

The general trend of passenger carryings for the month of November showed a slight decrease with no signs of recovery until seasonal spring movement. First class figures show a decrease of about 10 per cent from the previous month, intermediate 20 per cent, and third class 10 per cent.

The following figures show the number of passengers departing from the Philippines during the month of November:

	First	Inter- mediate	Steer- age
China and Japan.....	84	107	246
Honolulu.....	5	2	45
Pacific Coast.....	12	12	15
Europe via America.....	21	3	xx
Straits Settlements.....	7	1	1
Europe and Mediterranean beyond Colombo.....	14	4	6
America via Suez.....	6	xx	xx
Dutch East Indies.....	10	xx	xx
Australia.....	17	1	xx
	174	130	313

Mr. W. F. Cawley returned on the *President Grant* December 1st from a five months vacation in the United States and has resumed his position as Assistant Passenger Agent of the Dollar Steamship Line, Manila Office.

Mr. J. R. Atkins, Manager of the Shipping Department Warner Barnes Company, sailed on the *Empress of Canada* November 14th for a vacation.

Mr. A. MacNeur of the Passenger Department of the Dollar Steamship Line left on the *President Grant* December 3rd to relieve the Agent of the Dollar Steamship Line at Tokyo.

TOBACCO REVIEW

By P. A. MEYER

Alhambra Cigar and Cigarette Mfg. Co.



RAWLEAF: Further large shipments to the Spanish Regie and a purchase by the Japanese monopoly Bureau have brought the December tobacco export to an exceptionally high figure, but prices obtained, principally on sales to Japan, were low. Shipments to the United States kept within the average figure of the last few months. Classified according to destinations, export of Leaf Tobacco during December 1932 was as follows:

	Rawleaf, Strip- ped Tobacco and Scraps
	Kilos
Australia.....	384
China.....	6,204
Hongkong.....	786
India.....	213
Japan.....	940,620
North Africa.....	156,804
North Atlantic (Europe).....	30,542
Spain.....	1,215,300
Straits Settlements.....	2,487
Tonkin.....	74
United States.....	93,107
	2,446,521

Total of 1932.....	18,981,821
Total of 1931.....	20,526,266
Total of 1930.....	20,116,000
Total of 1929.....	24,287,000
Total of 1928.....	18,811,000

CIGARS: Exports to the United States have suffered a further reduction and the outlook for the next few months is not very encouraging. Competition among American manufacturers in the "2 for 5 cents" class is very keen. Comparative figures for the last five years speak for themselves:

Year	Cigars
1932.....	176,294,144
1931.....	165,193,165
1930.....	153,572,844
1929.....	156,600,495
1928.....	187,360,260
Average 5 years.....	167,804,181

December export to the United States amounted to..... 12,498,070 cigars.

LUMBER REVIEW

By ARTHUR F. FISCHER

Director of Forestry



The timber and lumber exports for the month of October, 1932, was 5,567,968 board feet with a customs-declared value of \$166,989 as against 7,652,776 board feet with a customs-declared value of \$434,882 for the same month in 1931. There is thus a decrease of about 27% in volume and 62% in value. Compared with the previous month of

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Bank Taxes Cause High Loan Interest Rates Here

A banker's view of taxation as it affects accommodations to business and accumulation of capital

By ALLEN L. DWYRE

Assistant Treasurer, Peoples Bank & Trust Co.



ALLEN L. DWYRE

We have all heard the story of the banker with the kindly light in his glass eye. As with most stories of that nature, there is a reason why the banker had that type of a light in his eye. A banker first and always must remember that he is dealing with other people's money. A merchant with a stock of goods, if not owned outright by himself, at most will not be indebted to more than a couple of dozen concerns in more or less small amounts. But a bank is the conservator of the savings of thousands of individuals whose deposits represent the results of sacrifice and denial over long periods of time, and the guardian of the surplus funds and profits accumulated in industry and agriculture.

"The poor banker! He borrows money from his depositors at two to four per cent interest and loans it to others at nine per cent and then claims he cannot make any profit!" How many times the bankers have heard the above words or words to the same effect, and in nine cases out of ten, I suppose that the casual listener has agreed with the speaker. I wonder how many realize just why the banker claims that all is not as it appears. NO BANK IS A SAFE BANK UNLESS OVER A PERIOD OF TIME IT IS ABLE TO MAKE A PROFIT. Every depositor

should realize that if his bank is not making money and continues in such a condition, his deposits, sooner or later, will be jeopardized.

In many banks in the United States, where the bankers have found that by law they are prohibited from charging interest rates above a certain percentage, they have found it necessary to require borrowers to keep on non-interest-bearing demand deposits with them certain portions of the funds loaned to them by the bank. This directly increases the cost of borrowed funds. As yet, the banks in the Philippine Islands have not found it necessary to resort to any such practices.

However, we find out here that interest rates are comparatively much higher than it would seem necessary. Why is it that the banks in the Philippines find it necessary to charge such comparatively high rates of interest in order to make a profit for their efforts? In the opinion of the writer, we do not have to look far for the cause.

Banks in the Philippine Islands labor under a tax imposition that in any other up-to-date country would be considered oppressive. A bank operating in the Philippines can actually be losing money (and remember what has been said about a losing bank) and still be required to pay taxes that supposedly should arise out of the profits from its business. For every peso on deposit with a bank in the Philippines, 2/3 of 1% must go to the Government every year. Add to this burden the additional tax of 1% per year levied on the capital employed by the bank in the conduct of its business, capital supplied by the stockholders, and add to the above two classes of taxes the further tax on a bank's income. When these major

the year, of which the export was 3,371,648 board feet with a customs-declared value of ₱82,075, there is noted an increase of 65% in volume and 103% in value. Although the general conditions during the month under review have shown some slight signs of improvement, slack demand for lumber or timber and low prices still prevail actually.

The exports to the different countries is seen in the table below, show that during October, 1932, Japan imported 3,887,656 board feet of timber as against 2,312,920 board feet for the same month last year, or an increase of 70%. Our exports, however, with the other important countries show no improvement. Shipments to China decreased 16%, Great Britain 40%, and the United States 98%. It is also noted that six other countries that imported Philippine lumber during October, 1931—British Africa, Canada, Portuguese Africa, Ireland, Netherlands and Hongkong—did not import at all during October this year. The instability of lumber exports to Great Britain has been accentuated by the weakening in the rate of exchange while the persistent limited business with the United States seems to be due to buyers hesitating to enter into fresh commitments until the market conditions have become normal. While the return to normalcy is not expected to be immediate, there is hope for a bigger demand of lumber from that country next year. As a matter of fact, inquiries are now being received by some lumber firms but the prices offered are too low. However, lumbermen are optimistic that as market conditions in that country continue to improve, lumber business in the islands is bound to have its share.

The actual conditions in the 46 mills show that production was 10,016,334 board feet, deliveries 11,238,103 board feet and inventories

25,442,595 board feet. For the same month last year, the production was 15,433,309 board feet, deliveries 16,013,270 and inventories 28,938,026, or a decrease of 35%, 30% and 12%, respectively. Compared with the previous month, the production increase 11%, deliveries 11%, and inventories 1%. Although the deliveries exceeded the production by 11%, it could be seen from these statistical data that stocks on hand are ample to supply the present limited demand.

The local trade has shown no indications of revival as yet, and conditions last month continued to prevail during the month under review.

The following statements show the lumber and timber exports, by countries, and mill production and lumber inventory for the month of October, 1932, as compared with the corresponding month the previous year.

Lumber and Timber Exports for October

Destination	1932	
	Board Feet	Customs-Declared Value
Japan	*3,887,656	₱ 64,228
China	1,231,296	65,834
Great Britain	387,536	32,239
United States	56,815	3,949
Guam	4,964	724
Hawaii		15
British Africa		
Canada		
Portuguese Africa		
Ireland		
Netherlands		
Hongkong		
TOTAL	5,567,968	₱166,989

Destination	1931	
	Board Feet	Customs-Declared Value
Japan	2,312,920	₱ 62,297
China	1,457,288	88,309
Great Britain	650,840	55,346
United States	2,676,712	182,573
Guam		
Hawaii		
British Africa	457,496	36,051
Canada	40,280	4,400
Portuguese Africa	36,040	4,059
Ireland	12,296	1,017
Netherlands	8,480	786
Hongkong	424	44
TOTAL	7,652,776	₱434,882

NOTE: *This represents mostly solid log scale, that is, 424 board feet to a cubic meter.

For 46 mills for the month of October

Month	Lumber Deliveries from Mills	
	1932	1931
October	11,238,103	16,013,270
	Lumber Inventory	
	1932	1931
October	25,442,595	28,938,026
	Mill Production	
	1932	1931
October	10,016,334	15,433,309

NOTE:—Board feet should be used.