

U. S. Navy Buys Philippine Domestic Sugar

On December 15, 1936, the United States Navy supply department in the Philippines opened bids at Cavite Naval Yard for the purchase of three hundred thousand (300,000) pounds of refined sugar, that is, 3,000 bags of 100 lbs. each.

The bidders and prices offered were as follows:

	Price per lb.
Victorias Milling Co., Inc.	P0.0689
Malabon Sugar Co., Ltd.	0.075
St. Louis Bakery:	
Domestic sugar	0.081
Foreign sugar	0.046
Insular Sugar Refining Corporation	0.0729

The Navy accepted the lowest offer for Philippine local manufactured refined sugar, that is, that from the Victorias Milling Co., Inc. at P0.0689 per lb. equivalent to U. S. \$3.445 or P6.89 per bag of 100 lbs. net weight delivered in Manila as it was, in effect, P3.01 per 100-lb. bag lower than the foreign bid of P0.46 per lb., taking into consideration the import duty of P5.30 per 100 lbs. net weight bag which should be imposed on the foreign sugar to be imported.

The calculations are as follows:

	U. S. \$	Pesos
Foreign sugar bid, c.i.f. Manila (per lb.)	\$2.30	P4.60
Plus duty:		
Philippine import tariff (for 99.6 degrees polarization) per 100 lbs.	\$2.635	
Tare (weight of immediate container), say	0.015	
Total import duty for bag of 100 lbs.net.	\$2.65	P5.30
Foreign bid, total cost per 100 lbs. net bag, duty paid	4.95	9.90
Philippine bid ("Victorias") per 100 lbs. net bag	3.445	6.89
Foreign bid (paying import duty of \$2.65 exceeds Philippine local sugar bid by (per 100 lbs. net bag)	\$1.505	P3.01

Regarding the Philippine import duty of \$2.65 or P5.30 per 100-lb. net bag, the foreign sugar bid of P0.046 per lb. is, however, only approximately 66.76% of the Philippine bid of P0.0689 per lb. from the "Victorias".

The United States Army supply department in the Philippines, on September 2, 1936, opened bids for 10,800 bags of 100-lb. net refined sugar and later accepted the lowest foreign bid of P0.0347 equivalent to \$1.735 or P3.47 per 100-lb. net bag which was only about 45.12% of the lowest Philippine local sugar bid of \$7.69 which was, at that time, also offered by the "Victorias".

	Per 100-lb. net bag
In the above U. S. Navy bid, the local sugar offered at P0.0689 per lb. is equivalent to	U. S. \$3.445 P6.89
while the foreign bid of P0.046 per lb. is equivalent to	\$2.30 P4.60

Therefore the local sugar bid exceeded the foreign bid (excluding duty) by	\$1.145 P2.29
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In the case of the U. S. Army bid on September 2, 1936, above mentioned, the foreign sugar bid of P3.47 (excluding duty) was P4.22 lower or cheaper than the Philippine local sugar bid of P7.69 per 100-lb. net bag.

These foreign sugar bids bring home to us, in black and white the fact that foreign refined sugar can be produced and transported, cost plus freight, etc., and delivered in the Philippines at a total cost, varying at different times, from P2.29 to P4.22 per 100 lbs. cheaper than Philippine local refined sugar.

They also go to show, regarding our great Philippine surplus sugar for export, that if the Philippines were to lose the duty-free market in the United States after the ten-year Philippine Commonwealth transitional period, how helpless and hopeless it will be for the Philippines to produce sugar at a cost cheap or low enough to be transported, cost plus freight and other expenses, to China or other foreign countries and compete with Java, Hongkong or other foreign sugar, refined or unrefined.

At present, the Philippines is prevented from being flooded with foreign sugar by a tariff wall furnished by Act No. 3515 of the Philippine Legislature, amending paragraph 237 of the Philippine Tariff Act of 1909 which imposes an import duty of U. S. \$0.025 per pound for raw 96 degrees centrifugal sugar, and U. S. \$0.02635 per pound for refined sugar of an average polarization of 99.6 degrees, plus the same rate of duty for the corresponding tare or the "weight of the immediate container."

Philippine Army Is New Economic Unit

Now abuilding in the Islands, the Philippine army is at once an economic problem and factor. Modifications have occurred in the original plan, and no doubt will arise in the future, inasmuch as the situation glistens in novelty—and glitters with opportunity.

Taking over Teachers' Camp in Baguio, the Philippine Military Academy found the nucleus of a housing plant for the 4-year course leading to career officership. Though additional buildings will be necessary when an extra 100 cadets are added to the 142 enrolled in 1936, an original outfit is spared. Present plan is to vacate during April and May so that Philippine teachers may, as before, enjoy their deserved rest and recuperation in Baguio's ideal climate at nominal cost.

The Academy vacated Camp Henry T. Allen which had been its home since 1908 as an institution turning out Constabulary officers after a 3-year collegiate course. Into these grounds last July marched candidates for reserve officers' training. The first group of 150 finished their preparation in September, were ready for assignment to trainee camps. Another 150 have just held graduation exercises at Burnham Park's lower parade ground. Other reserve officers are available from college R.O.T. Corps and high school teachers' training centers.

Naturally the officering of the army has been the first step, but of great importance is the establishment of the trainees' cadres with attendant costs. Thus far, faculty salaries and cadets' subsistence have been the principal expenditures. The outfitting and subsistence of the 20-year-olds, whether 10,000 or 20,000, is a task both executive and economic.

Auxiliary to the MacArthur plan of defense is Major-General Paulino Santos' subsistence plan for trainees. Addressing the first group of probationary officers at Baguio last September, he outlined a scheme for combining modern instruction in agriculture and vocational lines with the trainees' military service. To quote,

"We evolved a plan to convert every army post and training cadre into a model agricultural station, with the immediate but secondary objective of reducing the maintenance of the army, and with the primary and more vital objective of making our people agriculturally minded in a modern way. I am pleased to say that that plan was endorsed by the military adviser, and it merited the enthusiastic approval of President Quezon, notwithstanding opposition from many leaders of thought including even some of my own colleagues in the army, who openly expressed their doubts as to its practicability, observing

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Japanese Mandates...

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Japan started the Manchurian incident on September 18, 1931, resulting in the creation of the puppet state of Manchukuo. The Lytton Committee was appointed by the League to investigate the Manchurian matter the report on which Japan refused to accept and she announced her resignation from the League of Nations on March 27, 1933, effective two (2) years, that is, on March 27, 1935.

Though Japan has ceased to be a member of the League of Nations, she has refused to surrender the administration of the mandated territories back to the League. In view of the commitments of the Allies to Japan, as contained in the foregoing exchanges of secret diplomatic correspondence, it is not clear how the League (which is practically in the hands of the same two or three nations above referred to) can, without embarrassment, compel Japan to give up the Mandates.

Japan has formally denounced the Pacific Treaty, otherwise known as the Washington Naval Treaty or the Quadruple Entente, so that it expires on December 31, 1936, together with the London Naval Treaty. The Pacific Treaty was signed on December 13, 1921, by the United States, Great Britain, France and Japan in the Pacific or Washington Conference which was called on November 11, 1921 by President Harding of the United States, in the American capital, for the main purpose of disarming the great naval powers. Various Far Eastern questions were brought up in the Conference, but the main point in the Treaty finally concluded is the mutual respect of their rights in relation to the insular possessions or dominions in the Pacific Ocean.

While the Philippines is under the protecting wings of Uncle Sam, no nations have yet seen fit to announce that the Philippines is within their life line. Will such nations have the same feeling or state of mind if, after the ten-year transitional period, the Philippine Commonwealth attain its independence, or will the Philippines be able to muster enough "steel throats" (as the British say) to speak so eloquently as to discourage such feelings and the threat of serious consequences adverse to the Philippines?

Phil. Army...

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that such a thing has never before been done elsewhere and that in all likelihood it could not be done here in the absence of a similar experience from other nations."

The Santos plan predicates that occupational and military training can go hand in hand. Each model farm is to be comprised of truck gardening, plant nursery, poultry and hog raising, fruit tree planting and other farm enterprises depending upon the topography, climate and soil condition of the land available. President Quezon's reservation of public land in Mindanao for the Philippine Army—128,081 square meters at Barrio Central, Davao—may contribute to this project.

If competent agricultural instructors are available and receive commissions for such instruction, as well as necessary appropriations for equipment, a wave of vocational education such as was never accomplished by the Bureau of Education due to its limiting of agricultural schools may prove a permanent economic benefit to the Philippines. The return of the first 10,000 trainees to the soil after 5-1/2 months' training will prove and disprove the efficacy of this method.

Other possible benefits outlined by Major-General Santos are the availability of a disciplined force in typhoon and flood disasters, their services at times of locust infestation, their action during plague and epidemic, their adaptation of hygienic and sanitary habits.

Not the least of immediate benefits to industry has been the requisitioning of equipment in accordance with the Nepa movement. Too, this has meant a saving in expenditure. The following table demonstrates.

Foreign product	Philippine product
Iron beds.....	Native beds.....
Felt hats.....	Gunit hats.....
Woolen puttees.....	Local cloth.....
Woolen blankets....	Ilocao blankets (notquoted)
Mosquito bars.....	Native nets.....

It is said that on 12 items consisting of clothing and equipment, the ordering of Philippine products has meant a saving of almost a million pesos. Initial purchases for the first 10,000 trainees alone will boom Philippine industry.

Under the Santos plan, to which there seems to be no greater obstacle than the reluctance which, among conservatives, attends any experiment, the trainees return to their communities as efficient producers and not burdensome idlers.

How a Newcomer Looks...

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Federal securities act of the United States have been confronted with this as well as many similar problems. The interpretation of various parts of the act has taken considerable time to work out, however, the administration of the act is gradually becoming more simple. The Philippine Islands Act should be handled more easily and efficiently because advantage may be taken of the experience of the administrators of the States Securities Act.

Please keep in mind that in making the above criticism of wild-eating in the Philippine Islands and its control by a properly administered Securities Act, that the same criticism might be offered in some degree of any so-called boom mining camps that I have ever seen. In all such camps there has been an unusually large amount of money raised through the sale of stock to the public much of which money has been wasted either through expenditure on properties of no value or through very large overhead expenses. Further, we must not overlook the fact that while much of the so-called wild-eat money is deliberately thrown away, there is a portion of it spent on what might be termed marginal properties, those which offer a bare possibility of favorable development. Occasionally, a real mine is opened up and in some cases the productive area of otherwise worked out mining districts has been extended and become of major importance. The problem, of course, is for those in authority to administer the securities act in such a way as to prevent as near as possible the wasting of the investors' funds.

Mining is a business and should be conducted as such; it is not a game as it is so often called. It is of necessity a somewhat hazardous business and requires specially trained men to manage the affairs of a mining company.

Too often, companies are organized and officers elected who have through their success in other lines of business become prominent. These men permit their names to be used as officers of the companies without first having made any investigation of the properties owned by the company or subsequently arranging for both capable engineering advice and management of the company's affairs. If these men would use the same business ability which was responsible for their success in other lines of business, in first, making an investigation of the mining properties and second in the selection of capable management, there would be many less mining failures.

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