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JOURNAL

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Editorials

"... to promote the general welfare"

Ambassador John Foster Dulles, last month, told this country no more than the truth when he stated that while he is in full sympathy with the justice of the Philippine reparation claims against Japan, no successful way has yet been worked out through which the payment of reparations by one country to another can be effected.

Reparations from Japan

That is, at first statement, surprising, and indeed, following World War I, it took long years before even the experts of the Allied and Associated Powers engaged in determined efforts to exact reparations from Germany, understood the facts. The truth is that reparations, or, more correctly, large reparations comparable to the damage done by an aggressor, can not be paid without further seriously upsetting the economy not only of the defeated nation paying the reparations, but also the economies of the victorious countries receiving the reparations.

It is true that indemnities were successfully collected after several earlier wars, but that was because the amounts demanded from the defeated nations were moderate and the payments were made mainly by the surrender of their assets in the victorious countries and from the proceeds of not excessively large loans. Those were the days before the total wars of this era when the damage done was relatively small.

In 1920, however, it was resolved that Germany must pay a minimum of 3,000,000,000 gold marks* a year for 35 years, but not more than 269,000,000,000 in the aggregate. Though this was soon and repeatedly scaled down in conference after conference, and though there were ultimatums and there was even an occupation of the Ruhr in an attempt to force payment, what resulted was a flight of capital from Germany and the disastrous inflation of 1923 when the mark fell to a point where it was worth nothing.

Then came the Dawes Plan, followed by the Young Plan, then the Hoover Moratorium, and finally the Lausanne Conference (1932) at which the whole reparations figure was reduced to 3,000,000,000 gold marks, equal only to what was formerly demanded for one year alone. Then, in 1933, came Hitler who within a few years repudiated the whole thing.

What Germany actually paid is a matter of dispute. One authority put the reparation payments made up to 1924 at around 25,000,000,000 marks and after 1924 (under the Dawes and Young Plans) at 11,000,000,000, but during this same period Germany's net borrowings came to 15,000,000,000, the total Germany transferred to the world, therefore, being 21,000,000,000.

During the 1924-1931 period, Germany paid out some 11,000,000,000 marks, as already stated, but borrowed 18,000,000,000! That was one reason why the Dawes and Young plans were comparatively "successful".

The reparations actually paid between 1924 and 1930 ranged annually from around 2% to 3-1/2% of Germany's national income; from 15% to 18% of the value of German exports; and from 17% to 32% of the total German government expenditures. Yet, as shown, these payments could not be made without heavy borrowing, and the business ended in the rise of a Hitler and a second world war.

The chief obstacle to the reparations payments was not the unwillingness of Germany, at first, to make the payments, but the unwillingness of the creditor nations to accept payments "in the only form in which they could be made,—by the transfer of goods or services". The reason for the unwillingness of the latter was the fact that German reparation goods competed disastrously with the domestic goods in the creditor countries, and the German services competed with and brought suffering upon domestic labor.

A transfer advantageous to a creditor country would be payment in gold, but a defeated country rarely has gold, and if it has to borrow it, that can only be done in the long run by increasing its exports over its imports,—and then we are up against the old difficulty of competition and underselling.

One indemnity, the collection of which was fairly successful, was that exacted from China for the Boxer uprising in 1900. The indemnity amounted to 450,000,000

*The mark, before the war, was worth about $0.24.

taels, to be paid in 39 years, and secured by the revenues of the imperial maritime customs. America's share in this was $24,000,000 or almost twice the amount of the American claims. The excess was cancelled by Congress in 1908, and the amount was used by China to send Chinese students to American universities,—a wise action on the part of both countries.

The foregoing facts with relation to German reparations and the Boxer indemnity should caution moderation to the Philippines in its reparation claims against Japan. Some writers in Manila have recently said that the Philippines is being asked to "give up" ₱8,000,000,000 in reparations. That is misleading. It may indeed be the claim, though we do not know whether it has been officially presented. In withdrawing such a claim, however, if it has been made, the Philippines would not be "giving up" this vast amount, as it is wholly unlikely that the Philippines could ever collect it. What the Philippines would be giving up in abandoning reparation claims entirely would only be the amount it might have collected.

Japan's cruel and ruthless aggression inflicted terrible devastation and loss on the Philippines,—a total of damage and suffering which it is in fact impossible to assess in financial terms. Japan should and must make what reparation lies in its power, though we in the Philippines should consider that the Philippines is not the only country which suffered greatly from Japanese aggression and not the only country which is demanding reparations.

But while Japan's ability to make restitution is limited and large-scale reparations payments may be admitted to be a practical impossibility, indemnity payments moderate in amount but continued over possibly a considerable period of years, would not, we believe, be impossible.

A prominent Manilan and a former President of the American Chamber of Commerce, Mr. Frederic H. Stevens, has given the *Journal* permission to quote from a letter, embodying a concrete suggestion along these lines, which he recently addressed to Ambassador Dulles. It ran in part:

"...To judge from statements made by President Quirino and other officials, as well as by the strong editorial comment in the Manila newspapers during the past weeks, the Philippine Government will persist in demanding reparations.

"I believe that we are all agreed that the Philippines, especially, of all the countries invaded, is fully entitled to reparations, but I share the view that large-scale reparations are virtually impossible to collect and that any demands made on Japan should not be so great as to make meeting them impossible or to defeat Japan's own economic recovery, in which we are all interested.

"It is my suggestion, therefore, that the American Government should support the Philippine demand for some form of reparation, but should work also for levying only a moderate indemnity, say of a million pesos a year for perhaps fifty years. Similar indemnities could be laid upon Japan on behalf of other victimized countries, yet the total, it seems to me, would be well within the range of what is possible to collect.

"Such payments, in fact, would be hardly more than token payments, but they would tend to assuage present bitterness and would serve as an acknowledgement by Japan of the wrong it has done and as a continuous and salutary reminder of this over several generations."

Mr. Stevens informed us that copies of his letter were also sent to Under-Secretary of Foreign Affairs, Mr. Felino Neri, and to American Ambassador Cowen.

A million pesos a year may be considered by many as wholly insufficient, and we, ourselves, would not propose any specific amount. We believe only that the amount agreed upon should be possible both to pay *and to receive* in the forms in which it would have to be received. The present barter agreement between the Philippines and SCAP and the difficulties being met with by those who wish to increase the total amount involved in this trade, which difficulties flow in part from the fact that the Philippines does not want to import too large a volume of Japanese goods, should go to show what large reparation payments from Japan would actually mean,—more Japanese goods and services than the Philippines would or could *accept*.

Foreign Competition with Manila Hemp

That no very serious competition with our own abacá (Manila hemp) industry is to be expected from the efforts presently being made to increase the production of abacá in Central America, is the conclusion reached by Mr. Samuel Fraser in his article, "The Truth about the Central America Abacá Plantations", written for the *Journal* and published in this issue.

This is welcome reassurance, from the point of view of the local industry. It is to be noted that Mr. Fraser's conclusion differs to a degree from that of the authority quoted in an editorial in the December issue of the *Journal* who declared that a "very considerable increase in abacá production" will result from the Central American projects, though this authority also expressed the opinion that the Philippines will be "able to withstand this effect and that a healthy abacá industry in the Philippines will still be possible".

MR. Fraser's article naturally leads to the question: What of the competition to be expected from Borneo and Sumatra, where abacá cultivation has also been introduced?

According to first-hand information which the *Journal* was recently able to obtain, the answer to this question is equally reassuring.

As to Borneo, the facts are briefly the following:

From 1932 on to the outbreak of the war, the Japanese, led by the Ohta Plantation interests in Davao, brought some 7,000 acres of land under abacá cultivation on the east coast of British North Borneo, around Tawau, the six plantations established there ranging in area from 600 to 3,000 acres. The Japanese brought in their own labor and also, it is said, Chinese women workers. Local Dyaks also labored on the plantations. For the stripping, the Philippine *hagutan* or spindle-machines were used. They produced an excellent hemp, the production probably reaching from 5,000 to 6,000 tons a year just before the war. The abacá was affected by "bunchy-top" disease, which after the first world war destroyed the plantations in Cavite, Tayabas, and Laguna, but the Japanese kept it in check in Borneo.

A British alien property custodian took the plantations over after the war, in 1945, when, it is said, the plantations were still in a fine condition, but, as operated under the custodian, the bunchy-top disease and also heart-rot got out of hand and within three years the plantations were seriously infested.

In January, 1949, a subsidiary of the Luzon Stevedoring Co., Inc., of Manila, under the name "Borneo Abacá, Ltd.", obtained a concession from the British Government, in which the Colonial Development Corporation, a British government corporation (the company responsible for the African ground-nut fiasco), had a one-third interest.

Borneo Abacá, Ltd. began by attempting to eradicate disease and harvesting as much as was possible from the old plantations, and in August of 1950 began the replanting of some 2,500 acres which will begin to come into production in about 24 months from the time of planting. Disease continued to be a very serious problem, and from January of this year to the end of March, less than 100 tons of hemp were sold. Those in the know believe that competition from Borneo during the next four years will prove almost nil.

Presently, the Luzon Stevedoring Company interests and the Colonial Development Corporation are engaged in negotiations directed toward the latter taking over the whole project, and appraisers were recently sent to Borneo to assist in establishing a price.

As to Indonesia:

The Dutch began experimenting in abacá cultivation in Sumatra late in 1920, starting, as in Borneo and Central America, with plants brought from Davao.* They found one area in the foothills which was suitable, but after a year or two the small plantation was so badly infested with a species of black beetle that the plants had to be cut down.

In 1924, some hundreds of acres on the east coast were planted to abacá which in time produced a good yield, but again the beetles proved a destructive pest. These insects make holes in the stem for depositing their eggs just under the surface, an exuded liquid rots the surrounding plant tissue, and the larvae eat the rotted parts; large holes are formed, and finally the wind topples the plants over. The only way the Dutch could get rid of the beetles was to pay children to pick them off.

By 1939, however, in spite of this and other difficulties, the Handelsvereeniging "Amsterdam", a private corporation, had 12,000 acres of abacá under cultivation producing from 10,000 to 12,000 tons a year of first-class Manila hemp. Shortly after that, the war broke out and the plantations were destroyed.

Work was resumed after the war in the same east coast area, and on one 500 acre plantation on the south coast. The estimated production for this year is around 5,000 tons. The high standard of preparation, color, and grading of this fibre achieved before the war have been recovered. One handicap is the shortage of labor, and contract labor must be brought in from Java. The industry is, in these times, further plagued by strikes among the workers. Expert opinion is that Sumatra will probably get back to the pre-war production, but it is not expected that it will go much beyond that.

Roads, Exports, and the Dollar Exchange

The ramification of the effects of the present virtual breakdown in government finance is wide indeed and leads to results which may not have been at all anticipated.

At the moment, for instance, in the province of Davao, thousands of piculs of abacá, estimated at well over ₱1,000,000 in total value, which would make a very acceptable amount in much-needed foreign exchange, can not be brought to market because of bad roads, the roads being bad, of course, because the Government has no money, or little money, to keep them in repair.

A very promising new abacá region, around Compostella, some 100 kilometers north of Davao City, today lies virtually isolated, and when abacá was selling in Davao City at ₱70 a picul, the small Chinese dealers in Compostella were paying from ₱15 to ₱25 less, hemp growers pressed for cash being compelled to sell at such a considerable loss. These few local dealers, however, lacking warehouses, can themselves buy only limited amounts, a few hundred piculs, so that it may be said with some truth that there is no real market in Compostella, though the world is crying for hemp.

We are prone to think badly of such middlemen, who pay way below the market price even for what little they buy, but there is good reason why these small dealers in Compostella are paying so much less than the price being paid in Davao City. A week or so prior to the date of this writing, one venturesome Chinese decided to brave the road and loaded some 50 piculs, about 3-1/2 tons, on an old G.I. ten-wheel truck, a vehicle built for hard going. It took him four days to reach Davao City because the truck had to be pulled out of one mudhole after another and the trip cost him ₱300. This is equivalent to ₱6 a picul and may be compared to the cost of shipping abacá from Davao City, via Manila, to Yokohama, which is ₱3.50 a picul, and the cost of shipping it across the ocean, which is ₱4.95 a picul to the United States West Coast and ₱6.45 a picul to the Atlantic Coast.

Another Compostella dealer, a few days later, also decided on a trip. It took him a full week, though it cost him somewhat less, ₱250, but with the sleeping out in the rain so many nights and other hardships of the expedition, he said that he did not want to make another.

It must not be supposed that Compostella lies on a side-road. It lies on the main north road of Davao Province, a national road!

The foregoing illustrates some of the immediate effects of the bad roads in Davao, but if little or nothing is done about it, the remoter consequences will be far more serious.

When abacá can not be marketed, it naturally is not stripped, but this does not merely postpone the harvest. If the stems, as they mature, are not stripped, they rot, and the waste is truly heart-rending to those brave pioneers who have labored so mightily to bring wild virgin forests under cultivation. The work involved is perhaps the hardest in the world. The dense forest-jungle is first cleared of underbrush, which, afterward, may or may not be fired, depending on the amount of the cut brush which in places may lie many feet deep. Then, surprising enough from the city man's point of view and his ideas about forest-clearing, the hemp plants are planted in rows, the correct distances apart, with the towering forest trees still standing. Only after the planting of the hemp are the trees hewed down. The trees are allowed to lie where they fell and the stumps are not uprooted. In a few years, what with the heat and the rain, the ants and other insects, molds and fungi, all this wood has rotted away, the substance adding to the fertility of the soil. Oddly enough, too, the ground on which a great forest once stood and now bearing countless rows of abacá plants, is seen to be fairly level, almost as level as it would have been had it been plowed and rolled and harrowed.

There is also the very hard work of ditching to obtain the necessary drainage, for hemp growers say that while abacá requires rain the year around, it should be planted on a permeable and well-drained soil because it does not like "wet feet". Then there is the further hard work of plantation road-building, and, of course, the weeding that must be kept up until the abacá plants are high enough not to be overwhelmed by returning jungle-brush. It is estimated that it costs around ₱1000 a hectare to bring a new abacá plantation into production, which, in Davao, because of the wonderfully rich soil and the plentiful rainfall, will begin in around 18 months from the time of planting.

After the Liberation, the great problem in Davao was the low abacá production, a production which once constituted the wealth of the province and a good part of the wealth of the Philippines. This low production, brought about by the destruction of the war, the overstripping of what was left, and the lack of new plantings, is being rapidly, and one may say, triumphantly, overcome by wide-spread new plantings, fostered, to no small degree, and to its credit, by the Central Government.

Before the war, however, the bulk of the abacá in the province was grown in areas close to Davao City; the hauls were short, the roads good. These old plantations, even those not destroyed, or ruined by overstripping, or badly infected by the mosaic disease, are now slowly going out of production because abacá can not be advantageously grown for more than perhaps from 15 to 30 years on the same land. This fact has brought it about that the new plantings are now situated well away from Davao City, the two most promising and productive regions being in the Kidapawan area, 120 kilometers south of Davao City (in Cotabato Province) and in areas from 60 to 100 kilome-

*This was before 1925 when the export of hemp "seed" from the Philippines was prohibited by law.

ters north of Davao City. Today, close to 50% of all the abacá coming in by road, is coming from these areas. And the roads are poor and have more or less suddenly become much worse since the first of the year because of both the heavy rains and the growing traffic.

This has brought the road problem to the fore, a problem which must be solved, for if it is neglected, then not only will much rich produce go to waste, but the whole impetus behind the new plantings will be forfeited. No man would, or could, invest time and energy and, in the case of the larger plantations, hundreds of thousands of pesos, if he is not sure that he will be able to transport his produce to the market when the time of harvest comes.

Leaders in the industry are already most apprehensive. One of them recently reported:

"I have come to the conclusion that we may be over-optimistic in our ideas regarding the increase in Davao production, and I believe you should warn Chicago regarding this...

"There is no doubt that production in general is increasing and will increase further. It should be remembered, however, that this increase in production is almost all coming from outlying districts; the bulk will come from 50 to 100 kilometers north and from the Kidapawan area, 120 kilometers south. The production in areas close to Davao City is falling off; for instance, there is practically nothing coming from the Calinan area and only corn is being raised between Toril and Sta. Cruz. We are confident that the increase in production in certain areas will more than offset the decrease in other areas; however, the net increase is likely to be less than we had anticipated; moreover, the areas which will show an increase are difficult to get at due to the very bad condition of the main roads. Secondary roads are mere mud-tracks. Since the war there has been a considerable number of G. I. units (trucks) in operation which were able to negotiate these secondary roads and which made light work of the bad main roads. But these units are gradually falling apart and new vehicles of this type are not available to replace the worn-out units. Another factor in the present situation is the acute shortage of tires, which are very necessary to keep transportation running on the bad roads here which are particularly hard on tires because of the sharpness of the coral surfacing. Truck owners especially dislike the Kidapawan run because of the likelihood also of broken springs, etc."

What is needed immediately is the repair of the main roads and ultimately the good surfacing of these roads, and the system should be extended by new side-roads in various places. What a good new road can do is demonstrated in the case of the fine new road built last year by the Philippine Abacá Development Company of the Marsman Company, which extended the road of the Davao Penal Colony by 10 kilometers. As the best road in the province, and through difficult territory, it proved a very costly one, but it has made possible the extensive new plantings of both the Penal Colony and the NAPAO (National Abacá Projects) and has made several tens of thousands of hectares more of virgin forest lands accessible.

Either Philippine Government road funds or funds which may hereafter be obtained from the ECA could not be better spent than on the Davao road system, but some funds must be made available immediately if there is not to be an alarming falling off in our abacá exports just at a time when the best prices are offered.

The Causes of Asia's Poverty

We are apt to think of the citizens' rights and liberties chiefly in connection with political matters, the nature of democracy, and so on, and to overlook the importance of these rights as a factor in the economic development of a country from poverty to prosperity.

In a book on economics, we recently ran across the following illuminating paragraphs:

"What the East Indies, China, Japan, and the Mohammedan countries lacked were institutions of safeguarding the individual's rights. The arbitrary administration of pashas, kadis, rajahs, mandarins, and daimios was not conducive to large-scale accumulation of capital.

"The legal guarentees effectively protecting the individual against expropriation and confiscation, were the foundations upon which the unprecedented economic progress of the West came into flower.

"These laws were not an outgrowth of chance, historical accident, and geographical environment. They were the product of reason."

Though most of Asia's millions have always been sunk in the direst poverty, the East was not without its accumulations of "wealth", but this wealth was in the hands of the very few, the rulers, who did not produce it but appropriated it, and who held it mainly in the form of luxurious private palaces and great stores of gold and silver, gems and jewelry, and other such unproductive treasure.

The people,—the tillers of the soil, workers and artisans, servants, soldiers, merchants, had no rights; all lived at the mercy of their princes; and when, perchance, they prospered even a little, what they had was sooner or later seized and they would be lucky to escape with their lives.

For the common man, there were no guarantees either of personal freedom or of security of property; enterprise was stifled; there was no accumulation of productive capital; the nations were condemned to everlasting poverty.

The fact that, because of these age-old policies of expropriation and confiscation by both mighty and petty despots, there has been no large-scale capital accumulation in Asia, goes far to explain why the per capita income of the millions of people there is still from under $50 to $200 a year, as compared to from $400 to $900 in the different countries of Europe and over $1400 in the United States.

The per capita income is highest in precisely those countries where the institutions exist which safeguard the individual's political, civil, and property rights.

This spells a solemn lesson for the Philippines. We have these vital individual rights, but we have not had them long, and the per capita income is still very low. But it has been rising; we are on the right course, and we must stay on it. We must protect and maintain those rights and we must be ever on our guard against any governmental measures which, cloaked though they may be in law, are arbitrary or carry the faintest suggestion of expropriation and confiscation. Such measures lead straight to national retrogression and a reversion to a permanent state of hopeless poverty among the people.

Let us use our reason, since these rights, in the words of the author quoted, were the product of reason. Let us not allow the atavistic attitudes and the personal greed of some of those in power to imperil, under whatever pretext, nationalistic or even patriotic, the nation's continued progress and destiny,—not to say our individual freedom and prosperity and our per capita income!

"Next to a curtailment of the money supply, the soundest means of checking inflation is to coax consumers' dollars into goods which are not scarce or needful of the stuff essential for war materials. To invent, discover, or improvise such goods is a major responsibility of business management. This means that management must whet a consumer want for those things by strong advertising and sales effort."—*Raymond Moley in* Newsweek.

The Truth About the Central America Abacá Plantations

By Samuel Fraser*
President, Kling Plantation Company, Kiamba, Cotabato

THE history of the Central American abacá industry is a most interesting one. It started back in 1926 or thereabouts when Dr. Harry Edwards, formerly Director of the Bureau of Agriculture in the Philippines and fiber technologist of the Department of Agriculture in Washington, went to Culaman Plantation in South Mindanao and obtained several thousand rhizomes of different varieties of abacá plants. He disinfected and tried to sterilize them, boarded a freighter with them, and set out for Panama. After a long voyage in very rough seas, during which he had a hard time to protect his plants because they were stored on the deck, he succeeded in getting them ashore on a little island at the mouth of "Toro de Boca" bay, near the town of Almirante, Panama. There the United Fruit Company had a large banana and cacao plantation. The abacá plants were left on the island for about two years under quarantine. The island suffered from drought but everything possible was done to save them. The surviving plants were removed to the mainland and put into seed beds. From these beds, after several years, 2,000 acres of the different varieties, including Tangongon, Maguindanao, much Bongolanon, and Liboton, and one species from a northern province which had been growing at Culaman Plantation, though not very successfully, were planted.

An attempt was made to develop a decorticating machine which would be an improvement on the Krupps machine, using the knives on revolving cylinders. They tried to develop this machine by using tremendous water pressure to wash the fiber away from the pulp. It proved a failure because they could not keep the machine running, but it did for a while produce a superior fiber. These experiments were continued for several years without success. Hagotan machines were also imported from the Philippines, but these proved useless because of the lack of the necessary skilled labor; it did not seem that the laborers there were adapted to that skill or cared to learn it. So the experiment was given up after a few months because the production was too small and the cost too high. This was the condition of affairs when war broke out, World War II.

THE United States then arranged to plant about 28,000 acres, using the plants on the 2,000 acres which had already been developed, for seed. The plants had passed the mature stage and were beginning to deteriorate because they had not been harvested.

In Panama, near Almirante, about 6,000 acres were planted. In Port Lemon, Costa Rica, just over the mountains, 11,000 acres all together, in two big plantations, were planted. Then in Honduras about 5,000 acres and in Guatemala around 6,000 acres. This made a total of approximately 28,000 acres. All of this was done through the province of the Reconstruction Finance Corpporation of the United States Government on a cost-plus basis, plus an overhead and a charge for the use of the equipment, railroads, materials, etc., of a large company. The company then bought decorticating machines which were built mostly by the Sheridan Machine Company in eastern Pennsylvania, patterned after the Krupps machine, and these were installed.

Most of the species of abacá planted was Bongolanon, which is a very good species indeed but not the best here for the production of fiber,—the Tangongon is considered the best in Davao per weight of stalk and production per hectare. The Bongolanon did produce very well and was easily adapted to the different countries in which it was planted. But many mistakes were made in planting this abacá. It was planted, a great deal of it, on old banana land, some of which had been occupied by squatters and farmers, who had grown corn, so that the land was certainly not too fertile for abacá, had been partly worn out by long years of banana cultivation, then had reverted to jungle, anywhere from 10 to 20 years, or more in some cases. The abacá plants were put 13 feet or more apart, which was too wide and contrary to the advice of men who had had experience in the Philippines. The supervisors did not take care of the plants, allowed a lot of weeds, grasses, and bushes to grow up. They did not have enough labor or large enough appropriations to take care of the fields and to clean them thoroughly, so that the plants were delayed from one to two years in coming into normal production. The plants did not thrive too well in many places. At first, they might in some places, but then they deteriorated; so fertilizer was applied, but this did not help much, possibly not enough was used. They still did not keep the fields clean, the grasses cut, and the fields weeded, so these plants grew up like Topsy. As discovered later, the production was seriously affected by this neglect while the plants were developing into maturity. The production has never been any more than 50% of what it would have been in the Philippines, planted under similar conditions, even if not on virgin soil.

Panama.—The climate in Panama is ideal for abacá. There is no place in the Philippines, or perhaps in the world, where the climate is more suitable to the production of abacá from the viewpoint of the richness of the soil and the regularity of rainfall, temperature, and humidity. It is accessible by railroad to a wonderful dock at Almirante. The whole situation there is ideal for the production of abacá, but it has never proved out because of the improper care given the plants. It is now reported—practically confirmed—that the abacá plantations there are going out of production for the United States Government and that the land may be put back into bananas again because the two diseases which destroyed the banana plantations there many years ago, the "Sigatoka", which is a fungus growth on the leaves, and the "Panama Disease", which is caused by a virus in the soil, have been practically overcome. The "Sigatoka" has been whipped completely, and we understand that, by flooding and building in new silt, they have been able practically to control the "Panama Disease". They are now cutting down the abacá slowly and the plantations will eventually go out of existence.

Costa Rica.—In Costa Rica, near Port Lemon, two big plantations were planted, the Mt. Hope and the Monte Verde. They are accessible to each other by a railroad. The plants used there never thrived. The soil in Monte

*Mr. Samuel Fraser, of Davao and Cotabato, who has been engaged in the abacá industry in the Philippines for many years both as a producer as well as a buyer (General Manager for the Philippines of the Columbian Rope Company), was fortunately absent from the country during the war and was therefore able to represent the U. S. Reconstruction Finance Corporation in the development of the abacá projects in Central America. He spent some 18 months on the job, beginning in late 1942. He saw the fiber planted from the original 2,000 acres (mentioned in his article) which was used for seed in all the four countries where the development was undertaken. He left in April, May, 1944, but returned to make a general survey of all the projects late in 1948. He then also visited a project in Ecuador where they were planting some 300 acres in the foothills of the Andes at that time. Since then he has kept himself informed of the production in Central America and he believes that he is "posted on what is taking place there and is pretty much up-to-date".

Verde is too heavy and is partly worn out, the water-table is too high, there is no control over the floods, and the rainfall is too heavy in certain seasons of the year. In addition, the plants were neglected, planted too far apart, and they were not kept clean, as explained before. The production has been very low.

With regard to the Mt. Hope plantation, here again the seedlings were planted in fairly poor soil that, generally speaking, had been for many years producing bananas or with corn squatters and other poor farmers around, this naturally depleting the richness of the soil. Here again, the water-table is too high, the place is not drained well enough, and production is very low indeed.

Honduras:—In Honduras, they planted the abacá on old banana land that had been deserted many years before. The soil is not too rich and the place suffers from drought every two or three years, which retards the growth of the plants. There is neither sufficient nor regular enough rainfall to be conducive to the best abacá production. Here again the project has been a failure as production of abacá is judged in the Philippines.

Guatemala.—In Guatemala there is more rainfall and the land is a little better. But there again, at times they have too much rain, and at other times drought, so that the necessary regularity of moisture is not sustained. The soil there had also been occupied by corn squatters and other farmers for many years after the banana cultivation had been given up. And, of course, this land had been partly worn out by the banana cultivation.

There are about 25,000 acres left in abacá in the whole of Central America operated by the Reconstruction Finance Corporation. The production there last year was not over 25,000,000 lbs., which is a very low figure, per acre, for the age of the plantings. Here in the Philippines the production is supposed to come into its prime in from 6 to 10 years, if planted on virgin soil. Production in Central America, in all the plantations there, has been steadily declining. Much of this retardation, of course, is due to neglect, insufficient fertilizer, poor cleaning, and over-stripping. It is expected that a great deal more of these plantings will be eliminated in the not too distant future.

Now comes the idea of planting about 25,000 or 30,000 acres more down there as another war-emergency measure and so as to have sources of supply in the Western Hemisphere. We hear that this is to be planted mostly in Guatemala. If so, the abacá would probably be planted on old banana land, and might prove another failure. To prevent this, the abacá plants must be put closer together, from 9 to 9-1/2 feet, tremendous quantities of fertilizer must be used, the plants must be kept clean until they reach maturity, and after that the stripping must be done right—only when the plants mature. There can not be such pruning or butchering harvests as destroy the young plants. It is, however, doubtful that the climate is wholly suitable for abacá in Guatemala, as the rainfall is not sufficiently evenly distributed.

By the process of decortication—the system which is used to extract fiber in Central America—around 4% per weight of stalk is obtained in fiber, whereas, by the spindle machines in Davao, we get from 2% to 2-1/2%, and by hand-cleaning, 1-1/2% to 2%, so the failure on a good production in Central America is more serious. Production of abacá in Central America is probably not one-half, possibly only one-third, of what it would be here for the same age of plant on virgin soil.

The cost of production of the fiber in Central America has from the beginning been spectacularly high due to the fact that the production has been abnormally low, the overhead exorbitant, and labor high. The whole cost of doing the job on a grand scale has been considerably more, probably at least three times more, than it would have cost to produce the fiber in the Philippines on the same acreage and on virgin soil. The cost of production is high due to the fact that the United States Government, through the Reconstruction Finance Corporation, paid a tremendous amount for the use of equipment, railroads, etc., and for overhead. In other places there is a fixed charge, expenses-plus, which raises the price of the fiber beyond competition in an open market and in normal times would necessitate a subsidy. There will be no improvement in this situation even in the new plantings. The production will still be low, and from the profit viewpoint it will again be a complete failure. The only justification for these plantings in Central America under present conditions is to establish a source for abacá, as a strategic material, in the Western Hemisphere in case the Philippines is cut off in another war. It is a war-emergency measure, pure and simple.

It is very doubtful that any of the countries in Central America would later be interested in taking over these abacá plantations. The plantations would have to be operated on a tenant basis, in much the same way the Japanese followed here in Davao, and it would take many, many years to train the necessary skilled labor to grow, strip, and handle the abacá. It looks hopeless. Most fundamental of all is the fact that the only place in all of Central America that the writer saw, which is really fitted for the production of abacá, is Panama. That area is ideal from every viewpoint, as mentioned previously.

The total investment must be easily $35,000,000. Of the whole lay-out of 25,000 acres, 3,000 acres have been abandoned, and we understand a lot more of the original plantings will be abandoned and all those in Panama will be destroyed. No doubt the Government has written this off as a cost of war. No money has even been made on this fiber toward depreciating the cost of the machinery or toward amortizing the debt. In fact, there has not been one single year yet during which enough fiber was produced for the New York market to meet the current expenses for that year, even excluding depreciation and interest on the investment. From the viewpoint of profit, the project in Central America was a complete failure. But from the viewpoint of a war emergency, supplies for the Western Hemisphere as needed, regardless of cost, it was a necessity. However, if the plantations had been looked after properly, they would have produced much more fiber than they have.

There is no question but that the Central American fiber is just as strong as the Philippine fiber. Many of the same species grow in Central America. The decorticated fiber there is much the same as the decorticated fiber in the Philippines. Such fiber is of lower grade than the regular and best hand-cleaned and spindle-machine-cleaned fiber.

The tensile strength runs anywhere from 84% to 94%. Most factories will use decorticated fiber, either from the Philippines or from Central America, only in a mixture. It is true that both fibers meet the tensile-strength of the Navy specifications, but those specifications are not high. In color the decorticated fiber from Central America is as good as the decorticated fiber from the Philippines, possibly somewhat better due to the process used in the drying and the treatment of it, which are far more expensive than any processes used here. It is, however, an inferior fiber, as stated above, compared to the average Philippine fiber of the average good grades, and it costs considerably more to produce and can never compete with the spindle- or good hand-cleaned fiber. It will make a rope, a strong rope, but not such a good rope as will the Philippine fiber cleaned by hand or the spindle-machine.

Doubtless the cost of production of decorticated fiber in the Philippines comes to less than one-half the cost of production under the same process in Central America.

Based on the production in the Philippines, the decorticating process usually extracts 4% of the weight of the stalk—the same in Central America—but the production is probably considerably less, per acre, than in the Philippines.

THE labor in Central America is not nearly so efficient as that in the Philippines, which is about the best in the world, although wages are higher than the wages here. Labor is not so efficient in Panama either; it is composed of Jamaicans, a very inefficient labor, hard to handle and irresponsible. The project is having great difficulty in keeping enough labor on the job in Panama.

In Costa Rica, there is a mixture of both Jamaican and colored and native labor, which is mostly Indian with some Spanish. It is not nearly so efficient, nor so well nourished, nor so strong or willing as labor in the Philippines. A great deal of socialism and communism has infiltrated into labor in Costa Rica.

In Honduras the same condition prevails. They have a better class of labor there, men of the mestizo class, but it, too, is less efficient than labor in the Philippines.

In Guatemala there is another mixture,—mestizo Indians, also some West Indies Negroes, etc. This is not very good labor either. It is dissatisfied, although wages are very high. Labor there is rife with communism and socialism. In fact, Guatemala is quite a communistic country today. The project there finds that its greatest production problem is labor.

There is no doubt that labor on any plantation in Central America, especially in Guatemala and Panama, is not nearly so efficient as that in the Philippines. Honduras has probably the most efficient labor of all of them.

Here in the Philippines we have thousands and thousands of small farmers, men skilled in the hemp industry that is a development of the last one hundred years, the skills being handed down from one generation to the next. This has created an aptitude not easy to reproduce in any new country where abacá is planted. There is no big plantation or big factory in the world that can compete with the small farmers who are producing the bulk of the hemp in the Philippines because they have other additional ways of gaining their living. They have their own vegetables, corn, meat, carabaos, chickens. The small farmers help each other in their work, on a sort of a communal basis, with no overhead, no amortization charges, no interest to pay, no big taxes. The small Philippine farmer strips the fiber only when he needs cash. He raises it as a cash crop. That is the general rule in the northern provinces, though not so universal in Davao, where many farmers make a living from hemp alone. Yet, the cost of production is very low indeed.

In one hundred years the Filipinos have become skilled in the planting, growing, stripping, and development of abacá. We cannot see how Central America can expect to compete with the Philippines under present conditions. There is one possible hope for Central America,—that would be to get virgin soil and to use the same efficient methods as those employed in the Philippines. Perhaps, in a few years, the natives could be trained to become skilfull in the production of abacá. But even then, we think the cost of production would be much over that in the Philippines, although the cost of production in the Philippines, too, is increasing as the price of labor goes up.

To train Central American labor adequately would call for the immigration of a lot of Japanese or Filipinos to show the people how to raise the plant and how to strip it. But even so, there is no getting around the fact that the areas suitable to abacá in Central America are fairly limited, the climate is either too wet or too dry, or there is a lack of virgin soil.

In conclusion, we may pretty safely say that for the next few years, at least, we see no place in sight that can compete with the Philippines in the production of abacá to any extent worth worrying about. It looks like Central American abacá will go the way of the dodo bird after the United States Government stops subsidizing it.

The Philippine American Chamber of Commerce, Inc.

Annual Report for 1950

Although the 1950 Annual Report of the President of the Philippine-American Chamber of Commerce, Inc. (New York) was sent out in mimeographed form to the members of the American Chamber of Commerce of the Philippines, we print the Report in this issue of the *Journal* as our publication is read by many non-members of the Chamber who will no doubt find it most valuable. It deserves the widest possible reading here.

Mr. Bernardo Ronquillo, Business Editor of the *Manila Daily Bulletin*, gave this Annual Report high praise in his column last month, saying:

"Those who have read the Annual Report of the Philippine-American Chamber of Commerce in New York or read an outline of it as reported in this paper recently, agree that the Chamber has suggested a more realistic program of pulling the Philippines out of its economic troubles than that offered by the Bell Mission

"The views of the New York Chamber on most Philippine economic issues, including taxation and the extent and form of United States aid to the Philippines, reflected, on the whole, the great portion of local business opinion. . ."

THE impact of events in the year 1950 on the Republic of the Philippines and on its people can not yet, in view of the uncertain world situation facing us today, be fully appraised. It was a critical year for everyone with business interests in the Philippines, not only because of the effects which these events immediately produced, but perhaps more importantly because of the cumulative effects that will become increasingly apparent in the ensuing years, unless there will be a constructive re-examination of some of the measures which during 1950 were either adopted or proposed for adoption.

For the Chamber, 1950 was an unusually active year, and every effort was made through its regular weekly bulletins to keep the membership fully and currently informed of all important developments. It does not seem desirable, therefore, to include in this report an exhaustive review of day to day happenings during the course of the year, but it would seem appropriate to summarize the position that the Chamber has taken with respect to the more important issues and to dwell briefly on some of the aspects of these issues.

WITH the deterioration of the economic and financial situation, which became apparent in 1949, it was recognized by everyone including the Philippine Government that quick and effective steps had to be taken to reverse a trend which had progressed to a dangerous stage. The first move in that direction was the imposition of import and exchange controls late in the year. This Chamber recommended in December of the same year that a small, top-level, non-political, permanent joint Philippine-American economic mission be established to study, recommend, and follow-through on further measures for the attainment of a sound and well balanced economy in the Philippines. This suggestion, along with similar suggestions emanating from other groups, was well received in principle, and after an exchange of views between the United States and the Philippine Governments, agreement was eventually reached for the appointment of an American Mission to make a study and to submit recommendations, but it was not contemplated that the Mission should assume the responsibility for carrying out its recommendations. This Mission, headed by Mr. Daniel W. Bell, arrived in the Philippines early in July for a stay of two months. It was well received and supported not only by the Philippine Government but also by the business community. A conscientious and exhaustive study of conditions was made and a detailed Report was submitted to President Truman in October.

The analysis of the problems requiring solution and of the underlying causes behind these problems was comprehensive and sound. The recommendations for their solution were on the whole constructive but were based too completely on purely economic considerations, with not enough consideration given to the human and political factors which would determine the speed and effectiveness with which the benefits of such a program could be realized. There was not enough emphasis on dealing with first things first, such as the speedy achievement of internal law and order and the realistic immediate solution of budgetary and related fiscal problems. No comprehensive economic and social reform program is stronger that a realistic appraisal of its chance of success. The attainment of long-range and permanent economic and social reforms just cannot be imposed; they must be desired, supported, and made effective by the people of the Philippines and their leaders. To mention only a few of the points touched on by the Mission, the Chamber agrees that the income of most Filipino labor is below reasonable subsistence standards, that the system of land tenure in many parts of the Islands is archaic, that better housing for the lower income groups in Manila is desirable, in short, that the standard of living of the people at large should be raised. But to start the wheels moving in the right direction, and immediately, more is needed than merely a sound long-range program.

The unsatisfactory law and order conditions in the Philippines were extensively commented on in the Report of the Economic Survey Mission, and emphasis was placed on remedying these conditions by means of the social reforms recommended. However, in the face of the critical world developments of the past six months, and particularly in view of the dangers threatening all of Asia, it could be disastrous to temporize and wait for social reforms to supply the remedy. Without internal law and order, no effective defense can be put up against aggression from outside. Also, without the early establishment of internal security the long-range program recommended by the Mission will be seriously handicapped right from the beginning. As it is, no concrete steps have as yet been taken to initiate the long-range program, and these cannot in any case be taken until funds are made available by the Congress.

The present internal security situation, which instead of improving during the past year has if anything deteriorated, is an outgrowth of the period of occupation by Japan and of the ensuing hostilities to liberate the Philippines from Japan. The Philippines entered that critical period under American sovereignty, and the United States has an obligation to assist in remedying a situation which had its origin before the establishment of the Republic of the Philippines, not only because the Philippines were American territory but more particularly because the Philippine people maintained their loyalty to the United States throughout the war in the Pacific. While other factors, including agitation fomented from outside the country, also contributed to the failure of the Philippine Government thus far to make much headway in the restoration of internal law and order, an important if not the most important factor was the lack of funds with which to pursue an effective campaign in this direction. The United States Government has publicly announced its undertaking to help defend the Philippines against aggression from outside, and since the first step toward providing reasonable security against outside aggression is the restoration of internal security, the United States Government should relieve the Philippine budget from the burden of accomplishing this by means of financial grants and should at the same time offer such military advice as may be requested. Such a defense program, financed to the extent necessary by the United States Government, would not only promote the quick achievement of internal and external security, but would in itself provide a remedy for many of the other immediate ills confronting the Philippine people, including the necessity of otherwise imposing more new taxes than the present economy can stand.

Your Board of Directors feels that the granting of adequate defense aid should have the first priority in any aid program.

The Philippine Legislature is presently in session and struggling with the enactment of tax legislation designed to close the gap between revenue and expenditures until the long-range reform program mentioned above begins to show results, when it would be hoped that taxes could again be reduced. The obligation to raise taxes to a point where the budget would be balanced was imposed as a prerequisite for the granting of further United States financial aid. The means to be employed were suggested in the Report of the Economic Survey Mission, and some of these suggestions are perhaps the most controversial portion of the Report.

To balance the budget immediately would involve just about doubling taxes in one bite, and this is not something that can realistically be attained without imposing too severe a shock on an economy that is already weak, and without perpetuating if not aggravating the evasion of taxes by so many who should pay taxes. In regard to this latter point, the recommendations made by the Mission which look toward the overhauling of the tax-collection machinery are of course sound. It is essential that a larger percentage of taxes due under existing or under any proposed new tax laws be collected, thus remedying a situation where relatively few tax payers contribute an inequitable portion of the tax revenue, while so many others who should pay taxes make no contribution or at best a smaller contribution than effective enforcement of the tax laws would require. Steps to improve the tax-collection machinery should be taken immediately; they require no aid from the United States other than perhaps some technical advice.

Assuming such steps are taken, the results will be progressive rather than immediate and the problem of increasing revenues must still be met without delay. However, not even in a country like the United States, with its flourishing and stable economy, would anyone have the courage to propose that government revenue from taxation should be doubled in one step. Even at the present time, with the outlook that government spending for defense purposes will mount to almost astronomical figures, and at a time when in order to absorb excess income the need for higher taxes is generally recognized, no step as drastic as that has been considered by either the Administration or by the Congress.

Some of the methods advocated by the Economic Survey Mission to accomplish the immediate doubling of government revenue, and presently under consideration by the Administration and the Legislature of the Philippines, have the apparent advantage that as to procedure they can be easily collected without any extensive overhauling of the tax-collection machinery, but the very ease with which heavy import or exchange taxes could be collected in itself creates the disadvantage that emphasis will be diverted from the urgent problem of establishing more effective tax-collection machinery. A 25% tax, whether imposed on outward remittances as such or on imports, would foster inflation, which in turn would operate against attainment of the benefits visualized in the long-range program. If levied on all sales of foreign exchange instead of selectively on imports, it would impose the greatest hardships on those tax-payers who have the best record for actually paying their full taxes. In addition, it would be a thinly disguised instead of a straightforward devaluation of the peso, and no one is convinced that devaluation in any form is desirable.

Your Board has protested against the proposed 25% tax on sales of foreign exchange, and many other trade and civic groups interested in the Philippines, both in the United States and in Manila, have lodged similar protests. The December session of the Philippine Legislature apparently shared the views of this Chamber, namely, that it is not realistic to double taxes in one step and, further, that a 25% tax on sales of foreign exchange is undesirable. The Legislature has now reconvened for further consideration of the taxation problem. It is hoped that a realistic approach will be taken in the drafting of such tax legislation as will produce as much additional revenue as the economy at this stage can reasonably supply, but it is too early to predict what measures will be finally enacted.

The above views may be countered by the contention that without immediately doubling tax revenue, the Philippine Government cannot balance its budget. A partial solution has however been suggested in the remarks on the law and order situation. Some reasonable increase in tax revenues is endorsed by the Chamber, and if this will be provided by the Philippine Legislature along with more effective collection of taxes due, and if there should then still be a gap, the United States Government could well consider using enough of the contemplated financial aid to close it.

The Chamber has consistently taken the position that the Congress should appropriate sufficient additional funds to carry out the intent of the Rehabilitation Act of 1946, and it is disappointing that the Economic Survey Mission has recommended against this. While it is not claimed that additional funds for war-damage compensation are necessarily the most effective means of giving the Philippine economy an immediate shot in the arm, the granting of such funds would certainly further improve the foreign-exchange position, would assist in rebuilding the productive capacity of the country, and would discharge an obligation which our Government has assumed. The Rehabilitation Act of 1946 visualized war-damage compensation to the extent of 75% of the value of approved claims, but the funds appropriated for this purpose were sufficient to compensate for only 52-1/2% of approved claims. It seems to us that before undertaking new obligations our Government should first demonstrate that obligations previously assumed can be expected to be discharged.

It would be beyond the scope of this report to deal exhaustively with the two most acute and most disturbing handicaps with which business has had to contend during 1950, namely, import controls and exchange controls. It is freely admitted that controls of this nature were in some degree necessary for the purpose of conserving the Philippine Government's rapidly dwindling reserves of foreign exchange, but the inconveniences and difficulties, which at best would have to be expected from such controls, were accentuated by the manner in which especially import controls have been administered and by the import control legislation itself, which in part is discriminatory against those who are best fitted to render service to the Philippine public. Black markets have flourished; import licenses, not obtainable by legitimate importers, have been peddled to the highest bidders; the result of all this has been the creation of artificial scarcities and in many cases prohibitively high retail prices to the consumer.

In making the above comment, it should be emphasized at the outset that no one in this Chamber has any objection to new importers participating more extensively in the import trade, whether they are Philippine or other nationals, but it is submitted that this participation cannot be successfully attained by discriminatory legislation which only places a premium on the evasion of the rules with no compensating benefits to the consuming public. Nothing has undermined confidence in the economic possibilities of the Philippines more than the approach that has been taken toward import controls. For the further economic development of the nation, additional investment capital is needed, regardless of whether this is local or foreign capital, but until there is a further growth of local capital, much of it must still come from abroad if there is to be further economic growth. Private capital from abroad and the existence within the Philippines of American and other foreign industrial or commercial firms need not be feared by our Philippine friends. Legitimate private enterprise makes no unreasonable demands for protection or special privilege; it does not attempt to exploit; and and it is usually prepared to assume normal business hazards for its own account so long as it is fairly dealt with and not discriminated against.

While admittedly onerous, exchange controls have, after the first months of confusion subsided, been administered far more effectively than import controls. Our only comment might be that there has not always been as much coordination between exchange control and import control objectives, with a view toward providing reasonable flexibility, as may have been desirable. It is hoped that the approach toward import controls will be reexamined and that the Philippine Legislature will give serious thought to eliminating those provisions which have been discriminatory without achieving any offsetting benefits. It is further hoped that both import controls and exchange controls can be materially eased at an early date.

IN the Annual Report submitted for the year 1949 emphasis was placed on the necessity of restoring more cordial and friendly relations between the Philippines and the United States. It is gratifying to report that we sense the beginnings of some improvement in Philippine-American relations. The Philippine Association, recently formed in Manila to bring about a better understanding between the two countries and their people, and counting among its members many members of this Chamber, has made a valuable contribution in this direction. This Association is sponsored by the Philippine Government and is fortunate to have as its President that distinguished Philippine leader, General Carlos P. Romulo. The Philippine Association, along with the American Chamber of Commerce in Manila and numerous other civic and trade organizations, has also accomplished a great deal toward establishing a better understanding between business interests and the Philippine Government.

Reverting to the Aid Program referred to above, the organization of which is presently under consideration, it is hoped that in the choosing of personnel by the United States Government, men with vision and tact will be selected, men who have enough understanding of local conditions to make a realistic appraisal of what is needed and of how that can best be done. This does not mean that we advocate the adoption of a soft approach by either the Philippine Government or the American Government toward the problems needing solution; what we do advocate is a realistic and understanding approach, so that the problems will be dealt with on a negotiated rather than on an imposed basis, and yet without any sacrifice of effectiveness or speed.

REGULAR monthly meetings of the Board of Directors were held throughout the year except in August. As urgent matters arose they were acted upon currently by the Executive Committee and ratified at the next Board meeting.... Several of the Officers and Directors of the Chamber made visits to the Philippines during the year, which were helpful in maintaining personal contact between the Chamber and the Manila business community as well as leading government officials.

There were several changes in the composition of the Board. In January Mr. C. A. Richards, who so ably guided the Chamber as President from 1946 to 1949 inclusive, submitted his resignation as a Director, since he expected to remain in Washington indefinitely with the United States Government. In recognition of his outstanding services to the Chamber he was elected an honorary life member at the meeting of the Board on January 18.

Also in January, Mr. Clayton L. Seitz, Vice-President of the American International Underwriters Corporation, found it necessary to submit his resignation due to a change in residence, and Mr. Fred McCabe, Vice-President of the same firm, was elected by the Board to fill the unexpired term of Mr. Seitz.

At the Board meeting of February 15, Mr. Joseph H. Foley of the Ansor Corporation, who previously served on the Board for many years and who is well-known to all the members, was elected a Director to fill the vacancy created by the resignation of Mr. C. A. Richards.

In June Mr. Fred McCabe resigned and at the Board Meeting of June 28 Mr. R. A. Kreulen, Vice-President of the American International Underwriters Corporation, was elected to the vacancy thus created.

The membership of the Chamber on December 31, 1950, is as follows:

Honorary	2
Active	75
Associate	44
Total	121

This represents a gain of two active members, and a loss of four associate members during the course of the year, resulting in a net loss of only two dues-paying members.

The financial condition of the Chamber continues to be sound. Assets consisting of cash and U. S. Treasury Bonds on December 31, 1950, excluding dues already received for account of 1951, were approximately sufficient to meet 1951 estimated running expenses.... A duly audited financial statement, as of December 31, 1950, will be forwarded to you separately.

Before closing, your Board of Directors wishes to record its indebtedness to the American Chamber of Commerce in Manila and to its President, Mr. Paul Wood, for the help and advice so freely rendered. This close cooperation with Manila has been of the greatest benefit to the Chamber. The thanks of the Board of Directors are also extended to the Secretary and his staff, to the several permanent committees, and to the entire membership for their loyal support during the entire year.

FOR THE BOARD OF DIRECTORS
E. F. KOCH
President

The Officers of the Philippine-American Chamber of Commerce, Inc. for 1951 are: J. W. Baker, President; H. A. Magnuson, Vice-President; Wm. C. Planz, Vice-President; W. E. Murray, Vice-President; F. M. Satterfield, Treasurer; and Col. John F. Daye, Secretary.

Recommendation *re* Japan

BY THE AMERICAN CHAMBER OF COMMERCE IN JAPAN

THE American Chamber of Commerce in Japan, composed of 141 United States firms doing business in Japan, desires to point out the importance of Japan and the Far East to the United States of America.

In this connection, the American Chamber of Commerce in Japan recommends that the following points be kept foremost in the minds of all persons interested in United States foreign policy, the formation of United States foreign policy, and the security and well-being of the United States:

1. In Japan there is an industrial machine which not only must be retained for use by the Japanese as members of the free world, but which must not be allowed to fall under control of the Communist aggressors.

2. Elsewhere in Asia, there are vital strategic materials which, if available to the United States and its Allies, are of extreme value to the forces of democracy, and which, if controlled by the Communist forces, greatly increase their aggressive potential.

3. The United States has an abiding interest in Japan and the Far East. This interest dates back from when Commodore Perry first visited Japan in 1854, and has been clearly manifest following our war with Spain in 1898, when the United States assumed certain responsibilities with respect to the Philippines.

In view of the foregoing, the American Chamber of Commerce in Japan recommends:

1. An immediate peace treaty with Japan which will return sovereignty to the Japanese.

2. Continued United States aid to Japan and a guarantee of the necessary raw materials vital to Japan's continued industrial production.

3. The establishment of a Far East policy which will be of assistance in enabling countries in that region to preserve their security against Soviet Imperialism.

4. Establishment and implementation of a positive American foreign policy to insure good relations with those Far East countries which possess strategic raw materials needed by the United States.

5. United States encouragement of the free nations of the Far East to band together to provide their own security with the full support of the United Nations.

The Business View

A monthly review of facts, trends, forecasts, by Manila businessmen

Office of the President of the Philippines

From an Official Source

FEBRUARY 1—President Elpidio Quirino submits to the Commission on Appointments the nomination of Chief Justice Manuel V. Moran as Ambassador to Spain.

The President, on recommendation of Secretary of National Defense Ramon Magsaysay, orders the restoration of the writ of habeas corpus in most of the Visayan and Mindanao provinces.

Feb. 2—On the eve of the return homeward of President Achmed Sukarno, President Quirino confers on him the rank and decorations of a Chief Commander of the Philippine Legion of Honor, the only other two recipients being General MacArthur and President Roosevelt on the latter of whom it was conferred posthumously.

Feb. 3—President Sukarno and his party leave Manila for Java.

Feb. 6—The Philippine Charity Sweepstakes Office submits to the President for his approval the respective allocations of a total of ₱741,580 representing the proceeds from the sale of sweepstake tickets; ₱418,680 has been set aside for distribution to 23 various charitable, health, civic, and welfare organizations, and the rest chiefly to provincial hospitals and puericulture centers. A total of around ₱200,000 was realized from the special sweepstakes conducted for the benefit of the Boy Scouts of the Philippines last year which will be set aside for the construction of a general headquarters in Manila.

Feb. 7—The Cabinet approves Philippine participation in two economic conferences, one to be held in Pakistan and the other in Ceylon. The delegates to the ECAFE conference in Lahore will be headed by Secretary of Commerce and Industry Cornelio Balmaceda. Delegates to the Colombo conference will be Philippine Central Bank economists L. Virata and A. Castillo. The latter meeting will consider future action on the "Colombo Plan", drawn up last year, which envisages an economic development plan for South and Southeast Asia under the auspices of the British and Commonwealth Governments. The Philippines has been invited to join, but Under-Secretary of Foreign Affairs Felino Neri states that the Philippines is reserving a decision until it has been determined whether Philippine commitments under the Point Four program and the Quirino-Foster Agreement would be affected.

Feb. 9—The President holds a conference with the members of the foreign relations committees of both the Senate and the House preparatory to his scheduled talks on the subject of the Japan peace treaty with Ambassador John Foster Dulles expected to arrive in Manila on the 11th. There was unanimous support of the President's proposal to offer Manila as the seat of the peace conference, a preponderance of opinion in favor of pressing a demand for ₱8,000,000,000 in reparations, a prevailing opinion against complete rearmament of Japan, and great concern over the future status of Formosa.

Feb. 12—The President holds a two-hour conference with Ambassador Dulles, described by Malacañan as "extremely cordial". A formal dinner is given in his honor in the evening.

Feb. 14—The President, in an address before the students of the University of the Philippines, defends his suspension of the writ of habeas corpus, asking, "Who is going to deny that there is a revolution in this country today?"

Feb. 16—The President designates Engineer Gil R. Mallare as acting Mayor of Baguio, vice Justice Luis P. Torres, resigned.

The President issues Executive Order No. 413 fixing a retail ceiling price on local red or yellow corn.

Feb. 17—The President in a conference with Cavite officials reiterates that dissidents who surrender their arms to the authorities need not be detained if there are no pending cases against them in the courts.

The President issues Administrative Order No. 139 transferring the Sugar Adjustment and Stabilization Fund from the National Treasury to the Sugar Rehabilitation and Readjustment Commission, the Order being primarily intended to facilitate the settlement of an obligation of ₱100,000 incurred by the SRRC with PRATRA, now PRISCO.

Feb. 20—The President at a Cabinet meeting instructs Secretary Magsaysay to dispose as rapidly as possible of all pending sedition and rebellion cases and to file charges against detainees immediately or release them if no charges can be lodged. He also calls on various members of the Cabinet to expedite the "land for the landless" program to allow of the rehabilitation of surrendering dissidents. He instructs the Secretary of Economic Administration, Salvador Araneta, to organize a board of directors for the Manila Gas Corporation.

Feb. 21—The President issues Executive Order No. 415 reorganizing the Government Quarters Committee to be composed of the Secretary of Public Works and Communications, the Commissioner of the Budget, and the Auditor General.

Feb. 22—The Department of Foreign Affairs announces that an agreement was signed with the FAO (Far Eastern Regional Office) of the ECAFE at Bangkok on February 8 which lays down the conditions under which the FAO will provide, and the Philippine Government will accept, technical assistance.

Malacañan announces the release of ₱6,000,000 from the Motor Vehicle Fund for the repair of roads in various parts of the country. Davao Province (see editorial in this issue) will receive ₱81,669 of this amount, and Davao City, ₱55,398.

Feb. 23—The President orders an immediate inquiry by Secretary of Justice Jose Bengzon and Secretary of National Defense Magsaysay into news reports that a member of the Deportation Board had accepted money, amounting to ₱100,000, from the family of Co Pak, Chinese millionaire, recently deported to Formosa.

Feb. 24—The President issues Executive Order No. 417 fixing ceiling prices on roasted ground coffee.

Feb. 26—The President confers with Ambassador Myron M. Cowen, Vincent Checchi of the ECA, and former Speaker Yulo on the urgency of interim aid to carry out the completion of the fertilizer plant at the Maria Cristina Falls, the Ambuklao hydro-electric project, and slum clearance in Manila. It was understood that the American representatives maintained that Washington was desirous to see the enactment of the minimum wage bill, the exchange tax, and corporate tax measures before it extended the aid.

Feb. 27—The President confers with Ambassador Cowen, Maj. Gen. Leland Stanford Hobbs, JUSMAG chief, and Brig. Gen. Calixto Duque, acting AFP chief, on the need of additional arms from the United States to equip the 10 new battalion combat teams being organized for the purpose of the restoration of peace and order in the country.

Following the petition of book dealers and another petition of the Fulbright Scholars Association, and the recommendation of Under-Secretary of Education Cecilio Putong, the Cabinet decides to classify educational and technical books as essential commodities and to transfer the licensing for the importation from the ICA to the PRISCO. It is estimated that 85% of the books used in the elementary and secondary schools and 95% of those used in colleges and universities are imported from the United States.

The Cabinet hears a report of Budget Commissioner Pio Joven on the cuts made by Congress in the appropriations of various departments and the President speaks of the need to restore them if the Government is to operate effectively.

The President after going over a list of large taxpayers, commends Gregorio Araneta & Company, the Andres Soriano companies, Menzi & Company, and Ramon Roces for paying large income taxes to the Government and states he will authorize publication of the names of tax evaders.

Banking and Finance

By C. R. HUTCHISON

Manager, Port Area Branch, National City Bank of New York

COMPARATIVE statements of condition of the Central Bank:

ASSETS	*As of Dec. 31 1949*	*As of Nov. 29 1950*	*As of Dec. 31 1950*	*As of Jan. 31 1951*
	(In thousands of Pesos)			
International Reserve	₱460,689	₱580,504	₱569,982	₱548,933
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage	113,306	113,306	113,306	113,306
Loans and Advances	77,047	41,647	48,536	56,791
Domestic Securities	92,197	155,240	157,580	160,821
Trust Account—Securities Stabilization Fund	—	6,848	6,848	6,848
Other Assets	20,390	43,472	55,269	47,003
	₱793,629	₱971,017	₱981,522	₱963,702
LIABILITIES				
Currency—Notes	₱555,576	₱602,402	₱643,858	₱644,563
Coins	74,384	85,735	89,167	90,529
Demand Deposits—Pesos	117,682	245,149	208,040	183,976
Securities Stabilization Fund	2,000	6,848	6,848	6,848
Due to International Monetary Fund	22,498	498	498	496
Due to International Bank for Reconstruction and Development	2,389	2,388	2,388	2,388

Other Liabilities	2,636	8,763	10,813	13,793
Capital	10,000	10,000	10,000	10,000
Undivided Profits	6,464	7,618	8,293	9,493
Surplus	—	1,616	1,616	1,616
	₱793,629	₱971,017	₱981,522	₱963,702
CONTINGENT ACCOUNT				
Forward Exchange Sold	₱ 6,460	—	—	—

The International Reserves continued to decline in January and at the month-end were ₱47,000,000 lower than the high point reached on October 31, 1950 (₱596,000,000). The decline from December 31 was ₱21,000,000. Loans and Advances increased ₱8,000,000, being the difference between a loan of ₱20,000,000 to the Philippine National Bank and a decrease of the Treasury's overdraft by ₱11,700,000. Other assets decreased by ₱8,000,000. This represents decreases in accrued interest of ₱1,000,000, in Exchange Items for Clearing of ₱3,000,000, and in Due from Foreign Banks—Japan of ₱4,000,000. Demand Deposits of banks decreased by ₱27,000,000 during the month which, added to an increase of ₱3,000,000 in deposits of government entities, resulted in a total decline of ₱24,000,000 in this category.

Money continues easy with numerous inquiries for time money. A fairly large volume of import licenses issued during the past two months should have some effect eventually in arresting the continued rising trend in prices, which meanwhile, remains unchecked. Collections are reported to be good.

On January 31, 1951, the Central Bank announced the public sale of Treasury bonds amounting to ₱1,800,000, the proceeds of which are to be used to meet current expenses of the Government. The issue which matures on February 7, 1952, was subscribed by local banks at a discount of 2%. This is the third issue of Treasury bills or government certificates of indebtedness offered to the public. The first was in the amount of ₱1,000,000 for use by the National Planning Commission and the second for ₱14,000,000 for general government expenditures.

It is reported that the Philippine National Bank will open in the next few months eight more provincial branches.

Manila Stock Market

By A. C. Hall

Hall, Picornell, Ortigas & Company

January 27 to February 23, 1951

WITH inflationary sentiment providing the main stimulus, the market opened the period under review on a strong note. However, during the second week of February, the market encountered too much stock for sale at the advance, and this halted the forward movement. Tax selling, in one form or another, was responsible for the increase in offerings. Investors with income taxes to pay later in the year are inclined to dispose of sóme stock now on any strength, to raise the necessary funds for these future payments, rather than to run the risk of possibly having to sell later on at lower prices. Another type of selling of a tax nature has come from those who believe that Congress must eventually pass additional tax measures as the best method of controlling inflationary pressures.

Latterly the market has turned quiet as neither buyers nor sellers show much disposition to operate pending clarification of economic and monetary factors.

MINING SHARES

1950-51 Range High	*Low*		*High*	*Low*	*Close*	*Change*	*Total Sales*
126.83	61.71	M.S.E. Mining Shares Ave.	113.97	103.74	107.58	Up 3.58	12,023,291
.26	.09	Acoje Mining Company	.25	.21	.24	Up .025	974,800
0.35	.012	Antamok Goldfields	.035	.03	.032	Up .004	145,000
.68	.26	Atok Big Wedge Mining Co.	.39	.32	.37	Up .04	494,000
.105	.04	Baguio Gold Mining Co.	.105	.0875	.0975	Up .0125	594,000
3.50	1.78	Balatok Mining Company	2.80	2.20	2.80	Up .70	4,400
.0051	.0027	Batong Buhay Gold Mines	.0035	.0035	.0035	—	800,000
5.00	2.50	Benguet Consolidated	5.00	4.50	5.10b	Up .60	28,580
.085	.012	Coco Grove, Inc.	.085	.047	.0825a	Up .0425	806,000
.013	.0078	Consolidated Mines, Inc.	.0125	.0115	.0125	Up .001	2,140,000
.25	.08	Hixbar Gold Mining Co.	.25	.19	.215	Up .025	399,750
.12	.042	Itogon Mining Co.	.12	.095	.115	Up .0175	981,000
.08	.025	I. X. L. Mining Company	.045	.031	.045	Up .015	70,000
.90	.17	Lepanto Consolidated	.80	.70	.73	Up .04	1,540,500
.05	.016	Masbate Consolidated	.038	.03	.038	Up .008	645,000
.455	.205	Mindanao Mother Lode	.43	.38	.38	Off .03	877,500
.20	.01	Misamis Chromite Co. Inc.	.012	.011	.012	Up .001	80,000
.085	.06	Paracale Gumaus Cons.	.075	.0625	.075	Up .015	60,000
.205	.14	San Mauricio Mining Co.	.205	.19	.205	Up .005	113,900
.345	.12	Surigao Consolidated	.29	.255	.26	Off .015	444,000
.038	.01	Suyoc Consolidated	.03	.028	.03	Up .006	125,000
.10	.045	United Paracale Mining Co.	.085	.065	.085	Up .02	280,000

COMMERCIAL SHARES

1950-51 Range High	*Low*		*High*	*Low*	*Close*	*Change*	*Total Sales*
114.00	78.00	Bank of the Philippine Islands	114.00	109.00	114.00	Up 8.00	169
13.00	10.00	Binalbagan - Isabela Sugar	13.00	13.00	13.00	—	100
95.00	60.00	Cent. Azucarera de Sara Ajuy	—	—	60.00b	—	—
90.00	55.00	Cent. Azucarera de Bais	80.00	80.00	80.00	Up 5.00	140
220.00	125.00	Cent. Azucarera de la Carlota	172.00	170.00	170.00	—	325
135.00	90.00	Cent. Azu. del Pilar	100.00	100.00	100.00	—	32
39.00	20.00	Cent. Azu. de Tarlac	—	—	31.00b	—	—
235.00	189.00	China Banking Corporation	—	—	225.00b	—	—
27.00	27.00	Filipinas Cia. de Seguros	—	—	26.50b	—	—
—	—	Insular Life Assurance Co.	—	—	5.50b	—	—
1.00	.35	Manila Broadcasting Co.	.35	.35	.35	—	1,300
2.80	2.00	Manila Wine Merchants, Inc.	—	—	3.80b	—	—
—	—	Marsman & Co. Inc. Common	—	—	.40a	—	—
.10	.085	Mayon Metal	.085	.085	.085	—	45,000
.14	.085	Mayon Metal 7% Preferred	.085	.085	.085	—	105,000
101.00	100.00	Meralco 6-1/2%	101.00	101.00	101.00	Up 1.00	200
150.00	135.00	Metropolitan Insurance Co.	—	—	142.00b	—	—
.75	.30	Pampanga Bus Co.	.75	.60	.75	—	4,000
—	—	People Bank & Trust Co.	—	—	56.00b	—	—
27.50	25.00	Phil. Guaranty Co., Inc.	27.50	27.50	27.50	—	1,140
.1075	.026	Philippine Oil Development Co., Inc.	.03	.029	.029	Up .003	217,390
1.40	1.20	Philippine Racing Club, Inc.	1.40	1.32	1.40	—	20,500
38.00	25.50	San Miguel Brewery Common	32.50	31.00	31.00	—	23,820
100.00	94.00	San Miguel Brewery 7% Pfd.	94.00	94.00	94.00	Off 3.00	20
105.00	100.00	San Miguel Brewery 8% Pfd.	105.00	103.00	103.00	—	725
16.00	16.00	Universal Insurance & Indemnity	—	—	16.00b	—	—
8.50	6.00	Williams Equipment Co. Common	—	—	6.50b	—	—

OVER THE COUNTER

	High	*Low*	*Close*	*Total Sales*
Central Luzon Milling Co.	0.54545	0.54545	0.54545	880
Pan Philippines Corp. Cl. "A"	0.01	0.01	.01	138,000
Realty Investment Common	7.50	7.50	7.50	1,750
Realty Investment Mang T Stk	450.00	450.00	450.00	10
The Sugar News Co.	50.00	50.00	50.00	1
The Sugar News Press	50.00	50.00	50.00	4
Victorias Milling Co.	185.00	180.00	185.00	142

Credit

By C. W. Muilenburg

Manager, Credit and Collection Department
International Harvester Company of Philippines

FIRMS dealing in transportation equipment and allied lines such as gasoline, tires, batteries, parts, etc., are continuing to find collections difficult and slow. The causes are easily identified. Registration fees for the first half year were due and payable in cash by the end of February. With bus and truck operations curtailed by shortages of tires, parts, and batteries, operators who each February and August have had difficulty in raising the cash outlay for registration of their vehicles, have had a much more difficult time this past month. Consequently, current obligations have not been met promptly and accounts payable have been left to accumulate, with all possible revenue being channelled into the Motor Vehicle Registration Offices.

Prices are still on the increase for many commodities and an immediate boost can be expected if an exchange tax is put in effect.

Bank collections continue good on loans. High copra prices are having a noticeable effect on collections in copra-producing areas, with even the surrounding areas being favorably affected.

Government financing institutions are not reopening real estate loans and the trend continues away from this type of security to more emphasis on dollar-producing and dollar-saving activities by channelling loans to industry and agriculture.

There is some interest shown in developing the citrus and the inland fishing industries, and some collections from rice and sugar loans are being diverted to abacá production.

With government financing institutions drawing away from real estate loans, private banks and building and loan associations are moving in. Terms have been somewhat shorter and collections have been quite good.

Electric Power Production

(Manila Electric Company System)

By J. F. Cotton

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	KILOWATT HOURS 1951	1950
January	40,713,000*	37,661,000
February	36,930,000**	33,828,000
March		38,107,000
April		35,378,000
May		37,611,000
June		37,529,000
July		38,774,000
August		39,872,000
September		38,791,000
October		40,657,000
November		39,268,000
December		41,099,000
Total		458,576,000

* Revised
** Partially revised

OUTPUT in February was at the same rate as in January but because of the shorter month the total decreased. The increase over 1950 was 3,102,000 KWH, or 9.2%.

The F.P.P. *Impedance* was shut down all month until February 27 for repairs and overhaul, but is again in service.

Real Estate

By Antonio Varias

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

REAL estate sales in the Greater Manila area registered during the month of February, 1951, numbered 676, with a total value of ₱8,445,762, as compared with 683 sales, with a total value of ₱7,939,775, registered during the preceding month of January.

Of the February total, 228 sales, with a total value of ₱3,549,050, represented deals within Manila proper, while 448 deals, with a total value of ₱4,896,712, were sales within the cities of Quezon and Pasay, and in the suburban towns of Caloocan, Makati, Malabon-Navotas, Mandaluyong, Parañaque, and San Juan.

Among the bigger sales registered during the month were:

A 2-story reinforced concrete building with a total floor area of 7,300 square meters on a lot of 5,432.6 square meters, situated at Arzobispo, corner Anda, corner Sta. Lucia streets, Intramuros, presently occupied by Marsman & Company, sold by O. Ledesma & Company, et al to Universal Realty Corporation for ₱860,000;

A property with a lot of 1,192.4 square meters at Echague Street, Sta. Cruz, sold by Juan Ysmael & Company to Metropolitan Enterprises, Inc. for ₱200,000;

A property with a lot of 3,578.5 square meters at Figueras Avenue, Pasay City, sold by Heirs of D. Tuason, Inc. to J. M. Tuason & Co., Inc. for ₱131,560;

A property with a lot of 19,184 square meters in Makati, sold by Ayala Securities Corporation to Aurelio Montinola for ₱115,104;

A parcel of 4,491 square meters at Taft Avenue, Pasay City, sold by Bagongbayan Realty Company to Arellano University for ₱112,275; and

A property with a lot of 7,152.8 square meters at Manga and Piña streets, Sampaloc, sold by Antonio Tuason, Jr. to Pilar & Remedios H. Miranda for ₱100,000.

Real estate mortgages registered in the Greater Manila area during the month of February, 1951, numbered 318, with a total value of ₱8,334,848, as compared with 285, with a total value of ₱3,919,903, registered during January.

Of the February total, 125 mortgages, with a total value of ₱5,636,460, represented deals within Manila proper, while 193, with a total value of ₱2,698,388, were mortgages within the cities of Pasay and Quezon, and in the suburban towns above mentioned.

TOTAL VALUES OF REAL ESTATE SALE AND MORTGAGES
REGISTERED YEARLY SINCE 1940
(Suburban figures not compiled until years shown below)

Year	Manila	Quezon City	Pasay City	Suburbs	Total Value
SALES					
1940	₱17,974,844				
1941	10,647,285				
1945	22,890,133				
1946	45,537,914				
1947	68,260,104				
1948	58,853,647	₱15,497,896			
1949	38,760,040	16,682,577	₱ 4,271,034		
1950	46,114,274	13,769,983	5,710,119	₱16,801,476	₱82,395,852
Monthly Average of Sales for 1950					
1950	₱ 3,842,856	₱ 1,147,499	₱ 475,843	₱ 1,400,124	₱ 6,917,708
Monthly Totals of Sales for 1951					
January	₱ 4,466,475	₱ 1,276,690	₱ 743,346	₱ 1,453,264	₱ 7,939,775
February	3,549,050	2,775,341	709,598	1,411,773	8,445,762
MORTGAGES					
1946	₱39,096,693				
1947	99,406,117				
1948	87,911,254	₱19,371,741			
1949	73,739,758	16,214,649	₱ 5,823,261		
1950	46,680,484	11,768,170	5,457,933	₱36,330,823	₱83,011,307
Monthly Average of Mortgages for 1950					
1950	₱ 3,890,040	₱ 980,681	₱ 454,829	₱ 3,027,569	₱ 6,917,609
Monthly Totals of Mortgages for 1951					
January	₱2,105,600	₱ 490,457	₱ 272,300	₱1,051,546	₱3,919,903
February	5,636,460	1,106,498	869,100	1,722,790	8,334,848

Port of Manila

By R. L. Moore

Treasurer, Luzon Brokerage Company

IT is heartening to note that PRISCO has established what appears to be a going, successful concern, really interested in problems of the importer. The reaction all over town is that this agency knows what it is doing and, of course, evidence has manifested itself daily in the papers indicating licenses issued which will mean:

1. That imports will be considerably stepped up, which is good news to our business.

2. That much needed heavy equipment, capital goods, etc., will be coming in to relieve the serious shortage as it now exists in the Philippines.

ECA representation is increasing, with personnel arriving every week. There is a growing belief that while ECA is not content with the progress of the Government in meeting terms and conditions upon which aid is predicated, nevertheless, it will undoubtedly come through in some strength.

In our world, Mr. Foster Knight and Mr. L. G. Little are checking the customs scene. We sincerely hope that the many difficulties now encountered in clearing the Customs will be overcome, although of course, these men are no miracle workers. In our several talks with Mr. Knight, we were impressed both with his background of experience in clearing up the same type problems in Korea and China, and with his immediate understanding of the problems in Manila.

VEHICLE plate licenses for transportation have risen from ₱4 per 100 kilos to ₱8, a 100% increase that looms up as a serious factor in the transportation business. In addition, the Government is requiring 4% of all gross returns on haulage from the piers. This, along with several other license demands, is too large a burden to bear. It is very likely in the very near future that rates will have to go up in order to transfer a portion of this burden. A proposal to increase the rates has been submitted to the Public Service Commission for review and approval. We do not like the idea of an increase but with the many burdens now imposed on transportation, apart from the tremendous cost of maintenance of equipment, replacement of tires, etc., there is no other solution.

As is known to most of us, there are in the brokerage business certain firms which are not bona fide customs brokers and not established as such. Rather, they are interested in taking care of their own business activities or in short-period operations to get full use out of personnel and/or equipment they may have available basically for other purposes. The result is that the usual fair practices as followed by any association in a given business are jeopardized by cutting the rates down to a point which they could not long stand if they were to maintain their equipment and personnel over any extended period of time. This beating down of prices would inevitably end in poor performance and service if joined in by all the brokerage and trucking firms. Customs has appointed a committee to study this unhealthful condition. We do not know as yet what will come of the investigation.

"PACO" GISPERT: R. I. P.

WORDS are inadequate to express our shock and sorrow at the loss of our friend, "Paco" Gispert. We noted that one of the newspaper headlines stated that he was "slain". This is a word more properly descriptive of death in battle. This was nothing short of a cold-blooded murder of a defenseless man, who had but a moment before left his wife and children in an automobile below. We extend every tribute to this courageous man. We hope that justice will speedily be meted out to the perpetrator of the unholy crime.—R. L. M.

Shipping—Imports

By F. M. Gispert

Secretary, Associated Steamship Lines

TOTAL exports for the month of January of this year showed an increase of approximately 200% over exports during January of last year.

Ninety-five vessels lifted 318,016 tons of exports during the month, as compared to 164,078 tons lifted by 85 vessels during the same month last year.

Commodities which have registered sharp increases over last year's figures for the same month, are: coconut oil from 2,766 to 7,988 tons; lumber from 739,555 to 4,402,696 bft; molasses from 4,774 to 24,485 tons; canned pineapples from 4,126 to 12,743 tons; and sugar from 38,228 to 84,892 tons.

Exports for January, 1951, as compared with exports during January, 1950, were as follows:

	1951		*1950*	
Coconut, desiccated	5,014	tons	6,687	tons
Coconut oil	7,988	"	2,766	"
Concentrates, gold	721	"	429	"
Copra	55,125	"	38,010	"
Copra cake, meal	5,293	"	4,198	"
Embroideries	213	"	135	"
Empty cylinders	658	"	580	"
Furniture, rattan	816	"	513	"
Glycerine	146	"	110	"
Gums, copal	68	"	16	"
Hemp	87,115	bales	58,416	bales
Hemp, knotted	62	tons	—	tons
Household goods	529	"	241	"
Junk, metals	969	"	1,111	"
Logs	15,243,709	bft.	11,788,661	bft.
Lumber	4,402,696	"	735,555	"
Molasses	24,485	tons	4,774	tons
Plywood	110	tons	12	tons
Ores: chrome	24,350	"	12,937	"
" lead	95	"	80	"
" iron	35,077	"	24,077	"
" manganese	700	"	—	"
Pineapples, canned	12,743	"	4,126	"
Rattan, palasan	314	"	74	"
Rope	383	"	243	"
Rubber	50	"	80	"
Shells, shell waste	54	"	38	"
Skins, hides	139	"	—	"
Sugar	84,892	"	38,228	"
Tobacco	915	"	81	"
Transit cargo	1,885	"	431	"
General merchandise	2,384	"	7,453	"

Lumber

By Luis J. Reyes

Philippine Representative, Penrod, Jurden & Clark Company

DURING the month of January, 1951, a total of 18,888,225 board feet was exported, with Japan leading all others with 9,472,877 feet consisting entirely of logs. This was followed by the United States with a volume of 7,264,166 feet, almost equally divided between logs and sawn lumber. Formosa came third with a little more than 1,000,000 feet of logs and lumber. Okinawa, Canada, Hongkong, and South Africa took about 1,000,000 feet in all. As released by the Bureau of Forestry, the timber inspected for export during the month of January, 1951, was as follows:

Destination	Lumber (Bd.Ft.)	Logs (Bd.Ft.)	Total (Bd.Ft.)
Japan	—	9,472,877	9,472,877
United States	3,767,998	3,496,168	7,264,166
Formosa	313,778	741,263	1,055,041
Okinawa	510,996	—	510,996
Canada	111,871	160,881	272,752
Hawaii	147,287	—	147,287
Hongkong	130,108	—	130,108
South Africa	34,998	—	34,998
	5,017,036	13,871,189	18,888,225

SHIPPERS to the United States are meeting with difficulty in securing space in ocean steamers, and had more space been available, the volume of timber exported for the month of January would have been one of the biggest monthly shipments since liberation.

This shortage of bottoms was predicted some months back. Carriers seem to prefer sugar and hemp to lumber whenever given the choice. Lumber producers feel that this is not exactly fair to the industry, because they have commitments, too, and need ships to carry their cargoes abroad. As a matter of fact, members of the Philippine Lumber Producers Association agreed with the Associated Steamship Lines to a raise in the rates on logs and lumber to figures believed competitive with those for sugar, but yet the necessary bottoms seem to be denied the lumber industry.

Shipments to Japan are not severely affected by this shortage of bottoms, because the buyers as a rule send their own ships and the owners are not members of the Associated Steamship Lines.

PRICES of logs and lumber for export are considered satisfactory by producers, particularly to Japan which takes a big volume of round logs, not only of the peeler grade, but also saw logs for which producers get as high as $56, f.o.b., Philippine ports. The prices of logs shipped to the United States range from $65 to $70 for peelers. No saw logs are shipped to America.

Prices in the local lumber market are considered low in spite of the relatively small volume coming to the market. Sales to Manila yards have been reported at ₱140 per thousand feet for white lauan, ₱150 for apitong, and ₱165 for reds. This is an improvement over the December prices, and there is a tendency for prices to go up, possibly the result of the recent purchase by SCAP involving about 9,000,000 board feet of Philippine sawn lumber.

Exporters are finding difficulty in securing export permits for shipment of lauan logs to Japan. The value of timber in the barter list between the Philippines and SCAP has been greatly exceeded by the Philippines and the authorities are not issuing export permits until a new arrangement, now in progress, has been entered into with SCAP. This sudden suspension of shipments to Japan has inconvenienced many shippers, as the logs were ready, letters of credit had been issued, and, in many cases, boats were on the way to pick the logs up.

Mining

By NESTORIO N. LIM
Secretary, Chamber of Mines of the Philippines

MINERAL PRODUCTION FOR THE MONTH OF JANUARY, 1951*

		Quantity		*Value*
Atok-Big Wedge Mining Co., Inc.	Au.	4,437	oz.	₱ 310,594
	Ag.	2,386	"	3,387
	M.O.	14,260	S.T.	313,981
Balatoc Mining Company	Au.	8,354	oz.	584,780
	Ag.	5,480	"	8,768
	M.O.	39,701	S.T.	593,548
Benguet Consolidated Mining Co.	Aug.	7,943	oz.	556,010
	Ag.	5,210	"	8,336
	M.O.	32,661	S.T.	564,346
Lepanto Consolidated Mining Co.	Au.	3,034	oz.	212,380
	Cu.	2,443,530	lbs.	989,582
	M.O.	30,035	S.T.	1,201,962
Mindanao Mother Lode Mines, Inc.	Au.	5,525	oz.	383,841
	Ag.	5,415	"	7,269
	Cu.	60,832	lbs.	24,941
	M.O.	11,200	S.T.	416,051
Surigao Consolidated Mining Co., Inc.	Au.	2,860	oz.	200,200
	Ag.	1,000	"	1,000
	M.O.	10,466	S.T.	201,800
Tambis Gold Dredging Co., Inc.	Au.	244	oz.	14,700
	Cu. Yd.	34,928		14,700
Surigao Placer Syndicate	Au.	189	oz.	13,241
	Cu. Yd.	49,000		13,241
Consolidated Mines, Inc.	Ref. Chromite	16,350	M.T.	392,400

DATA ON PRODUCTION, TAXES, AND LABOR FOR THE LAST FIVE YEARS OF THE MINING INDUSTRY*

	1946	*1947*	*1948*	*1949*	*1950*
Production	₱3,997,035	₱24,193,077	₱37,293,112	₱59,290,935	₱81,370,291
Taxes	85,000	516,000	797,322.30	1,305,058.85	3,000,000
Number of Labor Employed	8,000	18,000	20,000	31,000	36,000

THE data on mining production shows the steady progress of the industry from 1946 to 1950, in spite of the high costs of labor, materials and supplies,

*From Bureau of Mines data.

PHILIPPINE BASE-METAL PRODUCTION, 1950

		December		*Total for Year*	
		Quantity in M.T.	*Value In Pesos*	*Quantity in M.T.*	*Value In Pesos*
Consolidated Mines	(a)	23,300	₱ 466,000	208,665	₱ 4,173,100
Lepanto Consolidated	(b)	1,112	970,323	10,102	8,088,052
Mindanao Mother Lode	(c)	28	24,814	282	166,112
Philippine Iron Mines	(d)	37,612	470,150	263,156	3,378,419
Samar Mining	(d)	32,866	387,819	312,245	3,963,862
Marinduque Iron Mines	(d)	None	None	23,694	291,213
Acoje Mining	(e)	5,175	164,435	23,775	749,435
Misamis Chromite	(e)	None	None	10,571	460,378
Luzon Stevedoring Co. Chromite	(e)	None	None	7,500	265,000
Looc Lead-Silver Mines	(f)	None	None	327	143,067
Surigao Consolidated	(g)	47	35,339	552	354,513
Luzon Stevedoring Co. Manganese	(h)	None	None	4,163	176,240
General Base Metals	(h)	None	None	17,862	616,840
Seleo Manganese Mines	(h)	None	None	1,510	52,850
Palawan Manganese Mines	(h)	None	None	950	60,000
Palawan Mining Corp.	(h)	None	None	750	27,375
Amalgamated Minerals	(h)	None	None	1,610	89,220
Philippine Base Metals	(h)	None	None	549	30,383
Cia. Minera de Filipinas	(h)	None	None	600	24,000
De los Santos Manganese	(h)	None	None	450	18,000
Badillo Mining Company	(h)	600	29,520	1,423	66,555
T Ref. Chromite Ore		23,300	₱ 466,000	208,665	₱ 4,173,100
O Met. Chromite Ore		5,175	164,435	41,846	1,474,813
T Copper Metal		1,140	995,137	10,384	8,254,164
A Lead Metal		47	35,339	879	497,580
L Iron Ore		70,478	857,969	599,095	7,633,494
S Manganese Ore		600	29,520	29,867	1,161,463
Grand Totals			₱2,548,400		₱23,194,614

(a) Chromite mines with refractory grade of ore.
(b) Copper mines with gold and silver as by-products.
(c) Gold Mines with copper and silver as by-products.
(d) Iron mines.
(e) Chromite mines with metallurgical grade of ore.
(f) Lead-Silver mines.
(g) Gold mines with lead and silver as by-products.
(h) Manganese mines.

Compiled in the Bureau of Mines

and freight rates, and the lack of venture capital going into the industry.

The mining industry needs financial help from the Government in the form of loans at a reasonable interest, to be guaranteed by ore reserves and mining machinery; reasonable rates of taxation; and a steady importation of mining machinery, spare parts, supplies, chemicals, and foodstuffs.

The present pending legislation to increase taxation and to set a higher minimum wage for industry, is not meeting with the approval of the mining companies which have always been good tax payers and which already pay the best wages in the country.

Copra and Coconut Oil

By H. Dean Hellis

Manager, Philippine Refining Company, Inc.

January 16 to February 15

NOTWITHSTANDING previous sharp price advances in the world's markets for both Philippine copra and coconut reported in our last month's review, prices have continued to advance further during the present period under review, more particularly so since the beginning of February.

In general, the markets were rather uncertain and confused during the latter half of January, with little, if any, change, due entirely to persistent rumors that price controls would be announced in the United States in the very near future. Obviously, in the absence of anything definite, traders were unable to properly assess market probabilities, and as a result considerable caution was immediately evident on the part of both sellers and buyers.

The long-expected price- and wage-freeze in the United States finally became a reality by order on January 26, and price ceilings were established on the basis of the highest prices in effect during the period from December 19, 1950, to January 25, 1951, inclusive. The General Ceiling Price Regulation, as issued, did not order any specific price ceilings for individual items, and therefore there was likewise no "roll-back" ordered. It was soon apparent, however, that the Office of Price Stabilization would eventually establish specific ceilings for many items, and when done, there might well be certain price "roll-backs" on a selective basis.

Of particular interest to the Philippines, however, the U.S. Economic Stabilization Agency specifically exempted in the price-freeze order a total of 42 foreign oils and oilseeds from price ceilings, copra and coconut oil being among those exempted.

Immediately following the announcement of the price- and wage-freeze in the United States, considerable confusion continued in the oils and fats markets for a week to ten days, as it naturally took traders time to thoroughly digest and analyze the freezing order before they could come to any clear opinion regarding it.

Insofar as Philippine copra and coconut oil were concerned, the market turned very bullish during the first few days of February, and prices immediately started to advance, particularly as a result of an apparent continued strong demand from Europe for copra. Copra prices advanced approximately $20 per ton by about February 8. While the price-rise still continued even thereafter, it was not as pronounced as during the earlier part of the month.

About the end of the first week in February, rumors began to be heard that there would soon be a specific ceiling put on prices of cottonseed oil and soybean oil in the United States. Such action, however, was not actually taken until February 13, when a "rolled-back" ceiling price was placed on crude cottonseed oil of 23-1/2 cents per pound Valley, on crude soybean oil of 20-1/2 cents per pound f.o.b. Decatur, and on crude corn oil of 24-1/2 cents f.o.b. Mid-West mills. There is also currently some talk of a specific ceiling being placed on tallow in the United States, but this has not materialized as yet.

The effect of the "roll-back" on American cottonseed oil, soybean oil, and corn oil probably had only a slight deterring effect on the advance of Philippine copra and coconut oil prices, though, as we write, there is a growing feeling in the United States that both copra and coconut oil are now becoming too expensive in relationship to other oils and fats, and that accordingly millers and consumers may henceforth refrain from further buying until their needs become more immediate. A certain amount of coconut oil is, of course, always essential, and this being the case, American buyers will have to and actually will pay whatever price is necessary for their requirements as and when needed. Under the present situation, however, it is quite possible that the usage of coconut oil may be reduced to a minimum, and therefore that buyers will hesitate to replenish stocks any more than actually required.

In the final analysis, the rule of supply and demand will probably dictate the market trend of Philippine copra and coconut oil during the next few months. Although an excellent crop is anticipated in the Philippines for 1951, there is no doubt that supplies in the near future will be off from what they were during the second half of 1950, and at the same time, of course, quite a bit less than what are expected later on this year. Meanwhile the big "if" seems to be whether Europe will continue to be as keen a buyer as has been the case recently; also to what extent Japan and other destinations may be interested in Philippine copra at around prevailing or even higher prices.

With this same thought in mind, it is already quite evident that there will be no abundance of crude cottonseed oil available in the United States until the new cotton crop is harvested in the fall of the year. As a matter of fact, the supply is considerably short of what it was at this time last year, and consequently should make for a rather tight all-around situation in oils and fats for at least several months to come.

Presently here in the Philippines there also appears to be a fairly heavy back-log of orders and sales yet to be filled, with the natural result that some shorts have necessarily had to assist in pressing the copra market sharply upward in their need to cover.

So, all in all, it now looks as though all the factors are presently apparent to account for a continued steady to firm copra market at prices certainly not much below those currently being paid, and this will be particularly the case if the present demand continues from Europe, Japan, and destinations other than the United States. Even if this latter demand should become somewhat reduced, it is quite possible that the situation in the United States alone will be sufficient to keep Philippine copra and coconut oil relatively high-priced during the period when supplies here in the Philippines are seasonally low.

As to shipping conditions, the situation is pretty much unchanged, with space particularly to Europe being somewhat tight for nearby positions. Freight rates are considered quite firm, and the tendency is undoubtedly for still further advances. Some rates to Europe actually were increased during the period under review, the rate on copra for instance, going from sh. 160/- to sh. 175/-; on coconut oil from sh. 132/6 to sh. 162/6; and on copra meal from sh. 150/- to sh. 187/6. Freight rates to the United States are to be increased $3 per ton effective April 11.

With specific reference to prices during the period under review, Philippine copra was quoted at around $255 to $260 c.i.f. Pacific Coast at opening, whereas at close on February 15 there were reports that $285 c.i.f. had actually been traded.

European prices likewise advanced during the period from about $300 c.i.f. to as high as $330 c.i.f., while the f.o.b. landed weight market jumped from approximately $262.50 at opening to near $300 at close.

Locally in Manila, price advances were registered from about ₱47 to ₱48 at opening to approximately ₱55 at close.

The coconut oil market in the United States registered gains from 20 cents per pound c.i.f. Atlantic Coast for bulk-business, to trades at 21-1/2 cents c.i.f. with sellers then holding for 22-1/2 cents c.i.f. at close for additional supplies. On the Pacific Coast, oil advanced from approximately 19-1/2 cents f.o.b. tank cars to sales at 21-1/2 cents f.o.b. reported on February 15, sellers' ideas actually being from 21-3/4 cents to 22 cents f.o.b. immediately thereafter.

As is generally the case, exports of copra from the Philippines fell off quite considerably during January as compared to December. During January, 1951, they amounted to only 55,125 tons, as compared to 80,816 tons during December, 1950, and 38,010 tons during January, 1950. The exports for January, 1951, are broken down as to destination as follows:

United States	
Pacific Coast	32,340 long tons
Atlantic Coast	2,900 " "
Canada	2,750 " "
Japan	689 " "
Netherlands	3,100 " "
Italy	2,000 " "
Belgium	3,900 " "
Sweden	2,500 " "
Norway	1,500 " "
Switzerland	900 " "
Other European	1,000 " "
Israel	1,500 " "
South Africa	46 " "
Total	55,125 long tons

Coconut oil exports for January, 1951, however, maintained a reasonably good volume, they being 7,988 tons, as compared to 8,828 tons during December, 1950, and only 2,766 tons in January, 1950. January, 1951, exports of oil are broken down as to destination as follows:

United States Atlantic Coast	7,840 long tons
Venezuela	148 " "
Total	7,988 long tons

The market for Philippine copra meal during the month under review showed little, if any change, due largely to the fact that this commodity, unlike copra and coconut oil, is now subject to the price-freeze order in the United States, and consequently there has been considerable confusion and uncertainty as to future conditions and prices.

Desiccated Coconut

By Howard R. Hick

President and General Manager

Peter Paul Philippine Corporation

THIS report covers the period from January 15 to February 15, 1951. During this time the copra market bulled forward from ₱44 per 100 kilos resecada to ₱51. Nut prices advanced with the copra market and it was necessary to pay almost the copra equivalent to secure nuts.

There was much speculation in the market, as most contractors and planters felt that higher prices were to come, and, rather than sell coconuts for immediate cash return, they preferred to make copra and speculate on a future market. This condition made it very difficult to purchase nuts and most factories ran at reduced capacity due to insufficient raw material.

This condition may extend through the month of February as the local copra market has a bullish tendency, and no general pattern but speculation is in view. Several factories have closed down during the period due to the scarcity and high prices.

The shipping statistics for the month of January are as follows:

Shippers	*Pounds*	*%*
Franklin Baker Co. of the Philippines	1,460,200	25.89
Blue Bar Coconut Company	1,050,380	18.63
Red V Coconut Products, Ltd.	—	—
Peter Paul Philippine Corp.	1,760,000	31.21
Sun-Ripe Coconut Products, Inc.	866,375	15.36
Standard Coconut Corporation	246,640	4.37
Cooperative Coconut Products, Inc.	—	—
Tabacalera	155,900	2.77
Coconut Products (Phil.) Inc.	100,000	1.77
	5,639,495	100%

NOTE: Zamboanga Factory production	399,500 lbs.
Lusacan " "	650,880 "
TOTAL Blue Bar shipments	1,050,380 lbs.

Manila Hemp

By Fred Guettinger

Vice-President and General Manager
Macleod and Company of Philippines

THIS review covers the period January 16 to February 15, 1951. On January 29 the United States Government instituted "freeze" regulations which prohibit importers at selling at more than the highest price at which fiber was delivered between December 19, 1950, and January 25, 1951. As deliveries of Manila hemp during this period represented October/November shipments, a literal interpretation of the regulations would mean ceiling prices approximately 4¢ per lb. below the prices that prevailed during the base period. The traders did not believe that this interpretation would prevail and completely withdrew from the market, pending verification of the order. As a consequence, the market remained in a state of complete paralyzation for the remainder of the period under review. Advices were received from the United States the day before writing this report (February 27) to the effect that all restrictions had been removed and the free market restored. On the other hand, there seems to be increased agitation for the United States Government to take over the buying and become sole buyer.

The London market was steady on the decline and considerable business was done. Most Philippine exporters cleaned up their Japanese quotas and the quantity sold during the period is estimated at 15,000 bales.

The following nominal values on February 15 illustrate the trend of prices in the Philippines over the period:

	Per Picul Basis Loose		
	January 15	*February 15*	*Change*
Davao I	P79.50	P75.50	— P4.00
Davao J1	77.50	73.50	— 4.00
Davao G	73.50	69.50	— 4.00
Non-Davao I	76.00	71.00	— 5.00
Non-Davao J1	72.50	68.00	— 4.50
Non-Davao G	64.00	62.00	— 2.00

Pressings during January were 90,927 bales, the highest in the postwar period. The following are the comparative figures for balings for the month of January, 1947, through 1951:

	Balings — January				
	1951	*1950*	*1949*	*1948*	*1947*
Davao	40,025	22,822	19,278	22,120	25,881
Albay, Camarines, and Sorsogon	25,813	14,966	9,724	14,578	11,618
Leyte and Samar	14,821	9,618	9,111	8,096	3,896
All other Non-Davao	10,268	6,710	8,684	14,542	2,322
Total Bales	90,927	54,116	46,797	59,336	43,717

The production figures for the first three weeks of February indicate that the pressings for the second month of the current year will probably surpass those of January by a few thousand bales.

The following are the comparative figures for exports for the month of January, 1947, through 1951:

	Exports — January				
	1951	*1950*	*1949*	*1948*	*1947*
United States and Canada	43,153	21,704	13,903	37,442	25,514
Continental Europe	14,887	5,619	10,693	5,895	7,450
United Kingdom	9,650	9,546	1,849	4,315	575
Japan	4,910	9,464	17,877	3,816	—
South Africa	970	80	300	—	—
China	310	550	1,904	930	225
India	300	500	200	—	—
Korea	—	—	—	—	—
Australia and New Zealand	—	—	—	—	—
All Other Countries	—	—	—	630	—
Total Bales	74,180	48,088	46,806	53,028	33,764

Sugar

By S. Jamieson
Secretary-Treasurer
Philippine Sugar Association

THIS review covers the period from February 1 to February 28, 1951, inclusive.

New York Market. February opened on a firm market. On the 2nd refiners took up all of the Cuban, Porto Rican, and Philippine sugar on offer for February/March arrival at 6¢, and spot was quoted at 5.99¢. On the 5th, small quantities of Porto Ricos for March arrival were sold at 6.05¢ and spot reached the same level. Next day, though the market was slightly easier, there were sales of Cuban and Hawaiian sugar for March arrival at 6.05¢ and 3,000 tons of Philippines for February/March shipment were taken on a p.d.a. (price on date of arrival) basis. On the 7th, the market became steady at the decline. Cubas for March shipment were sold at 6¢, with buyers indicating interest in further quantities at this price in suitable positions. Next day, further sales of Cubas were made for March shipment at 6¢, and there were light offerings of Cubas, Porto Ricos, and Philippines for March/April arrival at the same price, with buyers indicating 5.95¢. On the 9th, in a somewhat easier market, some Philippines and Porto Ricos for February/March shipment were sold at 5.95¢, but further offerings at this price attracted no buying interest. On the 13th sales of Cubas for February/March shipment were made at 5.90¢. On the 15th, 1,000 tons of Philippines afloat were taken on a p.d.a. basis, while another 1,000 tons in the same position were sold outright at 5.91¢. For a week the market continued steady, with sales of fair quantities of Cubas, Philippines, and Porto Ricos for March arrival at 5.90¢. The undertone was firm, and on the 26th sales of Philippines afloat, for March arrival and for February/March shipment, were made at 6¢, followed next day by sales of Cubas, Porto Ricos, and Philippines for March shipment at the same price. On the last day of the month, one lot of Philippines for March/April shipment and a parcel of Porto Ricos for April arrival were sold at 6¢, but the market closed easier, with light offerings of Cubas at 5.95¢ and buyers holding off. Spot at the close was quoted at 5.95¢.

We give below the quotations on the New York Sugar Exchange as of February 28 for Contract No. 6:

May	5.44¢
July	5.53
September	5.59
November	5.62

The world market Contract No. 4 quotations closed as follows on February 28:

March	5.22¢
May	5.29
July	5.30
September	5.31
March, 1952	5.06

The world spot market price on February 28 was 5.25¢ as compared with 4.95¢ on January 31, 1951.

Local Market. (a) Domestic Sugar: The market during the month was steady at the decline, the closing quotations as released by the Bureau of Commerce being as follows:

Centrifugal	97°	— ₱14.30 to ₱14.50 per picul
Washed	98°	— ₱15.80 to ₱16.00 per picul
Washed	99°	— ₱16.30 to ₱16.50 per picul

(*b*) Export Sugar: Scarcity of shipping space and uncertainty about the freight rate continued to restrict business, exporters being disposed to buy only against freight in hand. The month opened with buyers at ₱14.75 per picul, ex mill warehouse, for prompt delivery, but the price steadily declined thereafter and at the close buyers, realizing that a substantial increase in the freight rate was imminent, were quoting ₱14.20.

Freight. Effective March 1, 1951, the freight rate on sugar to United States Atlantic Coast ports will be further increased from $16.60 to $21.00 per long ton, shippers continuing to pay in addition a stevedoring differential which at present amounts to $0.40 per long ton.

General: It was officially announced about the middle of February that sugar had been removed from the General Ceiling Price Regulations of the Economic Stabilization Administration, leaving it as before in the control of the U. S. Secretary of Agriculture under the provisions of the Sugar Act of 1948 which contains no provision for direct price control but permits the Secretary to regulate supplies through quota changes.

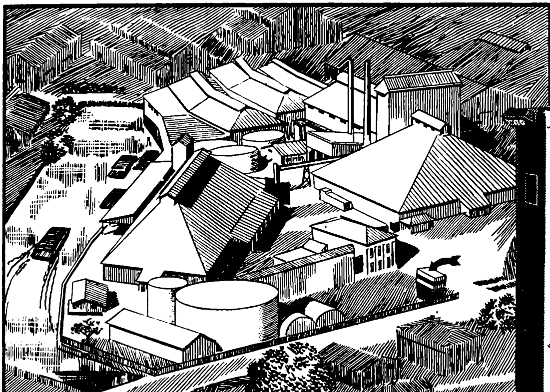
Tobacco

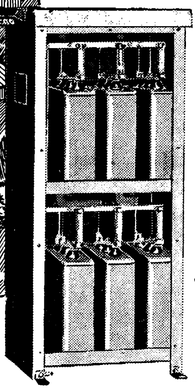
By Luis A. Pujalte
Secretary-Treasurer
Manila Tobacco Association, Inc.

THE British American Tobacco Company, known throughout the Orient as the B. A. T., needs no introduction. B.A.T. is the largest and most potent tobacco company in the world; it is in tobacco something like, let us say, Unilever or Procter & Gamble are in fats and oils. But in tobacco there is only one dominant power and that is the B. A. T. It controls a very large portion of the tobacco produced throughout the world and it manufactures, through its numerous subsidiaries, a major portion of the cigarettes consumed throughout the world. The B. A. T. has not gone in for cigar manufacture on a big scale, in so far as I know.

Toward the end of last year, several representatives of the B. A. T., coming from different ports, met in Manila and made a pretty close survey of our tobacco industry. They toured the tobacco provinces and closely observed the types raised as well as the curing methods.

Dissidents in Indonesia have destroyed a major part of the last crop in the curing barns. This, it is said, is the main reason that induced the B. A. T. to glance at the Philippines. What its plans are, only time can tell, but I believe that if it should decide to enter this field, the industry and the people in general will benefit.





The tobacco crop for Visayas, Union, Pangasinan, and Ilocos is expected to be larger than the last crop, while in Isabela and Cagayan a great increase is expected over previous years up to liberation; if weather conditions remain favorable a crop of pre-war proportions is expected.

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	*December, 1950*	*December, 1949*
Automotive (Total)	1,123,361	1,300,331
Automobiles	317,499	402,882
Auto Accessories	694	4,469
Auto Parts	194,008	318,622
Bicycles	6,051	93,087
Trucks	—	27,963
Truck Chassis	96,117	229,446
Truck Parts	43,816	28,340
Building Materials (Total)	3,344,459	24,486,545
Board, Fibre	82,278	185,259
Cement	59,739	20,331,241
Glass, Window	828,690	497,662
Gypsum	—	54,697
Chemicals (Total)	9,010,488	10,474,703
Caustic Soda	701,958	930,897
Explosives (Total)	—	25,587
Firearms (Total)	3,246	16,437
Ammunition	1,907	9,699
Hardware (Total)	7,334,247	6,220,499
Household (Total)	1,301,246	2,694,251
Machinery (Total)	1,345,826	2,029,009
Metals (Total)	9,073,325	11,244,256
Petroleum Products (Total)	51,908,616	92,406,798
Radios (Total)	10,802	137,067
Rubber Goods (Total)	899,319	1,106,441
Beverages, Misc. Alcoholic	9,381	26,585
Foodstuffs, (Total Kilos)	25,287,270	39,600,707
Foodstuffs, Fresh (Total)	181,247	271,296
Apples	46,763	100,915
Oranges	8,670	11,749
Onions	48,539	20,992
Potatoes	27,392	30,844
Foodstuffs, Dry Packaged (Total)	34,323	111,219
Foodstuffs, Canned (Total)	329,538	620,317
Sardines	50,510	230,447
Milk, Evaporated	156,740	133,792
Milk, Condensed	41,999	25,600
Foodstuffs, Bulk (Total)	350,727	504,489
Rice	250	37,594
Wheat Flour	288,105	404,568
Foodstuffs, Preserved (Total)	892	3,955
Bottling, Misc. (Total)	899,396	1,649,544
Cleansing and Laundry (Total)	1,395,650	565,085
Entertainment Equipment (Total)	3,362	11,912
Livestock-bulb-seeds (Total)	4,517	3,727
Medical (Total)	421,536	600,903
Musical (Total)	21,220	222,589
Office Equipment (Total)	67,469	215,375
Office Supplies (Total)	63,557	120,796
Paper (Total)	5,322,485	5,375,132
Photographic (Total)	36,288	81,710
Raw Materials (Total)	7,311,914	266,599
Sporting Goods (Total)	96,032	58,820
Stationery (Total)	154,815	428,315
Tobacco (Total)	431,776	1,606,405
Chucheria (Total)	80,444	205,459
Clothing and Apparel (Total)	315,514	552,505
Cosmetics (Total)	90,452	73,908
Fabrics (Total)	725,431	455,250
Jewelry (Total)	630	52
Leather (Total)	189,367	257,530
Textiles (Total)	2,313,282	5,584,147
Twine (Total)	47,158	161,466
Toys (Total)	28,834	140,825
General Merchandise (Total)	349,804	870,016
Non-Commercial Shipments (Total)	62,752	52,038
Advertising Materials, Etc. (Total)	15,046	74,980

Commodities	*January 1951*	*January, 1950*
Automotive (Total)	1,122,861	1,367,319
Automobiles	80,760	492,490
Auto Accessories	1,184	18,102
Auto Parts	170,299	198,330
Bicycles	17,413	57,533
Trucks	—	25,843
Truck Chassis	300,060	183,927
Truck Parts	282,306	24,821
Building Materials (Total)	3,174,079	5,506,300
Board, Fibre	92,165	169,524
Cement	77,419	517,962
Glass, Window	456,596	1,048,226
Gypsum	134,718	502,451
Chemicals (Total)	5,509,596	13,536,941
Caustic Soda	753,210	2,606,879
Explosives (Total)	16,596	32,987
Firearms (Total)	29	15,175
Ammunition	—	2,469
Hardware (Total)	4,855,905	7,074,415
Household (Total)	961,825	1,655,063
Machinery (Total)	1,633,350	2,463,463
Metals (Total)	9,080,154	12,311,159
Petroleum Products (Total)	98,501,893	47,766,404
Radios (Total)	24,213	92,214
Rubber Goods (Total)	984,348	856,013
Beverages, Misc. Alcoholic	4,683	40,829
Foodstuffs, (Total Kilos)	33,645,435	22,491,674
Foodstuffs, Fresh (Total)	152,387	104,243
Apples	34,212	32,572
Oranges	13,247	5,723
Onions	67,368	18,978
Potatoes	9,758	7,983
Foodstuffs, Dry Packaged (Total)	17,625	36,601
Foodstuffs, Canned (Total)	318,669	335,076
Sardines	84,133	42,592
Milk, Evaporated	133,004	156,651
Milk, Condensed	25,925	27,349
Foodstuffs, Bulk (Total)	843,016	422,265
Rice	—	—
Wheat Flour	770,917	358,343
Foodstuffs, Preserved (Total)	496	296
Bottling, Misc. (Total)	943,779	1,865,224
Cleansing and Laundry (Total)	282,768	620,074
Entertainment Equipment (Total)	1,806	12,755
Livestock-bulb-seeds (Total)	5,771	744
Medical (Total)	443,814	842,247
Musical (Total)	33,564	116,867
Office Equipment (Total)	38,953	209,974
Office Supplies (Total)	49,080	46,160
Paper (Total)	4,859,661	6,657,171
Photographic (Total)	20,568	36,746
Raw Materials (Total)	2,846,337	160,738
Sporting Goods (Total)	65,825	143,763
Stationery (Total)	216,716	407,280
Tobacco (Total)	328,864	1,072,271
Chucheria (Total)	94,074	176,090
Clothing and Apparel (Total)	415,971	417,712
Cosmetics (Total)	122,107	207,704
Fabrics (Total)	1,220,313	1,048,897
Jewelry (Total)	281	37
Leather (Total)	270,468	224,099
Textiles (Total)	1,459,387	3,754,019
Twine (Total)	43,193	94,240
Toys (Total)	20,551	122,381
General Merchandise (Total)	306,309	713,057
Non-Commercial Shipments (Total)	52,481	45,469
Advertising Materials, etc. (Total)	16,755	46,347

Food Products

By C. G. Herdman
Director, Trading Division
Marsman & Company, Inc.

THE stockpiling allocations on foodstuffs made by PRISCO in January have shown good results in the local market. Very considerable quantities of canned fish, especially, have arrived during recent weeks, with the result that prices on such merchandise have gone down in the local market; in fact, canned fish is selling below the official ceilings at the present time.

There have also been fair arrivals of canned meats and of evaporated milk. There has been no softening of prices, however, on these commodities which continue to move at the same price levels as during recent months.

Stocks of practically all other items of imported foodstuffs continue to be in very short supply and can only be secured in many cases in the black market. The shortage of canned coffee is particularly noticeable. Very little stocks can be found of canned fruits and vegetables, jams and jellies, butter and cheese, etc., and there seems to be no prospect of increased supplies in these lines.

PRISCO has just placed additional orders for flour on the basis of 700,000 bags monthly for shipment during the months of March, April, and May. This purchase will exhaust the Philippine quota under the International Wheat Agreement for the present crop-year, although there are two months yet, namely, June and July, to be provided for. The Philippine Wheat Flour Board has gone on record to the effect that greater quantities of flour are required for the minimum consumption of the country than are allotted to the Philippines under I.W.A. and an application is being made to the Council governing operations under I.W.A. for increased quantities of flour. If this application is not favorably considered, then the only recourse here would be to buy flour on the open market in the United States, Canada, or other producing countries, but if that is necessary, then the flour will have a materially higher price.

Available stocks of foodstuffs in general in foreign markets appear to be very much on the short side. It is sincerely to be hoped that PRISCO will be able to secure additional dollar funds from the Central Bank for further stockpiling operations in the near future, as the more delay occasioned in making further purchases will find it just that much harder to secure the necessary imports and, inevitably, at higher prices.

Textiles

By W. V. Saussotte
Acting General Manager
Neuss, Hesslein Co., Inc.

DURING January arrivals from the United States totaled about 9,200 packages and included approximately 2,650 packages of cotton piece goods and 1,400 packages of rayon piece goods.

Arrivals of all textiles from other countries, including made-up goods, amounted to 96 packages from Japan, 382 packages from China, 1,180 packages from Europe, and 889 packages from India. The arrivals from both Europe and India included about 700 packages each of jute-bags and Hessian cloth in the piece, or a total of about 1,400 packages.

The total arrivals from all sources for the month of January, including all types of textiles, amounted to 11,724 packages. This represents a decline of about 20% in comparison with December arrivals. The annual average monthly arrivals for 1949 was 22,600 packages, and for 1950, 12,600 packages. Comparison of the statistics indicates a progressive decline in local stocks accompanied by strong general price-inflation tendencies which have combined to make local prices soar.

In this connection, the following article appeared in the February 26 final edition of the *Daily Mirror:*

"The upward trend of the open market price of textiles not subject to ceilings, in both wholesale and retail, continues, it was noted today. Particularly affected are the high-class fabrics for both men and women's wear.

"This spiral in prices has affected the surcharge asked on import licenses for textiles.

"Of all the items being imported, licenses for textiles are with a surcharge as high as 70% over the face value of the license.

"The other articles command only from 40 to 60% 'excess' price.

"The increase in prices for both licenses and the commodity itself has been attributed to the oft-repeatedly announced standing policy of the Import Control Board that textiles will occupy the bottom of the priority schedule and that application for new textile factories will not be entertained this quarter.

"The ban on imports has been imposed due to findings by various government agencies that there are enough stocks to meet normal requirements from two to three years. . ."

As stated in the February issue of the *Journal,* the allegation that local supplies of textiles are sufficient for a two or three year period is contradicted by analysis of the arrival statistics. It was also stated that insofar as the public knows, nothing has been done "to alleviate a situation which is steadily becoming worse and which is developing at an ever increasing pace since the middle of 1950". The *Daily Mirror* article of February 26, quoted above is, therefore, not surprising.

Due to the shortage of raw cotton and the consequences of the war in Korea, arrivals from Japan have dropped off to an almost negligible quantity. Deliveries are currently running as far ahead as six months. In addition, arrivals from China have suffered a marked decrease. Over and above this, due to the chaotic conditions brought about by the "price-freeze" order of January 26 in the United States, which caused practically all mills to withdraw goods from sale, firm bookings made with mills in the United States since January 26 have been virtually nil. The consequence is that there is nothing in the offing to indicate that the upward spiral in local prices will stop in the near future.

When the "price-freeze" took place in the United States, it left farm cotton uncontrolled but established ceilings on all cotton after shipment to the gins. The result is that as of the end of February the cotton exchanges in the United States are closed and with this closure mills have been unable to buy their future requirements, which in turn has resulted in the withdrawal of practically all finished goods from the market.

The United Press reported from Washington on March 4: "The Government set a basic ceiling price of 45.76 cents a pound on the farm price of cotton in a move to prevent further rises in the cost of cotton clothing and materials".

In view of this most recent development, there is now reason to believe that mills will again be offering finished goods at firm prices in the near future. However, unless this is accompanied by a more liberal policy of the ICA in Manila with respect to the issuance of licenses for textiles, it will not, in itself, do anything to halt the upward trend of local prices. In addition, the inauguration of export controls in the United States is daily coming closer to realization and should this development actually occur, the local problem of obtaining adequate textile supplies will indeed become most difficult, particularly if such export allocations are based on 1950 exports. As noted in the February issue of the *Journal*, 1950 arrivals of textile exports from the United States were only about 45% of 1949 arrivals.

The opportunity which existed during the latter part of 1950 to acquire adequate stocks no longer exists and the immediate future holds no promise for replenishment of the already short local supplies.

Drugs

By Gunter Rottner

Formerly Merchandising Manager, Philippine American Drug Company (Botica Boie)

OF all merchandise categories, perhaps the most critical break in supplies, as well as the most thorough trade re-locations, were experienced by the drug business in the Philippines.

After a number of highly competitive years (1946 to 1949 and including the first half of 1950) Import Control cut a deep wound into established supply lines for medical preparations and equipment of all kinds. Considered non-essential, cosmetics and toiletries had been eliminated much earlier. The symptoms and their developments during this period were briefly: a greater than pre-war number of importers and distributors, attracted by the apparent promise of a bonanza, made heavy purchases under easy credit conditions and forced the trade into a battle for survival, with resulting low prices to the consumer.

The market demonstrated an astounding capacity as the country slowly recovered from the ravages of war. But the economic recovery lacked speed. Money became scarce and buyers began to place import orders with the utmost caution and stayed rather on the low side under the influence of inventories and the presence of ₱38,000,000 worth of army surplus. The year 1950 opened with a foreign-exchange allocation cut 28% per annum over the previous year. The knife fell in May, 1950, when the new controls were extended over medical supplies in both quota and non-quota schedules which were defined only in the vaguest terms. There was no clarification or any workable solution until the new PRISCO, taking over the import control of medical supplies, drew up a list of priorities through a consulting committee early in 1951. Although far from ideal, this represents an approach toward a workable basis. The regulations of May, 1950, were retroactive in fact, and shipments were suspended. Drug distribution, anywhere, is organized on a basis of a constant flow of supplies. Immediate reduction in inventories, danger of war, panic-buying, developing shortages and controls also in the supply areas, and problems of shipping space were ominous signs at the time, but individual and collective pleas for ICA action to avert the otherwise inevitable and dangerous shortages of health-supplies and life-saving drugs, went unheeded. It was in August of the year that import licensing began and then continued only sporadically. The last quarter saw an alarming situation. The trickle of incoming supplies proved entirely inadequate to meet the demand. Overall inventories of importers and distributors were the lowest ever, far lower than the stocks at the outbreak of World War II. However, it is generally believed that the average drug store shelves and home emergency-supplies are somewhat better off.

Meanwhile, in November, 1950, the principal supplier, the United States, placed certain important products, such as anti-biotics and sulfas, under export licensing, and applications for Philippine shipments are today viewed with reluctance for fear of re-shipment to China. As pointed out, the PRISCO stepped into the picture, and, after a period of organization, began to issue import licenses on January 31 of this year, subject to priority limitations. A total value of approximately $4,000,000 was approved through a remarkably short procedure, but by then, material shortages of both an ingredient and container nature were felt at the supply sources. Price increases, too, not provided for by PRISCO, now complicate matters. Some orders have already been rejected by suppliers for the foregoing reasons and more are sure to follow. So as matters stand, all-important anti-biotics (Penicillin, Streptomycin, and others) and sulfas will continue to be scarce or unavailable. Cotton and gauze will be in extremely short supply, and their prices have considerably advanced at the source; so, too, hospital instruments and equipment of metal manufacture. Many more classes of goods could be added to this list out of the numerous and complex product-categories which the drug business handles to serve and fill medical requirements. The whole adds up to the fact that many a patient or physician will search, perhaps in vain, for a necessary item. The prospect is not reassuring.

And what will the situation mean to the man in the drug business? His former selling problems have shifted to become buying problems. Increased taxation and increased office paper-work to comply with government regulations, on one side, price ceilings and controlled volume, on the other side, will add to his cost of doing business. Obviously, he is facing times ahead more difficult than ever before. It will take all the resources and know-how he can muster, and the cooperation of overseas suppliers, for him to survive if that is possible at all. But, then, a number of affected business firms have faced hard times before and have overcome them as they added to their years and decades.

Mention should be made of the fact that the former Philippine Wholesale Druggist Association has been reactivated as the Drug Association of the Philippines to look after the problems and the welfare of member firms, the affected professions and industries, and the public in general, while the manufacturers and retailers have also grouped together.

*An interesting development is the re-location in the trade that has taken place since the end of World War II. From a mere 10 to 15 regular pre-war importers and distributors to about 30 considered active in the years following the war, the PRISCO has now issued import licenses to at least 114 firms of this category. This wider, in fact almost unbelievably wide spread, is very different from the situation in pre-war days when one old organization held what amounted to a monopoly. Other organizations have grown and moved up to important positions.

It is worthy of note that some United States manufacturers have found it advisable to open full branch offices here, some of which are about to bring local manufacturing plants of some extent into operation. This is the beginning of a serious and earnest local pharmaceutical industry, spearheaded by reputable United States organizations, which should receive total support from the authorities.

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*Editor's Note: A Malacañan press release on March 9 announced that President Elpidio Quirino had that day approved the "unlimited importation of 165 medical items through PRISCO."

Legislation, Executive Orders, and Court Decisions

By Robert Janda
Ross, Selph, Carrascoso & Janda

THE only bill of importance enacted by the Congress and approved by the President during the month of February became Republic Act No. 594 amending Sections 183 through 188 of the National Internal Revenue Code. The most important provisions of these amendments provide, first, that locally manufactured articles are relieved from the advance payment of the sales tax at the time the articles are removed from the place of manufacture and that the tax is now payable quarterly.

Second, the method of taxing imported articles is basically changed. Under the new law a formula is set up for collecting the tax at the time of importation not only on the landed cost but also upon the estimated differential between the landed cost and the price for which sold. No further tax is collectible upon the actual sales price. In the case of so-called luxury items, the estimated differential is 100%; in the case of semi luxury items, the estimated differential is 50%; and in the case of all other articles, the estimated differential is 25%.

THREE decisions were handed down by the appellate courts which may interest the business community. In the case of Salonga *vs.* Warner, Barnes & Co., Ltd. (G. R. No. L-2246, January 31, 1951), the Supreme Court held that the settling agent for a non-resident foreign insurance company was not liable on the policy, though the Court indicated service on the non-resident company might be made on the settling agent.

In the case of Berg *vs.* Teus (G. R. No. L-2987, February 20, 1951), the Supreme Court stated that the moratorium did not prevent an action on a mortgage and enforcement of the subsidiary remedies given the mortgagee, though the Court indicated that enforcement of a money judgment on a mortgage might be suspended during the period of the moratorium. In this case plaintiff alleged waste of the mortgaged property and asked appointment of a receiver. The Court held that if the allegations proved correct, the receiver should be appointed in accordance with the provisions of the mortgage. It is interesting to note that the decision was by a unanimous court and that the question as to whether Executive Orders Nos. 25 and 32 (the moratorium) and Republic Act No. 342 (suspending the moratorium in part) were still in force, or if in force were constitutional, was expressly left open.

The Court of Appeals in the case of Cuevas *vs.* Tolentino (CA-G. R. No. 5616-R, February 22, 1951) stated that the parties in an action on an obligation incurred during the Japanese occupation were entitled to prove by evidence introduced at the trial the actual value of the Japanese military currency at the place where the obligation was entered into and at the time the contract was made, and that the Ballentyne Scale would only be adopted by the Court in the absence of such proof.

Other Chambers of Commerce

Report on the Convention of Chinese Businessmen

By Yang Sepeng
Executive Secretary
Philippine Chinese General Chamber of Commerce

UNDER the present emergency when the nation needs the cooperation of all businessmen, President Sy En of the Philippine Chinese General Chamber of Commerce deemed it opportune to call a convention of all the presidents and vice-presidents of the various Chinese Chambers of Commerce throughout the Philippines. The leaders of Chinese communities from Aparri to Jolo came to Manila, 324 delegates attending the three-day confab, January 20–22, 1951, in representation of 124 Chinese Chambers of Commerce.

The keynote of the convention was sounded by President Sy En in his opening message when he disclosed that the primary aim was "to give a full measure of service and to contribute to the best of ability in order to make the Philippines a secure, progressive, and prosperous country." He elucidated:

"I am proud to say that in any crisis with which the Philippines has been faced, the Chinese residents of this country, as a group, have never been found wanting. In the crisis, that impends, they are ready to take their share of every sacrifice necessary to insure the security of the Philippines, their second home, and they are prepared to contribute to the fullest with Filipinos and the Government of the Republic of the Philippines in the execution of every measure designed to assure a maximum of unity and strength, without which resistance to Communism cannot be effective.

"I urge the closest attention to the many grave problems with which the Philippine Government is beset today and I earnestly plead that we consider all possible means of assistance and cooperation in their solution, so that we may continue to live in peace and to prosper in this bountiful land. Without peace and prosperity for the whole country, no Chinese can ever hope to prosper, nor has he any right to prosperity, for our fate is inextricably linked with the welfare of the Filipinos."

Filipino leaders were invited to address the Convention so that the delegates might learn how best to cooperate through effective ways and means, and among the distinguished panel of guest-speakers were Vice-President Fernando Lopez, Senator Eulogio Rodriguez, Secretary Ramon Magsaysay, Commissioner Pio Joven, and Editor Modesto Farolan.

The Convention, the first of its kind under the sponsorship of the Philippine Chinese General Chamber of Commerce, came to a close after adopting the following resolutions to implement the program of complete cooperation with the Government of the Republic of the Philippines.

1. The Convention resolved to take definite and positive steps to fight black-market operations and abide by the Government's price-ceiling acts and regulations.
2. The Convention approved measures to encourage greater Chinese participation in the industrialization program and to help channel more investments into the productive enterprises despite the uncertain international situation.
3. The delegates agreed to discourage luxury and extravagant ways of celebrating weddings, baptisms, and other parties and social gatherings, and to observe a more austere way of living.
4. The Convention unanimously endorsed the Philippine-Chinese United Organization action in support of the anti-communist movement as announced by the Chinese Embassy, and resolved to take an active part in the anti-communist drive in the provinces.
5. The delegates also put themselves on record as greatly impressed by the encouraging messages of high government officials and expressed their appreciation of President Quirino's reception of their delegation at Malacañan.
6. The Convention honored three Chinese leaders, Ambassador Chen, Alfonso Z. SyCip, and President Sy En with citations for their valuable contributions toward promoting Philippine-Chinese relations and the welfare of the local Chinese community.

In connection with the resolution of the Convention to participate more actively in the industrialization program, the delegates decided to ask the Philippine Government to give Chinese the opportunity to help more concretely in the effort to solve unemployment by allowing them to lease agricultural lands for the production of a raw materials.

Philippine Safety Council

By Frank S. Tenny
Executive Director

By the time that this article appears in print, the Philippine Safety Council will have held its annual general meeting on March 13, and the 1951 officers and board of directors will have been elected from the nearly 100 eligible members and company representatives. Features of the meeting will have been the rendering of annual reports, adoption of plans and policies for the current year, display for safety and fire equipment, and special discussions regarding expansion of the Council's public-safety educational program.

Nationwide accident statistics for last year are still being tabulated, but favorable trends have been noted in both Manila fire losses and Manila traffic accidents during 1950. Provincial reports may not be favorable, and definite comment will be withheld until all sources have been heard from.

Governmental safety efforts are continuing. The Fire Prevention Board has been reassigned to the Office of the President and is now headed by the Hon. Teofilo Sison, head of the Civilian Emergency Administration. Mr. Alfredo Eugenio has been designated as Chairman of Group I of the Board, governmental participation. The Manila Mayor's Traffic Committee and the Provincial Bus Terminals Board both continue to meet twice monthly, although progress in the latter group has been limited by lack of funds. The Manila traffic situation continues to improve as more roads and bridges are rehabilitated and opened to general traffic. A bill has been introduced in the Philippine Congress to reconstitute the former Bureau of Industrial Safety as the "Accident Prevention and Safety Commission". The Safety Council will participate in hearings on this bill.

Encouraging trends are noted in new memberships in the Council, growing attention to safety by both members and non-members, and cooperation from other groups, both civic and government. It appears that the "National Safety Movement" as inaugurated by the Council is definitely gaining headway and a permanent status among the nation's institutions.

Specific matters in which the Council is currently interested include fencing all exposed areas along river and harbor fronts, reduction in pilferage of tools and tires from parked cars, establishment of emergency telephone lines to police departments, and several other matters. The Council fully participated in the observance of Fire Prevention Week, March 1 to 7. The Council is also carefully exploring the possibilities of establishing an emergency ambulance service, a burglar alarm and protective service, and an armored-car service. All of these activities are needed at this time and should meet with a good public reception.

COST OF LIVING INDEX OF WAGE EARNER'S FAMILY[1] IN MANILA BY MONTH, 1946 TO 1951
(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (59.15)	House Rent (8.43)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)	Purchasing Power of a Peso
January	603.4	759.2	236.4	984.0	363.8	434.8	.1657
February	547.2	656.3	236.4	940.3	369.5	460.5	.1827
March	525.9	631.0	236.4	940.1	340.4	445.2	.1902
April	556.2	684.1	236.4	910.3	345.5	435.9	.1798
May	545.1	675.6	236.4	762.5	342.3	409.6	.1835
June	538.7	666.4	236.4	737.9	343.3	404.2	.1856
July	552.7	704.3	236.4	598.9	341.3	364.6	.1809
August	477.9	590.0	236.4	384.7	320.9	346.3	.2092
September	477.9	591.3	236.4	378.7	314.5	347.2	.2092
October	487.4	587.2	236.4	382.7	405.8	342.7	.2052
November	484.8	607.8	236.4	406.4	346.5	305.2	.2063
December	461.9	570.8	236.4	371.9	344.7	302.1	.2165
1947[2]	(100.00)	(63.43)	(11.96)	(2.04)	(7.73)	(14.84)	
January	426.2	368.2	453.9	381.9	326.2	282.5	.2346
February	418.5	454.9	453.9	356.2	344.8	281.4	.2389
March	406.8	440.1	453.9	295.2	334.7	279.4	.2458
April	387.7	413.3	543.9	269.2	328.9	271.6	.2579
May	381.0	404.4	453.9	250.9	325.4	269.4	.2625
June	386.3	414.4	453.9	236.8	316.6	268.6	.2589
July	393.4	426.8	453.9	217.7	309.3	269.9	.2542
August	387.4	419.8	453.9	210.2	292.0	269.1	.2581
September	368.9	392.1	453.9	216.4	283.3	266.8	.2711
October	358.7	376.3	453.9	212.7	280.5	267.7	.2788
November	358.4	376.3	453.9	215.1	280.5	265.3	.2790
December	371.9	395.8	453.9	219.1	298.2	262.9	.2689
1948							
January	391.2	428.3	453.9	224.5	304.6	249.9	.2556
February	368.5	392.0	453.9	223.8	301.1	254.4	.2714
March	349.4	361.0	453.9	214.6	308.1	255.9	.2862
April	356.1	374.1	453.9	209.4	289.7	254.8	.2808
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	370.6	397.2	453.9	199.2	279.6	260.6	.2698
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							
January	363.8	386.8	453.9	202.0	279.0	258.9	.2750
February	343.8	355.5	453.9	203.0	277.5	258.9	.2909
March	346.3	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	.2867
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							
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	249.7	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	.2839
1951							
January	355.2	355.0	453 9	331.5	249 7	334.6	.2816
February	358.4	359.8	453 9	342 8	249 7	334.4	2790

[1] Average number of persons in a family = 4.9 members.
[2] Revised in accordance with the new survey on the "Levels of Living in Manila" by Department of Labor and the Bureau of the Census and Statistics conducted in December, 1946.

The "LET YOUR HAIR DOWN" Column

THE *Journal* has lost a number of its column editors since publication was resumed after the war,—most of them, fortunately, only because they left the Philippines to return to the United States, but some of them because of their death. One of these deaths was especially sad because it was that of a young, healthy man and came about from the mere scratch by a pet dog that was found, too late, to be suffering from rabies. But even this death was not so shocking as that of F. M. Gispert, who, late last month, was shot twice and instantly killed by a cowardly assassin hiding on the floor above as he was climbing the stairs to his office early that fatal morning. At this writing, the murderer has not yet been identified and, worse than any mad dog, is still loose. It is generally believed that the crime is connected with the notorious labor racketeering in the Port Area which the Bell Report described as "one of the most vicious in the country" and which Gispert had been courageously combating despite the fact that a number of threats had been made against his life. Secretary of the Associated Steamship Lines, Mr. Gispert was an able and honorable man whose loss will be seriously felt in the business community, while for his wife and children, who had just brought him to his office in the family car, his bloody death was deeply tragic. It is a small matter now, but a fact that Mr. Gispert's monthly article was always the first to reach us every month, as regular as the calendar itself. He was a man who could be depended upon. Yet his valuable life was cut short by some still nameless criminal, probably a creature of no more consequence than that he had an automatic pistol, like so many miscreants these days who thus are the judges of our being and the determiners of our days.*

*Since this was written, three Port Area union men have been apprehended, one of them confessing to the murder, the two others being charged with complicity in the plot.

WE received the following letter, addressed to the editor, from President F. Dalupan, of the University of the East, in connection with an editorial in the February *Journal*:

"I have read with a great deal of pleasure your editorial 'Mr. Dalupan and Taxation of "Rich" and "Poor"' in your issue of February 1951, and I wish to extend to you my gratitude and at the same time confess a feeling of personal gratification that you have considered my views on the subject worthy of your study and comment. Especially do I appreciate the apparent fact that we seem to be in general agreement on the problem of taxation.

"I wish however to point out one small detail. The committee you referred to, of which I was the chairman, was created by the Secretary of Finance and I owed my appointment to him and not to the President of the Philippines. I presume that the Secretary, being the head of a department under the President, had consulted the latter on the matter. But this is only a presumption and the plain fact is that the request addressed to me to serve on the committee was signed by the Secretary of Finance.

"Reiterating my appreciation of your kind estimate of my familiarity with the subject of taxation and my recent comments on the same subject, I remain, etc."

WE visited the fourth annual art exhibition of the Art Association of the Philippines a few days ago held in the large showroom of the Manila Trading and Supply Company, Philippine distributors of the Ford Motor Company. Other business firms contributed to the success of the exhibition,—the General Electric Co. (P.I.) provided the effective lighting fixtures, the Roxas Electric Company donated the labor and the materials for the lighting installations, and the Santa Clara Lumber Company loaned the plywood panels used for the hanging of the pictures. The larger part of the prize-money was also put up by business firms and businessmen,—Botica Boie, International Harvester Company, J. P. Heilbronn Company, Menzi & Company, Soriano & Company, the Estate of Wm. J. Shaw, the Manila Chronicle, the Ramon Roces Publications, Messrs. McCullough Dick, H. P. L. Jollye, Charles Parsons, Gerald Wilkinson, etc. We may be sure that many of the buyers of those paintings and drawings and other works of art which were sold, were bought by business and professional men.

This is all as it should be. The support and patronage of the creative arts has always been the privilege, and we may say the moral obligation, of the more affluent who have the means to extend aid and the leisure to enjoy the result.

This is because art lies outside the economic field. An artist creates because he must, because of the drive of genius in him, not to earn a wage or to make something to sell. Works of creative art can not be "produced" as articles of practical necessity are produced; they are not the product of management and labor; costs can not even be estimated; both supply and demand are beyond control; values are chiefly subjective; prices are largely a matter of caprice (or perhaps of "nerve", whether on the part of the buyer or the seller). Artistic creation is not an economic process,—as apart, of course, from the practice of the so-called applied arts.

Economic and social conditions may be such as to stifle the artists in a society; yet under the best conditions, works of art can not be manufactured on order. Not the most powerful government or any other institution can demand the production of works of art. All they can do is to encourage the arts.

Therefore it is that though art lies outside of economics, art has most generally flourished in those places where and at those times when communities were the most prosperous and could extend such encouragement.

The fourth annual art exhibition of the Art Association of the Philippines has been said to be one of the largest and most successful ever held in Manila. It certainly seemed to us to be the largest; whether it was the most successful from the point of view of the proceeds from the sale of art works, we can not say.

But to us there was something inauspicious, something almost sinister about the exhibition because it was held in that impressively large showroom of the Manila Trading Company, a room covering almost a city-block in area, yet empty except for the paintings and drawings. There was not a car or a truck in sight.

The great building, representing a large investment of capital, was obviously not in use except for the purpose of the exhibition. We saw one of the effects of the government import control,—a deadly effect with respect to the country's transportation needs, and certainly also one most deadly effect with respect to the country's overall prosperity.

Is it Philistine to say that it would have been better not only for the country as a whole, but for the country's art, if that showroom had many fine automobiles and trucks in it, rather than the pictures?

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The editor wrote Mr. Herdman, who edits the Food Products column, the following letter a few days ago:

"Dear Mr. Herdman,—I was in Davao last week and you will be interested in something Mr. Samuel Fraser said. He asked me whether I knew what the best thing in the *Journal* was, and thinking he was referring to the latest issue, I mentioned the Hoskins article proposing a protective tariff instead of controls. But he said that he did not mean just the last issue, but every number, and then, of course, I thought he might want to flatter me about the editorials. So I said I did not know, and then he said: 'Herdman's monthly column. It is always interesting and informative, and straight from the shoulder'. Yours, etc"

We had to laugh when we happened to see this. "Such whimsy!" we said, knowing that the editor detests the whimsical. "Now don't make me mad!" said he. "I only wanted to make a faithful collaborator happy by passing on an honest compliment." "Yeh," said we, "you have to keep stringing them along, you mean." "You put it foully," said the editor, "but between you and me, of course people are all more interested in mere victuals than anything else, especially now when, with a lot of money, you can buy only half a pound of butter at a time and no good cheese at all!" "Who cares about such higher things as editorials?" we said.

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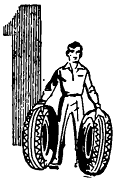
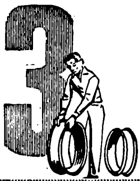
GOODYEAR

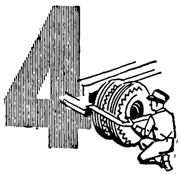


Select the right tire for the job

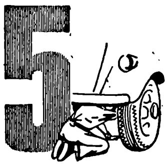
Maintain correct load and inflation



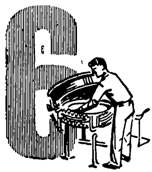
Use adequate and clean rims



Match and rotate tires regularly



Correct mechanical irregularities promptly



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