Ammen and Max Blouse as early as 1910 and starting with one Grabowski truck unit, the company was incorporated in 1914 with a paid-up capital of ₱100,000. The operations expanded along with the economic development of the Bicol region during the course of the years, and at the outbreak of the war the assets of the corporation were in excess of ₱2,000,000.

These were largely wiped out by the war. All rolling stock disappeared during the war years, along with company shops, maintenance equipment, and other facilities. Starting post-war in 1945 with a few military truck units, the company now operates 200 modern busses and is increasing the number as rapidly as new bodies can be constructed in the company shops.

The Ammen Estate interests have owned the largest individual holding of the stock of the corporation. These holdings plus those of other American interests have represented control of the company. After lengthy negotiations, the Heirs of D. Tuason, Inc., a Filipino corporation, recently purchased the major part of these holdings, giving that company ownership of some 60% of the paid-up capital of Alatco. The transaction also included the purchase of approximately 80% of the capital stock of Bicol Trading, Inc., truck and automobile dealers in the Bicol region.

The Tuason interests have announced that there will be no changes in the management of either company or in policies or procedure. The name of "Alatco" will continue to symbolize bus transportation in the Bicol Provinces and the withdrawal of American financial interests from that local field will be noted by only the few who remember the early efforts of Messrs. Ammen and Blouse and those who have watched the growth and expansion of the company over the years. This transaction may be indicative of a trend whereby Filipino capital, seeking sound investments, will gradually absorb American enterprises that have been business successes for extended periods, thus taking an increasingly active responsibility in the various phases of the country's economy.

Mining

By Chas. A. Mitke
Consulting Mining Engineer

July Production

	Tons	Valued at
Benguet-Balatoc	47,492 tons	₱680,750.00
Acoje Mining Co.	2,500 "	113,750.00
Atok-Big Wedge	12,732 "	378,765.00
Consolidated Mines	16,000 "	320,000,00
Lepanto Consolidated	2,855.7 tons conc.	656,300.00
Mindanao Mother Lode	2,800	287,956.00
Misamis Chromite	—	—
Surigao Consolidated	6,684	186,561.00

THE Philippine mining industry at the present time is experiencing difficulties. While only a few of the former producers have been rehabilitated, the outlook, particularly for the gold mines, is not very promising. Their best market — China — is fading, in consequence, the price of gold has been shrinking rapidly. There may come a time in the not too far distant future when the gold mines may have to reconcile themselves to selling in a $35 market.

Until recently, gold producers in the Philippines were enjoying prices which ranged between ₱90 and ₱110 per ounce. It is assumed that most of the gold went to China. A tremendous amount of gold must have found its way into China in recent years. Now, however, the Communists have taken over a large part of that country, and it is hinted that the Nationalist Government has been dumping its gold into the Hongkong market and exchanging it for silver with which to pay its troops. As evidence of this, the price of gold has gone down to somewhere in the 80's (pesos), while the price of silver in the New York market has gone up.

It has been remarked that gold mining is the only industry whose market is confined to a single buyer, the United States Government — by far, the largest gold buyer paying a fixed price for gold. This arrangement makes the producer a victim of the squeeze between rising costs and the fixed price.

Present operating costs in the Philippines are two to three times the pre-war costs, but the local price of the product is now rapidly approaching the 1941 figures — $35 an ounce. Moreover, the mines are not as well equipped to meet a situation like the present, as none of them are up to former production levels and a considerable cash outlay would be necessary before they could achieve this position.

Something however, must be done to cope with the emergency. Short of a subsidy, which is not favored by government officials, no one thing can meet the situation, but a number of small aids and economies may, in the aggregate, afford relief. There are measures that can and are being taken by the Government, such as the levy of lower taxes, elimination of import duties on mining machinery, assistance offered by the Bureau of Mines, etc., but the greatest help of all would be to bring down the price of rice, which would have a marked effect on the cost of living.

WHILE considerable bread, made of imported wheat flour, is now consumed in the Philippines, for the great mass of the people, rice is still the staff of life. It is estimated that 40% of this rice is still being imported from abroad, and paid for with dollars. This swells the imports, reduces dollar credits, and keeps the cost of living high.

Before the war, the cost of rice was in the neighborhood of ₱5 to ₱7 a sack or cavan. Today, in the open market, it costs from ₱31 to ₱32 per sack or cavan. Think what a relief it would be to many if the price of rice could be cut in half. Even then, it would be twice the pre-war cost!

However, before the price of rice can come down, more rice must be grown at home. This can only be done by mechanized farming on a large scale. At one time there were plenty of tractors available from surplus, and there may still be a sufficient number of them left to save the situation.

Some temporary arrangement should be made to permit rice planting and farming on a large scale, using mechanized methods at least until such time as the country becomes self-supporting. Otherwise, the fate of certain European nations will be ours. In these countries, much of the funds advanced by America have gone into consumer goods rather than equipment, improved efficiency, and lower production costs. Consumer goods such as food, clothing, etc. do not reproduce themselves, and once they are gone the nation is no better off than before.

There are many places in the Philippines where corn flourishes, particularly in Cebu, where it is preferred and used as a substitute for rice. Everyone knows the value of corn as a food both for human beings and animals.

Recently, in the company of two Filipino government engineers, I rode horseback over 60 miles of beautiful hills in another island of the Visayan group. Here and there, were isolated farmhouses, about a mile apart. Each was surrounded by an acre of corn and an acre of mountain rice. The corn was 6 feet high, and the rice newly planted.

Elsewere, the hills were uncultivated and covered with cogon grass about 2 feet high, so that for mile after mile the country looked like the wheatfields of Western Canada. The engineers remarked over and over again that they did not believe enough people realized the tremendous possibilities that exist, not only on this island, but on many others, to produce corn and rice on a large scale through mechanized farming. One of them mentioned that there was room for half a dozen large corporations or organizations in this one island alone, each farming around 100,000 acres. What they said about this particular island, is true of many others, they reiterated, especially Mindanao.

Rice and corn are annual crops and do not require years to grow. With tractors and other machines, large acreages can rapidly be cultivated and planted. In a matter of several months, the crops are ready for harvesting.

Where there is plenty of food, there is contentment, and the cost of living is low. A low cost of living has its beneficial effect, not only on mining, but on all other activities.

As stated before, this could be done very quickly with big corporations, large acreages, and many tractors. One season would change the entire picture, but it must be done on a large scale to be effective. The corporation, so far, is the only instrument that has been found capable of doing this type of job in a hurry.

A plentiful supply of corn and rice would do more to bring the cost of living back to pre-war levels than anything else. This would naturally reduce the large number of dollars now going out for the purchase of the immense quantities of rice necessary to make up the 40% deficit.

GOVERNMENT officials and business men recognize that in order to increase exports, and add to the wealth of the nation, mining, once the No. 2 industry, must be brought back to its pre-war status. The country needs more producing mines, but lack of venture capital, and the high cost of living, have acted as deterrents so far, preventing the opening up of many promising prospects.

In 1934, venture capital invested in mining resulted in the development of a number of meritorious exposures, which eventually became the *mines of today.* This brought about a mining boom in the Philippines in the midst of a world-wide depression. The same thing could happen again if venture capital were available.

At the present time the general public has no venture capital for mining, but if the Philippine Government, through one of its various agencies, could see its way to allocate merely ₱1,000,000 of venture capital, for the proving up of — say, twenty meritorious prospects — there is no question but that a number of them would, eventually, become the *mines of tomorrow,* and offer opportunities for investors to make money. One or two good finds would serve to prime the market and result in the loosening up of private funds for use in an intensified search for, and development of, other mines, and with a lower cost of living, brought about by a reduction in the price of rice, mining would once more be on its way to resume its position as a leading, if not *the* leading industry of the Philippines.

Lumber

By Luis J. Reyes
Philippine Representative, Penrod, Jurden & Clark Company

THE total lumber export for the month of July amounted to 3,505,004 bd. ft., of which 2,245,371 bd. ft. were logs and 1,259,633 bd. ft., sawn lumber. Half of this amount went to the United States, 40% to Japan, and the rest to four other countries. Importers of Philippine mahogany (lauan and tangile) in the United States still think that our prices should come down in order to meet the stiff competition offered by African and Mexican mahoganies.

The Philippine Mahogany Import Association in the United States, held its Annual Convention recently at Colorado Springs. Though business has been poor during the past six months, there was optimism, and the delegates believed that Philippine mahogany will eventually recapture its lost market. A need was felt for more effective advertising, and, in this connection, ways and means have been agreed upon. The Philippine Lumber Producers Association also has had under consideration for some time a possible levy on all exports for advertising. With these two organizations thus working hand in hand, Philippine woods face a brighter prospect in the United States market.

Manila wholesale prices have gone down from ₱10 to ₱15 per 1000 bd. ft. as compared with the previous month. Prices in Manila are reported as follows: ₱125 to ₱130 per 1000 for white lauan, ₱135 for apitong, and ₱140 to ₱150 for tangile and red lauan. These prices are lowest since liberation and seems to be due to the general business recession and, to a certain extent, the rainy weather. More mills in the provinces have suspended operation.

In Japan, prices of Philippine logs have likewise gone down, with some companies quoting $58.50 c.i.f., but there were some transactions on a barter basis in which the price quoted was $57 c.i.f. It has been reported that Japan is beginning to take an increasingly large volume of Borneo lauan logs, which are quoted at a lower price than the Philippine logs. It is claimed, however, that Borneo shipments are composed of several species of "lauans" some of them sinkers,* and that the shipments are not as well prepared for export as Philippine logs. Even before the war, Japan tried Borneo and Sumatra logs, but eventually turned to the Philippines for most of the logs to supply their mills.

* Editor's Note:—Logs which sink when thrown overboard at point of destination and which may therefore be lost unless loaded into barges, this entailing higher transportation costs.

Copra and Coconut Oil

By Manuel Igual
Executive Vice President, El Dorado Oil Works

and Kenneth B. Day
President, Philippine Refining Company, Inc.

July 16 to August 15, 1949

IN the very height of the copra season and in spite of the fact that coconut oil is very much out of line with competing oils and fats and particularly with tallow, instead of the gradually declining prices we anticipated, we have seen a steady copra market throughout the period under review, with a sharp upward surge at the close.

Three circumstances have contributed to this situation. The first is a very definite shortage of copra and coconut oil in the United States for immediate and prompt delivery. This has been explained by European correspondents as follows:

"Early this year, all the 'pipelines' were filled and consumers, retailers, and wholesalers were all well stocked. It is hardly surprising that with prospects of large new crops ahead there was a general tendency to reduce stock without replacing. Subsequent events point to the fact that by early summer the 'pipelines' were empty. Persistent premiums for spot and early delivery bear this out. There was, however, still insufficient confidence in the future to encourage buy-