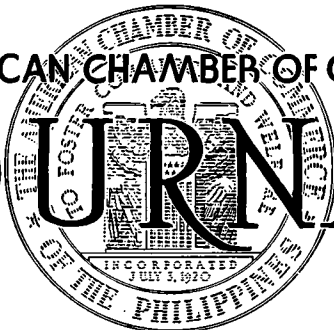


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



Published monthly by the American Chamber of Commerce of the Philippines  
424 San Luis Street, Manila, Philippines — Telephone No. 3-23-24

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*Editor and Manager*

Entered as second class matter at the Manila Post Office on May 25, 1921, and on December 10, 1945  
Subscription rate: ₱5.00 the year; \$5.00 in the United States and foreign countries

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Vol. XXIX

June, 1953

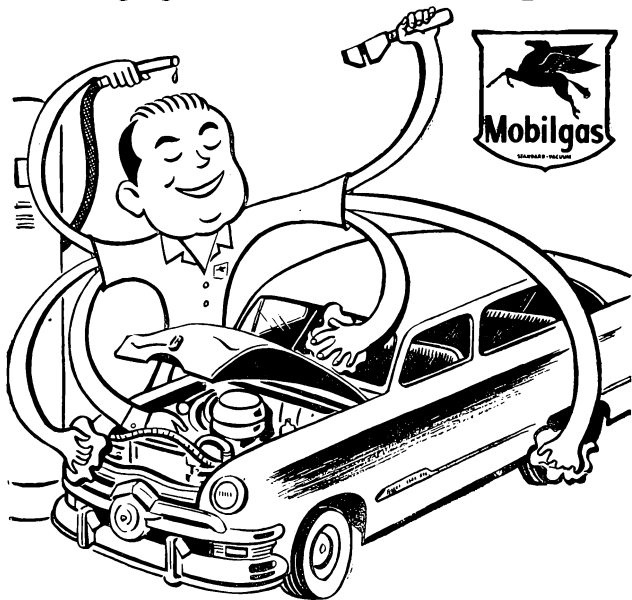
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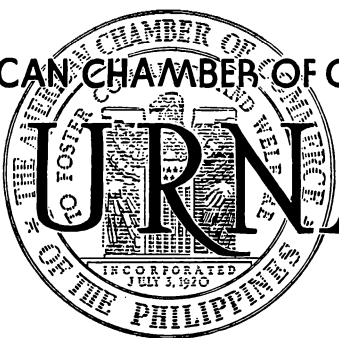
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## Editorials

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That the ceremonial of the coronation of Queen Elizabeth II was no mere outward show, for all its pageantry and pomp, was most forcefully expressed by the young woman who, but a few hours before, had been the subject of it all. The recognition and the acclamation, the anointing, the crowning, the homage of the people, amidst a scene of unmatched splendor and dignity, was referred to by her in her coronation address in only a few simple words:

"The ceremonies you have seen today are ancient, and some of their origins are veiled in the mists of the past. But their spirit and meaning shine through the ages, never, perhaps, more brightly than now. I have sincerely pledged myself to your service... the varied peoples to whom I owe my duty..."

The crowning of a British sovereign is more than a British event. Except for Greece and Rome, and perhaps not even excepting them, the peoples of the world owe so much to the people of the British Isles, that "Her Most Excellent Majesty, Elizabeth the Second, by the grace of God Queen of this Realm and of all her other realms and territories, Head of the Commonwealth, Defender of the Faith," is, in a sense, Queen of all the world.

This can not have occurred to the modest young sovereign herself, but she did speak of the reason why this is so when she said:

"...there has sprung from our island home a theme of social and political thought which constitutes our message to the world and which through the changing generations has found acceptance both within and far beyond my realms. Parliamentary institutions, with their free speech and respect for the rights of minorities, and the inspiration of a broad tolerance in thought and its expression,—all this we conceive to be a precious part of our way of life and outlook.

"During recent centuries, this message has been sustained and invigorated by the immense contribution,—in language, literature, and action, of the nations of our Commonwealth overseas. It gives expression, as I pray it always will, to living principles, as sacred to the crown and monarchy as to its many parliaments and peoples. I ask you now to cherish them,—and to practice them, too... Then we can go forward together... seeking justice and freedom for all men."

There, indeed, spoke a Queen to which all the world owes, if not formal fealty, all respect and honor.

The announcement late last month that Dr. Roland R. Renne had submitted his resignation as Chief of the U. S. Mutual Security Agency Mission to the Philippines and that it had been accepted, "though with reluctance," by Harold E. Stassen, Director for Mutual Security, Washington, brought out many expressions of regret in official and business circles and in the press coupled with tributes to the high quality of Dr. Renne's services.

There was no hint of anything "political" in the resignation or its acceptance. Two years ago, Dr. Renne, as President of Montana State College, was given a year's leave of absence by the Montana State Board of Education, and a year ago this leave was extended for another year but with the express understanding that Dr. Renne would return to the College at the end of this period. That was the reason for the resignation.

Director Stassen, in his letter of May 9, accepting the resignation, stated:

"You may be justly proud of the record you have made as the first Chief of the U. S. Special Technical and Economic Mission to the Philippines. This has been a path-breaking task and sometimes, I am afraid, a back-breaking one... Your intelligent and devoted service in the Philippines will benefit the Mutual Security program there for a long time to come."

Almost coincidental with Dr. Renne's resignation was the resignation of Mr. Jose Yulo as Chairman of PHILCUSA (Philippine Council for United States Aid), submitted by him, and accepted by President Quirino, so that he could accept the nomination to the Vice-Presidency of the Philippines which he received at the National Convention of the Liberal Party a day or so later.

President Quirino's appointment of the able Placido M. Mapa as Chairman of PHILCUSA in Mr. Yulo's place, is a happy one, though the burden of work now laid on him is a very heavy one indeed. Mr. Mapa remains Chairman of the Rehabilitation Finance Corporation and was additionally appointed Acting Secretary of Agriculture and Natural Resources to take the place of Vice-President

Fernando Lopez in that position, who has resigned to join the opposition group recently formed by former Ambassador Carlos P. Romulo.

As of the time of this writing, there has been no announcement with respect to the appointment of a successor to Dr. Renne.

ON the occasion of the resignations of both Dr. Renne and Mr. Yulo, it is interesting to put down here for the record that up through the current fiscal year, ending June 30, the United States Government has made available to the Philippines through the Mutual Security Agency alone a total of \$77,000,000 in grants, not including the military aid the extension of which is a part of the Mutual Security program but which is conducted through the Department of Defense and the Military Assistance Advisory Groups<sup>1</sup> in the different "Non-Nato" (North Atlantic Treaty) countries.

The \$77,000,000 in grants is comprised of \$15,000,000 for the interim period, April to June, 1951; \$32,000,000 for the fiscal year ended June 30, 1952; and \$30,000,000 for the current fiscal year. This, together with a loan of \$25,000,000 from the U. S. Export-Import Bank, \$20,000,000 of this for the Ambuklao hydro-electric project of the National Power Corporation and \$5,000,000 for private industrial loans, brings the total in grants and loans for the first two years up to over \$100,000,000.

In turn, the Philippine Government appropriated ₱50,000,000 in 1951 to set up the Counterpart Fund, which was subsequently increased by another appropriation of ₱25,000,000 in 1952.

The grant funds in dollars have been programmed as follows:

Agriculture, forestry, and fisheries.....	₱28,250,000
Transportation, power, and public works.....	16,000,000
Public health.....	9,000,000
Public administration.....	250,000
Maintenance of essential supplies.....	12,000,000
Technical assistance.....	6,500,000

The "programming" of these funds does not mean that all the projects approved have been completed or that all the money allotted has as yet been spent. Work on some of the projects has hardly been started and there has been delay in the execution of others, notably, for example, in the case of the irrigation-pump project which met with difficulties apparently centered in the Department of Agriculture and Natural Resources.

But as Dr. Renne stated in an address at a convention of government civil engineers last April, it is not the policy of the MSA to see how much money can be disposed of in the shortest possible time. He emphasized the fact that the MSA is an "assisting, advisory, and facilitating body" and that all projects to which American assistance is extended are "Philippine projects, executed and carried through by Filipinos for the sound development of the Philippines." "PHILCUSA", he said, "was established by the Philippine Government as its supervisory agency. . . the Mission entertains no project that it does not consider jointly with PHILCUSA."

It is well worth while, as we are on the subject, to relate the Philippine program to the Mutual Security Program as a whole, which, in its present form, is based on the legislation known as the Mutual Security Act of 1951 (Public Law 165, 82nd Congress) and the subsequent appropriations for putting it into effect. Its real beginnings, however, date back to 1947 with the economic and military aid given to Greece and Turkey in direct response to Soviet Russian pressure against these countries. This was followed by the famous Marshall Plan and the United States Aid to European Recovery, that same year, the Economic Cooperation Act

of 1948, the North Atlantic Treaty and the Mutual Defense Assistance Act, both of 1949, and the International Development Program, also of 1949 and better known as the "Point Four Program",—all based on the central idea that the security of the United States depends in large part on the security of other nations.

The Philippines was first related to the program in a general way in 1947 with the signing of the Military Bases Agreement and the Military Assistance Agreement. Later, in 1951, came the Mutual Defense Treaty between the United States and the Philippines. Meanwhile, early in 1950, President Quirino, on his visit to the United States at that time, had appealed to President Truman for a continuation of American assistance to the Philippines and had proposed the formation of a joint Philippine-American commission to study the situation. The outcome of this was the dispatch of the U. S. Economic Survey Mission to the Philippines (not a joint body), headed by Daniel W. Bell, which arrived in Manila on July 10. The Commission, under the date of October 9, 1950, submitted one of the most comprehensive reports ever written on the economy of the Philippines, and this was followed promptly by the drafting and signing of the Quirino-Foster<sup>2</sup> Agreement of November 14, 1950, which provided for the operation of the ECA (Economic Cooperation Administration) program in the Philippines "along the general lines already established by the ECA in its relationship with other sovereign states." The PHILCUSA (Philippine Council for United States Aid) was then established to implement the forthcoming aid program, and in April, 1951, the first members of the ECA Special Technical and Economic Mission arrived to start the administration of the program, which, later, was continued by the Mutual Security Agency.

WITH the change of Administrations in Washington and the appointment of Governor Harold E. Stassen as Director for Mutual Security by President Eisenhower, one of the first acts of Director Stassen was to invite and to organize a group of some fifty-four American business executives, with Clarence Francis<sup>3</sup> as Chairman, to evaluate the Mutual Security programs and personnel in various countries, including the Philippines. The Philippine team was headed by F. N. Belgrado, President of the First National Bank of Portland, Portland, Oregon, and spent several weeks in the Philippines in February of this year.

The evaluation of MSA activities in the Philippines was somewhat critical, though considerably less so than the evaluations of the organization's activities in some other countries. The group found the general objectives in the Philippines sound, but concluded that inadequate progress was being made in achieving these objectives. It believed that too many projects were undertaken in too many fields and recommended that activities be concentrated on a much smaller number of major projects, such as the development of roads and bridges in rural areas, irrigation and drainage projects, vocational education development, construction of potable water facilities in rural communities, and eradication of malaria.

Among other recommendations were that more authority be delegated to the Chief of Mission, division heads, and technical assistants in Manila to avoid delays in securing Washington approval, and, notably, that "greater use be made of the experience of American residents in the Philippines."

The report of the evaluation group as a whole, dated May 29, 1953, on MSA activities in all the various countries, stated that the progress made "is a credit to the many who have contributed to its success", but concluded that "because of the improved situation, further financial aid for economic purposes be reduced substantially for the

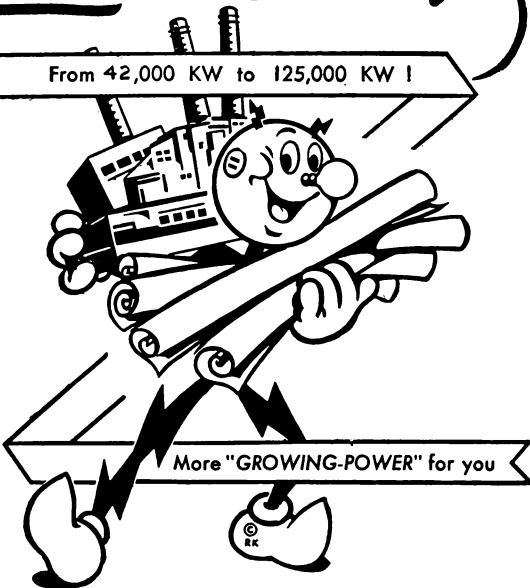
<sup>1</sup>In the Philippines, the Joint United States Military Advisory Group to the Republic of the Philippines, headed by Mayor-General Albert Piczon. The word "Joint" in the designation of this group refers not to "Philippine-Americans," as some persons think, but to the joint American Services,—Army, Navy, and Air Force.

<sup>2</sup>William C. Foster, ECA Administrator.

<sup>3</sup>Chairman of the Board of the General Foods Corporation.

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next year and generally discontinued by June, 1954." However, the report pointed out, "there are some specific and important exceptions to the above general statement such as exist in the Far East. The situation affecting each country should be considered separately on its individual merits."

The report went so far as to recommend the liquidation of the MSA as such, including the special economic missions abroad, and the transfer of reduced functions to the State Department under an office, to be newly created, of an Under-Secretary for Economic Affairs. The abolition of the present counterpart system was also recommended, with aid to be given "pursuant to a single set of negotiations covering all forms of aid and under a written agreement setting forth aid to be furnished by us and the undertakings accepted by the recipient government."

Most drastic was the recommendation:

"The use of foreign aid funds should be limited to direct military aid, and given only where it can be directly related to defense and given in the form of loans instead of grants. We further recommend that reimbursement for military aid items be required from the recipient country where economically feasible."

With specific reference to the Far East, however, the report stated:

"As the individual reports from the Far Eastern countries indicate many of the observations in this summary report do not fully apply to the Far East, where the problems are quite different from those of Europe. The Far Eastern countries are relatively under-developed. Greater assistance must be given their governments in administering economic and military programs and more emphasis must be placed on technical assistance."

There can be no question that the MSA in the Philippines has been a constructive force during the past two years and that its general influence has been salutary, though not as great as had been hoped for. It is certain that too much was hoped for and that, in a sense, all such organizations as the MSA are self-defeating.

The economist F. A. Hayek, from whose book, "The Road to Serfdom", we have quoted before, states:

"When a government thus becomes the main source of investable funds, it inevitably speeds up the process of government domination of business. It is an irony, of which the American public has hardly yet become aware, that in many countries to which American capital has gone, it has been used largely to extend state control at the expense of private enterprise. There is more than a germ of truth in the gibes that the United States has been financing the socialization of Europe. Socialist parties have successfully insisted that nationalized industries get the lion's share of American funds."

The American Government in lending and giving away its tax-payers' money to other governments is inevitably encouraging statism and nationalization in such countries at the expense of the free enterprise which is the basis of the democratic system. Thus, in seeking to promote the "mutual security" against the menace of Russian totalitarianism, America is itself fostering the growth of totalitarianism in many areas. This is a "contradiction" which could be fatal if it is not eliminated.

The recently enacted Paredes-Espinosa Act,—"An Act to Promote Industrial Peace," in the drafting of which both the Philippine Department of Labor and the Mutual Security Agency assisted, has been hailed locally as the "Magna Carta of Labor", yet contains many features of the American Taft-Hartley Labor Law, especially with respect to the regulation of unions, which commend it to management.

Like the American law, the new Philippine law emphasizes the settlement of disputes through free collective bargaining rather than through compulsory arbitration, thereby placing the chief responsibility for settlement on labor and management, where it belongs as they are the most directly and the most vitally concerned.

Under the former powers of compulsory arbitration granted the Court of Industrial Relations, which powers the new law has virtually abolished, there was always the threat of undue encroachment on what are generally accepted as being the prerogatives of management and labor. It seemed even that it would be only a question of time before the Court, in its decisions on wages, would extend its authority to the fixing of production quotas and prices! In some of its decisions, the Court began to rule on what manager a business firm should or should not have. In the Koppel case decision, the sanctity of labor contracts was impugned. In the Philippine Education Company case, the Court has to this day hampered proper business relationships by forbidding the Company to lay off employees for just economic necessity.

The emphasis laid on the principle of collective bargaining by the new law should foster a more harmonious relationship between management and labor than compulsory arbitration is ever likely to achieve. It will tend to equalize the positions of the two and add an element of dignity to labor-management negotiations which has often been lacking in the past. To insure that both parties will enter into the collective bargaining in good faith, the law provides for certain procedures, which, however, in the presence of good faith, will be no more than formalities.

An important change instituted by the law concerns the representation of workers by unions. Under the old law, workers rarely had a real voice in the choice of the union which would represent them. Often several unions claimed jurisdiction over the same group of workers, this not only creating antagonism among the workers themselves but making it almost impossible for company officials to determine which union they should deal with. The necessity of establishing some sort of union responsibility, in many cases led employers to seek security,—often a false security, by encouraging company unions.

Under the new law, workers will choose the union to represent them by secret ballot; they can also choose to belong to no union. The Court of Industrial Relations will certify to the union which wins the majority of votes as the collective bargaining representative of any group. Under this procedure, company officials will be able to deal with a union without fear of interference by some rival labor organization.

The coercion which has been practiced by the leaders of some unions over their membership, often for the purpose of enforcing a racket, is forbidden by the new law. The law grants the Court of Industrial Relations the authority to declare certain stated acts of unions as well as of management as "unfair labor practices" and provides the Court with sufficient power to enforce its decisions swiftly. Unions, for example, are forbidden to force a worker to join, to force recognition on a company, or to demand payment for services not performed. Employers, on the other hand, are forbidden to discriminate against employees for engaging in legitimate union activity, to refuse to bargain collectively with a certified union of their employees, to assist or seek to dominate unions, or to demand, as a condition of employment, that a person shall not join a union.

There is nothing in the new law which forbids any type of union security clause. Unlike the Taft-Hartley Act, the closed shop is not forbidden, and union-shop elections before the presentation of a demand at the bargaining table are not mentioned as a requisite.

The abolition, by the new law, of labor injunctions, except in national emergencies, will, it is believed, prevent many of the type of strikes called in the past because of the belief of union leaders that they would shortly be ended by injunction. Under the present law, strikes will have to be won or lost; the unions can not depend on management

# Short History of Industry and Trade in the Philippines (Concluded)

The Roxas Administration

By A. V. H. HARTENDORF

**M**ANUEL Acuña Roxas, inaugurated President of the Commonwealth of the Philippines on May 28, 1946, became the first President of the Republic of the Philippines some five weeks later upon the establishment of the nation's independence on July 4.

After something less than two years in office, he died of a heart attack while on a visit to the United States air base at Clark Field, Pampanga, on April 15, 1948.

What he accomplished during his brief administration, and, perhaps more important, what policies and measures he started and were continued by his successor in office, President Elpidio Quirino, is the subject of the present section of this short history of Philippine industry and trade.

Born January 1, 1892, Roxas was 54 years old at the time he became President. He belonged to what may be called the second generation of Filipino statesmen to come to prominence during the American regime. Manuel Quezon and Sergio Osmeña, the first born August 19, 1878, and the second September 9, of that same year, were both 14 years older than Roxas. Quirino, born November 16, 1890, was only a little over a year older than Roxas.

Roxas was one of the ablest Filipinos of his generation and his political experience was very broad. He was a "product" of the public school system established by the Americans, graduating in 1913 as President of the first graduating class of the College of Law, University of the Philippines. Obtaining the highest grades in the bar examination, he was selected Chief Justice Capetana Arcillano as his law clerk. He was elected Governor of Capiz in 1919 and was so outstanding a provincial executive that he was elected presiding officer of the provincial governors' national convention two years later. He was elected to the House of Representatives in 1922 and was almost immediately elected Speaker, which position he held for over eleven years. During the Commonwealth period, in 1938, President Quezon appointed him Secretary of Finance. He was elected to the Senate in 1941, the year the war broke out, and became President of the Senate after the Liberation. He was a member of various independence missions sent to the United States. He was a member of the Constitutional Convention which sat in 1934-35. He was a member of the Joint Preparatory Committee on Philippine Affairs, appointed in 1937. As one of the heads of the "Osroq" mission, which "brought home the Hare-Hawes-Cutting Act", and as a member of the Joint Preparatory Committee on Philippine Affairs, Roxas became thoroughly familiar with problems of Philippine-American trade. He was at various times Chairman of the Board of Directors of the National Development Company, Chairman of the National Food Products Corporation, Chairman of the National Rice and Corn Corporation, Chairman of the Insular Refining Corporation, and a member of numerous other government boards and committees. His association with the direction of various government corporations over a period of many years generally predisposed him in favor of this type of government business organization.

At the outbreak of the war, Roxas was already member of the reserve forces and immediately reported for active duty. General MacArthur designated him as liaison officer between the USAFFE and the Commonwealth Government, with the rank of lieutenant-colonel. Later, while in Mindanao, he was promoted to brigadier-general by

General Wainwright. He was taken prisoner there by the Japanese and was brought to Manila. How he resisted cooperation with the enemy, has been brought out in earlier sections of this short history and is told at length in the book, "Roxas", by his close friend, Marcial P. Lichauco, published in Manila last year.

The 1945-46 presidential campaign, the election of Roxas, his inauguration, and the establishment of the Republic was described in the preceding section.

**The Cabinet.**—On his return to Manila from his brief visit to the United States, on May 20, Roxas, as the President-elect, immediately designated some of the men who would make up his Cabinet. They were: Vice-President Elpidio Quirino, Secretary of Finance; Jose C. Zulueta, Secretary of the Interior; Roman Ozaeta, Secretary of Justice; Mariano Garchitorena, Secretary of Agriculture and Commerce (later Secretary of Agriculture and Natural Resources); Ricardo C. Nepomuceno, Secretary of Public Works and Communications; and Pedro Magsalin, Secretary of Labor. Emilio Abello was designated Chief of the Executive Office. Later appointments included a shift of Vice-President Quirino from the position of Secretary of Finance to Secretary of Foreign Affairs and the appointment of Miguel Cuaderno to the former position. Manuel Gallego was appointed Secretary of Public Instruction; Antonio Villarama, Secretary of Public Health and Welfare; and Ruperto Kangleon, Secretary of National Defense. Pio Pedrosa was appointed Commissioner of the Budget. In January, 1948, Flacido Mapa became Secretary of the new Department of Commerce and Industry. There were no other changes in the Cabinet during President Roxas' term of office.

President Roxas retained Carlos P. Romulo as Resident Commissioner in Washington until July 4, 1946, the date of independence, at which time he appointed Joaquin M. Elizalde as the first Philippine Ambassador to the United States, designating Romulo as the permanent delegate from the Philippines to the United Nations General Assembly.

**The Congress.**—Congress sat in its first session (it began as the Second Congress of the Commonwealth, but became the First Congress of the Republic) from May 25 to September 18, 1946; a Special Session sat from September 25 to September 30, 1946. The Second Session opened January 27 and closed on May 22, 1947; the Third Session lasted from January 26 to May 20, 1948, and encompassed the President's death on April 15. During the whole of this period, Jose Avevino was President of the Senate, and Eugenio Perez was Speaker of the House. In the House,

to obtain injunctions. With respect to strikes, it is to be noted that the law provides for a more active Department of Labor mediation and conciliation (as opposed to compulsory arbitration), which service will seek to intervene before labor troubles flare up into strikes.

The law regulates the internal affairs of unions to prevent control by those who would use their positions for purposes of subversion or mere self-aggrandizement. If there is any violation of the regulations covering internal union affairs, action may be taken to secure relief by as small a proportion as ten percent of the membership, and if the charges are proved, the violations are to be dealt with as unfair labor practices. Some of the stipulations for the unions made by the law are: (1) no arbitrary or excessive fees are to be charged, (2) detailed financial re-

ports are to be made to the membership, (3) officers are to be elected by secret ballot at intervals not to exceed two years, (4) votes on major policies as well as on strikes are to be taken by secret ballot, (5) no subversives are to be admitted as members, or, if discovered, are to be allowed to remain members, and (6) no person convicted of a crime involving moral turpitude is to act in any official union position.

All in all, the Paredes-Espinosa Act would seem to provide genuine opportunity for the establishment of amicable and responsible labor-management relations. The law would seem to mean the end of both government-controlled and racketeering unions. We believe that management will play its part under the new law in good faith and that responsible labor leaders will now come forward.

Liberal Party members numbered 79, Nacionalistas 14, Democratic Alliance 3, with 1 Independent; in the Senate the Liberals numbered 10 and the Nacionalistas 6.

**The Outstanding Developments during the Roxas Administration.**—From the business point of view, the Roxas Administration is notable especially for the establishment of the Rehabilitation Finance Corporation, a truly constructive step, and for the revival of various previously existing government corporations, including a re-organized entity, best known as the PRATRA, of unlamented memory; for the surveys and studies for the development of a country-wide hydro-electric power system; for the ground-work done in the establishment of the Central Bank, (not inaugurated until January 1, 1949), which marked a revolutionary change in the country's currency and banking system; and for the beginnings of the system of government control over imports.

These various developments were associated with the appearance of several notable reports: (1) "Report and Recommendations of the Joint Philippine-American Finance Commission", published together with "Philippine Economic Development, A Technical Memorandum," both dated June 7, 1947; (2) the "Proposed Program for Industrial Rehabilitation and Development," prepared by the technical staff of the National Development Company under the supervision of the H. E. Beyster Corporation, dated June 24, 1947; and (3) the report, the writer will say the magnificent report, "Electric Power Program for the Republic of the Philippines", prepared by the Westinghouse Electric International Company, dated December, 1947.<sup>1</sup>

Short as it was, the Roxas Administration may perhaps be said to have been the most important in all Philippine history, as it set the course which the Republic has followed up to the present with almost suicidal perseverance.

It is fairest to use the words of President Roxas himself as to his aims and plans.

During his two-year period of office, Roxas delivered three addresses to Congress on the state of the nation,—the first on June 3, 1946 (a month before the establishment of independence); the second on January 27, 1947, eight months later; and the third on January 26, 1948, less than three months before his untimely death.

The first of these addresses was of great importance at the time as outlining the policies and plans of the Administration, and is still of importance today because these have in the main been continued by the Quirino Administration despite the fact that the need of modification in some respects has been plainly indicated by experience.

**The First "State-of-the-Nation" Address.**—President Roxas began his first state-of-the-nation address by saying that it was not necessary for him "to dwell too long on our present situation."

"all of you can see with your own eyes the destruction which surrounds us and the great perils which threaten our survival as a nation. . . . Our people are to inherit a prostrate and war-devastated land. The extent of that devastation was total. Despite the hum and bustle of activity in our cities, we have not yet started on the major premises of reconstruction. . . . We are faced, first of all, by the fact that the Government is without financial means to support even its basic functions, not to speak of the great projects in rehabilitation and economic development which we contemplate and which are, indeed, vital to our continued existence. A tentative pared-to-the-bone budget estimate for the next

<sup>1</sup>An earlier report, which did not receive much public notice, was that of a group of American agriculturalists, sponsored by the U. S. Departments of State and Agriculture, who in 1946, at the request of the Philippine Government, came to the Philippines in July, 1946, to appraise the destructive effects of the war on the country's agricultural economy and to consult with Philippine authorities on plans for rehabilitating agricultural production and the institution of a long-range program of agricultural development. A joint American-Philippine group was formed which recommended: (1) improvement of facilities for the production, processing, and marketing of all agricultural products, both those raised for domestic use and those produced mainly for export; (2) greater emphasis on resettlement projects (including surveys of publiclands and the building of roads); (3) increased production for commercial purposes of minor crops such as various fibers, coffee, peanuts, and citrus fruits; (4) expansion of the livestock-improvement program of Agricultural University; (5) greater utilization of water resources for power and irrigation; (6) a cautious mechanization of agriculture; and (7) specific recommendations for educational, research, and extension work in the field of agriculture.

year projects expenditures of over P250,000,000. Using the present sources of government revenue as a basis for estimation of expectable income, we can count on only about P40,000,000 for the coming fiscal year. . . . We have little prospect of a balanced budget for years to come. And these figures are cited without including public works, irrigation, and the many projects we must undertake to reconstruct our shattered land and provide for the care and protection of those of our population who today are suffering most acutely from the after-effects of war."

He then spoke of the over-expansion of the monetary circulation of over P800,000,000, as compared to the P200,000,000 before the war, of the prices "beyond reason", and of the mere "pittance" of the national production.

"Where we exported annually before the war P240,000,000 of goods, we may, with good fortune, expect to export P30,000,000 worth of goods this year. Our imports this year will exceed P300,000,000, several times what we imported before. The savings of our people and the windfall of money brought us by the liberation forces are rapidly disappearing."

The most obvious remedy for this, he said, was to resume production and increase exports,—"but our productive forces have been pitifully destroyed." He pointed to the destruction of transportation and communication facilities, and of the roads and bridges and railroads, to the lost sugar centrals and coconut oil mills, the burned saw-mills and the flooded mines, the ruined abaca fields and other plantations, the lack of work animals, the strong possibility of famine, the lack of housing and the squalor in the cities, the great pests,—rats, mosquitoes, and locusts, and the constant threat of epidemics, the violence and terror in central Luzon and parts of Mindanao, the growing unemployment with the thousands being discharged from American army and navy establishments.

"The major factors in our economic recovery", he declared, "are the Trade Rehabilitation (Bell) and the War Damage (Tydings) Acts, recently enacted by the United States Congress." He said that these required implementation by the Philippine Congress and that he would shortly send the Philippine Congress a special message on the subject.

He spoke of his recent visit to Washington and of his having asked the American Government for a loan of approximately P800,000,000 to be released in five annual instalments of P200,000,000, and of having asked the U. S. Export-Import Bank for a rehabilitation loan of P500,000,000 to be expended in self-liquidating projects. He also reported on his discussions in Washington with respect to veterans problems, the redemption of guerrilla currency, alien property, war damages, shipping needs, etc., saying that special legislation would be necessary in all these matters.

He emphasized the need of increased taxation, saying that the existing income tax was "entirely inadequate in the light of national need and the emergency situation." "Taxes must be raised," he said, "to reasonable levels, [though] without discouraging enterprise or business expansion. . . . Taxes must be realistically adjusted to the inflation which holds us in its grip."

He spoke of the necessary rehabilitation of the banks, insurance companies, building and loan associations, and credit cooperatives. Then he made the statement:

"When we obtain the loan from the U. S. Export-Import Bank, I will propose that we organize in the Philippines the Philippine Rehabilitation Finance Corporation, to make loans on a sound, self-liquidating business basis."

Next he made the statement that he would ask funds for the expenses of a commission to make a study of "water-power development all over the country"; also, he added, of commissions to study the educational system, the land and the landlord-tenant problems, and the congestion in the Port of Manila.

Here was advance notice of two of the most important developments either carried out or begun during the Roxas Administration,—the establishment of the Rehabilitation Finance Corporation and the undertaking of a great program of hydro-electric development.



Notice of a third, and far less happy proposal followed almost immediately in his declaration as to the need of government economic controls, although he confined them, at the time of speaking, to price and rent controls:

"It may seem to some [he said] that we in the Philippines are about to encumber ourselves with controls and irksome regulations while other peoples of the world are discarding them. But we are just beginning to fight our war against destruction and prostration."

There was yet another foreshadowing in the next section of the address. He said that the rebuilding of industries and enterprises destroyed by the war was only "half our goal." "We must," he said:

"also plan and work in terms of broadening our economy, of securing wider and wider participation in our business and industry of greater and greater numbers of individuals. . . Our answer to this, of course, is small business. Small business is one of the bulwarks of democracy. Small factories, small shops, small processing plants attracting the ingenuity of individuals and the enterprise of small groups are economically essential and socially desirable."

He then spoke of the restoration of law and order and said he would propose the establishment of a State Police, either under the Department of the Interior or under the Office of the President.

He would also ask, he said, for the strengthening of the Division of Investigation of the Department of Justice, the function of which would be "to apprehend violators of national laws and to guard against bribery, corruption, and graft in the Government."

With respect to his plans for the Army, he said he favored "a small, compact, professional group" a standing army of around 12,000 men, for which at least 5,000 reserve officers would be trained annually. The State Police would be a reserve in this army. He also planned an offshore patrol which would operate under the jurisdiction of the Philippine Army but which would in the future constitute a separate service as a nucleus for a navy. Its immediate duties would be to prevent smuggling and illegal entry, to cooperate with the merchant marine, and to maintain maritime services. He said the ships for the patrol would be obtained from the U. S. Navy and he spoke of a bill pending in the United States Congress authorizing the U. S. Army and Navy to cooperate with the Philippines in training personnel and to transfer needed ships, aircraft, arms, equipment, stores, and supplies. He expressed confidence in the passage of the bill and said, "We could not maintain an Army or an offshore patrol without it."

He proposed a study of ways and means to establish in the Philippines a "free port zone"—

"so that it may become a transit point for goods flowing from the Western Hemisphere, the assembly area for heavy machinery, equipment, and motor vehicles, the site of oil refineries for export petroleum products, and the distribution and warehousing center for goods destined for all parts of the Orient. Future developments might include shipyards and ship repair facilities for the vessels of the Far East."

He also advocated the establishment of an Air Transport Authority and a Communications Authority, as he considered—

"harmful to the public interests the present practice of Congress of retaining authority to issue licenses and franchises for radio broadcasting stations, air lines, and some public utilities."

He said that an agrarian commission would be established to study the economic problems in the areas of popular unrest. The laws against usury would be strictly enforced.

"We must import farm implements and make provision for their distribution and use." He suggested the organization of cooperatives which would make farm tractors available to groups of farmers. He pointed to the need of importing new livestock and poultry of varieties suited to the country and said that credit and technical assistance should be provided for the development of new commodity crops, such as ramie, peanuts, soya beans, and cotton.

To further increase the food supply, he said that measures must be taken to stimulate the fishing industry and that the United States Government had already "voted us technical assistance and training facilities for deep-sea fishing."

He then mentioned water-power development again in connection with fertilizers, saying—

"To decrease the cost of fertilizers, we must establish fertilizing plants. . . These may be established in conjunction with water-power sites. I have already listed water-power development as a subject to which we must give intensive study."

As to labor, earlier in his address, in connection with his statements regarding price controls, he had said that wages should be increased. Now he said:

"Labor must be given every protection in its right to organize. The powers of our Court of Industrial Relations must be revised. While we encourage and strengthen organized labor, we must make ample provision to insure the responsibility of labor and labor unions."

The address was a long one, running to 53 printed pages and contained much other material worthy of notice today, but the foregoing covers the main points of special interest from the business point of view. In closing, he recommended the erection of a memorial to the United States,—

"in recognition of the 48 years of our historic relationship and in recognition of the greatness of mind and heart of the American people who have done and are continuing to do so much to make our national existence possible."

**Special Message to Congress on Acceptance of the Trade Agreement.**—In his first state of the nation address, just summarized, Roxas referred to a special message he planned to send to Congress. This message was delivered on June 21, 1946, a week or two before the establishment of independence, and urged approval of the Executive Agreement which he was to enter into with the President of the United States on that date in conformance with the terms of the two Acts of the United States Congress already so frequently referred to,—the Bell Trade Act and the Tydings War Damage Act. This special message is of special interest at the time of this writing, when a revision of the Philippine-American trade agreement is being sought in favor of a scheme of so-called "selective free trade."

President Roxas began by saying that those two Acts—"provide the pattern of United States aid for our reconstruction and for the rehabilitation of our national economy. Without this assistance we are faced immediately by disaster. Without the helping hand thus extended to us, I do not believe we can survive. . .

"That nation which is about to grant us our freedom has also tendered to us the means of solving our economic problems, a protected place in the American market for 28 years and a loan to help us rebuild our shattered economy. Such are the purposes of the Trade Act and the War Damage Act. I am directing your attention today largely to the Trade Act which grants us the protection of American trade preferences. The American Congress, in order to provide these trade preferences, had to cut across all the protective features of American tariff law. These preferences are being offered exclusively to the Philippines. A new and unprecedented legal formula has so devised. . .

"This Congress has never been asked to deliberate upon a more vital matter. . .

"The Trade Act and some of its provisions have been under violent attack in some parts of the press and in some public circles during the past two months. I would like to be able to say that public discussion has been in progress. I am afraid I can not describe what has been going on as discussion. There have been appeals to passion and prejudice. There have been misrepresentations and misstatements of fact. Some political leaders have been willing to make capital out of a question which should be above politics. . .

President Roxas then reviewed the history of these two pieces of legislation, stating that after months of deliberation it "required no less than the personal intervention of President Truman to effect a reconciliation of many viewpoints and interests and that there had been at least five entire revisions." He traced the development and purpose of what has since come to be called the "parity provision" and said that if he had been in Washington at the time he would have suggested other means than amending the Constitution to accomplish the same objective, but that he had no fear whatever that the granting to

American citizens of rights equal to those of the Filipinos in the development of the natural resources would bring about an "imperialistic exploitation of our country." "This was not the intention of Congress. I am certain it will not happen". He then pointed out that the provision in the Philippine Constitution protecting the national resources from exploitation was not of Filipino but American origin, and traced this back to the first so-called "Philippine Bill" passed by the U. S. Congress in 1902. "To suspect the American Congress of conspiring to open the flood-gates to an imperialistic deluge, is to deny every fact we know". As to the real intent, he said:

"The Congressional intent was simply to invite and encourage American capital to invest in the Philippines and aid in our rehabilitation. The equal rights provision was not designed as a protection for American interests already here; it is intended to reassure potential investors that the Philippines is a safe area for enterprise, safe against discrimination for the next 28 years. Every responsible Filipino leader I know desires American capital enterprise and know-how to participate actively in our reconstruction. Our rehabilitation would be impossible without such assistance. . . I refuse to be frightened by the ghost of imperialism. Americans have had equal rights—potentially more than equal rights, for 48 years in the Philippines. America could have made the Philippines a Belgian Congo. . ."

As to the "pegging of the peso to the dollar", as "an infringement upon our sovereignty and free choice," he said that the peso had already been pegged to the dollar in the Bretton Woods International Monetary Agreement, duly ratified by the Philippine Senate.

"In a world searching for security, the stability of monetary values is an economic essential. We can not expect to retain the freedom to raise or lower the value of our peso, and retain the confidence of traders in other parts of the world. As far as pegging the peso to the dollar is concerned, the dollar is the standard value for all world currencies today. By connecting our peso with the American dollar, we stand within the magic and charmed circle of standard value, the dollar area, to which all currencies are being attracted today. This provision requires us to do something which it is to our own unquestioned interest to do."

As to the absolute quotas set for certain Philippine exports to the United States, he said that that was no discrimination. They were the same as before the war, except in the case of cigars the quota for which was increased. The fixed quotas, he said, were indeed "a source of considerable advantage to us", because thus—

"we are automatically forced, after our production reaches quota limits to diversify in other non-quota fields. . . A second advantage lies in the 28-year insurance of these quotas. . . No other country has such an assurance. In the case of sugar, all producing areas including those inside continental United States are under quota, but none of these areas has a quota-assurance for a period longer than 2 years. In the Philippines we are giving a 28-year guarantee, a guarantee which supersedes any sugar act which Congress might pass in the future. The same is true of cordage."

As for the fact that no quotas were set on United States exports to the Philippines, he said:

"For the time being we desire none. We want as many imports as we can possibly get. . . during the course of the 28 years of the Agreement we find Philippine industry threatened by imports from America, we are free, in my judgment, to establish quotas on those imports or devise other means of protecting our infant industries. I find nothing unreciprocal about this provision."

The President also discussed the tie-up between the Trade Act and the War Damage Act, stating that to consider this "as a club to require our acceptance of the Bell Act" was "completely baseless." Actually, he said, only a part of the war damage payments were associated with the Executive Agreement.

"It was not the intention of Congress to make these payments a bribe to induce our acceptance of the Trade Act because Congress well knew that war damage money is but a fraction of the capital we require. The Bell Act provisions and the subsequent encouragement of trade and productive enterprise are in themselves intended as an inducement and as a lure for capital investment here. Without that investment we are lost."

He pointed out that if his own, the majority party, were to be actuated by partisan considerations, it might oppose this legislation. "We are not responsible for it," he said. "We had nothing to do with its formulation or pas-

sage. But we do not intend to take a partisan attitude toward a question which involves our national existence. . . I sincerely believe we have only one choice, and that is to accept it. . . The basic blueprint of our economic recovery is here. . ."

The Bill "to accept the Executive Agreement" easily passed both houses of Congress and became Commonwealth Act No. 733, approved July 3, 1946.

**The Second "State-of-the-Nation" Address.**—Eight months later, on January 27, 1947, Roxas could report to Congress that—

"this nation. . . is moving courageously and confidently forward on the road to national health. We are well into a period of progress. The clouds of gloom which hovered over us eight months ago have dissipated. Hope and resolution have replaced despair and doubt; plan and program has come forward in place of distraction and aimlessness; our economy is taking shape; peace and order have returned; employment is gradually increasing; business prospers; our exports are mounting daily; assistance of many kinds from the United States has come, and more is on the way."

In this address he reported on the creation of the Rehabilitation Finance Corporation, which had started operations earlier that same month. He said of it:

"The Rehabilitation Finance Corporation set up under the authority of the last session of Congress is now functioning, with a capitalization consisting of the resources of the Agricultural and Industrial Bank [which it replaced], the ₱15,000,000 fund of the Financial Rehabilitation Board, the proceeds of the sales of surplus property, and the ₱50,000,000 recently transferred from the Exchange Standard Fund. The capitalization will be gradually increased until the full authorized capital of ₱200,000,000 is covered. The RFC will also issue small amounts of bonds during the coming year. The machinery of the RFC is being carefully set up to safeguard the loans to be made. The nation is depending heavily upon this organization to provide credit for vast numbers of essential rehabilitation projects and undertakings."

He also referred to the instructions given the National Power Corporation "to expedite its surveys of power projects and its submission of such projects as will be evidently self-liquidating."

**The Third "State-of-the-Nation" Address.**—A year later, in his third state of the nation address, delivered on January 26, 1948, three months before his death, he was able to report further progress:

"The great strides toward social and economic reconstruction we have made can not be doubted. . . I am glad to report the crisis has passed, and that our program of rehabilitation is far advanced. Conditions among our people have been ameliorated. There is relative prosperity in our land."

In this message he stated that he was recommending legislation to establish the Central Bank of the Philippines. He said:

"I ask Congress to give preferential attention to the creation of the Central Bank. This measure would strengthen our banking system and provide resiliency to our monetary system without in any way affecting its stability. With the reform contemplated in our monetary system, as a result of the creation of the Central Bank, I expect some funds will become available to finance our industrial program, the construction of irrigation systems, and other aids to agriculture and industry which are urgently needed to accelerate the economic development of our nation."

It was also in this message that he asked Congress to adopt legislation granting the President authority to control imports and to adjust taxes on luxuries. He said that he asked,—

"under such conditions as Congress may impose, authority to control imports and to increase or decrease from time to time the sales tax on luxuries, semi-luxuries, and non-essential commodities up to 100% of the present rates, but in no case to be less than the rates now imposed. This measure is intended to raise revenue, conserve our dollar exchange resources, and to channel surplus purchasing power toward productive investment."

He again referred to the power projects, asking for legislation—

"appropriating the proceeds of certain loans which the Government may obtain, to finance the construction of specific hydro-electric power projects, and a fertilizer plant."

He closed his address by declaring:

"We are still far from our chosen goals. But we are decidedly on our way. I assure you we are treading on firm ground and marching

in the right direction. We must follow through with the experience of nations has proved to be safe and reliable. We are attempting no short-cuts. We are developing our national economy in the hard but surest way. We must not allow ourselves to be misled by the promises of new and strange ideologies or the radical theories of neo-economists. We can not afford to make mistakes. We would pay for them dearly in tears and toil. . . ."

**The Gigantic Task.**—Roxas faced a gigantic task. It is true that reconstruction was rapidly proceeding independent of government through the labor and enterprise of the people themselves; in an earlier section of this history, the rehabilitation of the various public utilities was reviewed. It is true also that Osmeña had already affected a general reestablishment of government organization. But Roxas had to deal not only with the tremendous difficulties of the aftermath of war, but with the problems incident to the beginning of a new administration under a newly victorious party, and, more than that, the problems of a newly independent nation.

**The "Huk" Movement.**—The situation of the Government versus the so-called Hukbalahaps during his Administration never reached the degree of seriousness it did later. It took several years before the nature of the Huk movement was fully developed, and almost as long for it to be understood. In his first state-of-the-nation address, Roxas referred to peace and order only in general terms, saying that it was estimated that over 300,000 fire-arms were illegally held in the country and that it was in those areas were social and economic injustice was acute that there had been a harvest of violence. He said he would establish an agrarian commission to study these problems especially in those areas where unrest prevailed. He would not permit "for one unnecessary moment the defiance of law or the imposition of terror."

In his second address, delivered in January, 1947, he stated that some 160,000 fire-arms had been surrendered or confiscated, and that "complete peace and order" had been reestablished throughout the Philippines, except in a few limited areas in Central Luzon. He had recognized by this time, however, that—

"eight months ago there were areas in this country where the equivalent of anarchy reigned. . . . groups called Hukbalahaps and PKA's [a peasant organization] were assuming the authority of the Government with terror and violence as their instrument. . . . There is no reason to call these groups by the name of Hukbalahaps [People's Anti-Japanese Army,—the old guerrilla designation]. They are not the people's army against the Japanese; they are not a guerrilla force; they have no unifying idea or purpose, except murder and plunder. They are law-breakers of the most vicious kind. . . ."

Only in his third state-of-the-nation address, delivered in January, 1948, was the true nature of the Huk organization defined. Roxas now admitted that at the beginning of his Administration, "lawlessness and widespread criminality prevailed in practically every province and section of the country," although he claimed that "today, peace and order exists in 90% of the country". He said that by this time, 200,000 fire-arms had been surrendered or captured. More significantly, he went on to say:

"In a few sections of Central and Southern Luzon, roving bands of bandits and Communist-led groups who have defied the Government still remain, but their activities are now confined to distant barrios. Our peace officers, principally the Constabulary, are giving them neither rest nor quarter. Their efforts to resist them will be intensified. We can no longer compromise with these men. . . . They are using force. We have to meet them with force. They are not fighting for social reforms. Their most important demands have already been met. Now we know their aim is one and definite,—to gain power through force. . . . Their loyalty is not to the Philippines. Their ambition is not to promote the interests of a social group. That is camouflage, for the tenants whose interests they profess to defend are the very victims of their depredations and atrocities. The pattern of their operations is too familiar to deceive any one. It is the same pattern used in other countries by groups boring from within to undermine democratic institutions. Their methods are to create social disorder, confusion, and chaos, to obstruct national progress, to produce shortages of food and other necessities, to foster widespread discontent, and to drive the people to a state of desperation. . . . We must look upon them as the enemies of our nation.

We must deal with them as such. We shall endeavor with all the means at our command to bring them to justice and wipe out to the last vestige every attempt to overthrow our free institutions or disturb the peace of our land."

By 1948, the problem, therefore, was understood by the Administration, although Roxas' successor, President Quirino, made one more effort at treating with the Huks before an all-out campaign was opened against them by the Army,—a campaign which even today, in 1953, had not yet been definitely concluded.

**The Delayed Amnesty Proclamation.**—Roxas, like Osmeña, was still unable to call upon the services of some of the ablest of the country's public servants,—the numerous former officials who were under charges of collaboration with the enemy. The feeling, especially in high American quarters, was such that Roxas, much as he wanted to clear these men, could only play for time. It was not until a year and a half after he took office and only a few months before he died that, on January 28, 1948, while the trials of Laurel, Recto, and others of prominence were still pending, he issued his long-awaited Amnesty Proclamation in which he stated, in part:

"It appears that the overwhelming sentiment of the people of this Republic is now in favor of resolving this question as speedily as possible by the grant of amnesty. . . . Therefore, by virtue of the power vested in me by Article VII, section 10(6) of the Constitution, I do hereby proclaim and grant full and complete amnesty to all persons accused of any offense against the national security for acts allegedly committed to give aid and comfort to the enemy during the last war; provided, however, that this amnesty shall not extend to persons who are now or may hereafter be accused of treason for having taken up arms against the allied nations or the members of the resistance movement, for having voluntarily acted as spies or informers of the enemy, or for having committed murder, arson, coercion, robbery, physical injuries, or any other crime against person or property, for the purpose of aiding and abetting the enemy in the war against the allied nations or in the suppression of the resistance movement in the Philippines. All cases now pending before the courts for alleged offenses coming within the terms of the amnesty herein granted shall be dismissed by the respective courts on their own motion or upon petition by the prosecution or the accused."

The proclamation was "to take effect upon the concurrence therewith by the Congress", and Congress was quick to declare this concurrence.

**Relations with the United States and Foreign Countries.**—Much of the burden of the conduct of foreign affairs was taken from Roxas' shoulders by Vice-President Quirino as Secretary of Foreign Affairs, and in this matter, too, the goodwill and assistance of U. S. Ambassador McNutt, and, after him, of Ambassador Emmet O'Neal, were of great value. Mr. McNutt resigned on May 8, 1947, and President Truman appointed Mr. O'Neal as his successor that same month, but the new Ambassador did not reach Manila until September.

"During the period of the Japanese occupation of the Philippines and, therefore, for a number of years before the establishment of the Philippine Republic, inaugurated July 4, 1946, the Philippine Government in Washington was accorded a status of equality with that of an independent nation. . . . President Quirino and then Vice-President Osmeña, attended meetings of the Pacific War Council, and the Philippine Republic was signatory, with forty-one other nations, to the Declaration of the United Nations in January, 1942 (the Philippines joined later after the arrival of the Quezon-Osmeña party from Corregidor and Australia). The Philippine Government took part in the United Nations Conference on Reconstruction and Rehabilitation Administration (UNRRA) in 1943. It was also represented at the Bretton Woods Conference in 1944 where plans were drawn up for the organization of the International Bank for Reconstruction and Development and of the International Monetary Fund. An act providing for Philippine participation in both the Bank and the Fund was passed by the Philippine Congress, approved by the President on November 22, 1944. The United States and the Philippines, the United States on November 20, public notice of this being given in a proclamation by President Osmeña dated December 4. While the war against Japan was still in progress, the United Nations Conference on International Organization was held in San Francisco from April 25 to June 28, 1945, and the representatives of fifty nations, including the Philippines, there drafted the Charter of a new organization to replace the old League of Nations. It was the master document on the Philippines that during the consideration of the proposal of trusteeship for dependent peoples,—in plain language, "the question of independence as the goal to which the aspirations of the people placed under trusteeship should lead. The Charter was signed by the national governments of the United Nations on September 24, 1945, and the Philippine Senate being signed by Osmeña on August 30 and deposited with the U. S. Department of State on October 11, 1945. A Philippine delegation attended the United Nations Conference on International Organization at London held in London from November 25 to December 15, and three Philippine delegates took part in the important first meeting of the General Assembly in London during January and February, 1946. The United Nations Conference, organized also both on the Far Eastern Advisory Commission, organized in October, 1945, and on the Far Eastern Committee for Economic Cooperation, organized in December, 1945, and the independence of the Philippines had been formally proclaimed and reflected the American determination to establish an international personality for its ward, the Philippines, well in advance of its formal independence.

As early as July, 1945, a year before independence, the U. S. State Department, in anticipation of the time when the Philippines would have to conduct its own foreign relations, started the Philippine Foreign Affairs Training Program under which several score of selected Filipinos were assigned to the Department of State and, in some cases, to American embassies abroad, for training.

The Executive Agreement to carry out the terms of the U. S. Philippine Trade Act, was signed on July 4, as was also the Treaty of General Relations with the United States. The signing of various other agreements relating to abaca, copra and coconut oil, air transport, public works, roads, ports, fishery rehabilitation, coast and geodetic survey, surplus property, etc., were signed during the ensuing year. The very important military Bases Agreement, signed March 14, 1947, grants the United States Armed Forces a 99-year occupation of a number of strategic bases in the Philippines in consonance with the reciprocal requirements of both countries for the common defense and security. The Military Assistance Pact, signed a week later, on March 20, guarantees the provision of materiel and supplies for the Philippine Armed Forces and provides for an American military advisory group in the Philippines. Treaties of amity and friendship were concluded between the Philippines and China, France, Italy, Spain, etc., and agreements were also arrived at for reciprocal landing rights for Philippine airline companies in the United States and a number of other foreign countries.

Disconcertingly enough, in view of the special relations between the Philippines and the United States and the vast American aid extended, a formal "Treaty of Friendship, Commerce, and Navigation" was not concluded between them,—either during Roxas' Administration or since, although such a treaty has been under negotiation since 1946. Generally, this is no more than a *pro forma* document granting each nation reciprocal "most preferential nation" treatment, but in this the Philippine negotiators appear to have balked.<sup>2</sup>

**The Surplus Property.**—The U. S. State Department's Office of the Foreign Liquidation Commissioner was made responsible for carrying out the provisions of the Tydings Rehabilitation Act with respect to the surplus army property to be turned over to the Philippines to amount to "not to exceed \$100,000,000 in fair value." The cost value of the surplus goods and supplies in the Pacific-China area amounted to some \$3,000,000,000, of which over a third was in the Philippines. The Manila Office of the Foreign Liquidation Commissioner was opened on November 1, 1945, and at the beginning most of the goods were sold, the largest single customers being UNRRA (United Nations Relief and Rehabilitation Administration), the U. S. Commercial Company, an agency of the United States Government, and the Philippine Government. Individual sales were also made, including sales to the Philippine Chamber of Commerce Syndicate. Most of these goods went into the Philippine market, but the Governments of the Netherlands Indies and French Indo-China also bought considerable amounts. After nine months, the United States Government, as the "largest merchant in Philippine history", closed shop. On September 11, 1946, in the "largest single transaction in the history of the country", the entire remaining bulk of the goods was disposed of to the Philippine Government to fulfill the pending obligations under the Tydings Act and other legislation. The proquement value of the goods thus turned over was estimated at over \$1,121,400,000. The "fair valuation" was set as ₱274,000,000 and there was an additional ₱50,000,000 in cash, for which, however,

the Philippines assumed certain obligations with respect to the redemption of Philippine emergency and guerrilla currency, etc. A little over a month later, on November 18, President Roxas appointed a Surplus Property Commission composed of Placido L. Mapa, Arsenio N. Luz, and Gabriel K. Hernandez.<sup>4</sup>

This, indeed, was the biggest windfall in Philippine history, but the difficulties which the Commission met with in disposing of the property and in safe-guarding it meanwhile proved beyond its powers. Many of the goods were war-goods and not adaptable to peace-time use, much of the stock was subject to spoilage, much of it, piled up in the open, uninventoried, could not be protected against even wholesale theft, and corruption also entered into the disposal transactions. Great as was the gift, its management proved to be the Achilles' heel of the Roxas Administration,—as the import control machinery has proved to be under the Quirino Administration. Mr. Pio Pedrosa said only recently (Commencement Address, University of the Philippines, April 14, 1953):

"The old charge of corruption and graft that with a good deal of justification hounded the administration of surplus property after the Liberation, broke loose once more in the implementation of the [import] controls."

**American Government Agencies Active in the Philippines.**—Brief histories of some of the United States Government agencies established in the Philippines after the Liberation, and both before and after independence, have already been given in earlier instalments of this history (*Journal* issues for March and April). By the middle of 1947, they included besides the Embassy and the Consulate and the U. S. Information Service which operate as integral parts of the Embassy, the following Armed Forces entities,—the U. S. Army, the U. S. Air Force, the U. S. Corps of Engineers, the U. S. Navy, the U. S. Coast Guard, and the U. S. Military Advisory Group.

The rehabilitation agencies which operated under the general supervision of the American Embassy were: the Civil Aeronautics Administration (U. S. Department of Commerce); the Coast and Geodetic Survey (U. S. Department of Commerce); the Corps of Engineers, in respect to the rehabilitation of ports and harbors; the Fish and Wild Life Service (U. S. Department of the Interior); the Maritime Commission, in respect to the rehabilitation of inter-island commerce; the Public Health Service (U. S. Social Security Administration); the Public Roads Administration (U. S. Federal Works Agency); the War Damage Commission; and the Weather Bureau (U. S. Department of Commerce).

The establishments which operated under specific statutory provisions were the Employees Compensation Commission; the Foreign Liquidation Commission (U. S. Department of State); the Maritime Commission, also a rehabilitation agency; the Philippine Alien Property Administration; the U. S. Commercial Company (U. S. Reconstruction Finance Commission); the Veterans Administration; and the War Damage Commission, also a rehabilitation agency.

<sup>1</sup>In January, 1948, Mr. Mapa having been appointed Secretary of Commerce and Industry, the membership of the Commission was changed, Mr. Luz becoming Chairman and Joe E. Romero being appointed a member.

<sup>2</sup>As of April 30, 1948 (15 days after the death of Roxas), the sales of the Commission amounted to ₱32,006,610.58 and issues to government entities on memorandum receipt to ₱8,075,995.75, or a total of ₱40,282,606.33.

<sup>3</sup>Later in 1948, in September, Mr. C. Zulueta was appointed Chairman of the Commission, vice Mr. Luz, and in October Mr. Hernandez was relieved by Angel Llanes. The following year, in September, Mr. Romero resigned to become Minister to Great Britain. The Commission was abolished by President Quirino that same month.

<sup>4</sup>From May 1, 1948, to September 30, 1949, the date the Commission was abolished, the sales amounted to ₱13,232,961.71 and the issues to government entities to ₱19,944,640.04, or a total of ₱33,177,601.75. This made a grand total of ₱73,460,208.08.

<sup>5</sup>Liquidation was undertaken by the Surplus Property Liquidating Commission, created by an executive order, this entity being succeeded on December 1, 1950, by the Board of Liquidators, Surplus Property Unit. This Board is also in charge of liquidating the following government-owned entities,—National Coconut Corporation, National Abaca and Other Fibers Corporation, National Tobacco Corporation, and the Philippine National Shipping Administration, and former enemy-owned or controlled corporations or associations.

<sup>2</sup>A treaty of friendship, commerce, and navigation is basically a commercial treaty, providing for a reciprocal protection of the rights of the citizens of each of the two parties to the treaty in the other's country, provides, especially, for code of fair treatment for the businessmen of the one country in the other. The United States at present time has twenty-seven of such treaties with different countries, but not, as yet, with the Republic of the Philippines.

Together with these agencies and their personnel constituted the largest foreign establishment of the United States in the world, far exceeding the American establishment here before the war. Most of them were here to assist in Philippine rehabilitation.

As stated in a previous section, the War Damage Commission opened its offices in Manila toward the end of 1946, but public proper-claim payments did not begin until the latter half of 1947 and private claim payments not until April, 1948, a month or two after Roxas' death. But work by the various American rehabilitation agencies got under way much before that.

**The Report of the Joint Philippine-American Finance Commission.**—The three reports, to which reference has already been made and upon the recommendations of which various important legislative enactments were based, should now be briefly reviewed.

The first, in point of time of publication (June 7, 1947), was that of the Joint Philippine-American Finance Commission, which was composed of three American and three Filipino members.—Edgar G. Crossman, with the personal rank of Minister, was Chairman of the American section, and Secretary of Finance Miguel Cuaderno was Chairman of the Philippine section. The other members were Arthur W. Stuart, of the U. S. Treasury Department, and John Exter, of the Board of Governors of the Federal Reserve System, in the American section, and Commissioner of the Budget Pio Pedrosa and Philippine National Bank President Vicente Carmona, in the Philippine section. There were sizeable staffs in both sections, all exclusively governmental.

In May, 1946, President Roxas had requested substantial budgetary and rehabilitation loans from the American Government and a few months later the U. S. Congress passed a joint resolution authorizing the U.S. Reconstruction Finance Corporation to lend or extend credit to the Philippine Government in an amount or amounts not to exceed \$75,000,000 on or before July 1, 1947. In September, the two Governments agreed upon the formation of a joint finance commission to consider the financial and budgetary problems of the Philippine Government and to make recommendations thereon to the two Governments with respect to taxes, budget, public debt, currency and banking reform, exchange and trade problems, and reconstruction and development. This, it is to be noted, was quite an order! The members of the Commission were appointed by the two Governments in December and the American members and their staff of technical advisers arrived in Manila on January 16, 1947. Some two months were devoted mostly to fact-finding and some two and a half months to discussions.

The 156-page Report, submitted both to the President of the United States and the President of the Philippines, recommended increases in corporate income taxes from the current 12% to 18%, but no increase, for the time being, in private income taxes; a very heavy increase in the percentage taxes on "luxuries"; material increases in gift and inheritance taxes, and a progressive increase in real property taxes. It also recommended a domestic borrowing program, the securities to be offered to be "direct general obligations of the Philippine Government", in which a central bank "could assist materially".

The Commission's main recommendation was the adoption of a managed monetary system in which monetary authority and responsibility would rest in a central bank. The automatic 100% reserve system would be abandoned and the money supply would be regulated to meet the internal needs of the economy.

The Report also recommended that to protect the international reserve and to foster the development of local industry a system of quantitative limitation of

imports be adopted with which (1) quarterly import quotas would be set in advance for particular goods or classes of goods; (2) bids would be invited for licenses to import all or portions of the quotas set; and (3) licenses would be sold upon the basis of the bids received in order to yield the maximum revenue to the Government.

The Report was the work, on the one hand, of "New Deal" planners and bureaucrats from the United States, and, on the other, of Filipino officials fascinated by the governmental financial and economic manipulations encouraged by the Keynesian school of economics.

It is true that a 100% currency reserve was not necessary and that legislation could well have been adopted to make a part of this reserve available for loans, but the radical change from a relatively free banking system and a virtually automatic gold exchange currency standard, the safest in the world, to a system of direct government control over both currency and credit,—such a change as came into effect a year or so later, on January, 1949, with the inauguration of the Central Bank of the Philippines, was a most revolutionary one and fraught with continuing danger, as the Report itself implied:

"By creating a central bank, the Philippine Government will create an institution with power to influence profoundly the course of the country's economic development. With that power comes a tremendous responsibility for both the Government and the bank's management. The success with which that responsibility is discharged will depend upon the men to whom it is entrusted. The essence of good central banking is good judgment."

It is a very risky system of any kind that must depend almost entirely on the good judgment of a few men. Nearly every country now, of course, has its central bank, and though in America the people twice succeeded in doing away with a central bank, aware of the danger of such institutions and the evils of government interference with banking, the U.S. Federal Reserve System is also a form of central banking. It is all a matter of the "statutory" to which free enterprise even in the democratic countries has been giving way; governments generally want inflation and credit expansion, booms and easy money.

It is to the credit of the management of the Central Bank of the Philippines that it has struggled to check inflation, with some, though far from complete success.

The Report of the Joint Finance Commission was roundly criticised in Manila business circles, but, unfortunately, little of this was made public. More open criticism would probably have had but little effect. The Philippine Government wanted a central bank and was bound to establish such a bank.<sup>5</sup> So far, the Central Bank of the Philippines has been ably managed, but what is back of the currency today is not a metallic reserve. As "a liability of the Central Bank", the currency is "fully guaranteed by the Government of the Republic of the Philippines," but this guarantee is good only so long as the finances of the Government itself remain sound. Formerly, the circulation of the currency decreased as the foreign reserve was spent for imports, this acting as an automatic brake on excessive importing because, as the circulation decreased, money and credit became tighter, this naturally discouraging buying. This is no longer the case; instead we have arbitrary import and exchange controls and the constant threat of a rising inflation.

The Joint Finance Commission Report urged the Philippines well down the road to a government "planned" and "managed" economy, as opposed to the system of free enterprise.

**The Joint Finance Commission's Report on Philippine Economic Development.**—The Joint Finance

<sup>5</sup> Commonwealth Act No. 458, approved June 9, 1959, provided for the establishment of a "Reserve Bank," and another law creating a Central Bank was enacted in 1944 during the Japanese occupation. Neither law was put into effect.

Commission also submitted a technical memorandum of 72 pages on "Philippine Economic Development," prepared by Thomas Hibben, of the U. S. Department of Commerce. It was prepared chiefly for the use of the Commission itself so that its recommendations with respect to banking and monetary policies "might be based on a careful consideration of the underlying objectives of the Philippine economic policy as well as on a thorough understanding of the economic environment in which those recommendations will have to be carried out." This was quoted from the Foreword and so is the following:

"The Commissioners themselves have not felt competent to pass on the detailed technical recommendations and conclusions set forth here. Nevertheless, in their opinion, the memorandum does indicate broadly and tentatively construed, the direction and extent of desirable and possible economic development in the Philippines. Moreover, it brings together in one source a wealth of information, much of it never before made available to the public, concerning the economic life and organization of the Philippines. The Commission has therefore decided to publish it in printed form for the information of the business community, economists, and the various agencies and bureaus of the Philippine Government."

The Report covered recommendations for the increased production of foodstuffs; increased production of non-foodstuffs for consumption and export (including sulphuric acid, caustic soda, soda ash, hydrochloric acid, salt, dynamite, chemical fertilizers, soap and toilet preparations, paints, pigments, and varnishes, starch, textiles, shoes and leather, paper and paper products, glass, ceramics and clay products, lumber and timber and forest products, small scale manufacture of miscellaneous products, petroleum and coal exploration, and iron and steel and metal products); expansion of Philippine exports (sugar, coconut products, tobacco and manufactures, abaca and other fiber production, ramie, and minerals); and increased output of services (power, transportation, and communications).

The investments required to carry out the proposals suggested in the Hibben memorandum were estimated by him to total ₱1,962,000,000, of which ₱722,000,000 would be spent for labor and domestic materials, and ₱1,240,000,000 for imports of materials and equipment; an additional ₱215,000,000 would be required for freight and insurance. These expenditures were tentatively scheduled to be made over a period of years from 1947 to 1952, with ₱75,200,000 to be spent the first year.

The Commission itself increased the total figure to over ₱2,000,000,000 over a 5-year period and stated that together with such construction as was not included in the program, the total capital requirement might reach ₱3,000,000,000.

As to where this money was to come from, the Commission's Report stated:

"The principal task of this Commission has been to seek ways and means by which the Philippine Government could raise the funds required, both for its budget and its rehabilitation and development program, from its own resources, and thus avoid saddling the new Government in its first years with a large foreign debt. . . . The Commission believes, however, that because of the favorable balance-of-payments situation it is within the financial capacity of the Philippine economy as a whole to finance a program of approximately this magnitude. Private enterprise should be encouraged to invest to the greatest extent possible. The program includes types of investment, however, which contain too great an element of risk for private enterprise or which for other reasons can more appropriately be undertaken by public than by private capital. A major share of the burden may thus have to be borne by the Philippine Government. The funds for a substantial proportion of this total are already in sight, partly from private and partly from Government sources. . . ."

The Commission here referred to the coming war damage payments, the expected proceeds from the sale of surplus property, etc.

Largely as a result of the work of the Commission, the Philippine Government was able in March, 1947, to sign a credit agreement with the U. S. Reconstruction Finance Corporation providing for the advance of the first

\$25,000,000 under the \$75,000,000 Congressional loan authorization.

In the light of subsequent developments, we now know, as many of the critics of the Report believed at the time, that the Commission's views were far too optimistic.

Interesting side-lights are thrown on these subsequent developments by the statement in the Report, with respect to import control, that "excessive profits can be made by those granted import licenses and charges of favoritism in the granting of licenses may be made." However, the Commission was firmly convinced that "these evils can be ameliorated by the procedure [outlined]." The Report also stated, with respect to exchange controls:

"The Commission does not recommend the imposition of controls over foreign exchange transactions. It is of the opinion that the Philippines should experience a net inward flow of capital over the next few years, and that conditions in the Islands will not give rise to a flight of capital. . . ."

This could have proved true had the general policies followed by the Government been sounder than they turned out to be, and the various controls had not been used in such a way as to discriminate against foreign capital, thus frightening off further investment.

**The Beyster Report.**—The second of the three important reports of the period was that was generally referred to as the Beyster Report, dated June 24, 1947, and entitled "Proposed Program for Industrial Rehabilitation and Development of the Republic of the Philippines." According to the title page, it was "Prepared by the Technical Staff of the National Development Company under the Supervision of the H. E. Beyster Corporation, Consulting Engineers, Detroit, Michigan." A second, "checked and revised" edition of the Report was published in October and ran to over 300 large-sized pages. It covered much the same ground as the Hibben memorandum but in an even more expansive manner.

Editorial comment on this Report and also on the Joint Finance Commission Report, published in the October, 1947, *American Chamber of Commerce Journal*, was as follows, in part:

"Whatever may be thought of the various proposals and recommendations made, it is felt that the Government is to be commended for having had these studies undertaken at this time, which it is realized is highly critical with respect to the future economic development of the country.

"Both reports deal with matters which are recognized to be of vital importance in that development, and it is good to have the results of the studies brought before the public in eminently readable form.

"The broad objectives proposed are generally endorsed, but, in the case of the finance report, it is felt that the approach should have been more cautious, and, in the case of the industrial report, more within the bounds of the practically possible.

"Proposals are made which, in the finance report, are considered too drastic, and, in the industrial report, too all-inclusive and indiscriminating.

"Both reports are, nevertheless, very valuable as suggesting possible general courses of action, though most of the specific recommendations made are thought to require much further study before the great risks involved are assumed; this is true especially with reference to the country's currency structure, the institution of an artificial and arbitrary control of trade, and the investment of huge sums of money in far too numerous and wholly untried industrial-plant developments."

**The Westinghouse Electric Power Program Report.**—The third report of the period was that entitled "Electric Power Program for the Republic of the Philippines," prepared by the Westinghouse Electric International Company, printed in New York for restricted circulation in December, 1947. It was never released for publication, and the present summary is probably the first to appear in public print.

A letter contract, dated March 10, 1947, addressed to the Company and signed by Emilio Abello, Chief of the Executive Office, by authority of President Roxas, was accepted and signed by the Company on March 20, 1947. It provided that the Company would not only prepare the plans and other information for an island-wide

power building program, but also the necessary documents for the presentation of a loan application to raise funds for its execution to the U. S. Export-Import Bank. If the program was agreed upon and the loan application approved, the Government would place an order with the Company for the equipment required, the Government, however, retaining the right to place orders for equipment of equal specifications with other suppliers if it were found that the Company's prices were higher.

Immediately after this, Robert Russel, Project Development Manager of the Company, was placed in active charge, and under him the services of engineers from the Ebasco Services, Inc., the Morrison-Knudsen Company, and the Baldwin Locomotive Works were also obtained. Filemon C. Rodriguez, Manager of the National Power Corporation (established in 1936), was appointed by the Government to represent it in the undertaking. According to the Report:

"With him [Mr. Rodriguez] came not only his unmatched experience and knowledge of the Islands, but also a wealth of data, preliminary and developed, which had been accumulated by Mr. Rodriguez and his engineers over the last ten years."

Some of the data came from old U. S. Army and Bureau of Public Works surveys and reports.

The Westinghouse Report recapitulated Section X of the Joint Finance Commission's Report and stated that in general the conclusions reached by the Power Commission coincided with those of the Finance Commission with respect to electric power development.

As originally submitted, the Report embodied an Island-wide, 22-year power-development program, ending in 1960, which, if fully carried out, would bring the installed capacity to nearly 1,200,000 KW, from a level of only around 48,000 KW in 1947. The annual energy availability would be brought to over 6,000,000,000 KWH,—from 300,000,000 KWH in 1947. The total cost of the five projects to be undertaken during the initial stage was estimated at \$88,519,000, and it was believed that these projects would not only be self-liquidating over a period

of 30 years, but would be capable of producing an annual surplus.

The Report took up in detail the following initial projects, proposed to be undertaken during the first five years: the Ambuklao (75,000 KW) and Itoyon (later changed to Binga, 100,000 KW) projects on the Agno River in the Mountain Province; the Lumot Reservoir project, auxiliary to the established Cairaya development; the Maria Cristina (80,000 KW) project on the Agus River, outlet of Lake Lanao; and the Fertilizer Plant project in the same area.

Some 29 more projects, generally smaller, were proposed in a more general way,—in Ilocos Norte, Cagayan, Pangasinan, La Union, Nueva Ecija, Laguna, Tarlac, Bulacan, Quezon, Bataan, Camarines Norte, Albay, Sorsogon, Panay, Occidental Negros, Cebu, Bohol, Zamboanga, and Davao. Most of these are hydro-electric projects, but those in Aparri, Iloilo, Bacolod, Cebu, and Zamboanga are steam-power projects.

The following table is taken from the Report, although the writer has been informed that some of the estimates were later changed. The construction schedule also shown, beginning with the year 1948 for the four initial projects,—Ambuklao, Lumot, Maria Cristina, and the fertilizer plant, was based on the supposition that the funds would be available by that time. Unfortunately, there was a delay, as the first loan from the U. S. Export-Import Bank for \$20,000,000 was not approved until August, 1952. Meanwhile, however, work on the Lumot Reservoir and the Maria Cristina hydro-electric and fertilizer plant projects was undertaken with Philippine Government funds.

	Ambuklao	Itoyon(I)	Lumot	Maria Cristina	Fertilizer Plant	Total
Total estimated cost (2) ..	\$24,149	\$34,972	\$3,291	\$11,743	\$14,364	\$88,519
Gross annual operating income.....	5,115		335	1,408	4,977	11,835

\* Construction on the Lumot Diversion Project began in April, 1949, financed by a \$5,000,000 loan from the Central Bank; construction on the Maria Cristina Development began in August, 1950, financed by a \$15,000,000 loan from the Central Bank.

### RECOMMENDED CONSTRUCTION SCHEDULE PHILIPPINE HYDRO-ELECTRIC PROGRAM

Power Area	Province	Development	Capacity	Construction Schedule
1	Ilocos Norte	Gasgas	1,500 KW	(Subsequent step) (1953—'55)
2	Benguet	Agno #1, Ambuklao	172,000 "	(Initial Program) (1948—'51)
2	Benguet	Agno #2	24,000 "	(Subse. step) (middle 1951—'55)
2	Benguet	Agno #3, Itoyon	186,000 "	(Initial Program) (1949—'52)
2	Benguet	Agno #4	48,000 "	(Subse. step) (middle 1950—'53)
2	Benguet	Agno #5	49,000 "	(Subse. step) (middle 1951—'54)
3	Cagayan	Aparri	5,000 "	(Subse. step) (middle 1950—mid. '52)
4	Pangasinan	Toboy #1, Lalikip	175,000 "	(Subse. step) (middle 1951—mid. '57)
4	Pangasinan	Agos-Infanta #2, Lubas	70,000 "	(Subse. step) (middle 1955—mid. '58)
4	La Union	Amburayan	350 "	(Indefinite Prog.) (1953—'55)
4	Nueva Ecija	Talavera	600 "	(Indefinite Prog.) (1953—'55)
4	Nueva Ecija	Peñaranda	600 "	(Indefinite Prog.) (1953—'55)
4	Laguna	Lumot Reservoir		(Initial Program) (1948—'50)
4	Tarlac	Camiling	2,500 "	(Subse. step) (middle 1953—'56)
4	Bulacan	Angat	20,000 "	(Subse. step) (1950—middle '59)
4	Quezon	Agos-Infanta	20,000 "	(Subse. step) (1955—middle '58)
4	Bataan	Abo Abo	5,000 "	(Indefinite Prog.) (1953—'55)
5	Camarines Norte	Bosigon	2,000 "	(Subse. step) (middle 1951—mid. '53)
5	Albay	Barit	1,375 "	(Subse. step) (1952—'53)
5	Sorsogon	Cawayan	600 "	(Indefinite Prog.) (1953—'55)
9	Panay	Iloilo	*5,000 "	(Subse. step) (middle 1950—mid. '53)
10	Occidental Negros	Bacolod	*2,000 "	(Subse. step) (1950—'52)
11	Cebu	Cebu	*5,000 "	(Subse. step) (1951—'53)
11	Cebu	Mantayupan	460 "	(Indefinite Prog.) (1953—'55)*
12	Bohol	Loboc	2,500 "	(Subse. step) (middle 1950—mid. '54)
13	Zamboanga	Zamboanga	*5,000 "	(Subse. step) (1951—'53)
14	Lanao	Agus #6-Maria Cristina, initial	80,000 "	(Initial Program) (1948—'51)
14	Lanao	Agus #6-Maria Cristina, 2nd step	40,000 "	(Subse. step) (1950—'52)
14	Lanao	Agus #6-Maria Cristina, 3rd step	80,000 "	(Subse. step) (1951—'53)
14	Lanao	Agus #1	67,000 "	(Subse. step) (middle 1952—'55)
14	Lanao	Agus #2	119,000 "	(Subse. step) (1955—'57)
14	Lanao	Agus #3	154,000 "	(Subse. step) (1957—'60)
14	Lanao	Fertilizer Manufacturing Plant		(Initial Program) (1948—'51)
16	Davao	Sibulan Falls	5,500 "	(Subse. step) (1952—'54)

\* Steam.  
† Includes Transmission to Manila

Operating expenses including amortization and interest payments.....	4,757	267	1,039	4,214	10,273
Sales and income tax.....	133	14	69	180	396
Net surplus.....	225	54	300	587	1,399

(1) Cost includes transmission lines at \$14,441,000.  
 (2) Does not include cost of water and land rights.  
 Ambuklao and Itogon have been considered as a unit in connection with their income and expenditures because the development of the Agno River in this first stage indicated that Itogon was the first logical large low-cost development but could be made possible by the upstream regulation of the river. Hence the selection and inclusion of Ambuklao.

**The Philippine Electrical Manufacturing Company (PEMCO).**—A development from the excellent relations established between the Philippine Government and the Westinghouse Company was the decision to establish a factory here for the manufacture of incandescent and fluorescent lights under Westinghouse patents. A contract to this effect was signed in January, 1948, a few months before Roxas' death. However, the equipment was not delivered until September of the following year and operations were begun only in May, 1950. This is now the Philippine Electrical Manufacturing Company (PEMCO), a Westinghouse licensee, in which the Government holds a substantial investment through the National Development Company.

**The Philippine Air Lines, Inc. (PAL) and further Government Aid to the De La Rama Steamship Co., Inc.**—Much of the credit for the rehabilitation of the Philippine Air Lines, Inc. with Government aid, through the National Development Company, should go to the Roxas Administration. Aid to the De La Rama Steamship Co., Inc. had been extended before the war, also through the National Development Company, and it was during the Roxas Administration that plans were made for the purchase of three 10,000-ton ocean-going ships (representing an investment by the NDC of over P15,000,000 during the Quirino Administration); these ships, the *Doña Alicia*, the *Doña Aurora*, and the *Doña Nati* are operated on a commission bases by the Steamship Company with option to purchase.

**Government Purchase of the Manila Gas Company Authorized.**—While most of Manila's large public utility corporations were in process of rehabilitation, the rehabilitation of the Manila Gas Company (established in 1912) was delayed for various reasons. The Roxas Cabinet, on July 29, 1947, approved the purchase of 60% of the stock of the Company. However, actual control, through the National Development Company, was not obtained until 1951. The Company began to service its first customers only in January of 1953.

**The Government-Owned Corporations: PRATRA.**—President Osmeña had reactivated most of the pre-war government corporations and President Roxas continued to give them every encouragement, though many of them showed records of mismanagement and loss. In 1947 it became known that the National Rice and Corn Corporation was seriously overstocked and it was also revealed that the National Trading Corporation (established in 1940 and reactivated in 1945) had suffered shocking losses due to large quantities of canned milk which had been allowed to spoil. Corruption in connection with the disposal of surplus goods by the Surplus Property Commission was also becoming an open scandal. Taking no warning from these experiences, President Roxas, by Executive Order No. 90, dated September 10, 1947, created what was bound to become the most dangerous of all these corporations, the Philippine Relief and Trade Rehabilitation Administration (PRATRA), which represented a fusion of the former Philippine Relief and Rehabilitation Administration, established by Osmeña, the National Trading Corporation, and the purchasing department of the National Cooperatives Administration, also originally established in 1940 and reactivated by Osmeña.

In setting up this new entity, the Cabinet was reported to have been against the inclusion of relief functions, but

as the old PRRA had been designated by the UNRRA (United Nations Relief and Rehabilitation Administration) to handle UNRRA relief work in the Philippines and insisted that this continue until it terminated its activities here, it was decided that PRATRA should carry on the relief functions of PRRA. However, PRATRA was chiefly designed as a government trading corporation, after the nature of the former National Trading Corporation which it absorbed, but with vastly augmented powers.

The Executive Order (which the President was able to issue under the wartime emergency powers originally delegated by Congress to President Quezon), authorized PRATRA—

“to undertake the prevention of monopolization, hoarding, injurious speculation, manipulation, private control, and profiteering affecting the supply, distribution, and movement of foods, clothing, fuel, and other articles of prime necessity.”

Those were very broad and in fact dangerous powers to vest in any general manager or board of directors of any conceivable grade of ability and honesty.

PRATRA could also—

“acquire foods, clothing, fuel, fertilizers, chemicals, construction materials, implements, machinery, equipment required in agriculture and industry, and other articles and commodities of prime necessity, both imported and locally produced, or manufactured, for sale in such a manner and at such prices as may be determined by the Board of Directors.”

It could further—

“enter into negotiations and contracts with other agencies and branches of the Government and public or private corporations or associations for the manufacture or distribution of goods that it may consider necessary to insure the availability of the supply thereof in the interest of the public welfare and the national economy.”

This was as if the drafters of the order tried to summarize all the possible economic, agricultural, industrial, and commercial activities of man, and then gave PRATRA not only blanket authority to engage in all these activities, but also to wield a large measure of arbitrary power and control over all public and private entities engaged in these same activities. In democratic countries, the danger of clothing a commercial entity with governmental powers has long been recognized.

But even this was not all. This great authority and power was to be directed toward a designated end, dangerously invidious and discriminatory. PRATRA was directed—

“to find ways and means of encouraging and assisting Filipino retailers and businessmen such as by supplying them with merchantable goods at prices that will enable them to compete successfully in the open market.”

There could be no warrantable objection to the Government of the Philippines adopting measures to encourage and assist its own nationals in business,—as, for instance, President Quezon did during the Commonwealth days, provided these were fair and just and did not discriminate against other nationals lawfully engaged in business here. The wording of the order implied that ways and means were to be found to place all others at a disadvantage.

As could have been,—and was, predicted, PRATRA, “in undertaking the prevention of monopolization, etc.,” soon set up a whole series of monopolies of its own,—in galvanized-iron roofing and other building materials, milk, flour, etc. Its Administrative Order No. 4, dated February 24, 1948, through which it assumed the control and distribution of all flour arrivals, beginning with that to arrive on a certain ship, was a demonstration of bureaucratism in full power and glory.<sup>1</sup> It declared, in part:

<sup>1</sup>Let it be supposed that PRATRA was organized to deal solely with a situation of great scarcity of goods and the resulting hoarding, monopolization, speculation, etc., it should be recalled that imports, by 1947, had already reached a huge total. As for “Grain and Preparations,” while the 1941 import amounted to only some P16,000,000, the 1945 import had been P12,000,000, the 1946 import P76,000,000 and the 1947 import P99,000,000. Flour did not begin to disappear from the market until after PRATRA announced that it would place flour under control.



"All shipments of flour arriving in the Philippines shall henceforth be under the control and supervision of the Philippine Relief and Trade Rehabilitation Administration.

"Shipments of Canadian flour shall all be purchased by this Office....  
"With respect to American flour, this Office shall purchase by indent order 20% of all allotments to the Philippines.

"The balance of 80% of the shipment of American flour shall be released to the respective consignees but under no circumstances should the same be moved by them outside of their warehouses or sold except with the written authority of this Office.

"All bakery owners, therefore, as well as all other ultimate flour consumers must directly obtain from this Office the required permits necessary to purchase their respective flour requirements.

"All flour consumers in the provinces shall be served by PRATRA through its provincial branches or authorized representatives."

PRATRA'S interference with the flour business upset the entire distribution system, made it difficult if not impossible for many bakeries, especially Chinese bakeries, to obtain the flour they needed, brought many inferior and unsuitable brands of flour into the market, reduced the quality of the bread to such a degree that it could hardly be eaten, virtually destroyed what was once a good line of private business, and fostered a corruption that made a few rich, at the expense of all.

The *American Chamber of Commerce Journal* said of this PRATRA order at the time:

"It is easy enough to see what such authoritarian interference (it is not simply regulation of) with business on the part of an official or semi-official entity, would end in if permitted to continue. This government trading corporation, exercising governmental power, would eliminate all private business in every field it chose to invade. The democratic separation between the government and business would be wiped out and we would have totalitarianism. On the way thither, we would have to leave behind private initiative and enterprise, prosperity and progress, and bow our heads to a new despotism."

The PRATRA flour order was issued some two months before Roxas' death. PRATRA was ordered dissolved by President Quirino in his Executive Order No. 350, dated October 3, 1950, and replaced by the Price Stabilization Corporation (PRISCO) which was, however, granted practically the same powers. Indeed, in this order it was specified that to safeguard the public interest, PRISCO could "commandeer, requisition, and ration" all articles, goods, or commodities of prime necessity. If PRISCO has not aroused the bitter criticism which was directed against PRATRA, this is only because it has been somewhat less aggressive.

#### Laws Enacted during the Roxas Administration.

—Many of the laws passed by the First Congress at its first session provided for heavy increases in the rates of various taxes, and Republic Act No. 55 imposed a war-profits tax, covering the period from December 8, 1941, to February 26, 1945, aimed at the enemy-occupation profiteers. Republic Act No. 35 exempted certain new industries from the payment of all internal revenue taxes for a period of four years. After the submission of the Report and Recommendations of the Joint Philippine-American Finance Commission, in June, 1947, bills were introduced again increasing various tax rates, but these did not become law until after Roxas' death. After the submission of the so-called Bell Report (Economic Survey Mission to the Philippines), in October, 1950, the rates were raised still higher, and a devastating 17% tax on foreign exchange was imposed, but that is another story.

Americans were given a jolt by Republic Act No. 76 which repealed all laws or provisions of laws granting rights to Americans which are not enjoyed by other foreign nationals "unless they affect rights already vested under the provisions of the Constitution or unless extended by any treaty, agreement, or convention between the Republic of the Philippines and the United States of America." This was a provision which amended the so-called "Flag-materials Law" (Commonwealth Act No. 138), approved November 7, 1936, which provided that in public bidding, government contracts were to be awarded to the lowest domestic bidder provided that the bid was not more than 15% in excess of the lowest foreign bid in purchases in-

volving \$2,000 or more. Now this was abrogated in so far as American citizens and corporations were concerned. The Americans had "parity rights", it is true, but only as these pertained to the development of the natural resources and public utilities. With respect to government purchases, American suppliers were placed at a 15% disadvantage to any Filipino supplier or middleman. In practice, this meant in many cases that the Government had to pay 15% more than it would otherwise have needed to pay, this being the rake-off, usually, of some intermediary: A number of general managers of government corporations bitterly objected to the law, as it needlessly increased the costs of the equipment and supplies they needed.

The enactment of Republic Act No. 37, known as the Market Stalls Law, together with the adoption of a Manila municipal ordinance, resulted in the ejection of all of the small Chinese merchants from the public markets of the city. Of the 10,000 booths and stalls in the 13 public markets of Manila, 1,435 were occupied by these Chinese in the retailing of daily public necessities. This did not seem too large a proportion in view of the number of Chinese in the city and their historic role in the retail business of the country. Yet though lawful inhabitants, industrious, useful, and tax-paying, they and their dependents, totalling perhaps some 15,000 persons, were thus arbitrarily deprived of their means of livelihood.

**Court Decisions.**—In one significant 1947 case, that of Jose Tan Chong v. the Secretary of Labor and Tam Swee Sang, the Supreme Court, reversing its previous decisions in the same cases and over-ruling or distinguishing a line of pre-war decisions, held that a child born in the Philippines of an alien father and a Filipino mother was born of alien parents and was itself an alien. The Philippines owes much of its complex richness and progressiveness to the mixture of races and cultures which have taken place in the archipelago during the past 50,000 years. Now even a child born in the Philippines of a Filipino mother (but alien father) is held to be an "alien."

In another 1947 case, that of Krivenko v. the Register of Deeds, City of Manila, the Supreme Court handed down a divided decision to the effect that under the Constitution, an alien was disqualified from acquiring any land in the Philippines whatever, even a residential lot. This decision<sup>a</sup> was not generally considered final as it concerned a constitutional question. The Secretary of Justice was reported to be questioning it and President Roxas was reported to have said that he considered it "too drastic"; it nevertheless threw the whole matter of land-ownership into doubt. A more shockingly illiberal and undemocratic and unwise decision,—politically, socially, and economically, is hardly to be imagined. Yet the doubt, even now (1953) still remains.

A week before Roxas' death, the Supreme Court promulgated a decision in the famous case of Haw Pia v. the China Banking Corporation. The case involved the legality of payments made by Haw Pia on various occasions from October, 1942, to August, 1944, to the Bank of Taiwan as liquidator of the China Banking Corporation, of certain sums owed by her to the China Banking Corporation and secured by mortgage. Reversing the decision of the trial court, the Supreme Court upheld the plaintiff's contention that her payments to the Bank of Taiwan had discharged her obligation. Justice Feria, in the majority opinion, stated that the Japanese military authorities had power to liquidate the banks, that their actions were a valid exercise of this power, and that the obligation was there-

<sup>a</sup>The majority opinion, signed by Chief Justice Moran, was concurred in by Justice Feria, Pablo, Perfecto, Rialdo and Briones, among whom Justice Rialdo, Perfecto, and Briones also wrote separate concurring opinions. Four separate dissenting opinions were written by Justices Paras, Yason, Bengzon, and Padilla.

of the Japanese to have been legal; no suggestion was made that the payment was under compulsion, and no distinction was made between payments made in 1942, when the Japanese "Mickey-Mouse" currency has some value, and payments in later years when this value was greatly reduced. The Haw Pia case itself involved but a small amount of money, but was considered a test case. The decision cost American and other allied nationals and corporations millions of pesos in deposits and credits which they had in the banks seized and liquidated by the enemy. One authority commented on the decision as follows:

"No past precedent can be found in international law in which the courts of a victorious country, like the Philippines, have validated with their own territory the seizure of private property or credits by the defeated invading army."

**Nationalism and Anti-Alienism.**—As has already been stated, though President Roxas proposed the establishment of the Central Bank and the imposition of import control, and legislation on these matters was initiated by him, these measures became law only after his death. The Central Bank was inaugurated on January 1, 1949, and President Quirino's Executive Order No. 193, implementing the Import Control Law, Republic Act No. 330, went into effect on that same day.

The writer has said that the Joint Philippine-American Finance Commission urged the Philippines well down the road to a government "planned" and "managed" economy, as opposed to a system of free enterprise. But that was what the Filipino leaders themselves wanted. Ever since the Filipinos had gained control of the Legislative Branch of the Government, by virtue of the Jones Act of 1916, the leaders had favored government participation in business, through national corporations, as they considered that this would serve as a check on the "exploitation" by American capital which, though it never materialized, they always feared. President Quezon, during the Commonwealth period, was overcoming this fear, but fear of foreign domination generally was greatly intensified by the nation's experience during the Japanese occupation.

The Japanese occupation had another effect in more or less training the Filipino politicians, especially those who were forced to collaborate, in the methods of authoritarianism, while inuring the people to the same thing. But the question always was how long it would be until the people lost their patience and rebelled against the tyranny of their own politicians and petty bureaucrats.

It will be clear from what has been recounted that the general feeling in the Philippines after the liberation was not only strongly nationalistic, but anti-alien to a degree, though that feeling was by far not so strong here as in some other countries which achieved independence after the war. There was never any such hostility here as there was, for instance, against the former Dutch masters in Indonesia, for the Philippines had not known the European form of colonialism for half a century. Nor was the feeling in the Philippines a result of an extravagant pride in newly-gained powers of government, for the Filipinos, except during the Japanese occupation, had for a long time virtually governed themselves.

The truth is that the people had been boiled to the soul by the Japanese, and the bitter hatred felt for them was diffused in a diluted general antagonism toward all aliens, even, half-consciously, including the Americans.

Those who understood the origin of this feeling could sympathize with it and could forgive much, though they might lament the course the Philippine Government was taking.

**The Failure of "Small Business."**—There was another factor that began to affect the situation about this time,—that was the increasing rate of failure among small business and especially small trading ventures. The

reader will recall that President Roxas, in his first state-of-the-nation address, had spoken of his desire to encourage small business. The small business movement that sprang up after the liberation was another inheritance from the Japanese occupation. The economic collapse at that time resulted in general unemployment and forced thousands of men and women, who previously had been regularly employed in offices, stores, and factories, to turn to the so-called "buy-and-sell" business,—mostly a mere peddling of home-made, or of stolen or looted second-hand goods. This business was the last desperate resort of thousands of people in their effort to keep body and soul together. But, in a sense, they became "merchants". Many of them, following the liberation, having lost their adaptation to steady work under some office or factory manager or foreman, elected to launch out for themselves in the world of opportunity that seemed to be opening to them. Some of them had made friends with men and officers in the American Army, and these Americans, grateful for the hospitality and friendliness shown them, in many cases encouraged such business aspirations and helped by lending money or sending back goods in considerable variety when they returned to the United States. Others of these small merchants dealt in army surplus goods. Everywhere in the ruins along Manila's wrecked streets, there had sprung up little stores and offices, where a great miscellany of goods was displayed for sale,—many of them expensive, steel office-furniture, typewriters, radios, electric appliances, etc. These places were often very well kept, with neat signs, polished show-cases, attractive displays. One could sense the pride the new entrepreneurs took in their business. It was all very pathetic for their inevitable fate was easily foreseen. There were far too many of these little places of business, crowded side by side, offering the same goods, which soon were shop-worn. Though many were outside the shopping centers, the owners paid high rents, their sources of supply were irregular, their customers, if any, were casual, their experience was limited, their sales, few, their profits small and soon nil. The same thing happened, though on a smaller scale, with the businesses set up by men of the United States armed forces who had elected to remain in the country to go into business for themselves or in partnership with Filipino friends.

Most, if not all of the pre-war business establishments, big importing firms and department stores, both Filipino and alien, were rehabilitating themselves. They were adequately capitalized and had the advantage of large and experienced staffs; they had only to renew their former connections with manufacturers abroad and to reestablish their distribution and selling organizations. Between these old firms and much of the new, post-war business enterprise, fortuitous and haphazard as it was, there was not even any real competition. The new movement was but a brief materialization of hopes and dreams which appeared only to vanish but which left behind a cloud of frustration and bitterness.

The Government, instead of encouraging successful industrial and business enterprise, both foreign and Filipino, adopted measures aimed at bolstering this highly uneconomic and doomed small business, simply because most of it was Filipino, thereby doing immense damage to the soundly based business structure which was in the course of being reestablished.

**"Wresting" Business from the Businessmen.**—PRATRA, for example, was not merely a price-controlling agency or an agency entrusted with the function of preventing hoarding and monopolization, but an organization deliberately created in part to assist Filipino business against other business in the country. The same was true of the import control machinery, which was set up not merely to control and to limit imports, but to take business away from the old, established importing firms,

many of which were alien, and to give to the so-called "new" importers, who were to receive 20% of the quota fixed for each type of article imported. A later executive order frankly substituted the word "Filipino" for "new". And this share was rapidly increased by the authorities in control. Not only Ildefonso Coscolluela, general manager of PRATRA, but Speaker Eugenio Perez, spoke openly of "wrestling" the so-called control of the wholesale and retail business away from the aliens in the country.

Justifiable as this may appear to be from the nationalistic point of view, this was destructive rather than constructive as an economic policy, and subversive of every principle of democracy and even of fair dealing. In the import business, in place of the established, well-organized, well-financed, experienced, efficient importing firms, numbering some 200, there were soon over 3,000 "importers", many of them mere intermediaries and license-peddlers demanding their "percentage" ranging from 10% to 50% and even more. What this did to the organized system of distribution and the prosperity of business, to employment, to the cost of practically all imports, and to the cost of living, is well-known to all. Also, of course, it was bound to develop a monstrous corruption. There were critics who held, and with good reason, that the real aim of some of the proponents of import control was neither to control imports nor to take the import business away from aliens, but to enrich a small clique of insiders and their favorites; the surplus army property gold-pot being about exhausted, another source of easy money was wanted.

President Roxas probably did not realize what would happen, and neither did the experts on the Joint Philippine-American Finance Commission, although they were given ample warning (in the columns of this very *Journal*). That is one trouble with government experts from abroad who know little about the local factors entering into a situation.

Sometimes it seemed to the heavy-hearted observer that with the narrow and discriminatory policies being initiated, the Philippine Republic, so gloriously launched and with such promise of greatness, was committing just those mistakes President Roxas had warned the people would have to pay for in tears and toil.

**Roxas as President.**—Roxas himself was a nationalist, as he perhaps demonstrated most clearly when, as a younger man, in 1930, he attempted the organization of a somewhat fanatic protectionist association, *Ang Bagong Katipunan*,—with which, however, he did not get very far at that time. He was, in general, a man of narrower mind and narrower views than Quezon, and he never commanded the almost undivided popular following, nor was he able to exert the effective political control that Quezon did. But as President, he did something to moderate the narrow nationalistic spirit of some of the members of his Cabinet and Congress and even the Supreme Court. Following his death, Robert Janda wrote of him in the *American Chamber of Commerce Journal*:

"The tragic and unexpected death of President Manuel A. Roxas during the mature elements of uncertainty into the entire legislative and judicial situation. Not only has the country lost an outstanding leader of proved integrity and ability, but the business community has lost a friend whose quick grasp of business problems and essentials gave a feeling of security to the entire community..."

President Roxas' chief fault was that amiable one of too great an affection for and reliance upon his friends. His close associate, Marcial P. Lichauco, in his book, "Roxas", wrote:

"His affection for his friends was, in fact, so great that it often prevented him from taking disciplinary action against them when they failed to comply with their duties. I remember two or three cases when subordinate officials should have been dismissed from office, yet Roxas found some way to help minimize the gravity of their offense. When he became President of the Philippines, this softness on his part proved a stain on his record."

It would be more accurate to say that this softness was largely responsible for the stain on his Administration, which was that of graft and corruption, not on his own part, but among his motley following,—also to be traced to the enemy occupation, the collaboration, and the post-liberation campaign to wrest the Presidency from Osmeña.

Shortly before the death of President Roxas, the *Saturday Evening Post* published an article on the Philippines by Harold H. Martin, whose observations here led him to conclude that there are "three factors on which the future of the Republic hinges". The writer of this short history came across this article again only after he had written the present section and he found that unconsciously he had himself placed emphasis on these three factors. According to Mr. Martin, they were: (1) the "Huk problem", (2) "whether or not the Government can, during the next five years of American aid, build up an economy so strong that the country can carry on alone after American Government help is withdrawn", and (3) "whether or not the Government can be kept honest."

The distrust of the people in the Administration had already become so great that Roxas' successor, President Quirino, in his first meeting with the Cabinet, was reported to have asked the members "to advise their respective personnel not to conduct themselves as to reestablish the confidence of the people in the Government." At a press conference he stated that one of his main objectives would be to "restore the people's faith in the Government." A Malacañan press release modified this statement to the effect that his aim would be to "strengthen" the people's faith in the Government, the President being quoted as saying that he wished to cast no reflection on the administration of his predecessor.

Whether President Quirino succeeded in this worthy desire, is again another story.

**A Few Significant Statistical Tables.**—Most of the untoward business developments which have been described appeared during the latter part of the Roxas Administration and did not reach their unhappy fruition until later. There are no figures for the exact period, but Philippine recovery, once it got under way, was at first phenomenal. The momentum of the enterprise and labor of some 20,000,000 people is not soon checked even by the unwise government measures.

The following table is taken from the Bell Report of 1950:

Year	Combined Index	Agriculture	Manufacturing	Mining
1946.....	38.7	58.2	21.0	2.0
1947.....	75.6	79.5	77.5	16.8
1948.....	85.3	86.4	89.4	36.0

Year	Total Trade	Total Imports	Total Exports
1945.....	59,211,364	57,867,195	1,344,169
1946.....	720,091,530	591,716,481	128,375,049
1947.....	1,553,797,312	1,022,700,608	531,096,704
1948.....	1,774,819,524	1,136,409,068	638,410,456

**NATIONAL GOVERNMENT RECEIPTS, EXPENDITURES, AND DEFICITS:**

Fiscal year	Receipts	Expenditures	Annual Deficit	Cumulative Deficit
1946.....	₱127,400,000	₱213,400,000	₱ 86,100,000	₱136,100,000
1947.....	253,800,000	381,000,000	117,200,000	253,300,000
1948.....	361,000,000	357,800,000	(3,100,000)*	250,200,000
1949.....	384,800,000	425,100,000	40,300,000	90,500,000
1950 (est.)	331,300,000	520,200,000	170,900,000	461,400,000

"In the early years following Liberation, the deficits of the Government were met by drawing on the funds held abroad, by transfers from the currency reserves, and by borrowing from the U. S. Reconstruction Finance Corporation. As these sources of funds were exhausted, the Treasury found it necessary to have its lending resources to the banking system. Government securities have been sold to banks to be used as a substitute for cash reserve, and a budgetary loan has been secured from the Central Bank." Bell Report, 1950.

\*Surplus.

## The Government

From Official Sources

**MAY 1**—President Elpidio Quirino receives Swedish Minister M.J.D. Fripp, who presents his credentials.

The President signs House Bill No. 3175 standardizing the salaries and the automatic salary increases of public school officials and teachers.

**May 2**—The Council of State approves the recommendations of the 15-man committee headed by Secretary of Finance Aurelio Montinola with respect to the present Philippine-American Trade Agreement and Secretary of Foreign Affairs J. M. Elizalde is directed to transmit the proposals to the United States Government through the American Embassy (see last month's issue of this Journal).

**May 4**—Senator Quintin Paredes issues a press statement saying that he would accept the nomination for President only if and when President Quirino should refuse the nomination. According to a Malacañan press release, the President laughed away the comment that he might not accept the nomination because of the state of his health, saying that he was strong enough to act as a pall-bearer of those who think he is a sick man.

**May 5**—The President signs House Bill No. 189 increasing the salaries of municipal judges and justices of the peace.

Secretary Elizalde hands the Philippine Government's proposals for the adjustment of Philippine-American trade relations to Ambassador R. A. Spruance.

**May 6**—The President makes available ₱1,000,000 for the redemption of emergency currency and guerrilla notes issued during the Japanese occupation; so far some ₱7,490,000 has been paid to holders and it is estimated some ₱1,765,900 will be outstanding after the ₱1,000,000 redemption.

The President announces that the MSA-PHILCUSA agreement for the drainage of the Candaba Swamp was to have been signed today, but that the papers were not ready; however, the work will be started almost immediately; the project will cost several million pesos and will make some 800 square miles of fertile land available.

Secretary of Foreign Affairs Elizalde leaves Manila by airplane for London to represent the President at the coronation of Queen Elizabeth II on June 2.

**May 7**—The President signs a number of executive orders reducing the 1952 real estate taxes in certain municipalities in Albay, Samar, and Leyte, restituted by typhoons.

The Office of Alien Property, U. S. Department of Justice, on behalf of the American Government, transfers to the Philippine Government various additional tracts of former enemy-alien-owned lands in Davao, Bulacan, Nueva Ecija, and Tagaytay City; also a building.

**May 8**—Under-Secretary of Foreign Affairs Felino Neri is designated Acting Secretary of Foreign Affairs.

**May 11**—Acting Secretary of Foreign Affairs Neri in a letter to Chinese Ambassador Chen Chih-ping, states that everything is being done to assure justice to the Chinese nationals still being detained by the Philippine Government and that 188 of the detainees apprehended in the mass arrest on December 7 of last year will be immediately inducted by the Deportation Board in addition to the 11 who were previously charged, all the other detainees having been released.

**May 12**—The President authorizes the release of ₱300,000 for the building of 17 kilometers of road along the Candaba swamp from Pullian to Candaba town; this will facilitate the drainage of the area which has long been a refuge of Huk bands.

The President accepts the resignation of Carlos P. Romulo as Ambassador to the United States and as Chief Delegate to the United Nations, tendered in a letter in which Romulo states that the President "may feel that I no longer am capable of that complete meeting of minds which would make my continuance... possible," after, on being asked by the President to state his views, he had told him that it was his "considered opinion that it would be desirable in the national interest that you reconsider your decision to seek another term." (Previous news reports were to the effect that the President had asked Romulo to deliver the key-note address at the Liberal Party Convention, scheduled for May 24, and that he had proposed that Romulo lead the senatorial ticket; it had also been announced at Malacañan that Senator Camilo Osias was shortly to be nominated by the President as a delegate (not chief delegate) to the United Nations.)

**May 14**—The President certifies to Congress the urgency of House Bill No. 3927 which would appropriate ₱3,000,000 for the installation of an automatic telephone system for the Government in place of the present system, built from surplus property, which, according to Secretary of Public Works Pablo Lorenzo, is costly to operate.

The President receives Commodore Jose Francisco who returned yesterday from a 4-day goodwill visit to Formosa with a flotilla of three destroyer escorts of the Philippine Navy; he brought a message of well-wishes from President Chiang Kai-shek.

The President sends a message of congratulation to Admiral Arthur W. Radford on his appointment by President Eisenhower as Chairman of the Joint Chiefs of Staff. Radford, Commander in Chief, Pacific, called on the President when he was in Manila recently.

**May 15**—The President certifies to Congress the urgency of House Bill No. 3335 which would maintain the present 17% rate of tax on foreign exchange until June 30, 1954, which, under the existing law will be reduced to 12-1/2% from July 1 to December 31, 1953, when it will expire altogether.

Senator Justiniano Montano and three others are exonerated by a special government prosecution panel from complicity in the kidnapping and murder of the Mayor, Chief of Police, and a policeman of Maragondon, Cavite, last year; a motion is filed with the Court of First Instance, Cavite, for the dismissal of the case.

**May 19**—The Supreme Court unanimously declares Republic Act No. 342, known as the Moratorium Law, approved July 26, 1950, null and void as unconstitutional.

**May 20**—The President certifies to Congress the urgency of House Bill No. 3761 which would reduce the rates of a number of taxes imposed on gold mining companies.

Eulogio Rodriguez is again elected President of the Senate following the resignation of Jose C. Zulueta as President.

The Senate Special Investigating ("Blue Ribbon") Committee finds Secretary of Justice Oscar P. Castelo, concurrently Secretary of National Defense, guilty of bribery, extortion, and immorality; the Secretary refused to appear before the Committee.

**May 21**—The fourth and last regular session of the Second Congress adjourns, following passage of all the more important bills, including the general appropriation bill of ₱551,216,850 and a public works bill of ₱57,890,000 for specific projects only (no "pork-barrel"). The bill extending the Import Control Law for one year was not passed.

The Senate adopts a resolution calling for the dismissal or at least the suspension of Secretary of Justice Castelo.

### TOTAL MONEY SUPPLY

1941, June	₱ 294,900,000
1945, December	1,120,100,000
1946, December	940,800,000
1947, December	1,015,900,000
1948, December	1,194,300,000

### INDEX NUMBERS OF LIVING AND FOOD COSTS AND RETAIL PRICES IN MANILA (1937=100)

Year	Cost of living	Food costs	Retail prices
1945.....	776	945	985
1946.....	585	729	571
1947.....	434	470	344
1948.....	410	437	329

### INDEX OF THE AVERAGE DAILY WAGE RATES OF INDUSTRIAL WORKERS IN MANILA (1941=100)

Year	Skilled	Unskilled
1945.....	255	264
1946.....	294	365
1947.....	329	376
1948.....	326	378

### GROSS NATIONAL PRODUCT AND TOTAL AVAILABLE MEANS (ACCORDING TO STUDY MADE IN 1952 FOR CENTRAL BANK);

Year	Gross national product	Net borrowings from abroad	Net donations from abroad	Total available means
1946.....	₱4,788,000,000	₱105,000,000	₱ 74,000,000	₱4,967,000,000
1947.....	6,128,000,000	184,000,000	255,000,000	6,567,000,000
1948.....	6,369,000,000	103,000,000	372,000,000	6,838,000,000

The national income figure for 1939, according to an estimate of the Bureau of the Census and Statistics, was ₱1,802,156,000, but the study made by the Central Bank indicated that the pre-war figures were too low as based on fragmentary data and doubtful procedure; the inflated values of the post-war period must also be taken into consideration.

May 24 — The Liberal Party, in its national convention held in the Rizal Memorial Stadium, unanimously nominates President Quirino for another term, following a walk-out by former Ambassador Romulo, Senator Tomas Cabili, Senator Lorenzo Sumulong, Representative Jose Roy, and others, when a motion that the balloting be secret was lost. Vice-President Fernando Lopez, who favored Romulo's nomination for President, resigned his Cabinet position as Secretary of Agriculture and Natural Resources during the day. Former Speaker Jose Yulo is nominated for the Vice-Presidency over the other contender, Senator Jose Avelino. Inasmuch as President Quirino could serve only two years of the regular four-year term (as no president can serve longer than eight consecutive years under the Constitution), Mr. Yulo would automatically become President for the other two years if the Liberal Party wins the election. Senator Quintin Paredes delivered the key-note address.

May 26 — The President accepts the resignation of Vice-President Lopez as Secretary of Agriculture and Natural Resources and designates Chairman Placido M. Mapa, of the Rehabilitation Finance Corporation, Acting Secretary in his place. Mr. Mapa was Secretary of Agriculture and Natural Resources from September, 1948, to September, 1950, when he was appointed Chairman of the RFC.

May 27 — An exchange of notes extending the Philippine-Japanese barter agreement for another four months, from June 1 to September 30, 1953, is signed in the Department of Foreign Affairs by Acting Secretary of Foreign Affairs Neri and Toru Nakagawa, Chief of the Japanese Mission in the Philippines. The \$100,000,000 two-way agreement has been extended several times,—first up to June 30, 1952; second, up to September 30, 1952; third, up to January 31, 1953; and after that, up to May 31, 1953.

May 27 — Announced that Under-Secretary of Justice Roberto Gianzon has been designated as the officer in charge of the Department as the President wants Secretary Castelo to give his entire attention to the Department of National Defense; it is emphasized that the change has nothing to do with Senator Recto's charges against the Secretary.

The President designates Acting Secretary of Agriculture Mapa also to take over the duties of the Chairman of PHILCUSA (Philippine Council for United States Aid) as this will expedite the MSA-PHILCUSA projects under the Department of Agriculture and Natural Resources, almost half of the PHILCUSA budget having been allotted to agricultural projects.

The President authorizes the release of ₱180,000 for the improvement of the Davao-North road and ₱75,000 for the maintenance and improvement of roads in Luzon, chargeable against the Motor Vehicle Special Fund.

Announced that rural development will be the theme of the 7th anniversary celebration of the Philippine Republic on July 4, as industrial development was the theme last year.

May 30 — The President directs the National Economic Council to review the progress under the revised 1950 development program of the Administration (as submitted by the Philippine Economic Survey Commission, Jose Yulo, Chairman), for the purpose of "making recommendations on measures which will induce private investors to embark on enterprises that will contribute to the national welfare." In a letter to Secretary of Finance Aurelio Montinola, Chairman of the Council, the President states that "equal emphasis should be placed on industrialization as well as on the expansion of agriculture."

## Banking and Finance

By W. M. SIMMONS

Manager

The National City Bank of New York

### COMPARATIVE statement of condition of the Central Bank:

As Sets	As of	As of	As of	As of
	Dec. 31, 1949	Feb. 27, 1953	Mar. 31, 1953	Apr. 30, 1953
	(In thousands of Pesos)			
International Reserve.....	₱460,689	₱472,540	₱476,907	₱479,042
Contribution to International Monetary Fund.....	30,000	30,000	30,000	30,000
Account to Secure Coinage.....	113,306	106,940	106,940	106,940
Loans and Advances.....	77,047	54,140	48,140	44,380
Trust Account—Securities Stabilization Fund.....	—	—	—	—
Domestic Securities.....	92,197	235,142	234,825	234,515
Other Assets.....	20,390	41,902	42,842	46,712
	₱793,629	₱940,664	₱939,654	₱941,589

Liabilities	₱555,576	₱571,418	₱576,465	₱579,629
Currency — Notes.....	74,384	89,041	88,618	88,255
Coins.....	117,682	229,299	223,939	221,649
Demand Deposits—Pesos				
Securities Stabilization Fund.....	2,000	20,543	18,923	18,828
Due to International Monetary Fund.....	22,498	496	496	496
Due to International Bank for Reconstruction and Development.....	2,389	2,380	2,380	2,379
Other Liabilities.....	2,636	4,840	5,056	5,337
Deferred Credits.....	—	1,769	2,397	3,002
Capital.....	10,000	10,000	10,000	10,000
Undivided Profits.....	6,464	745	1,247	1,881
Surplus.....	—	10,133	10,133	10,133
	₱793,629	₱940,664	₱939,654	₱941,589

The international reserves as of April 30 were as follows:

Central Bank International Reserves.....	₱ 239,520,819.02
Japan Open Account (Due from).....	10,314,925.82
Net FX Holdings of Other Banks.....	66,293,984.80
	\$ 316,129,729.64

This is an increase of \$6,196,789 from March 31. Currency and coins issued totalled ₱667,884,041.

Tight money conditions continue, aggravated to some extent by the first installment for income taxes due May 15.

Merchants report business slow, with collections more difficult.

Notes: The information contained herein has been derived from responsible sources, but the National City Bank of New York assumes no responsibility for its accuracy.

## Manila Stock Exchange

By A. C. HALL

Hall, Picornell, Ortigas & Co.

April 17 to May 29

**G**OLD mining shares have continued to follow the line of least resistance during the period under review. There was a slight temporary recovery following Congressional passage of a tax relief law, but, in spite of the fact that Presidential approval of the measure is considered certain, the rally petered out quickly.

Under the above-mentioned legislation, the gross production tax is reduced to a flat 1-1/2%, while the industry is also granted exemption for three years from the 17% exchange tax and the 7% compensating tax on the value of all supplies imported from abroad.

The lack of more positive response market-wise among gold-producers' shares, in the face of this satisfactory development, reflects investor uncertainty regarding possible future action by the Central Bank. The latter has indicated that, with tax relief, the industry can now afford to sell a portion of its output to the Bank at the fixed price of ₱70 per ounce. Until this matter is resolved, market sentiment toward gold shares appears unlikely to change for the better.

**B**ASE-METAL issues have given a mixed performance. Chrome producers continue to do well in the market in view of the strong long-term demand for the metal. Philippine Iron Mines has ruled very steady, with investment-buying attracted by the low price-to-earnings ratio on this stock, but Lepanto has eased as a result of the confusing copper price outlook. An item of pronounced interest in this group is the coming merger of three former gold mining companies, the Antamok Goldfields, IXL Mining Company, and Masbate Consolidated Mining, into the Atlas Consolidated Mining and Development Company. The proposed conditions of merger are based on current book values of the companies with shareholders scheduled to receive .75 shares of Atlas for each share of Antamok, .825 shares Atlas for each share of IXL, and

one for one in the case of Masbate. The new company will actively develop and bring into production the Toledo group of copper claims in Cebu and the Mati iron property in Mindanao.

AMONG commercial and industrial equities, there is little of interest to report, the trading being generally quiet and featureless. Fixed-interest securities have eased slightly.

MONEY conditions are tight, with no signs of easing. In the local free-gold market, a further small decline has occurred since our last review and current quotations are ₱102 per ounce for bullion, equivalent approximately to ₱103.25 per fine ounce.

OVER THE COUNTER

	High	Low	Close	Total Sales
Demonstration Gold Mines.....	₱ 0.0175	₱ 0.0175	₱ 0.0175	₱ 4,000
Eastern Development Co.....	0.006	0.006	0.006	300,000
General Base Metals.....	0.23	0.25	0.23	69,250
Jai Alai Corp. of the Philippines.....	4.00	4.00	4.00	100
Marinduque Iron.....	0.25	0.25	0.25	10,000
Pampanga Bus Co.....	0.58	0.58	0.58	712
Tabacalera, 6% bonds (1962).....	99.00	99.00	99.00	₱ 3,000

Credit

By R. A. CALLAHAN  
Accountant and Office Manager  
Philippine Refining Company, Inc.

THE Association of Credit Men, Inc. (P.I.) is presently arranging for the printing of a detailed alphabetical index for the "Credit Manual of Commercial Laws and Practices" which was distributed last year to all members. The index, which soon will be sent to all members, will be of considerable value and assistance in using the Manual.

Members of the Association are using a gold membership sticker on collection letters. Increased orders of members for stickers suggest that the use of them is proving advantageous.

The Association has informed members of a new service looking to the obtaining of ledger and credit information from non-members. This service has not previously been attempted in the Philippines but the arrangements were approved by the Association directors on May 19. It is hoped that this effort will prove helpful to members.

In the May meeting the directors discussed the generally expensive and complicated collection systems in use in the Philippines. The directors feel that the Association can help members reduce collection expenses. It is considered unnecessary to use collectors to obtain payment of accounts from member firms. This matter is under study and a consolidation will be made of recommendations and suggestions.

Inquiry through various credit and collection executives suggests that, although money is short, slight improvements were noted during the second half of May. Most of the local banks are continuing to advertise for deposits. Inventories began to move a little better, collections improved slightly, and some money deposit improvements were noted. The improvement was not marked but was fairly general through various trades. Some credit men believe that the improvement is due at least in part to the ending of the speculation on the activities of the Import Control Commission. It is expected that during June details of arrangements for handling imports will be worked out. The recent announcement of the extension of the Japanese trade agreement clarifies the status of Philippine-Japanese trading.

Sugar exports are finishing and should be completed during July. This will contribute to more activity in domestic loans which are already beginning to increase.

Most credit executives interviewed suggest that the improvements noted in the latter half of May may well be expected to continue during June.

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—16,316,000 KWH

	Kilowatt Hours	
	1953	1952
January.....	50,107,000	45,132,000
February.....	45,501,000	42,450,000
March.....	50,789,000	45,128,000
April.....	49,159,000*	42,798,000
May.....	52,200,000**	45,580,000

MINING SHARES

1952-53 Range High Low		High	Low	Close	Change	Total Sales
131.53 92.09	M.S.E. Mining Share					
	Average.....	100.45	96.62	96.62	Off .25	11,773,547
0.315 0.16	Acero Mining Co.....	.25	.23	.25	Up .015	690,000
0.065 0.030	Antamok Goldfields.....	.065	.04	.0575	Up .0175	570,000
6.20 1.88	Atamok Wedge Mining Co.....	1.80	1.80	1.80	Off .40	500
0.13 0.06	Baguio Gold Mining Co.....	.0975	.09	.09	—	207,000
2.65 1.60	Balotoc Mining Co.....	2.10	1.80	1.80	Off .20	5,700
0.0035 0.0013	Batong Buhay Gold Mines.....	.002	.0016	.002	Up .0002	600,000
4.80 3.50	Benquet Consolidated.....	4.40	4.20	4.25a	Off .15	13,785
0.07 0.02	Coco Grove, Inc.....	.031	.03	.029a	Off .001	115,000
0.848 0.028	Consolidated Mines, Inc.....	.048	.04	.044	Up .003	3,214,000
0.29 0.16	Hibar Gold Mining Co.....	.17	.17	.17	Off .02	3,000
0.155 0.0425	Itoyan Mining Co.....	.085	.07	.0775	Off .0075	250,000
0.075 0.038	IKL Mining Co.....	.07	.05	.0625	Up .0145	390,000
0.95 0.73	Lepanto Consolidated.....	.83	.77	.77	Off .06	480,875
0.0875 0.028	Masbate Consolidated.....	.0825	.065	.0775	Up .005	2,376,000
0.30 0.08	Masbate Mining Corp.....	.095	.08	.08	Off .02	575,000
0.1275 0.095	Parade Gumaus Cons.....	.10	.10	.10	Up .005	20,000
3.26 2.15	Philippine Iron Mines, Inc.....	2.45	2.35	2.40	—	66,180
0.32 0.17	San Mateo Mining Co.....	.28	.26	.28	Off .01	114,000
0.285 0.205	Surigao Consolidated.....	.225	.205	.215	Off .01	522,950
0.027 0.01	United Paracale Mining Co.....	—	—	.01b	—	—
0.12 0.032	United Paracale Mining Co.....	.032	.032	.032	Off .023	20,000

COMMERCIAL SHARES

1952-53 Range High Low		High	Low	Close	Change	Total Sales
155.00 120.00	Bank of the Philippine Islands.....	155.00	145.00	155.00	Up 20.00	36
22.00 22.00	Bisaya-San-Isabella Sugar.....	—	—	20.00b	—	—
90.00 15.00	Ego-Medellia Milling.....	—	—	20.00a	—	—
20.00 75.00	Central Azucarera de Bn. Inc.....	75.00	75.00	75.00	—	40
150.00 160.00	Central Azucarera de la Carlota.....	106.00	105.00	106.00	Up 1.00	235
100.00 100.00	Central Azucarera de Filar.....	—	—	100.00b	—	—
50.00 36.00	Central Azucarera de Tariat.....	—	—	37.00a	—	—
325.00 320.00	China Banking Corporation.....	—	—	280.00b	—	—
12.00 10.00	Cia. de Cebu de Filipinas.....	11.00	10.75	10.75	Up 25	4,700
27.50 24.00	Finanza Cigarettes.....	—	—	24.50a	—	—
12.00 8.30	Industrial Textiles Co. P.I.....	8.70	8.60	8.60	Up 10	6,350
0.30 0.25	Manila Broadcasting Co.....	.27	.27	.27	Off .03	7,400
4.90 3.00	Manila Wine Merchants.....	3.35	3.30	3.35	Up .35	800
0.30 0.30	Maramba & Co. pref.....	102.00	102.00	102.00	—	T 1,560
107.00 180.00	Meralco, 1/2%.....	—	—	150.00b	—	—
23.00 20.50	Metropolitan Insurance Co.....	23.00	23.00	23.00	Up 2.00	125
7.00 5.00	Paedeco Air Lines, Inc.....	—	—	5.00b	—	—
0.0925 0.024	Philippine Oil Dev. Co., Inc.....	.032	.024	.031a	Up .006	1,481,000
1.10 0.90	Philippine Racing Club, Inc.....	.90	.90	.90	Off .08	4,000
100.00 99.50	R & D 4% Bonds, 1959.....	100.00	100.00	100.00	Up .50	500
30.00 28.00	San Miguel Brewery, com.....	31.00	30.00	30.00	—	30,386
101.00 93.00	San Miguel Brewery, 7% pref.....	—	—	95.00b	—	—
108.00 102.00	San Miguel Brewery, 8% pref.....	106.00	105.00	105.00	Off 1.00	2,425
13.00 13.00	Talaya Silay Milling.....	—	—	13.00b	—	—
13.50 13.50	Universal Insurance & Indemnity Co.....	—	—	12.00b	—	—
8.70 6.00	Williams Equipment, com.....	—	—	8.30b	—	—

a—Ex-Dividend

T—Bond sales reported in units of ₱100

June.....	45,223,000
July.....	47,542,000
August.....	47,988,000
September.....	47,216,000
October.....	50,073,000
November.....	47,652,000
December.....	50,656,000
Total.....	557,458,000

\*Revised  
\*\*Partially estimated

FOR many years the electric utility industry in the United States as well as in the Philippines has reported continuous increases in the use of electricity. Greater industrial activity and far more use of electrical appliances, as well as the development of new electrical devices explain this phenomenon. Vast sums have been expended to increase electric utility capacity. One utility in the United States (Pacific Gas and Electric Company) has spent over \$1,000,000,000 on new construction since World War II; Meralco's investment in new construction since Liberation has exceeded ₱60,000,000.

The local trend is demonstrated by the May output which again sets a new monthly record, about 1,400,000 KWH in excess of the previous record set in March, 1953. This is particularly notable since there is normally a seasonal down-trend at this time of year because of the longer days.

The May, 1953, output exceeded May, 1952, by 6,620,000 KWH, or 14.3%. A new peak output of 125,800 KW was registered on May 14.

New lower residential rates were made effective May 1st. It is estimated that the new rates will effect a saving of ₱1,250,000 annually for residential customers. The decrease is of greatest benefit to the small users.

## Real Estate

By ANTONIO VARIAS

Vice-President, C. M. Hoskins & Co., Inc., Realtors

REAL ESTATE sales registered in the Greater Manila area during the month of May, 1953, numbered 639, with a total value of ₱6,056,977, as compared with 650, with a total value of ₱6,965,917, registered during the preceding month of April.

Of the May sales, 165, with a total value of ₱2,980,713, represented deals within Manila proper, and 474, with a total value of ₱3,076,264, were sales in Quezon City, Pasay City, and in the suburban towns of Makati, Caloocan, Malabon-Navotas, Mandaluyong, Parañaque, and San Juan.

A number of the bigger sales registered during the month were:

### CITY OF MANILA

- Binondo**  
Juan Luna St. #519 (L-40 & 53, B-2007). Area: 102.4 sq.m. with improvements. Sold by Ernesto Sopen to Maria Vda. de Lim for ₱40,000.  
Reins Regente St. (L-1 & 2, B-2054). Area: 254.4 sq.m. with improvements. Sold by Froilan Lopez to Metropolitan Investments Corporation for ₱60,000.
- Ermita**  
San Luis St. #686 (L-1, 4, 11 & 12, B-333). Area: 3,145.2 sq.m. Two-story apartment building. Sold by Teodorica R. de Arasita to Trinidad de Leon Roxas for ₱280,000.
- Intermuros**  
Arzobispo St. #134 (L-3, B-23). Area: 847 sq.m. with improvements. Sold by Edward J. Neil & Co. to Diesel Injection Magneto Service Co. for ₱45,000.
- Malate**  
Carolina St. #1166 (L-18, B-571). Area: 846.9 sq.m. with improvements. Sold by Amado Martelino to Cham Ay Chia for ₱125,000.
- Paco**  
Figueroa St. (L-1F, B-853). Area: 265.9 sq.m. Sold by Ramon Crespo to Teleforo Mendoza for ₱35 a sq.m.
- Sampaloc**  
Capitlan #1211-17 & Kundiman St. (L-60, B-22). Area: 255 sq.m. with improvements. Sold by Ernesto D. Bohol to Jovino S. Lorenzo for ₱36,000.  
V. Mapa St. #148 (L-4 VC1 & 5, B-). Area: 3,651.7 sq.m. Sold by Consuelo Tuzare to Casa to Rosario Caballero Vda. de Monserrat for ₱73,034, or ₱20 a square meter.

- San Miguel**  
San Rafael St. near Legarda St. (L-3, 4 & 5, B-2638). Area: 420 sq.m. Sold by Manuel Casas to Arsenio de Gurman for ₱78,300 or ₱67 a square meter.  
Urb. St. #1 (L-4 & 5, B-). Area: 1,036.1 sq.m. Sold by Fermín Aquino to Luisita C. Villacino for ₱30,000.
- San Nicolas**  
Anuncion St. #314 & Caballeron St. 5317 L-6, B-1865). Area: 406 sq.m. Sold by Joaquin Alvarez to Yu Yab Huiy for ₱45,000.  
Folguera St. #777-33 (L-9, B-1895). Area: 166.4 sq.m. with improvements. Sold by Guillerma Di Garza to Concepcion Lim for ₱36,000.

- Sta. Ana**  
Paco Roman St. (L-17, B-3). Area: 216 sq.m. with improvements. Sold by Enrique Rodriguez to Philippine Ner & Braids Manufacturing Company for ₱34,000.
- Sta. Cruz**  
Macedonia St. #1342 (L-7D, B-2232). Area: 135 sq.m. Sold by Narciso Mendoza to Engracia Bautista for ₱28,184.  
Rural Avenue #2522 (L-7, B-50). Area: 252 sq.m. Sold by Jose F. Ortes to Roman E. Ignacio for ₱37,000.

### QUEZON CITY

- Cubao**  
Marikina Road corner Imperial St. (L-1, B-6). Area: 1,000 sq.m. Sold by Melitona Estete, Inc. to Delin E. Argao for ₱16,500.
- Diliman**  
Maki Ave. corner South "C" and South 10th Sts. (Block S-53). Area: 3,724.3 sq.m. Sold by Isidore Falck to Vicente B. Llanes for the reported sum of ₱30,000.  
"South 11" corner South 6th Avenues (L-20, B-S28). Area: 784.7 sq.m. with improvements. Sold by Ruperto Gopez to Damiana Garcia for ₱35,000.
- Manila Heights**  
Sentolan Road, between Mariposa St. and First Avenue (L-7, B-1). Area: 12,000 sq.m. Sold by Simeon B. Castro to Antonio U. Miranda for ₱35,000, or ₱3.90 a sq.m.
- Rosario Heights**  
Balete Drive corner Acacia St. (L-1, 2 & 14, B-6). Area: 2,961 sq.m. Sold by Andrea M. de Abreau to Ephraim Gochango for ₱41,454, or ₱14 a sq.m.
- Sta. Mesa Heights**  
Kintad St. (L-3, B-227). Area: 800 sq.m. Sold by Jose Alejandrino to Genaro S. Mata for ₱24,000.  
Sierra Madre St., a block from Sta. Theresa College (L-8, B-59). Area: 800 sq.m. with improvements. Sold by Salome J. Sanchez to Antonia C. Reyes for ₱43,000.

### SUBURBAN TOWNS NEAR MANILA

- Caloocan**  
Calasanan—A property with a lot of 1,332.5 sq.m. Sold by Angel C. Santiago to the Phil. National Bank for ₱25,000.
- Makati**  
Forbes Park Subdivision—A parcel of 2,339 sq.m. Sold by Ayala Securities Corporation to James H. Baldwin for ₱31,576.
- Malabon**  
Tinajeros—A parcel of 1,734 sq.m. Sold by Braido Moran Sison to Narciso Marfina for ₱13,872.
- Mandaluyong**  
A property with a lot of 742 sq.m. Sold by Gregorio Nicasio to Serafin Cheng for ₱19,518.
- Marikina**  
Bayanbayan—A tract of 17,5937 hectares sold by Francisco E. Par to Pedro Roxas for ₱45,000.
- Pasig**  
Capitol site—A property with a lot of 239 sq.m. Sold by Jose A. Santos to Florentino Calabia for ₱18,470.
- Parañaque**  
A parcel of 798 sq.m. Sold by Vicente Arias to Blandina Gembo for ₱19,950.
- San Juan**  
A parcel of 2,651 sq.m. Sold by Procopio Valte to Victor Tibay for ₱18,000.

### PASAY CITY

- Dominga St. (L-2230A, Pad-31207). Area: 486 sq.m. Sold by Agripino Yturalde to Jose E. Pablo for ₱30 a sq.m.  
F. B. Herierson St. (L-2838, Pad-258). Area: 1,197 sq.m. Sold by Vicente Gotsche Hermines to Antonio S. Arnaiz for ₱42,590.

REAL estate mortgages registered in the Greater Manila area during the month of May numbered 657, with a total value of ₱10,853,885, as compared with 575, with a total value of ₱9,204,844, registered during the preceding month of April.

Of the May totals, 251, with a total value of ₱4,962,183 represented deals within Manila proper, while 406, with a total value of ₱5,891,682, were mortgages registered in Quezon City, Pasay City, and in the suburban towns mentioned above.

### REAL ESTATE SALES, 1953

	Manila City	Quezon City	Pasay City	Suburban Towns	Total
January.....	1,499,139	1,477,332	213,490	4,141,742	7,331,703
February.....	3,460,932	1,286,414	341,023	1,710,106	6,798,475
March.....	3,775,675	1,643,140	680,593	1,649,801	7,759,209
April.....	3,481,727	1,322,975	213,465	1,947,750	6,965,917
May.....	2,980,713	1,657,605	200,299	1,218,360	6,056,977

January.....	3,691,913	1,377,690	245,200	2,016,917	7,331,720
February.....	5,567,707	2,196,329	718,300	2,924,480	11,399,816
March.....	7,586,190	2,419,165	553,800	1,503,942	12,063,097
April.....	5,069,966	1,973,705	184,500	1,976,673	9,204,844
May.....	4,962,183	2,026,850	1,219,800	2,645,032	10,853,865

## Ocean Shipping and Exports

By **B. B. TUNOLD**  
**Secretary-Manager**  
*Associated Steamship Lines*

**T**OTAL exports during the month of April of this year showed practically the same tonnage as during April last year.

137 vessels lifted 434,325 tons of exports during the month, as compared to 434,891 tons lifted by 74 vessels during the same month last year.

Commodities which have registered sharp increases over last year's figures for the same month are: logs from 8,866,684 bd.ft. to 29,822,776 bd.ft.; chrome ore from 20,924 to 41,303 tons, and canned pineapples from 2,820 to 12,444 tons.

Exports during April, 1953, as compared with exports during April, 1952, were as follows:

Commodity	1953	1952
Beer.....	169 tons	446 tons
Cigars and cigarettes.....	17	17
Coconut, desiccated.....	4,125	3,612 "
Coconut oil.....	4,234	5,974 "
Concentrates, copper.....	1,078	10,000 "
Concentrates, lead.....	163	—
Copra.....	41,256	45,049 "
Copra cake and meal.....	4,079	7,663 "
Embroideries.....	227	250 "
Empty cylinders.....	327	298 "
Fish, salted.....	19	37 "
Foodstuffs.....	16	26 "
Fruits, fresh.....	468	201 "
Furniture, rattan.....	1,234	1,036 "
Gums, copal.....	100	28 "
Hemp.....	95,032 bales	81,851 bales
Hemp, knottings.....	28 tons	—
Household goods and personal effects.....	188	320 tons
Junk metal.....	265	3,846 "
Logs.....	29,822,776 bd.ft.	8,866,684 bd.ft.
Lumber, sawn.....	5,091,293	4,835,380 "
Molasses.....	15,202 tons	51,681 tons
Flywood and plywood products.....	15	—
Ores, chrome.....	41,303	20,924 "
Ores, iron.....	92,121	128,762 "
Ores, manganese.....	984	—
Pineapples, canned.....	12,444	2,820 "
Rattan, round (palasan).....	254	242 "
Rope.....	447	376 "
Shells, shell waste.....	39	57 "
Skins, hides.....	78	61 "
Sugar, cent./raw.....	124,703	107,545 "
Tobacco.....	1,624	1,585 "
Vegetable oil.....	101	106 "
Transit cargo.....	30	—
Merchandise, general.....	2,360	1,036 "

## Building Construction

By **JUAN J. CARLOS**  
*President, United Construction Co., Inc.*

**D**URING the month of April, the Office of the City Engineer approved building permits for construction work amounting to ₱4,123,120. For the same period in 1952, the volume of work authorized amounted to ₱3,502,260 in comparison with ₱4,857,025 in 1951 and ₱3,748,100 in 1950.

Some of the big projects that were started during the month of April were:

A 1-story steel warehouse on Otis Street, Pandacan, for the San Miguel Brewery, costing ₱160,000;

On Azcarraga Street, a 3-story office building for the Gregg Business School, estimated at ₱80,000;

For the Philippine Medical Center, a 2-story building on Taft Avenue, estimated at ₱70,000.

**A**s has been the case every summer, shortages of various essential materials have been felt in the local market.

Plumbing fixtures, especially water-closets, are all but unavailable in the stores, and prices have increased from ₱105-₱110 to ₱150-₱160 per set. The shortage was due to the fact that water-closets were classified by the Import Control Commission as "Non-Essential" and that consequently, importation was reduced to a minimum during the past 10 months. Fortunately, through the representations made by the Philippine Contractors Association, the classification was changed recently to "Controlled Essential" and shipments will arrive in the near future.

Cement continued to be very scarce and there have been sales at as high as ₱7.00 per bag in the "grey" market, against the producers' price of ₱3.60 per bag.

Even reinforcing steel bars were in short supply and there are sizes, like the 3/4 and 7/8 inch bars, which are unavailable. The local steel producers are having great difficulty in filling orders.

A ₱2,000,000 project was started by the Armed Forces of the Philippine at Camp Murphy. Funds for this work are coming from the \$10,000,000 grant of the United States Government handled by JUSMAG.

## Port of Manila

By **L. R. WENTHOLT**  
*Vice-President, Luzon Brokerage Company*

**D**URING the month of May, 76,000 tons of general cargo were discharged on Manila piers and lighters.

Pilferage is still going on, and although this matter has received some publicity in the newspapers, the results so far are negative. It is incredible that old newspapers could be substituted for such goods as leather and textiles and even menthol, in quantities of from 7 up to 14 large cases, without anybody being able to shed any light on the subject. The importers blame either the arrastre contractors or the brokers, and they, in turn, blame the shippers or the shipping companies. The pilferage has gone on now for seven months, with no arrests made!

Some congestion was experienced due to the simultaneous arrival of a number of ships with large quantities of merchandise to unload; however, the situation was speedily rectified and deliveries were reasonably prompt.

## Freight Car Loadings

By **JOSE B. LIBUNAO**  
*Traffic Manager, Manila Railroad Company*

**L**OADINGS of revenue freight during the month of April, 1953, totaled 2,734 cars. This was a decrease of 754 cars, or 21.62% less than the loadings during April of 1952 which ran to 3,488 cars.

### Revenue Carloadings by Classes

Revenue freight carloadings by general classes of commodities for the month of April are shown below:

Commodity	1953	1952
Products of agriculture.....	23,640	16,200
Animal products.....	487	912
Mineral products.....	2,110	1,271
Forest products.....	13,917	15,044
Products of manufacturing.....	24,182	30,619
Merchandise less than by carload.....	8,699	7,190
<b>Total.....</b>	<b>73,035</b>	<b>71,236</b>



While there are 43 items under consideration with 25 items showing decreases totalling 14,223 tons, 18 items registered increases totalling 16,022 tons, making an aggregate increase of 1,799 tons. The important items which suffered declines were—rice, 1,079 tons; palay, 433 tons; cattle and calves, 655 tons; logs and lumber, 1,337 tons; other products of the forest, 501 tons; petroleum, 838 tons; centrifugal sugar, 4,659 tons; molasses, 2,135 tons; and other manufactures, 718 tons, or a total decline of 12,354 tons. On the other hand, among the items which registered increases were—sugar cane, 9,204 tons; crushed rock, 596 tons; wood fuel, 697 tons; gasoline, 491 tons; fuel oil, 2,048 tons; and miscellaneous by less than carloads, 1,509 tons, or a total of 14,545 tons.

The decrease in tonnage for the month was caused by the total absence of shipments of corn, other mill products, tobacco, pigs, coconut oil, other oils, and alcohol for the month of April, 1953. During April, 1952, there was a total absence of shipments of "other animal products," other products of the mines, almaciga, refined sugar, and mangoes. In other words, there were fewer items of commodities shipped during April, 1953, than during the same month in 1952.

Carloadings for the month under review would have shown a larger total were it not for the fact that there was less service due to lack of power and other essential equipment, such as box-cars for loading rice and palay; tank-cars for loading molasses and oils and other liquid products; and flat-cars for loading logs, lumber, etc. It may be assumed, therefore, that delayed shipments, specially of molasses, and some other products may help augment the carloadings during the following month. The over-all situation for the coming months cannot, however, be improved because of the general decline in business.

## Lumber

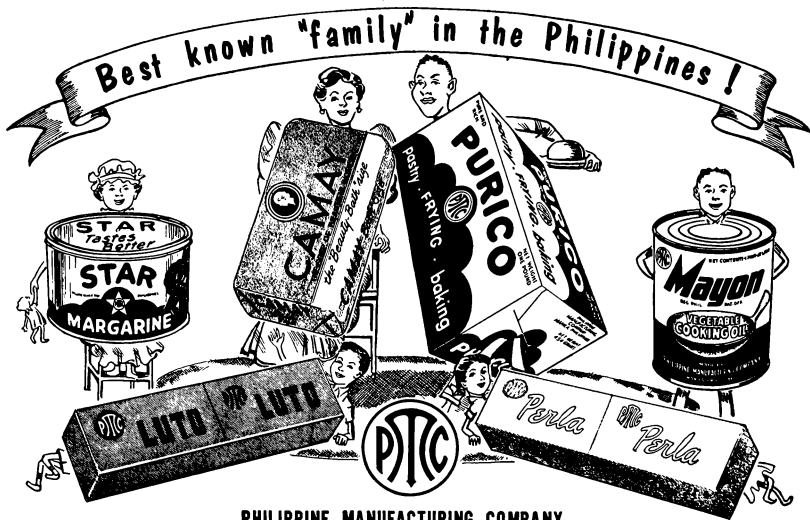
By PACIFICO DE OCAMPO  
Secretary-Treasurer

Philippine Lumber Producers' Association, Inc.

**D**URING the month under review, April, 1953, the Philippines exported 48,135,271 bd. ft. of logs and lumber, 9,816,111 bd. ft. more than during the preceding month. This increase was mainly due to the larger shipment of logs to Japan—from 28,918,979 bd. ft. in March to 40,145,515 bd. ft. in April, 1953, or an increase of 11,226,536 bd. ft. Export to United States and Canada decreased by 1,165,900 bd. ft. from 6,149,073 bd. ft. in March to 4,983,173 bd. ft. in April. Export to all other countries, likewise, decreased by 244,525 bd. ft. from 3,251,108 bd. ft. in March to 3,006,583 bd. ft. in April.

The following are the figures for the logs and lumber inspected for export during April, 1953, as released by the Bureau of Forestry:

Shipper	Volume in Board Feet	
	Destination	Lumber
Agusan Timber Corp.	Japan	1,350,000
Aginaldo Development Corp.	U. S. A.	231,655
Alberto Liorente	Hongkong	100,000
American Rubber Co.	Japan	1,778,091
Anakan Lumber Co.	Japan	462,330
Arturo Say	Japan	550,658
B. Soriano y Cia	Guam	2,325,000
Basilan Lumber Company, Inc.	Japan	400,341
Bislag Bay Lumber Co., Inc.	U. S. A.	572,231
Brigido R. Valencio	U. S. A.	1,106,580
Central Sawmill, Inc.	Hongkong	200,242
	Holland	77,061
	Hawaii	99,140
		95,575
		1,201,108
	U. S. A.	178,940
	Hongkong	168,000
	Japan	3,381,986
	Japan	1,227,303
	Formosa	526,220



PHILIPPINE MANUFACTURING COMPANY

Cipriano Luna Lumber Enterprises	Japan	641,196	Sta. Clara Lumber Co., Inc.	U. S. A.	399,987
D. C. Chuan & Sons, Inc.	Japan	450,202	Serra & Co.	Japan	700,000
Dolores de la Rosa	Japan	96,980	Tasat Sawmill Co., Inc.	Japan	529,383
F. E. Zuelig, Inc.	U. S. A.	189,779	Talagiman Lumber Co., Inc.	U. S. A.	271,252
Findley Miller Timber Co.	U. S. A.	190,003	T. H. Valderrama & Sons	Hawaii	183,187
General Enterprises, Inc.	Hongkong	35,000	Valeriano C. Bueno	Japan	913,033
General Lumber Co., Inc.	U. S. A.	199,988	Visayan Sawmill Co., Ltd.	Japan	1,149,081
Gonzalo Puyat & Sons, Inc.	Hongkong	80,946	West Basilan Timber Co., Inc.	Japan	820,562
G. S. Mañalac	Formosa	359,970	Western Mindanao Lumber Co., Inc.	U. S. A.	500,508
Hercules Lumber Co., Inc.	U. S. A.	250,048	Woodcraft Works, Ltd.	Japan	46,733
Iligan Lumber Co., Inc.	Japan	1,353,740	Woodworks, Incorporated	U. S. A.	312,880
Insular Lumber Company	Japan	583,015		Hongkong	249,358
Johnston Lumber Co., Inc.	U. S. A.	815,957			
Jorge J. Tirador	Hawaii	68,047			
Jose G. de Castro	South Africa	252,912			
Martha Lumber Mill	Japan	5,746,544			
Mindanao Lumber Development Co.	Japan	801,794			
Misamis Lumber Co., Inc.	Japan	490,279			
M. R. Lacson	Formosa	236,975			
Nasipit Lumber Co., Inc.	Japan	3,000,000			
Otto Gum, Inc.	Japan	393,228			
Pan Asiatic Commercial Co., Inc.	Japan	200,000			
P. P. Gocheco & Co., Inc.	Japan	500,159			
Sanchez Logging Co.	U. S. A.	49,919			
	Hongkong	8,320			
	Japan	4,360,000			
	Japan	400,000			
	Africa	18,648			
	Japan	499,998			
<b>Totals</b>					<b>4,556,993 43,578,278</b>

<b>RÉSUMÉ of Exports to:</b>				<b>Lumber (Bd.Ft.)</b>	<b>Logs (Bd.Ft.)</b>	<b>Total (Bd.Ft.)</b>
Japan				—	40,145,515	40,145,515
United States			3,194,862	1,788,311	4,983,173	
Other countries			1,362,131	1,644,452	3,006,583	
<b>Totals</b>				<b>4,556,993</b>	<b>43,578,278</b>	<b>48,135,271</b>

<b>Trend of Exports to:</b>						
	<b>This Month Lumber (Bd.Ft.)</b>	<b>Logs (Bd.Ft.)</b>	<b>Month Ago Lumber (Bd.Ft.)</b>	<b>Logs (Bd.Ft.)</b>	<b>Year Ago Lumber (Bd.Ft.)</b>	<b>Logs (Bd.Ft.)</b>
Japan			40,145,515		28,918,979	9,392,152
United States and Canada	3,194,862	1,788,311	4,082,944	2,086,129	4,623,518	1,155,742
Other countries	1,362,131	1,644,452	1,425,977	1,825,131	964,274	999,645
<b>Totals</b>						
	<b>4,556,993</b>	<b>43,578,278</b>	<b>5,508,921</b>	<b>32,810,239</b>	<b>5,587,792</b>	<b>11,547,539</b>

**COMPARATIVE STATEMENT OF EXPORTS MADE TO DIFFERENT REGIONS OF THE UNITED STATES DURING THE MONTHS OF MARCH AND APRIL, 1953**

Period	Lumber in Board Feet					Logs in Board Feet					Grand Total
	Western States	Eastern States	Gulf States	All Others	Total	Western States	Eastern States	Gulf States	All Others	Total	
March, 1953	2,526,649	1,018,700	212,638	254,998	4,012,985	1,106,054	399,996	399,987	500,079	2,066,129	6,078,514
April, 1953	2,500,230	447,234	149,513	97,885	3,194,862	1,341,591	46,733	399,987	—	1,788,311	4,983,173
Difference (Increase + Decrease -)	26,419	571,466	62,525	157,113	817,523	155,537	+ 353,263	— 399,987	+ 500,079	— 277,778	— 1,095,341

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SUMMARY OF EXPORTS DURING APRIL, 1953, ARRANGED  
BY COUNTRIES OF DESTINATION IN THE ORDER OF VO-  
LUME OF SHIPMENT TO EACH COUNTRY

Countries of Destination	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Total (Bd.Ft.)
Japan.....	—	40,145,515	40,145,515
United States.....	3,194,862	1,788,311	4,983,173
Formosa.....	—	1,163,165	1,163,165
Hongkong.....	637,739	80,946	718,685
Gum.....	—	400,341	400,341
Hawaii.....	346,809	—	346,809
South Africa.....	271,560	—	271,560
Holland.....	99,140	—	99,140
Netherlands.....	6,883	—	6,883
Totals.....	4,556,993	43,578,278	48,135,271

ARRIVALS of logs and lumber at Manila during the month under review, aggregating 12,849,279 bd. ft., increased by 1,832,122 bd. ft. as compared to arrivals during the previous month of 11,017,157 bd. ft.

The increase in the Manila lumber supply caused price decreases in the wholesale trade of from the ₱175-₱180 per 1000 bd.ft. for white lauan and the ₱195-₱205 for red lauan, paid the month before, to ₱165-₱170 and ₱185-₱195, respectively; the price of apitong remained unchanged at ₱170-₱175 per 1000 bd.ft.

THE Philippine Lumber Producers' Association, Inc. will start a movement in conjunction with the Bureau of Forestry for the conservation of our forest areas. This may initiate a much-needed reform in the present practices which have prevented proper reforestation of denuded areas.

THE impending expiration of the Philippines trade agreement with Japan on May 31, 1953, has again caused anxiety among lumber shippers to that country. In view of the Senate's failure to ratify the peace treaty, the Government should take immediate steps to renew the trade agreement lest we lose the Japanese market.

## Mining

By HENRY A. BRIMO

President

Philippine Gold Producers Association, Inc.

ON the evening of May 21, 1953, the Philippine Congress, during its final session, passed the Tax Relief Bill (House Bill No. 3761) which will give the gold producing industry in the Philippines its first tax relief. The satisfaction at its passage is increased by the realization that it required Herculean last-minute efforts to secure final passage. Without the direct aid of Secretary of Finance Aurelio Montinola, who screened the plea of the gold producers for Presidential certification of this Bill, and the desire of President Quirino himself to protect the industry and its 100,000 workers and dependents, even the best efforts of a sympathetic Congress would not have availed as time ran out while the measure was undergoing a series of amendments.

The final Bill passed by both Houses gives the following relief to the gold producers:

(1) The permanent elimination of the graduated scale clause in the ad valorem (mines products) tax. Henceforth gold producers will pay a flat 1-1/2% tax on their production.

(2) Elimination of the 17% excise tax for direct imports concerned in the operations of gold producers for a period of three years only.

(3) Elimination of the 7% compensating tax as well, also for a period of three years only.

In addition, the Bill suspends the corporate income tax for a period of three years for new mines or old mines resuming operation.

The approximate savings expected to result from House Bill No. 3761 follow:

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1. Ad Valorem Tax.....	₱1,600,000
2. 17% Excise Tax.....	1,500,000
3. 7% Compensating Tax.....	800,000
Total.....	₱3,900,000

The above total, divided by the total gold production for 1952 (10 companies) of 433,360 ounces, means a cost-saving per ounce of gold produced of approximately ₱9 per ounce. However, since a large amount of these tax savings will go back to the Government through corporate income tax payments, it can reasonably be stated that the actual benefit to the gold producers will probably not amount to more than ₱7.50 to ₱8.00 per ounce.

The importance of this saving cannot be overestimated. The proof that without this relief the gold producers would not have been able to continue, is best shown by the performance of the gold shares on the boards of the Manila Stock Exchange the day following final passage. On that day, not a single gold share advanced while three companies actually declined fractionally! Nor can it be argued that the market had already discounted the news because for the past few months the prices of all gold shares, without exception, have been declining slowly but steadily.

The reason, of course, is the persisting decline in the gold price, with indications of still lower prices to come. About the time the gold producers began asking for relief during the first half of 1952 the price of gold stood at around ₱110 per ounce (April, 1952). Today gold is selling at ₱101 per ounce. Thus the full measure of tax relief has already been dissipated through the decline in the gold price.

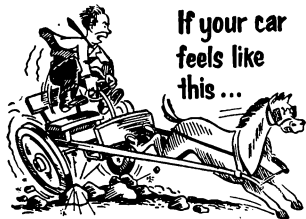
Actually, therefore, the passage of House Bill No. 3761, which was intended to provide a good measure of relief to the gold producers so as to enable expansion or at least the prolongation of the life of each property, will fall far short of its mark. And while it can safely be stated that this tax relief staved off the disaster which had been freely

predicted by almost every entity and adviser, a big question remains: Will the industry be able to survive even with the tax relief just granted?

The Stock Market has indicated its doubt. If gold prices continue to decline and the downward trend is not only unarrested but gives evidence of accelerating, a situation even more critical than that which faced the gold producers earlier in the year will soon be at hand. The present studies of the Philippine Gold Producers Association are designed to meet the next coming emergency, which in truth, is practically upon us now.

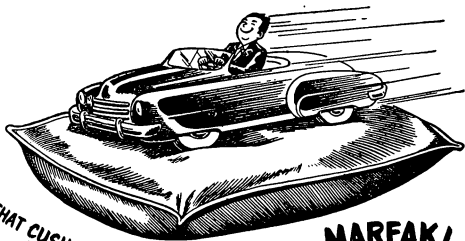
From the standpoint of the gold producers, and indeed of general industry, the paramount fact is that the last Congress did pass an important relief measure designed to help the gold industry. That such a measure was passed at a sacrifice to the Government, reveals an enlightened attitude that augurs well for future business. It is not easy to secure tax relief from the Government but it has now been demonstrated that it is possible and that Government will not turn a deaf ear when good faith is shown and the need is actually urgent.

It may be asked what the gold producers can now do to stave off the disaster that persists in rearing its ugly dome. Well, they could ask for a direct government subsidy, such as a guarantee to hold the price of gold at a certain level or to purchase all gold at a fixed level which would make it possible for the industry to survive. Or they could ask for a subsidy based on cost, such as is available in Canada to its gold producers. Again, a sort of multiple exchange-rate system, based on an exchange of gold for import licenses, could be a solution. Of these three, the last mentioned appears to be the most practical. In fact, there are indications that such a plan would be entirely feasible and would benefit the gold producers without a proportional sacrifice on the part of the Government, if not with actual benefit to the Government as well.



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It is certain that a large amount of gold is still underground in the Philippines and the time to get it out is now, while the gold mining companies are still operating, with their staffs intact, mills active, mines in workable condition, and capital already committed. In the dilemma that faces the industry, our Government has as large a stake as the stockholders of the various companies and the 100,000 people who live from the fruits of gold production. But while the Government has already shown its genuine interest and can therefore be expected to pursue its policy of help when help is needed, time is the arch enemy.

The gold industry, however, having had concrete proof of the desire of Government to help, will not allow itself to be defeated for want of time; the time to prove its needs and the time that must always elapse before help can be secured. The future contains many problems, but both Government and industry have shown that cooperation can overcome all problems, in time.

## Copra and Coconut Oil

By EDWARD F. UNDERWOOD  
Manager, Copra Buying Department, Philippine  
Manufacturing Company

**C**OPRA and coconut oil prices exhibited unusual stability during the month of May in anti-climatic contrast to the violent swings in the preceding two months. Copra and coconut oil prices moved higher early in the month but, at the peak of the rally, prices were up less than 10% from the lows of April. The copra market reacted in the latter part of the month and closed with net gains of only \$2.50 to \$10.00 per ton. Coconut oil prices lost all of their early gain and closed unchanged.

A surprising and completely unexpected drop in production in Mindanao bolstered the market, offsetting the very limited demand and an almost complete absence of short covering.

Consumers continued to operate on a hand-to-mouth basis and there was some evidence that coconut oil consumption in the United States was declining due to increasing substitution of lower priced oils.

European buyers were inactive until late in May when prices eased. On the decline Indonesia sold 7,600 tons of copra for May-June shipment and resellers sold several thousand tons of Philippine copra for June-July and July-August shipment.

**Copra Prices.** Copra prices during May advanced to as high as \$210 per short ton c.i.f. Pacific Coast for nearby shipment. The Pacific Coast market closed at \$200 nominal.

Buyers for Europe, after paying as high as \$211.00 per long ton f.o.b. landed weights for second half June shipment, \$192.50 f.o.b. for July shipment, and \$187.50 f.o.b. for August shipment, reduced their ideas to \$200.00 f.o.b. for early June shipment, \$187.50 f.o.b. for July shipment, and \$185.00 f.o.b. for August shipment.

**Coconut Oil Prices.** Coconut oil prices closed the month unchanged at 14-3/4¢ per pound f.o.b. tank cars Pacific Coast for immediate shipment. Coconut oil for immediate shipment to the East Coast was quoted at 14-3/4¢ nominal, down 1/4¢ per pound from April 30.

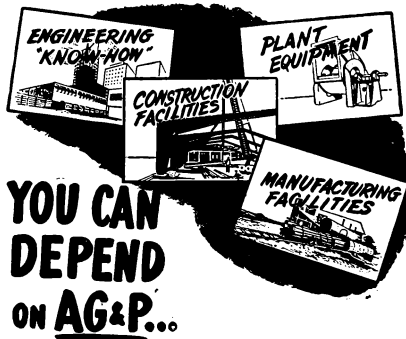
**Copra Cake and Meal Prices.** Copra cake and meal prices were steady and unchanged. At the end of May cake and meal prices were \$72 to \$75 per short ton c.i.f. West Coast.

### Copra Statistics

Philippine Copra and Coconut Oil Exports  
(In Long Tons)

Copra	March	April
United States .....	26,187	21,950
Europe .....	6,100	6,250
Other countries .....	12,342	13,056
Total .....	44,629	41,256

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## STEEL PRODUCTS

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PLUMBING

Coconut Oil		
United States .....	2,992	4,234
Other countries .....		

Total .....

	2,992	4,234
<b>Philippine and Indonesian Copra Exports</b>		
<b>Philippine Copra Exports*</b>		
	Metric Tons	Percentage
	1953	1952
January .....	41,925	77,050
February .....	38,674	84,384
March .....	50,158	55,549
April .....	48,743	55,402
Total .....	176,610	272,888

\* Includes coconut oil exports converted to copra.

### Manila and Cebu Copra Arrivals\*

(In Metric Tons)

	Manila	Cebu	Manila & Cebu
	1953	1952	1953
January .....	8,448	14,775	12,682
February .....	7,741	16,570	13,029
March .....	6,897**	14,232	17,993
April .....	8,305	12,411	13,380
May .....	9,202	15,253	10,140***
Total .....	40,593	73,512	67,222

\* Manifested arrivals only. Unmanifested arrivals are usually estimated at 10% of manifested.

\*\* Does not include 1,800 tons of damaged copra from the S.S. Anthony.

\*\*\* Preliminary

**Production and Future Prospects.** A phenomenal drop in Mindanao production during May more than offset the steadily improving situation on Luzon. Copra production in the Philippines for May, 1953, was the lowest since 1949. Low production was the principal sustaining factor in the market. Arrivals in Cebu improved considerably during the last week of May, indicating that production was picking up again.

The sharp drop in production in Mindanao confounded the trade, since the most pessimistic estimates had been for a slight improvement. The best reason given for the surprising decline was the picking of unripe nuts in March when high prices prevailed.

Production in Luzon improved moderately. The rate of increase was sharpest in the Bicol where there had been almost no production to speak of during the first four months of the year. One exporter estimated that Bicol production in July, 1953, would be at least 40% of July, 1952. This is the highest estimate given for this typhoon-stricken area.

Copra production should improve moderately throughout the Philippines during the month of June. It is generally expected that production will continue to increase in July, reaching a peak in early August. There are some traders who believe that peak production this year may be delayed till September or early October, but the question is when and how much, rather than whether or not, the production trend is upward.

Prices at the end of June should be lower than they are today. The questions again seem to be when and how much, rather than whether, prices will go higher or lower. Bearish factors are preponderant. Increasing production, a bearish longer-term picture for world fats and oils, the excellent chances for a settlement in Korea, a probability that the U. S. Department of Agriculture cottonseed-oil support program will be much weaker in 1953-1954 crop year—these are but a few of the considerations which can be advanced for expecting lower prices. To make things worse, copra and coconut oil prices are completely out of line with other fats and oils and have been out of line for many months. Consumers have had time to experiment with substitutes and there are indications that further substitution is being made.

Against this array of price depressants, the bulls have only the hope of an increase in international tension or a possible temporary condition of shorts caught in a squeeze.

An analysis of the situation clearly points to lower prices. It is extremely unlikely that present levels can be maintained for very long.

## Desiccated Coconut

By HOWARD R. HICK  
President and General Manager  
Peter Paul Philippine Corporation

**T**HIS report covers the period from April 15 to May 15, 1953. During the period copra prices receded about 25% and nut prices followed accordingly. Nut supplies increased considerably and made procurement quite easy.

Nut supplies, however, are not back to normal for this time of the year, and it looks as if it will be July before they are normal in the desiccated-coconut factory areas in Luzon.

Most factories are on a reduced operation basis because of large inventories in the United States and to wait out the extremely high raw material prices that were prevalent during the first quarter of the year.

One factory, Peter Paul Philippine Corporation, has entered into a production arrangement with the owners of "Mandalay Coconut Syrup," better known locally as "Coco-Honee." Peter Paul will ship its first large order to the United States this month and will continue to further exploit the American market as well as build up domestic sales in the Philippines. This looks like a "natural," to sell at much lower prices when the production has been streamlined.

The following are the shipping statistics for the month of April:

Shippers	Pounds
Franklin Baker Co.....	2,917,500
Blue Bar Coconut Co.....	895,650
Peter Paul Philippine Corp.....	—
Red V Coconut Products, Ltd.....	2,411,125
Sun Ripe Coconut Products, Inc.....	171,500
Cooperative Coconut Products, Inc.....	49,800
	<hr/>
	6,445,575.

## Manila Hemp

By T. W. JURIKA  
Acting General Manager  
Columbian Rope Company of Philippines, Inc.

**T**HE month of May opened with renewed demand in most overseas markets, though consumers were still generally disposed to pick and choose among available offerings, with most interest being shown in the higher grades. As the percentage of balings in higher grades has been declining over recent months, this ready market for parcels of Davao E and F and Non-Davao CD, E, F, I, and S2 was not entirely unexpected. If prices continue to decline, however, producers will probably revert to more careful stripping of raw fiber in an endeavour to raise the grade of their product.

Buying-prices in Davao remained generally unchanged. While dealers attempted several times to create artificial support for higher prices by freezing stocks for a period of a week, production was adequate to effect a more or less regular supply throughout the month.

The figure on total Philippine balings for May was not available from official sources at this writing, but indications are that they are in the neighborhood of 68,000 bales, compared with 77,000 for April. It is anticipated in some quarters that June figures will show an even further decline. Although a drop in production of this proportion would ordinarily create a firmer tendency in the market, the recent availability of increased supplies of Central American abaca to United States manufacturers has balanced the shortage in the Philippines.

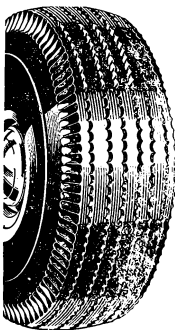


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African and Brazilian sisal still retain a favorable position price-wise when compared with even the lowest grades of abaca, but no further decline in this competitive fiber is anticipated in the face of concerted resistance among producers and recent disturbances in Kenya which may adversely affect the crop there.

The Philippines-Japan Trade Agreement has again been extended to September 30, 1953, under substantially the same terms and conditions, thus permitting a continuation of trade with the Philippines' second-best customer in fiber.

We attached hereto baling and export figures for the period January-April, inclusive:

	BALINGS—JANUARY APRIL INCLUSIVE				1949
	1953	1952	1951	1950	
Davao.....	160,267	170,505	164,709	102,318	73,154
Albay, Camarines, and Sorsogon.....	96,248	67,597	114,731	66,294	48,055
Leyte and Samar.....	45,505	64,123	69,529	39,531	42,751
All other non-Davao	35,610	27,069	38,940	25,806	30,660
Total.....	337,630	329,294	387,909	233,949	194,620

	EXPORTS—JANUARY APRIL INCLUSIVE				1949
	1953	1952	1951	1950	
United States and Canada.....	118,588	115,588	239,596	91,967	64,935
Continental Europe.....	68,204	63,407	71,046	30,414	38,995
United Kingdom.....	42,962	41,602	60,808	26,052	9,742
Japan.....	86,872	36,039	48,943	35,841	61,487
South Africa.....	3,170	4,100	3,420	1,310	1,746
China.....	745	4,075	2,005	5,315	4,468
India.....	2,250	1,630	3,202	3,200	526
Korea.....	—	—	—	950	—
Australia and New Zealand.....	1,200	550	700	625	—
All other countries.....	370	160	—	—	80
Total.....	324,161	267,151	429,720	195,674	181,979

## Sugar

By J. H. D'AUTHREAU

Theo. H. Davies & Co., Far East, Ltd.

THIS review covers the period May 1 to May 31, 1953. *New York Market.* On May 1 a leading New York house wrote as follows:

"Continued adverse weather coupled with uncertainty regarding economic trends in the light of peace negotiations, have been factors in limiting sugar inventories. On the other hand, consumer stocks are running low. The raw market appears to be on a sound basis with values recently edging up. Consumption should shortly be on the increase, followed by a broader and more active market."

Such, however, has been the effect of the Secretary of Agriculture's quota increase in April that no advance or increased activity has in fact developed and this despite better weather, sound basis, low inventories, poor peace prospects, and the rest of it. Refiners seem to be able to keep their heads above water without going into the market openly, and the low volume of business in actuals, contrasted with regular volume on the exchange, can only indicate private deals, off-stage, in sufficient volume to satisfy needs. As at the same time last year, refiners this month have trained their guns on afloat Philippines held by operators and business in these parcels, totalling approximately 20,000 tons, was done from 6.38¢ down to 6.35¢ for May and June arrivals. At the end of the month another lot of some 20,000 tons, was revealed in a similar position. Holders asked 6.45¢ but there are no buyers above 6.35¢. These lots are still unsold. The more distant arrival positions maintained the 6.45¢ level, small business in Philippines being done thereat for July and August shipment. The undertone at the close was firm but there was no positive indication of volume developing in the early future.

Reported sales of actuals totalled approximately 85,000 long tons, of which approximately 62,000 long tons



were Philippines. Exchange operations for the period approximated 176,000 tons. Deliveries of refined for the month totalled 607,375 tons as compared with 528,980 tons for April, 1953, and 681,982 tons for May, 1952. Distribution for the year to May 23 was 3,058,730 tons against 3,049,819 tons for the same period last year.

Refiners' stocks again showed a significant increase from 169,558 tons, as last reported, to 235,550 tons on May 16, high for the year. This figure compared with 256,520 tons for the same date in 1952.

On May 16 Cuba had milled 4,900,000 tons of its restricted crop of 5,000,000 tons, and, by May 22, 115 mills had completed grinding, leaving 46 still in operation. As we write, grinding must have terminated.

Opening and closing quotations on the No. 6 Contract were as follows:

	July	September	November	March,
	1954			
May 1.....	5.95¢	5.98¢	5.98¢	5.58¢
May 29.....	5.93	5.97	5.96	5.58

Average spot price for the period was 5.846190%.

Average spot price from January 1 to May 29 was 5.753786%.

**Local Market.** (a) Domestic Sugar. The market continued steady at the prices last reported on the basis of ₱15 per picul ex warehouse for 97° sugar, with a steady turn-over and no apparent shortage.

(b) Export Sugar. Prices have stayed in line with New York quotations at ₱15.50/55 with only moderate volume reported due to holders' persistent belief in an eventual advance in New York. This belief is hard to justify and no doubt June will see their hopes and doubts resolved. Storage charges now become a factor as well as interest and insurance.

Total export shipments for the month are estimated at 107,402 long tons, making a total of 550,402 long tons against the 1952-53 crop and a total of 430,402 long tons from January 1. New York reports show Philippine arrivals for the period, January 1 to May 16, at 285,582 long tons as against 257,740 long tons to the same date in 1952.

**1952-53 Milling.**—Eighteen of the 25 centrals have finished milling for the 1952-53 crop with a total production of 799,543 short tons. The remaining 7 centrals still milling are expected to produce 340,148 short tons, or a total estimated production for the 1952-53 crop of 1,139,691 short tons, representing a further reduction of the crop estimate and an estimated shortage of 92,309 short tons. The average of juice purities to date is 84.32.

**Japan.**—On May 28, Reuter reported that the Japan Sugar Manufacturers' Association had said that the Cuban Government is seeking a 3-year contract to supply 400,000 tons of sugar to Japan annually, but that the Japanese sugar refineries were not interested in imports in the immediate future, because the outstanding contracts, totalling 800,000 tons, would be sufficient to cover most of their requirements for the rest of the year.

Prices of refined sugar in Japan have declined so much recently due to over-production, that the Ministry of Agriculture and Forestry intends to recommend sugar refineries to restrict output.

## Tobacco

By LUIS A. PUJALTE  
 Exporter, Importer, and Wholesale  
 Dealer in Leaf Tobacco

**T**HE 1953 tobacco crop has been harvested and most of the farmers are now in the process of drying it except in Pangasinan, La Union, and the Visayas where quite a large part of the crop has already passed into the hands of dealers. The crop is slightly larger than was expected, perhaps up to 10%, but not more.

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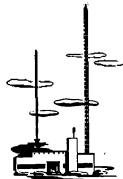
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It is gratifying to note that the law restricting the importation of Virginia leaf tobacco was so modified as to permit the importation of the amount needed which the local production can not supply. It was realized what a loss of revenue the bill as originally introduced would have brought about.

## Imports

By S. SCHMELKES  
Mercantile, Inc.

ALL figures are in kilos with the exception of those for foodstuffs which are given in package units:

Commodities:	April, 1953	April, 1952
Automotive (Total).....	2,403,354	2,064,846
Automobiles.....	221,501	280,600
Auto Accessories.....	4,456	
Auto Parts.....	257,855	356,694
Bicycles.....	473	4,791
Trucks.....	243,015	159,917
Truck Chassis.....	738,896	615,189
Truck Parts.....	130,554	231,076
Building Materials (Total).....	3,769,599	4,315,998
Board, Fibre.....	7,144	30,085
Cement.....	30,062	735,522
Glass, Window.....	275,489	1,345,163
Gypsum.....	—	45,359
Chemicals (Total).....	6,145,640	6,781,160
Caustic Soda.....	60,025	482,198
Explosives (Total).....	29,554	61,825
Firearms (Total).....	2,159	12,640
Ammunition.....	1,608	8,369
Hardware (Total).....	4,436,086	2,757,162
Household (Total).....	959,682	1,052,834
Machinery (Total).....	1,685,065	3,689,384
Metals (Total).....	12,534,750	10,113,068
Petroleum Products (Total).....	47,379,176	56,389,905
Radios (Total).....	19,630	93,042
Rubber Goods (Total).....	785,247	975,718
Beverages, Misc. Alcoholic.....	4,704	4,934
Foodstuffs, (Total Kilos).....	21,049,188	16,422,303
Foodstuffs, Fresh (Total).....	41,411	66,028
Apples.....	2,792	21,667
Oranges.....	26,110	19,555
Onions.....	—	—
Potatoes.....	—	9,105
Foodstuffs, Dry Packaged (Total).....	30,669	14,524
Foodstuffs, Canned (Total).....	347,625	200,756
Sardines.....	9,322	45,288
Milk, Evaporated.....	152,222	63,913
Milk, Condensed.....	34,000	37,602
Foodstuffs, Bulk (Total).....	417,589	345,952
Rice.....	1	—
Wheat Flour.....	372,424	300,694
Foodstuffs, Preserved (Total).....	1,674	113
Bottling, Misc. (Total).....	837,105	722,121
Cleansing and Laundry (Total).....	71,258	66,038
Entertainment Equipment (Total).....	5,676	4,057
Livestock-Bulls-Seeds (Total).....	8,815	71,838
Medical (Total).....	786,397	308,990
Musical (Total).....	17,701	59,519
Office Equipment (Total).....	29,625	52,528
Office Supplies (Total).....	28,881	69,466
Paper (Total).....	5,414,427	5,812,434
Photographic (Total).....	28,644	97,369
Raw Materials (Total).....	2,424,521	1,499,195
Sporting Goods (Total).....	7,597	30,476
Stationery (Total).....	212,769	295,229
Tobacco (Total).....	727,251	1,254,697
Chucheria (Total).....	44,140	63,326
Clothing and Apparel (Total).....	501,423	313,817
Cosmetics (Total).....	51,988	15,444
Fabrics (Total).....	534,791	696,545
Jewelry (Total).....	—	54
Leather (Total).....	114,352	177,829
Textiles (Total).....	2,709,313	2,663,437
Twine (Total).....	50,364	30,450
Toys (Total).....	4,199	3,298
General Merchandise (Total).....	479,687	955,055
Non-Commercial Shipments (Total).....	71,672	55,779
Advertising Materials, Etc. (Total).....	7,971	11,084

## Food Products

By W. E. M. SAUL

Manager, Food Products Department  
Marsman & Company, Inc.  
Trading Division

**T**HE Philippine Congress adjourned on May 21, 1953, without extending the present Import Control Law or acting on the Puyat Bill. If no special session of the Congress will be called, the Central Bank of the Philippines will probably take over the licensing of imports on July 1, since the Import Control Law expires on June 30, 1953.

**T**HE proposed new International Wheat Agreement has been signed by 45 to 46 member countries, as of the close of April 27, 1953, the final day for the affixation of signatures. The United Kingdom, with the largest quota of 177,067,939 bushels, did not sign the new Agreement. Since countries accounting for more than 50% of the total of 595,542,052 bushels of wheat that would move under the proposed new International Wheat Agreement have signed, the pact will be open for approval by ratification or otherwise, of the Council member-governments. If governments representing at least 50% of both export and import quantities record their approval by July 15, the new Agreement can become effective August 1, 1953. The Philippine Senate ratified the proposed new International Wheat Agreement during the last day of its session on May 21, 1953.

During the latter part of May, the Import Control Commission decided to license some 700,000/50-lb. bags of flour at non-IWA prices for shipment during June/July and some 3,500,000/50-lb. bags at IWA prices for shipment from August to January, 1954, in six equal monthly shipments. Quantities expected to be licensed by the I.C.C. are the absolute minimum to cover requirements.

Flour remains in short supply and it is reported that all grades of flour are being offered at prices that are above government ceilings. The distribution of flour is still administered by PRISCO and bakeries are on an allocation basis. However, if the 700,000/50 lb. bags of non-IWA flour will be licensed promptly, flour should be in sufficient supply during July and August.

**E**VAPORATED and powdered milks are in sufficient supply because of heavy arrivals during May. Local prices show a downward trend due to a price decline in the United States, coupled with the recent large arrivals.

**C**ANNED fish. The poor catch in anchovies which was experienced during the past few months, bettered somewhat toward the latter part of this month; consequently, prices eased. On the East Coast, the so-called sardine catch is expected soon to begin off the coast of Maine, and the season in Maryland has just ended. Fairly large quantities of sardines (pilchards) from South Africa are scheduled to arrive toward the end of June or early July; these arrivals will materially ease the short situation in the 15 oz. packs of "talls" and "ovals." The rainy season seems to have definitely started and there will be the usual extra demand for imported canned fish.

## Textiles

By W. V. SAUSSOTTE  
General Manager  
Neuss, Hesselein Co., Inc.

**T**HE price structure in the New York market did not conform to any rigid pattern during May. The principal cotton textile items, including print cloths and colored woven goods, remained steady but there were some reductions in drills and twills and a slight decline in

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all types of finished rayons. However, the prices of raw cotton and other natural fibers and synthetics remained virtually unchanged.

The Manila market, however, remained steady during May. There were some slight declines in lightweight fabrics now that the end of the hot season is approaching, but these were offset by slight increases in heavier goods.

Arrivals from the United States during May totalled 17,007 packages. Included were 5,424 packages of cotton piece goods, 4,719 packages of rayon piece goods, 1,127 packages of cotton remnants, 2,341 packages of rayon remnants, and 915 packages of cotton knitting yarns. Included also were 1,484 packages of sewing thread, 275 packages of cotton twine, 335 packages of oil-cloth, and 60 packages of cotton duck.

Arrivals of textiles from countries other than the United States totalled 3,016 packages. Included were 627 packages from China, consisting mainly of cotton piece goods, and 910 packages from Japan, including 619 packages of cotton piece goods and 194 packages of cotton twine. There were 819 packages from Europe consisting almost entirely of sewing thread, and 660 packages from India consisting entirely of jute cloth and jute sugar bags.

## Legislation, Executive Orders, and Court Decisions

By E. E. SELPH

Ross, Selph, Carrasco & Janda

THERE is still some delay in the compilation of the measures adopted by Congress. It is reported that 130 bills were passed by the last Congress.

Some of these bills relate to increases or adjustments in salaries of government officials or employees or other matters of governmental practice which are not of special interest to the business community. Many relate to change of names of barrios; some to change of administration of trade and agricultural schools. A considerable number relate to radio or electric and television rights.

House Bill 299 requires use of Philippine products under certain conditions on all government projects whether done directly or through contract awards.

House Bill 433 prohibits export of abaca seeds or derivatives.

House Bill 825 was combined with Senate Bill 423 to constitute the "Labor Peace Bill".

House Bill 1698 gives tenants working lands, preference in case owner desires to sell or lease his land.

House Bill 1784 relates to disposition of income-tax returns and for publication of a list of income tax payers and amount paid by each and allows the House Ways and Means Committee and the Senate Committee on Finance to examine any returns and give to the respective houses relevant and useful information.

House Bill 1918 amends the percentage-tax section of the Revenue Code covering operators of factories, sugar centrals, etc., and specifies that rope, twine, coconut oil and by-products of copra, exported, shall not be subject to the tax.

House Bill 2014 implements Executive Order of April 20, 1946, regarding deduction of impairment of capital of prewar domestic insurance companies from year to year until total amount has been deducted from gains.

House Bill 2482 authorizes the Government to sell fertilizer at less than cost, to rice and corn producers.

House Bill 2761 transfers the Sugar Quota Administration from the Department of Commerce to the Philippine Sugar Institute.

House Bill 2741 amends the business-name law to provide for renewal of registration of such names every 3 years.

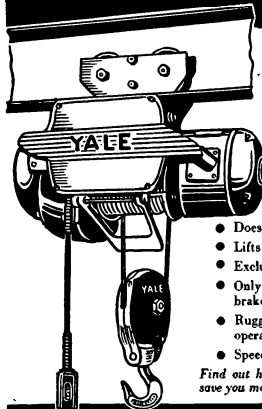
House Bill 2758 amends the Patent Law to provide for registration of designs and utility models.

House Bill 2765 amends the Trademark Law so as to provide for registration by foreigners whose countries grant substantially similar privileges to Philippine citizens, and if there is officially certified to the Philippine Government by the foreign government a copy of the foreign law and its text in English.

House Bill 2798 authorizes squatters on public lands and public places to continue to occupy same for 1 year from date of approval of this Act.

House Bill 2855 prohibits labor on Sunday, Christmas, New Year, Holy Thursday, and Good Friday. There are a number of exceptions covering essential services and activities.

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House Bill 2922 amends the definition of vessels eligible for coast-wise trade by restricting the distance that non-self-propelled vessels may be allowed to navigate, not more than 60 miles along the coast or more than 30 miles to other islands.

House Bill 3122 amends the definition of "prohibited drugs" by adding a list of synthetic drug preparations supposed to be habit-forming and adds a blanket clause by which the Secretary of Finance and the Secretary of Health may add other substance to the list. It also penalizes any druggist or doctor who negligently loses any such drug.

House Bill 3128 extends the increased corporation income tax.

House Bill 3210 evidently did not pass. This was the extension of the individual income tax which expired December 31, 1952. Withholding will be at old rate for the year 1953.

House Bill 3204 prohibits off-stadium betting activities ("bookies") on horse races and jai alai.

House Bill 3227 creates a Fiber Board to take charge of inspection and grading of fiber and gives it considerable power for regulation of local trading and export of fiber.

House Bill 3333 extends until Congress shall provide otherwise, the increased documentary stamp tax.

House Bill 3335 extends to June 30, 1954, the 17% exchange tax, which had previously been reduced to 12-1/2% by Republic Act 814.

House Bill 3336 extends until Congress shall provide otherwise, the increased tax on distilled spirits and cigarettes.

House Bill 3355 provides for expropriation of landed estates in Manila and limit the rental to 12% of the assessed value.

House Bill 3482 extends until Congress shall provide otherwise, the increased sales and percentage taxes.

House Bill 3521 amends the Workmen's Compensation Law so as to provide for increased fees from insurance carriers and uninsured employers and adds a provision for registration of employers with name of insurance carrier, and penalties for violation of the Compensation Act.

House Bill 3532 nationalizes pharmacies and drug stores and defines a pharmacy or drug store as "any establishment wherein medicines are dispensed, prescriptions filled, or drugs, and chemicals sold at retail or wholesale basis."

House Bill 3761 amends and reduces the mining taxes.

House Bill 3856 amends Motor-vehicle Law so as to provide for registration of agricultural vehicles monthly for such months as actually in use.

House Bills 3857 and 3931 amend percentage tax on sales covered by section 186 of the Revenue Code.

House Bill 3858 amends Act 671 and condones interest on certain obligations of prewar debtors to the Government or government-controlled corporations, but does not affect transactions with others.

Senate Bill 318 provides for a procedure for arbitration.

Senate Bill 350 makes the Walled City and its walls national historical monuments, and walls are to be reconstructed except where interrupted by existing streets.

Senate Bill 409 regulates the practice of nursing and prohibits the practice of nursing without a certificate from the Board of Examiners which is created by this law.

Senate Bill 423 combined with House Bill 825 is the Labor Peace Bill.

Senate Bill 458 defines the term "lease" or "charter" in relation to contracts giving non-citizens the use or control of Philippine vessels.

Senate Bill 464 amends the Sugar Quota Allocation Law by giving the Sugar Quota Administration power to allocate B and C sugar under certain conditions and confirming right of a planter to transfer his allotment from one milling district to another.

Senate Bill 493 authorizes concessions for the playing of bingo for prizes in goods or commodities other than money. This requires a building costing not less than ₱100,000 and the payment to the Philippine Government for each such establishment the sum of ₱50,000 per annum for a cancer fund to be administered by the Secretary of Health for the study, research, detection, and cure of cancer.

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## Philippine Safety Council

By FRANK S. TENNY

*Founder and Executive Director*

SEVERAL significant events took place in the safety field this last month, some of them to have immediate effect, others being more in connection with the "big picture".

The Council's board of directors has authorized the acquisition of the services of a Filipino safety technician for the technical staff. The new engineer has been employed by the U.S. Navy as a safety inspector for several years and will be especially valuable in training workers through the vernacular. He will be available to the Council within 30 days.

The Council's "Safety Education Booth" at the International Fair was closed on May 31 after a highly successful operation. Pictures of the booth exhibits have been taken and will be distributed here and abroad. The Fair Board has informed the Council that a gold medal has been awarded the P.S.C. for "exemplary public service" in the booth's operation and for services rendered the Fair in connection with public safety.

Plans progress for the second annual observation of National Safety Week next month. Mr. P. G. Maluanag, Chief of the Safety Engineering Division of the Department of Labor, has been invited to coordinate with the Council in this matter and a meeting was held on June 17 to formulate further plans.

The Council continues to devote increased attention to security matters, although steering clear of being "in the guard business". Several large firms are utilizing the services of the technical staff as security consultants. This work, although not normally a function of a community safety council, is in demand here at this time.

The preliminary planning for the organization and operation of the Security Delivery Service is about complete. This is a combination armored-car and air-delivery service for cash, bullion, and other valuables. Inquiries may be sent to the Safety Council office until further notice.

Close safety liaison with the taxicab industry continues, several lectures to drivers having been given during the past month. Attempts are now being made to make contact with appreciable numbers of jeepney drivers so as to begin an educational campaign among them.

The Council has begun an active cooperation with Colonel C. V. Lucero, new Manila police chief. Already certain changes and improvements in local traffic matters have been discussed and remedial measures formulated. The Chief has invited the Council Executive Director to be a guest instructor at the newly reconstituted Manila Police Training School.

The Fire Prevention Board continues to function, the latest project being that of urging provincial governments to create local "volunteer fire department" units. The Council will furnish technical assistance. There are many other items of interest to report in this column this month, but lack of space limits them to the above.

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**COST OF LIVING PRICE INDEX FOR WAGE EARNER'S  
FAMILY IN MANILA BY MONTH, 1948 TO 1952\***  
(1941 = 100)

*Bureau of the Census and Statistics, Manila*

1948	All Items (100)	Food (63.43)	House Rent (11.96)	Cloth- ing (20.6)	Fuel, Light and Water (7.73)	Miscel- laneous (14.84)	Purchas- ing Power of a Peso
January	390.7	427.6	453.9	224.5	304.6	249.9	2560
February	369.8	394.0	453.9	223.8	301.1	254.4	2708
March	349.4	361.0	453.9	214.6	308.1	255.9	2862
April	354.6	374.1	453.9	209.4	289.7	254.8	2820
May	349.8	360.2	453.9	214.2	289.7	271.6	2859
June	354.3	370.4	453.9	205.2	283.2	262.9	2823
July	356.4	374.2	453.9	201.3	281.6	262.4	2806
August	363.6	385.7	453.9	199.8	281.6	261.7	2751
September	374.9	404.0	453.9	199.2	297.2	260.0	2699
October	374.9	404.0	453.9	204.8	283.2	257.9	2668
November	368.7	394.4	453.9	202.0	281.6	258.7	2712
December	365.9	389.9	453.9	202.0	282.4	258.9	2732
1949	343.7	357.9	453.9	198.4	272.9	251.1	2910
January	363.8	386.8	453.9	202.0	279.0	258.9	2757
February	343.8	355.5	453.9	203.0	277.5	258.9	2900
March	345.3	358.2	453.9	202.0	276.3	258.5	2896
April	348.7	362.6	453.9	197.6	287.5	257.1	2868
May	348.8	362.8	453.9	197.2	287.5	257.1	2869
June	349.0	362.9	453.9	203.9	287.5	257.2	2865
July	351.7	374.0	453.9	194.2	265.8	240.5	2844
August	337.5	351.2	453.9	196.3	266.6	241.2	2963
September	333.6	345.1	453.9	190.3	264.8	243.1	2998
October	332.9	343.3	453.9	199.9	264.8	245.0	3004
November	339.6	356.1	453.9	191.1	258.4	239.8	2945
December	329.6	335.9	453.9	202.9	259.5	256.2	3035
1950	337.5	333.7	453.9	270.7	252.0	313.8	2963
January	332.3	336.8	453.9	238.0	253.1	269.3	3010
February	336.9	340.2	453.9	233.3	257.8	284.1	2969
March	339.0	341.4	453.9	236.7	257.8	292.6	2950
April	331.8	328.6	453.9	237.7	252.9	301.2	3015
May	320.2	308.6	453.9	244.7	249.7	309.1	3123
June	323.1	310.9	453.9	243.5	249.7	319.1	3095
July	332.0	322.4	453.9	252.6	242.7	328.7	3012
August	334.4	325.9	453.9	258.7	251.1	328.4	2990
September	341.3	335.0	453.9	317.4	252.5	327.5	2930
October	352.8	351.1	453.9	337.3	249.7	334.5	2835
November	354.1	353.2	453.9	322.8	249.7	335.9	2825
December	352.2	350.5	453.9	325.2	249.7	334.8	2836
1951	359.4	361.5	453.9	365.3	248.0	331.5	2782
January	355.2	355.0	453.9	331.5	249.7	334.6	2819
February	358.4	359.8	453.9	342.8	249.7	334.4	2790
March	352.4	349.3	453.9	379.4	248.8	334.3	2838
April	361.2	362.6	453.9	398.6	247.5	334.7	2769
May	365.0	367.0	453.9	410.4	247.5	339.5	2745
June	367.8	372.0	453.9	399.5	247.5	337.7	2719
July	366.3	370.1	453.9	382.0	247.5	339.0	2730
August	365.1	371.4	453.9	354.0	247.5	329.1	2739
September	363.0	369.0	453.9	356.4	247.5	325.4	2755
October	358.1	361.1	453.9	350.4	247.5	326.7	2793
November	351.1	351.1	453.9	343.8	247.5	323.3	2848
December	349.0	348.9	453.9	335.2	247.5	319.4	2865
1952	346.4	347.4	453.9	280.6	244.1	317.7	2887
January	355.1	357.8	453.9	323.0	247.5	324.6	2816
February	348.0	349.8	453.9	282.9	243.4	318.3	2874
March	344.3	345.1	453.9	273.7	243.4	315.0	2904
April	342.7	342.7	453.9	276.5	243.4	313.8	2918
May	342.2	341.8	453.9	279.9	243.4	313.9	2922
June	345.4	346.3	453.9	277.1	243.4	316.3	2895
July	347.6	349.5	453.9	273.6	243.4	318.3	2877
Aug.	347.9	349.4	453.9	276.1	243.4	320.4	2874
September	348.3	350.0	453.9	274.8	243.4	320.5	2871
October	344.5	344.6	453.9	276.2	243.4	317.8	2903
November	347.5	349.3	453.9	274.7	243.4	318.3	2878
December	347.9	348.9	453.9	271.5	247.5	321.2	2874
1953							
January	344.3	343.2	453.9	271.0	247.5	321.4	2904
February	330.1	321.1	453.9	268.8	243.4	322.3	3029
March	325.7	314.3	453.9	268.8	243.4	321.6	3070
April	324.7	312.8	453.9	268.2	243.4	321.3	3080
May	321.3	307.8	453.9	268.2	243.4	320.0	3112

\*Average number of persons in a family = 4.9 members.  
\*For explanatory note, see the August, 1951, Journal.

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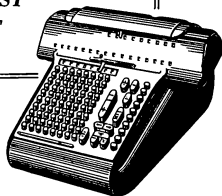
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# The "LET YOUR HAIR DOWN" Column

"I stop here," said the editor, tossing down the typescript of this month's *Journal* instalment of his "Short History" in front of us to read over if we wanted to.

"I'm tired," he said, "and I have a good excuse,—with the elections coming. Anything I would write about the Quirino Administration could be interpreted as an unlawful attempt on my part as an 'alien'

to influence the elections, and you know what the law says about that!"

"No," said we. "What?"

"I thought you wouldn't know," said the editor tactfully, "and I have written it down here. . . Section 56 of the Revised Election Code (Republic Act No. 180). It reads:

"No foreigner shall aid any candidate, directly or indirectly, or take part in or influence in any manner any election."

"This was one of the early post-independence enactments, but don't make too much of that. There was a similar provision in the Election Law, Chapter 18, of the Revised Administrative Code of 1917, for instance. In my opinion, this is an entirely natural, proper, and necessary provision of law. Foreign influence in an election is intolerable in any country and could seriously endanger the national interest. . ."

"But, certainly," said we, "nothing that you would write in the way of history. . . And after half a lifetime in the country. . . for many years connected with the Philippine Government itself. . . could you still be considered an 'alien'?"

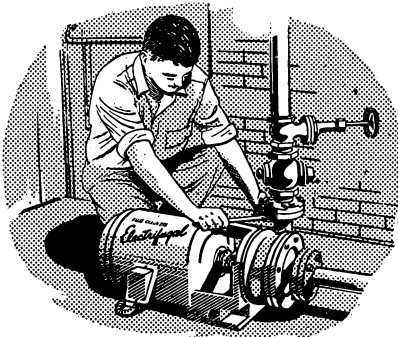
"Well," said the editor, "I don't feel like one, but, of course, I am not a Philippine citizen, either. I do not have the right to vote. . . I did have that right once, though, but, like most Americans here, I never exercised it. Under the Jones Act of 1916, 'every male person. . . not a citizen or subject of a foreign power' and possessing certain qualifications as to age, residence, literacy, property, etc., could vote. Some Americans here did vote and a few were even elected to municipal office in some of the provinces.

"It was, sadly enough, the Commonwealth Constitution, adopted in 1936, which formally disenfranchised the Americans here by restricting the suffrage to 'male citizens of the Philippines not otherwise disqualified.' The Ordinance appended to the Constitution gave the Americans only equal 'civil' rights which, presumably, did not include the right to vote, although I believe this disenfranchisement of Americans in a country under the American flag could have been successfully challenged. But most Americans here, realizing what a small minority they constituted, were indifferent to voting rights. Also, there was a feeling even in the days of American sovereignty, that the Filipinos should have the right to elect their own leaders without their interference: the American Governor-General, and later the High Commissioner, were more or less looked upon as embodying sufficient American participation and representation in the Government.

"The local Americans, however, did feel that as they lived in a country under the American flag, they had every right to express themselves in other ways and thus influence the course of the Government, and that right, which was essentially the right of free speech and press, was never questioned by the Filipinos. Local American opinion, in fact, was generally given consideration by them and its expression was often invited.

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"I am sure that the exercise of the right of free speech and press by the Americans here, even in the independent Philippines of today, would be insisted upon by them if that right were ever challenged,—which, in my opinion, is not likely. The American press here has remained quite outspoken on public affairs during the past few years, and that is as it should be. In so far as that press represents the local Americans, it has, in my opinion, not only the right, but the obligation and the duty, not only toward the Americans, but toward the country itself, to speak out. As among the residents, the inhabitants, the *people* of the Philippines, they have the right and the duty to make themselves heard in public affairs."

"That's all very interesting," said we, "but why, then, don't you finish your business history, bring it down to date?"

The editor answered: "It isn't because I think I do not have the right. I have the right to say or to write anything I want to about the Quirino Administration that would not be libelous. From the point of view I have just expressed, this might even be an obligation. In fact, I wouldn't be surprised if I received a letter from President Quirino asking me to do so, as he might be in-

terested in what I would have to say. But I think that in that case, with the presidential election coming on, I should respectfully decline to do so.

"Frankly, I undertook the writing of that short history of the industry and commerce of the country not only to bring the facts together for the convenience of *Journal* readers, but also to influence, if I could, Philippine Government policy in that field. I wanted to point out what I believe have been unwise deviations in that policy. But what I would have to say about the period of the Quirino Administration, might be used in the election campaign, and whether for or against the President, I would not want that. I think the election of their President in the Filipinos' own business.

"Couldn't you write in a strictly factual and objective way?"

"No, I could not. The facts of history are not neutral, like the facts of a physical science. The historian deals not only with events, but with human action, motives, and aims, good or bad, right or wrong, wise or unwise. As the British historian, Arnold Toynbee, wrote recently:

"He [the historian] could avoid making moral judgments only by closing his mind to the meaning of the story; and, if making history 'scientific' were to be equated with treating human action as if it were non-moral, the result would be in fact to make history meaningless."

"I hope I am not boring you," continued the editor, "but Toynbee said another good thing (I ran across this only last night, after I had finished my Roxas instalment and had a little time for general reading, but he voiced a caution which I tried to observe):

"But what kind of moral judgments ought the reader to find—and find frankly disclosed—in the historian's published work? If history can not be written 'scientifically' in the sense of eliminating the element of moral judgment in dealing with human acts, it can and should be written fairly. The inescapable necessity of making moral judgments carries with it an inescapable moral obligation to judge as justly as human nature can; and this means doing one's best to live up to several universally recognized rules. One must try to detect one's own malice and passion (if one is in any degree moved by malice or passion) and must do one's best to make oneself rise above them. One must assume that there are likely to be two sides to a case, and one must take particular pains to make sure that one is informing oneself and one's reader about the side which, in the historian's personal opinion, is in the wrong or for which short of that, one is conscious of feeling less sympathy than one feels for the other side. One's duty, in fact, is to make one's inevitable judgments as charitably and dispassionately as one can on the widest possible basis of facts and of considerations about them pro and contra, and to communicate the results to the reader in 'parliamentary language'—that is, in words calculated, not to excite passion or prejudice, but to avoid arousing it."

"I tried to do that," said the editor. "There were places in the story, believe me, where I had to hold myself in."

**A**N American Embassy official told us that he "got a great kick" out of the editorial in the April *Journal* on "The Animadversion of Mr. Henry R. Luce." A marked copy of this issue was sent to Mr. Luce at Rockefeller Center, New York, but no response has yet been received by us.

**T**HE editor came to us on the Wednesday morning after the Tuesday of Queen Elizabeth's coronation in London and the big party given by the British community here at the Manila Hotel. He had a newspaper in his hand, and said, "It says here that the guests had the good old roast beef of England and champagne. Heck, I was there, but I lost out on that because I left after about an hour. I had several drinks of scotch and water and some stuffed hard-boiled eggs and cheese-sticks, but I missed the famous roast beef and the champagne."

"Well, what did you have to leave for? Why didn't you stick around?"

"I wanted to get home and turn on my Hallicrafter and listen in on

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the real thing. I was in time to get the actual crowning, the prayers, the choir singing, the trumpet fanfares, etc. It was a moving thing, even over the radio. There was a resonance that suggested the vastness of the Abbey and a background of sound that could only come from a great assemblage of people. It was not difficult to envisage the whole splendid scene. I am glad I heard what of the whole thing I did hear, even if I was not in the Fiesta Pavilion at the Hotel to join in the toast to the Queen. I owe my British hosts an apology for that, but I am sure they will forgive me if they understand why I left early."

**A**n American Army officer wrote in to say, referring to the "History"—

"I found your May instalment in the Journal most interesting. (Having been on the staff at Malacañan for nearly three years, 1946-49, I naturally look forward to your next article."

This "next article" is that published in this issue. We hope that it meets expectations.

**A**s has already been stated elsewhere in this column, the "Short History of Industry and Trade in the Philippines" ends with the instalment on the Roxas Administration published in this issue of the *Journal*. Many readers during the past months have expressed an interest in a possible reprint of the series in book form. Such a book would run to around 300 pages and the cost of the project has to be taken into consideration. It would help those who have to make the decision whether

or not to reprint, if the *Journal* Office received a sufficient number of advance orders for the book to indicate that the cost would be covered.

The author himself,—our worthy editor, is not at all eager to have the series reprinted in book form, because, he says, what he did was to write some articles and not a book, which is different. He says a book must be better integrated, must be more of a unit, than a series of articles can be, and that the separate articles of a series are not the same as the different chapters of a book. He also said that in having to meet the printers' dead-line every month, he was working under pressure and had to write too hastily. Then also, he said, he was up against space restrictions and had to condense too much and leave out too much. "In short," he said, "though I worked like hell, I am not satisfied with the result."

To which we say that all he said may be true, but that the fact remains that he has done something no one else had as yet done, that he brought out a great wealth of information not readily found elsewhere, that this was all presented in an orderly way to bring out certain historical trends, as well as deviations therefrom, together with a well-pointed moral for the Government, and that in some of his articles, especially those on the Japanese occupation, he did much original work, telling a story that had not been told and which might never have been told but for him.

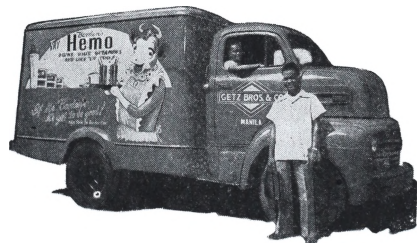
So, folks, let us know whether you would want the book and how many copies.

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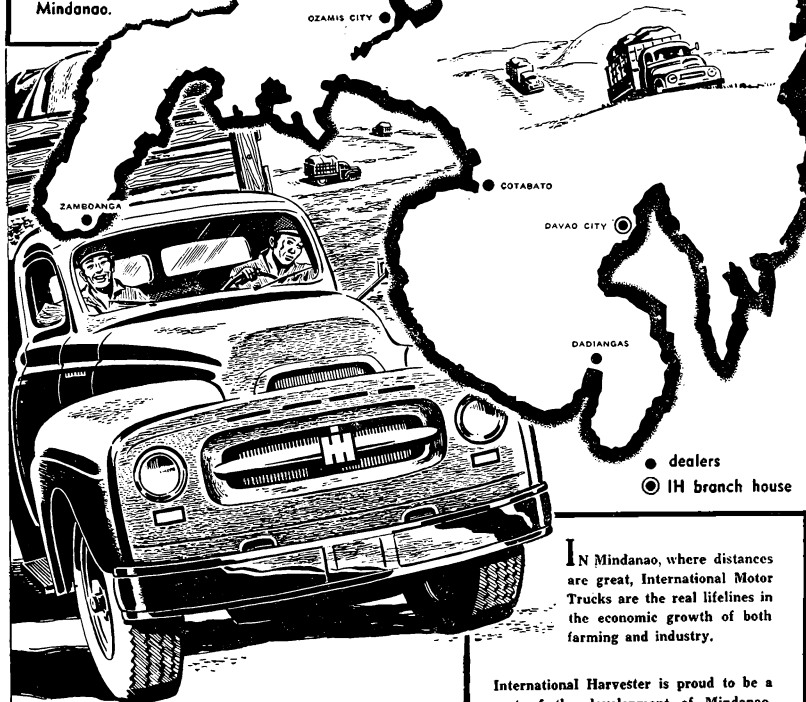
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International Motor Trucks haul essential supplies — everything from plows to pineapples, performing a vital transport service in the pioneer land, Mindanao.



**I**N Mindanao, where distances are great, International Motor Trucks are the real lifelines in the economic growth of both farming and industry.

International Harvester is proud to be a part of the development of Mindanao. The prosperity of this rich land gives strength to the entire nation.

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