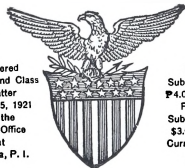


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Editor and
Manager



Governor General Murphy Lunches at Chamber of Commerce



The Speakers' Table: Luncheon to Governor General Frank Murphy

Left to right:—Vice President C. S. Salmon, Rear Admiral C. E. Courtney, His Excellency, Governor General Frank Murphy, President H. M. Cavender, Major General Edwin E. Booth, U.S.A., commanding the Philippine department, President S. F. Gaches of the Heacock company, Joseph E. Mills, financial adviser to Governor Murphy, and Director P. A. Meyer.

Some 120 representative business men, members of the chamber of commerce, participated in the chamber of commerce's pleasure in having His Excellency, Governor General Frank Murphy at luncheon Wednesday, June 28. Among the other prominent guests were Admiral Courtney and Major General Booth. Managing the introductions, President Howard M. Cavender introduced President Samuel F. Gaches

of the Heacock company to speak on behalf of the chamber of commerce and the American community in the Philippines. This task Mr. Gaches performed with grace and point.

Governor General Frank Murphy's response, sincere and cordial, was well received and made an excellent impression. Prior to the luncheon every one present had opportunity to meet Governor Murphy.

Time's Industrial Recovery Act Survey

Out from under the final scrimmage on Capitol Hill last week squeezed a final version of the National Industrial Recovery Act, ready for the President's signature. A compromise between House and Senate, this titanic measure contained the following features:

Control. The 7,000 industries of the U. S. are brought under Government control by investing them with a public interest. Control takes the form of executive approval of voluntary trade codes reducing working hours, fixing wages, rationing production, regulating competition.

License. To bring bulky industries into line the President can clamp a licensing system down on them. By canceling a license he may put one concern or a whole industry out of business until it is ready to subscribe to a fair trade code. The licensing period is one year instead of two. Last week many a manufacturer was threatening to shut up shop altogether rather than submit to this gun-at-head provision of the law.

Embargo. Because cheap goods from abroad may undermine the U. S. market and defeat domestic recovery, the President is authorized to embargo any and all imports.

Anti-Trust Laws. The President is to set aside at will the Sherman and Clayton Acts to permit industrial work & wage codes to operate legally. The Senate attempted to nullify industrial control by prohibiting price-fixing. A

tacit admission that price-fixing is to form a part of most trade agreements was made when that prohibition was finally knocked out. Labor. No employer may require his men to join a company union to get a job or keep them out of a regular one to hold it. "Open shop" manufacturers loudly lamented this section as giving an undue advantage to organized labor.

Public Works. To make several million new jobs the President is handed \$3,300,000,000 for public works. Part he will spend on Federal buildings, new warships, the Tennessee Valley development, river & harbor improvements. The rest he may give, not loan, to states and cities to build roads, sewers, bridges, water-works, docks. There are no strings about self-liquidating projects and only his own conscience limits the President's giving power.

To provide money the House passed a \$3,459,480,008 deficiency appropriation bill—largest in U. S. peacetime history. Loud were the Republican yells that this monster appropriation hopelessly unbalanced the budget. So it would have if President Roosevelt had met it out of ordinary treasury receipts. But he is to borrow the \$3,300,000,000 from the U. S. public and put it aside in a special emergency budget. Debt to an all-time high, the regular budget will be unaffected. Many a financial commentator considered this a deceptive if not dishonest form of Federal bookkeeping; many another

thought it the only sane thing to do.

Taxes. To pay the interest on these public works borrowings and amortize them, \$227,000,000 per year is to be raised in special taxes to accord with the special budget idea. Mississippi's Pat Harrison, chairman of the Senate Finance Committee, successfully framed the final revenue section which replaced the House schedule for increased income taxes. Funds will be raised as follows:

1) A 1/10 of 1% tax on the capital value of all corporations, each company being free to fix its own worth. If it underestimates its value to reduce this levy, it will be caught at the other end by a 5% penalty tax on all profits over 12-1/2% of its own valuation. Estimated yield: \$80,000,000.

2) A 5% tax on all dividends to be paid by the company declaring them. If a stockholder is voted a \$1,000 dividend, he will get a check for \$950 and the balance will go to the Treasury. As now, such dividends will not be taxed under the normal income rates. Generous companies may pay the tax without cutting dividend checks. Estimated yield: \$73,000,000.

3) An increase in the gasoline tax from 1¢ to 1-1/2¢ per gal. Estimated yield: \$62,000,000.

4) Administrative changes to prevent taxpayers from carrying security losses over to the next year, partners from deducting partnership losses on securities from their personal returns, private bankers from deducting their short-term capital losses. Estimated yield: \$15,000,000.

President Roosevelt had been given everything he asked for in the National Recovery Act. All that remained was for him to make it live up to its name.