

The industries included are the following:  
 Textile—Cotton spinning and weaving, Knitting, Industrial textiles, Fish nets.  
 Pulp and paper  
 Iron and steel  
 Fuels—Coal, Alcohol motor fuel  
 Clay and ceramic products—pottery, bricks, tiles, porcelain ware and similar products, Cement  
 Canning  
 Rubber and rubber products  
 Glass  
 Chemicals and chemical products  
 Leather tanning

In each case there is a brief history of the industry, before and after the war, and an exposition of the present status, processes and equipment, the import-export relationship, costs of production, competition, employment, markets, and special problems and needs, with final comment and recommendations.

It will be understood that the survey attempted quite a lot and that an entrepreneur would have to view both the general expositions and the recommendations with some caution. The authors themselves realize this and point out that the "smart industrialist will not talk business without accurate and precise information" and that the decision to undertake any given enterprise is made only when the entrepreneur is "satisfied that the business could actually or potentially operate efficiently and profitably."

However, the treatment of the ten industries included in the survey is considerably fuller in many respects than anything to be found on these industries in the *Joint Finance Commission's Report on Philippine Economic Development* and the *Beyster Report*, both of 1947, and the *Philippine Agricultural and Industrial Development Program* presented by the Philippine Economic Survey Commission, headed by Mr. Jose Yulo, in 1950.

The survey, "Industrial Philippines, a Cross Section," PHILCUSA, Manila, 1953, is well worth careful study by prospective investors.

A letter from President Antonio de las Alas, of the Chamber of Commerce of the Philippines, addressed to the

### The Puyat Bill on the Crime of Arson

President of the American Chamber of Commerce of the Philippines, Inc., was received during the month concerning Senate Bill No. 81, introduced by Senator Gil J. Puyat, which would amend Chapter 8 of the Revised Penal Code (Act No. 3,815) by adding an article on the *prima facie* evidence of arson and another article defining the crime of arson as regards insured properties.

The letter from Mr. de las Alas stated with respect to this Bill:

"...allow us to suggest that its approval be recommended by your Chamber during these sessions of Congress and that you kindly stir public opinion in favor of the proposed legislation by releasing to the press your statement of endorsement."

The American Chamber of Commerce is most happy to comply with this suggestion from its sister-Chamber.

It has long been a notorious fact that "terrific arson losses", to quote from the letter of Mr. de las Alas, are "occurring every year." The great difficulty in dealing with arson in the Philippines has been, and still is, that, as is pointed out in the Introductory Note to Senator Puyat's Bill, "the guilty parties are generally acquitted when prosecuted criminally or their cases are dismissed for insufficiency of evidence."

"This often happens [the Explanatory Note continues] because, although our Revised Penal Code in its Chapter 8 clearly enumerates the different forms of committing arson, the said Code, as construed and interpreted by the Supreme Court, requires such degree of evidence as would make it almost impossible for the prosecution to establish in many cases the guilt of the accused, even though it clearly appears that such fires have been intentionally caused because inflammable or explosive materials, or traces thereof, found in the ruins of the fires, clearly show the malicious intent of those who have benefited thereby."

The proposed Bill, which would "put teeth" in the law, is short and is quoted in full as follows:

"Art. 326-A. Any person who willfully and with intent to injure or defraud the insurer sets fire to or burns or attempts so to do or who causes to be burned or who aids, counsels, or procures the burning of any building, structure, or personal property, of whatsoever class or character, whether the property of himself or of another, which shall at the time be insured by any insurance company against loss or damage by fire, shall suffer the corresponding penalties prescribed in this Code.

"Art. 326-B. *Prima facie* evidence of arson.—The concurrence of at least one circumstance specified in paragraph one together with any of the circumstances in paragraph two, *infra*, shall constitute a *prima facie* evidence of arson:

"1. If the fire started under suspicious circumstances in a building, store, or establishment owned, leased, or occupied by the accused and within or in the ruins of such building, store, or establishment are found (a) rags or jute sacks soaked in gasoline, kerosene, petroleum, or other inflammable materials; (b) any mechanical or electrical contrivance calculated or designed to start a fire; (c) when fire broke out in different parts of the same premises at about the same time; (d) when, while an insurance policy is in force, more than two fires have occurred therein in a period of three months, or with the attendant circumstances indicating incendiary origin or (e) when there was stored therein gasoline, petroleum, or readily inflammable material, in violation of the conditions of an insurance policy for said building, store, or establishment or for any merchandise, furniture, or goods kept therein; and

"2. (a) If the total amount of insurance carried on said building, store, or establishment or merchandise, furniture, or other goods stored therein is uncertain by three or several insurance companies, it is evasive taking into consideration the value of the properties insured; (b) when a substantial portion of the effects insured and stored therein had been withdrawn from the premises not in the ordinary course of business, shortly before the fire; or (c) when the insurance policy was issued within the period of three months previous to the fire."

Insurance men have pointed out that only a few convictions have been obtained under the present law mainly because direct evidence is generally required and it is rare that an arsonist is caught in the act. The proposed amendment to the law would make it possible for the court to accept as *prima facie* evidence certain combinations of circumstances which, according to experience, practically always accompany the crime and which therefore constitute a firm basis for a just decision.

Arson has always ranked as among the gravest of crimes—a felony. In earlier days, arsonists were given short shrift and were executed. It may be said to be, under most circumstances, one of the most irresponsible and reckless of crimes, and one of the most fiendish, for no bounds can ordinarily be set to the area that may in a few dreadful hours be converted into smoking ruins, to the amount of property that may be totally destroyed, to the number of innocent people who may be brought to a horrible death. The fate of entire towns and even cities may be involved in the secret plottings of the arsonist, and, if the crime goes long unpunished, the prosperity of the nation itself is in jeopardy.

It is not too much to say that this is the state of the Philippines today with respect to the crime of arson.

Certainly, the American Chamber of Commerce endorses the Puyat Bill.

In a review of a recently published book, "The Economic Impact on Underdeveloped Societies," by S. H. Frankel (Blackwell, 1953), we

### Capital Invested to Produce More Capital

were impressed by the following quotations from the book:

"What money is, and what role is assigned to it, is always an expression of the institutional arrangements of society as a whole,—a truth often forgotten even in 'advanced societies'... It is very common nowadays to suggest that the provision of capital in any form is necessarily advantageous to the recipient society and automatically produces 'income'. Nothing could be further from the truth. The history of such 'investments' in Africa and elsewhere affords many examples of railway lines, roads, ports, irrigation works, etc., in the 'wrong places' which not only failed to lead to income-generating development, but actually inhibited more economic developments which might otherwise have taken place..."

"The capital resources of the world are not abundant, but scarce; their premature or wasteful application anywhere is harmful to the

people of the world as a whole; as capital is so scarce, the main problem is how to produce more of it in the places where it can be most readily and easily produced; this is a task which demands the creation of a suitable code of international conduct under which both borrowers and lenders will be forced to act responsibly,—both in investing capital and in the use of capital so invested."

It may appear to some that there is a suggestion of the "immoral" about this,—as if capital existed only to breed more capital, but it is to be noted that the writer gives as the justification for his statement the fact that capital is not abundant, but scarce, and that *therefore* the main problem still is how to produce more of it; he does not say that this is the only problem. Also, he is thinking in terms of the interests of the people of the world as a whole.

In these few quotations from the book, no specific reference is made to the basic conception that economics deals ultimately with the satisfaction of human wants, but, of course, that must be taken as implied.

In reading these excerpts, the question arises in one's mind, Is the Philippines among those places in the world where, as a result of capital investment, more capital is most readily and easily produced? And the further question: Or do we place too great an emphasis on what may immediately be derived from capital investment—high taxes, rents, wages, etc.?

Perhaps we can think of the nature of capital in the homely terms of a family which has acquired a few pigs. Now, no wise family would start immediately to butcher and eat those pigs. The family would wait for its pork-chops and ham and bacon until there had been some natural increase in the number of pigs. As there are so few pigs, *the main problem, at first, would be to produce more pigs.* There would be the planning and the management and the labor needed for this, the abstinence and the saving, the consequent development, production, and increase, and, finally, the surplus,—and the very satisfying consumption.

There is nothing "immoral" in looking upon capital in that way.

But, someone may say, suppose that family was starving! The answer to that is that if the family was in such

straights and it recklessly ate all the pigs, it would soon be starving again, and, this time, with nothing to work for or look forward to. What such a family would need, would be charity, alms,—not capital in the form of pigs. It might, or might not, get the charity.

If, however, the family had a good reputation for diligence and honesty, and was in difficulties through no fault of its own, it might very well be that someone with pigs to spare might turn over some of them to the family on mutually advantageous terms. That would be a form of capital loan, and the motive for granting it would have nothing to do with charity; it would only be good business, but a very constructive form of help for all that.

Urgently recommended reading for our businessmen and government officials are pages 21 to 26, inclusive, of

### Urgently Recommended Reading

the March 8 issue of *Newsweek* on the economic recovery of the Netherlands, which is called a "common-sense miracle". "The story is so exceptional," states *Newsweek*, that the editors "decided to tell it in detail in this and the following five pages." One of the sub-titles reads: "Attracting Dollars: The Dutch Show Europe How." Lack of space and time prevents a fuller statement here with respect to this *Newsweek* presentation, but the reader will note some extraordinary resemblances between the Netherlands and the Philippines, both as to their problems and the measures taken toward their solution, increased industrialization being one of them.

The inducements to foreign capital investment by the Dutch are listed under the headings: Strategic location, Excellent transportation, Favorable industrial and business "climate", and Cheap, reliable, intelligent labor. The question will arise, "What have the Dutch got that we, in the Philippines, haven't?" and therein will lie the chief value of the study of the article. Oddly, too, the reader will notice certain strong resemblances between the characters of Queen Juliana and President Magsaysay!

## Annual Report of the Board of Directors for 1953

American Chamber of Commerce of the Philippines, Inc.

IN rendering this year's report as Acting President of the Chamber, I should like to present for the absent President, Mr. J. H. Carpenter, and myself, an acknowledgment and expression of sincere appreciation for the fine cooperation and assistance we received throughout the year from all members of the Board, the Chairmen and members of the several committees, all individual members of the Chamber, Mrs. Gonder, Executive Vice President, and her staff, and Mr. Hartendorp, Editor of the *Journal*. Also I should like to pay special tribute to the two dozen or so men, many of whom are members of the Chamber, who gave of their valuable time to write the general business columns each month for the *Journal*.

A spirit of general cooperation and, we believe, greater effectivity for the common effort, was noted throughout 1953. This spirit is deeply appreciated by all members of this year's Board of Directors.

I regret that Mr. Carpenter is not able to be present to render his annual report himself, but in his absence I shall do my best to submit to you a brief of the activities of the Chamber's operations as he might have done.

### Directors

At the annual meeting held on January 30, 1953, the following members were elected to serve as Directors for the new year:

R. J. Baker, *Comptroller*, Manila Electric Company  
Frank C. Bennett, *Vice President and Sales Manager*, Atlantic, Gulf & Pacific Co. of Manila  
J. H. Carpenter, *Vice President and General Manager*, Colgate-Palmolive Philippines, Inc.  
S. W. G. Lehman, *General Manager*, Standard-Vacuum Oil Co.  
W. Cromwell Palmer III, *General Manager*, Philippines, Getz Bros. & Co.  
Paul R. Parrette, *President and General Manager*, Philippine Manufacturing Co.  
Ewald E. Selph, *Partner*, Ross, Selph, Carrasoso & Janda (Lawyers)  
William M. Simmons, *Manager*, The National City Bank of New York

Paul H. Wood, *Vice President and General Manager*, International Harvester Co. of Philippines

At the organization meeting of the new Board, held on February 2, 1953, the following officers were chosen:

President, J. H. Carpenter  
Vice-President, W. C. Palmer III  
Treasurer, R. J. Baker  
Executive Vice-President, Virginia Gonder  
Secretary, Isabela T. Salmó