule that most writers have found it wise to follow in such involvements is easy: Just recast the sentence and say what you have to say in a simpler way."

"Then no one will be the wiser," said we with an innocent face.

The editor looked at us dubiously and said, "Yeah."

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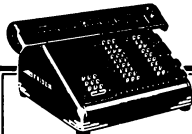
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But he went on: "You give up some interesting constructions that way, though. And it would have been a pretty nice sentence, if I had gotten it right. Damn!"

We can see that the whole thing must be pretty awful for him. Here he is set up as an authority over other people's writing, and he makes a public boner like that. Well, well. Ho-hum.

TO show how the Journal is getting around these days, here is a partial list of especially interesting new and unsolicited paid subscriptions:

Institut National de la Statistique et des Etudes Economiques, 127 Faubourg Saint Honore Paris, France.

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