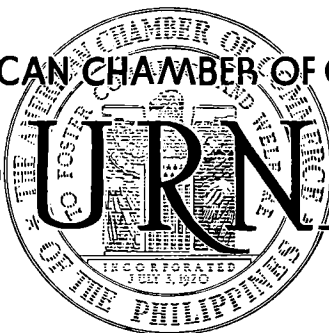


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JOURNAL



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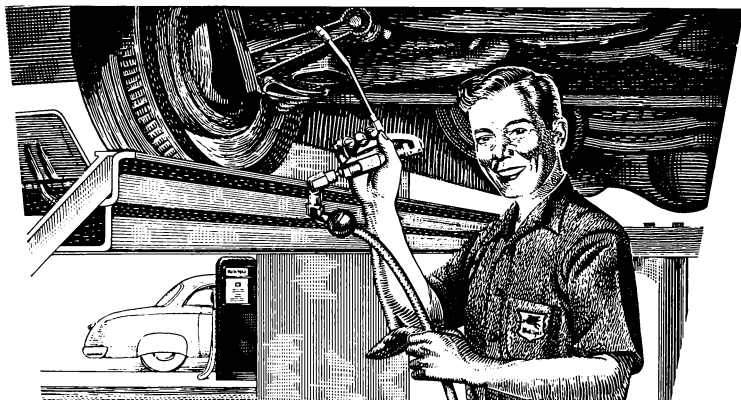
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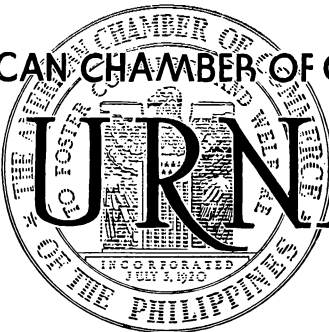
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PHILIPPINES



JOURNAL



Editorials

"... to promote the general welfare"

President Quirino's proposal that the citizens band themselves together for their own protection against the

President Quirino's Vigilance Committee Proposal

Huks, could, in the form of this bare statement, be easily interpreted as an admission that the Government can not protect them, that it has failed in the

first duty of any government, to provide protection and to maintain law and order. But in the brave and touching appeal which citizens heard over the radio on the night of August 30 and read in their newspapers the next day, the President said very much more than that and indeed sounded the clear, true note of pure democracy.

Delivered within a week after the new outbreak of Huk outrages in a number of provinces, including the foul massacre at Camp Makabulos in Tarlac, citizens heard in this brief and straight-forward address an appeal of the Government *to them*; they heard a proposal that they organize *to help the Government*.

As there have always been so many appeals from the citizens that the Government help them, as if the Government's power were absolute and its abilities unlimited, and as the Government has generally grandly pretended that this was indeed so, and the people have therefore come to rely entirely too heavily upon the Government rather than upon themselves,—the address denotes possibly an auspicious beginning of a notable change in direction in the flow of the relations between the people and the Government.

As the present democratic forms of government here were imposed largely from above, the tendency has been to develop too great a centralization of government power, too much dictation from the Government, too much of a paternalism which has, on the Government's side, promoted authoritarianism, and on the people's side, dependence and weakness.

It is wholly salutary that the men in the Government should learn that the Government is nothing without the people's backing, and that the people should learn that the Government is theirs and is what they make it. The Government is an instrument of the people, weak if they are weak, strong if they are strong. The Government has no resources,—either in power or in finances, other than are

bestowed on it by the people. Merely arbitrary government is inevitable weak and vicious and inherently bankrupt.

President Quirino said in part:

"My beloved countrymen, I appeal to you and for you. Rally to your Government, which is yourselves. Give the necessary civilian assistance and encouragement. I ask you to organize. Whether the forces of the Government are large or small, they can do little to meet the menace of the Red Hand unless you, the people, you and I, rally behind them. Stand with them where they are strong. Step in to support them where they are weak.

"I do not ask you to protect the Government, or this or that government official. I call on you to protect those things which are above government. Your homes, your families, the schools for your children, the hospitals for your sick, the churches in which you worship.

"Our good people, *unite*. Citizens of this free land, form yourselves into battalions of peace. Form your community assemblies, your neighborhood associations, your *barangays* for peace. Call on the civic organizations. Even the charitable institutions, religious institutions, the Boy Scouts, the Girl Scouts, Parent-Teacher Associations, and other civic and charitable institutions and our labor unions in every municipality. I ask you to call on them and all the prominent citizens in each community. Go on the alert. The enemy is around you, so learn of the enemy. Information is security. Unite to get the information. Relay it immediately to the nearest peace officers.

"You have heard the Civilian Guards condemned. This, because their loyalty was to the man or the group that hired them. Take over the civilian guards. Form your community chests. Many there are who are contributing for less patriotic purposes. Our Government is poor, but our individual citizenry is not poor. Everyone can afford to contribute to a common peace fund. Fill those chests with your contributions. *Name your own trusted men* to disburse them, and make the civilian guards your guards, loyal to the people.

"I do not call you to a campaign of war. I summon you to a campaign for peace. Unite, my dear friends, to keep the dread Red Hand of murder from your doorsteps. This is our fight to preserve the Philippines."

The President did not go into any details as to the local organizations he proposes, and it would perhaps be better if he did not, but leaves this to the people themselves and their "own trusted men".

Much of the Philippines is still, or is again, virtually frontier country, with the people naturally thrown largely upon their own resources. The vigilance committees of the American frontier in the old days are still well remembered. This form of voluntary organization is the natural answer to certain conditions of lawlessness, and the Government is wise in recognizing this and encouraging it at least in those regions at present seriously menaced.

It will, of course, be necessary to modify the laws and regulations covering the licensing of fire-arms in these areas because the arming of small groups of chosen volunteers in the various localities must necessarily be permitted. It would be murder to encourage men armed only with bolos and clubs to make a stand before armed outlaws. The best weapon for local patrol purposes probably would be double-barreled or repeating shot-gun.

Since the President outlined his plan, we have noted that various bureaucracies in the Government are preparing to take over the organization of the movement. This, we believe, is contrary to the President's original conception, the value of which lies precisely in the local, private, and voluntary nature of the proposed citizens' groups led by "their own trusted men." All that is necessary on the part of the national, provincial, and municipal officials is for them to adopt such enabling measures as may be required, always recognizing that the plan rests basically on the people's elemental right to organize for self-defense. Otherwise we will see a repetition of the same old story, —over-centralization and over-regulation killing the spirit of a promising development.

When a committee of the Philippine Association called on President Quirino one day last month, the President noted, with interest, that the committee included men of various nationalities,—Filipino, Spanish, Chinese, and American.

The Philippine National Business is International

The international make-up of the Philippine Association is indeed considered one of the best features of the organization, perhaps its strongest feature.

Though the oldest chamber of commerce in Manila, the Manila Chamber of Commerce, was and remains international in its membership, national chambers were organized in later years,—the Philippine, the American, the Spanish, the Chinese, the French, etc., and this was for good and sufficient reasons since national interests play a not inconsiderable part in most business relations, affecting organization, agencies, sources of supply, principal markets, etc.

However, this division of Philippine business into national entities has to an extent tended toward a certain narrowness of view which has not always been conducive to an understanding of the fact that the interests of business as a whole are not so much national as communal. It has, in fact, at times tended to weaken the position of business and has made it possible to play one element against another when a united front was most desirable.

In this situation, the organization of the Philippine Association may serve as a very necessary corrective, and opportunities will no doubt arise in which the Association will be able to appear for Philippine business as a whole, because the national business of the Philippines is, in fact, international in make-up. In this fact, indeed, lies its greatest strength. Business nowhere is wholly native, parochial, or domestic. Everywhere business is strengthened by the foreign elements it absorbs.

The Philippine Association may assist in bringing about a keener realization of the fact that all of our present business is the national business, no element of which may be wantonly or deliberately injured without damaging the Philippine itself.

In the August, 1949, issue of this *Journal*, we published a letter from Secretary of Finance Pio Pedrosa in reply to a letter from the *Journal* requesting information as to what the qualifications were of those industries entitled to the benefits of Republic Act No. 35 which provides for tax exemption for four years of "new and necessary" industries.

The answer was helpful, although it was necessarily phrased in broad terms.

A more detailed answer to this question is now available in Executive Order No. 341, signed by President Quirino on August 9, which establishes the "rules and regulations for the qualification of industries for tax exemption under Republic Act No. 35".

It is published in full elsewhere in this number of the *Journal*.

Among the statements made by Secretary of Finance Pio Pedrosa at a luncheon meeting of the Philippine Chamber of Commerce late last month, there is one statement especially which, at least as it was reported in the press, cries for comment.

The following is taken from the *Manila Daily Bulletin*:

"Touching on the broader aspects of the Philippines' economic problems, he pointed out that the new tax rates were aimed not only at wiping out the Government's budgetary deficits, but at coping with the threat of inflation arising from controls and large investments by private enterprises as well as by the Government.

"These new taxes, he explained, would 'syphon off excess purchasing power, excess profits'."

If it is indeed true that the aim of the Government in increasing certain tax rates is what the Secretary said it was, that aim, and the rates, are all wrong.

Among the so-called agents of production, of which there are five (the entrepreneur, the landowner, the laborer, the capitalist, and the community), the remuneration of the community, as represented by the government, is paid in the form of taxes. Taxes constitute the rightful share of the government in the fruits of production as they are paid for the protection and the regulation which is the function of the government to supply in the productive process.

The entrepreneurs, who organize, direct, and bear the risks in production, earn their profits (if they succeed); the landowners, who furnish sites, raw material, and power, earn their rents; the laborers who perform the work, earn their wages; the capitalists, who furnish buildings and machinery, tools, implements, and materials for work (capital goods), earn their interest; and so also, the government, which protects and regulates, is entitled to taxes.

The proportionate amounts of these various forms of remuneration drawn by the five agents in the production process, are delicately balanced and are basically determined through the operation of the law of supply and demand as it applies in each case. The operation of this law automatically adjusts excesses if these temporarily occur for one cause or another. When profits are too high, they are soon reduced by increased competition; when rents are too high, lands are left idle; when wages are too high, unemployment sets in; when interest is too high, no loans are contracted.

If a government arbitrarily demands too large a share in the fruits of production, the other elements in the process suffer accordingly, as their shares must inevitably decrease. Arbitrary action by the government, however, can only go so far. It, too, is checked, the penalty being a general retardation of production; the final penalty, flight of capital from the country.

A tax program, therefore, aimed at "the threat of inflation" or at anything else than to obtain the funds to support the legitimate functions of government, is most unsound. Furthermore, inflation and deflation represent only the ebb and flow of an economy; they are temporary conditions. How unwise, therefore, it is to deal with in-

1950 Economic Prospects Not Gloomy, Said Cuaderno

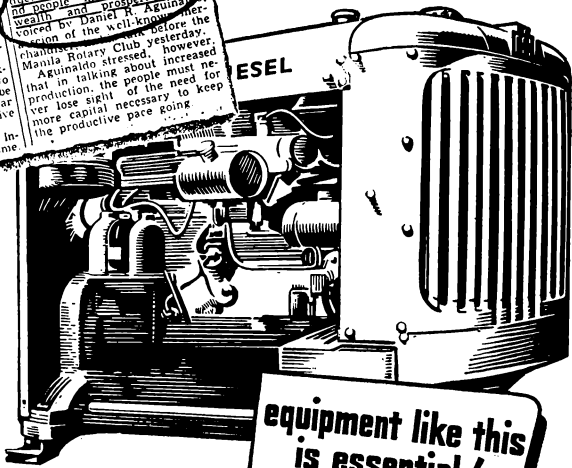
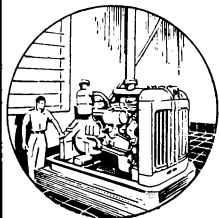
Twelve recommendations were embodied by Governor Miguel Cuaderno of the Central Bank of the Philippines in his first annual report on the effort to stabilize and increase the level of production and income, avoid further inflation, and in general improve the economic position of the country.

- The recommendations are as follows:
1. Curtailment of unnecessary or postponable government expenditures.
 2. Limitation of development expenditures for the time being to those that could reasonably be expected to increase in the near future the country's productive capacity.
 3. Because also of its great inflationary effects at this time

Aguinaldo Stresses Need of Production

An urgent call for more production on the part of the Filipino people in order to achieve wealth and prosperity was voiced by Daniel R. Aguinaldo, president of the well-known organization of the well-known Manila Rotary Club yesterday. Aguinaldo stressed, however, that in talking about increased production, the people must not lose sight of the need for more capital necessary to keep the productive pace going.

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flation through a general increase in the tax rates which are all too often permanent!

It is true enough that the Philippines has since the war been in the stage of inflation. The currency in circulation is still approximately four times what it was before the war and prices are, partly as a consequence, three times as high.

The government controls have checked the people in spending their money for imported goods, but this result (we will not say benefit) has been largely offset by a further rise in prices not caused chiefly by too much money, but by too few goods.

There are other and more proper ways to deal with this situation, and a general and sharp increase in taxators, increasing the burden on the economy and the people, is not one of them.

As for the "large investments by private enterprises as well as by the Government", which Secretary Pedrosa spoke of, what are the large private investments? We know of only a few local investments since the liberation which could properly be called large. The Government has made large investments of the people's money and these have been largely unproductive.

As to "syphoning off excess purchasing power and excess profits", we ask also, why, if there can be such a thing as "excess purchasing power", which we doubt, what sound reason and, in fact, what right has the Government to "syphon it off"? This is just a fancy phrase for *taking* the people's money. They don't want their purchasing power syphoned off; they want to buy the many things they need with it, and perhaps save some of it for their old age.

And excess profits! Normally there can be no excess profits. It is an economic fact that most new enterprises fail and that only a minor fraction of them succeed. If good profits are possible in some line of industry or commerce, that should be a matter of great satisfaction, not only to the entrepreneur concerned, but to the community and the government. It should not be anything the government should frown at. It is not only that the possibility that a profit will be made, is the principal incentive to economic enterprise, but that only profits enter into the vitally important process known as *capital formation*. Without new capital being formed all the time, without, in other words, saved profits, the economic system could not develop or expand. For a government to set about "syphoning off" profits is to do about the worst thing economically as well as morally that a government could do. What would it do with the profits? Let the bureaucracy spend it. And, under such conditions, how long would profits continue to be made by the entrepreneurs who only can make them? Profits should be left in the hands of those with the courage and foresight and ability to make them, so that they may build up capital for necessary expansion and new investments.

Heaven protect us from a government bent on "syphoning off" both the spending money of the people and their savings!

Private advices received from the United States by an important agricultural machinery importing firm in the Philippines point to the possibility of the development of critical shortages here in certain very essential types of equipment. And what is said of this equipment holds true for other machinery, spare parts, etc., as well.

Government "planners" may well consider the following excerpts from the message received:

"... The warfare in Korea has had its effect upon our business in a notable way these last few weeks... First and sharpest effect has

been the rush to buy our products,—all of them, by all kinds of customers... As a result, July sales will show the second highest dollar-volume in the Company's history... A great deal of the buying has been for cash... Orders being placed for next year's delivery are large. Customers continue to clamor for goods. Indications are that we may be able to sell every possible machine that we are able to build for the next several months.

"... The rush to buy repair parts has been so great in many lines that we have had to resort to the careful screening of orders simply to prevent our entire supply being sold out to a few large users, thereby penalizing the customer whose machine might go down for lack of a single part. The outlines of many of the old allocation headaches have begun to reappear, with customers pleading for special attention and consideration.

"A difficult new condition has arisen in the shortage of sufficient railway freight cars to move finished machines from our plants. The demand for flat cars, which are used primarily in the shipment of tractors... is so great... that we have had great trouble in moving these machines... It is even difficult to obtain box cars in the required numbers.

"Heavy demands have resulted in many price increases on the materials and parts we use in building our machines..."

We should remember that great machines, whole factories may be brought to a stand-still for the lack of one or two small irreplaceable parts which, if they could be obtained, would cost only a few pesos!

Concern is being expressed that the United States economy may not be able to bear the extra burden imposed on it by the cost of the mounting conflict. The Cost of Summer H. Slickter of Harvard University, a leading economist, was recently quoted as saying that "the net effect of the rearmament effort upon the standard of consumption in the United States will be much less than the increased expenditures on defense and foreign aid seem to indicate".

His reasons are that (1) the greater demand for goods will accelerate the expansion of production; (2) the strong demand for labor will help increase the labor force,—retirement of older men will be postponed and more women will engage in work outside the home; (3) the demand for labor will result in a more productive distribution of the labor force—from the less productive areas and industries to the more productive; (4) the rearmament will greatly stimulate technological research, and the expansion of the productive capacity both for military and civilian purposes will thereby be accelerated.

Professor Slickter comes to the conclusion that the Russian policy is not making the United States weaker, but is making it stronger. "All in all, it looks as if the Russians, by their policy of hostility, may, over the next decade, actually help to raise the standard of living in the United States".

We have only an abbreviated news report to go on, and we do not know whether Professor Slickter took an actual total war into consideration and whether he holds any opinion as to the possibly immense physical destruction and loss of life which might be suffered in such a case and the effect of this on the standard of living, indeed the chances of bare survival.

This matter involves so many uncertainties that probably no man could formulate an answer.

If another world war can be averted, Professor Slickter is probably,—almost certainly, right. The historian, Arnold Toynbee, quoted in another editorial in this issue of the *Journal*, has pointed out the important role of what he calls "challenge and response" in human history and the stimulating effect of "blows" and "pressures", as well as of "hard countries" and "new ground", and, in the case of classes of individuals, "penalizations" such as have been inflicted on the Jews, to name a familiar example.

And the great hope of the world is that the Korean conflict will not turn out to be the overture to another

world war but, instead, the prelude to a regime of permanent peace. The heroic forces of the United Nations now engaged in Korea are fighting, in the very truest sense, a "war to end war".

As the United States representative to the United Nations, Warren R. Austin, said before the Security Council last month:

"The United States, like almost every other member of the United Nations, wishes to live in peace, in tolerance, and in productive co-operation with its neighbors in the world community. The United States is determined to support the efforts of the United Nations to ensure that all countries, small and great, may be free from aggression. The United States believes that if aggression is stopped in Korea, it is less likely to break out elsewhere. The United States believe that the restoration of peace in Korea by the United Nations will strengthen peace everywhere".

And Ambassador-at-large Philip C. Jessup, speaking in opposition to a suggestion that the United States consider launching a "preventive" war against Russia, said more recently:

"War is never inevitable. Destruction of war is so catastrophic that no stone must be left unturned in an effort to maintain our security and our highest values by peaceful means. It is the conviction of our Government that this can be done."

As to the measures taken in Korea, Mr. Jessup said more specifically:

"We seem to be on the way to finding means for making international organization effective as a collective way to keep the peace."

One very *satisfying* result of Communist Russia's policy of imperialistic aggression, is that it is serving to blow up the Lenin thesis that "capitalism is the cause of war".

Capitalism as the Cause of War

Lenin, in his small book, "Imperialism, the Highest Stage of Capitalism", building on the Marx theory of the economic interpretation of history, attempted to prove that capitalism results in the growth of monopoly and the expansion of colonial possessions, and this in turn in imperialist rivalries and war.

This was a theory so easy to grasp and off-hand so convincing that it was widely accepted, misleading many thinkers. It charged the capitalist system and the capitalists with the arch-crime of the world, war.

And yet there was war long before there was capitalism in the modern sense, although possessions indeed attracted raiders long before the beginning of history. War had its inception in inter-tribal conflicts over hunting grounds and fertile valleys, in the raids of nomads on semi-settled pastoral and settled agricultural populations, in the expeditions of barbarians against rising centers of civilization, in the offensive and defensive wars of various ancient empires. Then there were the feudal wars between petty princes in various parts of the world, the dynastic wars which followed the formation of monarchical states, the wars between Christendom and Islam, the later religious wars in Europe, colonial and revolutionary wars, the Napoleonic wars against a master whose dream was unification. It is easy to see in all or most of these wars, whether they were wars of limited objective, or wars of extermination, enslavement, and wide conquest, fundamental economic drives and motives.

The First World War, unfortunately, presented many aspects which lent strength to Lenin's theory. Germany was a "have not" nation; it was competing for markets, demanding colonies; the capitalist nations allied against Germany combined to destroy a rival.

World War Two, however, was harder to fit into the Lenin pattern, although, again, even in this war fought primarily against fascism, economic drives undoubtedly played a part on both sides.

But the question is not whether economic or material interests play a part, or the main part, in war, or in most wars. It must be accepted that they do. The question is whether Lenin was right in charging that imperialism is the highest stage of *capitalism* and that *capitalism* is the cause of war.

As everyone knows, it is the capitalist nations which have freed their colonies.—India, Pakistan, Burma, Ceylon, Indonesia, the Philippines have all been made independent; Indo-China is on the way to independence; so also various colonies in Africa.

It is Communist Russia which has of recent years achieved conquest not only of large parts of Germany, all of Poland, and of the Baltic states on its western border, but of large parts of Eastern Europe, and, in Asia, of Outer Mongolia, Sinkiang, Manchuria, and North Korea; furthermore, it now holds all of China practically in fief. And not content with exercising general dominion, it has exterminated whole populations, and it has transported and holds in actual slavery tens of millions of hopeless people. There is an imperialism on a scale, and of a ruthlessness, such as the world has never before known.

After World War Two, the capitalist nations immediately demobilized and disbanded their armies. Through the formation of the United Nations they not only hoped for, but planned a peaceful world. Only Russia continued to build up its armed strength to such an extent that it now has all the other powers at a disadvantage.

Recently, through its North Korean puppets, it resorted to open warfare, invading and overrunning most of South Korea. The United Nations, in opposing this aggression by armed force, supplied chiefly by the United States, but aided by seven or eight other nations, is making a heroic effort to halt it, thus to prevent this small war from developing into a third World War.

And although Russia is a member of the United Nations, solemnly pledged to uphold the Charter, it is the one nation which is opposing the effort to restore peace in Korea. On the contrary, it is continuing to supply the aggressive forces with vast quantities of war equipment and supplies.

If World War Two was hard to fit into the Lenin pattern, the World War Three which now threatens mankind, could not be fitted into it at all. For it would not be a war of capitalist imperialism, but of communist imperialism. It would be a war brought on by the most vicious form of monopoly of all,—state monopoly; by the most vicious form of colonial expansion of all,—the expansion of a totalitarian state.

It is not capitalism as such, but political and economic nationalism which has engendered the wars of modern times, and Communist Russia is proving to be as nationalistic, imperialistic, and militaristic as any power in history. Only some form of cooperative world government will end war. The organization of the United Nations was a move in that direction. Capitalism does not oppose this development, but favors it, as capitalism would work best under a system of world-wide organization and cooperation.

"The forcible establishment of a universal state by some single surviving power" (the phrase is Arnold Toynbee's), which is the aim of the Kremlin, would not permanently establish peace, for, as such a state would not be established by universal consent and would have to be maintained by force, it would break up in the end, as have all the great empires of history.

While democracy is inherently inclined to peace, totalitarianism is, in its very nature, militaristic.

A further extension of individual freedom and of democratic government, and not a spreading slavery to totalitarianism, will give us permanent peace.

In the August *Journal* we quoted from a letter from the Philippine American Chamber of Commerce, Inc., New York, with reference to immigration and alien registration fees in the United States.

Broken Reciprocity and Other Fees Subsequently, we received another letter on the subject from the San Francisco Chamber of Commerce which read in part:

"... I am very happy to secure for you information concerning our own alien and immigration fees and charges. The proposed legislation in the Philippines certainly looks like another one of these fee-charging rackets which are excessive and unnecessary.

"There is attached a schedule of charges made by the American Government through the consular offices abroad in connection with applications for visas, immigration permits, etc.

"I have discussed the matter with Mr. Barber, head of our Bureau of Immigration and Naturalization. The charges that are generally assessed here after an alien has entered the country legally and paid the fees normally charged by the American Consul, are very nominal. For example, if an alien loses his registration card, he can secure another one for \$1. If an alien has illegally entered the country and then clarifies his status in order that his entry would be legal, his fees totalling \$18 would be no different from an alien applying in Manila or any other foreign city for permission to enter. After being here and desiring naturalization, the naturalization fee totals \$11, made up as follows: \$3 for first papers, \$8.00 for petition for final naturalization. Should he lose his naturalization certificate, he can secure another one for \$1.

"We have no resident taxes or any other special assessments against non-residents and or aliens. I believe our fishing and hunting license is \$3; for non-residents of California, I believe it is \$5, and \$8 or \$10 for an alien. There are no other taxes or assessments I can find any record of that especially apply to aliens. I hope these facts will assist you in your representations to the Philippine officials."

The schedule of consular charges referred to in the letter runs as follows:

Tariff of United States Foreign Service Fees
As published in the *Foreign Service List*
of January 1, 1948

Nature of Service	Fee
Execution of application for immigration visa.....	\$1.00
Immigration visa.....	9.00
Execution of application for passport visa, except where the fee has been reciprocally reduced or waived under the authority of the Act of February 25, 1925 (43 Stat. 976). (The term "passport visa" refers to the visa of a passport or other travel document).....	1.00
Passport visa, or visa of affidavit in lieu thereof, except where the fee has been reciprocally reduced or waived under the authority of the Act of February 25, 1925 (43 Stat. 976).....	9.00
Exception—	
Application for or the visa of a passport for any officer of any foreign government, or members of his immediate family, its armed forces, or of any State, district, or municipality thereof.....	No fee
Limited entry certificate	
Application for limited entry certificate.....	No fee
Limited entry certificate.....	No fee
Transit certificate	
Application for transit certificate.....	No fee
Transit certificate.....	No fee
Visa of alien crew list.....	2.00
Supplemental visa of alien crew list.....	No fee

The *Journal* checked with the American Embassy in Manila as to the correctness of the information contained in the letter from the San Francisco Chamber of Commerce and received the following statement from Consul General James E. Henderson:

"The enclosure to the letter from the San Francisco Chamber of Commerce is a true and correct excerpt from the current Tariff of United States Foreign Service Fees. The Embassy is not in a position to verify immediately the miscellaneous fees mentioned in the letter itself. However, since those related to naturalization were obtained from the U. S. Bureau of Immigration and Naturalization, they ought to be correct. Furthermore, the Department of State has recently confirmed, in connection with the Embassy's protest against the fifty-peso fee prescribed by the Philippine Alien Registration Act of 1950, that no fee is charged in the United States for alien registration."

Statement to the Press*

BY AMBASSADOR DANIEL W. BELL
Chief, U. S. Economic Survey Mission for the
Philippines

THE members of the Economic Survey Mission and its staff wish to take this opportunity, now they are completing their work, to express their appreciation for the courtesies and cooperation that have been extended them by the Government and the people of the Philippines. In our two months here, Government officials, businessmen, civic groups, and individual citizens have done everything within their power to give us assistance in our work and to make our stay most pleasant. Our Mission will leave the Philippines with the warmest feelings of affection and admiration for your people. We also wish to express our appreciation to the editors and reporters of the Philippine press for their many courtesies. By their willingness to refrain from speculation about the contents of the report at a time when we could not discuss it with them, they have done their country a distinct service.

As you know, President Truman sent this Mission to the Philippines at the request of President Quirino to study the economic and financial problems with which you are confronted and to make recommendations regarding measures which might be undertaken toward their solution.

Upon our arrival we started our work by consulting with the officials of your Government. From them we wished to get the factual material to appraise the current financial and economic status of the country. We also met

with the Economic Commission appointed by President Quirino, and the members of this Commission made available to us the very extensive analysis that it had made of the economic problems of the country.

The next stage of our work was to consult with private business groups and individuals. Many of them spent long hours of arduous work preparing valuable studies and recommendations for our use. As we became familiar with the broad outlines of the current economic situation, members of the Mission began to travel throughout the provinces to obtain first-hand information about agriculture, mining, commerce, finance, and industry. These trips were particularly valuable to the members of the Mission and its staff. We were able to observe for ourselves the natural resources and potentialities of the country and, perhaps even more important, come to know the splendid qualities of the Philippine people.

In recent weeks we have been assembling the data that we have collected and analyzing it for our report. I believe that with your cooperation we have been able in this short time to obtain a clear and realistic picture of the economic situation in the Philippines.

We hope our report contains suggestions and recommendations that will, if adopted, contribute to the solution of your economic and financial problems. I regret that I cannot give you copies of this report before we leave but my instructions are to report directly to the President of the United States. When I return to the United States I shall promptly report to President Truman our recommendations regarding your problems.

*September 1, 1950. Ambassador Bell and another member of the Mission, Edward M. Bernstein, left the Philippines for the United States the next day, via Paris, and Gen. Richard I. McShane, Deputy and David J. Fisher, Activities also left for the United States later on the same day. Other members and advisers were scheduled to leave before the end of the following week.

Economic Survey of Asia and the Far East, 1949*

By the Secretariat of the United Nations Economic Commission
for Asia and the Far East

THE year 1949 has been one of significant developments in Asia and the Far East, including Japan. It may mark the end of the first phase of the slow and painful post-war recovery paving the way for a more promising future. There has been an over-all improvement in the AFE region** in mineral and industrial production as well as in transport and to a lesser extent in agricultural production, except in China where, on account of disturbed conditions, there was a setback. The deterioration in the Chinese situation, partly arrested toward the second half of the year, affects significantly the economic picture of the region, as China has 40% of the population, 52% of the land area, 33% of the current rice production, and a large proportion of iron ore, coal, and other mineral resources of the region. Also, the regional economic picture would have presented a greater improvement over 1948 were trade between India and Pakistan not virtually suspended over the currency dispute arising from the sterling devaluation toward the end of September. Inflationary factors which were a menace in 1948 have not only been arrested, but in a few countries the measures taken have brought about disinflationary conditions, if not actual deflation. The recession in late 1948 and early 1949 in the United States, which threatened to disrupt the price structure of some of the countries in the Far East, was fortunately short-lived, and prices and exports recovered. One of the most outstanding economic developments in 1949 was the devaluation of the pound sterling and the chain of devaluations of the currencies of most of the countries of the region; although it is too early to trace its full effects there can be little doubt of its having exerted a favourable influence on the general economic, trade, and financial conditions of Asia.

Plans for economic development, which had been somewhat unrealistic in the past, were reviewed by most countries in 1949. The interest in the United Nations expanded program of technical assistance, and in the United States program of aid, has been very general all over the Far East, and never before in Asia has so much energy and enthusiasm gone to the drawing up of plans for development. This is not to say that plans have always been precisely formulated or carefully prepared. Indeed, sound planning is still a basic, and perhaps the greatest, task to be achieved initially in the region's struggle for economic development.

PRELIMINARY reports show a 2% decrease in agricultural production in 1949, as compared with 1948, or 8% below pre-war as compared with 6% in 1948. But if China is excluded, the region's agricultural production appears to have improved over 1948. Rice production rose by 1%; there was an increased output of wheat in many countries, and coarse grains maintained their 1948 level. Oil-seed production in 1949 showed an increase for the whole region, including China, as compared with 1948. In other crops, such as sugar, tea, and raw cotton, China's output declined in 1949.

The most disquieting feature of the post-war economic conditions of Asia and the Far East is the low level, both absolute and relative, of agricultural output. Nutritional conditions in the region are among the poorest in the world. Despite the legitimate ambitions of Asian countries to diversify their economies and to promote industrialization, the pressure of economic factors has tended to bring to the forefront the problems of mere subsistence. Food is still the basic want of the AFE countries with their growing population, and agricultural development their main pre-occupation. The post-war period has witnessed a serious decline in the region's position in the world as a producer and supplier of foodstuffs, and also as of fibres. In other respects, too, its position has been weakened. The restoration of agricultural production, not only to pre-war levels but to pre-war per capita consumption levels, is singly the dominant problem facing not only the region but the entire world.

There was a more marked improvement in industrial and mineral production in 1949 in the region, despite the decline of production in China in most categories and the decline of textile production in India. Among the ECAFE countries production increased over 1948 by 8 to 9% for electric power, coal, iron, and steel; 15% for tin concentrate; 22% for iron ore, and 40% for cement, but fell by 17% for cotton yarn. In Japan the corresponding percentages of increase over 1948 were much higher, being 13% for coal and electric power, 17% for machinery, 26% for textiles, 36% for iron ore, 78% for cement, 81% for steel, and 91% for pig iron.

*The present article constitutes the Preface to a 500-page volume with the same title.

**The term "ECAFE region" is used in reference to the more restricted group of countries covered by the Commission's terms of reference, namely, British North Borneo, Brunei and Sarawak, Burma, Ceylon, China, Hong Kong, India, Indochina, Federated Malaya, Korea, Federation of Malaya and Singapore, Nepal, Philippines, Republic and Siam/Laos. These countries, with the addition of Japan, constitute the wider "AFE region".

***These are not to be considered as on a par with loans and grants, although they have more or less the same immediate effect on the balance-of-payments position of these countries.

As compared with pre-war, production in ECAFE countries rose by 34% for cement, 40% for steel, and 105% for electric power, while cotton yarn, coal, and iron ore fell respectively by 17, 28, and 59%. Both tin concentrate and pig iron, however, regained their pre-war level. In Japan, as compared with 1936, production of iron ore and electricity rose respectively by 24 and 45%, while all other items fell, especially textiles. However, on account of its more advanced industrial development, Japan's production in 1949 of such items as electricity, iron and steel, cement, and cotton yarn, exceeded that of ECAFE countries taken together, by 1 to 6.5 times.

There was a welcome improvement in transport compared to pre-war mainly due to greater utilization of existing equipment and to a lesser degree to increased supplies, but the strain on the transport systems continued. Civil aviation expanded at a more rapid pace than in previous years. Although not to the same extent, railway transport in the region registered a further improvement over pre-war. In the ECAFE region, despite a 1.7% decrease in passenger and freight cars, there were in 1949 increases of 36% in freight traffic and 134% in passenger traffic. In Japan, with a 43% increase over pre-war in passenger and freight cars, there were greater increases in freight and passenger traffic, being 95% for the former and 181% for the latter.

IN the sphere of international trade, 1949 registered a further advance over 1948. The total value of trade of the ECAFE region (excluding China, Nepal, and British Borneo) was 6% above that of 1948 in spite of the temporary recession in the United States at the end of 1948 and the beginning of 1949 which affected the export of rubber, tin, and other materials, and practical cessation of trade between India and Pakistan toward the end of 1949. The 1949 trade of ECAFE countries was, in fact, 125% higher than that of 1938, but apart from the registering of Indo-Pakistan trade after partition, this was mainly due to price rise. There was a greater increase in imports than in exports, resulting in an import surplus larger than in 1948. The trade deficit, which for ECAFE countries (excluding China, Nepal, and British Borneo) grew from \$838,000,000 in 1948 to \$1,412,000,000 in 1949, but for Japan declined from \$424,000,000 to \$355,000,000 during the corresponding period, brought about a net increase of 40% in the trade deficit for the AFE region, from \$1,262,000,000 to \$1,767,000,000. 80% of the trade deficit in 1948 and 85% in 1949 were incurred by India, Japan, the Philippines, and Korea, the magnitude of the deficits in 1949 being in the order given.

The deficits in the balance of payments of ECAFE countries, arising mainly from the large import surplus, have been financed by external loans, and the financial aid of one type or another. For China, Korea and the Philippines, direct United States aid programs and loans have been the principal source. For Ceylon, India, and Pakistan the sterling releases*** by the United Kingdom have played an equally important part, while the credits extended by the Netherlands and France to Indonesia and Indochina, respectively, have been the chief sources of external finance. Contributing to the increase in the balance-of-payments deficit of the ECAFE region was also a marked increase in dollar deficits, to which India among the sterling-area countries and the Philippines among the non-sterling-area countries contributed the major share. The sterling-area countries had a combined dollar deficit of \$68,000,000 while the non-sterling-area countries had a deficit of \$370,000,000. Various measures have been taken in 1949 to relieve the dollar deficits, principally by devaluation and export, import, and exchange controls. Export drives to dollar countries have been encouraged in several countries, but in view of the limited effectiveness of the available measures so far taken, continuance of external aid seems to be necessary. It should, however, be borne in mind that the dollar deficit, and measures adopted merely to relieve the hard-currency deficit, can only be a partial solution. The close association of the majority of ECAFE countries with Europe in the past suggests *prima facie* that a partial solution may lie in exploring ways and means of strengthening the economic and financial relation with European countries.

It is true that the pattern of trade of ECAFE countries has undergone a significant change since the war. The United States has become a more important supplier to this region, thereby reducing the share of Europe and Japan in the total trade. But already the region's dependence on the United States aid is declining; trade with Japan has increased substantially in 1949 as compared with 1948. Exports from Japan to ECAFE countries increased by about 80% in 1949, and imports by 67% compared to 1948. The recovery of European production may also be expected to lead to an increased volume of trade with the region. A return to pre-war patterns of trade is not to be expected immediately or even in course of time. To the extent that the world's balance of economic power has shifted and that the demand for the United States goods has increased, some modifications of the pre-war patterns must be accepted as permanent. But there is considerable scope for the expansion of trade with Japan and Europe, thereby reducing the present excessive dependence on imports from the United States.

THE role of public finance in the economies of the region is expanding at an ever-increasing rate. Heavy deficits, although less in 1949, continued to exert an upward pressure on price levels. These deficits were caused partly by large outlays on capital equipment for rehabilitation and recovery, social services, and food and other subsidies but mainly by expenditure on defence. Most of the countries were unable to raise enough by taxation and even by borrowing, and the gap between expenditure and receipts continued. Not all deficits on current and capital accounts had inflationary effects, however, because part of the expenditure was incurred outside the countries concerned. The latter, putting a strain on the balance-of-payments and the financial position of the Governments concerned, did not result in increasing domestic money incomes and were therefore not inflationary.

The continuance of inflationary pressures, arising from low production and large budgetary deficits, was one of the major problems confronting the various economies of the region at the beginning of the year 1949. Attempts were made to tackle this on various fronts. The most successful of these was the heavy increase in import surpluses in the first half of the year. Increased imports succeeded considerably in arresting price rises, and in a few countries in bringing prices down by a threefold operation. Firstly, they increased the supply of goods which were badly needed. Secondly, these imports were obtained from countries where the rise in prices was substantially lower than in the importing countries. In the first half of 1949 in particular, the American recession caused a fall in the prices of these imported goods, and in the general price levels. Thirdly, the monetary systems in most of the importing countries were closely linked with the holdings of foreign assets by the central banks and the fall in these assets, as a result of import surpluses, led to a reduction in money supply.

The countries of the region differed greatly in their experience during 1949, and in their prospects at the end of the year. The emergence of the United States of Indonesia as a sovereign State in December was a welcome development. But in none was the economic situation without difficulties. In many countries, economic activity was still gravely impeded by civil war and political difficulties or by disputes with neighboring countries. Trade between India and Pakistan came almost to a standstill because of the failure of the Governments to reach agreement over the exchange values of their rupees. The ports of east and south China were under blockade during the second half of 1949. In Burma parts of the country were under the control of insurgents. In Indochina the Governments established under agreement with France were fighting against the forces under the Democratic Republic of Viet Nam. In the Philippines, Indonesia, and Malaya, operations against more or less organized forces involved the Governments in great expense even if they did not greatly affect production and trade. A heavy burden is placed upon the underdeveloped economies of the region by the maintenance of large armed forces, which have to be paid for either out of taxation or by inflation.

The mobilization of domestic resources and the attraction of foreign capital for investment are hardly possible while such conditions prevail. Without a great increase in investment, which is still a much smaller proportion of the national income than in Europe or America, there can be neither ade-

quate rehabilitation nor rapid progress. But national income in all ECAFE countries is small, very small in absolute amounts. Such improvement of production as has been recorded has depended in large part on external aid. Some of the more ambitious plans for development have already had to be reconsidered and others may be hindered by lack of financial resources and especially of foreign exchange required for the purchase of capital equipment. Although imports of food grains and textiles to satisfy the essential needs of people may not require such large expenditures of foreign exchange in 1950 as they did in 1948 and 1949, the countries of the region are still not in a position to dispense with large imports, a good deal of which still come from the dollar area. Devaluation of currencies in the sterling area and other countries of the region has increased the cost, in terms of such currencies, of imports from the dollar area; though dollar earnings increased in the latter part of 1949, when the recession in the United States was halted and the demand for rubber and other major products of the region rose, there was still a long way to go before most of the countries of the region could balance their receipts and payments. The continuance of exchange, import, and export controls for some time has to be expected.

It is clear that the present resources of the countries of the region are being stretched nearly to their limit. Aspirations for development and for social welfare are very much in evidence. *But it is not yet possible to say that agricultural and industrial production and opportunities of employment will increase faster than the populations of the countries of the region, which are likely to continue to grow at a rate exceeding 1% per year.*

Meantime, the region's share in the distribution of world income has diminished. Although the region is predominantly agricultural and depends for livelihood on agricultural products, it was able to contribute, with one-half of the world's population, less than 33% of the world's food production as compared with 35% before the war. Before the war two-fifths of the world's aggregate production of natural fibres was contributed by the ECAFE countries. In 1949 the contribution has declined to less than 30%. The region's per capita consumption of food, essential consumer goods, and durable goods is declining. In contrast with the situation in other regions of the world, even pre-war food consumption levels remain a distant goal. While before the war consumption of cotton textiles in the region averaged about 2 kilograms per person, in 1949 the per capita consumption was less than 1.5 kilograms.

In the face of the above facts, particularly the region's low level, both per capita and aggregate, of savings and capital formation, it would be totally unrealistic to talk in terms of a rapid increase in the standard of living and welfare of the peoples of Asia and the Far East. It would in fact take all the presently available resources of the countries of the region in the next five years to ensure at least maintenance of per capita production and consumption levels. Even the limited goal attained without the continuous and systematic efforts of the peoples and Governments of the region, supported and encouraged by the active assistance of countries outside the region which are in a position to grant loans and other forms of aid, and not least of the United Nations, the specialized agencies, and other international bodies.

Philippine Air Traffic

By P. C. MORANTE

Aviation Education Officer, Civil Aeronautics Administration

BECAUSE there is an apparent increase in the number of planes soaring in the Philippine skies as well as a continued augmentation of air navigational facilities being established throughout the Philippines, many people have been led to believe that our aviation industry is steadily progressing. There are even many persons engaged directly or indirectly in aeronautical activities who point to these physical manifestations as incontrovertible evidence that aviation in our country is certainly here to stay!

There are a few of us, however, who, closely observing the operations of our local airlines with a detached concern for their welfare, are beginning to be apprehensive.

Something seems to be undermining the life of this new industry which is so vital to the progress of our nation. The Philippine domestic air traffic volume is on the decline. It has been declining since 1947. (The figures for 1946 are not comparable because of the unstable and irregular operations of the local airlines that year.) For the fiscal year

of 1947-48, the number of domestic revenue passengers was 308,129, or an average of 25,677 monthly. For the fiscal year 1948-49, it was 268,926, or an average of 22,327 monthly. For the fiscal year 1949-50, the number of passengers as shown by the first 11 months, averaged 20,921 monthly revenue passengers. In other words, since 1947 there has been a decrease of 18.5% in the domestic air traffic density.

From these figures we may be tempted to conclude that a saturation point has been reached, and that we are presently experiencing a leveling off which is certain to be below the traffic peaks attained in the previous years. But this conclusion would be untenable, as in the field of international operation, air traffic has been, instead of declining, registering a steady rise since 1947. For the fiscal year 1947-48, the number of revenue passengers was 19,300, or an average of 1,600 monthly. And for the fiscal year of 1948-49, it was 29,300, or an average of 2,442 monthly. And for the fiscal year of 1949-50, the first 10 months

registered an average of roughly 3,400. These figures indicate the fact that our air travel to foreign countries can be further developed, and that there are factors which make for flying abroad which could be applied to the promotion and development of our domestic air traffic. The difference between the fall in domestic air traffic and the rise in international traffic is in part due, no doubt, to such factors as the amount of money in circulation, the briskness of trade and commerce (particularly between the United States and the Philippines), the types and kind of equipment, and the rates. The first two factors are beyond the control of airline operators, and if one so desired one could easily lay the blame for the decline in our domestic air travel to the general conditions prevailing in our national economy.

But let us examine the relationship between rates and traffic, for I believe that there lies much of the trouble.

In an editorial in *Aviation Week Magazine* for July 4, 1949, it was pointed out:

"Lower fares, not higher ones, offer the best promise of developing the air transportation market. Northwest (Airlines) pointed out that during 1948 it made several fare increases on the theory that because of increased costs, increased fares were necessary. However, experience shows that such fare increase resulted in further limiting the potential market for air transportation, and its total revenues were not correspondingly increased."

Northwest Airlines was not the only company in the United States which experimented in fare increases with unfavorable result. Practically all the major airlines in 1948 (at one time or another) lent themselves to this cure, but all went back to the basic solution which lies in the development of air traffic through reduced operational cost and reduced fares.

The year 1949 saw the trunk airlines in the United States and many feeder lines make considerable gains in the number of passengers. For the first 9 months last year there was a 15% jump in revenue miles flown by the 16 trunk airlines in the United States. The result of these increases in revenue passengers is that the air carriers gained an estimated operating profit of \$25,000,000 and a net of \$15,000,000.

There are those who might argue that these profits were made possible by the mail subsidies granted to the

air carriers by the United States Government. The *Aviation Week* magazine for November 14, 1949, categorically denies this: "Mail pay increases contributed little or nothing to the industry's financial comeback." Last year many of the major United States airlines showed a decisive disposition to accord only minor importance to the mail payments granted to the various airlines.

According to the latest information, our local airline is planning to reduce its fares in the domestic field. This is good news, which, in my belief, could start an upward swing in air traffic volume. Rates should be adjusted not to the pocket-books of the constant air customers whose earning capacities are in the higher brackets; the rates should be so adjusted as to lure a price-conscious public into taking advantage of air travel.

I do not mean to say, however, that the airline should plunge headlong into the 8-10 centavos per-plane-mile fare, which is the standard rate in the United States. I realize that the lowering of rates must depend upon the ability of the airline to bring down its operational cost as low as possible consistent with efficient public service. To exercise economy at the expense of safety would be most detrimental to the industry. There must be a constant drive against inflated payrolls, inefficient flight operations, and other forms of wastage. Hand in hand with this policy, should go the general promotion and development of our air traffic by means of (1) the family plan, (2) discount on fares during days of lowest payload, (3) special excursion fares, (4) perhaps discount on government travel for the benefit of low-salaried government workers, and (5) application of the air-coach system.

It is not enough that we should have more modern air navigational facilities, more adequate airports, more air routes, more airmen and more technical men. The future of our aviation industry depends to a large extent upon the development of our air traffic potential. For unless we can develop our air transportation market to the extent that it can support the industry as a vital adjunct to the nation's transportation system, there is little to hope that civil aviation in the Philippines will survive. The Government, together with the airlines, should initiate at once a program to induce more and more people to travel by air.

Report on the Reorganization of Government Corporations*

By the Department of Economic Coordination

A REPORT containing 34 recommendations, including the consolidation of several government-owned and controlled corporations, was submitted to the President during the August 22 meeting of the Cabinet by Secretary Placido L. Mapa, in his capacity as acting head of the Department of Economic Coordination.

The report was prepared by the Committee on Reorganization of Government-owned or controlled Corporations, originally appointed by Vice President Fernando Lopez as chairman of the former Government Enterprises Council. The committee was composed of Hermenegildo B. Reyes, chairman, and Salvador Araneta, Delfin Buencamino, Pedro M. Gimenez, and Oscar Ledesma, members.

The report will be turned over to the Government Reorganization Commission for consideration and possible inclusion in the over-all reorganization plan due to be submitted to the President by the end of the month.

Highlights of the recommendations include reduction of government enterprises from the present 24 to 16 corporations; the encouragement of private enterprise in the development of the country's resources, with the Government assisting only in the financing of these projects; and the organization of development banks in rural areas.

The full outline of the recommendations follows:

1. In the development of our resources, preference should be given to private initiative, if necessary, with government financing in the form of preferred shares.
2. The organization of development banks in rural areas should be fostered by having the Rehabilitation Finance Corporation subscribe to one-half of their capital in the form of preferred shares. These banks would greatly help in the creation of a local market for government debenture bonds.
3. The present 24 government enterprises should be reduced to 16 corporations.
4. The following activities and programs are not recommended for government corporations: trading activities in export products; engaging in agriculture; and activities in competition with private enterprise.

* From a Malacanang press release, August 22.

5. A Price Stabilization Corporation should be created to absorb the present functions of the NARIC, the PRATRA, and the National Cooperatives and Small Business Corporation.

6. An Agricultural Processing Corporation should be created to absorb the present functions of the NARCO, the NACOCO, the NAIACO, and the National Food Products Corporation, limiting its functions to the processing of agricultural products, by-products and wastes either directly or by promoting among farmers more modern and efficient processing practices. The other functions of the said commodity corporations should be disposed of as follows:

Trading in commodities and farming should be discontinued. Financing of producers should be handled by the RFC through the Price Stabilization Corporation. Research and extension work of the said commodity corporations should be transferred to the Department of Agriculture and Natural Resources.

7. A National Land Settlement and Development Corporation should be created to absorb the National Land Settlement Administration, the functions of the Rural Progress Administration in rural areas, and the departments of the National Development Company known as the Rice and Corn Production Administration and the Machinery and Equipment Department.

8. The functions of the Rural Progress Administration in urban areas should be transferred to the People's Homesite and Housing Corporation.

9. The purpose clause of the National Power Corporation should be amended to include flood control and the manufacture of fertilizers.

10. The Shipping Administration should be abolished and its assets and liabilities transferred to the RFC.

11. The paid-up capital of the RFC should be increased to its authorized amount.

12. A substantial amount of the resources of the RFC should be used to finance cooperative marketing associations through the Price Stabilization Corporation.

13. The Insular Sugar Refining Corporation should be sold but the Cebu Portland Cement Company should not be. The Manila Hotel Company should neither be sold nor leased.

14. A congressional policy should be enacted limiting buses and freight trucks which operate parallel to the Manila Railroad lines to a maximum haulage of 100 kilometers.

15. The National Development Company should be divested of its investment functions, limiting its scope to owning and operating industrial and mining enterprises. The investment functions of the National Development Company should be transferred to the proposed Philippine Development Authority.

16. The over-all coordination and direction of all government corporations should be entrusted to a non-political officer to be known as Director General of the Philippine Development Authority.

17. All shares of stock of the Government in all corporations whether government-owned, controlled, or minority-held, should be transferred to the name of the Philippine Development Authority, a body corporate and a holding corporation.

18. The assets of the Philippine Development Authority consisting of all the shares of stocks, bonds, and interests, of any nature in all corporations, plus dividends paid on the same and loans obtained with the guarantee of the same, plus any fresh appropriation contributed by the Government to the said assets, should not be answerable for the general debts of the National Government and should be known as the Government Corporate Assets.

19. The disposition and investment of the Government Corporate Assets, including the organization of new government corporations for the economic development of the country, should be placed in a Development Investment Committee composed of the Chairman of the National Economic Council as Chairman of the Committee, the Governor of the Central Bank, and the Director General of the Philippine Development Authority.

20. The office of the Government Corporate Counsel should be transferred to the Philippine Development Authority.

21. A uniform Government Corporate Charter should be promulgated for all government-owned or controlled corporations.

22. In the selection of the board of directors, two of the directors in all government corporations should be chosen, one from a list submitted by the minority members of the Commission on Appointments of the Congress, and the other with the cooperation of a civic organization.

23. The position of full-time directors should be created, who would act as assistants to the Director General of the Philippine Development Authority. A full-time director should be appointed director to not more than five government corporations. Other persons should not hold more than two directorates in government corporations.

24. The general manager of the corporation should be selected by the board of directors with the approval of the President of the Philippines.

25. A profit-sharing system should be established in all government corporations, to give the directors, officers, employees, and laborers of these corporations a direct interest in their success, thereby solving one of the problems pointed out from time to time by American Governors General who remarked that government corporations are not likely to succeed due to the fact that the directors and managers of these corporations have no direct financial interest in the success of the corporations.

26. The consent of the Commission on Appointments of the Congress should be secured on all appointments made by the President to the board of directors of all government corporations.

27. A people's control over government corporations should be established by providing that a group of taxpayers and certain civic organizations are entitled to file suit to question the legality or fidelity of any proposed or accomplished transaction of the Philippine Development Authority or of a government-owned or controlled corporation.

28. The National Shipyards and Heavy Industries and the Engineering Island Shops departments of the National Development Company should be constituted into a separate corporation to be named National Shipyards and Steel Mill Corporation.

29. The National Airports Corporation should be abolished and its functions transferred to or consolidated with a bureau or office under one of the executive departments.

30. In the establishment of essential industries by the Government, preference should be given to the following:

a. Industries using processes that are already well proved in other parts of the world and which can be advantageously and economically duplicated in the Philippines.

b. Basic industries such as the steel and iron industries along the lines recommended by the United Technical Organization of the Philippines (UTOP); and

c. Industries using local products as raw materials, especially those which can be acquired on a participation basis. Industries which require the purchase of raw materials, especially if they have to come from abroad, are not generally to be favored.

31. An agricultural development policy should be based on the following in addition to other recommendations already listed above:

a. A huge appropriation of public funds for the construction of more roads and bridges in the undeveloped areas in Mindanao and Palawan to increase the output of agricultural lands, thereby helping reduce the prevailing high prices of agricultural lands.

b. Balance agronomy with animal husbandry to do away with seasonal unemployment and to bring about greater fertility in our soils. This would require earmarking in the RFC of P10,000,000 to finance producers cooperative associations for the acquisition of animals and processing plants.

32. Authorize a more liberal plan of acquiring locally-produced gold to increase more rapidly the gold holdings of the Government with which to build up our reserves, thereby also giving added impetus to our gold mining industry.

33. Provide a borrowing plan for the Government through direct commodity loans, to be raised by a special 3% income assessment on corporations and a special 2% assessment on net incomes above P7,200 of individuals, to be covered by government bonds.

34. Authorize, as soon as possible, a government debenture issue not exceeding P1,000,000,000 to finance the total economic mobilization plan of the Republic.

Among the recommendations made to the U. S. Economic Survey Mission by private individuals, the *Journal* has been informed of one recommendation, with respect to the Japanese seizure of American credits and bank deposits, which was stated as follows:

"Approximately 2,000 American citizens and American-owned corporations have claims totalling over P15,000,000. (I am informed that losses of this character by British and other allied individuals and companies exceed P20,000,000.) Unfortunately, as of March 31, 1950,

only U.S.\$1,750,000 of these claims had been filed with the War Claims Commission pursuant to the War Claims Act of 1948, Public Law No. 896, 80th Congress, as amended. (Report of War Claims Commission, p. 49.) With your permission, I file this Memorandum on how these claimants' problems tie into your economic survey of the Philippines.

"If you decide that the Philippines require additional dollar credits or exchange, I respectfully submit that the American citizens whose credits and bank deposits were confiscated by the Japanese could be reimbursed these losses with the proviso that payments be made in Philippine currency; the corresponding dollars would then be available to the Central Bank of the Philippines. By doing this the Congress of the United States would correct this injustice and at the same time materially help the rehabilitation of the Philippine economy."

We believe this to be a very constructive suggestion.

The Business View

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

Office of the President of the Philippines

From an Official Source

AUGUST 1—President Elpidio Quirino personally delivers his message on the opening day of the 10-day special session of Congress in the newly-reconstructed Legislative Building.

AUG. 2—The President gives a luncheon in honor of E. S. Turner, in charge of Y.M.C.A. activities for the past 40 years including the post-war rehabilitation of Y.M.C.A. centers in Manila and the provinces at a cost of over ₱1,500,000.

Budget Commissioner Pio Joven, commenting on a statement made in the *Wall Street Journal*, states that the Government realized more than ₱98,000,000 "in cash sales and goods actually transferred and used by government offices and entities" from the war surplus goods transferred to the Philippine Government by the American Government and appraised at ₱200,000,000.

AUG. 3—At ceremonies held on the newly-rehabilitated Pier 13 (formerly Pier 7), the President receives from Ambassador Myron M. Cowen the document which formally transfers the pier to the Philippine Government. Said to be the largest pier in the Orient, 426 meters long and 73 meters wide, it cost ₱13,000,000 to build it before the war, and the American Government allocated ₱3,250,000 from funds authorized by the Rehabilitation Act of 1946 for its reconstruction.

Secretary of Education Prudencio Languan states in a radio address that the Philippine spent approximately ₱120,000,000 for the public schools last year out of a total government appropriation of ₱370,000,000, and that this year the Government is committed to spend ₱130,000,000 for the purpose. In 1949 the annual enrollment in the elementary grades alone rose to 3,941,363, an increase of 105% over the 1940-41 figure. He states also that "because of the low purchasing value of the peso we have to spend three times more than we did for an equal number of students in pre-war years."

AUG. 4—The President issues a directive requiring that real property throughout the country be re-assessed as close to actual market values as possible; Secretary of Finance Pio Pedrosa states that in many localities taxes are still being collected on assessments made 20 or 30 years ago.

The Cabinet rules that "alien flour importers who have been in the business for a long time should not be discriminated against and should be given a fair share of the trade."

"The Cabinet defined this policy after Under-Secretary of Foreign Affairs Felino Neri reported that the Department had received numerous representations, notably from old British flour importing houses, alleging that the PRATRA was committing some discrimination in the allocation of flour. The Cabinet made it clear, however, that the PRATRA would be acting in consonance with the national policy if Filipino businessmen were given preference in the allocation of new flour quotas. It is the Government's policy to encourage Filipino citizens to participate as much as possible in the country's trade and industry. The Cabinet pointed out Secretary Neri said the Cabinet ruling meant that American and British and other importing firms would be given a square deal in the allocation of flour on the basis of their traditional quotas, although in the allocation of new quotas Filipino importers would be given preference in accordance with the existing policy."

In the course of a call on Vice-President Fernando Lopez, Ambassador Daniel W. Bell and Maj.-Gen. Richard Marshall, of the United States Economic Survey Mission for the Philippines, "expressed satisfaction over the cooperation extended them by the Philippine Government in connection with their work here."

AUG. 5—Secretary of Commerce and Industry Cornelio Balmaceda submits a memorandum to the President recommending the increase of the sugar quota for local consumption from the present 200,000 short tons to 225,000 short tons. The figure represents a compromise between the recommendation of the Philippine Sugar Association and the National Federation of Sugar-cane Planters that the quota be maintained at 200,000 short tons and the Sugar Quota Office and the PRATRA that it be increased to 250,000 short tons. The pre-war consumption was 150,495 short tons.

AUG. 8—The Cabinet approves three policy measures affecting Philippine preparedness for a war-emergency: (1) recommending legislation increasing the amount payable to the heirs of enlisted men in the Armed Forces who are killed in line of duty from ₱1000 to ₱3000; (2) requiring that shipments of Manila hemp to foreign countries be made subject to the approval of the National Intelligence Coordinating Agency to prevent shipment to unfriendly countries; and (3) waiving certain technicalities to permit immediate expansion of the United States Army air base at Clark Field.

Pursuant to the provisions of Republic Act No. 35, Malacanan approves the request of Philippine Industrial Chemicals, Inc., that it be exempted from payment of internal revenue taxes in connection with its manufacture of sulphuric acid and superphosphate, necessary ingredients in the production of fertilizer.

AUG. 9—The Department of Justice issues a ruling upholding the right of the Government to examine the books of charitable institutions and to impose taxes on their profits; a similar ruling was released recently in connection with private educational institutions.

AUG. 10—The President issues Executive Order No. 341 establishing rules and regulations for the qualification of industries for tax exemption under Republic Act No. 35. The Order defines what may be considered "new" and "necessary" industries and authorizes the Secretary of Finance to determine this on application, availing himself of the opinion of the Secretary of Economic Coordination and the facilities of the Department of Commerce and Industry, the Central Bank, and the National Economic Council.

Secretary of National Defense Ruperto Kangleon states in a radio address that the official estimate places the entire number of "Hulks" at approximately 6,700.

"The Hulks are weaker now than one year ago. What we should guard against is the possibility that they may be re-supplied with leaders and with arms from without."

AUG. 11—The President issues Proclamation No. 203 extending the special session of Congress for 10 days.

The President signs the first two bills passed by Congress in special session: (1) House Bill No. 841 (Republic Act No. 565), increasing radio registration fees, and (2) House Bill No. 839 (Republic Act No. 564), amending the Internal Revenue Code so as to double the rate of the premium tax imposed on owners of property who obtain insurance policies direct from foreign insurance companies not authorized to do business in the Philippines.

AUG. 12—Executive Secretary Teodoro Evangelista states that the President is considering means to establish a branch of the Import Control Office in Cebu in response to many requests from importers there. He also reveals that a circular letter has been sent to all Department heads stating that the President has ordered strict enforcement of the pre-war executive order against nepotism in government offices.

AUG. 16—The President sends a telegraphic message to President Syngman Rhee of the Republic of Korea felicitating him on the second anniversary of the independence of the Republic and stating that the Philippines shares in the "respect and admiration of the free world for the people of Korea in the heroic struggle in which they are now engaged."

AUG. 17—The President approves the suspension by Secretary Pedrosa of Ceferino R. Dino, Provincial Treasurer of Camarines Norte.

AUG. 18—The President, on the occasion of the 72nd birthday anniversary of the late President Manuel L. Quezon, formally opens this year's Anti-Tuberculosis Fund Drive.

The Cabinet authorizes Secretary of Agriculture and Natural Resources Placido Mapa to make available 7,000 cavans of palay to farmers of Central Luzon for seed to replace the crop damaged during the recent extensive floods.

Secretary of Foreign Affairs Carlos P. Romulo having called the attention of the Cabinet to reports of discourteous search of foreign visitors at the airport and piers by customs inspectors, "such practices giving a bad reputation to the Philippines abroad", the Cabinet directs the Department of Finance to eliminate them.

AUG. 19—The President formally opens the Roxas Liberty Park

AVERAGE factory wages have more than doubled in the past fifty years, the U. S. Department of Labor has announced, and the income for the average American family in 1948 was 105% higher than in 1901, in terms of purchasing power.

In actual money, fifty years ago the average wage was \$439 yearly compared to the 1948 wage of \$2,815, but the declining dollar value cuts the latter figure in half in purchasing power.

The Labor Department study also revealed that: the life expectancy of the average male worker is 65 years compared with 40 years at the turn of the century; working hours in the factory have been reduced from 62 hours weekly to 40; four out of five American families—some 36,000,000 of them—own automobiles today.

just outside the Walled City, intended to be a local counterpart of London's famed Hyde Park, but makes an appeal for "restraint in our speech" as what is said too freely here "weakens our prestige as a people".

The President opens the Quezon Museum in the National Library and Museum now again housed in the newly rehabilitated Legislative Building.

Aug. 20—The President issues Administrative Order No. 130 amending Administrative Order No. 32, dated April 12, 1947, to facilitate the work of the committee appointed to investigate the use of rivers and the obstruction and pollution of streams, headed by the Secretary of Justice.

Aug. 21—Malacañan suspends four provincial treasurers pending final disposition of administrative charges brought against them in connection with the purchase of equipment and supplies "in quantities grossly in excess of the reasonable requirement of the service at highly excessive prices"; the men are Andres Agaolil (Quezon), Gregorio Solis (Camarines Sur), Ubaldo D. Laya (Misamis Oriental), and Ildemonso Jimenez (Iloilo).

Aug. 22—The President orders swift action in the prosecution of persons responsible for a shooting affair in Bacolod, Negros Occidental, involving the deaths of a number of persons, including private guards of the Provincial Governor.

The President inaugurates the newly-constructed P300,000 Children's Pavilion at the Quezon Institute of the Philippine Tuberculosis Society; the construction was financed by the United States War Damage Commission and the P30,000 equipment was purchased from the proceeds of a ball sponsored by the American community in Manila last year.

Aug. 25—The Cabinet authorizes the Philippine Charity Sweepstakes Office to invest P1,700,000 of its unencumbered funds in national treasury certificates which will yield 2.3 4/8% interest instead of the present 1-1/2 to 2-1/2% in private banks.

Aug. 26—The Philippines observes the anniversary of the "Cry of Balintawak", which opened the 1896 uprising against Spain.

(From the 24th to the 26th, the Huk's state bloody assaults in 11 different places from Santiago, Ibabala province, in the north, to Santa Cruz, Laguna, and Casuguran, Quezon, in the south, it being reported that 52 Constabulary officers and men and 13 civilians were killed and 70 Constabulary men and 9 civilians wounded; the most savage attack was made Friday night, on Camp Makabulo, Tarlac headquarters of the Constabulary, where even the sick in the camp hospital were murdered; most of the force was away in pursuit of Huk outlaws at the time.)

Aug. 27—The President issues a message urging support for the campaign sponsored by the Junior Chamber of Commerce to raise a fund for the families of troops to leave shortly for Korea.

Aug. 28—The President holds a long conference with top military officers and the Governors of the Huk-infested provinces to discuss ways and means of dealing with the situation.

The National Economic Council recommends to the President the immediate release of P5,000,000 for the rehabilitation of the mining industry, the money to come from the balance of the P200,000,000 earmarked by the Central Bank for self-liquidating productive projects. Aid would be granted in the form of loans under the administration of the Rehabilitation Finance Corporation.

Aug. 29—The President administers the oath of office to Under-Secretary of Justice Jose P. Bengzon as Acting Secretary of Justice.

Aug. 30—The President delivers an address over the radio concerning the new Huk outrages and proposing the organization of local citizen's defense committees.

Secretary Evangelista announces that the Import Control Office will be transferred to larger quarters in the Philippine Charity Sweepstakes Building on Taft Avenue next month.

Aug. 31—The President signs five more of the tax measures passed during the special session of Congress. (See page 347)

The President issues an administrative order authorizing a 60-day extension to the Government Reorganization Commission to complete its report and recommendations.

Banking and Finance

I. G. SPERING

Sub-Manager, National City Bank of New York

COMPARATIVE Statement of Condition of the Central Bank of the Philippines.

Assets	As of Dec. 31	As of May 31	As of June 30	As of July 31
	(In thousands of pesos)			
International Reserve	P460,689	P450,432	P441,250	P439,328
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage	113,306	113,306	113,306	113,306
Loans and Advances	77,047	48,018	63,918	68,624

Domestic Securities	92,197	123,817	125,780	132,337
Trust Account Securities	—	—	6,848	6,848
Stabilization Fund	—	6,848	6,848	6,848
Other Assets	20,390	32,230	26,663	27,707
	P793,629	P804,651	P807,765	P818,151

Liabilities				
Currency—Notes	P555,576	P534,567	P531,477	P545,125
Coins	74,384	80,779	81,320	81,929
Demand Deposits—Pesos	117,682	134,346	139,282	140,122
Securities Stabilization Fund	2,000	6,848	6,848	6,848
Due to International Monetary Fund	22,498	22,498	22,498	22,498
Due to International Bank for Reconstruction and Development	2,389	2,388	2,388	2,388
Other Liabilities	2,636	7,837	8,130	2,749
Capital	10,900	10,900	10,000	10,000
Undivided Profits	6,464	3,572	4,206	4,875
Surplus	—	1,616	1,616	1,616
	P793,629	P804,651	P807,765	P818,151

Contingent Account

Forward Exchange Sold	P 6,460	—	—	—
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DESPITE continued rigid screening of applications for dollar exchange, the "International Reserve" continued to decrease, although this decrease amounted to only P1,922,000 during July as compared to P9,182,000 in June.

"Domestic Securities" increased by P6,557,000, representing additional advances made to the Philippine Government. The increase in "Loans and Advances" is caused principally by a new P5,000,000 loan to the Philippine National Bank. Notes in circulation also increased by P13,648,000, reversing a downward trend that began in April.

Current regulations permit Philippine gold mines to sell 75% of their gold production in the local open market. The balance of 25% is sold to the Central Bank at P70 per ounce. Open market prices for gold rose to P117.60 per ounce during the month. This rise was probably caused by a combination of the Korean situation and an announcement by the Central Bank that effective September 1, 1950, certain U. S. Treasury checks drawn in dollars would be payable only at the Manila Branch of the National City Bank of New York. It is estimated that about \$2,000,000 a month in these checks has been sold in the black-market. Henceforth, these dollars will be surrendered to the Central Bank.

Checks covering second payments on War Damage claims began to be mailed about the middle of August to 80,000-odd payees. This operation will take an estimated two months to complete and will pour about P175,000,000 into the Philippine economy. This should have a stimulating effect in general, and further ease the money situation.

Manila Stock Exchange

By ROY EWING

Swan, Culbertson & Fritz, Inc.

August 1 to August 31, 1950

THE market gave a good account of itself in August, moving steadily upward to close with the Mining Share Average at 80.89, within a few points of where it was before the outbreak of the warfare in Korea. The better news from Korea was an important factor; some buying could be attributed to an increase in devaluation rumors and the resulting desire to have funds in common shares. Volume was moderate and almost entirely in a few of the producing issues.

The gold mining shares were strong on a further rise in the price of gold to around ₱115 per ounce and pleasing earnings and dividend reports. Surigao paid a 50% stock dividend to stockholders of record on August 15. Mindanao Mother Lode declared a ₱0.02 cash dividend to record September 9 and approved a 50% stock dividend to be paid as soon as American and Philippine Securities and Exchange Commission requirements can be met. The latter also reported a substantial increase in ore reserves for the first half of this year and showed a strong cash position as of June 30.

Lepanto again attracted the most interest, reflecting the strong position of copper and the satisfactory earnings reported at a stockholders' meeting on August 22. A stock dividend of 2 for 3 was declared at the meeting to stockholders of record that day.

There was little business done in the chrome issues, probably because of low productions and the lack of any particularly favorable news from the properties.

In the Commercial and Industrial group, several of the sugar shares made good gains on investment-demand for dollar producers and the strong position of the commodity in the United States and world markets. San Miguel moved up to ₱30 on investment buying and the report that the current dividend rate was more than earned in the first half of this year.

OVER THE COUNTER				
	High	Low	Close	Total Sales
H. E. Heacock—Fid.	100.00	100.00	100.00	56
Jai-Ai Corp. of the Philippines	3.50	3.50	3.50	200
Mine Operation	0.001	0.001	0.001	8,333
Palidan Suyoc	0.001	0.001	0.001	40,000
Pan Philippine Corp.	0.00475	0.00475	0.00475	40,000
Paracale Gold	0.005	0.005	0.005	4,900
Philippine-American Drug Co.	130.00	130.00	130.00	25
Philippine Electric Manufacturing Co.	90.00	90.00	90.00	10
Philippine Iron Mines—Com.	40.00	40.00	40.00	258
Victoria Mining Co.	160.00	144.99	160.00	783

Credit

By C. W. MUILEBURG
 Manager, Credit and Collection Department
 International Harvester Company
 of Philippines

ONE credit manager recently remarked that in his business there has been almost a complete cycle with reference to credit since the war. Immediately after liberation there was no credit problem. Demand was brisk and stock was extremely limited; money was plentiful and the limited stock was sold for cash. Small and preferential credit terms were arranged, which were gradually restricted. Credit restrictions were then relaxed and terms extended until a large percentage of transactions was on a credit basis. Since last December the latter trend has been reversed, with many firms limiting all transactions to cash and others materially restricting credit terms and amounts.

While many credit managers still say that "credit is not the problem", there has been noticed in recent weeks some relaxation of the interpretations of credit terms by some firms. Several credit managers have reported a slight increase in installment-credit arrangements, particularly in sales involving heavy equipment or larger-unit commodities. Credit managers representing firms dealing in items in short supply, however, report their firms can still readily sell all of their merchandise for cash. Current receivables and credit transactions are naturally considerably reduced both in number and in amount over this time last year, but it is not likely that there will be any material changes in credit terms or arrangements in the near future.

In spite of credit continuing as "no problem", the matter of collections is still one of considerable importance to credit managers. Since last December some firms, because of the nature of commodities sold, have noted marked improvement in collections; while others have found the collection problem becoming increasingly difficult. The latter is particularly true for firms dealing in automobiles, motor trucks, and allied equipment, and materials such as gasoline, oil, tires, etc., due to the fact that one-half year licenses had to be purchased in August.

Collections are becoming more difficult in the northern and central provinces due to the unsettled conditions there and the heavy rainfall which has restricted normal business activities.

Real Estate

By ANTONIO VARIAS
 Vice-President, C. M. Hoskins & Co., Inc., Realtors

REAL estate sales in the Greater Manila area registered during the month of August numbered 564, with a total value of ₱6,654,153, of which 169 sales, with a total value of ₱3,741,735, represented deals within Manila proper, and 395 sales, with a total value of ₱2,912,418, were in the suburbs.

A number of the larger properties which changed hands during the month in the City of Manila were:

A 3-storey building with 14 store doors on a lot of 527 square meters, situated at Tabora, corner M. de Santos Street, facing the Divisoria Market, was sold by Benito Lopez to Fernando Chua for the reported sum of ₱400,000;

1949-50 Range		MINING SHARES					
High	Low	High	Low	Close	Change	Total Sales	
54.40	60.32	M.S.E. Mining Share	80.65	66.34	80.65	Up 13.57	3,438,940
0.375	0.09	Acoge Mining Co.	—	—	—	—	—
0.024	0.011	Antamok Goldfields Mining Co.	0.014	0.012	0.012b	—	188,000
0.68	0.26	Atok-Big Wedge Mining Co.	0.36	0.27	0.33	Up .06	394,000
0.07	0.04	Bago Gold Mining Co.	0.04	0.04	0.04b	—	40,000
3.75	2.00	Balator Mining Co.	—	—	2.30	—	1,300
0.0852	0.025	Bongon Island Gold Mines	0.0035	0.0035	0.003b	—	200,000
5.30	2.00	Benguet Cons. Mining Co.	3.35	2.75	3.00b	—	29,230
0.05	0.018	Coco Grove, Inc.	—	—	0.018a	—	—
0.014	0.0078	Consolidated Mines, Inc.	0.0086	0.008	0.0086b	—	775,000
0.115	0.038	Itoyan Mining Co.	0.05	0.042	0.042b	—	60,000
0.68	0.015	IXL Mining Co.	0.04	0.04	0.03b	—	20,000
0.53*	0.17*	Lantao Consolidated Mining Co.	0.51*	0.43*	0.54	Up .10*	519,000
0.021	0.016	Mabate Consolidated Mining Co.	0.016	0.016	0.018b	—	30,000
0.70	0.31	Mindanao Mother Lode	0.49	0.36	0.48	Up .11	345,100
0.22	0.055	Misamis Chromite, Inc.	0.09	0.055	0.055b	—	34,000
0.08	0.03	Paracale Gumeaus Cons.	—	—	0.05b	—	—
0.22	0.105	San Mauricio Mining Co.	—	—	0.12b	—	—
0.26*	0.12*	Surigao Consolidated Mining Co.	0.21*	0.185*	0.205b	—	324,000
0.043	0.01	Suyoc Consolidated Mining Co.	0.01	0.01	0.012b	—	100,000
0.31	0.04	United Paracale Mining Co.	—	—	0.045	—	20,000

*Adjusted for stock dividend.

1949-50 Range		COMMERCIAL SHARES					
High	Low	High	Low	Close	Change	Total Sales	
88.00	59.00	Bank of the Philippine Islands	86.00	86.00	86.00	Up 1.00	28
75.00	51.00	Central Azucarera de Bani	69.00	58.00	69.00b	—	70
200.00	111.00	Central Azucarera de Caceres	133.00	125.00	146.00	Up 11.00	176
35.00	20.00	Central Azucarera de Tarlac	30.00	25.00	22.00b	—	1,064
20.00	185.00	China Banking Corp.	—	—	190.00b	—	—
25.00	23.50	Filipinas Cia. de Seguros	—	—	26.00b	—	—
4.00	2.00	Manila Wholesale Merchants	—	—	2.40b	—	—
0.35	0.35	Maraman & Co.	—	—	0.40a	—	—
0.40	0.40	Maraman & Co. Preferred	—	—	0.45a	—	—
25.00	25.00	Philippine Guaranty Co.	—	—	26.00b	—	—
0.165	0.04	Philippine Oil Development	0.075	0.065	0.065	Up .010	140,000
1.28	1.00	Philippine Receiving Club	1.22	1.20	1.20b	—	7,500
38.00	24.50	San Miguel Brewery—Com.	30.00	29.00	30.00	Up 1.50	9,647
100.00	97.00	San Miguel Brewery—7% Fid.	—	—	95.00b	—	—
104.00	100.00	San Miguel Brewery—8% Fid.	104.00	101.00	103.00b	—	125
9.00	7.00	Williams Equipment Co.	—	—	7.00a	—	—

The "Cine Paco," with a lot of 679.84 square meters, situated at Dart street, Paco, sold by Francisco Sta. Maria, Jr. to Leonarda Garcia for ₱200,000;

A property with a lot of 3,964 square meters at Dewey Boulevard, corner Sta. Monica and L. Guerrero Streets, Ermita, sold by Rafael Perez Samanillo to Cosmopolitan Investments Co., Inc. for ₱198,200;

A parcel of 4,171.3 square meters at Castillejos Street, Quiapo, sold by Tomas de Vera to the Philippine Education Company for ₱146,016;

A property with a lot of 1,837.5 square meters at Dewey Boulevard, corner Fresco and M. H. del Pilar Streets, Malate, sold by Maria L. Hidalgo to M. C. S. Tanunlong, Inc. for ₱137,812; and

A property with a lot of 1,894.8 square meters at Dewey Boulevard, corner Fresco corner M. H. del Pilar Streets, Malate, sold by Cesar Ledesma to Carolina Tuason Vda. de Zaragosa for ₱125,000.

Real estate mortgages placed in the Greater Manila area during the month numbered 302, with a total value of ₱6,413,816, of which 111 mortgages, with a total value of ₱2,286,501, are in Manila proper, and 191, with a total value of ₱4,127,315, are in the suburbs.

Monthly figures of sales and mortgages as compiled from reports of the offices of the Register of Deeds of Manila and suburbs are:

REAL ESTATE SALES (January to August, 1950)

Month, 1950	Manila		Suburbs		Combine	
	(No)	Value	(No)	Value	(No)	Value
January	767	₱ 4,486,856	474	₱ 3,554,460	741	₱ 8,041,306
February	240	3,002,289	404	3,703,126	644	6,705,415
March	230	2,650,652	455	3,584,944	684	6,235,596
April	146	1,757,506	351	3,176,939	497	4,934,445
May	225	5,715,108	413	2,567,044	638	8,282,152
June	195	3,508,048	405	2,180,895	501	5,688,939
July	180	2,995,048	365	3,063,272	545	6,058,320
August	169	3,741,735	395	2,912,418	564	6,654,153
CUMULATIVE	1662	₱27,887,228	3262	₱24,723,098	4924	₱52,590,326
MONTHLY AVERAGE	208	3,483,004	408	3,090,387	615	6,573,790

REAL ESTATE MORTGAGES

Month	Manila		Suburbs		Combine	
	(No)	Value	(No)	Value	(No)	Value
January	139	₱3,054,080	216	₱2,837,526	355	₱5,891,606
February	191	3,427,844	223	3,141,507	414	6,569,351
March	181	5,132,126	232	2,946,095	413	8,079,083
April	131	3,978,977	202	2,388,683	333	6,317,160
May	171	4,086,335	245	2,763,435	416	6,849,771
June	156	3,192,960	199	2,588,183	355	5,781,143
July	137	4,694,736	182	2,306,606	319	7,201,342
August	111	2,286,501	191	4,127,315	302	6,413,816
CUMULATIVE	1225	₱30,008,922	1690	₱23,079,350	2915	₱53,088,272
MONTHLY AVERAGE	154	3,751,113	211	2,884,919	364	6,636,034

Electric Power Production

(Manila Electric Company System)

J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	KILOWATT HOURS	
	1950	1949
January	37,661,000	33,745,000
February	33,828,000	31,110,000
March	38,107,000	34,776,000
April	35,378,000	33,443,000
May	37,611,000	34,058,000
June	37,529,000	34,486,000
July	38,774,000*	35,726,000
August	39,900,000**	35,394,000
September		35,763,000
October		37,461,000
November		35,856,000
December		38,673,000
Total		420,491,000

* Revised
** Partially Estimated

OUTPUT in August soared to another new record, straining the present generating capacity to the limit. The increase over August, 1949, was 4,506,000 kwh, or 12.8%. The first of the two new turbines at the Rockwell Station was under test at the end of August.

Ocean Shipping and Exports

By F. M. GISPERT

Secretary, Associated Steamship Lines

TOTAL export for the month of July showed a decided increase over exports during July of last year.

84 vessels lifted 229,255 tons of exports during the month, as compared to 189,210 tons lifted by 102 vessels, during the same month last year.

Two items of special interest may be noted: the first being that the scrap-iron shipment dropped to a negligible quantity of 399 tons, and the second that lumber and log shipment jumped from 700,266 bft., to 7,247,486 bft. and 1,485,976 bft. to 3,961,639 bft. respectively.

Exports for July, 1950, as compared with exports during July, 1949, were as follows:

	1950	1949
Alcohol	13 tons	86 tons
Beer	863 "	"
Coconut, desiccated	11,153 "	9,412 "
Coconut oil	5,945 "	9,472 "
Concentrates, copper	3,700 "	1,397 "
" gold	539 "	174 "
Copra	67,017 "	50,014 "
Copra cake/meal	5,112 "	4,544 "
Embroideries	208 "	176 "
Empty cylinders	315 "	450 "
Fish, salted	37 "	51 "
Fruits, fresh	23 "	"
Furniture, rattan	854 "	307 "
Glycerine	130 "	"
Gums, copal	64 "	21 "
Hemp	54,506 bales	43,284 bales
Hemp, knotted	35 tons	"
Household goods	769 "	154 tons
Junk, metal	399 "	12,345 "
Logs	3,961,639 bft.	1,485,976 bft.
Lumber	7,247,486 "	700,266 "
Molasses	4,777 tons	"
Plywood	63 "	"
Ores, chrome	19,055 "	13,000 tons
" lead	98 "	"
" iron	32,655 "	21,084 "
" manganese	823 "	4,329 "
Pineapples, canned	8,082 "	11,564 "
Rattan, palisann	78 "	119 "
Rope	126 "	360 "
Rubber	118 "	114 "
Shells	42 "	25 "
Skins	147 "	52 "
Sugar	33,271 "	35,412 "
Tobacco	81 "	50 "
Transit cargo	621 "	2,107 "
General merchandise	1,448 "	2,181 "

Lumber

By LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

EXPORTS for the month of July continued active with a total of 10,679,351 board feet, showing an increase of a little over 1,000,000 feet over exports during the previous month. About half, as usual, went to the United States, while a little more than half went to the Far East and Pacific Islands (Guam and Hawaii). Europe and South Africa took about 300,000 feet. While exports to America consist largely of lumber, those to Far Eastern countries are mostly round logs, particularly Japan, Formosa, and Korea, which took only round logs. The lumber shipments to these countries were destined almost wholly for American military installations.

According to the Bureau of Forestry, the amount of logs and lumber inspected for export during the month of July is as follows:

Destination	Lumber (Bd. ft.)	Logs (Bd. ft.)	Total (Bd. ft.)
United States and Canada.....	2,951,569	1,790,317	4,741,886
Far East, including Guam and Hawaii.....	2,091,822	3,528,819	5,620,641
Europe and South Africa.....	133,811	183,013	316,824
Total.....	5,177,202	5,502,149	10,679,351

Even before the Korean conflict started, there was already a noticeable increase in shipments of logs to Japan and Formosa, and now General MacArthur desires to obtain from the Philippines 10,000,000 board feet of lumber in the near future. We can readily supply this by curtailing our shipments to the United States and other countries. The request of General MacArthur has been favorably acted upon by the Philippine Lumber Producers' Association, the members of which control about 85% of all the lumber produced in the Philippines.

Prices of export stock range from \$135 to \$150 for FAS dark red, and about \$15 to \$20 less for light red Philippine mahogany of similar grade. Many companies are being booked up to the end of the year, as has already been mentioned in this column.

Wholesale prices in the local markets increased by about P5 per thousand feet and might easily take another jump of P10 during the next month or two because of the Korean conflict. Furthermore, weather conditions will begin to improve from September on, and producers look forward to better prices because of increased local demand.

Many companies are having difficulty securing bottoms for the United States. Some vessels scheduled to come to the Philippines cancelled their trips and those that come will prefer to take Manila hemp and copra to logs and sawn lumber.

Copra and Coconut Oil

By H. DEAN HELLIS

Manager, Philippine Refining Company, Inc.

July 16 to August 15

IT will be recalled that in our last month's article we told of rather sharp price increases in the copra and coconut oil markets due to the Korean and the tense international situations, and said that it would not surprise us any to see still higher prices paid than was then the case at close.

The general international situation is, of course, generally unchanged, and somewhat true to our anticipations, the market has continued to rise as a result of strong demand and nervous buying from abroad,—from European countries as well as from the United States. Though actual consumption may have increased to some extent, we feel reasonably sure that most of the recent demand for both copra and coconut oil is for purposes of stock-piling and filling the "pipe lines", which, in turn, is creating a dangerous condition for any trader who is not attempting to maintain as closely a balanced position as possible. It is quite probable that any turn of events for the better, or the completion of present stock-piling requirements, will result in a considerably easier undertone in the market, with the possible complete withdrawal of buyers for some time, due to the fact that their inventories will be more than sufficient for their needs. The logical reaction, if and when the foregoing should occur, would be for a sharply downward trend in prices, with very little new business being done on the decline.

Fortunately, the recent and the present strong demand abroad for both copra and coconut oil has coincided with the season of greatest productivity here in the Philippines, and it is interesting to note that the July exports of copra from the Islands were the largest since January, 1948, when shipments totalled 79,598 tons.

Another feature in the present situation which cannot be overlooked is the supply and demand for steamer space, which already shows signs of becoming exceedingly tight. Freight rates, therefore, may advance upward from time to time, unless the overall situation eases somewhat and there is again plenty of space to be had. The latter, however, is not likely to be the case at any time in the near future, and, as a consequence, shippers may well be faced with a shipping problem, particularly if supplies here continue to be above average.

A situation such as this, should it become more acute, could eventually result in a condition comparable to that experienced during 1940 and 1941, when markets abroad remained at comparatively good prices, but prices suffered locally due largely to the inability to obtain sufficient cargo space for shipment from the Philippines. Though the present situation is nowhere near as acute as at that time as yet, we feel nevertheless that shipping facilities are already such that this particular feature must be watched closely.

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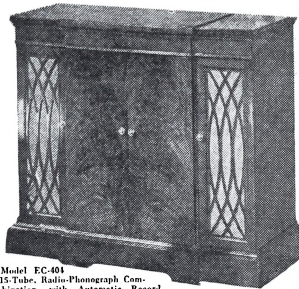
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WHEREAS the period under review opened with buyers of copra at approximately \$195 c.i.f. Pacific Coast, but sellers generally holding for \$197.50 to \$200 c.i.f., considerable business was done during the period all the way up to \$205 c.i.f. at the close. Sellers, as usual on a tight market, are anticipating a further rise in prices, and they are therefore presently showing some reluctance in their further offerings, most of them asking from \$2.50 to \$5 higher.

The demand from European countries for Philippine copra has been exceptionally good during recent weeks, and here again considerable business was done, some of it for fairly well forward positions, as high as \$235 c. and f. basic ports. This demand no doubt has done much to bring about increased copra prices, and as the period closes there are indications that it is still far from being satisfied, with the result that it is logical to assume prices will advance further.

The local markets for copra both in Manila and Cebu have followed the same general pattern of the export markets, and accordingly prices have advanced to around ₱38 and ₱39 respectively, with supplies generally fairly plentiful.

THE situation as to coconut oil in the United States and elsewhere has likewise taken a definite turn upward recently, and whereas most buyers have been willing to trade only on a hand-to-mouth basis for some time past, most of their purchases having been coconut oil already afloat and reasonably close to destination, now they appear ready and almost anxious to buy for shipments not yet made from the Philippines, some of them even for slightly forward positions. Business recently was done for September arrival in the United States as

high as 15-3/4 cents c.i.f. New York, as compared to a market of around 14-1/2 cents c.i.f. at the opening of the period under review. This represents a reasonably fair advance in price, though present indications are that the top has not yet been reached.

COPRA exports during the month of July, 1950, amounted to 67,017 tons, as compared to 48,451 tons during June, 1950, and 50,014 tons during July, 1949. The total for the January through July period in 1950 amounted to 297,101 tons, against 289,354 tons for the same period last year. July, 1950, exports are broken down as to destination, as follows:

United States	
Pacific Coast	41,407 tons
Atlantic Coast	5,805 "
Gulf Ports	1,400 "
Europe	12,550 "
Japan	4,155 "
Formosa	300 "
Africa	1,400 "
67,017 tons	

Coconut oil exports for July, 1950, amounted to 5,945 tons, as compared to 3,635 tons during June, 1950, and 9,472 tons during July, 1949. The total exports for the period January through July, 1950, amounted to 28,424 tons, against 35,229 tons for the same period last year. Exports of coconut oil continue to be disappointing and extremely low as compared to the pre-war figures, for reasons which, however, are beyond the control of Philippine crushers, and in spite of the fact that there is presently sufficient crushing capacity already installed in the Philippines to permit an annual exportation of approximately 150,000 tons, over and above domestic consumption for

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July, 1950, exports of coconut oil are broken down as to destination, as follows:

United States Atlantic Coast	5,587 tons
South Africa	358 "
	<hr/> 5,945 tons

The market for Philippine copra meal has continued at reasonably good prices, more or less unchanged since our last month's review. Though the Pacific Coast market for meal is presently inclined to slide off somewhat, due largely to increased purchases of copra by the Pacific Coast crushers, Denmark has now started to buy against its ECA allocation of \$400,000 for the purchase of this commodity at \$80 per ton c. and f. Copenhagen, this price representing a very fair return to Philippine crushers f.o.b. Manila or Cebu basis.

SUMMARIZING, there are undoubtedly few markets in the world for any commodity that have been subject to such violent fluctuations as the oils and fats markets, and Philippine copra and coconut oil being among the latter, the situation is, as usual, most confusing and unpredictable. Accordingly, we hesitate somewhat to venture any guess as to future market probabilities, but it does seem to us at this writing that prices for copra here in the Philippines may continue to advance further before any reactionary downward movement takes place. It is our feeling, however, that a subsequent decline in prices in the not too distant future is almost bound to occur, and it is merely a question in our mind presently whether this anticipated break in prices will be of a moderate, or sharp nature. Much undoubtedly will depend upon unforesee-

able developments throughout the world, coupled with local conditions as to availability of supplies, shipping facilities, and such.

Desiccated Coconut

By HOWARD H. CURRAN
Assistant General Manager
Peter Paul Philippine Corporation

THIS report covers the period from July 15 to August 15 during which time copra stayed firm with very little variation. Nut prices stayed below the copra equivalent due to plentiful supply. Much copra is being made in the desiccated coconut production areas but factories are running at full production.

The Peter Paul case in the Court of Industrial Relations was settled and decision given. Franklin Baker Company had demands made by its laborers and this has also been settled.

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

Shippers	Pounds
Franklin Baker Company	3,856,600
Blue Bar Coconut Company	1,851,380
Peter Paul Philippine Corp.	2,000,000
Red-V Coconut Products	2,738,600
Sun-Ripe Coconut Products	1,068,800
Standard Coconut Products	20,000
Cooperative Coconut Products ..	296,100
Tabacalera	0
Coconut Products (Phil.) Inc.	293,940
Luzon Desiccated Coconut Corp. ...	334,127
<hr/> Total	<hr/> 12,459,547 pounds

NOTE:

Zamboanga Factory production	1,085,480 lbs.
Luzon	765,900 "
Total BLUE BAR shipments	1,851,380 lbs.

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Sugar

By G. G. GORDON

Secretary-Treasurer

Philippine Sugar Association

THIS review covers the period from August 1 to 31, 1950.

New York Market: During August, the market was completely under the influence of the international situation, as the buying spree which set in during July and which resulted in the United States Government purchasing the available reserve supplies from Cuba eliminated factors which normally dominate the movements of the market. The month opened with negotiations under way to determine the price at which the Cuban reserve sugar would be taken over. These negotiations involved a request from the Cuban Government for a guarantee as to Cuba being able to obtain food supplies from the United States at current prices.

On August 2 the Exchange spot price delivered was quoted at 5.70¢ (= 6.20¢ duty paid). On August 3 it was reported that all the remaining unsold sugar that could be imported into the United States under the present quota was: Cuba, 168,000 short tons, and Puerto Rico 50,000 short tons. Refined distribution figures as of July 29 showed an increase over the corresponding period of last year of 595,513 short tons.

On August 4, it was reported that the Cuban reserve sugar, totalling approximately 600,000 short tons, would be taken over at the price of 5.38¢ per pound, f.a.s. Cuban ports, which is equivalent to 6.23¢ duty paid at Atlantic ports, on the basis of current freight rates. The U. S. Department of Agriculture announced:

"Any amount in excess of United States needs would be available for resale to the world market at United States cost price."

It was also announced that Cuba was assured of the availability of United States Government stocks of wheat, rice, eggs, milk, butter, and other commodities held in C.C.C. storage. Following the foregoing announcement, the market price was quoted at 6.25¢, as it appeared that the supplies purchased by the United States Government would not be available to refiners below that price and all offerings at 6.25¢ were taken. Refined sugar advanced in line with the increased raw price and was quoted at 8.25¢.

On August 9 there were offerings of raws at 6.30¢, but buyers showed no interest. The U. S. Department of Agriculture issued estimates of the domestic crops as follows:

Beet.....	1,900,000 short tons
Cane.....	575,000 short tons

These figures indicate an increase over 1949 production of 400,000 short tons of beet sugar and 52,000 short tons of cane sugar. Refined sugar distribution for July was reported as 1,185,371 short tons, this being the second largest monthly distribution on record.

The market continued to show little activity, though on August 15 there was some business done to Gulf ports at 6.27¢ and on the 16th Puerto Ricos were sold at 6.30¢. On that date, it was reported that until arrangements had been concluded whereby the recently purchased Cuban reserve sugar would be made available to refiners and the price at which it would be resold had been fixed, the New York market must of necessity be very restricted with prices more or less nominal.

On August 17 the C.C.C. announced that it would

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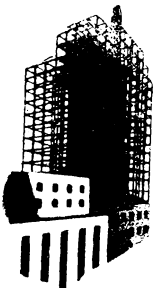
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make the recently purchased sugar available at the contract price of 5.38¢ f.a.s. Cuba. It was also announced that a further quota increase would be necessary to make this reserve Cuban sugar immediately available to refiners. Such increase was expected shortly and would be made large enough to create a technical deficit for Cuba. The deficit would then be reallocated to Puerto Rico and Hawaii if it is the desire of C.C.C. to buy some or all of the reserves in either or both of those areas.

On August 24 an increase in the quota of 850,000 short tons was duly advised. Under normal conditions, a quota increase of this magnitude would have an unfavorable effect on the market, but under the circumstances this increase had no effect. It was realized that Cuba's share of the increase is owned by C.C.C. and will be sold to refiners only when they certify that free market sugars are not available at the equivalent of 5.38¢ f.a.s. Cuba, or say 6.23/24¢ duty-paid New York equivalent. The increase in the quota therefore made available to the free market only the Puerto Ricos and possibly a few extra cargoes of Hawaiians. From this it would appear that the C.C.C. is holding the umbrella over the market and that the market will settle down around 6.23/25¢, duty-paid, until a price divergence is created by new crop offerings. On August 24 business was done on Puerto Ricos and Cubas at 6.25¢. Up to the end of the month, the market, under the influences stated above, remained unchanged and there were further transactions at 6.25¢. It may be well to bear in mind that the extraordinary purchases of refined sugar which have advanced the value of raw sugar, do not imply increased consumption but should properly be regarded as the transfer of stocks from visible to invisible supplies.

The Cuban world market, which was quoted at 5.90¢ on July 31, closed at 5.80¢ on August 31, and thus remained well above the parity of the United States market.

We give below the quotations on the New York Sugar Exchange as of August 30 for Contracts Nos. 4 and 6:

	Contract No. 4	Contract No. 6
September	5 84	—
November	—	5 72
January	5 42	5 65
March	5 07	5 41
May	5 07	5 41
July	—	5 43

Local Market. (a) Domestic Sugar: There was practically no movement in domestic prices during the month, quotations on August 30 being the same as those quoted on July 31.

(b) Export Sugar: On August 9 export sugar was quoted at ₱15.15, but there being little sugar available, very little business was reported. There are reports of small transactions on new crop sugar for delivery before December 31 around ₱14.

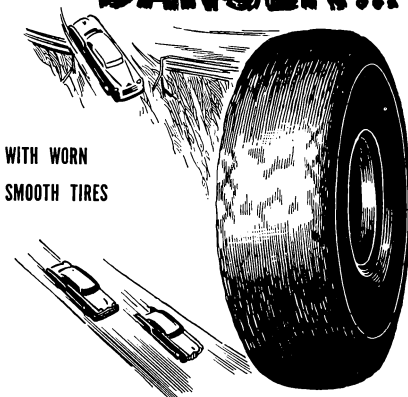
Manila Hemp

By H. ROBERTSON

Vice-President and Assistant General Manager

THIS review covers the period July 16 to August 15, 1950. Over the period prices both in consuming markets and in the Philippines registered substantial advances; however, at the close, terminal markets were very weak and prices, abroad and locally, closed substantially under the highs for the period. The spectacular advance which reached its height early in August was due to panic buying by United States consumers at a time when offerings from here were extremely limited. Very

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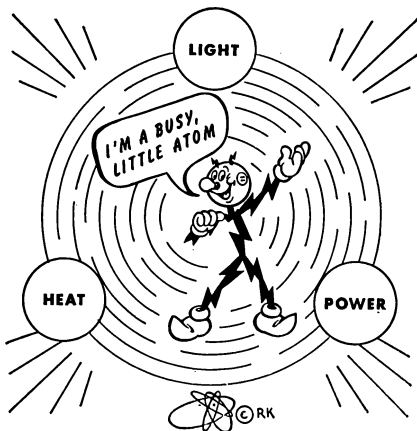
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little business was done near the top and the market has declined rapidly with little or no business recorded on the decline.

There is every indication that production will continue at not less than current levels with every likelihood of a further increase in Davao. This production should be sufficient to satisfy world cordage requirements despite the increased demand caused by the Korean affair. It appears highly probable that the 1950 production will turn out to be 37 to 40% above 1949, or say around 700,000 bales.

New York quotations:

	Per lb. c.i.f. New York		
	July 15	August 15	Change
Davao I.....	25-1/8¢	28-3/4¢	+3-5/8¢
Davao J1.....	24-7/8	27-1/2	+2-5/8
Davao G.....	24	27	+3
Non-Davao I.....	24	27-1/8	+3-1/8
Non-Davao J1.....	22	26-1/2	+4-1/2
Non-Davao G.....	16-1/8	19-1/2	+3-3/8

Philippine provincial quotations:

	Per Picul—Basis Loose		
	P'55 50	P'61 50	P'6 00
Davao I.....	54.50	60.50	+ 6.00
Davao J1.....	51.50	58.00	+ 6.50
Non-Davao I.....	54.00	58.00	+ 4.00
Non-Davao J1.....	49.00	56.00	+ 7.00
Non-Davao G.....	35.00	41.00	+ 6.00

Pressings for July amounted to 58,914 bales—up 2,812 bales from June and up 23,289 bales from the corresponding month last year. Davao pressings were 34,573 bales, or 59% of the total. For the first 7 months of this year pressings totalled 413,008 bales, compared with 317,266 bales for the same period of last year—an increase of 95,742 bales, or 30%.

The following shows comparative figures for balings and exports for the first 7 months of 1947 through 1950:

	Balings—January-July, inclusive			
	1950	1949	1948	1947
Davao.....	200,611	129,118	128,410	219,357
Albay, Camarines, and Sorsogon.....	99,917	71,863	122,769	139,792
Leyte and Samar.....	66,461	66,793	72,591	47,111
All other Non-Davao.....	46,019	49,492	77,361	47,195
Total bales.....	413,008	317,266	401,131	453,455
	Exports—January-July, inclusive			
	1950	1949	1948	1947
United States and Canada.....	194,575	113,663	180,905	319,343
Japan.....	55,105	79,735	109,661	1,600
Continental Europe.....	71,213	64,578	66,600	76,186
United Kingdom.....	44,599	23,207	49,945	28,745
China.....	8,491	8,641	7,436	1,331
India.....	3,930	2,800	665	4,850
Korea.....	3,100	—	—	—
South Africa.....	3,675	2,896	1,857	3,150
Australia and New Zealand.....	625	350	42	500
All other countries.....	—	—	2,853	2,075
Total bales.....	385,313	295,870	419,964	437,780

Tobacco

By LUIS A. PUJALTE
Secretary-Treasurer

Manila Tobacco Association, Inc.

OF interest to local manufacturers of the Virginia type cigarettes is a crop report for last July which I have received from Messrs. J. E. Bohannon Co., Inc., of Bowling Green, Kentucky. It reads:

CROP REPORT

The opening dates of the Flue Cured markets have been announced as follows: Georgia, July 24; South Carolina, August 1; Eastern North Carolina, August 18; Middle East, September 1; Old Belt, September 11.

Georgia—Reports are that harvesting and curing is well advanced. The majority of the crop promises to be good quality.

South Carolina—Conditions have improved in this Belt. While there is some irregularity in the crop in certain sections, as a whole conditions seem favorable.

Eastern North Carolina—The crop is very uniform and promises to be of excellent quality.

Middle and Old Belt—The crop is early and has made rapid growth and promises to be one of the best for several years.

Burley—Some sections have had excessive rains which have washed up a lot of the plants but the majority of the acreage shows normal growth for this time of year.

One Sucker—The entire crop has been planted under favorable conditions and it is showing satisfactory progress.

Green River—Despite heavy rains in this section, most of the crop has been planted and the growth is normal.

Dark Fired—Excessive rains have not prevailed in these sections so the crop is getting off to a good start.

ON a recent trip to the Cagayan and Isabela provinces, I had occasion to see the 1950 crop which is already harvested and with a large portion already bundled and in the fermentation stage. In Cagayan the crop is excellent; for a number of years, going back even to before the war, Cagayan has not produced such a fine crop. (Cagayan tobacco is mostly cigarette and filler tobacco, as the percentage of binder and wrapper is very low.)

In Isabela the picture is different. Classes (1st, 2nd, and 3rd) wrapper, binder, and select fillers, are not only of very fine quality but the proportion to the whole crop is very high,—estimated at between 25 to 30%.

The filler and cigarette tobacco, on the contrary, is very poor, excepting Cabanatuan, Gamu, and Cabagan. It rained for several days before the harvest and most of the crop is washed and lifeless. Luckily no worms have developed as yet (*upis*) which usually happens in the case of a washed crop. The tobacco does not have a very strong odor, but does not smell stale.

Imports

By S. SCHMELKES
Mercantile, Inc.

THE following tabulation of imports into the Philippines is taken from a specially prepared report of The Robot Statistics, summarizing approximately 102,400 shipments listed by The Robot as having entered Manila during the first half of 1949, and 100,300 shipments during the first six months of 1950. The figures are in metric tons. The total-tonnage does not equal the sum of the tonnages of the countries shown, as not all countries shipping to the Philippines are listed.

From	First Six Months 1949	First Six Months 1950	% of 1949
All Imports—Total			
Arrived	935,434	899,800	96%
Belgium	31,535	20,874	66%
British Isles	4,199	10,870	259%
China	3,500	—	0%
Indonesia	123,795	191,319	154%
Canada—Western Coast	39,658	34,912	88%
Hongkong	26,140	20,427	78%
Japan	73,672	70,148	95%
Persia	134,699	189,791	140%
USA, East Coast	147,940	117,537	79%
USA, Gulf Coast	41,331	37,802	91%
USA, West Coast	249,940	169,979	68%

It is interesting to note that in spite of the fact that the effects of the import and exchange controls were most withering during the first half of 1950, the total tonnage shows a drop of only 4%. An examination of the figures reveals, however, that this deceptive percentage is largely the result of the tremendous increases in the imports from

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Persia and Indonesia. These two countries show a combined increase of 122,616 tons over the 1949 arrivals during the same period. The item shipped in such huge quantities from Persia and Indonesia is gasoline and other petroleum products. If these two countries were not included, a truer picture of the effects of the controls would emerge:

All Imports—except above..... 676,940 518,690 77%

These figures show a drop of 158,250 metric tons during the first half of 1950, covering all commodities, from underware to automobiles, excepting only the heavy petroleum imports from Persia and Indonesia.

Trade with Japan rose throughout the year 1949. During the second half of 1949, the tonnage arrived from Japan was 107,002, as compared to 73,672 tons during the first half. Arrivals in 1950 dropped to a lower level, due more to the new barter agreement than to the controls in general. Another point of interest is that Great Britain

showed so great an increase, due largely to the devaluation of the pound plus the fact that heavy machinery, the importation of which is on the upswing, is one of Great Britain's main exports to the Philippines. As a matter of fact, other countries, Belgium, for instance, whose currencies were also devalued, did not show increases. Belgium, shipping largely building materials, dropped from 31,535 tons to 20,874 during the periods under comparison.

Another tabulation follows which shows in a general way what commodities were most affected, and what commodities defied the downswing trend:

	First Six Months 1949	First Six Months 1950	% of 1949
Building Materials	120,589	57,989	48%
Cigarettes	8,134	2,063	25%
Foods	231,507	133,962	58%
Machinery	13,099	13,234	101%
Textiles	22,703	10,601	47%
Tobacco Leaf	447	9,223	2063%

The foregoing indicates that the controls are performing as they were meant to, although the drastic percentage cuts specified in the law certainly did not manifest themselves quite so sternly in the actual arrivals. Another point, insofar as raw materials and machinery are concerned: although machinery does not yet show a significant increase, the trend is there. During the first quarter of 1950, arrivals totalled 5,972 tons, in the second quarter, they rose to 7,262 tons. During the month of July, 1950, machinery imports rose 145% over arrivals in July, 1949. Similarly tobacco-leaf imports were only about 900 tons during the first quarter of 1950, compared to 8,300 tons during the second quarter.

All figures are in kilos with the exception of those for foodstuffs which are given in package units.

Commodities	July, 1950	July, 1949
Automotive (Total)	722,848	2,656,646
Automobiles	75,593	937,445
Auto Accessories	445	10,394
Auto Parts	196,696	306,354
Bicycles	3,532	32,384
Trucks	7,759	—
Truck Chassis	214,240	385,794
Building Materials	5,123,917	11,853,692
Board, Fibre	57,459	14,334
Cement	103,909	8,818,382
Glass, Window	355,264	319,634
Gypsum	1,086,167	88,652
Chemicals (Total)	5,088,573	1,761,491
Caustic Soda	137,398	212,947
Explosives (Total)	—	181,031
Firearms (Total)	109,921	7,845
Ammunition	108,344	3,176
Hardware (Total)	5,526,090	5,388,809
Household (Total)	849,932	1,746,371
Machinery (Total)	2,638,479	1,814,276
Metals (Total)	8,583,858	12,863,477
Petroleum Products (Total)	70,534,780	69,482,291
Radios (Total)	22,634	72,479
Rubber Goods (Total)	675,371	684,521
Beverages, Misc. Alcoholic	20,464	26,361
Foodstuffs (Total Kilos)	23,240,304	50,627,216
Foodstuffs, Fresh (Total)	125,996	124,879
Apples	1,664	14,075
Oranges	22,120	16,607
Onions	52,845	26,362
Potatoes	17,971	11,825
Foodstuffs, Dry Packaged (Total)	34,058	45,444
Foodstuffs, Canned (Total)	288,047	363,835
Sardines	129,289	38,092
Milk, Evaporated	64,208	131,520
Milk, Condensed	400	52,201
Foodstuffs, Bulk (Total)	438,568	790,277
Rice	512,945	512,945
Wheat Flour	398,253	235,265
Foodstuffs, Preserved (Total)	269	1,631
Bottling, Misc. (Total)	1,070,249	1,646,733
Cleaning and Laundry (Total)	1,095,523	186,637
Entertainment Equipment (Total)	13,107	10,230

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Medical (Total).....	419,048	327,152
Musical (Total).....	90,092	94,863
Office Equipment (Total).....	56,545	68,215
Office Supplies (Total).....	59,789	45,245
Paper (Total).....	6,491,878	2,787,372
Photographic (Total).....	12,571	41,165
Raw Materials (Total).....	377,959	243,607
Sporting Goods (Total).....	13,240	33,071
Stationery (Total).....	415,913	280,683
Tobacco (Total).....	4,192,834	795,745
Chucheria (Total).....	95,855	70,019
Clothing and Apparel (Total).....	182,744	398,456
Cosmetics (Total).....	76,500	137,001
Fabrics (Total).....	1,093,671	665,638
Jewelry (Total).....	17
Leather (Total).....	192,277	164,982
Textiles (Total).....	1,961,535	2,201,711
Twine (Total).....	62,160	29,364
Toys (Total).....	2,573	32,742
General Merchandise (Total).....	320,301	942,739
Non-Commercial Shipments (Total).....	47,474	44,675
Advertising Materials, Etc. (Total).....	379,296	1,039,522

Automobiles and Trucks

By KARL E. GAY

Sales Representative, Ford Motor Company

REPORT OF SALES

PHILIPPINE TOTAL
July, 1950, Only

Make	Passenger		Trucks		Total	
	No.	%	No.	%	No.	%
Ford.....	19	73.08	61	32.11	80	37.03
Mercury.....						
Lincoln.....						
Prefect.....						
Chevrolet.....	3	11.54	62	32.63	65	30.09
Buick.....						
Cadillac.....						
Pontiac.....						
Oldsmobile.....						
GMC.....			4	2.10	4	1.85
Chrysler.....						
DeSoto.....						
Plymouth.....						
Dodge.....			6	3.16	6	2.77
Fargo.....						
International.....			49	25.79	49	22.68
Willys.....						
Nash.....	3	11.54			3	1.59
Packard.....						
Studebaker.....	1	3.84	2	1.05	3	1.59
Reo.....						
Austin.....						
Hudson.....						
Bedford.....			6	3.16	6	2.77
Total.....	26		190		216	

PHILIPPINE TOTAL
Accumulated to July, 1950

Make	Passenger		Trucks		Total	
	No.	%	No.	%	No.	%
Ford.....	331	27.56	534	32.20	865	30.24
Mercury.....	49	4.08			49	1.71
Lincoln.....	9	.75			9	.31
Prefect.....	5	.42			5	.17
Chevrolet.....	405	33.72	649	39.13	1054	36.85
Buick.....	51	4.24			51	1.78
Cadillac.....	1	.08			1	.03
Pontiac.....	21	1.75			21	.73
Oldsmobile.....	2	.17			2	.07
GMC.....			28	1.69	28	.98
Chrysler.....	21	1.75			21	.73
DeSoto.....	44	3.66	27	1.63	71	2.48
Plymouth.....	15	1.25			15	.52
Fargo.....	32	2.66	58	3.50	90	3.15
International.....			9	.54	9	.31
Willys.....	260	15.68	260	15.68	260	9.09
Nash.....	94	7.82	36	2.17	130	4.54
Packard.....	45	3.75			45	1.57
Studebaker.....	22	1.83			22	.76
Reo.....	38	3.16	18	1.08	56	1.96
Austin.....	11	.91	1	.06	12	.42
Hudson.....	5	.42			5	.17
White.....			2	.12	2	.07

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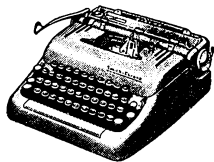
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Bedford.....			23	1.39	23	.80
Renault.....	1	.08			1	.03
Total.....	1701		1659		2860	

MANILA AND NORTHERN LUZON Accumulated to July, 1950

Make	Passenger		Trucks		Total No.	%
	No.	%	No.	%		
Ford.....	255	25.07	273	27.14	528	26.10
Mercury.....	38	3.74			38	1.88
Lincoln.....	7	.69			7	.35
Prefect.....	5	.49			5	.25
Chevrolet.....	341	33.53	398	39.56	739	36.53
Buick.....	50	4.92			50	2.47
Cadillac.....						
Pontiac.....	17	1.67			17	.84
Oldsmobile.....	2	.19			2	.10
GMC.....			19	1.89	19	.94
Chrysler.....	21	2.06			21	1.04
DeSoto.....	39	3.83	27	2.68	66	3.26
Plymouth.....	13	1.28			13	.64
Dodge.....	28	2.75	37	3.67	65	3.21
Fargo.....			3	.30	3	.15
International.....			184	18.29	184	9.09
Willys.....	90	8.85	34	3.38	124	6.13
Nash.....	38	3.73			38	1.88
Packard.....	21	2.06			21	1.04
Studebaker.....	37	3.04	14	1.39	51	2.52
Reo.....			14	1.39	14	.69
Austin.....	11	1.08	1	.10	12	.59
Hudson.....	3	.29			3	.15
Renault.....	1	.10			1	.05
White.....			2	.20	2	.10
Total.....	1017		1006		2023	

PROVINCES Accumulated to July, 1950

Make	Passenger		Trucks		Total No.	%
	No.	%	No.	%		
Ford.....	76	41.30	261	39.96	357	40.24
Mercury.....	11	5.98			11	1.31
Lincoln.....	2	1.08			2	.24
Prefect.....						
Chevrolet.....	64	24.78	251	38.43	315	37.61
Buick.....	1	.54			1	.12
Cadillac.....	1	.54			1	.12
Pontiac.....	4	2.17			4	.48
Oldsmobile.....						
GMC.....			9	1.38	9	1.07
Chrysler.....						
DeSoto.....	5	2.72			5	.60
Plymouth.....	2	1.08			2	.24
Dodge.....	4	2.17	21	3.21	25	2.98
Fargo.....			6	.92	6	.72
International.....			76	11.63	76	9.07
Willys.....	4	2.17	2	.31	6	.72
Nash.....	6	3.26			6	.72
Packard.....	1	.54			1	.12
Studebaker.....	1	.54	4	.62	5	.60
Reo.....						
Austin.....						
Hudson.....	2	1.08			2	.24
Bedford.....			23	3.52	23	2.74
Total.....	184		653		837	

Food Products

By C. G. HERDMAN

Director, Trading Division, *Matsman & Co., Inc.*

CONDITIONS in the Philippine market during August deteriorated materially. Shortages in many lines of foodstuffs exist and such merchandise can seldom be secured except at blackmarket prices.

This shortage is in a considerable degree due to the extreme delay on the part of the Import Control Office in acting on applications for import licenses. Very few applications for quota goods have been acted on since last May. On non-quota goods, very few licenses have as yet been issued to cover the July-August-September quarter. As a result of this delay in acting on applications, very serious shortages have developed in stocks of imported foodstuffs,—shortages far beyond those that would be due only to the restrictions on imports prescribed in the law.

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Canned milk particularly is very short. A survey made toward the end of August indicates that there is only one month's supply of this essential commodity in storage in Manila and very small quantities have been licensed and are in process of being imported. There is every indication that canned milk will be almost unobtainable by the middle of October unless permits are granted immediately for substantial quantities. The shortage of this commodity is going to bring very great hardship to the public and particularly to the children. The matter has been brought to the attention of government authorities and it is sincerely hoped that they will take action promptly, otherwise the consequences will be very serious.

Flour stocks at this writing are more than ample, approximately 1,500,000 bags of flour having arrived in the Philippines during the past six weeks or so. Import quotas for flour corresponding to the month of August have not yet been released by PRATRA. Such quotas probably will be released by the 15th of September. No statement has yet been made as to whether September quotas will be released at the same time as August, or will be delayed and released at a later date. Delay in issuing these quotas would be preferable so as to permit the present heavy stocks to enter into consumption before the importation of additional large quantities.

Advices from the United States are to the effect that supplies there are extremely short of all dried fruits, including raisins. The producers are now in the middle of the fruit-canning season, but even so supplies are short and difficult to secure. Arrivals in this market have been extremely limited. All canned fruits and most canned vegetables will be extremely scarce and difficult to purchase in the local market from now on, and, unless applications for import licenses are acted on promptly and the corresponding import licenses are expedited, it is not at all improbable that importers will find it impossible to secure even the limited quantities they are permitted to import under the present restrictions and these quantities will have to sell at increasingly higher cost.

There were fair arrivals of canned meats, particularly corned beef, during August, but local stocks are far from sufficient to satisfy the normal demand. Canned meats of all descriptions will continue in very scarce supply in the local market.

Stocks are also extremely short on fresh fruits and vegetables (both local and imported), butter and cheese, and miscellaneous dairy products. Stocks of canned fish are far from sufficient. The shortage is not yet acute but will very possibly become so within a few weeks. There are practically no stocks available for purchase in California. The canning season is supposed to have started at Monterey on August 15. Due to disputes between canneries and fishermen, fishing did not actually begin until late in the month, but the fish have been running very light and quantities caught and packed to date are negligible.

*Editor's italics

Legislation, Executive Orders, and Court Decisions

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

OFFICIAL copies of the bills passed at the Special Session of the Congress of the Philippines have not been available for distribution to the public, but as nearly as we can ascertain, the highlights of the new legislation are:

Republic Act 564 (HB 839) increases the tax on insurance agents and on persons taking out insurance abroad, to 3% of the premiums.
Republic Act 565 (HB 841) increases the tax on radio receiving sets.

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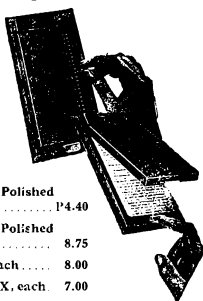
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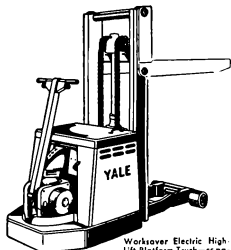
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Republic Act 566 (HB 814) exempts from taxation, the principal and interest on bonds, certificates of indebtedness, and other evidences of indebtedness issued by the Government representing monetary reserves released by the Central Bank.

Republic Act 567 (HB 868) increases the documentary stamp taxes on:

Original issue of shares of stock of associations and corporations;
Sales and transfers of shares of stock or other obligations of associations and corporations;
Warehouse and hotel receipts;
Passage tickets;
Mortgages, pledges, and deeds of trust;
Deeds and conveyances of real property.

Republic Act 568 (HB 902) increases the tax on transfers of large cattle.

Republic Act 569 (HB 1141) provides that if the government of a foreign country permits the revenue stamps of such country to be affixed in the Philippines to tobacco (including cigars) or snuff manufactured in the Philippines and imported into such foreign country, internal revenue stamps of the Philippines may be affixed to tobacco (including cigars) or snuff manufactured in such foreign country to be imported into the Philippines under rules to be prescribed by the Collector of Internal Revenue with the approval of the Secretary of Finance.

Republic Act 570 (HB 1363) provides for a refund of 50% of the specific tax on mineral oil and gasoline if used in aviation, for a period of 5 years from its effective date, (August, 1950). This Act provides that no such refund shall be granted to citizens and corporations of foreign countries which do not grant equivalent refunds to citizens and corporations of the Philippines. The irony of this measure is that Philippine airlines do not get the 100% exemption allowed by the United States to other foreign countries because the Philippines only allows a 50% exemption. This works out in practice so as to deprive United States airlines of any exemption in the Philippines.

Several other bills were passed by both houses but no Republic Act number is yet available.

These include:

HB 322, authorizing the President to make disbursements from the Sugar Stabilization Fund for sugar experiment stations and research toward stabilization of the sugar industry.

HB 372 constituting a small farmers' cooperative loan fund to provide credit facilities to small farmers and tenants.

HB 706 amending the motor vehicle law relating to registration fees, renewals, fines, penalties, etc.

HB 840 increasing amusement taxes (admission fees to theaters, boxes, exhibitions, cockfights, race tracks, cabarets, etc.)

HB 842 provides for an increase of the documentary stamp tax on sweepstakes tickets.

HB 866 increases the estate, inheritance, and gift taxes.

HB 867 increases the taxes on business, sales taxes, etc.

HB 869 increases the specific taxes on distilled spirits, wines, fermented liquors, cigars and cigarettes, firecrackers, and playing cards.

HB 883 amends the Tariff Act by increasing the duty on oil.

HB 1127 provides for very substantial increases in the income tax and includes withholding of income tax on wages. It applies to income received since January 1, 1950.

HB 1146 amends the provisions regulating radio stations and radio communications.

HB 1323 creates the Home Financing Commission and provides for an insured mortgage system.

HB 1334 fixes import license fees and ratifies those heretofore collected.

HB 1340 amends the residence tax law so as to compel employers to require production of residence tax certificates before paying wages.

Philippine Safety Council

By FRANK S. TENNY
Executive Director

THE outstanding advance in safety during the past month has been the official creation of the Provincial Bus Terminal Board. This body was named recently by Mayor Manuel de la Fuente, after passage of the enabling Ordinance by the Manila Municipal Board. *Journal* readers will recall an article published several months ago urging the establishment of bus terminals in the Philippines.

The 7-man Board includes representatives of the Public Service Commission, the Motor Vehicles Office, the Manila Municipal Board, the Police Department Traffic Division, the City Fiscal, the City Engineer, and the Executive Director of the Safety Council. City Engineer Alejo Aquino was elected to the chairmanship.

The Board has already decided upon the general location for the various terminals, the type and construc-

tion of them, and has appointed three committees, on finance, engineering, and operations-maintenance. Although the bus terminals plan appeals to most legitimate, well regulated transportation operators, some opposition is evident among wildcat, or "colorum" companies.

The Provincial Bus Terminal Board joins the list of government agencies concerned with safety that have been vigorously suggested and/or supported by the Philippine Safety Council. Others include the Fire Prevention Board and the City Traffic Committee.

Executive Order No. 341

By the President of the Philippines

ESTABLISHING RULES AND REGULATIONS FOR THE QUALIFICATION OF INDUSTRIES FOR TAX EXEMPTION UNDER REPUBLIC ACT NO. 35

PURSUANT to the provisions of Section 79(b) of the Revised Administrative Code and Section 2 of Republic Act No. 35, the following rules and regulations for the qualifications of industries seeking exemption from the payment of all internal revenue taxes under Sec. 1 of Republic Act No. 35, are hereby promulgated for the information and guidance of all concerned:

1. "NEW" industry as used in Republic Act No. 35 shall be construed to mean the manufacture, processing or transformation of raw materials, either in form, utility or substance, by any industrial unit the production or manufacture of which has not been undertaken on a commercial scale in the Philippines subsequent to July 4, 1946. For purposes of this definition:

(1) An "industrial unit" is deemed to be any plant, factory, machine or machine assembly having a capacity for performing the major functions involved in the production of a manufactured product on a commercial scale.

(2) By production on a "commercial scale" is meant the production for sale in the market in the normal course of business, in quantities and at prices which justify the operation of an industrial unit as a going concern and with a reasonable degree of permanency.

2. WHAT MAY BE CONSIDERED "NECESSARY" INDUSTRY—The word "necessary" as used in Republic Act No. 35 shall be construed to mean an industry which is conducive to sound economic development and which promotes employment and raises the standard of living of the people. In determining whether an enterprise is "necessary" or not the Secretary of Economic Coordination shall take into account the number of such similar enterprises already in existence and their collective productive capacity relative to the size of the domestic and/or export demand for their product.


3. WHEN EXEMPTION SHALL BEGIN—The benefits of four years exemption of "new and necessary" industries from the payment of all internal revenue taxes shall begin from the date of the application when approved by the Secretary of Finance but not later than the month during which such industry entered into the production stage.

4. WHO WILL DETERMINE—All applications for exemption from the payment of all internal revenue taxes under the provisions of Republic Act No. 35 shall be filed with the Secretary of Finance. The opinion of the Secretary of Economic Coordination shall be obtained on whether the industry complies with the requirements of Republic Act No. 35. For this purpose he shall avail himself of the facilities in the Department of Commerce and Industry, the Central Bank, the National Economic Council, and other agencies of the government in determining from time to time whether a sufficient number of individual industries has been granted exemption in any one particular class

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or type of industry and whether any further grant of exemption would be in the interest of sound industrial policy. The Secretary of Finance shall base his certification on said findings.

5. WHO MAY APPLY FOR EXEMPTION—Any person, partnership, company or corporation who or which shall engage in a new and necessary industry and operating in the Philippines, may apply for exemption from the payment of all internal revenue taxes for a period of four (4) years from the date of the organization of such industry.

6. WHAT MUST BE STATED IN THE APPLICATION—

The application shall contain the following statements:

- The name or firm name; its address;
- Name of the owner or manager of the firm; its address;
- Nationality of the owner;
- Location of firm or factory;
- Capital invested. If partnership, company or corporation, state the names of the partners or stockholders, amount contributed, nationality and their addresses. State also if registered, the date and place of registration;
- If with a firm name or business name, the fact that it is registered in the Bureau of Commerce both as a business name and as a merchant; number and date of registration;
- Date when factory began operation;
- The name and description of the product or products whose exemption is applied for;
- Is the plant already in operation? State capacity per 8 working hours;
- If owned by foreigner, state alien registration number; and
- Other information necessary for the effective enforcement of this Act.

7. OBLIGATION TO REPORT—Any industry granted tax exemption under the provisions of Republic Act No. 35 shall report to the Secretary of Finance at the end of every fiscal year a complete list and a correct valuation of all real and personal property of its industrial plant or factory; shall file a separate income tax return; shall keep separately the accounting records relative to the industry declared tax exempt; shall keep such records and submit such sworn statements as may be prescribed from time to time by the Secretary of Finance;

8. REVOCATION OF TAX EXEMPTION—The Secretary of Finance may revoke any tax exemption granted under this Act, when after investigation and hearing, it is established that:

- The grantee fails to comply with any of the obligations imposed by this Act and the regulations promulgated pursuant thereto;
- When the grantee discontinues production on a commercial scale for a period of more than THIRTY (30) days without the previous approval of the Secretary of Finance.

Common Provisions

9. FORM OF APPLICATION—All applications shall be made upon forms duly prescribed by the Department of Finance for the purpose, and shall be accomplished in quadruplicate and sworn to before a notary public.

10. ISSUANCE OF CERTIFICATES OF EXEMPTION—Upon receipt of the application by the Secretary of Finance, the date and time of receipt thereof shall be noted and if it appears upon physical inspection and examination that the factory is exemptible under the law and regulations, a certificate of exemption may be issued.

11. DURATION OF CERTIFICATE—The certificate of exemption shall be in force for a period of four years from the date of the establishment of the factory.

12. FEES—The following fees shall be collected for the qualification and issuance of certificate of exemption:

- | | |
|--|--------|
| (a) For inspection fee: | ₱10.00 |
| (b) For the issuance of a certificate of exemption | 20.00 |

13. CHANGE OF ADDRESS—Any change of location of applicant, or applicant manager, or the change of location of the factory granted exemption shall be reported to the Secretary of Finance in writing, immediately upon change of address or location, otherwise the certificate will be revoked.

14. DATE OF EFFECTIVITY—This Executive Order shall take effect as of the date of its publication in the Official Gazette.

Done in the City of Manila, this 9th day of August, in the year of Our Lord, nineteen hundred and fifty, and of the Independence of the Philippines, the fifth.

(Sgd.) **ELPIDIO QUIRINO**
President of the Philippines

By the President:

(Sgd.) **TEODORO EVANGELISTA**
Executive Secretary

Aug. 9, 1950.

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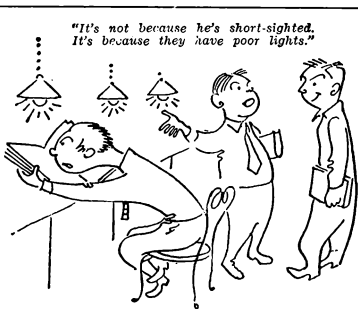
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COST OF LIVING INDEX OF WAGE EARNER'S FAMILY* IN MANILA BY MONTH, 1946 TO 1949 (1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (59.15)	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	1.657
February	547.2	656.3	236.4	940.3	369.5	460.5	1.827
March	525.9	631.0	236.4	940.1	340.4	445.2	1.902
April	556.2	684.1	236.4	910.3	345.5	435.9	1.798
May	545.1	675.6	236.4	762.5	342.3	409.6	1.835
June	538.7	666.4	236.4	737.9	343.3	404.2	1.856
July	552.7	704.3	236.4	598.9	341.3	364.6	1.809
August	477.9	590.0	236.4	384.7	320.9	346.3	2.092
September	477.9	591.3	236.4	378.7	314.5	347.2	2.092
October	487.4	587.2	236.4	382.7	405.8	342.7	2.052
November	484.8	607.8	236.4	406.4	346.5	305.2	2.063
December	461.9	570.8	236.4	371.9	344.7	302.1	2.165
1947 ²	(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	2.346
February	418.5	454.9	453.9	356.2	344.8	281.4	2.389
March	406.8	440.1	453.9	295.2	334.7	279.4	2.458
April	387.7	413.3	543.9	269.2	328.9	271.6	2.579
May	381.0	404.4	453.9	250.9	325.4	269.4	2.625
June	386.3	414.4	453.9	236.8	316.6	268.6	2.589
July	383.4	426.8	453.9	217.7	309.3	269.9	2.542
August	387.4	419.8	453.9	210.2	292.0	269.1	2.581
September	368.9	392.1	453.9	216.4	283.3	266.8	2.711
October	358.7	376.3	453.9	212.7	280.5	267.7	2.788
November	358.4	376.3	453.9	215.1	280.5	265.3	2.790
December	371.9	395.8	453.9	219.1	298.2	262.9	2.689
1948							
January	391.2	428.3	453.9	224.5	304.6	249.9	2.556
February	368.5	392.0	453.9	223.8	301.1	254.4	2.714
March	349.4	361.0	453.9	214.6	308.1	255.9	2.826
April	356.1	374.1	453.9	209.4	289.7	254.8	2.808
May	349.8	360.2	453.9	214.2	289.7	271.6	2.859
June	348.3	370.4	453.9	205.2	283.2	262.9	2.823
July	356.4	374.2	453.9	201.3	281.6	262.4	2.806
August	363.6	385.7	453.9	199.8	281.6	261.7	2.751
September	370.6	397.2	453.9	199.2	279.6	260.6	2.698
October	374.9	404.0	453.9	204.8	283.2	257.9	2.668
November	368.7	394.4	453.9	202.0	281.6	258.7	2.712
December	365.9	389.9	453.9	202.0	282.4	258.9	2.732
1949							
January	363.8	386.8	453.9	202.0	279.0	258.9	2.750
February	343.8	355.5	453.9	203.0	277.5	258.9	2.909
March	346.3	358.2	453.9	202.0	276.3	258.5	2.896
April	348.7	362.6	453.9	197.6	287.5	257.1	2.888
May	320.2	362.8	453.9	197.7	284.7	257.1	2.867
June	349.0	362.9	453.9	203.9	287.5	257.2	2.865
July	351.7	374.0	453.9	194.2	265.8	254.0	2.844
August	337.5	351.2	453.9	196.3	266.6	241.2	2.993
September	333.6	345.1	453.9	190.3	264.8	243.1	2.968
October	332.9	343.3	453.9	199.9	264.8	245.0	3.004
November	339.6	356.1	453.9	191.1	258.4	239.8	2.945
December	329.6	335.9	453.9	202.9	259.5	256.2	3.035
1950							
January	332.3	336.8	453.9	238.0	253.1	269.3	3.010
February	336.9	340.2	453.9	233.3	257.8	284.1	2.969
March	339.0	341.4	453.9	236.7	257.8	292.6	2.950
April	331.8	328.6	453.9	237.7	252.9	301.2	3.015
May	320.2	308.6	453.9	244.7	249.7	309.1	3.123
June	323.1	310.9	453.9	243.5	249.7	319.1	3.095
July	332.0	322.4	453.9	252.6	249.7	328.7	3.012
August	334.4	325.9	453.9	258.7	251.1	328.4	2.990

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

THE editor of the *Journal* some time ago wrote a letter on what is a very important subject, bearing very directly on the world economy of the future, to the editor of one of the leading monthly economic and financial publications in the United States. As we have no authority to quote the latter, we have deleted certain parts of both letters, but we believe *Journal* readers will find what follows to be of interest:

The following is from the letter of our own editor:

"... He also gave me your address when I asked him whether you might not have some information on another matter which came up—something really of almost inconceivable importance: the probable effects which the successful utilization of atomic energy will have on world economics and politics.

"I have read statements by reputable scientists to the effect that practical developments in this field may be expected within from ten to twenty years, and that is a very short time for the world to prepare itself for the stupendous changes that loom ahead.

"It seems to me that very intensive studies must be being carried on right now, not only by scientists, engineers, and industrialists, but by the political scientists and especially economists and financiers as to the probable effects of such an extension of man's control over his environment, both so momentous as well as relatively so abrupt.

"We have during the past half century already made great advances from the old, primitive economy of scarcity to an economy of relative abundance, but present probabilities indicate a world to come which will be almost totally revolutionized. Many things of present meaning will shortly have almost no meaning at all.

"I gather from my reading that atomic power will probably first be used in the larger power-plants,—only later in smaller power units as in ships, trains, submarines, planes, cars, homes, etc.

"Public-utility enterprises will soon therefore be greatly altered not only in physical character, but probably also in ownership. And such industries as the coal-mining and oil industries, now so basic, will be greatly reduced in importance, if not wholly eliminated.

"The whole basis of manufacturing, it seems, will change. Conditions of management and labor will be very different. Wages and prices, or at least their levels, will be radically affected. With abundance for all, at very low production cost, present class inequalities (as between the well-to-do and the poor) will disappear. Capital and labor conflicts will lose much of their point; war, as a struggle for raw materials and markets, also.

"And what of investments? What of debts, both private and government, national and international debts? The amounts presently involved are vast, but what will they signify when our whole scale of values is altered? As to money and credit, and what we now speak of as commercial banking, will there still be a role for private financiers and bankers to play?

"Will our ideas of 'free economic enterprise', competition, trusts and cartels, etc., continue to mean anything?

"Will we, as I fervently hope, be able to maintain any sort of democratic system at all? If so, how?

"What will it all result in,—in government and the power of government, probably a world government?

"We used to relate such questions to the remote future, but now, fantastic though it may all seem, they present themselves as of immediate and pressing importance.

"One important point is that the mere anticipation of such great changes to be realized comparatively soon, may already, consciously or unconsciously, be affecting governmental policies and the policies of other of our social institutions,—as, for instance, government policy with respect to so-called 'deficit financing', going or not going to war, etc.

"I do not personally fear these changes which lie ahead. I am so interested that I hope I will live to see them coming in. I believe that they may mean a great advance for mankind, though I realize there are also great dangers.

"I have merely put down the thoughts that have passed through my mind, but serious, competent, practical, far-sighted men must be thinking of these things and studying them, and if you know of any work of this sort being done, I would be very grateful if you would be so kind as to give me a reference to follow up..."

The answer ran, in part:

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"...We have not undertaken any real study as to the economic and other effects of atomic energy developments. The numerous questions that you pose are tremendously important, but the whole subject is so new and is moving ahead so rapidly that we find the forecasts of the experts are being revised constantly. My own opinion has been that the commercial production of atomic power, on a basis competitive with other fuels, probably lies further ahead than many of the popular articles appearing in the press would lead us to believe.

"Because of your interest in the subject, you might want to look up two recent books which have attracted a good deal of attention. One is by David E. Lilienthal, former chairman of the Atomic Energy Commission, entitled, 'This I do Believe', a long-range and somewhat philosophical discussion, published by Harper & Bros., New York, for \$2.50. The other is by the eminent scientist, Dr. Vannevar Bush, entitled 'Modern Arms and Free Men', published by Simon & Schuster, New York, for \$3.50.

"There recently came to my attention a monthly 'Bulletin of the Atomic Scientists', described as 'A Magazine for Science, Public Affairs, and Education'. It is published by the Educational Foundation for Nuclear Science, Inc., 956 E. 58th Street, Chicago, 37, Ill., at \$5.00 a year.

"You can of course obtain considerable material from the official government publications in Washington. The Atomic Energy Commission issues annual reports on 'Atomic Energy Developments', and has also published special studies, such as 'Atomic Energy and the Life Sciences' and 'Recent Scientific and Technical Developments of Atomic Energy in the United States'. The Department of State issued a report on 'International Control of Atomic Energy'."

The *Journal* editor says that he had already read some of the literature referred to and that it was especially the book of Dr. Vannevar Bush which led him to write his letter. He also says that he realizes he asked for too much and that if such studies as he inquired about are being carried on, as must be the case, the results are, probably wisely, not being released for general publication.

In connection with the article by Mr. P. C. Morantte, Aviation Officer of the Civil Aeronautics Administration, an exchange of correspondence with him may be of interest. In sending us the article, Mr. Morantte wrote:

"I noticed that for the past several months your *Journal* has not published anything on air transportation. This is a subject in which I am sure many people are interested to see included in your *Journal*. I have been writing on aviation matters for our local periodicals and should be glad to contribute regularly to the *Journal*—articles on air transportation, if you so desire."

In writing him that we should be glad to publish the article, the editor wrote him also:

"As for regular contributions from you, in the form of an Air Transportation column similar to our other regular columns (if that is what you had in mind), there is a difficulty in that you are a government official and would therefore be considered to write officially, when we have built up the monthly 'Business View' columns on the basis of private business opinion. I trust that you

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will understand that this is in no wise intended to reflect unfavorably upon yourself or government officials in general. The *Journal* is published to express the business, and not the official view. This, however, would not preclude occasional general articles from you which we should be glad to consider for publication. With thanks for your good-spirited letter," etc.

LAST month we ran a paragraph in this column about the loss of pupils in the American School, a private school in Manila to which many American and European families send their children, because with the growing unemployment, many of these families are leaving the country. The trend continues sharply downward. The enrolment at the beginning of the school-year was 473; on August 1 it was 413; on August 31 it was 377. The loss is now over 20%. This is indicative of the loss to the country of a very desirable class of citizens,—using the word in a broad sense; otherwise, inhabitants; still otherwise, aliens.

We heard the other day from an Australian that in his country newcomers are not referred to as aliens or foreigners, or even immigrants; they are called "new Australians". And in this connection we remember that in the days of our youth, in the United States West, a common greeting was, "How are you, stranger?" The word "stranger" was definitely

a friendly word. Generally, the greeting was followed by a question, "Where do you come from?" And that would be followed with, "Are you going to stay here?" If the answer was in the affirmative, the next remark would be, "I hope you will like it here... Meet Mr. So-and-So. He is one of your neighbors."

And so the barren West became the Golden West.

"WE have recently been receiving quite a number of new subscriptions to the *Journal* for two years instead of only one year," said the editor the other day, "but look at this! Here's a subscription for three years in advance, from a Manila Chinese firm, too! They must like the *Journal*..."

"Maybe they think," said we, "that the Chamber is going to raise the subscription rate!"

"Well, of all the petty, low-minded blankety-blanks, you take the cake!" said the editor. "It isn't the money I'm thinking of. They are paying us *three years in advance*. That's a lifetime, these days. How can they know the *Journal* is going to last that long? Isn't it not only a demonstration of appreciation and good will, but of confidence and faith in us,—and in business, in the Philippines, in the world?"

"Tut, tut," said we. "What catches you build on the sandiest foundation! Here you get a measly fifteen pesos, and only a check at that, which may be no good for all we know, and if it is it is only in pesos, and you soar right up into the air!"

"I wouldn't be the d-d heavy-headed, flat-footed grounding you are, for anything in the world," said the editor.

"And if it comes to just being practical," he went on, "why, I'll take all the fifteen-peso checks anybody wants to send us with the greatest of pleasure and ease. Yes, and I'd cheerfully take the money in nickels, too."

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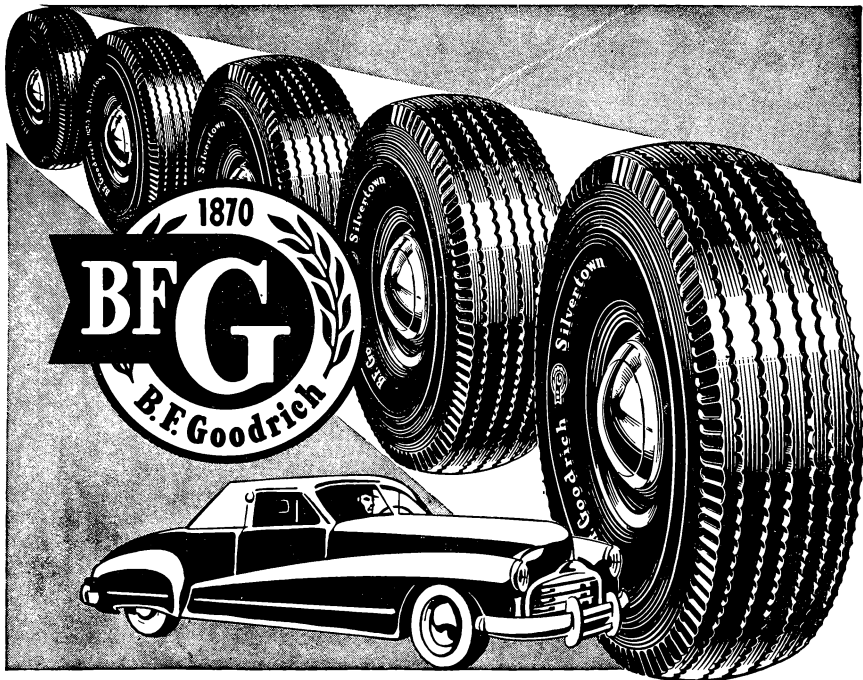
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