

# Halfway in 1938

● Sugar prices low while tonnage moved is high: spending the tax surplus offsets lowered market returns.

The Philippines are hard hit in the commodity markets that absorb the bulk of their surplus products. From the current report of the American trade commissioner at Manila it appears that during the first quarter of last year Manila hemp exports were invoiced at P12,598,499 and in the same quarter this year at P5,723,693, the difference being nearly P7,000,000. Manila hemp is the commonwealth's basic crop second to sugar. It enjoys a worldwide demand. Sugar sells only in the United States, under preferential terms, and this biggest money crop of the commonwealth sells currently in New York at hardly more than production cost.

Sugar exports moved to market early this year, the hunch, a correct one, being that the market would sag. This made export totals high for the first quarter, but the satisfaction it entailed was comparative only. The commonwealth's quota in the American sugar market is about a million short tons a year. It will continue to be filled year by year, hence all the advantages of employment in the industry will continue little changed, but planters' and mills' net incomes and the luxury trade rising from their demands will be limited by the low market; and according to our best information, they will therefore be limited for a long time. Secretary Henry Wallace of Agriculture in Roosevelt's cabinet is a free trader in principle (and so is Cordell Hull of the state department), the influence of the administration will be to keep sugar normally low and not to be too tender toward domestic sugar appeals for a better market.

The value of sugar invoiced for export during the first quarter of last year from the commonwealth was P38,239,291, as against P41,089,756 in the same period this year, but a much heavier tonnage is involved in this year's figures as compared with last year's. At the end of May this year, practically the whole year's quota had been shipped. Sugar is encountering bad market weather, with the season ahead quite unpromising. Commonwealth sugar will have to take up its belt a notch or two.

The commissioner says March exports rose 42% over February's and 19% over March's last year. This was sugar, and partly a revival of buying in Japan (of other commodities) so that no reliable forecast can tell how long it will last. Eighty-one per cent of March's exports went to the United States. Japan's purchases upped 200% from February, were still 3% below March's last year: "in the first quarter of this year they were 27% behind last year and made up only 5.7% of total exports compared with 7.4% in 1937." Japan's delinquency as a buyer from the commonwealth will continue during the *affaire Chiang Kai-Shek*, a tempting lottery if lotteries tempt you much.

Some men who see things in Japan surmise that money is tight there. Some ship captains say they have seen ships dock at Japan and not unload, payment for their cargoes not being forthcoming.

Happily, the United States buys four-fifths of all the surplus the commonwealth has to sell, measured in values, and always at fair prices if not high ones. It would be a sorry trade to look to other markets; this will be even truer when Lord Halifax succeeds in giving back to Germany her prewar colonies, for then all Europe will be *buying empire* and interested here mainly in clambering over the tariff wall with goods to sell and running

freighters to and from the Islands on gold collecting errands. Commonwealth commerce is not heavily depressed by the recession in the United States and the low commodity market, because tax returns from Washington are an offset that will outlast the fiscal-calendar year. There is always the possibility that within that time Wallace's wizardry will work and markets will rise: sugar as already analyzed, a moderating exception.

During the first quarter of this year export invoices summed P73,683,269 as against P77,881,728 in the first quarter last year. This shows that quantity frequently makes up what price takes off. The people, their own masters, are under the necessity to produce, and so under all circumstances, while a nationwide transportation system constantly and rapidly improving and extending brings more and more families in practical touch with cash markets.

## EXPORTS, DETAILED STATEMENT OF, SHOWING COUNTRIES OF DESTINATIONS, QUANTITIES, AND VALUE OF DOMESTIC MERCHANDISE

Articles and Countries of Destination	YEAR 1937		YEAR 1938	
	Quantity	Value	Quantity	Value
<b>ABACA</b>	Kilos		Kilos	
United States	40,674,525	P15,702,086	37,841,368	P16,673,421
Great Britain	46,859,165	11,350,747	40,923,841	7,538,139
Belgium	4,913,023	1,184,908	4,676,222	946,763
Germany	4,961,282	1,378,502	3,694,008	842,806
Japan	45,080,382	8,829,413	53,139,402	8,489,850
Other Countries	22,305,941	5,834,717	22,549,227	4,630,528
<b>Total</b>	<b>168,339,558</b>	<b>P43,279,373</b>	<b>167,124,218</b>	<b>P34,177,197</b>
<b>COPRA</b>				
United States	46,297,953	P2,837,601	51,755,900	P2,068,494
Denmark	17,668,170	844,617	23,827,681	663,889
Germany	24,918,012	1,183,645	20,410,650	631,467
Sweden	14,082,563	694,208	2,917,061	84,041
Netherlands	2,489,200	114,372	5,325,900	178,486
Other Countries	5,083,643	116,720	4,942,353	132,502
<b>Total</b>	<b>110,528,941</b>	<b>P5,800,358</b>	<b>108,267,545</b>	<b>P3,669,979</b>
<b>COCONUT OIL</b>				
United States	160,292,461	P40,342,461	150,023,888	P26,273,827
Germany	1,021,086	290,880	1,079,069	167,766
Canada	786,676	124,483	3,335,015	652,213
China	260,045	60,078	328,267	70,893
British E. Indies	226,045	67,054	159,008	40,186
Siam	74,018	17,656	31,670	11,990
Other Countries	98,132	24,190	3,028,464	471,722
<b>Total</b>	<b>162,767,818</b>	<b>P40,926,802</b>	<b>158,939,371</b>	<b>P27,677,762</b>
<b>SUGAR</b>				
United States	860,097,653	P15,221,047	809,615,427	P12,854,267
Hawaii	1,820	286	2,900	260
Guam	314,672	40,856	534,079	9,610
Hongkong	2,718,786	150,204	1,661	10,907
<b>Total</b>	<b>871,404,310</b>	<b>P15,412,387</b>	<b>809,836,267</b>	<b>P12,874,644</b>
<b>CIGARS</b>	Number		Number	
United States	185,723,185	P5,537,466	163,413,228	P4,056,994
Great Britain	1,327,310	45,297	1,169,380	38,441
France	2,846,446	62,498	2,041,500	27,683
Italy	1,359,580	24,160	2,500	104
China	5,693,486	199,074	5,939,745	217,374
Hongkong	624,615	70,749	615,901	46,468
Japan	237,264	14,308	354,230	19,724
Other Countries	6,897,709	215,185	5,808,450	185,890
<b>Total</b>	<b>204,618,993</b>	<b>P6,144,719</b>	<b>178,334,078</b>	<b>P5,492,653</b>
<b>LEAF TOBACCO</b>	Kilos		Kilos	
United States	35,518	P20,110	26,061	P12,543
Great Britain	2,750	3,000	1,191	1,721
France	172,712	60,812	1,617,370	359,749
Italy	4,572,249	1,228,256	1,045,948	402,287
Hongkong	216,850	70,749	197,867	55,469
China	133,889	30,841	112,575	46,683
Japan	1,012,308	426,520	623,437	247,698
Other Countries	1,831,505	638,414	9,765,223	3,496,536
<b>Total</b>	<b>8,075,799</b>	<b>P2,485,763</b>	<b>14,442,474</b>	<b>P4,532,696</b>



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when commodity markets rise, or when peace comes in China and Japan goes back to work.

The table shows the banks to be full of money, and either credit is curtailed as compared with last year or demands for money have declined. The standard bank interest rate of 8% on loans and overdrafts will not yield as long as the tax on deposits remains in force. The government's position is contradictory on this point; on the one hand it wants lower interest rates, on the other it stands in the way of them. If business came to a crisis, the government should take this tax out of the way.

Since the data in the table were first published by the government, later data show a considerable decline of circulation. Maybe the current balance of trade is not so good—fewer pesos wanted for buying exports, more dollars wanted for buying imports—but the trend may be temporary. A year ago in mid April, bank deposits summed P228,518,563 and this year at the same period \$230,518,563, up 2 million. But bank payments for use of money have greatly changed during this period, very little is paid on deposits now, so it is evident that money is not now used as actively as it was a year ago.

Maybe this is as it should be. A year ago, money was being used actively in mining stock speculations—people were losing it right and left. They may now prefer to leave it banked, even for nothing more than safety. Anyway, loans as compared with last year are down 3 millions, and one cause for this must be banks' reluctance to accept mining shares as collateral. Cats and dogs of mongrel breeds could be hocked last year, but what the stock is and what dividend it normally pays makes a difference this year. Probably you can get a legitimate business loan easier now than you might have a year ago. The banks are not coining money, exactly; on the other hand, they have a cold-eyed desire for paper soundly secured.

There is considerable cutting up about releasing the P113,000,000 from Washington derived from the coconut oil excise tax. If this halts public works on a big scale, it's a bad time to do so and the business of the country will feel it keenly. The whole situation is in hands of theorists, some of them gloomy perennially about the country's probity and economic capacity. For President Quezon, this should make a nice little inside fight whichever way it turns out. It is also certain that in the end, when wounds have to be bound up, nobody will be to blame.

If Washington thinks hard times are coming on here, and therefore believes the treasury here should be kept running over while its own is flat, it can bottle this revenue up and bring on hard times. Then it can say, it was right all the time. Barring such pedantry, the business year will be fairly good—may even be very good indeed. For the time being, President Quezon has can-

(Please turn to page 11)

## HALFWAY IN 1938

Business is sketchy but on the whole quite good. If anyone said the Commonwealth is suffering a depression or a recession, he would be laughed out of court. Yet business is obviously moderated by current American conditions, commodity prices being low. Business is affected by the China campaigns, too; while the Chinese boycott of Japanese goods benefits American imports very materially, that Japan buys so little Manila hemp and lesser supplies of Philippine logs curtails sales of textiles and staple tinned goods. Business will improve

Combined Data from All Banks in the Commonwealth: Mid-April

Item	1932	1937	1938
Total loans, discounts and overdrafts	P112,478,119	P182,223,075	P185,384,203
Total investments	44,967,964	59,474,927	54,630,920
Total cash on hand	13,920,826	41,286,559	63,751,593
Total demand deposits	49,454,078	120,857,918	118,100,702
Total savings deposits	(no report)	50,321,112	54,416,033
Total time deposits	68,119,766	57,806,861	58,001,828
Total capital of domestic banks	(no report)	24,663,300	24,663,300
Total surplus, reserves, and undivided profits	(no report)	34,692,284	26,199,997

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## Manila's Local Meat Supply



Science and invention have pooled their efforts during more than ten years in the Philippines, to better Manila's local meat supply. The invention part of this is the electric refrigerator, many stalls in the city markets have provided refrigerators for keeping and displaying their meat. The old days are quite gone, now the fresh clean meat is well exhibited and much as it should be. The science part is a longer more discursive story. It

runs from the College of Agriculture through many of the public schools to hundreds of families as far north as Ilokos, as far south as Tayabas and Batangas, raising porkers for Manila.

Science in cattle raising leaves Luzon and extends all over the archipelago. It is not limited to breeding, either, but grasses are introduced and put under experimentation in hope of seeding pasturage that will add weight and fat to grazing steers. The quest is only measurably successful, but the point where good beef is produced has been reached.

Then too, science is in charge at the slaughterhouse on calle Azcarraga. Every carcass is inspected, and the City sends the rejected ones to its crematory to be destroyed. They are not even sold to soapers, as they once were, the City will not take the risk that turning them over to a contractor involves. Bad meat is burned up, that's all there is to it, and the owner of it loses all, escaping only the payment of the killing fee.

But the slaughterhouse, at time of writing (May 18) is in a bad way. It should be painted. Its copings should all be repaired, also its floor of granite blocks and its drains. The masonry at the bases of the structural beams should be repaired and made to standard size. The offices should be repaired and painted. Sanitary provisions should be provided for personnel. Neighboring streets should be asphalted, and an adjustable chute should be provided for the unloading of hogs from trucks. In our knowledge extending over 20 years the slaughterhouse has never been more run-down than it is today. This reflects on others than on Superintendent Manuel A. Aguila, who keeps the place clean and, as nearly as may be, odorless. But the physical condition of the plant is disgraceful, an imposition on all employees concerned with it and on livestock men who have to patronize it.

Manila's annual consumption of local meat varies little from year to year. It was 12,248,459 kilos in 1935,

12,401,625 kilos in 1936, and 12,407,467 kilos last year—rather a remarkable comparison that shows a prevalence of hard times among the city's masses because the population is growing very materially. This deduction can't be conclusive however until checked with the consumption of fish, fresh and tinned and salted, since fish is the public's favorite meat.

The average year's kill at the slaughterhouse is 183,462 animals: 138,957 hogs, 31,865 cattle, and 12,640 carabaos whose meat is darker, coarser, and stronger than beef. The total average dressed weight of all these animals is 11,772,160 kilos. Carabaos dress an average of 142.66 kilos, cattle 116 kilos, hogs 43.33 kilos. *(Please turn to page 13)*

### Halfway In... *(Continued from page 10)*

celled release of more than 20 millions of public works, funds while the argument goes ceaselessly and remorselessly on, behind curtains. There are two schools, of course. One says, nurse 'em along; the other, burn 'em with experience—every tub on its own bottom. The country is so remarkably productive that over long periods it makes small difference which view prevails.

### SPRING STEEL

The Commonwealth's economy rests on spring steel. It can never be long depressed, since it springs back to the common norm. Nor can it be much expanded, for long, since from this extreme too it inevitably recoils. Since no one has ever taken the pains to describe this basic phenomenon of Philippine life, now is a good time for it. It is the peasants, cottagers and cottagers, cottagers if tenants, cottagers if independent on their own holdings. They are the bulk of the people, proud of their honest traditions, living by customs of their own and shunning all else with prudent instinct. All they reach out for is education. When they can sell their surplus, it is well; when they can't make shift to do this, they still live.

Always they live by the traditional standard. With more wealth they add something to their clothes, travel about a bit, etc., but their house and food remain what they were. They are consistently busy, without over working themselves, and they are never extravagant. This describes with considerable accuracy fifteen million Filipinos, if not more, and perhaps it should be added that the rule of elder authority prevails. This explains why extreme booms and depressions are absent from the country's economic history. They have no place in the people's economy. While the people adhere to these virtues ways, fear not. Nothing drastic will happen. —W. R.

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