

America's Prospective Prosperity

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

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

(Continued from page 10)

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

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

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

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

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

The *Journal* wishes you a Merry Christmas.

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

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

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

PHILIPPINE ENGINEERING CORPORATION

MACHINERY IMPORTERS—INDUSTRIAL CONTRACTORS—

ASSAYERS—MANUFACTURERS



M A N I L A

Cebu

Iloilo

Bacolod

Cotabato

San Francisco, California

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

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

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

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

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

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

(Please turn to page 54)

Richard T. Ely:—America's . . .

(Continued from page 9)

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

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

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

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

PLOMB LOS ANGELES
HAND FORGED

Automobile & Aviation Tools

KLEIN CHICAGO
PLIERS

FOR ELECTRICAL WORK

E. VIEGELMANN

460 Dasmariñas
Manila, P. I.

New National Designs . . .

(Continued from page 20)

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

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

Let's call the roll of the group:

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

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

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

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

—W. R.

America's Prospective . . .

(Continued from page 12)

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

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

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

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

—W. R.

U. S. MONTHLY ECONOMIC CABLE

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

GENERAL

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

EMPLOYMENT

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

COMMODITY PRICES

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

(Please turn to page 56)