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## The American Chamber of Commerce

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(Member Chamber of Commerce of the United States)

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## FORECAST OF AN ECONOMICALLY NEW AMERICA

"In the old days before the world turned upside down," writes David Cushman Coyle in the December *Atlantic Monthly*, "Public Works: A New Industry," prosperity used to come in riding on some great new industry that rose out of the mist and swept across the country like a tide. At one time it was railroad building, or the settlement of new territory; within our own memory it was the automobile that provided it. The new era that grew out of the automobile was not planned; it just happened. But everything is somewhat different now. The United States, having run out of the natural kind of prosperity, has set out to supply itself with the synthetic kind. Accordingly, as we might expect, this time the new industry will have to be built to order."

Thus begins Coyle's brilliant paper on our times and the remedy for their anemia. While Coyle's observations pertain to the United States themselves, all things there affect us here and what he was to say is therefore pertinent here. By profession he is an engineer, by avocation he is a practical economist. When Ellery Sedgwick accepts his papers, you may rely upon it they are good. Here is one of his simple deductions:

"The reason the automobile made good times was that it made the American people spend more money than they ever spent before, and made them like it."

Now what precipitated hard times?

It was thrift!

"All would have been well if people had gone on spending their money as fast as they got it. Unfortunately, everybody felt that, after all, there was something a bit immoral about spending. The bankers, who at that time were still being cordially received everywhere, preached the virtue of thrift without fear and without reproach. The bond salesman walked to and fro in the earth; and our money went to securities." (Were we saving our money? Men thought

they were, but—). "The money was invested, and it went into the hands of steel workers and machinery makers, and became buying power just as if we had spent it on baseball tickets or airplane rides. That was why business went right on during the new investment era. But the office buildings and Peruvian bonds that we bought with our surplus income turned out to be no fun. We could not eat, ride in them, give them to our best girls, or do anything with them. Finally the very thought of them made us sick. . . . we stopped spending money for anything, and naturally everybody stopped working and had a depression."

The country was still under the delusion that it had been spending too much and that spending was wicked. Bankers' fallacious dicta made this revulsion of conscience smart: they said the boom years had been years of extravagance, but in fact they had been years of unprecedented saving and the investment of savings in magnificent arrays of cats and dogs. "We invested unheard-of amounts of money. Business thereby acquired an unheard-of mass of liabilities, and, naturally, it collapsed under the load."

The fat was in the fire when America let up spending for trinkets easily broken and quickly worn out or otherwise consumed. Coyle: "The inexorable law of the age of plenty is that hoarding theater tickets butters no parsnips." And supplementary: "The automobile had made us rich because it had led us to spend our surplus for things that we could have fun with; afterward we made ourselves poor by spending our surplus for productive plant that could not be used for anything, and then getting disgusted and swearing off spending altogether."

Coyle styles the N. R. A. "a mere curtain-raiser." It can't fix high wages in the codes, they would bring too many companies to bankruptcy. So the wages fixed will be low, and all the more efficient companies paying them will make unusual profits: the profits distributed to small shareholders will do good, they will be spent for goods of domestic consumption, but those that swell incomes already large will do harm. What is the fundamental effect of low wages and high prices (since prices under the N. R. A. have risen faster than wage levels)? The effect is, "less of the proceeds of business goes into small incomes and more goes into large incomes." The large incomes can't be spent, at least without much delay. Could they be spent like the small incomes must be, for things consumed, there would be unequal distribution of buying power but no diminution of it.

"The limitations of the N. R. A. are bound up in this continual tendency of the receipts of industry to leak out into stagnant surplus income. . . . Not all the money business receives and pays out comes back to it again in sales. Wages and small dividend checks mostly come back, but money paid to those who have plenty already is apt to withdraw from circulation." There used to be eras of city building and developments. Florida was developed 15 years ago, and crashed because industry couldn't keep up buying power there; but has of late been on the upgrade because new waves of spenders have flowed over her and bought prolifically of goods quickly consumed: unlike the realtors, they have not built and built and built on foundations of sand and sophistry.

It has been said that America can't squander her way back to prosperity. Coyle maintains that neither can she save her way back to prosperity: to save and build a new building will make an old building useless; and to save and build a new machine will lay an old machine or two idle. He fears Roosevelt's effort to restore prosperity may come to grief on the clamors for revival of the capital goods industries, building, machinery, cement, and steel: "Lending money will make speculators able to build new houses, but it will not make tenants able to pay the rent—tenants who live in shabby houses can not afford to pay for better ones. . . . Some way must be found, then, to occupy the major part of the heavy industries in making some product that does not have to be put on the market in competition with existing business. Some method must be found for spending money on building without calling on the hard-pressed consumer to pay the bills. At the moment, the only field where the heavy industries can be employed in making a product that need not

be sold is the field of public works."

"Before there can be an effective public works programme that will actually produce and maintain prosperity, the sales tax will have to be set aside; the principle of local self-help will have to be set aside; the principle of 'local self-help' will have to be set aside; and the high-bracket taxes will have to be set solidly in the foundation of the whole project. Public opinion is not yet ready for these developments, but the tide of events cannot be stopped. Economic crises force men to do things that they would not otherwise survive. These adjustments or their equivalent will be enforced by necessity, as the British artillery programme was enforced by necessity.

"Public works, however, are only one step toward a satisfactory adjustment to the Age of Plenty. Under the wing of necessity we shall, by one means or another, tax our surplus income and spend the proceeds, on a scale that we do not yet contemplate. Up to that point, our new industry bears no strong emotional resemblance to the joyful outburst of spending that floated the automobile era. At best, public works are the big, big, big, big, big, big bracket taxes, on the well-known principle of 'sympathetic pain,' hurt the ordinary citizen just as if he had to pay them himself. Moreover, there can never be enough public works to employ ten million men. And any attempt to push million-dollar post offices into country areas will be a colossal blunder. While the public works programme is an essential step toward stable prosperity, it has its limitations. These limitations at present consist in lack of imagination and desire, more than in the physical uselessness of a hundred billion dollars' worth of soldiers' monuments. So far we have not thought of a public project, except as an isolated plant for some particular activity for which we can feel a definite need. Sometime, however, the people of this country are going to begin to plan their cities and their regions, not as instruments for facilitating traffic, but as environments in which to carry out their life. At that time, public works will become an effective instrument of planned community development. The germs of this new conception of public expenditure were written into the present act; and the first experiments in the technique of influencing the basic environment are already under way. This technique develops the possibility of enlarged public expenditure that will truly satisfy the desires of the people will also develop, far beyond our present expectations.

"With all the new conception of how to fit public works to the real needs of the people, there will still be a definite limit to the amount of new physical plant that can be justifiably added to the national equipment each year. And yet, in a country where the national income on any fairly efficient standard of operation should exceed two hundred billion dollars a year, the recirculation of surplus income will require annual expenditures on a very large scale for the mere removal of the surplus from operating. Something more than public works will ultimately be required—something of which public works are the symbol. There will have to be found ways of spending great quantities of surplus income every year, for purposes that will give the people enough pleasure to keep their spending mood.

"There are at least two lines of further development that can now be traced. One is the transfer of public spending from the construction of public plant to the extension of public services. The new public facilities will supply the means for a continuous increase in public expenditure. The mere removal of the surplus and parks and highways will themselves give an opportunity to hire new personnel for their maintenance and operation. Other forms of public activity, in adult education, public health, scientific progress, recreation, and countless other fields, can be developed and maintained for the mere removal of the surplus. Liquidating feature from existing public services and substitution of income taxes for their maintenance offer a powerful tool for making business prosperous as soon as public opinion is prepared to adopt it. In such measures we find a part of the new industry that can be continued on an expanding scale into the indefi-

nite future. When public opinion becomes adjusted to the fact that these greatly expanded free public services are in reality necessities, we shall have a permanent and highly stable vehicle for the distribution of the buying power which business depends.

Another important element in the new industry will be the semipublic services that are carried on by voluntary organizations supported by contributions. The Federal Government, in its capacity of sovereign adjuster and general circulator of the distribution of buying power into the semipublic activities of the nation in large quantities by suitable exemption features in the income tax. There are very real advantages in this means of steering surplus income into spending. For one thing, it will soften the hard edges of the income-tax laws and make them easier to swallow. After all, there is no necessity for confiscating all the surplus income of the country in order to make the business system operate. All that is really necessary is to keep most of the surplus income out of investment and to force it into some kind of socially useful things that can be enjoyed. Contributions to churches, and colleges, and even to country clubs, will serve as well as anything else.

Moreover, the semipublic type of activity is the kind that the public will pay for more readily than any other. These organizations are free and spontaneous; they represent the real desire of large groups of people; if their members can escape most of the income taxes by contributing to their pet organizations, then check writing can become a real pleasure. And anything that makes spending more pleasant than saving helps to make prosperity safe for business.

"It should be noted that this latter phase of the necessary adjustment to the Age of Plenty brings to light a fundamental change that has occurred in the function of the large income. The capitalist, as accumulator and investor of large capital sums, has evidently become obsolete. What obsolete? What is needed from now on will be more than taken care of by the savings of those who need to save for their own security. There is no further use for the man who saves on a large scale. But the rich man in the rôle of Renaissance prince, spending a large income on extensive public projects, is the type that adapts to the Age of Plenty. Of course, if the necessary adjustments are blocked and the social order thrown into chaos, the millionaire is likely to be abolished entirely, since it is mechanically quite a bit easier to run an Age of Plenty without him than with him. In the large view, however, such an economy would be highly unfortunate. The mechanical operation of the Age of Plenty is only a temporary problem. Underlying all that is the great historic process now ponderously getting under way—the passage into a new stage of cultural advance. A high culture is made up of something more than plutocratic or king hookworms. It is the assortments of cultural enterprise, and the possible rôle of the large income in carrying certain large-scale experiments in the uses of plenty cannot be lightly dismissed just because some of the existing money kings are not of the type. The necessary adjustments of the economic systems of king hookworms, if they are successfully carried through, will inevitably set up an evolutionary process among the holders of large incomes. The accumulative type of financier will tend to become extinct, while those who survive will tend to be those whose idea of the proper use of money is to build art museums or king hookworms.

"Beyond the public spending of surplus national income for public physical equipment and cultural services, and beyond the corporate spending of surplus income by semipublic associations supported by contributions, there lies the ultimate development of a social order in which a large part of the surplus income will be spent by the people themselves in their personal activities. Before that development can occur, there must be a universal guarantee of basic economic security for all members of the social body, quite regardless of age, color, or previous condition of economic ineptitude. Basic economic security will be built up of free education, free public health services,

accident and unemployment insurance, and, above all, a generous old-age pension system. The public money spent for economic security will be what the government calls a 'regenerative' public work. Not only will it directly distribute surplus income into buying power, but it will also release the people from the cramping fear of personal disaster. No longer will the workers have to engage in the pathetic, impossible, and disastrous effort to build up a savings account that not only helps to destroy public works, but on top of it directly destroys the people. The people will dare to spend their incomes, and when the people dare to spend their incomes the Age of Plenty will really be at hand.

"These, then, are suggested as the most probable forms in which the great new industry is likely to appear. When we come to look at it, we find that it is just what we should naturally expect. The characteristic feature of the Age of Plenty is that the material necessities of life can be produced and distributed without employing very many men or working very long hours. So all the rest of the energies of society can be employed in cultural or quasi-cultural activities, in education and health, in science and adventure, in recreation and art—in short, in making ourselves civilized. The arts of civilization are the new industry for an Age of Plenty. What else could it be? Seek first after those things that make a great civilization, and the economic tangle will untangle itself. The key to the Age of Plenty is the Age of Plenty, and the key that will unlock the gate of our new world."

## TRADEMARKS REGISTERED

From August, and September, 1933

Reg. No. 11456. Trademark consisting of the words "MERRY WIDOW" for candies, confectionery or other similar articles, registered on August 31, 1933, by Mrs. Aimee Alegre, of Pasay, Rizal, P. I.

Reg. No. 11457. Trademark consisting of the word "BUDDY" with a design, for cigarettes, registered on August 31, 1933, by Alhambra Cigar & Cigarette Mfg. Co., of Manila, P. I.

Reg. No. 11458. Trademark consisting of the word "POPPY" with a design, for cigarettes, registered on August 31, 1933, by Alhambra Cigar & Cigarette Mfg. Co., of Manila, P. I.

Reg. No. 11459. Trademark consisting of the word "TRULEMON" with a design, for cigarettes, registered on August 31, 1933, by Alhambra Cigar & Cigarette Mfg. Co., of Manila, P. I.

Reg. No. 11460. Trademark consisting of the word "TRULEMON" with a design, for foods and beverages made with pure lemon juice, registered on September 5, 1933, by La Fabrica de Cerveza y Migueles-San Miguel Brewery, of Manila, P. I.

Reg. No. 11461. Trade-name consisting of the words "PANAY AND NEGROS STOCK EXCHANGE", for the business of buying and selling stocks, registered on September 9, 1933, by Oscar Ledesma, of Iloilo, Iloilo.

Reg. No. 11462. Trade-name consisting of the words "ILOILO STOCK EXCHANGE", for the business of buying and selling stocks, registered on September 9, 1933, by Oscar Ledesma, of Iloilo, Iloilo.

Reg. No. 11463. Trade-name consisting of the words "NEGROS STOCK EXCHANGE", for the business of buying and selling stocks, registered on September 9, 1933, by Oscar Ledesma, of Iloilo, Iloilo.

Reg. No. 11464. Trade-name consisting of the words "NEGROS STOCK EXCHANGE", for the business of buying and selling stocks, registered on September 9, 1933, by Oscar Ledesma, of Iloilo, Iloilo.

Reg. No. 11465. Trademark consisting of the word "CELLOPHAN" for sheets and films of cellulose, transparent, opaque, colored or uncolored, metallized, embossed, ornamented, etc. for the business of buying and selling stocks, registered on September 9, 1933, by Du Pont Cellophane Company, Inc. of New York City, N. Y., U. S. A.

Reg. No. 11466. Trademark consisting of the words "MOTOR CAR BRAND" with a design, for match, registered on September 13, 1933, by Luy Lan & Company, of Manila, P. I.

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