Parties on both sides of the argument over the pier congestion have admitted that the problem is a really serious one, not easily solved, but cooperation between customs brokers and the various government entities should result in an improved situation.

We hope to report in the next issue of the Journal the final recommendations of the committees and success of new measures put into operation.

Inter-Island Shipping

By G. F. Vander Hoogt

Manager, Everett Steamship Corporation

DURING the month of January, shipment of goods between Manila and other parts in the Philippines was fairly brisk. We believe that one of the contributing factors was the arrival from the United States of considerable amounts of merchandise which has been more or less backlogged by the long Pacific Coast strike. This merchandise began to arrive about the first of January and continued, with ocean vessels arriving almost daily, throughout the month. Although, during the strike, there was no great shortage of necessary goods in the Philippines, as these were supplied from the Atlantic Coast and the Gulf, it appears that the new merchandise arriving after the Pacific Coast strike attracted considerable buying by merchants in the southern cities. Another factor tending to improve inter-island carryings is, no doubt, the lesser number of vessels competing for the trade, as commented upon in previous articles in this Journal.

The opening month of the year 1949 has been one of encouragement for inter-island operators, and it is hoped that the normal flow of inter-island business will continue throughout the year without the previous handicap of too many vessels to carry the cargo offered.

Land Transportation (Bus Lines)

By L. G. James

Vice-President and Manager, A. L. Ammen Transportation Co., Inc.

TRUCK and bus operators are faced with constantly increasing costs of operation due to several factors over which they have no control.

1. The basic cost of a new unit, including chassis and body which in 1941 amounted to ₱4,000 now requires an initial investment of approximately ₱10,000.
2. The cost of gasoline which is still the principal fuel used in public utility operations is more than 50% higher than in 1941. Lubricants are in the same proportion.
3. The demands and requirements of Labor are constantly becoming more burdensome. Present wage levels are from 2 to 4 times those in 1941, depending upon the locality.
4. Prices for the many essentials that are necessary in keeping a fleet of busses in operation — tires, spare parts, shop equipment and building materials, are at high levels and in most cases show a constant tendency to increase.
5. Tax burdens steadily increase. The average reputable company which meets its tax obligations conscientiously, pays out a present average of 30% to 40% of the value of its paid-up capital every year by way of tax responsibilities. As an example, one company operating on Luzon paid the Government ₱450,000 in taxes of various kinds during 1948. This represented 35% of its paid-up capital. This company showed 1948 net earnings of ₱30,000 on a gross income of ₱3,000,000, which indicates the disparity between the amount paid in taxes and the amount available for distribution to stockholders by way of dividends.
6. Provincial operators are beset by toll charges which are established in some cases by the national government in connection with bridges on national highways and in other cases by provincial governments at bridges on provincial roads. In the latter case, the funds so collected are not exclusively used for the erection and maintenance of the bridges concerned. Toll fees paid by a number of companies amount to as much as ₱150,000 per annum for each.

The rising cost of operation is not offset by a corresponding increase in basic rates. Competition is so widespread and so lacking in supervision and regulation by government authority, that a general policy of rate reduction has been forced upon all operators. A number of the well known companies covering lines between Manila and outlying provinces have adopted the ₱0.01 per km. passenger rate which was a pre-war standard. Others have been able to maintain a rate of ₱0.01½ per km. When these rates are compared with the current average cost of operation, which amounts generally to 2½ to 3 times the pre-war cost, the present prospects for prosperous operation are remote.

A number of the larger operators are substituting Diesel equipment for gasoline-powered units. Operating experience indicates that Diesel power effects a saving of ₱0.03 to ₱0.04 per bus kilometer as compared to gasoline power. This seems to be the only possible solution of present problems involving high operating costs and low rates.

The initial investment in a Diesel bus is considerably higher than that required for a similar unit with a power plant using gasoline for fuel. The former costs ₱2,300 to ₱3,500 more than the latter, depending upon make and type of Diesel. However, a Diesel truck or bus operating an average of 6000 kms. per month, will save ₱180 to ₱240 per month in fuel cost. Estimating the average life of the unit to be 5 years, the total net economy of operation is appreciable.

A list of the well known transportation companies which have invested in Diesel equipment with satisfactory operating results includes Pangasinan Transportation Co., Inc., La Mallorca, Halili Transit, Pampanga Bus Co., Inc., Laguna, Tayabas, and Batangas Transportation Companies, Negros Transportation Co., West Leyte Land, and others.

Operators in the sugar-producing areas will no doubt install alcohol-conversion equipment for use in their present units which require gasoline as a fuel, as soon as alcohol becomes available in sufficient quantities. The use of lower-cost fuel seems to be the only apparent means of reducing operating costs. Under the present ruinous competitive situation, the operator who lowers his costs will be the one who survives with a chance to earn an operating profit as his competitors retire from the field.

Mining

By Chas. A. Mitke

Consulting Mining Engineer

THE principal Philippine exports before the war, were sugar, lumber, and minerals. The sugar industry, employing approximately 2,000,000 people and paying, in 1932, over ₱20,000,000, or 43% of the Insular Government revenue for that year, dates back to Spanish days, but mining, while prosecuted before the time of Magellan, and conducted on a small scale during the entire Spanish colonial period, never attained commercial importance until after the American occupation, when more scientific techniques of prospecting and modern methods of mining were introduced. As a matter of fact, it was not until around 1934 or 1935 that mining attained any real significance.

At first, mining consisted chiefly of gold and silver. To this, later were added iron, chromite, manganese, and copper. Assets of all mining companies in 1938 totalled ₱201,225,396, of which 94% appertained to gold mines, 2% to iron mines, 2% to chrome mines, 1% to manganese, and 1% to copper mines.

While largely an agricultural country, the impetus given mining during the boom years, 1934-35, through the influx of Spanish and Chinese money, bid fair to create a rival for sugar, long the bonanza crop of the Philippines.

In 1940, Philippine mineral production ranked third in value among Philippine products, being exceeded only by sugar and rice. It accounted for approximately 30% of the total export trade; it paid the highest wages in the Philippines, having disbursed ₱29,163,416 to 44,276 laborers and employees; it contributed ₱7,447,616 to governmental revenue in the form of taxes, and paid annual dividends to stockholders of approximately ₱18,000,000.

The following year, 1941, promised to show even better results, and there was a possibility that mineral exports would equal, possibly exceed, those of sugar.

Then came the war and its death and destruction. Practically every mining camp suffered, some worse than others. Without funds for rehabilitation, hampered by difficulties in obtaining equipment and supplies, recovery has been slow. However, five gold mines, and several iron and chrome and copper mines are now operating.

Loans and gifts of funds from the United States are helping the country materially, but much more is needed if it is to take its place among the galaxy of nations, independent not only in the government, but in its ability to finance itself and pay its way.

Apart from its agricultural products, the Philippines has great natural undeveloped resources in the form of minerals not yet opened up or exploited. Indications are that only a small fraction of the rich mineral deposits have as yet been uncovered and mining still remains one of the great potential sources of the nation's wealth.

FOR purposes of comparison, let us look at another country which a few decades back was in much the same position as the Philippines. For two centuries, Canada was chiefly noted for its furs, later also for its wheat and wood products. The world had considered Canada as a country good only for a few raw materials, otherwise it was thought of as cold, bleak, and inhospitable. That it contained mineral stores of incalculable richness was beyond imagination. A famous American geologist, making his first examination, is reported to have exclaimed, "There just can't be a mine in this country. Everything is wrong, no rocks, no carbonates, no gossan, no hills, no mountains. Nothing but this hellish bush, as you call it, and flies and mud." The particular tract of "hellish bush" he was looking at at the moment, later became one of the world's notable mining camps, with an annual production of $40,000,000. As time moved on, Canada was to learn that its bush was "an imperishable asset."

As an agricultural country, producing grain, wood products, and furs, Canada very likely would have remained a comparatively unimportant member of the British family of colonies, but mining transformed the economic and social life of the Dominion, lifting it to a position of importance among the nations of the world. The last 25 to 30 years have been epoch-making for Canada. Off to a slow start, it has produced gold at the rate of $200,000,000 yearly, with every prospect that this figure will be materially increased. In 1900, the total mineral production of the Dominion barely exceeded $64,000,000. In 1942 this figure had increased to $567,000,000.

Canada must export. It produces far more than it requires in almost every essential, and while its industries have increased, raw products obtained from the back country comprise the livelihood of the nation. In addition to being its major industry, the gold production, normally $200,000,000 a year, has given Canada an enviable position at international monetary conferences, besides furnishing domestic currency and credit requirements. The world has become dependent on Canada for such necessities as nickel and asbestos. Canadian uranium played a leading part in the development of atomic energy. It ranks second in zinc and cadmium production; third in gold, copper, magnesium, and cobalt; fourth in silver and lead. In short, as one authority has stated, "Canada would not be the modern, virile country it is today without the mining industry."

In Canada, anyone over the age of 18, regardless of nationality, can purchase a miner's license for $5 or $10 (it varies in the different provinces) which entitles him to stake a designated number of claims each year. This freedom from restriction is unique. The prospector is circumscribed only by assessment-work requirements. He must perform a specified number of day's work on any claim he stakes. A patent, or some other form of ownership is granted after he has completed five years' work, and thereafter he only pays a nominal tax as the permanent owner of the land. The Canadian miner receives a larger weekly wage than workers in any other industry. With his family and those dependent on the industry he constitutes 7% of the population. The taxes obtained from mining are enormous, enabling Canada to maintain a pay-as-you-go fiscal policy; this was the chief reason why Canada refused to accept Lend-Lease during the war.

Canada is a fabulous mining country, but Canadian mining has always meant hard work, back-breaking prospecting, and sound geological knowledge.

TODAY, the Philippines stand where Canada stood some 30 odd years ago. It also has an "imperishable asset" in its bush, or jungle. Moreover, prospecting here is easy compared to the difficulties encountered in Canada, where the extreme cold — 50° below zero, the flies, and the combination of peat, rotten wood, swamp, and water, known as "muskeg" confronts the prospector at every turn; where canoes and packs must be carried from stream to stream, or lake to lake, and where the difficulty of bringing in supplies makes the search for mineral an almost unbearable hardship. There is no reason why the Philippines should not follow in the footsteps of Canada. The discoveries already made here are sufficient encouragement to search for additional ore-bodies, the discovery of which would tend to lift the Republic into an enviable position among the nations.