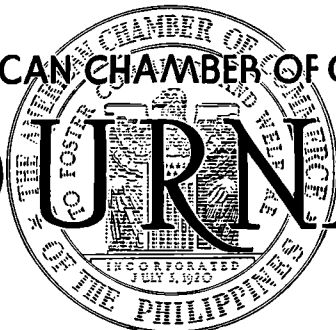


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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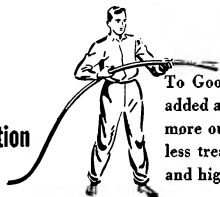
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Contents

| | | |
|---|--|-----|
| Editorials — | | |
| Ambassador Myron M. Cowen | | 95 |
| Eyes on the Target | | 97 |
| Meaning of the Return | | 97 |
| Corruption in the Government | | 97 |
| The Philippine Chamber of Commerce and the Government | | 98 |
| "Confiscation... Forfeiture" | | 100 |
| American Unemployment in Manila | | 100 |
| The Economic Development of the Far East | Myron M. Cowen | 102 |
| Minimizing Industrial Unrest | Ricardo C. Galang | 105 |
| The Business View — | | |
| Office of the President of the Philippines | Official Source | 106 |
| Banking and Finance | F. C. Bailey | 108 |
| American Stock and Commodity Markets | R. Ewing | 108 |
| Manila Stock Market | A. C. Hall | 109 |
| Credit | W. J. Nichols | 109 |
| Insurance | Chairman, Manila Insurance Association | 110 |
| Real Estate | C. M. Hoskins | 110 |
| Electric Power Production | J. F. Cotton | 111 |
| Port of Manila | R. L. Bery | 111 |
| Ocean Shipping | | |
| Exports by Products and Countries, 1947 and 1948 (table) | F. M. Gisbert | 111 |
| The Ten Principal Imports and Exports, 1947 and 1948 (table) | Bureau of the Census and Statistics | 113 |
| Inter-Island Shipping | G. F. Vander Hoort | 113 |
| Land Transportation (Bus Lines) | L. G. James | 113 |
| Mining | C. A. Mitke | 114 |
| Lumber | E. C. Von Kauffmann | 115 |
| Copra and Coconut Oil | H. Iqbal and K. W. Day | 115 |
| Domestic Coconuts | H. R. Hick | 116 |
| Sugar | S. Jamieson | 116 |
| Tobacco | Conde de Clarruca | 118 |
| Manila Hemp | H. Robertson | 118 |
| Machinery | L. M. Huesman | 119 |
| Food Products | C. G. Herdman | 120 |
| Textiles | J. Traylor | 120 |
| Legislation, Executive Orders, Court Decisions | E. E. Selph | 122 |
| Philippine Safety Council | F. S. Tenny | 122 |
| Other Chambers of Commerce | | |
| Manila Chamber of Commerce | | 123 |
| United States Government Agencies | | |
| U. S. Public Roads Administration in the Philippines | F. C. Turner | 124 |
| Extracts from the Annual Report of the Philippine American Chamber of Commerce (New York) | | |
| Weekly Changes in Retail Prices | C. A. Richards | 127 |
| Cost of Living Index (1946-1949) | Bureau of Commerce | 129 |
| The "Let Your Hair Down" Column | Bureau of the Census and Statistics | 131 |
| | | 132 |

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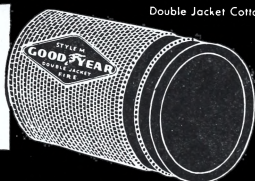
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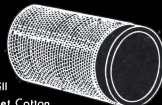
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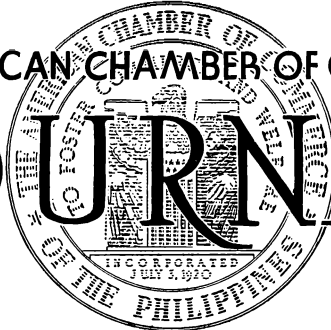
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JOURNAL



Editorials

"... to promote the general welfare"

The American Chamber of Commerce sent the following radiogram to the Hon. Myron M. Cowen after his recent appointment as Ambassador to the Philippines and received a letter from him in reply, which follow in order:

**Ambassador
Myron M.
Cowen**

The Tokyo press reports, following the departure from Japan of Secretary of the Army Kenneth Royall, which stated that the United States would abandon Japan in case of war and which suggested that it would soon withdraw its occupation forces there, have been officially denied.

**Eyes
on the
Target**

"Permit us on behalf of the American business community, to congratulate you on your appointment as American Ambassador to the Philippines. We hope you will shortly permit us to hold a dinner-reception in your honor at whatever time may be convenient to you after your arrival in the Philippines."

It is well that this denial has been elicited, for any policy framed so baldly, would find little support anywhere. The denial has not, however, served to dispel the implication that there has been a revision of American global strategy toward still greater concentration on Europe.

The letter:

"American Embassy
Canberra, Australia

Although this has resulted in general concern, not to say alarm, in this part of the world, has led to bitter reflections and even recriminations in the press, and has, to an extent, been damaging to American prestige, second thought may tend to modify the first reaction.

"Dear Mr. Stevens:

"I deeply appreciate your gracious cable welcoming me to the Philippines. It will probably be a matter of some days before we can make definite plans for our departure from here, and it is not yet entirely certain whether we shall go directly to Manila from here or first go to Washington for a hurried visit.

"Just as soon as our plans are definite, however, I shall let you know, and I shall look forward to meeting you and your members with much anticipation.

"Cordially,

(Sgd.) MYRON M. COWEN
American Ambassador"

Readers will be interested in an article by Mr. Cowen in this issue of the Journal on the problems of the economic development of the Far East, sent us by the United States Information Service, Manila, some time before his appointment as Ambassador to the Philippines. It is the text of an address which he made last December as head of the American delegation to the fourth conference of the ECAFE and is indicative of the new Ambassador's thinking on the subject.

For if what has been implied is a fact, what could it mean other than that the United States, to use an expression taken from the field of sport, is determined to keep its eyes on the ball?

America's present self-elected antagonist is Stalin's Russia, and we must not blind ourselves, whatever our local interest, to both America's and Russia's respective advantages and disadvantages, strategically and tactically, in the Pacific and Far Eastern areas.

The Russian subversionists have undoubtedly hoped that the unrest being created in various parts of Asia and the recent advance of the Chinese "Reds" would greatly disturb America and serve to distract American attention from Europe, where, then, they would be less deterred in their spreading of havoc.

But it now appears that America will not allow itself to be distracted and is keeping its eyes on the target, — the Russian power-house in Europe.

Russia may be allowed some evil success in its villainies in Asia without a resulting destruction of the whole of civilization, but if the Stalinite despotism were to engulf all of Europe, still, outside of the

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United States, the cultural and industrial center of the world, that would be a loss from which civilization possibly could never recover.

The protection of Europe need not mean that Japan and the great island defense ring around the Pacific will be left wholly undefended or abandoned, but Japan lies too far from the center of Russia and too close to the Russian air-bases in Siberia to be converted into a primary staging area for a possible attack on the Kremlin world-destroyers.

The natural direction for an American attack is not from Japan nor from or over Alaska, but across the North Atlantic, Greenland, and Iceland. As for the Siberian bases, with our present long-range bombers, no near-by base, such as Japan, is necessary to render them vulnerable. Attacks on Russia in Asia from Japan, other parts of the Far East (especially Guam and Okinawa), and from Alaska, would be secondary in importance, but that is, of course, not to say that such points should be or would be entirely neglected.

Our belief is that the Moscow plotters of democracy's downfall will not at all have like the reports which came out of Tokyo nor the implications to which, even though the reports were denied, they have given rise. They serve as another and very stern warning of deadly intent: We would attack the center along the shortest, most direct route.

AFTER the foregoing editorial was written, the official denials referred to resulted in the disclosure by Tokyo correspondents that the reports were based on statements made by Secretary Royall in a press interview given just before he left Japan.

Certain of the Secretary's statements were now directly quoted, and one of them was:

"I am not certain that we could hold Japan, nor am I certain that it would be worth while as long as we have Okinawa and the Philippines which are relatively safer and from which we would be able to mount strategic air-attacks without [the necessity of] undertaking the task of feeding 80,000,000 civilians."

This led the *Manila Times* to ask:

"We don't know much about Okinawa. But as far as the Philippines is concerned, if it is Mr. Royall's design to use the Philippines as an attack-base, what are his plans for the defense of this attack-base?"

"Does he contemplate using a tiny portion of the Philippines, the Clark Field-Stotsenburg area, as the launching site of an air-offensive against a possible foe on the Asian land mass?"

"Does he realize that this alone will expose the whole Philippines to counter-attack?"

The *Times* pointed out in conclusion:

"Large as the question of the defensibility of Japan may loom in the overall picture, the question of the defense of the Philippines looms larger here."

There can be no question that as long as the United States maintains military bases in the Philippines as it has a treaty-right to do, it is committed to the defense of the Philippines.

In this connection we ask for enlightenment on something that has long puzzled us.

Why are the Philippine Scouts being disbanded?

Certainly this would seem to be most untimely in view of world conditions; also most unwise, both from the political and military viewpoints, so long as the United States maintains military bases here.

One of the most remarkable events in all history is the re-establishment after two millennia of the Jewish nation, signalized in Jerusalem last month by the swearing in of Dr. Chaim Weizmann as the first President of Israel.

Meaning of the Re-born Israel.

This inauguration was followed a week later by the signing of an armistice with Egypt, negotiated under the auspices of the United Nations, to date one of its most notable achievements. With six other Arab nations joining the movement for peace, armed Arab opposition, which should never have developed,* to the Israel resurgence, has been brought to a virtual end.

This is the realization not only of the Zionist movement, which had its inception around a hundred years ago though it hardly got under way until the years just preceding the first World War, but of the dream to which the Jewish people have clung with unshakeable loyalty and faith during the whole of the eighteen centuries of dispersion which followed the destruction of their Temple in Jerusalem by the Romans.

It is a fine thing that two Christian nations have led in the advocacy of the re-establishment of the Jewish Homeland, — England and America. Among the great proponents of the policy were Lloyd George, Woodrow Wilson, Arthur James Balfour, Jan Smuts, Lord Milner, Henry Cabot Lodge, Lord Robert Cecil, Winston Churchill, Franklin Roosevelt, and Harry Truman.

The persecution of the Jews in Poland gave Zionism its first impetus, but the hideous mass murders of the Jews in Germany under Hitler served in large part to give the movement its final strength after the second World War.

The Jewish determination was not to be broken even by the dualism which developed in the British attitude, beginning with the Chamberlain appeasement policy toward Hitler and Mussolini, who were stirring up the Arabs, and carried on even after the war by certain British civil servants.

The return to Palestine has been a largely spiritual, idealistic, and democratic enterprise. It was the Jews who gave modern civilization the basic concepts of its religion. It may well be that the Jews will now set the world a new example of an ethical modern national and social life. At any rate, their form of colonization on a collectivist basis, constituting a virtual revolution through cooperation and construction under the ideal of highly dedicated labor, will serve as a valuable foil to the capitalistic democracy of the United States and the socialism of England, — not to mention the "communism" of Russia.

Though the storm of charges and counter-charges in the Philippines Senate broke so tardily that it appears to have been precipitated chiefly by clashing presidential ambitions,

Corruption in the Government the exposure of the rank corruption in the high government circles is all to the good.

The present conflict may not be one in which (as yet) all the forces of righteousness are on the one side and all the forces of evil on the other, and still it is all to the good.

If they could not be otherwise exposed, it is well that the crooks fell out among themselves and now in some instances expose each other.

The corruption has long been a more or less open secret, and it is healthy to have it opened to the full view, just as it is salutary that a suppurating abscess breaks even without the use of a knife.

The rest is up to the people, and to the Government in so far as it remains honest.

* See editorial in the November, 1947, Journal.

In connection with the exposures in Manila, there has been talk, defensive talk, of the shocking Teapot-Dome scandal in Washington during the Harding Administration. But let it not be overlooked how the people reacted in that matter and what measures the Government took. The criminals went to prison, rich and highly placed as they were, and some say that Harding wished to die, and died, because of what had happened.

In any government there are always individuals who would take criminal advantage of their power if they had opportunity. That is to be expected. That is one reason why we have auditing and investigating bodies, prosecutors, judges, police, and prison-wardens. No people can rightly be blamed for the discovery of criminals in high official positions, but they are to blame if they keep them there.

Some Filipinos have said that the country is disgraced before the world, but a clean-up, the more complete, the better, would do more to impress other nations with the reality of Philippine competence in the ways of democratic government than has the past dubious party "unity" which, it has been plain for some time, enabled a clique of malefactors to maintain themselves in positions of power and honor.

The real test will come when it is seen whether masses of voters too easily misled or bought out-right, will still rally to them and keep them in power.

In a letter which some time ago the Chamber of Commerce of the Philippines sent to Secretary of Commerce and Industry Cornelio Balmaceda (the letter was signed by President Gil J. Puyat) protesting against the undue competition offered by the People's Homesite Corporation to private concrete-block manufacturers, — which letter no doubt had its weight in finally deciding the Government to call a halt to this competition, we have noted with satisfaction one sentence which read:

"It has been the consistent policy of the Chamber to oppose, as a general proposition, government in business, and countenance government investments in business only to pioneer in such lines where private capital is indifferent until such time as private capital is ready to take over, and where private enterprise cannot supply the demand or it indulges in practices detrimental to the welfare of the general public."

This statement outlines what we believe is a very sound policy. However, it also appears to us that the total record of the Philippine Chamber does not bear out that it has consistently opposed government in business, even as a general proposition.

The Chamber has, indeed, done much to encourage government interference and government competition with private business here, apparently in the belief that this interference and competition would affect foreign-owned business enterprises only or chiefly, and would in the end be to the advantage of Filipino-owned private business enterprise.

We have always believed that Filipino business, as time went on, would come to realize the fact that whatever is harmful to foreign business is also harmful to Filipino business, as well as to the people of the Philippines as a whole.

There is much to be said for cooperation between business and government and much can be achieved by such cooperation. But neither government nor business should lose sight of the fact that under the forms and processes of our capitalistic democracy,

government and business, respectively, must function as checks upon each other.

There is a natural tendency of government everywhere to become dictatorial and totalitarian, and this tendency is checked only by the people as a whole and their various other social institutions, among which industry and business are probably the strongest.

If business had its own way entirely, we would develop what has come to be known as fascism. If government had its way entirely, we would have totalitarianism, and the one is as bad as the other, with free private enterprise and all other freedoms ultimately suppressed under both.

Of late years, government here has gone much too far in the totalitarian direction in its interference with and control over the economic life of the people, and if the Philippine Chamber comes to realize this, a very important gain will have been made toward offsetting this very alarming trend, — alarming economically, politically, and culturally.

The American Chamber of Commerce has stood virtually alone in its opposition to this trend. It heartily welcomes any sign of conversion on the part of the Philippine Chamber to what should be its general function in assisting in the maintaining of a dynamic and progressive balance between the various social forces in this country.

When one of the highest officials of the Department of Justice, — God save the mark, officially urges a course of action upon the Government on the basis of a line of reasoning which would not have occurred even to an eighteenth century Borneo pirate, isn't it time we stop and consider? The more so as this course of action would seem to be in line with a decision of the highest court of justice of the land?

There must be no confusion here between the course proposed and the exercise of the power of eminent domain, one of the most majestic of all governmental powers and never used by any civilized government except under circumstances of great public necessity and then only with the greatest restraint. The power has been defined as —

"that superior dominion of the sovereign power over property within the state which authorizes it to appropriate all or any part of a property to a necessary public use, reasonable compensation being made."

No, this course urged upon the Government is one of outright confiscation, as of stolen goods, under the warrant of a decision of the Supreme Court of the Philippines, the notorious "Krivenko Case" decision, which purported to be an interpretation of the Constitution with respect to landownership and denied to aliens to right to hold any land whatever.

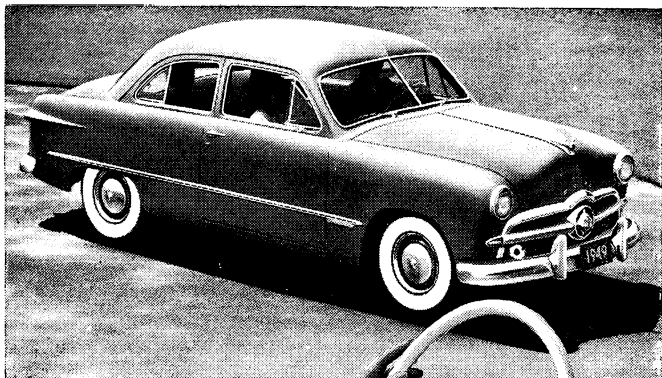
* Read It And Weep!
Suits Against Alien Landholders To Recover Property Urged On President

Solicitor General Felix Bautista Angelo urged the President yesterday to authorize his office to institute court action against alien-owned properties acquired in violation of the Constitution as interpreted by the supreme court in the celebrated Krivenko case.

The solicitor general told the President in a letter that "two alternative court actions are open to the government with respect to the land transferred to aliens in violation of the Constitution and existing law," namely:

1. Action for reversion and forfeiture or escheat to the state; and
 2. Action for the annulment of the prohibited transfers.
- The solicitor general urged the chief executive to define the government's policy in this regard. He pointed out that "further delay in instituting court proceedings is inadvisable."

(Continued at the bottom of page 100)



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It is now proposed to dispossess, and without compensation, a whole class of Philippine residents and tax-payers of property they have acquired under the laws of the land as universally understood before the Supreme Court decision; property they worked for and paid for, and which forms, in many cases, the very stuff of their lives.

For this property consists of lands and the buildings and improvements on them, and it is *not* that alien landholdings here are so extensive as to present serious economic and social problems; these lands consist almost exclusively of small tracts on which places of business and homes have been erected.

When this is understood and when it is recalled that every system of law from the earliest customary and common law to the most advanced modern codes, including Philippine law, holds the home, especially, as peculiarly sacrosanct and surrounds the possession, the security, and the tranquility of the home with the strongest legal safeguards, then, surely, the course proposed must outrage every decent human instinct.

The Philippine Constitution plainly states that — "all agricultural, timber, and mineral lands of the public domain . . . belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines or to corporations or associations at least sixty per centum of the capital of which is owned by such citizens . . ."

This was illiberal enough, but was naturally not taken, — until the Supreme Court spoke, to apply to private lands or to lands utilized for industrial, business, or residential purposes. The Supreme Court, after tortuous ratiocination, concluded that the phrase, "agricultural, timber, and mineral lands of the public domain," really means, — using the classification of public lands in the Land Law as an *analogy*, all lands, public and private, for whatever use!

However, lawyers have questioned the decision can be accepted as final on this issue because the Constitution itself provides that decisions involving constitutionality must be concurred in by two-thirds of all the members of the Court. The Court numbers eleven justices; the decision was one of six to four.

The letter contained the results of the studies made by the solicitor general on the legal angles of any possible court action that should be taken towards enforcement of the constitutional provision and other pertinent provisions of existing statutes against the transfer of land to aliens.

The Solicitor General also disclosed that since the supreme court decided in the celebrated Krivenko case that the phrase "agricultural lands" includes urban and residential land within the meaning of the constitutional provision against the transfer of private agricultural land to foreigners, his office had in the future action towards the confiscation of all illegally acquired property now in the possession of aliens.

In sustaining his thesis that the state could confiscate private lands acquired by aliens, the solicitor general quoted pertinent portions of the Public Land Law, as amended, as Commonwealth Act 141. He said:

"Section 124 declares prohibited conveyances in favor of aliens unlawful and null and void giving to such conveyances (transfers) the effect of annulling and cancelling the grant and of causing the reversion of the property and its improvements to the state."

He asked, "In the event of such annulment and cancellation who else could claim title to the property except the original owner and grantor—the State?"

The solicitor general pointed out that reversion amounts to forfeiture. He added that no provision is made for the payment of compensation, none can be demanded by present owners.

"It may be noted that the alien holder himself has no right to compensation, for under the terms of the statute he acquires no title," the solicitor general said in expanding his theory that land now in alien possession was illegally acquired.

It was also pointed out in this connection that the state is barred from paying compensation to present holders as to do this would "completely defeat the purpose of the Public Land Act."

In the event that reversion or escheat proceedings do not prosper in the courts, the solicitor general said, the government should resort to the annulment of prohibited transfers of land to aliens as a possible line of action.

In urging immediate action, the solicitor general declared, "One unifying purpose runs throughout the Public Land Act, and it is to conserve the natural resources of the Philippines for the use and benefit of its citizens."

—*Manila Daily Bulletin*, February 19, 1919

As far as Americans here are concerned, the decision has been interpreted in official quarters as not affecting, for the time being and under the "parity principle," their rights, but this is little comfort to any man with a sense of justice or with an understanding of the conditions which must reign in a prosperous and happy country.

One of the learned justices of the Court advanced the idea that all lands are agricultural [or timber or mineral lands] because that is what is left when buildings are removed! So, presumably, all lands belong to the State because the State existed before the people(?).

Why not go a little farther back, into those geologic times when mighty earth-forces first raised Azoric rocks above the seas and which then, over eons of time, came to be inhabited by the first land-animals, — worms and crabs and primitive saurians? We should, perhaps, deed all our possessions over to them or their descendants, but they, oddly enough, include ourselves! So here we are, millions of years later, with a problem of elemental human justice still on our hands, badly muddled by our highest officers of justice.

Though the Solicitor-General seems to be blissfully unaware of it, it should be very clear that by applying the principle, if principle it can be called, of confiscation and forfeiture in this fundamental matter, or, in fact, carrying out at all this whole illiberal, unjust, undemocratic, and uneconomic land policy, we should forfeit the good opinion and respect of all civilized nations.

The American Chamber of Commerce has for some time had to render what assistance it could to an increasing number of Americans who appealed for help.* The majority of them have been young men, some ex-servicemen who stayed on, others who came after the war expecting to be able to find good positions here.

Our advise to both these classes of men generally is that they should go back to the United States because it is difficult for Americans and foreigners to obtain employment here except under circumstances of special demand and special fitness.

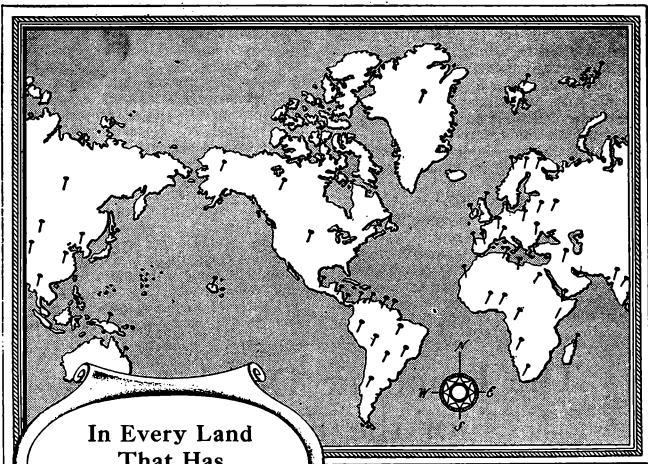
We would ask chambers of commerce and other agencies in the United States which may be concerned to encourage no one to come here except to fill some definite position of known tenure and at an adequate salary.

Some of the young Americans who have appealed to the Chamber are in truly pitiable circumstances. Numbers of them have married Filipino women, now have one or two children, and have found that they can not make a decent living here.

The American Embassy and the Consulate can do little for them, much as the officials there would like to be able to help. Under present laws, the alien wives of Americans and their children born abroad no longer automatically become American citizens, and hence there is no provision for their help.

Help is limited to American citizens, in such cases the husband and father alone. And help generally consists only of an assistance loan for repatria-

* Over 150 persons have asked the Chamber for help in finding employment during the past 6 months; over a third of this number applied during the past month. Some 90% of these persons are Americans, the rest are British, Australians, Spanish, stateless persons, and some Filipinos.



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tion and subsistence.—a substitute up to the time of the first possible embarkation for the nearest American port.

In effect this means that if such a man is willing to desert his family, — at least temporarily, he is aided to get out. Men who can not bring themselves to do that, can not be helped.

It must be emphasized that there is no prohibition against an American taking his foreign-born wife and children home with him to the United States or sending for them later. If he is an American in good standing and he and his family are not likely to become a public charge, he can obtain non-quota visas for his wife and children. But he himself must pay for their passage.

American Embassy and Consulate officials have no choice in this matter. Only Congress, by special legislation, could make things different. Special arrangements were made by the State and Army and Navy Departments to bring home the foreign wives of servicemen following the war. It is becoming time to consider the plight of American ex-servicemen in many foreign countries "who accepted discharge

abroad through misapprehension as to the possibility of being gainfully employed", — *the ex-servicemen and their families.*

Philippine independence has made for a number of changes in respect to the possible dealings of American officials here with American nationals. This now being foreign territory, American officials can no longer, for instance, deport American "undesirables". Only the Philippine Government may do that. Americans sentenced to prison here can not be sent back to the United States, but must serve out their terms here. No such wholesale repatriation of "undesirable Americans" could be resorted to as were carried out here several years after the close of the Spanish-American War.

Stranded American seamen must be returned to the United States by the shipping companies which employed them.

The situation for any American here without a job and without funds is a desperate one and the time has already come when more fortunate Americans are called upon to deal privately with a problem which should be of some concern to our Government at home as well as to our official representatives here.

The Economic Development of the Far East

By Myron M. Cowen

United States Ambassador to the Philippines

THE Commission has before it the report and recommendations on industrial development by the Working Party. While the major discussion of this report will take place in the committee to which it will be referred, it seems appropriate at this time to offer some general remarks on the character of the report and on the problems of economic development in the Far East.

Need of Food Production

While the United States delegation will wish to make some specific criticism of certain parts of the report when it comes up for committee consideration, in general we believe that the Working Party has made important progress in the past six months. Many of the recommendations are sound and useful. The United States delegation believes that emphasis on the broad phases of economic development is well placed, in particular on the articulation of agricultural, transport, and raw material factors with industrial growth. While the United States appreciates the importance to Asia and the Far East, of the development of new industries and of increased manufacturing output, it believes very strongly that economic development must be balanced, that as new industries are added raw material sources must be developed, transport improved, and agriculture modernized. While the Working Party terms of reference have properly kept its consideration of agriculture to the problem of agriculture requisites, the role of improved food production in a balanced economic development of the ECAFE region cannot be over-emphasized. It is paradoxical that an area that is primarily agricultural in nature should now be a net food importer.

Asia and the Far East must find a way to feed its growing population from its own resources so that its foreign exchange resources may become available for importation of capital goods and the whole range of commodities which the area requires for a higher standard of life. In planning for industrial development it is not easy to find the proper point between excessive dependence on a few crops or products to procure all imported needs, and the other extreme, complete autonomy. On the one hand, the United States Government endorses the attempts of countries in the ECAFE region to increase diversification of their economies to give better balance and to enlarge the working opportunities of their growing populations. On the other hand, an attempt at complete self-sufficiency for its own sake will result in the creation of industries which can be maintained only by extreme protective measures and at the cost of sub-standard employment conditions. Resources would be wasted and the consequence would be a lower, rather than higher, standard of life for the people.

In the opinion of the United States delegation, the Working Party shows an appreciation of this problem and the necessity for relating development, particularly of heavy industries, to the availability of raw materials. There are locations in the region favorable for an expansion of basic industry.... The economy of New Zealand is a prime example of a country which has achieved a very high standard of living — some estimate it to be the highest in the world — by concentrating its efforts upon agriculture and the processing of agricultural commodities.

Need of Local Capital Formation

The United States delegation also welcomes the Working Party report on the steps which the countries concerned can take to promote their own industrial development. While outside assistance in the form of technical knowledge and capital goods can greatly assist the economic development of the

The text of an address made on December 1, 1948, by Myron M. Cowen, then Ambassador to Australia and head of the American delegation to the fourth conference of the ECAFE (Economic Commission for Asia and the Far East).

ECAFE region, the lack of this assistance is not the primary present bottleneck hampering the industrial expansion of the area. The expansion of production through activation of existing capacity and the creation of new plants and equipment, require the formation of local capital, training of a labor force, and creation of an institutional framework for modern industry. This in turn depends on the favorable economic climate of balanced budgets, stabilized currencies, and the effective use of foreign exchange. In many instances it will be found that local economic conditions form the critical bottlenecks rather than the lack of imported capital. This is not to say that every facet of economy must be put in order before the import of capital. Two aspects of the development can proceed concurrently, but local progress is a necessary part of the progress.

The creation of necessary conditions for capital formation is difficult in any under-developed area, and when political strife and social upheaval are present, capital formation becomes well-nigh impossible. When capital accumulation of generations is being consumed at a voracious rate, it is futile to think that importation of new capital can create economic stability or solve a country's economic problem.

Need of Restoring Exports

I would like to turn now briefly to the recommendations with regard to finance. Many of these recommendations are indeed sound, but the United States delegation regrets that the recommendations do not emphasize the desirability of restoring exports to at least pre-war levels. The restoration of the pre-war level of export seems to be the only sound basis upon which the economies of the area can proceed with their industrial development. The process of industrial development will inevitably lead to increased demand for imports, both of capital goods and of many other commodities desired by an industrial population. At the same time, newly created industries will only slowly increase export potentials, or decrease the need for imports. In these circumstances the only sound method for financing the development of the region is the promotion of exports from industries easily expanded in the region. Such industries would include not only agricultural products and raw materials, for which the world demand is high and the area has a great natural competitive advantage in producing, but should also include any manufactured goods for which labor and other resources are available and the demand exists in world markets. The expansion of such exports would not obviate the need for the net import of capital, but would put the balance of payments of the countries in question in a sound position and facilitate financing and repayment of capital import. We in the United States speak with experience on this matter, for the early industrialization of the United States was largely accomplished by borrowing from abroad and repaying through export of food and raw materials without placing our economy under foreign domination of any kind.

The United States delegation has also noted the recommendation for further assistance in obtaining capital equipment from more advanced industrial countries. It has noted with satisfaction a recommendation that attempts be made to develop capital sources in Europe. Such efforts should logically be extended to Japan, which the report points out has the capacity for producing capital goods. It would of course be impossible for the United States to provide all the capital equipment which the countries of Asia and the Far East together with the rest of the world might desire. The total volume of goods which the United States has exported to the countries of the ECAFE region has far exceeded that exported by the United States before the war or by any other nation or combination of nations since the war.

The total exports to the area from the United States have quintupled as compared with the pre-war level. During 1936-38

the average of exports to the ECAFE region was about \$300,000,000 worth of commodities. During 1947 the United States exported more than \$1,500,000,000 worth. The percentage of the total exports from the United States accounted for by the exports to the ECAFE region increased from 7.6 to 10.5%. With regard to capital goods alone, the records show that exports for 1947 amounted to \$246,000,000 as compared with \$82,000,000 for 1936. These capital items included transportation equipment, machinery, steel, and spare parts.

United States Assistance

The position of the United States Government with regard to the request made by the third ECAFE meeting for increased assistance in the way of capital goods exports has been set forth in the letter of the Secretary-General which has been placed before the Commission. The letter points out the assistance already given by the United States for the rehabilitation of areas devastated by war and for general restoration of production. In addition to financial assistance, the United States has made available for export without restriction a wide range of capital goods. The controls which have been maintained for the purpose of safeguarding the economy of the United States against excessive exports and for security purposes have been narrow in scope.

The export quotas have been set in such a way as to take account of world shortages and needs, as well as domestic requirements, and the division of quotas by areas has attempted to secure access to available supplies on an equitable basis.

The final paragraph of the letter reads as follows:

"The Government of the United States is to repeat, convinced of the necessity of a strong and expanding world economy, it recognizes fully and with sympathy and satisfaction the desire on the part of countries of Asia and the Far East to have an important place in this development. This Government has made major efforts toward the restoration of the world economy to the working level of production and assistance throughout the world. It will continue such efforts to the extent of its ability. The countries of Asia and the Far East may be assured of the strong desire of the Government of the United States to afford, to them as to all others, the fullest possible access to the products of American industry and commerce. They may be assured, also, of the willingness of this Government to make the fairest possible provision for the needs of Asia and the Far East in administering the limited controls over the United States exports which are necessitated by the position of the United States domestic economy."

It is the hope furthermore that capital goods will become more fully available and that a revival of European economy, which now seems to be well on its way, will, directly and indirectly, make more capital imports available to other parts of the world, including Asia and the Far East.

The United States delegation has also noted the conclusion in the Working Party report that "assistance in the form of credit and aid has not so far been available to countries of this region on a scale commensurate to their requirements." This conclusion is no doubt applicable to all areas of the world and certainly applies to all areas whose economies were devastated or severely disrupted by war. It has been the objective of the United States policy to assist such areas in the restoration of their economic health. In the process of this assistance the United States has poured out unprecedented amounts of aid. The dollar aid which has gone to areas in Asia and the Far East has been great. . . . has amounted to approximately 2,500,000,000, dollars. This aid has been mainly of emergency character, to assist these countries to recover from the immediate ravages of war, to achieve stabilization of their economies, and to make a start on the problem of reconstruction. While some of the countries in Asia and the Far East have been able, under orderly conditions, to approach pre-war levels of economic activity, the recovery in important parts of the region continue to be blocked, directly or indirectly, by political strife. The United States will, of course, continue its efforts to assist such sound efforts toward economic recovery as can be undertaken within limitations imposed by these circumstances.

Long-term Policy of the United States

As for a long-term policy, it is the policy of the United States to assist within the limits of its capabilities in the expansion of industrial and agricultural production and trade. It believes it can contribute in the field of technical assistance through established United States firms working on specific industrial projects and on general economic surveys. Assistance is also available under the Fulbright Act for financing of technical teachers and students in countries

which have signed Fulbright agreements. Of broader scope is the Smith-Mundt Act which authorizes the United States Government to provide directly a wide variety of technical assistance. It is hoped that funds will be available shortly to implement this act.

Private United States Capital

The United States Government also wishes to see United States capital contribute to an expansion of production and trade in the ECAFE region. It believes that such capital should be furnished on a private basis, or through government loan when private capital is not available on reasonable terms, and that funds should go into sound projects which will expand production and trade and help create the increased income necessary for repayment. Suitable projects for investment include reestablishment of pre-war industries as well as development of new enterprises. Projects must be individually considered on their merits to ascertain that such industries are economically sound and that after the time for development they can produce at competitive costs. This policy of the United States of relating loans and investments directly to the expansion of production and trade, is of general applicability and is, we believe, on the basis of considerable experience, designed to develop the resources of a country on the soundest possible basis.

The spokesmen of the countries in the ECAFE region in previous meetings of the commission have frequently stated that loans and credits should not be made on conditions which would jeopardize the political and economic independence of the country in question. There is no argument from anyone on this score. The United States is not seeking to dominate any country in the ECAFE region. The United States is concerned that financial assistance extended by the Government, as well as private investments, should contribute to the development of a more stable world economy, an increase in multilateral trading, and an increase in production which will make the repayment of the loans possible. The United States considers it self-evident that agreements to take specific actions to expand world trade and to take steps which will make possible repayment of a loan, are eminently reasonable conditions.

It must be observed that by far the greatest source of foreign capital potentially available for expansion of production in undeveloped areas, is held by private investors. If the countries of Asia and the Far East desire a maximum flow of foreign capital, they should create conditions which will encourage the venture of private capital. Such conditions should not, of course, include permitting foreign countries, through their creditors and investors, to exercise domination over the borrowing country, and there is nothing inherent in the process of foreign investments that makes such domination inevitable.

It may be recalled that up to the second decade of the present century the United States had been a debtor nation. Insofar as its industrial development was financed from abroad, it was financed almost exclusively by private capital. By achieving and maintaining political and economic conditions attractive to private investors, the American people obtained capital in sufficient quantity to finance an expansion of production unparalleled in history. In accepting such capital, the United States neither feared nor experienced any domination by its creditors.

The International Bank for Reconstruction and Development and the United States Export-Import Bank

The United States Government believes it desirable where private funds are not available on reasonable terms that foreign assistance for reconstruction and development be provided as far as possible by the International Bank for Reconstruction and Development. While the Bank has not as yet made loans in the ECAFE region, it is hoped by the United States that positive action may soon be taken by the Bank and that the governments represented here who are members of the Bank will take a direct interest in the development of bank operations in the Far East. While the use of an international agency established for the purpose of development seems particularly appropriate in the ECAFE region, the United States Export-Import Bank is also in a position to make funds available for specific projects which could assist the economic development of the countries concerned.

The Role of ECAFE

This leads to the consideration of the role of ECAFE in the economic development of the region. The United States delegation notes that the Industrial Working Party has recommended the establishment of a committee as part of the machinery in the ECAFE to aid and promote the progress of industrial reconstruction and development of countries in the region.

Without at the same time specifying the position of the United States Government on this proposal, I wish to state that the United States favors the continuation of the very useful work that ECAFE has started on the subject of industrial development. It is clear, however, from the nature of the problem of industrial expansion in Asia that the increase of exports is a basic requisite which requires the priority attention of all governments in the region; that the economic pattern of the region is not such as makes necessary a multilateral and detailed integration of industrial plans by the governments concerned; and that an attempt by ECAFE to assume operational functions which respect to industrial reconstruction and expansion in individual countries would be inappropriate and beyond its terms of reference.

So far as the United States is concerned, the extension of financial assistance must be decided by direct negotiation between the lender, whether a private individual, corporation, the International Bank, or a United States government institution, and the borrower. The proposal for a committee on industrial development should be carefully reviewed with these considerations in mind.

ECAFE could be extremely useful in providing a forum for an exchange of information on plans and programs, for the development of sound principles of economic progress, for the development of statistical and other basic information required, and for the taking of concerted action to eliminate trade bottlenecks which are preventing the expansion of the economy of the region. It would be a matter for regret if ECAFE, by preoccupation with the development of multilateral industrial plans and controls which are more appropriately the concern of individual member nations, should allow work along the lines just mentioned to suffer.

HOWEVER measured,—by population, by natural resources, by technical efficiency, by organizing capacity, the free world disposes of much greater reserves of strength than the Russians command. Were this not the case, were the positions reversed, we may be fairly certain that we should by now have faced armed aggression, not political warfare. —Max Beloff in *Foreign Affairs* for January.

Minimizing Industrial Unrest

By Ricardo C. Galang

Director of Industrial Relations, Philippine Packing Corporation

THE answer to the mounting industrial unrest is better personnel administration. In many peaceful, progressive firms there are so-called industrial relations departments, with broad powers and responsibilities, the principal function of which is to keep man-power efficiency at its maximum all the time.

Specifically, the term "industrial relations" now includes all contacts between labor and all levels of management. These contacts have become so broad and rich that they may be classified under the following heads: (1) personnel work, such as recruiting, hiring, placement, transfer, training, discipline, promotion, lay-off, termination of service; (2) financial relationships, as wages and salaries, overtime rates, bonuses, gifts, and employee savings; (3) education on the job; (4) health, safety, and sanitation; (5) recreation; (6) housing; (7) hours of work and vacations; (8) accidents; (9) old age, disability, and death; and (10) adjustment of complaints.

Generally, then, the term refers to a complex of attitudes, policies, and procedures which largely determines whether or not a laborer or employee is *efficient and happy* at his work.

Industrial relations departments attempt to substitute

| | | |
|-------------|-----|------------|
| PEACE | for | STRIFE |
| COOPERATION | for | ANTAGONISM |
| CONFIDENCE | for | MISTRUST |
| JUSTICE | for | INJUSTICE |
| EFFICIENCY | for | POOR WORK |

Modern industry depends to a large measure on what may be called the three M's of production: Management, Material, and Men. These are equally important and are so inter-lined that it would be impossible to undo them without the danger of partial or complete disruption of operation.

Making a laborer or employee efficient and happy at his work is a tremendous job, especially when an industry employs a numerous personnel. In the Philippines there will be an increasing demand for men who can run industrial relations departments on a functional basis.

An industrial relations man is one who knows the psychology of the people and who sincerely likes them, one who can maintain a proper balance when he is caught between conflicting labor and capital interests, one who has enough foresight to forestall trouble. In-

dustrial unrest is extremely expensive in money and feelings both to management and labor.

The attitude of an industrial relations department is not one of paternalism. People resent charity. It attempts rather, through concrete and definite procedures, to give to both labor and management what is their due. Both have rights and prerogatives, some of which are not covered by statutes but are nevertheless binding.

A program of industrial relations takes into account that to a laborer or employee there are three basic things in his life: security, salary, and service. We may call these the three S's of Employee Contentment.

Security means security of employment, which means security of a livelihood; security of health and life and old age, — an eventual peaceful, contented retirement.

Salary means a fair return for work in consideration of efficiency, length of service, qualifications, and personal qualities. Salary is not always tied up with the cost of living. It is remuneration for service rendered. It considers the other industries in the vicinity and the general economic structure of the society to which the laborers and employees belong. Industrial relations tries always to work for fair wages in relation to many other factors.

Service has come to include such benefits as most progressive companies have extended to their employees: medical and dental care, free quarters, vacation with pay, sick leave, transportation to and from work, subsidies for prime commodities like rice and corn here, company stores, recreation, religious services, counselling, Christmas gifts, etc.

The extension of only a few of these benefits has been made compulsory by law; the others are voluntary on the part of management. The great error of labor as regards these services is to *demand* instead of to *request* of management what is not inherently its right; and one great error of management is to be extremely niggardly in benefits even when it can afford to extend them.

Personnel administration is in many cases based on personal relations. Sincerity, honesty, cooperation, mutual understanding, a process of give and take are as essential in production as in friendship.

HOWEVER good the theoretical case for planning, it is quite clear that some governments today cannot plan successfully. To give only three preconditions of planning, — the civil service must be reasonably efficient and honest, citizens must be reasonably ready to pay their taxes, and, in general the conception of respecting the regulations laid down by the government must be reasonably widespread. These conditions are present in Britain, in Holland, in Scandinavia. They are absent in France and Italy. Very few generalizations about the possible scope of planning based on the five former countries would be really applicable to the two latter. — Barbara Ward in *Foreign Affairs* for January.

The Business View

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

Office of the President of the Philippines

From an Official Source

FEBRUARY 1 — Governor Miguel Cuaderno of the Central Bank states that engineers of the Haza Engineering Corporation of Chicago, are to be brought here by the National Power Corporation to prepare the specifications for the bidding soon to open for machinery and equipment needed for the Ambuklao project in Northern Luzon and that this is a forward step in the consummation of the ₱30,000,000 loan from the World Bank.

The Cabinet is reported to have decided to use the Naval Patrol, if necessary, to stop illegal dynamite fishing.

Feb. 2 — President Elpidio Quirino is reported to have asked Vicente Sabalvario, general manager of the National Development Company, who recently submitted his resignation, to stay on the job.

The President assures a delegation of the Mindanao Abaca Planters Association that the Government is determined to aid the abaca industry. The Association has asked for a loan of ₱35,000,000, to be financed by the Reconstruction Finance Corporation and the Philippine National Bank, for an expansion program.

Dr. Gabriel Mañalac, chairman of the National Committee of the UNESCO, just returned from the Beirut, Lebanon, conference, states that UNESCO will continue aid to the Philippines in the form of scientific equipment, books, etc. During the past 3 years the Philippines has received over ₱4,000,000 worth of such aid.

Feb. 3 — **Dr. Maurice Stack**, head of the Social Security section of the International Labor Organization, Commissioner of Public Welfare Asuncion Perez, and **Dr. Jorge Bocobo**, members of the Social Security Study Commission, have submitted their respective reports to the President, understood to include proposed legislation.

Under-Secretary of Foreign Affairs Felino Neri states that holders of Philippine diplomatic passports upon their return home are not entitled to courtesies of the port except in certain specific cases. Exemption from customs inspection has resulted in a number of notorious cases of smuggling.

Feb. 4 — The President, at a Cabinet meeting, issues instructions to the National Economic Council and the Board of the Central Bank to submit a program to finance expansion of the abaca industry.

The President instructs Secretary of Commerce and Industry **Cornelio Balmaceda** to assume control of the National Coconut Corporation in his capacity as chairman of the Control Committee of the Government Enterprises Council. The President has suspended **Maximo M. Kalaw**, the general manager, following the bringing of a civil complaint against him by Corporate Counsel **M. P. Lichauco** and has designated **Jose Agudo** as acting general manager. He also instructs **Mr. Balmaceda** to take steps to reduce

the personnel of the Surplus Property Commission by 50%.

Feb. 5 — The National Economic Council approves a ₱115,000,000 financing program for income-producing government development projects as recommended by the Monetary Board of the Central Bank. The Council also recommends that National Bank facilities be made available immediately for short-term crop-loans to abaca planters; long-term loans are still under study. The Council recommends, further, that the Government take advantage of the offer of the Supreme Commander of the Allied Powers in Japan (SCAP) to build merchant vessels for the Philippines. The Council rejects the proposal of the Netherlands Government to reduce tariffs on Dutch goods by abolishing the "home-market clause" in the Tariff Act.

The City of Cotabato is destroyed by fire, damage being estimated at ₱8,000,000, with 5,000 persons rendered homeless.

Secretary of Finance **Pio Pedrosa** orders the cancellation of the examinations for marine officers given by the Board of Examiners in view of a report from the National Bureau of Investigation of an examination-question leak. He has requested that all other scheduled examinations be suspended.

Feb. 6 — The construction of the Sipocot-Lupitel Gallego road, linking Camarines Sur with Quezon province, is formally begun, the President, some time ago, having released ₱200,000 for the project.

Announced that **Vice-Consul Carlos Faustino** will leave shortly for Bangkok, Siam, to handle Philippine affairs at the American Embassy there pending the organization of a Philippine Legation. The appointment was made at the request of the American Embassy in view of the increased volume of Philippine work.

Feb. 7 — The President receives the U. S. Veterans Administration mission sent here in connection with the projected hospitals for Filipino veterans.

Feb. 8 — The President submits to Congress the budget of the National Government for the 1949-1950 fiscal year, calling for expenditures amounting to ₱282,698,735, as against an estimated income of ₱304,000,000. According to the President's message, the actual operating expenses of the Government will be ₱249,201,000, but as extraordinary expenses the following items were added: ₱6,000,000 for the coming elections, ₱6,000,000 for the operating expenses of the Philippine Veterans Administration, and some other items for special services not classified as operating expenses of the Government. Said the President:

"The previous budgets of the Government since liberation have been characterized by emergency financing. A considerable portion of the income has come from extraordinary sources or from loans. . . . But we have not found it necessary to resort to this extraordinary financing for the current fiscal year. Nor do we have to exert effort to make other adjustments to balance our present budget. Our yearly income is now much greater, four times greater in fact, than any annual income of pre-war years. However, in terms of purchasing power, this income is comparatively less than our income in the boom year of 1937 or as late as 1940. . . . Mainly for this reason, our expenditures have increased considerably. . . .

"The extraordinary expenses for the proper implementation of our general economic development program will be financed by special allocation of funds available as capital in-

vestment. As they will not be charged against our normal operating income, they are not included in this Budget.

"Indiscriminate appropriation of funds is a danger to our financial stability. Except for meeting serious emergencies, it is necessary that appropriations be coordinated with income. For the last two years, for example, the appropriations reached the total sums of P353,611,178 for 1947 and P273,695,182 for 1948. The incomes for the said years were only P303,169,184 and P263,240,575, respectively. It will be noted that if all the amounts appropriated had been spent there would have been registered during the said years deficits of P50,441,993 for 1947 and P10,454,607 for 1948. To avoid these deficits, the Chief Executive was compelled to suspend the expenditure of many authorized appropriations.

"I am confident that through a conservative policy of appropriation and intelligent control of our expenditures, we will not only maintain a balanced budget but also obtain the maximum economy consistent with efficiency in the public service."

Feb. 9 — The President authorizes the advance of P2,000,000 to the Philippine Veterans Board to assure continuance of pensions to some 50,000 disabled veterans and widows and indigent parents of deceased veterans. At the end of the year the Board had a balance of something over P605,000, while the monthly pension payments amount to around P900,000. It is understood that the P2,000,000 will be charged to a deficiency appropriation of P4,000,000 to be recommended for the purpose. Two members of Congress have introduced a bill calling for an appropriation of P25,000,000 for veterans pensions.

Secretary Pedrosa states that a "pay-as-you-go" system of collecting income taxes is being considered by the Department of Finance. Under this plan, employers would become virtual agents of the Government and would collect the proportionate monthly tax out of the salaries they pay employees.

Feb. 12 — The University of the Philippines, recently moved to the Diliman area, Quezon City, celebrates its 40th anniversary and confers on President Quirino the honorary degree of Doctor of Laws.

Feb. 14 — The Insular Refining Corporation, subsidiary of the National Development Company, re-opens, with Marciano Angeles as superintendent. The plant has a production capacity of 5,000 100-pound bags of sugar a day. Under the present program, PRATRA supplies the raw sugar and sells the finished product both here and abroad. PRATRA general manager Ildefonso Coscolluela states that the price of refined sugar in the local market has been reduced from 55 to 45 centavos a kilo.

General Manager Sabalvaro of the NDC announces that the pulp and paper mill department of his company will start operation in about a month. It will produce kraft manila paper at a daily capacity of 20 to 25 tons. Two other pulp plants which the NDC is expecting from Japan will be put up, one at Guinobatan, Albay, and the other in Davao. Each will have a daily capacity of 10 tons of pulp which will be sent to the main plant in Manila for processing.

Feb. 15 — The President, in an address before the congress of the National Federation of Sugar Planters, states that he hopes the planters will resolve their conflict with the Central owners over the assignment of quotas through amicable means and that they will join them in forming one solid organization. He promises that the Government will extend liberal crop loans on the basis of 60% of the price of the sugar.

Feb. 18 — In a meeting with the President, the Cabinet approves the elimination of middlemen in the purchase by the Government of construction ma-

terials from SCAP by placing the orders through the Philippine mission in Tokyo instead of through private brokers. It is stated that the Cebu Portland Cement Company has closed a contract for the purchase of 30,000 metric tons of cement from SCAP. The Cabinet approves also the policy of permitting foreign governments to buy real estate here for the use of diplomatic and consular offices, provided the governments concerned extend a similar privilege to the Philippine Government. The action followed a request of the Chinese Consul in Davao to be allowed to buy real estate there for his office and residence.

Feb. 19 — In compliance with a ruling of the President, Secretary Balmaceda instructs the People's Homesite and Housing Corporation to stop the sale of concrete hollow blocks to the public and to confine its sales to the Government and government corporations. In agreement with the private manufacturers certain standard prices have been fixed for the blocks.

Feb. 21 — Malacañan announces that the Senate has formally delivered the official transcript of Senate Resolution No. 70 notifying the Chief Executive that the Hon. Mariano Jesus Cuenco has been elected Acting President of the Senate, and that this has been received by the Executive Secretary and made a part of the official record. Senate President Jose Avelino tells the press that the 12-man session which elected Cuenco after he had adjourned the Senate and left with his followers, was illegal. Avelino adjourned the session because of alleged disorder in the gallery while Senator Lorenzo M. Tañada was attempting to file charges against him involving corruption.

The National Economic Council, with the President presiding, approves the project of the National Development Company to buy 3 ocean-going ships from SCAP in line with the Government's program to expand the merchant marine, taking advantage of an offer by SCAP to construct them at a cost below bids from other foreign bidders. The first ship is scheduled for delivery within 18 months and would be turned over to the De la Rama Lines either on a management, charter, or sales basis, according to conditions at the time. The Council also decides to reconstitute the Board of the National Coconut Corporation, with Conrado Benitez and Pablo Lorenzo to fill existing vacancies. Jose Agudo will remain in charge during the reorganization.

Feb. 22 — The President signs two treaties, one of Friendship and General Relations with Italy and the other on Civil Rights and Consular Prerogatives with Spain.

The President issues a statement declaring that the recent change in the organization of the Senate will not affect the functioning of the Government and that "the stability of this Government is not at stake".

The President appoints Secretary of Finance Pedrosa, Secretary of Agriculture and Natural Resources Placido L. Mapa, and Budget Commissioner Pio Joven to prepare a plan for the coordination of the administration of all former alien enemy property which has been turned over to the Philippine Government.

The Cabinet approves the sending of a delegation, headed by Under-Secretary Jose Camus of the Department of Agriculture and Natural Resources, to the meeting of the International Rice Commission which will open in Bangkok on March 7.

Feb. 23 — The President has instructed Ambassador J. M. Elizalde to "explore the possibility of reverting the excise tax on coconut oil, estimated at around P120,000,000, to the Philippine Government.

The President has also approved Secretary Balaceda's recommendation that the issuance of export permits for copra be continued although the International Emergency Food Council has discontinued the allocation of fats and oils because there is now a sufficient supply to meet essential demands.

The President directs that all security guards of the Surplus Property Commission be placed under military control and supervision. It is reported that sales amount to some P27,000 a day as against expenses of P20,000, and the President has urged the Commission to hasten the liquidation of the various depots in order to complete this before the June 30 time-limit set by the United States Government.

Feb. 24—The President, in ceremonies at Malacañan and on recommendation of the Women's International League headed by Mrs. Beatriz P. Ronquillo, in connection with its 10th anniversary, bestows gold medals and certificates of merit upon 5 foreign nationals who have distinguished themselves in service to the people of the Philippines. Mrs. T. H. Lockett delivers to them also impromptu rewards of P1000 each from private donors. The five are Mary E. Polley, of the Bureau of Education; H. Otley Beyer, of the University of the Philippines; Irving Hart, social worker; Mother Damien, Sister of Mercy, at the Culion Leprosy Colony; and Father Leon Quintelier, pioneer missionary in the Mountain Province.

Feb. 26—The President signs the Sotto Bill providing for the inclusion of the teaching of Spanish in Philippine high schools.

Secretary of Finance Pedrosa has issued a memorandum prohibiting finance officials and employees from gambling and going to gambling places, including horse races, jai-alai, and cockpits.

Feb. 27—The President addressing a delegation from the Catholic Women's League, urges the women of the Philippines to use their influence in helping their menfolk in the Government to raise the standard of morality in the conduct of public affairs.

Feb. 28—The National Economic Council discusses in general terms the proposed P200,000,000 development program of government corporations and tentatively considers at list of priorities. It also considers a PRATRA request that it be exempted from paying taxes.

The Department of Foreign Affairs announces that the U. S. Economic Cooperation Administration has authorized France to procure \$605,000 worth of abaca and \$100,000 worth of sisal or hequen maguey from Manila, to be delivered during the 2nd quarter of 1949.

The President, to promote freedom of speech, instructs Mayor Manuel de la Fuente of Manila to reserve the part of the Sunken Garden northwest of the City Hall as "Freedom Park" for all public meetings and demonstrations.

Banking and Finance

BY F. C. BAILEY
National City Bank of New York

THE usual financial summary of the reports of Manila banks compiled from reports of the Bureau of Banking is not available for this issue.

The Central Bank issued its first statement as of

January 31, 1949. Monetary circulation totalled P694,556,476, made up of all notes and coins outside the Central Bank and including P21,500,000 estimated to have been lost or destroyed as a result of the war. The latter figure was not included in the circulation statements regularly issued by the National Treasurer prior to the establishment of the Central Bank. The last statement so issued showed circulation on December 31, 1948, at P813,501,310. The net decrease results from a change in the compilation of the figures and is accounted for principally by the delivery to the Central Bank of the legal reserves, amounting to P169,351,029, of the various commercial banks. Against the January 31st circulation the Central Bank reported a total of P714,969,280 in international reserves, of which P712,200,164 was held in U.S. dollars and the balance in gold and other foreign currencies.

The Central Bank continues to supply dollar exchange at the following rates:

| | |
|-------------------|---------|
| Selling T.T. | P201.00 |
| Selling O/D | 200.95 |

The Central Bank has authorized the following rates within which commercial banks may quote to their clients:

| | <u>Selling</u> | <u>Buying</u> |
|---|----------------|---------------|
| U.S. Dollars T.T., over \$500.00 ... | P201.50 | P200.50 |
| 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, banks are quoting generally, for prime business, T.T. P201.50 selling, and P200.75 buying.

American Stock and Commodity Markets

BY ROY EWING
Swan, Culbertson & Fritz

January 28, 1949 to February 28, 1949

SINCE our last review in this column, the New York stock market has been in a steady decline.

The high for the period, as measured by the Dow Jones Industrial Average, was 180.39 on February 1 and the low 171.10 on February 25. The sharp drop in commodities in early February (see below), rising unemployment, and other indications that a broad adjustment in the American economy is underway, were responsible for the bearish sentiment.

Some earnings figures such as the 1948 total of \$184,500,000 of U. S. Steel caused short-lived rallies but could not offset such items as declining carloadings, a fourth cut in fuel-oil prices, and General Motors' announcement of price cuts for automobiles. Majority opinion is that while the "recession" will spread further, it will be controlled and orderly and in the long run the economy will be sounder with lower prices and a check to inflation.

In the first week of February the Rail Average broke into new low ground since July of 1947 thereby providing half of a signal, according to the Dow Theory that an extension of the bear market which began in July of last year is to be expected. The second half was provided on February 25 when the In-

dustrial Average broke through the previous minor low of last November. There is considerable opinion that the market already has discounted fully any recession in business that is likely to happen this year, but chartists believe that the averages will retreat to lower levels, from where developments will be appraised.

ALL commodities broke sharply in the early part of the period under review, but most recovered substantially in the latter weeks. New York Spot Cotton sold down to 32.64 on February 8 but has recovered to 33.58, practically unchanged from a month ago. Exports remained at high level; government loans now total approximately 4,500,000 bales. The May Contract of Chicago Wheat sold as low as 196½ on February 8 but is 218 ¾th today, unchanged from a month ago. Improved world production in addition to heavy supplies and lack of storage more than offset heavy government buying and the latter's announced intention to continue tremendous exports. May Chicago Corn broke to 116 ¾ asked on February 8, but has recovered to 132¾ down from 140¾ on January 23. The huge crop appears to have found a level at about \$0.30 below the loan. The carryover is expected to be a record high.

Sugar prices are up substantially from a month ago, the March Contract of No. 5 being 5.43 as compared to 5.26 on January 28, reflecting a strong statistical position and rumors of possible strikes in Puerto Rico.

Manila Stock Market

BY A. C. HALL
A. C. Hall & Company

January 16 to February 18, 1949

Mining Shares

FURTHER strength in active trading carried the market forward into new high ground by the beginning of February. Since then, profit taking has caused a moderate decline, with trading volume showing a decided tendency to dry up.

The market action was about as expected. The sharp advance since the year-end has weakened the market's internal position, and a period of consolidation appears necessary before sufficient strength can be generated to resume the forward movement.

Atok-Big Wedge and Mindanao Mother Lode made further gains, but base-metal issues were easier, particularly Lepanto. The decline in the latter stock was possibly influenced to some extent by the fear that recent weakness in United States commodity markets might overflow into the metal group. While the copper price has remained firm up to the present, scrap prices, much more sensitive

than primary prices, are showing a slightly easier tendency.

In addition to the foregoing, over-the-counter business during the month included 54,000 shares of Benguet Consolidated, P3 high, P2.90 low, closing at P2.95; Philippine Iron Mines traded at P31; and 200,000 shares Taysan "A" which changed hands between 15 and 13 centavos, closing at 14.

Commercial and Industrial Shares

Leading Sugar shares continue in demand at improved prices. Carlota, on an ex-cash and stock-dividend basis, closed equivalent to a further advance of P7 per share. San Miguel's were easier on some liquidation in an empty market.

1948-49 Range

| High | Low | | High | Low | Close | Change | Total Sales |
|--------|--------|--------------------------------|--------|--------|--------|-----------|--------------|
| 770.00 | 755.00 | Bank of the Philippine Is. | 770.00 | 764.00 | 764.00 | Unchanged | 65 |
| 620.00 | 600.00 | Central Azucarera de Bais | 620.00 | 609.00 | 620.00 | Up | 770.00 52 |
| 171.00 | 98.00 | Central Azucarera de la Caba | 171.00 | 115.00 | 115.00 | Off | P 1.00 425 |
| 107.00 | 70.00 | Central Azucarera del Pilar | 107.00 | 100.00 | 101.00 | Off | P 4.00 649 |
| 70.00 | 30.00 | Central Azucarera de Sara | 70.00 | 70.00 | 70.00 | Up | P10.00 20 |
| 60.00 | 40.00 | Ajay | 60.00 | 70.00 | 70.00 | Up | 18.00b |
| 185.00 | 173.00 | China Banking Corporation | 185.00 | 180.00 | 180.00 | Unchanged | — |
| 22.50 | 22.00 | Filipinas Cia. de Seguros | 22.50 | 22.00 | 22.00 | Unchanged | — |
| 1.00 | 4.00 | Manila Wine Merchants, Inc. | 4.00 | 4.00 | 4.00 | Off | .20 1,410 |
| 143.00 | 140.00 | Metropolitan Insurance Co. | 143.00 | 140.00 | 140.00 | Off | — |
| 1.16 | .80 | Pampanga Bus Company | .82 | .82 | .82 | Up | .02 2,000 |
| .305 | .15 | Philippine Oil Development Co. | .165 | .15 | .15 | Off. | .005 997,311 |
| 1.42 | 1.24 | Philippine Racing Club | 1.28 | 1.28 | 1.28 | Unchanged | 1,000 |
| 74.00 | 53.00 | San Miguel Brewery | 60.00 | 51.00 | 51.00 | Off | P 1.00 1,993 |
| 100.00 | 71.00 | William Equipment Co. Pld. | 75.00 | 71.00 | 71.00 | Off | P10.00 30 |
| 10.90 | 8.10 | William Equipment Co. | 7.75 | 7.75 | 7.75 | Off | — |
| | | Com. | | | | 7.10b | — |

Over-the-counter Commercial transactions included 100 shares Jai-Alai at P8; 8,000 shares Manila Broadcasting at P1.27; 200 shares Manila Jockey Club at P2; and 296 shares Victorias Milling between P160 and P155, but mostly at the latter figure.

Credit

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

AFEW months ago we mentioned that the granting of discounts for payments made before the due dates of invoices, was a device little used in the Philippines to speed up collections. While the practice might be successful in a few instances, we seriously question its effectiveness for Manila business houses in general. We are afraid that the only customers to take legitimate advantage of the discount would be those who would pay their bills on time in any event, in which case of course there would be no particular point in granting the discount. On the other hand, we suspect that any premium for paying bills before they are due would be considered as a regular trade discount by some customers and would be deducted whether earned or not.

Membership in the Association of Credit Men, Inc. (P.I.) totaled 67 at the end of last month and the applications of additional firms which desire to join are being considered from time to time. Besides its regular function of acting as a clearing house for credit information, the Association offers special services of benefit to its members, including warnings against the new methods of defrauding business houses that crop up now and again.

1948-49 Range

| High | Low | | High | Low | Close | Change | Total Sales |
|--------------|-------|----------------------------|--------------|--------|-----------|-----------|-----------------|
| 122.48 | 45.18 | Manila Stock Exchange Ave. | 94.40 | 81.27 | 86.21 | Off | .67 396,000 |
| P .375 P .24 | | Accejo Mining Company | P .375 P .14 | P .343 | Off | .02 | 130,000 |
| .028 | .01 | Antamok Goldfields | .013 | .013 | .013 | Up | .003 100,000 |
| .04 | .04 | Atok-Big Wedge Mining Co. | .67 | .59 | .62 | Up | .01 799,400 |
| .071 | .035 | Baguio Gold Mining Co. | .045 | .041 | .041 | Up | .006 10,150 |
| .0072 | .0025 | Batong Buhay Gold Mines | .0014 | .0027 | .0034 | Up | .0006 3,270,000 |
| .034 | .025 | Coco Grove, Inc. | — | — | .018b | — | — |
| .015 | .01 | Consolidated Mines, Inc. | .014 | .0115 | .014 | Unchanged | 35,971,607 |
| .085 | .081 | Irogon Mining Company | .038 | .038 | .038 | Unchanged | 231,680 |
| .34 | .30 | Lepanto Consolidated | .81 | .67 | .67 | Off | .09 600,000 |
| .0579 | .01 | Mabate Consolidated | — | — | .001b | — | — |
| 1.26 | .11 | Mindanao Mother Lode Mines | .67 | .59 | Up | .01 | 876,000 |
| .275 | .15 | Miramis Chromite, Inc. | .19 | .15 | .15 | Unchanged | 225,000 |
| .04 | .02 | Suroc Consolidated | .025 | .02 | Unchanged | — | 110,000 |
| .26 | .12 | San Maurice Mining Co. | .14 | .12 | .12 | Off | 41,000 |
| .43 | .215 | Surigao Consolidated | .30 | .27 | Unchanged | — | 281,000 |
| .095 | .04 | United Paracale Mining Co. | .041 | .041 | Up | .005 | 10,000 |

Insurance

By the Chairman, Manila Insurance Association

INSURANCE companies operating in the Philippines have been greatly concerned during the last year over various bills affecting their interests, and although strenuously opposed by every means in their power, some have been passed and the most important of all is now under consideration.

This important bill seeks to increase the local deposits of foreign insurance companies and to make them invest a percentage of their reserves locally. To anyone unconnected with insurance, the full implications of such a law are not obvious; in fact, the requirement may seem quite innocuous or even beneficial to the Philippine economy. However, there are so many aspects and ramifications that it is far from being the simple matter that it seems, and in the hearings which have been granted by the Committee on Banks and Corporations some interesting points have come out. It should be remarked here that the insurance representatives who attended the hearings much appreciate the attention they received in presenting their case.

The object of the bill is ostensibly to remove a disparity in the different requirements affecting domestic and foreign insurance companies, and to protect the interests of policy-holders, — but it has been admitted that the underlying aim is to obtain funds for the rehabilitation of the country.

The disparity question is disposed of by the fact that the ₱250,000, which is the minimum figure which must be subscribed before a domestic company can begin operations, represents their *capital*, whereas it is now proposed that foreign companies should provide the same sum as a *deposit* in addition to whatever their capital may be.

The argument that such a deposit would be a protection to policy-holders, is equally easily refuted. The time when the security offered by an insurance company is tested, is when the company is called upon to meet claims arising out of such a conflagration or catastrophic fire of which the press has reported so many examples in different parts of the world during the past few years. In cases such as these, local deposits, even when they are taken in conjunction with sums lodged to cover premium reserve, would represent only a fraction of the amount required, and it is on the main funds of the company that the claimant must rely for his indemnity. What is really necessary, therefore, is evidence that the central funds of the company, available to meet claims in all parts of the world, are sufficient.

Insurance companies, consequently, regard as unsound the locking-up in any country of assets which may be needed to meet an exceptional emergency in any part of the world. The danger of depending only upon funds locked up in a particular area, is apparent if consideration is given to the position which would have arisen had the companies been able to draw only on such funds in the case of calamities such as the San Francisco earthquake in 1906 or the Texas City disaster in 1947.

A further provision in the proposed bill is that insurance companies should invest a percentage of their premium reserves locally. Before commenting on this aspect of the bill it is necessary to explain that it is an insurance principle (and required by law) that 50% of a company's premium-income be regarded as "unearned" and debited to the year in which it

is written, but be carried forward as a credit to the following year. It is obvious that the need for holding funds at a central point applies equally to premium reserves and to guarantee deposits. Such reserves certainly bear some relation to the volume of business transacted, but they represent only a fraction of the liabilities undertaken. It is no more equitable to require a proportion of the receipts of the foreign insurance companies from their operation in the Philippines to be retained in the country, than it would be to withhold from other foreign exporters a percentage of the receipts from the sale of their goods. By reason of their long specialization in insurance, the companies are able to sell (i.e. to export) this service. To place restraints on an exporters' operations tends to impair the free flow of service or goods at the most reasonable prices for the nationals of the importing country.

Having shown that the reasons for filing this bill are invalid, we wish further to show that it would not be to the advantage of the Philippine economy.

It is not a fact that vast sums of money are sent abroad by insurance companies. Statistics show that over a period of years a company's underwriting profit is approximately 5%, the balance being taken up, roughly equally, by the loss-ratio and the expense-ratio: these last two items represent large sums paid locally which have a beneficial effect on the country's economy. Should the bill be passed as drafted, it would drive some companies away from operating direct, but they would continue to accept re-insurance from the companies which remain, without contributing to the country's economy as they would if they operated direct.

It is equally obvious that the compulsory investment of large sums of money (in the preamble of the bill this is estimated at ₱5,625,000), will disrupt the local market, — which must be admitted to be narrow as compared with such markets as New York or London, and any large realization would be detrimental for the same reason. Not only would insurance companies suffer a depreciation of capital, but their enforced market operations would react disastrously upon the investing public.

It has been suggested that local investments are necessary in order to afford some protection to local policy-holders in the event of a war which might involve the country of origin of an insurance company. It is difficult to follow the reasoning of this argument after the experience of the recent war when the Philippines experienced a period during which local investments were worthless. Surely this a further argument for the diversification of investments, the security of which was proved by British companies which continued to meet all their obligations notwithstanding the predicament of their own country. If another war occurs, it could not be foreseen what countries would be involved, and therefore the protection of policy-holders is best served by the utmost liquidity of insurance companies' investments.

Real Estate

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

THE Manila real estate market continued steady as to price levels during February, with a slight increase in peso volume of sales, ₱2,017,139, compared with ₱1,889,924 for January. Relatively small transactions continued to be the rule, the num-

ber of sales being 204 as compared with 208 for January.

Among the larger sales recorded in the Manila area during February were the following: A commercial block at Santo Cristo and Elcano Street was bought by Francisco Dee for P260,000. Jose Garrido purchased the Maria de los Angeles property in Binondo for P166,000. Otto Wyss sold his Santa Mesa home to Secretary Padilla for P120,000. E. J. C. Montilla purchased the Fred Berry mansion in Baclaran for P150,000. Charles S. Salmon disposed of his war-gutted Salmon Court on Donada Street to Mrs. Gregoria Ong for P155,000, and rehabilitation of the buildings is about to start. The Montague Lord home in Manila Heights was sold to the Good Shepherd Convent for P145,000. Manila Central University bought about 10 hectares of the Ateneo property at Bonifacio Monument, including the damaged concrete building, for P640,000.

Mortgage money continues fairly easy at 6% to 7% for moderate-sized loans. More private funds are going into mortgages than heretofore, at higher interest rates than charged by financial institutions.

Electric Power Production

Manila Electric Company System

BY J. F. COTTON
Treasurer, Manila Electric Company

1941 Average — 15,316,000 KWH

| | 1949 | 1948 | |
|-----------------|---------------|-------------|---|
| January | 33 745 000 * | 27 301 000 | K |
| February | 31 605 000 ** | 26 021 000 | I |
| March | | 26 951 000 | L |
| April | | 26 871 000 | O |
| May | | 28 294 000 | W |
| June | | 29 216 000 | A |
| July | | 31 143 000 | T |
| August | | 31 993 000 | T |
| September | | 32 012 000 | H |
| October | | 33 943 000 | O |
| November | | 32 661 000 | U |
| December | | 35 104 000 | R |
| Total | | 361 510 000 | S |

* Revised
** Partially estimated

February output was down because of the 28-day month. The increase over February, 1948, was 5,584,000 KWH or 21.4%.

Port of Manila

BY R. L. BARY
General Manager, Luzon Brokerage Company

SINCE the conference between the Commissioner of Customs, Philippine Ports Terminals Company of officials, and representatives of the various customs brokerage firms, there has been a noticeable improvement in pier conditions, due partly to lighter receipts but in a large measure to a policy of controlling the rate of unloading which has done away with the burying of packages already on the piers by later incoming shipments.

Little has been done with respect to the unloading at the gates for the checking of trucks, but this was not quite so serious last month as it was in January.

The basic remedy is of course more adequate pier facilities, and the situation will no doubt be considerably improved when Pier 9 is finished. This will effect not only better handling on the pier but will do away with the necessity of checking outward cargo at the gates.

The difficulty can well be understood when one takes into consideration the fact that goods unloaded from the ships are placed on the piers through 42 doors, 24 hours a days, and can only be moved out through one door, 8 hours a day. The tonnage being handled is just too much for present facilities and as Captain Enrique Razon has pointed out, on one large pier and two small piers in Manila nearly half as much cargo is handled as in the Port of San Francisco which has 142 piers. For the readers' information, 218,709 tons of cargo came in over the local piers in January.

Ocean Shipping

BY F. M. GISPERT
Secretary, Associated Steamship Lines

EXPORTS for the year 1948 showed an encouraging increase over total exports for the year 1947.

Some commodities showed a decline; but this loss was made up by considerable increases in other exports. A considerable increase in exports to Japan will be noted. A comprehensive picture can be gained by a glance at the following comparative export figures for 1947 and 1948 by commodities and destinations:

ALCOHOL

| | 1947 Tons | 1948 Tons |
|------------------------|--------------|--------------|
| U. S. A. | — | 170 |
| China | 1 | 351 |
| Saigon, Straits, India | 332 | 351 |

BAMBOO POLES

| | | |
|----------|-----|---|
| U. S. A. | 110 | 9 |
|----------|-----|---|

BEER

| | | |
|------------------------|----|-------|
| Honolulu | — | 500 |
| China | 64 | — |
| Japan | — | 1,361 |
| N. E. Indies | 27 | — |
| Saigon, Straits, India | 13 | — |

BUNTAL FIBER

| | | |
|----------|----|-----|
| U. S. A. | 1 | — |
| China | 65 | 230 |

COAL

| | | |
|-------|---|-------|
| Japan | — | 6,000 |
|-------|---|-------|

CIGARS AND CIGARETTES

| | | |
|------------------------|-----|----|
| Honolulu | 118 | 62 |
| U. S. A. | 11 | 1 |
| China | 24 | 64 |
| Saigon, Straits, India | 3 | — |
| Europe | 28 | 1 |

COCONUT DESICCATED

| | | |
|----------|--------|--------|
| Honolulu | 118 | 99 |
| U. S. A. | 58,057 | 91,590 |
| Canada | 162 | 1,910 |
| Europe | — | 48 |

COCONUT OIL

| | | |
|------------------------|--------|--------|
| U. S. A. | 17,580 | 42,204 |
| China | 14 | — |
| Saigon, Straits, India | 443 | — |
| Europe | 5,586 | 692 |
| Africa | 442 | — |
| S. America | 190 | 100 |

CONCENTRATES, COPPER

| | | |
|----------|-------|-------|
| U. S. A. | 9,576 | 4,640 |
|----------|-------|-------|

CONCENTRATES, GOLD

| | | |
|----------|-----|-------|
| U. S. A. | 726 | 1,072 |
|----------|-----|-------|

| | 1947 Tons | 1948 Tons | | 2,788 |
|---------------------------|--------------|--------------|------------|------------|
| COPRA | | | | |
| U. S. A. | 565,350 | 359,638 | | 71 |
| Canada | 25,285 | 17,239 | | 336 |
| Japan | 6,500 | 24,340 | | |
| Saigon, Straits, India | 13,200 | — | | |
| Europe | 272,748 | 198,276 | | 921 |
| Africa | 24,239 | — | | 1 |
| S. America | 18,272 | 14,541 | | |
| COPRA CAKE, MEAL | | | | |
| U. S. A. | — | 16,280 | | |
| China | 1 | — | | |
| Saigon, Straits, India | 7 | — | | |
| Europe | 37,173 | 28,564 | | |
| Africa | 789 | — | | |
| EMBROIDERIES | | | | |
| U. S. A. | 325 | 1,298 | | |
| EMPTY DRUMS | | | | |
| Honolulu | 649 | 364 | | |
| U. S. A. | 1,170 | 3,093 | | |
| China | — | 10 | | |
| N. E. Indies | — | 175 | | |
| Saigon, Straits, India | — | 94 | | |
| Australia | 771 | 313 | | |
| FISH, DRIED | | | | |
| Honolulu | 205 | 133 | | |
| U. S. A. | 7 | 19 | | |
| China | 5 | — | | |
| Saigon, Straits/ India | — | 8 | | |
| FOODS, CANNED | | | | |
| Honolulu | 26 | 10 | | |
| U. S. A. | 201 | 1,907 | | |
| China | 7 | 45 | | |
| Japan | — | 1 | | |
| N. E. Indies | 1,938 | — | | |
| Saigon, Straits, India | 61 | 1 | | |
| FRUIT, FRESH | | | | |
| Honolulu | — | 14 | | |
| China | 336 | 181 | | |
| FURNITURE, RATTAN | | | | |
| Honolulu | 4,073 | 3,801 | | |
| U. S. A. | 2,087 | 2,077 | | |
| Canada | 6 | 8 | | |
| China | 54 | 21 | | |
| N. E. Indies | 73 | — | | |
| Saigon, Straits, India | 8 | 6 | | |
| Europe | 7 | 3 | | |
| Australia | 21 | 8 | | |
| Africa | — | 6 | | |
| S. America | 728 | 775 | | |
| GLYCERINE | | | | |
| U. S. A. | — | 490 | | |
| China | 9 | 5 | | |
| Europe | — | 70 | | |
| GUM, COPAL | | | | |
| U. S. A. | 361 | 754 | | |
| China | — | 15 | | |
| Japan | — | 36 | | |
| Europe | 251 | 85 | | |
| Africa | 17 | — | | |
| S. America | 24 | 18 | | |
| GUMS, ELEMI | | | | |
| U. S. A. | 80 | 3 | | |
| Europe | 120 | 24 | | |
| HEMP | | | | |
| U. S. A. | 541,728 | 295,983 | | |
| Canada | 7,675 | 7,224 | | |
| China | 7,653 | 13,888 | | |
| Japan | 4,565 | 139,420 | | |
| Saigon, Straits, India | 7,576 | 4,928 | | |
| Europe | 178,878 | 170,080 | | |
| Australia | 3,228 | 42 | | |
| Africa | 7,390 | 3,610 | | |
| S. America | 2,280 | 3,450 | | |
| HEMP, KNOTTED | | | | |
| U. S. A. | 13 | 34 | | |
| Europe | 46 | 33 | | |
| HOUSEHOLD GOODS | | | | |
| Honolulu | 6 | 9 | | |
| U. S. A. | 443 | 973 | | |
| Canada | 2 | 1 | | |
| China | 25 | 104 | | |
| Japan | — | 89 | | |
| N. E. Indies | 10 | 2 | | |
| Saigon, Straits, India | 35 | 24 | | |
| Australia | 68 | 29 | | |
| Africa | — | 16 | | |
| S. America | 1 | 24 | | |
| Europe | 54 | 78 | | |
| JUNK, METAL | | | | |
| U. S. A. | 3,695 | 106,919 | | |
| Canada | — | 4,536 | | |
| China | 5,228 | 5,134 | | |
| Saigon, Straits, India | 320 | 3,578 | | |
| KAPOK | | | | |
| Honolulu | 3 | — | | |
| U. S. A. | 287 | — | | 921 |
| Europe | — | — | | 1 |
| LOGS | | | | |
| U. S. A. | — | — | Board feet | Board feet |
| Canada | — | — | 3,495,792 | 10,718,432 |
| China | — | — | — | 221,858 |
| Japan | — | — | — | 2,515,407 |
| N. E. Indies | — | — | — | 1,550,778 |
| Saigon, Straits, India | — | — | — | 191,389 |
| Europe | — | — | — | 146,428 |
| Australia | 1,008 | — | — | 9,669 |
| Africa | — | — | — | 500,047 |
| S. America | — | — | — | 211,900 |
| LUMBER | | | | |
| Honolulu | 139,053 | — | — | 46,381 |
| U. S. A. | 322,442 | — | — | 12,338,711 |
| China | — | — | — | 221,067 |
| Japan | — | — | — | 2,001,032 |
| Saigon, Straits, India | — | — | — | 690 |
| Africa | — | — | — | 127,717 |
| MOLASSES | | | | |
| Japan | — | — | Tons | Tons |
| Saigon, Straits, India | 618 | — | — | 7,741 |
| Africa | — | — | — | 1,100 |
| | | | | 11,811 |
| ORES, CHROME | | | | |
| U. S. A. | 181,701 | — | — | 235,942 |
| Europe | 2,600 | — | — | 16,500 |
| ORES, IRON | | | | |
| Japan | — | — | — | 16,196 |
| ORES, MANGANESE | | | | |
| U. S. A. | 3,360 | — | — | 8,736 |
| Japan | — | — | — | 6,748 |
| PINEAPPLES, CANNED | | | | |
| U. S. A. | — | — | — | 17,632 |
| RATTAN (Palsaan) | | | | |
| Honolulu | 145 | 293 | | |
| U. S. A. | 919 | 1,126 | | |
| China | 9 | 29 | | |
| Japan | 8 | 17 | | |
| Europe | 7 | 1 | | |
| Africa | 1 | — | | |
| S. America | 8 | 2 | | |
| RICE | | | | |
| Japan | — | — | 1947 | 1948 |
| N. E. Indies | 12,820 | 9,378 | — | 9,378 |
| Saigon, Straits, India | 19,161 | 9,349 | — | 9,349 |
| | | | — | 3,477 |
| ROPE | | | | |
| Honolulu | — | — | — | 8 |
| U. S. A. | 1,018 | — | — | 808 |
| Canada | — | 7 | — | — |
| China | 320 | 303 | — | — |
| Japan | — | 166 | — | — |
| N. E. Indies | 160 | 534 | — | — |
| Saigon, Straits, India | 614 | 1,211 | — | — |
| Europe | 49 | 51 | — | — |
| Africa | 241 | 225 | — | — |
| S. America | 610 | 700 | — | — |
| RUBBER | | | | |
| U. S. A. | 1,750 | 1,196 | | |
| China | 3 | — | | |
| SHELLS | | | | |
| U. S. A. | 1,203 | 726 | | |
| China | — | 4 | | |
| Europe | 16 | 38 | | |
| S. America | — | 31 | | |
| SHELL, BUTTONS | | | | |
| U. S. A. | 15 | 39 | | |
| Japan | — | 2 | | |
| SKINS AND HIDES | | | | |
| U. S. A. | 951 | 560 | | |
| Japan | — | 365 | | |
| Saigon, Straits, India | 25 | — | | |
| Europe | 304 | 36 | | |
| SOAP | | | | |
| Canada | — | 58 | | |
| China | — | 1 | | |
| Japan | — | 17 | | |
| SUGAR, RAW | | | | |
| U. S. A. | 17,500 | 220,948 | | |
| TOBACCO | | | | |
| Honolulu | 8 | 3 | | |
| U. S. A. | 1,046 | 151 | | |
| China | 552 | 258 | | |
| Saigon, Straits, India | 1,354 | 350 | | |
| Europe | 3,658 | 2,958 | | |
| Australia | 79 | 2 | | |

VEGETABLE OIL PRODUCTS

| | | |
|------------------------|-----|-----|
| Honolulu | — | 70 |
| U. S. A. | 121 | 260 |
| Canada | — | 2 |
| China | 537 | 66 |
| Japan | — | 36 |
| Saigon, Straits, India | — | 55 |
| Africa | 294 | 415 |
| S. America | 206 | 739 |

WINES & LIQUORS

| | | |
|------------------------|-----|-----|
| Honolulu | 220 | 89 |
| U. S. A. | 5 | — |
| China | 33 | — |
| Japan | 395 | 220 |
| Saigon, Straits, India | — | 14 |

TRANSIT CARGO

| | | |
|------------------------|-------|-------|
| U. S. A. | 619 | 264 |
| China | 127 | 3,377 |
| N. E. Indies | 29 | 31 |
| Saigon, Straits, India | 1,354 | 614 |

GENERAL MERCHANDISE

| | | |
|------------------------|--------|--------|
| Honolulu | 887 | 600 |
| U. S. A. | 52,965 | 46,813 |
| Canada | — | 496 |
| China | 13,703 | 16,529 |
| Japan | 24,149 | 47,855 |
| N. E. Indies | 3,713 | 4,044 |
| Saigon, Straits, India | 3,327 | 6,582 |
| Europe | 4,070 | 1,277 |
| Australia | 2,223 | 4,299 |
| Africa | 9,768 | 5,342 |
| S. America | 5,183 | 10 |
| (Mostly Army Surplus) | — | — |

GRAND TOTAL 1,564,421 * 1,821,881 *

* Includes bales at 8 to the ton and board feet at 140 to the ton.

1948 Imports and Exports

Bureau of the Census and Statistics

| | 1948 | 1947 |
|-----------------------|----------------|---------------|
| Total trade | P1,774,819,524 | 1,553,797,312 |
| Imports | 1,136,409,068 | 1,022,700,608 |
| Exports | 638,410,456 | 531,096,704 |

Ten Principal Imports

| | 1948 | 1947 |
|---|--------------|-------------|
| 1. Cotton and manufactures | P137,363,424 | 153,442,226 |
| 2. Rayon and other synthetic textiles | 105,019,904 | 90,584,900 |
| 3. Grains and preparations | 84,110,422 | 98,834,050 |
| 4. Mineral oils (petroleum products) | 68,503,810 | 36,842,052 |
| 5. Automobiles, parts of, and tires | 63,910,034 | 51,414,052 |
| 6. Iron and steel and manufactures | 55,888,764 | 46,144,372 |
| 7. Tobacco and manufactures | 49,391,482 | 43,962,246 |
| 8. Dairy products | 45,824,662 | 42,625,172 |
| 9. Paper and manufactures | 44,714,054 | 38,887,246 |
| 10. Machinery, machines and parts of (except agricultural and electrical) | 43,170,350 | 36,422,882 |
| Other imports | 438,512,162 | 383,541,310 |

Ten Principal Exports

| | | |
|--|-------------|-------------|
| 1. Copra | 309,400,124 | 354,415,334 |
| 2. Abaca, unmanufactured | 60,294,087 | 63,432,374 |
| 3. Desiccated coconut | 57,491,099 | 19,054,858 |
| 4. Sugar | 41,580,077 | 4,081,186 |
| 5. Coconut oil | 40,738,581 | 13,940,603 |
| 6. Embroideries | 13,917,276 | 2,335,116 |
| 7. Pineapples, canned | 7,648,327 | — |
| 8. Copra meal or cake | 7,425,325 | 4,391,434 |
| 9. Chromite | 5,191,779 | 446,500 |
| 10. Rope | 4,066,577 | 2,904,520 |
| Other exports (including re-exports) | 46,891,007 | 66,095,079 |

Inter-Island Shipping

BY G. F. VANDER HOOFT
 Manager, Everett Steamship Corporation

THE Philippine Shipowners' Association has recently protested to government authorities concerning the practice of using Philippine Naval Patrol ships for transporting government cargo between inter-island ports, particularly cement, which is now exclusively being shipped in this manner from Cebu to Manila.

This practice is in direct competition with inter-island shipping and greatly affects its interests. It is hoped that the Government will discontinue this practice in the interest of fostering the country's privately operated merchant marine.

Land Transportation (Bus Lines)

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

IN official and in business circles, there has been a considerable discussion on the proposal to provide bus terminal facilities within the City of Manila and/or its suburbs. These facilities would consist of a central station or stations to serve the incoming and outgoing buses of operators covering lines between Manila and provincial points. They would likewise serve as pick-up points for urban and interurban operators and would, in theory, eliminate a portion of the present traffic congestion which constitutes a major problem.

Operators of buses serving city lines and those covering lines between Manila and the outlying provinces are almost unanimously opposed to the suggested plan. Operators of "jitneys", "jeepneys", and similar small public utility vehicles are, generally speaking, in favor of it.

From the viewpoint of the operator serving lines between provincial points and Manila, there is nothing that the central terminal proposal has to offer, either by way of increase in facility of operation or by way of benefit to public interest. Many of these companies have a substantial capital investment in their own terminals, constructed at high cost under post-war conditions, through the use of which, the interests of their patrons are, in general, efficiently and satisfactorily served. To compel these companies to abandon their own terminals and utilize the facilities of a central terminal or terminals operated by the City or the National Government, would result in great financial loss to them.

The original suggestion regarding central terminals was to provide two such facilities, one south and one north of the Pasig River, thus to eliminate provincial buses from bridge traffic as well as from the more congested of the city's streets. Urban buses and other public utility vehicles would provide shuttle-services, transporting incoming and outgoing passengers between terminals and markets, etc. The disadvantage to the public convenience are apparent:

1. The necessity of disembarking at a point far from market facilities. This would affect public transportation originating at southern provincial points to a greater extent than that from the north.

2. The necessity of paying cargadores for handling produce and other forms of baggage, as well as the risk of loss of such goods through pilferage and looting.

3. The necessity of paying an extra charge for transportation from the terminal to market or other destination.

4. The increased risk from the operations of pickpockets who would find a congested bus terminal a very profitable field in which to do business. Under present conditions, most operators have practically eliminated this hazard at their own terminals.

5. The delay caused by transferring from one carrier to another.

* See "The Bus Terminals Proposal" by Frank S. Tenny, in the February issue of this Journal.

From the broader aspect, the construction and operation of a bus terminal capable of handling several hundred departures and arrivals per day would require a colossal investment. The Government would obviously liquidate this investment and cover operational costs by charging operators for the use of the facilities. These charges would, without doubt, be far in excess of the current cost of operating their own terminals and would probably require an upward adjustment in basic passenger and freight rates. In addition, the record of the Government in business vs. that of private enterprise speaks for itself. The chances for successful and efficient government operation of a project of this nature are very small.

There are various theories on the causes and cure of traffic congestion in the City of Manila. Our traffic problems are not primarily caused by the large provincial buses or by the urban buses which operate on the city's streets. Their capacity is 30 to 50 passengers each depending upon type, 5 to 6 times as great as that of the thousands of individual jeeps and other similar vehicles which crowd the main arteries of traffic, whose drivers pay little attention to regulations or to the rights and safety of others.

The elimination of a few hundred provincial buses from the bridge and crowded city traffic would have no appreciable effect on current congestion. The elimination of 2,000 jeeps and their substitution by the use of 200 buses of 40 passengers capacity each, operated by a few reputable companies, would do far more toward the desired end.

It has been stated that it is feasible for provincial operators to utilize bus terminals and reduce their fares by an amount equivalent to the cost of the additional transportation called for plus extra baggage and freight handling charges accruing to passengers. Current rates between provincial points and Manila vary from 1 to 1½ centavos per passenger per kilometer. A passenger from a point in Laguna province, 100 km. distant from Manila, pays ₱1.00 for his fare from embarkation to a bus terminal opposite the Divisoria market. Under the central terminal proposal, he might have 5 centavos deducted from that basic fare due to location of the terminal south of the Pasig River.

Additional charges, on the other hand, would involve at least 10 centavos fare in getting to his destination (possibly 20 centavos). There would also be a minimum charge of 20 centavos, and in many cases more than that, for cargadores' service necessitated by the transfer. The disadvantage to the public is obvious.

It is admitted that central bus terminals are successfully operated in every large city in the United States, but the circumstances cannot be compared to those in Manila. In United States cities the urban service is maintained by a single bus company or at most 2 or 3 such companies whose operations are properly scheduled and efficiently operated under adequate and strict government supervision. Manila is served by literally thousands of operators whose fleets consist of from one or two small jitneys in many cases, to as many as 200 or so modern buses in others. With the exception of the operations of the larger companies, fixed routes, schedules, and fares are not followed. We have a mass of public transportation on the streets which it is impossible for the authorities to supervise except most superficially. The greatest stretch of imagination could not present a picture of the added bedlam that would be created in the traffic by the concentration of this accumulation of public carriers within and around a central terminal.

The same comparative conditions prevail with respect to bus services from outside points into Manila when considering inter-city and cross-country land transportation in the United States. Here there are approximately 1,500 bus units of one type or another operating from provincial points to Manila and vice versa. Possibly 60% of these units are owned by reputable and efficient operators who have their own terminal facilities, which might vary in rating from excellent in some cases to poor in others. The rest of these vehicles are operated by irresponsible small concerns that have no facilities and pay little attention to schedules, routes, rates, and other regulations. The problem of housing these operations would be a serious one, whereas in a typical United States city not more than 2 or 3 operators are involved; schedules, rates, and routes are fixed, and the buses are all modern and of maximum capacity.

In an American city terminal, passenger traffic only is handled. Into any bus terminal in the Philippines come not only passengers but large quantities of produce such as fruits, vegetables, and manufactured articles, in addition to the substantial numbers of chickens, pigs, and other livestock to be marketed, plus other items such as charcoal, firewood, coco-

nuts, etc., that help to make up the load of any incoming provincial bus.

The operators, controlling a majority of the provincial buses entering Manila and who have their own terminal facilities, have developed the necessary procedure and technique for efficiently handling the loads described. Under a central terminal arrangement, the total volume of this type of traffic would be so great that it would be almost impossible to handle it efficiently.

It has been stated that the central terminal plan would eliminate over-night street parking of buses. This could be eliminated very simply by the passage of proper city regulations and their subsequent enforcement. It is difficult to visualize in Manila a central terminal facility capable of housing a minimum of 700-800 buses, plus the office and maintenance space necessary in the cases of the many operators concerned.

Bus operators as a group consider the plan to be unsound and impractical of operation.

Note by Mr. Tenny: Advocates of the bus terminal plan appear to differ with the opponents of the plan, not on the basic points involved but only on questions of detail. Private rather than governmental operation is acceptable to the advocates of the plan if this could be arranged to the satisfaction of all concerned. The matter of the exact locations of the terminals is of secondary importance and there is no intention on the part of the advocates of the plan to cause the abandonment of suitable terminals which have already been constructed by progressive operators. In view of the fact that the terminal plan has been successfully adopted elsewhere, I believe that an acceptable local plan could be worked out which would take into full consideration all of the various facts brought out by both sides.

Mining

BY CHAS. A. MITKE
Consulting Mining Engineer

I AM a consulting engineer, and have made the Philippines my home since March, 1938. I am one of many Americans who like the country, and believe in its future. For this reason, after liberation, in February, 1945, I did not return to the United States immediately, but remained here to see what I could contribute toward the rehabilitation of the mining industry.

After considerable effort, over a three-year period, I succeeded in interesting the largest copper-mining corporation in New York in properties in the Philippines. The corporation sent out an engineer, who remained six months, studying the properties and business conditions generally. In January, 1948, two additional engineers, one of them the late Dr. H. Foster Bain, came out for the same purpose, and an option contract was drawn up. It was understood that if preliminary investigations and drilling proved satisfactory, the American corporation would invest (apart from the purchase price of the property) some ₱50,000,000 in plant, townsite, equipment, wharf, etc. This would have given employment to many thousands of Filipinos. It would have involved large expenditures for monthly payrolls, purchase of local supplies, etc. and would have resulted in mining on a scale heretofore not seen in the Philippines.

Everything was going smoothly, when a bill to license mining engineers was introduced in the 1948 Congress which was passed by both Houses. Besides containing many objectionable and restrictive features, the wording of certain clauses in this bill (according to the copper corporation's attorneys and other legal authorities) would have prohibited American mining engineers from practicing their profes-

here unless a special treaty were entered into between the American and Philippine Governments. The matter was called to the attention of the President, and he vetoed the bill. It was immediately re-introduced in the Special Session of Congress and was again passed by both Houses. Then it was vetoed a second time by the President.

I was in New York at the time, endeavoring to enlist additional American capital for Philippine mining ventures, and was with the head of the copper corporation when word was received from Manila of the passage of the Licensing Law a second time. He immediately told me that he was "so shocked" at the action of Congress in passing, over the Philippine President's veto, adverse legislation which would not permit him to employ his own experts in the large mining undertaking he was contemplating, that he would cancel his option, as he felt that this was merely an indication of what he might expect in the future. He added that he would make his investments in countries that are more friendly to American capital.

Thus, an investment of P50,000,000, American money, was lost to the Philippines. This was not salvage or reconstruction money, but new capital. Its investment would have given a tremendous impetus to the entire mining industry, and would, unquestionably, have done much to bring additional capital here.

Lumber

By E. C. VON KAUFFMANN

President, Philippine Lumber Producers' Association

THERE is a slight improvement in the local market but not enough to satisfy producers as this is the time of the year when constructions should be in full swing.

Exporters are somewhat alarmed at the stiff competition encountered in the United States which has compelled them to reduce their prices considerably during the past months. In view of this, they are now trying to secure a reduction of freight rates from the Associated Steamship Lines, to somewhat compensate for the drop in prices and to assure them of continued exports. They feel that ship-owners would be more than compensated by the increase in export thereafter.

The minimum quantity established for loading at ports has been 150,000 board feet instead of the pre-war 200,000 and was to have been increased to the latter figure, effective February 28. This has now been postponed to May 31. Exporters feel that the 150,000 board feet minimum should not be increased as this quantity can be loaded usually within 18 to 24 hours without entailing heavy overtime wages for the stevedores.

Copra and Coconut Oil

By MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH E. DAY

President, Philippine Refining Company, Inc.

January 16, 1949, to February 15, 1949

FROM the viewpoint of Philippine copra producers and traders, the period under review was a discouraging one. In spite of the certainty of light copra production in the Philippines and rumors of a

substantially overvalued position, copra prices were forced to yield to the downward pull of large cottonseed, soya, and tallow surpluses pressing on the United States market, and gradually drifted downward until near the close of the period.

So strong was this influence that at one time a radical break was imminent, but the United States Government, faced by too rapid a contraction of oils and fats values and the consequent need of far greater price subsidies to farmers, took two steps. On February 2, it de-controlled the export of indigenous inedible oils and fats (which proved relatively ineffective), and on February 10 it removed all oils and fats from IEFPC control. These steps were taken with the hope that increased shipments of excess oils and fats to Europe would relieve pressure on the domestic markets and thus curb the decline, domestic prices having sunk to levels considerably below what Europe considered fair values.

The catch in this action, however, was the plain fact that most European buying is predicated entirely on ECA dollars, and these dollars are available only in such quantities and for purchase at such prices as Uncle Sam may dictate. For a few days the markets hesitated on the theory that the de-control had already been discounted, but at the close of the period prices steadied, and the decline was, temporarily at least, checked.

During this entire period the weak factors were cottonseed oil, soya bean oil, and tallow, which sank in price to as low as 13-1/4¢, 12¢, and 8¢ per lb., respectively, thus dragging coconut oil down to 13¢ c.i.f. N.Y. with large buyers sitting on the sidelines and rooting for an 11¢ market. At 13¢, coconut oil is still comparatively overpriced, but it is in relatively short supply and for edible purposes becoming more attractive, although soapers, with the large differential favoring tallow, are still using minimum quantities. Incidentally, soap sales are reported very slow, and the use of soapless detergents is on a sharp upswing.

TO get back to the Philippines, copra opened the period with a steady market, sales at \$190 c.i.f. P.C., and shorts indicating willingness to buy at \$180 f.o.b. During the entire month comparatively little business was done, for sellers held back because of the light production and their conviction that copra was worth more. Buying was, therefore, largely confined to short coverings and sales were reported from as high as \$195 c.i.f. and \$200 f.o.b. to as low as \$175 c.i.f. and \$167.50 f.o.b. France bought some copra on f.o.b. terms, landed weights, which terms are unsatisfactory to most sellers. Canada bought 1500 tons at \$195 c.i.f., one of the largest sales of the month. As the period ended, markets looked better and offers were being solicited at \$185 c.i.f. and \$175 f.o.b., with sellers entirely uninterested and holding their small stocks for considerably higher figures.

Of course, copra prices reflected oil prices and coconut oil dropped from 14-1/2 cents f.o.b. P.C. to 13 cents, at which figure some oil was sold for forward shipment. Sales of bulk oil were reported at from 14¢ down to 13¢ c.i.f. N.Y., but at closing, 14-1/2 c.i.f. N.Y. was indicated for reasonably prompt shipments. One sale of oil was reported to Italy at between 15 and 15-1/2¢ c.i.f. and Germany was in the market for oil as the period ended. Oil offerings were sparse, as copra replacement costs were prohibitive and supplies were very scarce.

Local copra prices, although generally reflecting outside markets, were influenced by spot conditions for local needs. Thus copra varied in Manila and Cebu between P37.50 and P30, both prices being high when quoted. Supplies were unusually small, and what copra there was, was largely held for outport shipments as such. Desiccated consumption was also a telling factor particularly in the Manila district.

Copra shipments for the month were relatively small, totalling 23,778 tons as against 57,960 tons in January, 1948. The breakdown follows:

| | |
|---------------------|--------|
| Pacific Coast | 10,337 |
| Atlantic | 4,087 |
| Gulf | 5,723 |
| France | 1,457 |
| Venezuela | 1,133 |
| South Africa | 512 |
| Panama | 529 |

Two January loadings for Europe have been delayed until February.

Oil shipments were negligible, totalling 1,633 tons, all of which was consigned to the U. S. Atlantic Coast.

Copra cake and meal markets were nominal, there being very little business available or desired. European f.o.b. indications ranged from \$45 to \$48 per long ton and meal could be sold on the Coast at from \$65 to possibly \$70 c.i.f. per short ton.

AS the period closed, two things were evident. First, the American value of coconut oil for industrial purposes was lower than the European edible value. Second, coconut oil is still high-priced as contrasted with other oils and fats in the United States. The value for copra to Europe exceeded its value for oil to the United States. Consequently, Philippine crushers were shutting down and waiting for better times, and American crushers were largely doing the same thing or turning to other seeds. Thus there is comparatively little coconut oil available anywhere, which may have a steadying effect on the small demand. The local markets do not seem to be heavily oversold but very few dealers are long and future sales must depend on production which is and is likely to continue to be very light, even for this time of the year.

Although as we write the immediate situation is a tight one, nobody seems to have much confidence in the market, and while a temporary hardness is anticipated, it would not be surprising if thereafter prices might drift lower once more, although perhaps very gradually and not so emphatically as last month. Any intelligent appraisal is, however, hazardous, for the normal laws of supply and demand cannot function properly at a time when unusual circumstances and simple government actions can so easily completely upset the picture one way or the other.

Desiccated Coconut

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

THIS report covers the period from January 15 to February 15. As a result of the sudden and great drop in copra prices in early January, due to foreign influences, the copra and nut markets have fluctuated more or less normally.

However, sellers are not reconciled themselves to the fact that lower copra prices are here to stay, and when influencing factors indicate higher prices, diehards hold the copra and in the case of nuts refuse to harvest, expecting to get better prices, this indirectly making supplies difficult to get in a rising market. But as foreign factors are so great, the local influence has had very little effect, and this substantiates the belief among copra and nut men that a healthier market is here and will likely stay.

Nut prices remain very close to the copra equivalent, but supplies are a little tight at the closing of the period. Labor seems to be more or less settled at present, with one other company now paying bonuses for night work.

The shipping statistics for the month of January are as follows:

| Shippers | Pounds |
|--|------------------|
| Franklin Baker Co. of the Philippines .. | 3,136,470 |
| Blue Bar Coconut Company | 131,130 |
| Peter Paul Philippine Corporation | 2,660,000 |
| Red V Coconut Products, Ltd. | 1,736,500 |
| Sun-Ripe Coconut Products, Inc. | 415,600 |
| Standard Coconut Corporation | 365,000 |
| Isabelo S. Hilario | 0 |
| Cooperative Coconut Products, Inc. | 0 |
| Tabacalera | 324,900 |
| Luzon Desiccated Coconut Corporation .. | 253,620 |
| GRAND TOTAL | 9,023,220 |

Sugar

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

THIS review covers the period from January 29 to February 26, 1949.

New York Market. The period opened with spot at 5.65¢ and buyers indicating interest at that price for suitable positions. Some sales of Cuban and Puerto Rican sugar were made on that basis. Thereafter the market became dull and listless and prices fell, no doubt attributable in part to the falling prices of other commodities. Spot fell to 5.60¢, and there were sales of Cubas, Puerto Ricos, and Philippine sugar at the same price. Toward the end of February, however, the market became steadier, and exchange quotations moved upward, followed by a sharp improvement in prices for actual sugar available for prompt arrival and shipment. The market at the close was firm, sellers asking 5.75¢ for prompt shipment and buyers indicating 5.70¢. Spot advanced to 5.70¢. This recovery, coming during the production pressure-period and in face of the general weakness of other commodity markets, is regarded as encouraging. The following sales of Philippine sugar were reported:

| 1949 | | | | |
|-------------|----|---|------------|---------------------------|
| January | 28 | — | 2,500 tons | February/March 5.66¢ |
| | | | 2,000 " | " 5.64¢ |
| February | 8 | — | 9,000 " | March/April 5.60¢ |
| | 10 | — | 1,000 " | February/March 5.62¢ |
| | 18 | — | 3,000 " | March arrival 5.65¢ |
| | 23 | — | 19,000 " | February/March/Apr. 5.65¢ |
| | 24 | — | 2,000 " | March/April 5.70¢ |
| | 25 | — | 2,000 " | April/May 5.71¢ |
| | | | 3,000 " | " 5.70¢ |
| | | | 2,500 " | February/March 5.72½¢ |
| 46,000 tons | | | | |

Quotations on the New York sugar exchange for the period January 14 to February 15, 1949, under Contracts Nos. 4 and 5, were as follows:

| Contract No. 4 (World Market) | High | Low | Close | Sales |
|-------------------------------|-------|-------|-------|-------------|
| March | 4.02¢ | 3.83¢ | 3.83¢ | 20,900 tons |
| May | 4.04¢ | 3.87¢ | 3.87¢ | 6,800 " |
| July | 5.27¢ | 5.18¢ | 5.18¢ | 45,700 " |
| September | 4.04¢ | 3.86¢ | 3.86¢ | 17,200 " |
| March, 1950 | 3.60¢ | 3.35¢ | 3.26¢ | 4,250 " |
| Total | | | | 75,850 tons |

| Contract No. 5 | High | Low | Close | Sales |
|-----------------------|-------|-------|-------|--------------|
| March | 5.29¢ | 5.21¢ | 5.21¢ | 11,750 tons |
| May | 5.27¢ | 5.18¢ | 5.18¢ | 41,450 " |
| July | 5.27¢ | 5.18¢ | 5.18¢ | 54,700 " |
| September | 5.27¢ | 5.18¢ | 5.18¢ | 28,350 " |
| November | 5.20¢ | 5.20¢ | 5.18¢ | 500 " |
| December | 5.15¢ | 5.15¢ | 5.15¢ | 150 " |
| March, 1950 | 4.83¢ | 4.79¢ | 4.79¢ | 2,450 " |
| Total | | | | 180,350 tons |

Local Market. (a) Export Sugar. During the greater part of February, the market was dull and inactive, buyers quoting nominally P12.60 per picul; but toward the end of the month, in keeping with the improvement in the New York market, prices picked up and the market became active. At the close there

were buyers at P13.15 per picul ex mill warehouse. (b) Domestic Sugar. The market was weak and there was a steady decline in prices. At the close centrifugals were quoted at from P14 to P14.50 per picul ex mill warehouse. Manila quotations to dealers were P16 for centrifugals and from P16.50 to P20 for washed sugar.

General. The average spot price for sugar in the New York market for the calendar year 1948 was 5.565¢.

The *Weekly Statistical Sugar Trade Journal* of January 27, 1949, reports the total United States sugar consumption for 1948 at 5,933,577 long tons of refined, against 6,261,652 tons for 1947. It calculates the per capita consumption to be 89.81 pounds for 1948 against 96.51 pounds for 1947. It is felt that the 1947 figures showed an excessive increase due to the building up of invisible supplies following the ration period, whereas in 1948 there was no incentive to buy beyond normal requirements.

As from February 18, and effective until April 30, 1949, the freight rate on sugar from the Philippines to United States Atlantic and Gulf ports has been reduced from \$18 to \$15.50 per long ton.

It is reported that the basic 1949 Cuban crop has been officially set at 5,659,061 short tons.

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Tobacco

BY THE CONDE DE CHURRUCA
President, Manila Tobacco Association

It is with great interest that everyone having anything to do with the tobacco business, is following the Government's plans for the rehabilitation of the industry through the National Tobacco Corporation. It is understood that the sum of P3,000,000 has been appropriated for that end, and already conventions of manufacturers and farmers have been held and the Philippine Tobacco Planters' Association has been organized.

The National Tobacco Corporation has in its hands a powerful instrument, money, and the manner in which it will be used will be of great importance for the future of the business.

One of the principal activities of the National Tobacco Corporation is the buying of tobacco, and, to a degree, establishing the prices that will be paid to the farmers. This is a very serious responsibility; the prices paid will be the deciding factor in the rehabilitation of the business, for if prices are too low the farmers will be discouraged and if they are too high the whole business will eventually be paralyzed.

A good way to establish a base-price would be to make a thorough study of world-prices for similar tobaccos, as all exports will have to be based on them, for local buyers could, if local prices were too high, buy American leaf-tobacco by preference, so as to supply the market with a low-priced American type of cigarette.

We must not forget that the tobacco farmers' crop of tobacco is not his main resource. Every such farmer raises corn for his own sustenance, has a vegetable garden, and keeps pigs, hens, etc. It is interesting to know that the average number of working hours devoted to the cultivation of tobacco per hectare and its preparation for the market runs to around 429 a year, that is about 54 eight-hour working days. One and a half hectares is the area generally cultivated by a family.

The operations involved are as follows:

| | |
|--|------------------|
| Preparation of seed beds | 22 hours |
| Tilling the land 3 times and raking it | 58 " |
| Transplanting | 30 " |
| Replacing dead plants and weeding | 36 " |
| Hilling | 18 " |
| Cutting the leaves, and transportation | 110 " |
| Stringing, drying, and fermenting | 30 " |
| Arranging and classifying | 125 " |
| Total | 429 hours |

For this reason tobacco planters were never easily discouraged by low prices and considered high prices as a special boon. As a matter of fact, low prices have many times served as an incentive for bigger crops, as the farmers understood that higher production would compensate for low prices.

Now, of course, there are fewer farmers because many members of the younger generation have gone into the professions, as they have done and are doing throughout the Philippines irrespective of agricultural prices.

The paying of prices that would be out of proportion with world conditions, would only mean one or at most two boom years for the farmer; after that, stocks would accumulate and prices would come down with a crash. Every cent spent to maintain high prices would be lost together with our foreign markets and the local industry.

So there is only one way to solve the problem, and that is to maintain prices at a reasonable level and to increase the volume of production. Three million pesos can go a long way to promote mechanization as a means to increase production, to help the farmers to obtain more for their crops, and to keep prices at a level which foreign markets can meet. This would be a constructive way to rehabilitate the business, as it is the buyer, be he the local smoker or the foreign importer, who will always have the last word.

We have faith in the National Tobacco Corporation and its very able management, and do not doubt that it will carefully weigh every proposal made on matters which will so much affect the rehabilitation of the tobacco industry.

Manila Hemp

BY H. ROBERTSON
Vice President and Assistant General Manager,
MacLeod and Company of Philippines

THIS review covers the period January 16 to February 15, 1949. Throughout the month the market in New York gradually eased off, to close at the low for the period. Consumers appeared to be fairly well supplied and were inclined to hold off due to the very poor demand for cordage and general business uncertainties. The United States Government stock-pile and the U. S. Navy accounted for a large percentage of the business done during the period; but for this demand, the decline would have been more severe. The period closed with no demand whatsoever in New York, although offerings from the Philippines were not heavy.

SCAP continued to absorb abaca in fair quantities, preferring the cheaper non-Davao varieties. The prices SCAP was willing to pay declined in sympathy with other markets.

A fair business to Europe was done,—principally for shipment to Germany.

In the Philippines, prices declined more slowly than in consuming markets and throughout the period were out of line with prices obtainable in consuming markets. This feature was true in regard to both non-Davao and Davao hemp, although it was more particularly noticeable in the Davao area.

A noteworthy feature of the month was President Quirino's approval in principle of the petition of the Mindanao Abaca Planters Association for an agricultural loan of P35,000,000 from the Philippine Government to aid the abaca industry in Mindanao.

Nominal provincial values on February 15 were:

| | Per Picul Basis Loose | | | |
|-------------|--------------------------|---|------|-----------------------|
| Davao I | P69.00 | — | Down | P1.50 from January 15 |
| Davao J1 | 67.50 | — | " | " " " |
| Davao G | 60.00 | — | " | " " " |
| Non-Davao I | 65.00 | — | " | " " " |
| Non-Davao G | 47.50 | — | " | " " " |
| Non-Davao K | 29.00 | — | " | " " " |

New York quotations on February 15:

| | Per lb. c.i.f. New York | | | |
|----------|-------------------------------|---|---|---------------------------|
| Davao I | 30 | ¢ | — | Down 5/8¢ from January 15 |
| Davao J1 | 29-5/8¢ | — | " | 5/8¢ " " " |
| Davao G | 26-7/8¢ | — | " | 1/2¢ " " " |

| | | | | | | | |
|-------------|---------|---|---|------|---|---|---|
| Non-Davao I | 29-1/2¢ | — | " | 5/8¢ | " | " | " |
| Non-Davao G | 22-5/8¢ | — | " | 1/2¢ | " | " | " |
| Non-Davao K | 15-3/8¢ | — | " | 1/8¢ | " | " | " |

Production for January, 1949, was 46,797 bales,—an increase of 9,913 bales from December, 1948. Non-Davao balings showed a large increase, being 27,569 bales,—up 11,633 bales from December. Davao balings were 19,228 bales,—down 1720 bales from December.

Machinery

BY L. M. HAUSMAN

L. M. Hausman & Company

FROM San Francisco to New York, St. Louis to St. Paul, between the middle of November and the middle of January last, I talked to streetcar conductors, mechanics, housewives, farmers, factory superintendents, export managers, constructors, engineers and top executives of forty important manufacturing plants and industrial. Though the individual interpretation varied with location, occupation, and financial interest, the general opinion expressed may be summed up in an expression often quoted: "The Honeymoon is over."

I returned with this personal opinion:

Production in most consumer-items has caught up with demand.

Manufacturers and producers are doing their utmost to keep demand at the abnormally high peak of

the past few years, but doubt accomplishment.

Business as a whole, reflected by retail sales, is expected to almost equal, for 1949, the high volume of 1948, but the margin of profit will not be the same.

Labor and materials, on unit bases, will generally remain unchanged.

When production-volume drops, manufacturing costs may increase, and the cost of doing business will increase.

Whether or not consumer prices will continue to advance; depends on how large a part of the general public will remember that thrift once brought security.

Increase in unemployment is expected.

Increase in production-output per man-hour is expected.

A part of the United States population is not likely to enjoy life as much as it has in the past few years. A larger part is likely to give management and investors a more honest return for their high pay. Or else...

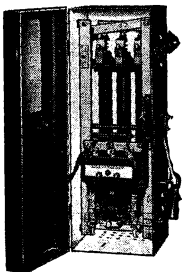
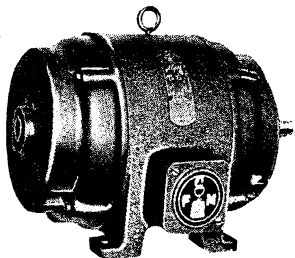
There will be no improvement in delivery, or availability, or in pricing of industrial machinery or heavy equipment. Cost tendency is upward, and the percentage of escalation is increasing. If anything, management is less adventurous. Capital is exceedingly cautious.

"The belief that any system can provide security without effort is a delusion."

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Food Products

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

THE Manila market on food products continues without material change from conditions existing in January. Very considerable overstocks are still found in flour and canned fish. The situation has improved slightly on canned milk but local stocks are still more than ample. Stocks of all other food-stuffs are ample but not excessive.

Movement of stocks into consumption continues to decrease and there is no reason to anticipate a pick-up of any consequence for some time to come.

Considerable quantities of stocks in storage are held by entities insufficiently financed which are forced to liquidate stocks to meet commitments. This fact, coupled with the slackened consumer-buying has forced a certain decrease in prices, and importers in general are either moving their stocks at a loss or at an exceedingly small net profit.

Textiles

By JAMES TRAYNOR

ALL importers of textiles report substantial losses on sales throughout the month of February. The inventories which increased so largely during January continue to increase due to the extremely

large arrivals during the month. Taking January and February arrivals together, yardage imported was approximately a 6-months' supply, based on the year 1941. This overstocked condition has caused the local market prices to decline sharply.

The situation is so serious that almost without exception importers stopped making new commitments and no new buying is expected for the next two months. Importers hope for an improvement which will bring their selling prices up to about cost, but this will take some time and it is expected that unsatisfactory conditions will prevail throughout the month of March.

Legislation, Executive Orders, and Court Decisions

By EWALD E. SELPH
Ross, Selph, Carrascoso & Janda

NUMEROUS bills have been introduced and are now pending in Congress which, if approved, will affect business and industry. Among them are the following:

H.B. 2088 provides for firms which received war damage compensation, to pay all employees on full time basis on December 8, 1941, salaries and wages from January 1, 1942, to February 26, 1945, the total amount not to exceed one-half the amount received as war damage compensation.

H.B. 2085 provides for such back pay by any commercial or industrial firm with a capital of not less than P10,000 but does not limit the amount to one-half the war damage compensation.

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H.B. 2217 provides for raising the specific tax to P6.00 per 1,000 on cigarettes mechanically packed regardless of manufacturer's or importer's wholesale price.

H.B. 2222 provides for a more expeditious distribution of estates of deceased persons.

H.B. 2228 provides for a permanent Code Commission to recommend revisions of all laws and to codify the same "in conformity with the customs, traditions, and idiosyncracies of the Filipino people and with the progressive principles of the science of law." It might be well to note that the present revised civil code now before Congress contains several provisions regarding labor which are different from the present labor laws. It also contains a revision of the liability of shipowners and other such carriers beyond the provisions of the Carriage of Goods by Sea Act and those of the Commercial Code.

H.B. 2255 provides for making Batangas an additional port of entry and customs collection district; and *H.B. 2297* provides the same thing for Dumaguete.

H.B. 2256 provides for amendment of the Court of Industrial Relations law reducing from 30 to 10, the number of laborers, in excess of which the Court of Industrial Relations shall have jurisdiction. *S.B. 366* to the same effect.

H. B. 1375 has been reintroduced. It provides that "industrial enterprises shall share with their employees and laborers not less than 30% of the net profits set aside as dividends of capital invested in said enterprises, whether such dividends be in the form of stock or cash."

S.B. 356 proposes to amend Act 3961 (Emergency Medical Treatment) by requiring the keeping of a stock of emergency medicines under the charge of a nurse whether there is a pharmacy in the neighborhood or not, if the number of permanent employees is not less than 30 nor more than 200, and there is no public free dispensary within one kilometer. If the number of employees is more than 200, the employment of a physician is required and the proposed amendment requires a nurse also.

S.B. 349 proposes the prohibiting of the sale of the property or franchise, right, or privilege, or any part thereof, of any business enterprise employing 30 or more persons, without providing for retirement gratuities for laborers forced to retire, of not less than those provided in the Government's retirement laws.

S.B. 371 proposes extension of the time provided by Republic Act 62 for reconstruction of corporate records, to December 31, 1949.

S.B. 357 provides for requiring every physician, dentist, or nurse employed or contracted by any person or entity operating a shop, factory, or any commercial, industrial, or agricultural establishment to register with and secure a permit from the Department of Labor which must be renewed each year, and may be suspended for cause by the Secretary of Labor.

S.B. 361 proposes to amend Republic Act 35 exempting new industries from internal revenue taxes, by providing that its benefits be extended to pre-war industries damaged during the war by not less than 50% of their value, for a period of 5 years from date of approval of the Act.

S.B. 373 proposes that Congress create special taxes for a Social Security Fund to provide unemployment, sickness, maternity, and disability benefits, old age pensions, and public assistance to needy persons.

S.B. 374 proposes the repeal of Commonwealth Act 600 (Emergency Powers of the President).

S.B. 376 proposes prohibiting an employer from dominating or contributing financial or other support to any labor organization. This is aimed at so-called company unions.

Several bills are pending for nationalization of labor.

There is also pending a proposed concurrent resolution requesting that representations be made to the United States for reinstatement of the 2¢ per pound duty on coconut oil produced from copra not of Philippine origin.

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Philippine Safety Council

BY FRANK S. TENNY
Executive Director

EXTRACTS from a talk delivered by Executive Director Frank S. Tenny, Philippine Safety Council, to Safety Engineering students and faculty, Feati Institute of Technology, March 3, 1949:

This is a pleasure to which I have looked forward for some time. At the outset, I wish to extend my sincere thanks to your instructor, Mr. Primo G. Maluanag, for inviting me tonight. As you may possibly know, I am a member of the Advisory Safety Council to the Secretary of Labor, of which the Chairman is Mr. Maluanag.

As I understand it, this course in Safety Engineering is a required subject for those seeking an engineering degree. In other words, as now constituted, safety is a secondary portion of the engineering whole. Having a large variety of safety matters to choose from for this talk, I have selected that of

"The Need for Safety Personnel in the Philippines." I personally hope that it may kindle an interest in some of your minds which would cause you to major in safety and to remain in that field after graduation.

The safety situation in the Philippines at this time is very unsatisfactory. Only elemental attention is being paid to modern traffic safety, industrial safety in its many ramifications, fire prevention and fire fighting, and general safety education. A few progressive agencies such as The Philippine Safety Council, the Department of Labor's Safety Council, the Manila Mayor's Traffic Committee, the Philippine National Red Cross, the Manila Fire Department, some of the fire and accident insurance companies, and several of our better commercial and industrial firms are devoting a great deal of attention to public safety and to the safety of their employees. However, it is a sad fact that the overwhelming majority of both public and private organizations are not active in the safety field, in spite of the tremendous and preventable accident rates. Some of these agencies would probably interest themselves in safety if they had a person in their organization who was properly trained along those lines. That is where you might well fit in. I might add that in most cases, though, the heads of the companies would have to be made safety-minded first, before you could hope to carry the safety movement to the employees affected.

I think that after serious reflection, you will all agree to some extent that (1) there is a great need for safety here and (2) that this need naturally will create many jobs in safety.

Assuming that some of you might become interested in becoming safety engineers, I can give you in advance some of the real requirements of such a vocation. First and foremost, you must be truly interested in safety, almost to the point of fanaticism, in order to keep up your morale and to enable you to overcome the daily disappointments that human nature will give you. A mere selfish or passing interest in safety will not suffice, I warn you. It takes the zeal of a professor, a preacher, a parent, and a pioneer; nothing less. Second, you must develop a thick skin over your naturally sensitive hide so that stings and outright opposition will not cause you to give up the fight. You will, surprisingly enough, find heads of government bureaus and presidents of large companies who will oppose the advancement of safety practices for reasons of their own, or through ignorance. Third, you must be willing to approach the whole problem without any regard for race, financial position, politics, or even whether or not you will be paid for your efforts in every case.

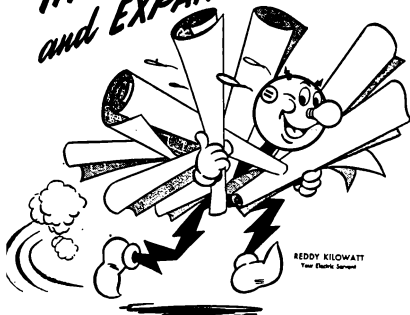
Once you start becoming mercenary in any way you will lose your effectiveness and become just another "hired hand" and safety becomes just another "racket." Fourth, you must be truly qualified in your work, not a bluffer. I can speak from experience on that score, for my own safety-training began with police and traffic work. When forming the Safety Council here I felt the need for knowledge in the other safety phases and it was some time before I could properly prepare myself to give, for example, fire-prevention programs. Once on the job as a safety man, you will find yourself "on the spot," expected to make monumental recommendations, expected to see at a glance things that have eluded management and experts for years. Your safety work will tend to make you a public figure, but remember that responsibility goes along with authority and fame. If you do not know your job, you will be soon found out and discredited.

So far I have, I realize, given you the more difficult side. This was intentional for we want no prima donnas in safety work. Now I will outline some of the advantages.

First, the satisfaction you will get from your job. It is a fact that most people are not happy at their work. Most people, if they could, would change their job for another mode of life. In safety you will have the great advantage of getting true happiness and enjoyment from your work. Each day will be like a new adventure, "What can I accomplish today," you will ask yourself. Each night you will retire secure with the knowledge that your efforts that day have saved someone's life, someone's limbs and someone's property from accidental destruction. Your progress will be apparent by the accident statistics and you can literally see yourself grow. You will truly be an asset to the community. Second, although there is probably no way to become rich in safety work, it should afford you a very good income. There is a shortage of trained safety personnel and this fact alone tends to increase wages in the field. You will enjoy the status of a professional and will in many cases work on monthly retainers

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like a lawyer or doctor. I would not hazard a guess on how much you would actually make per month, but I would say that it certainly would be a good rate of pay. Further, there will be no lay-offs in safety work here. I estimate that one thousand safety engineers could be permanently employed here without creating an oversupply, due to the need for public and industrial safety. Third, the work is interesting and you will enjoy a position in the community where you will be called upon to make personal and radio talks, write for publication, and be sought after for specialized information. I hope that this does not place too much emphasis on one's ego, but I am sure that you all want to be respected members of the community. Following a high calling like safety, you will be guaranteed this respect.

Other Chambers of Commerce

The Manila Chamber Of Commerce

At the beginning of 1948, the Manila Chamber of Commerce was still in course of reorganization and the work of the Chamber was done in the office of the President, Mr. S. Crawford, and generally by Mr. Crawford himself. Arrangements had, however, been made to allow the former Adviser and Acting Secretary, Mr. T. Harrington, to return to Manila to resume his position, and shortly after his return, in February, the Chamber office at 409 Chaco Building was opened.

Two new member firms were elected during the year and another former member firm rejoined, the total membership now consisting of 51 firms, as against 65 before the war.

Officers of the Chamber have been in touch with the Chamber of Commerce of the Philippines and with the American Chamber of Commerce in connection with matters of common interest. It is believed that the interests of the business community engaged in foreign trade will be served by such friendly contact and, when necessary, by consultation and cooperation with the other chambers of commerce here.

In connection with the Government's legislative program during the year, protests and suggestions were addressed in five instances to President Quirino and also in five cases to committees of the Congress, while eight letters were sent to other Government authorities mainly in connection with the Import Control Law. The Chamber was also represented at the hearings held by the Import Control Board.

Over 300 trade inquiries were received and answered during the year.

The General Committee of the Chamber for 1949 is made up as follows:

President — S. Crawford (The Shell Co., of P.I. Ltd.)

Vice-President — O. Schulthess (F. E. Zuellig, Inc.)

Committee on Banking — Messrs. Chartered Bank of India, Australia & China

" Exports — " Hanson, Orth & Stevenson, Inc.
" Warner, Barnes & Co., Ltd.

" Imports — " Ker & Co., Ltd.
" Ed. A. Keller & Co., Ltd.

" Industries — " Philippine Match Co., Ltd.
" Philippine Refining Co., Inc.

" Insurance — " Union Insurance Society of Canton, Ltd.

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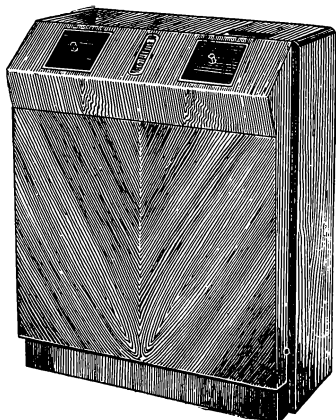


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| " Membership | — Connell Bros. Co. (Phil.) |
| " Mining | — Smith, Bell & Co., Ltd. Surigao Consolidated Mining Co., Inc. |
| " Shipping | — Royal Intercocean Lines Smith, Bell & Co., Ltd. |
| Secretary | — T. Harrington |

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United States Government Agencies in the Philippines

The U.S. Public Roads Administration
in the Philippines

By F. C. TURNER, *Division Engineer*

IN 1945 highway engineer officers from the Army and the Navy made an inventory of wartime damage to the Philippine highway system. Their inventory disclosed that of 1,741 permanent bridges 621 had been destroyed or badly damaged and that 3,000 of the 6,352 wooden bridges would have to be replaced, either because they had been destroyed or because of deterioration due to neglected maintenance. Equally serious, though not as spectacular as the bridge demolition, was the war's effect upon the highway surfaces. The damage to the highway system was estimated at P55,250,000 based on about 1½ times pre-war costs. As a result of the study of the U.S. Army and Navy engineers and of others representing the various U.S. Government agencies involved in the rebuilding of the Philippines, the Congress of the United States approved the Philippine Rehabilitation Act of 1946.

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Under Title III, Section 302 of that Act, the Public Roads Administration was authorized, after consultation with the Philippine Government, to plan, design, restore, and build, in accordance with its usual contract procedures, such roads, essential streets, and bridges as might be necessary from the viewpoint of the national defense and the economic rehabilitation and development of the Philippines. The Philippine Division headquarters was established in Manila during November, 1946.

Funds for Fiscal Year 1947 were appropriated by Congress on July 23, 1946, and from this appropriation the State Department allocated P20,000,000 for highway rehabilitation and training in the United States of 10 Filipino engineers of the regularly employed staff of the Philippine Department of Public Works. This allocation was sufficient to permit the programming of 37 construction projects consisting of repair and replacement of 29 bridges, approximately 30 kilometers of concrete pavement, 54 kilometers of intermediate type bituminous surfacing, and 50 kilometers of law-type bituminous surfacing.

Funds for Fiscal Year 1948 appropriated on July 9, 1947, involved P24,750,000, bringing to P44,750,000 the total available for the rehabilitation of roads, streets, and bridges. For Fiscal Year 1949, the additional allocation as appropriated by Congress on June 3, 1948, brought the grand total to date to P78,250,000 available for the Philippine highway rehabilitation program.

Present tentative agreements contemplate that P80,000,000 of the P240,000,000 authorized for the rehabilitation of the Philippines under Sections 302 to 305, inclusive, of the Philippine Rehabilitation Act of 1946, will be expended for the road, street, and bridge program. In addition to these sums the Philippine Bureau of Public Works to this date has augmented the program with approximately P16,000,000 of its funds. So, slightly less than P100,000,000 has been set aside for the restoration of the Philippine highway system so far. To date approximately P76,000,000, of which P60,000,000 is United States funds, has been programmed or approved for expenditure on 262 projects, and an additional P25,000,000 will be programmed before March of the next calendar year.

One might compare the number of projects mentioned here and the number of bridges that were destroyed by the war. It should be pointed out that most major items of rehabilitation appear as one project or program item, while in the case of 226 individual small bridges they are contained in a single project. It is estimated that the USFRA and the Bureau of Public Works together will be able to restore over 1,500 individual items of construction under the program as now contemplated. Fifty-nine of the 262 projects are road projects involving the repair of 503 kilometers of highway surfaces and 203 involve 35 kilometers of bridges.

Evidence of our work in and around Manila is seen in España and Santa Mesa Boulevard which have been completed for more than a year, the detour bridges across the Pasig River near the Jones and Quezon Bridges preparatory to construction of the permanent structures, construction of the Jones Bridge, the San Juan Bridge, the Prtil Bridge, the bridge at the entrance to the International Airport, the paving work on Manila city streets such as Dewey Boulevard,

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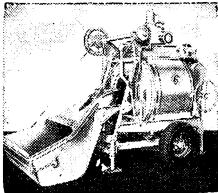
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Isaac Peral, Herran, Marquez de Comillas, Trabajo, Dagupan, Tayuman, Blumentritt, Tejeron, Labores, and Padre Burgos. Among other projects around Manila are the Parañaque paving, the Manila South Road, the 7 Malolos-Calumpit bridges, the Parañaque River Bridge, the Biñan Diversion, and the section of the Manila North Road between Malolos and Calumpit wherein additional to the 7 small bridges already mentioned, 7 kilometers of concrete pavement between Malolos and Apalit have been completed. Five more kilometers are presently being built. Other bridges which have been completed are the Tigbauan, the Banao, the Balatuin, and the Panabautan. Work has started on the reconstruction of the Calumpit, Plaridel Bued, Gilbert, Amburayan, Cutcut, Labangan, Sulipan, Diliman Creek, Culiati, General Luna, Bamban, an Viga bridges outside of Manila.

In addition to construction projects, a research project, called the Highway Planning Survey, is programmed from each year's funds. The purpose of this project is to gather factual information on which intelligent programs of construction can be based and which will serve as a guide for administrative policies of the Philippine Bureau of Public Works. Briefly, the force set up under this project, inventories the highway system to determine the adequacies of its improvement; counts and classifies the traffic using the highway system; determines travel characteristics with respect to trip-lengths, origin, and destination, etc., and compiles sources and amounts of income and expenditure. The personnel on this project are largely Filipino with a staff of American engineers and economist working in liaison with them for training purposes.

A central materials-testing laboratory has been established at 16th Street and Bonifacio Drive in the Port Area, Manila, for the purpose of testing all construction materials used in roads, streets, and bridges. This laboratory was put into operation by the Bureau of Public Works and the Public Roads Administration in August, 1947, testing soils and aggregates. The scope of its operations gradually widened as newly ordered equipment arrived from the United States. The USFRA expended approximately P230,000 to equip this laboratory. The Bureau of Public Works at present employs approximately 80 persons to perform tests, do necessary clerical work, operate the field sampling equipment, and maintain and continue erection of laboratory buildings. An additional 60 men do "on the spot" testing at project sites under the direction of the laboratory. Most of the employees are young college students or recent graduates.

Wherever you go in the Philippines you will probably see some evidence of the U. S. Public Roads Administration and Bureau of Public Works system. This is a stupendous job being done under adverse and expensive conditions. It is expected that the next 2 years will see most of the system restored to and in some instances expanded beyond its pre-war state.

United States Information
 Service, Manila

"High taxation, which takes a large portion of the earnings of labor as well as those of the investor, destroys much of the incentive to greater productivity."

Extracts from the Annual Report of the Philippine American Chamber of Commerce (New York)

THROUGHOUT the year there has been close cooperation between this Chamber and the American Chamber of Commerce, Manila. We continue to be indebted to the officers of that Chamber for transmitting to us by radio and airmail information of value to all our members.

"During the recent visit of Mr. Frederic H. Stevens, President of the American Chamber, Manila, we were very fortunate in that he was able to attend several of our Directors Meetings, and thus acquaint us with current conditions in the Philippines; many conferences were held with him which will insure a continued friendly relationship to the advantage of both Chambers. . .

"*Philippine Flag Law* . . . The application of this law continues to be a source of concern to American business. It has been pointed out by some that the United States too has a Flag Law. This is true. This act known as the 'Buy American Act', which is Title III of the Treasury Post Office Appropriations Act for the fiscal year ending June 30, 1934, passed March 3, 1933.

"An examination of the two laws . . . shows clearly that the provisions are entirely different. The Philippine Flag Law is based on the nationality of the seller and gives a 15% advantage to a bidder of Philippine nationality. On the other hand, the American Flag Law makes no reference to the nationality of the seller but merely gives priority to the purchase of governmental agencies of goods manufactured or produced in the United States. No reasonable person can object to any country giving priority of purchase from government funds to goods manufactured or produced therein. The Philippine Flag Law in its present form in effect penalizes the Philippine Government up to approximately 15% on each purchase of goods imported into that country if such goods are sold to a government entity by a Philippine national. At a time when the Philippine Government is bending every effort to conserve expenditures, it would seem that a modification of the Philippine Flag Law would mean considerable saving in government expenditures. In our opinion, the Philippine Flag Law in its present form is a deterrent rather than an inducement to American capital investment in the Philippines.

"The foregoing views were presented to the late President Roxas and to members of the Cabinet who are now serving under President Quirino. The only result to date has been the Philippine Government's directive to eliminate as bidders those who do not normally deal in the commodity offered for sale. Your Board is of the opinion that the Philippine Flag Law should be brought more into line with the 'Buy American Act,' and will continue to so recommend.

"*Revision of Section 251, U.S. Internal Revenue Code.* Your Board is in favor of the revision of Section 521 . . . so as to continue the tax benefits received by American business prior to Philippine Independence. When the Republic of the Philippines became . . . independent on July 4, 1946, a tax exemption granted in 1921 to American corporations and individuals doing business in American possessions automatically ended. Since that time, Ameri-



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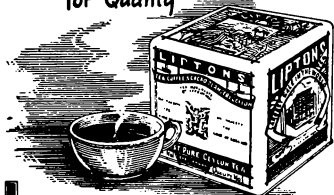
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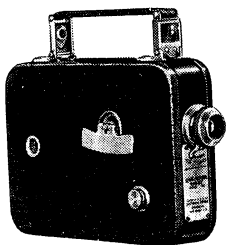
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can corporations and individuals doing business in the Islands have been operating at a distinct tax disadvantage as compared with the nationals of other nations doing business [there]. For example, certain foreign nationals operating in the Philippines pay the 12% Philippine tax as they always did, but are tax-free in their own countries. Americans, however, pay the 12% Philippine tax, and are then taxed 26% by our Government to bring their tax up to the 38% American corporate rate.

"This Chamber, the National Foreign Trade Council, Inc., and the American Chamber of Commerce, Manila, placed themselves on record as being in favor of the passage of H.R. 4208, a bill introduced by Congressman Cole on July 15, 1947, which would amend Section 251 so as to grant to Americans doing business in the... Philippines the same tax benefits given to those doing business in possessions of the United States. The amendment would be retroactive to July 4, 1946, the date of Philippine independence. The bill was referred to the House Ways and Means Committee. Hearings on the bill were conducted on March 5, 1948, at which time the views of the Chamber were presented, but no action resulted. The bill never was reported.

"While the bill was under consideration, Secretary of the Treasury Snyder went on record as being opposed to its passage. However, spokesmen for the Chamber and the National Foreign Trade Council, Inc., placed arguments in the hands of Congressman Cole in an attempt to offset the objections of the Secretary of the Treasury.

"Documents bearing on the proposed revision... were submitted by Mr. A. Brock Park, a former member of our Board, to Hon. Paul V. McNutt for consideration. Mr. McNutt strongly favors the revision... and on March 24, 1948, sent letters to that effect to Congressmen Jere Cooper and Daniel A. Reed, two members of the House Ways and Means Committee.

"It is expected that a similar bill will be introduced in the 81st session of Congress...

"*War Claims Act of 1948.* Last year the Chamber went on record as being in favor of the passage of the Hinshaw Bill, H. R. 1823, which would benefit American internees. A bill, H.R. 4044, which grew out of extensive hearings and lengthy considerations by the Committee on Interstate Commerce on H. J. Res. 173, H. R. 873, H. R. 1823, and H. R. 2823, was passed by the United States Congress on July 3, 1948, and is now known as Public Law 896 (War Claims



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Act of 1948). Section 2(a) of this law provides that a War Claims Commission be established to determine eligibility and process applications. However, the Commission has not been appointed because no funds have been made available. As a result, no claimant has received any money under the Act. It is expected this will be remedied early in the next session of Congress so that those who were interned or imprisoned may get the relief so long overdue. The Internee Committee which has worked so hard for this badly needed legislation is to be congratulated.

“Central Bank. One of the most important pieces of legislation passed by the Philippine Congress... was a bill providing for the establishment of a Central Bank, which is analogous to the Federal Reserve System... The Central Bank legislation changes the system from a dollar-exchange standard, with 100% currency backing in U. S. dollar deposits, to local control, with monetary authority resting in the Central Bank...

“Since the operation of a Central Bank is now authorized by law, the Board hopes that it will be a success and is confident that under the guidance of Secretary of Finance Miguel Cuaderno, all connected therewith will make every effort toward that end.

“...In closing this report I wish to thank the various members of the Board, the Secretary, and his assistants, for their splendid cooperation and loyal support.

“C. A. RICHARDS
President.”

Weekly Changes in Retail Prices

Bureau of Commerce, Market Division
February 21 to 26, 1949

SPEARHEADED by appreciable reductions in prices of a number of imported items, the Bureau of Commerce Price Index resumed its downward movement, after registering a slight reaction during the past week, and chalked up a new post-liberation low of 233.78, down fractionally by 0.66 compared with the level prevailing a week before.

While the wholesale price of macan variety rice advanced by P0.50 per sack, retail prices have remained steady and unchanged at P1.40 per ganta for elon-elon, first class, and P1.35 for second class; P1.30 for macan, first class, and P1.25 for second class.

During the week, the government price-fixing committee

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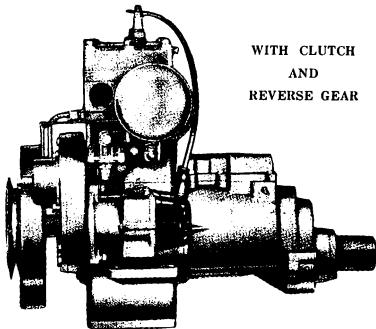
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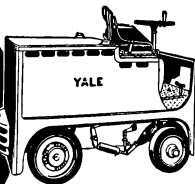
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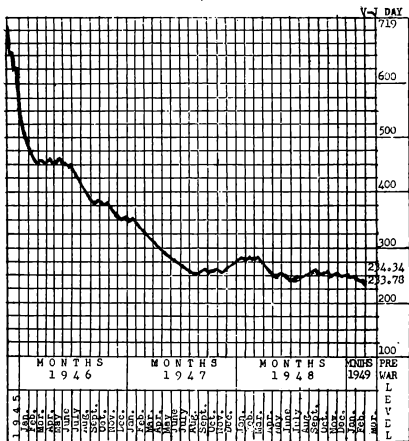
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WEEKLY CHANGES IN PRICE LEVEL, 1945-1949

Bureau of Commerce



announced the adoption of a new set of ceiling prices for sugar. The new prices, which are lower by 5 to 10 centavos than previous ceilings, have been fixed as follows: refined, P0.45 per kilo; washed, P0.40; golden brown, P0.35; and for sugar below 97% polarization, P0.30. As a result of this downward revision, refined eased off to the average of P0.48 per kilo, down 5 centavos, and centrifugal to P0.38, of 2 centavos. Panocha followed accordingly with a 2-centavo loss at P0.23 per kilo.

On fresh fish items, only bangus recorded a 2-centavo gain at P2.30 per kilo. Shrimps suffered a conspicuous loss of P0.21 at P2.66 per kilo. Dried fish items were featureless.

Price advances were particularly pronounced in certain fresh vegetable items such as string beans, red squash, and silang beans, which made gains ranging from 13 to 25 centavos per kilo. Tubers were also conspicuous in the advance with sweet potatoes and gabi, Cebu, highlighting the uptrend.

One important imported commodity which figured in the recession was wheat flour which recorded a drop of 2 centavos at P0.48 per kilo. Canned milk also contributed appreciably to the pulling down further of the index, with certain brands of evaporated milk easing off by 4 centavos at P0.35 per tall tin and condensed (Señorita) going down to P0.60.

Among fresh fruit items, bananas dominated the downward tendency with latundan declining by 7 centavos at P2.43 per hundred, lakatan easing off by P0.14 at P2.94, and saba recording a decrease of 7 centavos at P2.43.

Substantial reductions in prices of a number of imported construction material items have provided the most encouraging aspect of recent price tendencies. Galvanized iron, Gauge No. 26, 3' x 8', receded by P0.40 at P9.35 a sheet; asbestos sheet, 3/16" x 4' x 8', went down by P0.50 at P7.25 a piece; plywood, 1/4" x 4' x 8' lost 50 centavos at P10.15 a piece, and hardboard, 3/16" x 4' x 10', declined by 35 centavos at P8.25. Native construction materials followed the general trend with nipa shingles recording a drop of 25 centavos at P2.25 per thousand.

The bargain-sales "stunt" appears to be developing into a fad among textile dealers as evidenced by the numerous signs in front of bazars announcing such sales. Likewise, these sales attest to the growing effectiveness of consumers' resistance to high prices which has been evident during the past few months. As a result of this attitude, a good number of textile items featured prominently in price recessions during the week. Romans crepe, plain, went down to P2.50 per yard, baby shark to P1.80; sand crepe, to P3.20, sharkskin, 6000, to P3.75, Goodall palm beach, to P3.75 and crystal silk to P2.10 recording decreases ranging from 5 to 25 centavos.

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 (6.62) | 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 | .1856 |
| July | 552.7 | 704.3 | 236.4 | 598.9 | 341.3 | 364.6 | .1809 |
| August | 477.9 | 690.0 | 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 | 484.6 | 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 | 453.9 | 269.2 | 328.9 | 271.6 | .2579 |
| 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 | 268.6 | .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 | .2689 |

1948

| | | | | | | | |
|-----------|-------|-------|-------|-------|-------|-------|-------|
| January | 391.2 | 428.3 | 453.9 | 224.5 | 304.6 | 249.9 | .2566 |
| 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 | 251.7 | .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 | 348.8 | 355.5 | 453.9 | 203.0 | 277.5 | 258.9 | .2909 |

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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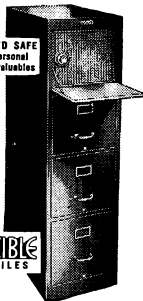
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Column

WE had a number of letters from old friends during the past month all with a bearing on the Journal. One was from Luther Parker, a well known former division superintendent of schools here who lives in Santa Cruz, California (741 Bay Street). It was addressed to the editor, and Mr. Parker wrote in part:

"I have just read that you are editing the Manila Chamber of Commerce Journal. May I congratulate you on having survived the Japanese occupation and having the strength and determination to continue working? You and McCullough Dick deserve all commendation for so bravely carrying on after the severe experiences you went through. Lesser spirits would have given up..."

Mr. W. F. Boericke wrote the editor from 25 Broad Street, New York City (Hayden, Stone & Company), in part as follows:

"I enjoyed your 'Three Christmases in Santo Tomas' [in the December Journal]. It is free from the exaggeration which has characterized so many of the accounts which have appeared. I note that you have a manuscript on the Camp which is 'still awaiting a publisher.' I have an idea it will continue to wait judging from my own experience. When I returned to this country, I sent a story to the *Elks Magazine* on the first days at the Camp. It was promptly accepted and the check I received made me wonder if there wasn't a fortune in preparing a book on the Camp. I wrote about 70,000 words, and left the manuscript with several good publishers. I had the right introductions, too, for I have written a great deal for New York papers and for the technical press, and my name is rather well known. The tip-off is what one of the partners of Doubleday said to me, when we shook hands after a personal introduction. 'I'll be glad to look at your story, but I have to tell you in

advance that you have two strikes against you before I even read a page. The public isn't interested anymore in war stories.' That isn't strictly true, for if the author makes a story gruesome enough, it can get over. 'Three Came Back' is an illustration... Perhaps the times have changed. Maybe the real story of Santo Tomas would be read with interest now. I haven't tried to place my Ms. for the last year, — been too busy with other things. I should like to know whether you have made any efforts yourself... You stated that your manuscript runs to 2000 pages. My own runs to about 300... Maybe you can see how we might join forces in getting out a story of Santo Tomas..."

In another Santo Tomas connection, the editor received an illustrated post card from Tokyo on which Mr. V. A. Brussolo, another ex-Santo Tomasite, had written under date of February 3:

"Remembering you on the date of our liberation. Saw the 1st Cavalry parade here. It's a wonderful outfit, the best in the world for us..."

To which latter sentiment we all say "Amen". But the date of the editor's liberation, and that of some 600 others, was not February 3, but February 5, as he was among the hostages held by the Japanese who barricaded themselves in the Education Building and who did not surrender until the Monday morning following the Saturday night of the main Santo Tomas liberation.

The editor (all these are the editor's letters, it seems) also had a letter from the secretary of another famous ex-internee, Father John F. Hurley, S.J.

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"Father Hurley has instructed me to thank you for the three issues of your Journal which you sent him last week. He appreciates your kindness in sending them to him and congratulates you on the very edifying task you are doing on behalf of all businessmen in the Philippines. Father Hurley left Wednesday at 5 on a PAL DC-6, and expects to be in the United States for about three months for a much needed rest-cure..."

And still another letter from a former aide to the late Governor J. Ralston Hayden when he was here on the staff of General MacArthur, Lieutenant, then, now Professor Dale Pontius (5519 S. Kenwood Avenue, Chicago 37, Illinois). The most pertinent paragraph reads in part:

"It has been a long time since I have written to you. I have felt, however, that I have had the benefit of some one-way contact. Last summer, at the Library of Congress, I saw a number of copies of the Journal, and in it I have been glad to see some of the old Hartendorp spirit resurge (if I may say so). I am a little worried, however, that the influence of being among so many businessmen will make a died-in-the-wool conservative out of you..."

The editor took that last slam seriously, — he is such a conscientious bird. "I know I am getting more conservative," he admitted. "In the first place, I am getting older, and as everybody knows, growing conservatism is natural as one ages. I can't and wouldn't escape that. In some ways I like getting old, and I am not going vainly to struggle against it. There are compensations for what one is losing. There seems to be a lessening of stress and strife in one's life; there is less of impossible wishing; there is less dependence, emotionally, on others; there is a growing calmness and serenity. And, of course, as everyone knows, too, a growing wisdom. Heh-heh!"

Then he turned quickly from what sounded like submission and acceptance, to attack:

"Dammit!" he said, "there was a time when it was a virtue to be a radical. But now there are all too many radicals everywhere, — nuts and cranks, deluded boobs, doubters and hesitators, and outright subvertists and would-be destroyers of all that mankind has achieved so far. It's coming to be a distinction to be a conservative in this loony and crazy and mad post-war era. It is one thing to stand for and fight for progress, but that never means destruction; it means building, block by block, on top of tried and firm

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foundations. Everything is not wrong. Everything after ages of social evolution, couldn't be wrong. Let us not, as in the delirium and frenzy of a fatal fever, break everything within reach. If I have to choose between being a conservative and a criminal maniac or a traitor, how do my friends expect me to choose? Hell!" the old man ended.

"Tut, tut! What language!" said the editor, looking over our shoulder. "I was just blowing off steam a little. Since you put all that down, be sure to say that I said that I did not mean to imply that my good and dear friend Dale (who is an able political scientist and who, when I was in Washington, took me on a patriotic pilgrimage to Mount Vernon) expected me to choose to be a maniac or a ruffian and a traitor when he mildly said I might become a little too conservative."

The next day, the editor, who must have been thinking over the subject at home, asked: "How did this talk about businessmen being so conservative ever get started, anyway? Are they so conservative really? It would seem that there has been a great deal more of change and advancement in our economic, than in our political institutions and procedures. In fact, that is at the bottom of a lot of the world's troubles. Let Dale chew on that a while."

Attorney Arturo L. Rodriguez, Arabejo Building, 706 Quezon Boulevard, generously sent us during the month a surprise gift consisting of 45 pre-war issues of the American Chamber of Commerce Journal covering the years from November, 1936, to December, 1940, inclusive, but with some numbers missing. As we have been trying to build up a set of back issues of the Journal, this donation was most acceptable. The missing numbers are those for February and May, 1937; October, 1938; June, 1939; and September, 1940. We should like very much to fill out these volumes and we would be very grateful to any one who could help us to do so.

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The initiation fee for an active membership in the American Chamber of Commerce of the Philippines has recently been reduced to P250.

FRIDEN

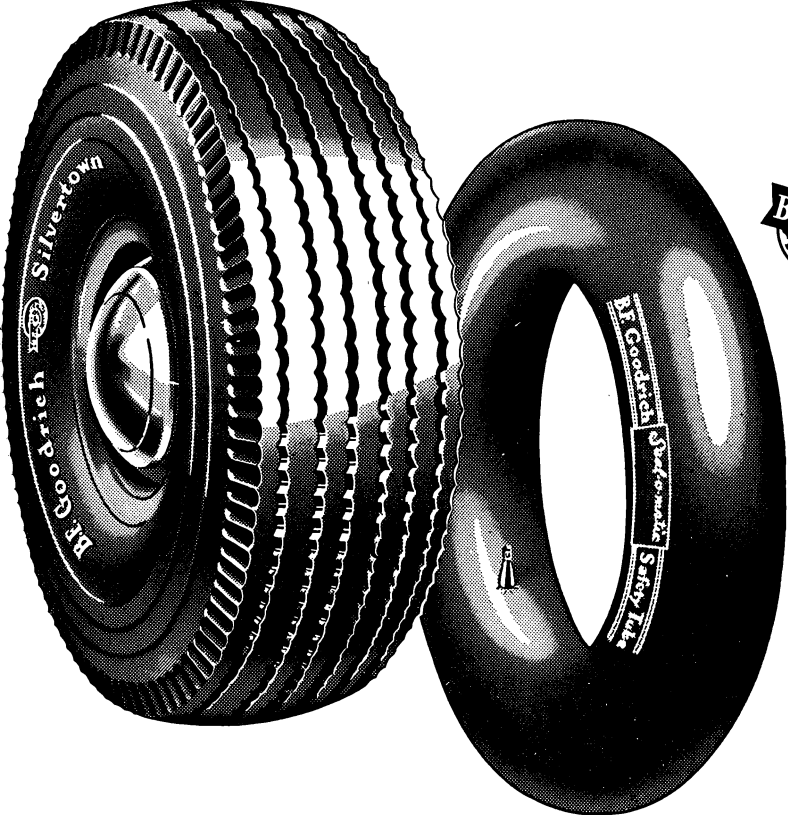
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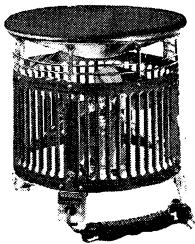
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